

Fix Price Group PLC

Consolidated Financial Statements
for the Year Ended 31 December 2023
and Independent Auditor's Report

FIX PRICE GROUP PLC

CONTENTS

	Pages
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023	1
INDEPENDENT AUDITOR’S REPORT	2-5
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023:	
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of cash flows	8
Consolidated statement of changes in equity	9
Notes to the consolidated financial statements	10-44

FIX PRICE GROUP PLC

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management is responsible for the preparation of the consolidated financial statements of Fix Price Group PLC (hereinafter, the “Company”) and its subsidiaries (hereinafter, the “Group”) that present fairly the consolidated financial position of the Group as at 31 December 2023 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (hereinafter, “IFRS”) as issued by the International Accounting Standards Board (“IASB”).

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific IFRS requirements is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s consolidated financial position and financial performance; and
- Making an assessment of the Group’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the Group’s consolidated financial statements complies with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of jurisdictions in which the Group operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management of the Company on behalf of the Board of Directors of the Company on 27 February 2024.

On behalf of management:



Dmitry Kirsanov
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Fix Price Group PLC:

Opinion

We have audited the consolidated financial statements of Fix Price Group PLC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Auditor's Independence Rules and the Auditor's Professional Ethics Code, that are relevant to our audit of the financial statements in the Russian Federation together with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter**How the matter was addressed in the audit**

Existence and completeness of inventories

As at 31 December 2023, the inventories held by the Group comprise RUB 47,957 million. The Group's inventories consist of merchandise purchased and held for resale and are carried at the lower of cost and net realisable value.

Existence and completeness of inventories were determined to be a key audit matter due to the significance of the inventories' balance, the high number of locations and sites where inventories are held at, variability of title transfer terms in purchase agreements, and estimates, such as shrinkage allowance, made by management in determining the carrying amount of inventories at reporting date.

The Group's accounting policies are disclosed in Note 2, the key assumptions related to inventory measurement are disclosed in Note 3, the inventories are disclosed in Note 15 and write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value are disclosed in Note 6.

Our audit procedures related to existence and completeness of inventories included the following, among others:

- Obtaining understanding, evaluating design and implementation and, where deemed appropriate, testing the operating effectiveness of relevant controls relating to the inventories, including controls over the Group's inventory stock count procedure;
- Observing the inventory count process for a sample of stores and distribution centers during the year and performing independent test counts for a sample of stock keeping units;
- Vouching inventory movements between stock count dates and reporting period end to supporting documents for a sample of stock-keeping units;
- Challenging appropriateness of management's estimate of shrinkage allowance, including developing an independent estimate and assessing historical accuracy of management's estimates;
- For inventories purchased close to year-end which are still on their way to the Group's warehouses ("goods in transit") verifying that it was appropriate to recognise inventories at the reporting date and testing completeness of inventory purchases booked close to year-end.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information presented by the Annual Report when they become available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

FIX PRICE GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 *(in millions of Russian roubles, except earnings per share)*

	Notes	2023	2022
Revenue	5	291,865	277,644
Cost of sales	6	(192,693)	(185,650)
Gross profit		99,172	91,994
Selling, general and administrative expenses	7	(61,888)	(52,287)
Other operating income		586	1,295
Share of profit of associates		57	58
Operating profit		37,927	41,060
Interest income		2,512	328
Interest expense		(2,951)	(3,329)
Foreign exchange gain/(loss), net		550	(234)
Profit before tax		38,038	37,825
Income tax expense	9	(2,331)	(16,414)
Profit for the year		35,707	21,411
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		(59)	84
Other comprehensive (loss)/income for the year		(59)	84
Total comprehensive income for the year		35,648	21,495
Earnings per share			
Weighted average number of ordinary shares outstanding	18	849,528,693	849,581,739
Basic earnings per share (in Russian roubles per share)		42.03	25.20
Diluted earnings per share (in Russian roubles per share)		41.93	25.20

The accompanying notes on pages 10-44 form an integral part of these consolidated financial statements

FIX PRICE GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (in millions of Russian roubles)

	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	10	29,317	19,692
Goodwill		232	179
Intangible assets	11	2,177	1,721
Capital advances	12	329	7,272
Right-of-use assets	13	12,586	11,598
Investment property	14	343	-
Investments in associates		61	70
Total non-current assets		45,045	40,532
Current assets			
Inventories	15	47,957	41,020
Right-of-use assets	13	2,033	1,790
Receivables and other current assets	16	2,750	2,531
Prepayments		1,444	2,093
Income tax prepaid	9	8	-
Value-added tax receivable		1,126	1,476
Cash and cash equivalents	17	37,343	23,584
Total current assets		92,661	72,494
Total assets		137,706	113,026
Equity and liabilities			
Equity			
Share capital	18	1	1
Additional paid-in capital	18	154	154
Retained earnings	18	65,352	29,241
Treasury shares	18	(207)	(207)
Currency translation reserve	18	19	78
Total equity		65,319	29,267
Non-current liabilities			
Loans and borrowings	20	4,675	4,352
Lease liabilities	21	4,974	4,615
Deferred tax liabilities	9	418	421
Total non-current liabilities		10,067	9,388
Current liabilities			
Loans and borrowings	20	10,024	17,576
Lease liabilities	21	8,800	7,997
Payables and other financial liabilities	22	36,220	34,476
Advances received		716	792
Income tax payable	9	-	6,005
Tax liabilities, other than income taxes		4,590	5,523
Accrued expenses	23	1,970	2,002
Total current liabilities		62,320	74,371
Total liabilities		72,387	83,759
Total equity and liabilities		137,706	113,026

The accompanying notes on pages 10-44 form an integral part of these consolidated financial statements

FIX PRICE GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (in millions of Russian roubles)

	Note	2023	2022
Cash flows from operating activities			
Profit before tax		38,038	37,825
<i>Adjustments for:</i>			
Depreciation and amortisation	10,11,13,14	15,138	13,138
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	6,15	1,996	2,730
Change in allowance for expected credit losses		8	19
Share of profit of associates		(57)	(58)
Interest income		(2,512)	(328)
Interest expense		2,951	3,329
Foreign exchange (gain)/loss, net		(550)	234
Accruals for long-term incentive programme	19	404	-
Operating cash flows before changes in working capital		55,416	56,889
Increase in inventories		(8,464)	(3,363)
Increase in receivables and other current assets		(231)	(747)
Decrease/(Increase) in prepayments		666	(287)
Decrease/(Increase) in VAT receivable		350	(1,058)
Increase in payables and other financial liabilities		1,289	12
(Decrease)/Increase in advances received		(75)	190
(Decrease)/Increase in tax liabilities, other than income tax		(961)	3,158
(Decrease)/Increase in accrued expenses		(50)	407
Net cash flows generated from operations		47,940	55,201
Interest paid		(3,006)	(3,154)
Interest received		2,513	302
Income tax paid		(8,331)	(15,567)
Net cash flows from operating activities		39,116	36,782
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,689)	(11,210)
Purchase of intangible assets		(869)	(805)
Proceeds from sale of property, plant and equipment		14	90
Dividends received from associates		65	45
Net cash flows used in investing activities		(6,479)	(11,880)
Cash flows from financing activities			
Proceeds from loans and borrowings	20	30,800	30,260
Repayment of loans and borrowings	20	(38,390)	(30,150)
Lease payments		(11,441)	(9,903)
Acquisition of treasury shares		-	(207)
Net cash flows used in financing activities		(19,031)	(10,000)
Total cash from operating, investing and financing activities		13,606	14,902
Effect of exchange rate fluctuations on cash and cash equivalents		153	(97)
Net increase in cash and cash equivalents		13,759	14,805
Cash and cash equivalents at the beginning of the year	17	23,584	8,779
Cash and cash equivalents at the end of the year	17	37,343	23,584

The accompanying notes on pages 10-44 form an integral part of these consolidated financial statements

FIX PRICE GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023 (in millions of Russian roubles)

	Note	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Currency translation reserve	Total equity
At 1 January 2022		1	154	7,830	-	(6)	7,979
Profit for the year		-	-	21,411	-	-	21,411
Other comprehensive income for the year		-	-	-	-	84	84
Total comprehensive income for the year, net of tax		-	-	21,411	-	84	21,495
Dividends	18	-	-	(5,800)	-	-	(5,800)
Cancellation of dividends	18	-	-	5,800	-	-	5,800
Acquisition of treasury shares	18	-	-	-	(207)	-	(207)
At 31 December 2022		1	154	29,241	(207)	78	29,267
At 1 January 2023		1	154	29,241	(207)	78	29,267
Profit for the year		-	-	35,707	-	-	35,707
Other comprehensive loss for the year		-	-	-	-	(59)	(59)
Total comprehensive income for the year, net of tax		-	-	35,707	-	(59)	35,648
Long-term incentive programme	19	-	-	1,052	-	-	1,052
Reclassification of the long-term incentive programme	19	-	-	(648)	-	-	(648)
At 31 December 2023		1	154	65,352	(207)	19	65,319

The accompanying notes on pages 10-44 form an integral part of these consolidated financial statements

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

1. GENERAL INFORMATION

Fix Price Group Ltd (the “Company”) was incorporated in May 2008 in accordance with the Business Companies Act of the British Virgin Islands. On 11 May 2022 the Company changed its jurisdiction of incorporation from the British Virgin Islands to the Republic of Cyprus, with its registered address at 155 Archiepiskopou Makariou III, Proteas House, 3026, Limassol, Cyprus. With effect from 11 May 2022, the name of the Company has changed from Fix Price Group Ltd to Fix Price Group PLC.

Fix Price Group PLC has global depository receipts (“GDR”), which represent its ordinary shares, listed on the London Stock Exchange, Astana International Exchange and Moscow Exchange.

Fix Price Group PLC together with its subsidiaries (the “Group”) is one of the leading variety value retailers globally and the largest variety value retailer in Russia; it operates under the trademark Fix Price. The Group’s retail operations are conducted through a chain of convenience stores located in the Russian Federation, Belarus and Kazakhstan. The Group is also engaged in wholesale operations by servicing a number of franchisees that operate in distant regions of the Russian Federation, as well as in a number of international geographies.

Fix Price Group PLC is the holding entity of the Group and there is no consolidation that takes place above the level of this Company.

As at 31 December 2023, the ultimate controlling party and beneficiary owner of the Group was Sergey Lomakin. As at 31 December 2022 the Group had neither an ultimate controlling party nor an ultimate controlling beneficiary owner.

The ownership interest of the Group and the proportion of its voting power in its major operating subsidiaries was as follows as at the end of each period:

Company name	Country of incorporation	Principal activity	Ownership interest	Ownership interest
			31 December 2023	31 December 2022
Best Price LLC	Russia	Retail and wholesale operations	100%	100%
Best Price Export LLC	Russia	Wholesale operations	100%	100%
Best Price Kazakhstan TOO	Kazakhstan	Retail operations	100%	100%
Fix Price Zapad LLC	Belarus	Retail operations	100%	100%
FIXPRICEASIA LLC	Uzbekistan	Retail operations	100%	100%

These consolidated financial statements were authorised for issue by management of the Company on behalf of the Company’s Board of Directors on 27 February 2024.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) as issued by the International Accounting Standards Board (hereinafter, “IASB”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in millions of Russian roubles)

(b) Historical cost basis

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities at fair value through profit or loss.

The accounting policies applied by the Group are set out below and have been applied consistently throughout the consolidated financial statements.

Going concern

As a variety value retailer, the Group is well placed to withstand volatility within the economic environment. After conducting a thorough analysis, including considering the Group's financial position and access to financial resources, and preparing cash flow forecasts for at least 12 months from the reporting date of these consolidated financial statements, management has a reasonable expectation that the Group has adequate resources to continue its operations in the foreseeable future. The restrictive measures imposed since February 2022 by the European Union, the United States of America, the United Kingdom and other countries have not had a material adverse impact on this assessment, with the Group's stores remaining open and able to continue to trade profitably. Therefore, management of the Group continues to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Basis of consolidation*(a) Subsidiaries*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Group controls an entity where the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealised gain and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Changes resulting from the profit or loss generated by the associate are reported in share of profits of associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

Business combinations

The acquisition method of accounting is used to account for all business combinations, except for business combinations under common control. The consideration transferred for the acquisition of a subsidiary comprises the: (i) fair values of the assets transferred, (ii) liabilities incurred to the former owners of the acquired business, (iii) equity interests issued by the Group. Acquisition-related costs are expensed as incurred.

The book-value method of accounting is used for business combinations under common control. The method measures assets and liabilities received in the combination at their existing book values.

Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interests in the acquired entity and the acquisition fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net acquisition-date value of identifiable assets acquired exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised in profit or loss as a bargain purchase gain. Goodwill tested annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Segment information

Operating segments are identified based on the internal reporting of financial information to the Chief Operating Decision Maker (hereinafter, "CODM").

The Group operates retail stores in several geographies. The Group's CODM reviews the Group's performance primarily on a store-by-store basis. The Group has assessed the economic characteristics of individual stores in various geographies and determined that the stores have similar business operations, similar products, similar classes of customer and a centralised distribution network. Therefore, the Group believes that it has only one reportable segment under IFRS 8, *Operating segments* ("IFRS 8").

The Group's customer base is diversified; therefore, transactions with a single external customer do not exceed 10% of the Group's revenue.

Foreign currency translation

(a) Functional and presentation currency

The functional currencies of the Company and its subsidiaries are as follows:

<u>Company name</u>	<u>Functional currency</u>
Fix Price Group PLC	Russian rouble ("RUB")
Best Price LLC	Russian rouble ("RUB")
Best Price Export LLC	Russian rouble ("RUB")
Best Price Kazakhstan TOO	Kazakhstan tenge ("KZT")
Fix Price Zapad LLC	Belarussian rouble ("BYN")
FIXPRICEASIA LLC	Uzbekistan sum ("UZS")

The presentation currency of the Group is Russian rouble ("RUB"). All values are rounded to the nearest million, except where otherwise indicated.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income on a net basis.

(c) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for each statement of comprehensive income are translated at average exchange rates
- All resulting exchange differences are recognised in other comprehensive income.
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following exchange rates were used for translation of the financial statements of Best Price Kazakhstan TOO, Fix Price Zapad LLC and FIXPRICEASIA LLC from their functional currencies to the presentation currency:

Currency	Closing rate on	Closing rate on	Average rate for the year	
	31 December 2023	31 December 2022	2023	2022
KZT	0.1977	0.1526	0.1868	0.1486
BYN	28.2261	25.7044	28.2507	25.9463
UZS	0.0073	0.0063	0.0073	0.0062

Revenue recognition

The revenue is recognised by the Group in such a way to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A five-step recognition model is applied: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenue when (or as) each performance obligation is satisfied.

(a) Retail revenue

Store retail revenue is recognised at the initial point of sale of goods to customers, when the control over the goods have been transferred to the buyer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in millions of Russian roubles)

(b) Customer loyalty programme

The Group has a customer loyalty programme which allows customers to earn bonus points for each purchase made, which can be used to obtain discounts on subsequent purchases. Such bonus points entitle customers to obtain a discount that they would not be able to obtain without preliminary purchases of goods (i.e. material right). Thus, the promised discount represents a separate performance obligation. Deferred revenue with respect to bonus points is recognised upon the initial sale. Revenue from the loyalty programme is recognised upon the exchange of bonus points by customers. Revenue from bonus points that are not expected to be exchanged is recognised in proportion to the pattern of rights exercised by the customer.

(c) Wholesale revenue

Wholesale revenue includes: (1) Sales of goods to franchisees, which is recognised at the moment of transfer of goods to franchisees at the warehouse; (2) Revenue, stemming from franchise agreements, such as sales-based royalties. Revenue from sales-based royalties is earned when a franchisee sells goods in its retail stores and is recognised as and when those sales occur.

Selling, general and administrative expenses

Selling, general and administrative expenses include all running costs of the business, except those relating to inventory, tax, interest, foreign exchange gain or loss, share of profit or loss of associates and other comprehensive income.

Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes all expenditures directly attributable to the acquisition of the items. Unless significant or incurred as part of a refit programme, subsequent expenditure will normally be treated as repairs or maintenance and expensed to the consolidated statement of comprehensive income as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

Leasehold improvements are capitalised when it is probable that future economic benefits associated with the improvements will flow to the Group and the cost can be measured reliably. Capitalised leasehold improvements are depreciated over their useful life.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

	<u>Useful lives in years</u>
Buildings	50
Leasehold improvements	10
Equipment and other assets	2-20

Freehold land is not depreciated.

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately, including computer software, are stated at historical cost, comprising expenditures that is directly attributable to the acquisition of the items. Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of the asset over its estimated useful life ranging from 2 to 10 years.

Impairment of property, plant and equipment and intangible assets excluding goodwill

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for shrinkage, obsolete and slow-moving items. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of inventories. Supplier bonuses and volume discounts that do not represent reimbursement of specific, incremental and identifiable costs incurred to promote a supplier's goods are also included in cost of inventories (as a reduction of it). Cost of inventory is determined on the weighted average basis.

Taxation

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax regulations used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Tax is recognised in profit or loss of the consolidated statement of comprehensive income.

(b) Deferred tax

Deferred tax is provided on tax loss carry forwards and temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial assets

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss of the consolidated statement of comprehensive income.

(a) Classification

The Group classifies its financial assets in the following specified categories: (i) those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and (ii) those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The major part of the Group's debt instruments is presented by trade accounts and are measured at amortised cost applying the effective interest rate as these instruments are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with original maturities, from the date of acquisition, of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(d) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost (represented by cash and cash equivalents, trade and other receivables). The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (i) the financial instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. The carrying value of the financial asset is reduced by the impairment loss through the use of allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities*(a) Classification as debt or equity*

Debt and equity instruments issued by the Group's entities are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(c) Measurement of the financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVPL. Financial liabilities are classified as at FVPL when the financial liability is (i) a contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVPL. Otherwise, financial liabilities are measured subsequently at amortised cost using the effective interest method. With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9, *Financial Instruments* ("IFRS 9") requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

(d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value of financial instruments

Fair value of financial instruments which are traded in the active market is estimated at each reporting date on the basis of market quotations or dealer quotes without any deduction for transaction costs. For financial instruments which are not traded in the active market, fair value of the instrument is estimated using valuation techniques that include use of data on market transactions; data on current fair value of other similar instruments; discounted cash flow analyses or other valuation techniques.

The Group uses the following hierarchy to determine and disclose methods of fair value measurement of financial instruments: (i) Level 1: quoted prices for identical assets and liabilities determined in active markets (unadjusted); (ii) Level 2: techniques where all used inputs that significantly affect the fair value are observable directly or indirectly; (iii) Level 3: techniques where used inputs that significantly affect the fair value are not based on observable market data.

Derivative financial instruments

The Group uses derivative financial instruments (forward currency contracts) to reduce its foreign currency exposure. Derivative financial instruments are recognised at fair value. The fair value is derived using updated bank quotations. The Group does not use hedge accounting for these derivatives. As a result, such derivative financial instruments are treated as financial assets and liabilities at fair value through profit or loss. Gains and losses recognised for the changes in fair value of forward contracts are presented as the foreign exchange gain or loss in the consolidated statement of comprehensive income.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Value added tax

The Russian tax legislation permits settlement of value added tax ("VAT") on a net basis. VAT is payable upon invoicing and delivery of goods, performing work or rendering services, as well as upon collection of prepayments from customers. VAT on purchases, even if they have not been settled at the reporting date, is deducted from the amount of VAT payable. Where allowance has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Equity

Equity comprises the following: (i) share capital represents the nominal value of ordinary shares; (ii) additional paid-in capital represents contributions to the property of the Group in cash or other assets made by shareholders; (iii) retained earnings represents retained profits, (iv) treasury shares.

(a) Dividends

Dividends and the related taxes are recognised as a liability and deducted from equity when they are declared before or on the reporting date. Dividends are disclosed in the consolidated financial statements when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

(b) Earnings per share basic and diluted

Basic earnings per share is calculated by dividing: (i) the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by (ii) the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: (i) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and (ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(c) Treasury shares

If the Group reacquires its own equity instruments, those instruments are deducted from equity at cost, being the consideration paid to reacquire the shares. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Such treasury shares may be acquired and held by the Company or by the subsidiaries of the Company. Any difference between the carrying amount and the consideration, if reissued, is recognised in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated.

Share-based payments

Equity-settled share-based payments to employees providing similar services are measured at the fair value of the equity instruments at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

State pension plan

The Group's companies contribute to the state pension, medical and social insurance funds on behalf of all its current employees. Any related expenses are recognised in profit or loss of the consolidated statement of comprehensive income as incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Leases

(a) Assessment

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets (such as small items of furniture and equipment). For these leases, the Group recognises the lease payments on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in Selling, general and administrative expenses.

As a practical expedient, IFRS 16, *Leases* ("IFRS 16") permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

(b) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Group. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; (iii) the amount expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and (v) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: (i) the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate (ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) (iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(c) Right-of-use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"). To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36, *Impairment of Assets* ("IAS 36") to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Investment property

Investment property is held by the Group to earn rentals or for capital appreciation or both. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives, which are 50 years. Freehold land is not depreciated.

The Group transfers a property to, or from, investment property when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred, and they do not change the cost of that property for measurement or disclosure purposes.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

3. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the accounting policies adopted by the Group, the management is required to make certain judgements, estimates and assumptions. Those judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors including expectations of future events that are believed to be reasonable when the financial information was prepared. Existing circumstances and assumptions about the future developments, however, may change due to circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical accounting judgements

The following are the critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Lease term of contracts

In determining the lease term, the Group considers various factors including but not limited to the extension options that are reasonably certain to be executed and termination options that are reasonably certain not to be executed. When considering those factors, management takes into account amongst other things, the Group's investment strategy, relevant investment decisions, the residual useful life of the related major leasehold improvements and costs directly or indirectly relating to the extension or termination of the lease.

Sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Inventories of goods for resale allowance

The Group provides for estimated inventory shrinkage on the basis of historical shrinkage as a percentage of cost of sales. This allowance is adjusted at the end of each reporting period to reflect the historical trend of the actual physical inventory count results (Note 6, 15).

(b) Tax legislation

The Group operates in various jurisdictions, including the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus, the Republic of Uzbekistan and the Republic of Cyprus. The tax, currency and customs legislation of those jurisdictions is subject to varying interpretations, and tax authorities may challenge interpretations of tax legislation taken by the Group. At each reporting date, the Group performs an assessment of its uncertain tax positions. Due to the inherent uncertainty associated with such assessment, there is a possibility that the final outcome may vary. Income tax provisions accrued by the Group are disclosed in Note 9. The Group's contingent liabilities with regards to taxation are disclosed in Note 24.

4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Adoption of new standards and interpretations

The following amendments and interpretations, effective for the period starting on or after 1 January 2023, were adopted but did not have an impact on the Group's consolidated financial statements:

(a) IFRS 17 (including Amendments) Insurance Contracts

IFRS 17 requires that insurance liabilities be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, as of 1 January 2023. The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

(b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity disclose its material accounting policies instead of its significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements. The amendments also provide guidance under what circumstance the accounting policy information is likely to be considered material and therefore requiring disclosure.

(c) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require that items in financial statements be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(in millions of Russian roubles)****(d) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)***

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Following the amendments to IAS 12, the Group is required to disclose the related deferred tax assets and liabilities for the current and comparative years; however, the amendments do not have an impact on the Group's consolidated statement of financial position or consolidated statement of comprehensive income.

(e) International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not adopted the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 1 *Non-current Liabilities with Covenants*;
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*;
- Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*;
- IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*;
- Amendments to IAS 21 *Lack of Exchangeability*.

The adoption of the new and revised IFRS Standards listed above is not expected to have a material impact on the consolidated financial statements of the Group in future periods.

5. REVENUE

Revenue for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Retail revenue	258,967	246,212
Wholesale revenue	<u>32,898</u>	<u>31,432</u>
	<u>291,865</u>	<u>277,644</u>

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

6. COST OF SALES

Cost of sales for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Cost of goods sold	185,891	178,506
Transportation and handling costs	4,806	4,414
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	1,996	2,730
	<u>192,693</u>	<u>185,650</u>

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Staff costs	34,834	28,195
Depreciation of right-of-use assets	11,527	10,009
Other depreciation and amortisation	3,611	3,129
Bank charges	3,554	2,799
Security services	2,052	1,897
Rental expense	1,873	2,289
Repair and maintenance costs	1,065	1,121
Advertising costs	941	719
Utilities	911	835
Other expenses	1,520	1,294
	<u>61,888</u>	<u>52,287</u>

Staff costs for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Wages and salaries	28,240	23,688
Statutory social security and pension contributions	5,447	4,507
Long-term incentive programme (Note 19)	1,147	-
	<u>34,834</u>	<u>28,195</u>

Rental expense mainly relates to leases of low-value items for which the recognition exemption is applied and to variable lease costs that are expensed as incurred.

8. KEY MANAGEMENT REMUNERATION

During the year ended 31 December 2023, the total compensation relating to the Group's key management personnel amounted to RUB 3,568 million, including RUB 2,700 million in short-term employee benefits and RUB 867 million in long-term share-based compensation. During the year ended 31 December 2022, the total compensation relating to the Group's key management personnel amounted to RUB 1,629 million in short-term employee benefits. The amount of compensation includes all applicable taxes and contributions.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

9. INCOME TAX EXPENSE

	<u>2023</u>	<u>2022</u>
Current tax expense	2,334	16,526
Deferred tax benefit	(3)	(112)
Income tax expense	<u>2,331</u>	<u>16,414</u>

Profit before tax for financial reporting purposes is reconciled to tax expense as follows:

	<u>2023</u>	<u>2022</u>
Profit before tax	38,038	37,825
Theoretical tax expense at 20%, being the statutory rate in Russia	(7,608)	(7,565)
Income subject to income tax at rates different from 20%	750	209
Non-deductible items	(219)	(203)
(a) Withholding tax on intra-group dividends	(489)	(381)
(b) Deferred tax liability on the undistributed retained earnings of the Group's subsidiaries	-	107
(c) Windfall tax	(991)	-
(d) Income tax provision	6,226	(8,581)
Income tax expense	<u>(2,331)</u>	<u>(16,414)</u>

(a) Withholding tax on intra-group dividends

Withholding tax is applied to dividends distributed by the Group's operating subsidiaries, such tax is withheld at the source by the respective subsidiary and is paid to the relevant tax authorities at the same time, when the payment of dividend is effected.

(b) Deferred tax liability on the undistributed retained earnings of the Group's subsidiaries

No deferred tax liability was recognised during the year ended 31 December 2023. During the year ended 31 December 2022, the Group derecognised a deferred tax liability on the undistributed retained earnings of the Group's subsidiaries, following the suspension of the Group's dividend policy on 17 September 2022.

(c) Windfall tax

On 4 August 2023, a tax on excess profits (the "windfall tax") was introduced for certain entities registered in the Russian Federation whose average income tax base for 2022 and 2021 exceeded RUB 1 billion. The tax rate is set at 10% and applies to the amount of excess profits, determined as an excess of the arithmetic average income tax base for 2022 and 2021 over the same indicator for 2019 and 2018. The tax should be paid no later than 28 January 2024. A taxpayer has the right to reduce the amount of the windfall tax by half by paying a security deposit by 30 November 2023. The Group chose to reduce the windfall tax and paid the security deposit amounting to RUB 991 million prior to the relevant deadline.

(d) Income tax provision

Income tax provision for the year ended 31 December 2022 was accrued as a result of a reassessment by the Group management of tax risks relating to certain historical intra-group transactions that had previously been disclosed as contingent liabilities. During the year ended 31 December 2023, the Group reassessed the relevant uncertainties resulting in a favourable revaluation of the Group's tax exposure (Note 24).

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

Movements in the deferred tax assets and liabilities for the year ended 31 December 2023 were as follows:

	<u>31 December 2022*</u>	<u>Charged to profit or loss</u>	<u>31 December 2023</u>
Tax effects of deductible temporary differences			
Trade and other payables	69	206	275
Accrued expenses	230	125	355
Other	114	17	131
Deferred tax assets	<u>413</u>	<u>348</u>	<u>761</u>
Tax effects of taxable temporary differences			
Inventories	(29)	(132)	(161)
Property, plant and equipment	(655)	(173)	(828)
Right-of-use assets and Lease Liabilities	(13)	(67)	(80)
Investments in associates	(14)	1	(13)
Intangible assets	(123)	26	(97)
Deferred tax liabilities	<u>(834)</u>	<u>(345)</u>	<u>(1,179)</u>
Net deferred tax liabilities	<u>(421)</u>	<u>3</u>	<u>(418)</u>

Movements in the deferred tax assets and liabilities for the year ended 31 December 2022 were as follows:

	<u>31 December 2021*</u>	<u>Charged to profit or loss*</u>	<u>31 December 2022*</u>
Tax effects of deductible temporary differences			
Trade and other payables	95	(26)	69
Accrued expenses	214	16	230
Other	71	43	114
Deferred tax assets	<u>380</u>	<u>33</u>	<u>413</u>
Tax effects of taxable temporary differences			
Investment in subsidiaries	(107)	107	-
Inventories	(68)	39	(29)
Property, plant and equipment	(586)	(69)	(655)
Right-of-use assets and Lease Liabilities	40	(53)	(13)
Investments in associates	(12)	(2)	(14)
Trade and other receivables	(31)	31	-
Intangible assets	(149)	26	(123)
Deferred tax liabilities	<u>(913)</u>	<u>79</u>	<u>(834)</u>
Net deferred tax liabilities	<u>(533)</u>	<u>112</u>	<u>(421)</u>

* The comparative information was revised following the amendments to IAS 12 (Note 4 (d)). The amendments did not have an impact on the net deferred tax position and on profit or loss of the period.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

10. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment during the years ended 31 December 2023 and 31 December 2022 were as follows:

	Land and buildings	Trade and other equipment	Leasehold improvements	Other	Assets under construction and uninstalled equipment	Total
Cost						
At 1 January 2022	7,168	12,300	8,303	269	35	28,075
Additions	371	2,742	1,238	115	172	4,638
Disposals	-	(482)	(211)	(4)	-	(697)
Effect of translation to presentation currency	-	(59)	(46)	(13)	(8)	(126)
At 31 December 2022	7,539	14,501	9,284	367	199	31,890
Additions	8,345	2,933	1,182	108	-	12,568
Disposals	-	(313)	(216)	(4)	-	(533)
Effect of translation to presentation currency	-	94	107	68	-	269
At 31 December 2023	15,884	17,215	10,357	539	199	44,194
Accumulated depreciation and impairment						
At 1 January 2022	276	6,010	3,553	94	-	9,933
Depreciation charge	135	1,681	803	38	-	2,657
Disposals	-	(320)	(70)	(2)	-	(392)
Effect of translation to presentation currency	-	-	-	-	-	-
At 31 December 2022	411	7,371	4,286	130	-	12,198
Depreciation charge	178	1,926	874	63	-	3,041
Disposals	-	(269)	(91)	(2)	-	(362)
Effect of translation to presentation currency	-	-	-	-	-	-
At 31 December 2023	589	9,028	5,069	191	-	14,877
Net book value						
At 1 January 2022	6,892	6,290	4,750	175	35	18,142
At 31 December 2022	7,128	7,130	4,998	237	199	19,692
At 31 December 2023	15,295	8,187	5,288	348	199	29,317

Buildings primarily represent distribution centers owned by the Group.

Borrowing costs included in the cost of qualifying assets during the year ended 31 December 2023 amounted to RUB 416 million. Borrowing costs included in the cost of qualifying assets during the year ended 31 December 2022 amounted to RUB 228 million.

As at 31 December 2023 and as at 31 December 2022, no assets were pledged as security.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

11. INTANGIBLE ASSETS

Movements in the carrying amount of intangible assets during the years ended 31 December 2023 and 31 December 2022 were as follows:

	<u>Software</u>	<u>Other</u>	<u>Total</u>
Cost			
At 1 January 2022	<u>1,569</u>	<u>209</u>	<u>1,778</u>
Additions	775	30	805
At 31 December 2022	<u>2,344</u>	<u>239</u>	<u>2,583</u>
Additions	783	86	869
At 31 December 2023	<u>3,127</u>	<u>325</u>	<u>3,452</u>
Accumulated amortisation and impairment			
At 1 January 2022	<u>416</u>	<u>141</u>	<u>557</u>
Amortisation charge	258	47	305
At 31 December 2022	<u>674</u>	<u>188</u>	<u>862</u>
Amortisation charge	325	88	413
At 31 December 2023	<u>999</u>	<u>276</u>	<u>1,275</u>
Carrying amount			
At 1 January 2022	<u>1,153</u>	<u>68</u>	<u>1,221</u>
At 31 December 2022	<u>1,670</u>	<u>51</u>	<u>1,721</u>
At 31 December 2023	<u>2,128</u>	<u>49</u>	<u>2,177</u>

12. CAPITAL ADVANCES

As at 31 December 2023, the Group's capital advances mainly consist of advances for equipment. As at 31 December 2022, the Group's capital advances mainly consist of advances for construction of warehouse premises in Domodedovo and Ekaterinburg and the purchase of an office building in Moscow.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

13. RIGHT-OF-USE ASSETS

The Group leases retail premises, offices and warehouses (hereinafter “leased premises and buildings”) with lease terms within the range of 1 to 8 years. Movements in the carrying amount of right-of-use assets were as follows:

	Leased premises and buildings for the year ended	
	31 December 2023	31 December 2022
Cost		
At 1 January 2023/ 1 January 2022	45,491	34,050
New lease contracts and modification of existing lease contracts	12,505	12,228
Lease prepayments	70	121
Disposals	(560)	(555)
Effect of translation to presentation currency	596	(353)
At 31 December 2023/ 31 December 2022	58,102	45,491
	Leased premises and buildings for the year ended	
	31 December 2023	31 December 2022
Accumulated depreciation and impairment		
At 1 January 2023/ 1 January 2022	(32,103)	(22,696)
Depreciation expense	(11,577)	(10,099)
Disposals	560	555
Effect of translation to presentation currency	(363)	137
At 31 December 2023/ 31 December 2022	(43,483)	(32,103)
Carrying amount		
At 1 January 2023/ 1 January 2022	13,388	11,354
At 31 December 2023/ 31 December 2022	14,619	13,388
	For the year ended	
	31 December 2023	31 December 2022
Amounts recognised in profit and loss		
Depreciation expense of right-of-use assets	11,527	10,009
Interest expense on lease liabilities	1,413	1,271
Foreign exchange gain, net	-	(77)
Expenses relating to variable lease payments not included in the measurement of the lease liabilities	1,856	2,260

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from leased retail stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The variable payments depend on sales of particular stores and consequently on the overall economic development over the next few years. Such payments are recognised in profit or loss as incurred.

The total cash outflow for leases accounted for under IFRS 16 in the consolidated financial statements amount to RUB 14,721 million for the year ended 31 December 2023 (RUB 13,459 million for the year ended 31 December 2022).

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

14. INVESTMENT PROPERTY

The Group's investment property as at 31 December 2023 consists of land and buildings amounting to RUB 343 million.

During the year ended 31 December 2023, there was no significant rental income or direct operating expenses from investment property.

The fair value of investment property as at 31 December 2023 was approximately equal to its cost; it was estimated using the market approach, with key inputs being the market value of comparable assets. The measurement is classified at level 3 of the fair value hierarchy.

15. INVENTORIES

The Group inventories balance is comprised of merchandise inventories. Inventories write-offs due to shrinkage and write-down to net realisable value for the years ended 31 December 2023 and 31 December 2022 are disclosed in Note 6.

16. RECEIVABLES AND OTHER CURRENT ASSETS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables from franchisees, net of allowance for expected credit losses	1,364	1,163
Settlements with customs	1,002	1,132
Other receivables, net of allowance for expected credit losses	<u>384</u>	<u>236</u>
	<u>2,750</u>	<u>2,531</u>

The following table summarises the changes in the allowance for expected credit losses on trade and other receivables:

	<u>2023</u>	<u>2022</u>
At 1 January	(38)	(22)
Additional allowance recognised on trade and other receivables	<u>(6)</u>	<u>(16)</u>
At 31 December	<u>(44)</u>	<u>(38)</u>

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

17. CASH AND CASH EQUIVALENTS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Bank current accounts – RUB, KZT, BYN, UZS	3,256	3,270
Bank current accounts – USD, EUR, CNY, GBP	135	3,740
Cash in transit – RUB, KZT, BYN	1,897	2,308
Cash in hand – RUB, KZT, BYN	1,126	381
Deposits – EUR, USD	5,319	2,082
Deposits – RUB, KZT, BYN	25,610	11,803
	<u>37,343</u>	<u>23,584</u>

Cash in transit represents cash collected by banks from the Group's stores and not yet deposited in bank accounts as at 31 December 2023 and 31 December 2022.

As at 31 December 2023, RUB-, KZT-, BYN-, EUR- and USD-denominated deposit bank accounts with balances amounting to RUB 30,929 million had interest rates of 2.40%-16.52% and a maturity period of 1-305 days (deposits over 90 days are callable on demand).

As at 31 December 2022 RUB-, KZT-, BYN- and USD-denominated deposit bank accounts with balances amounting to RUB 13,885 million had interest rates of 1.25%-15.25% and a maturity period of 2-91 days (deposits over 90 days are callable on demand).

Cash balances in current bank accounts are normally interest-free.

18. EQUITY

Ordinary shares

As at 31 December 2023 and 31 December 2022, the Group's ordinary and treasury shares were as follows:

	<u>Outstanding ordinary shares</u>	<u>Issued ordinary shares</u>
At 1 January 2022	<u>850,000,000</u>	<u>850,000,000</u>
Acquisition of treasury shares	(471,307)	-
At 31 December 2022	<u>849,528,693</u>	<u>850,000,000</u>
At 1 January 2023	<u>849,528,693</u>	<u>850,000,000</u>
At 31 December 2023	<u>849,528,693</u>	<u>850,000,000</u>

In July 2023, the shareholders of the Group approved the new par value of the Company's ordinary shares at EUR 0.0000374 per share. As at 31 December 2023 the Company had the authorised share capital of 10,000,000,000 ordinary shares with a par value of EUR 0.0000374 per share.

As at 31 December 2022 the Company had the authorised share capital of 10,000,000,000 ordinary shares with a par value of EUR 0.001 per share.

Additional paid-in capital

No equity contributions were made by Group shareholders during the years ended 31 December 2023 or 31 December 2022.

Dividends

No dividends were announced for 2023 or 2022 during the year ended 31 December 2023.

Final dividends for 2021 of RUB 6.82 per share, amounting to total final dividends of RUB 5,800 million, were announced in February 2022. On 17 September 2022, the Group's Board of Directors cancelled the final dividend for 2021.

Treasury shares

On 24 January 2022, the Company announced a GDR buyback programme, which concluded on 25 April 2022. During this period the Group acquired 471,307 of the Company's GDRs for a total consideration of RUB 207 million. As at 31 December 2023 the Group had 471,307 treasury shares with a total value of RUB 207 million.

19. LONG-TERM INCENTIVE PROGRAMME

On 23 November 2022, the Group's Board of Directors approved long-term incentive programmes for its top management and key employees (the "Programme"). The Programme is designed to provide long-term incentives for its participants to deliver long-term shareholder returns, and to retain talent for the Group.

Under the Programme, participants in continuing employment, if certain performance conditions are met, are entitled to a certain number of Company GDRs, their cash equivalent or a combination thereof at Group's discretion, that is to be granted in three annual tranches in 2022, 2023 and 2024 with an additional subsequent one-year service period required for each tranche. Employee participation in the Programme is at the Board of Directors' discretion. GDRs are granted under the Programme for no consideration, should this option be selected by the Group.

The annual award is calculated in accordance with a performance-based formula. The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative targets, including but not limited to the respective store's annual expansion plan, achievement of the Group's budgeted EBITDA and targeted return on investment capital.

The Group initially accounted for the Program as an equity-settled share-based payment transaction under IFRS 2, *Share-based Payment*, as the Group had no present obligation to settle in cash. In December 2023, the Group opted to settle the first tranche of the Programme in cash and reclassified the equity-settled share-based payment arrangement relating to the first tranche to a liability-settled share-based payment, which was recognised as a debit entry to equity within retained earnings. The first tranche was fully settled in cash in December 2023.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

The fair value of each annual tranche of the Programme is determined using the market price of GDRs on the relevant stock exchange at the respective grant date. The grant date for the first and second tranches of the Programme was determined as 28 December 2022, which is also the date when the service period of the tranches started. The fair value of the first and second tranches at the grant date was assessed at RUB 1,494 million (based on 336.50 Russian roubles per GDR), representing approximately 4.4 million awards. In December 2023, 1.9 million awards relating to the first tranche were exercised and fully settled in cash, amounting to RUB 743 million, including taxes (based on 344.53 Russian roubles per GDR). The remaining awards are expected to vest based on the Group's estimate of future forfeitures. The grant date for the third tranche was determined as 1 January 2024, which is also the date when the service period of the tranches started. The fair value of the third tranche was assessed at RUB 1,131 million (based on 291.9 Russian roubles per GDR), representing approximately 3.9 million awards that are expected to vest based on the Group's estimate of future forfeitures. As at 31 December 2023, 2.7 million awards were outstanding. The weighted average remaining contractual life for the awards was 336 days as of 31 December 2023.

Expenses arising from share-based transactions

Total expenses arising from the long-term incentive programme recognised during the year ended 31 December 2023 amounted to RUB 1,147 million.

20. LOANS AND BORROWINGS

Terms and conditions in respect of loans and borrowings as at 31 December 2023 are detailed below:

Source of financing	Currency	Maturity date	Interest rate as at 31 December 2023	31 December 2023
Short-term loans and borrowings (unsecured)	RUB	2024	10.47-17.89%	10,024
Long-term loans and borrowings (unsecured)	RUB	2025	9.00%	4,675
				14,699

Terms and conditions in respect of loans and borrowings as at 31 December 2022 are detailed below:

Source of financing	Currency	Maturity date	Interest rate as at 31 December 2022	31 December 2022
Short-term loans and borrowings (unsecured)	RUB	2023	8.80%-9.20%	17,576
Long-term loans and borrowings (unsecured)	RUB	2025	9.00%	4,352
				21,928

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the year ended 31 December 2023. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2023	Financing cash flows (i)	Other changes (ii)	31 December 2023
Loans and borrowings	21,928	(7,590)	361	14,699
	21,928	(7,590)	361	14,699

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the year ended 31 December 2022. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2022	Financing cash flows (i)	Other changes (ii)	31 December 2022
Loans and borrowings	21,523	110	295	21,928
	21,523	110	295	21,928

- (i) The cash flows from loans and borrowings and dividends payable make up the net amount of proceeds from and repayments of loans and borrowings and dividends paid in the consolidated statement of cash flows.
- (ii) Other changes include interest accrued and paid and the amounts of dividends declared, foreign exchange gains and losses and fair value adjustments.
- (iii) In 2022, other changes include accrual of RUB 5,800 million of dividends declared and RUB 5,800 million of dividends canceled.

The Group's loan agreements contain certain restrictive covenants, including requirements to comply with specified financial ratios. The Group's failure to comply with restrictive covenants may result in a claim for immediate repayment of the corresponding debt. As at 31 December 2023 and 31 December 2022, the Group was in compliance with all financial and non-financial covenants stipulated by its loan agreements.

21. LEASE LIABILITIES

As at 31 December 2023 and 31 December 2022 lease liabilities comprised the following:

	31 December 2023	31 December 2022
Gross lease payments, including:		
Current portion (less than 1 year)	9,889	8,889
From 1 to 5 years	5,225	4,661
Over 5 years	701	881
Total gross lease payments	15,815	14,431
Less unearned interest	(2,041)	(1,819)
Analysed as:		
<i>Current portion</i>		
Less than 1 year	8,800	7,997
<i>Non-current portion</i>		
From 1 to 5 years	4,382	3,890
Over 5 years	592	725
Total lease liability	13,774	12,612

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

The following table summarises the changes in the lease liabilities:

	<u>2023</u>	<u>2022</u>
Balance as at 1 January	12,612	10,736
Interest expense on lease liabilities	1,413	1,271
Lease payments	(12,865)	(11,199)
New lease contracts and modification of existing lease contracts	12,388	12,093
Foreign exchange gain	-	(95)
Currency translation reserve	226	(194)
Balance as at 31 December	<u>13,774</u>	<u>12,612</u>

The Group's lease contracts include typical restrictions and covenants common for local business practice such as the Group's responsibility for regular maintenance and repair of the lease assets and insurance for the assets, the redesign and completion of permanent improvements only with the consent of the lessor, and the use of the leased asset in accordance with current legislation.

The weighted average incremental borrowing rate at 31 December 2023 was 12.86% per annum; at 31 December 2022 it was 8.99% per annum.

The Group does not face a significant liquidity risk with regard to its lease liabilities.

22. PAYABLES AND OTHER FINANCIAL LIABILITIES

Payables as at 31 December 2023 and 2022 consisted of the following:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade payables	34,214	32,600
Deferred revenue	1,627	1,656
Other payables	379	220
	<u>36,220</u>	<u>34,476</u>

Trade payables are normally settled no later than their 120 days term.

Deferred revenue comprises the compensation received from the depositary in connection with the establishment, administration and maintenance of its Regulation S and Rule 144A depositary receipt facilities, for which revenue is recognised over time and included within the "Other operating income" in the consolidated statement of comprehensive income, and the Group's contract liability with regards to the unredeemed customer loyalty points.

On the back of prevailing uncertainties over developments in the western regulatory framework, the Group has suspended revenue recognition from the depositary starting from 1 January 2023.

As at 31 December 2023 and 31 December 2022 all payables were unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in millions of Russian roubles)

23. ACCRUED EXPENSES

Accrued expenses as at 31 December 2023 and 2022 consisted of the following:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Accrued salaries and wages	1,964	1,992
Other accrued expenses	<u>6</u>	<u>10</u>
	<u>1,970</u>	<u>2,002</u>

24. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

Operating environment of the Group

The Group sells products that are sensitive to changes in general economic conditions that impact consumer spending. Future economic conditions and other factors, including an outbreak of coronavirus infection, the imposition of sanctions, consumer confidence, employment levels, interest rates, consumer debt levels and the availability of consumer credit, could reduce consumer spending or change consumer purchasing habits. A general slowdown in the Russian economy or in the global economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group's operating results.

Russia continues to implement economic reforms and to develop its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Since February 2022, the European Union, the United States of America, Switzerland, the United Kingdom and other countries have imposed a series of restrictive measures against the Russian Federation, various companies and certain individuals. The sanctions imposed include an asset freeze, a prohibition on making funds available to sanctioned individuals and entities, and travel bans applicable to sanctioned individuals that prevent them from entering or transiting through the relevant territories. As part of the measures imposed, the London Stock Exchange has suspended trading in the securities of a number of companies with ties to Russia, including Fix Price Group PLC.

The sanctions led to a significant change in the operating environment for the Russian economy, resulting in a considerable increase in the Russian rouble exchange rate and limiting opportunities for Russia to use its foreign currency and gold reserves. In response to these challenges, the Russian government implemented a series of legislative and economic measures aimed at easing pressure on the Russian rouble that included regular changes to the key interest rate and restrictions on certain cross-border currency operations.

The adopted measures, together with governmental support, have led to the gradual stabilisation of the economy. However, the broader economy in general and the retail sector in particular are still negatively impacted by the volatility of the Russian rouble, sanctions and countermeasures, and uncertainty over the future key interest rate. As of 31 December 2023, the Group faced certain restrictions in respect of transferring funds from its Russian subsidiaries in the form of loans, advances, or cash dividends due to recently enacted Russian capital control and protection measures, including but not limited to an obligation to receive permissions from the government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in millions of Russian roubles)

The combination of negative factors affecting the Russian economy resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, the results of its operations and its business prospects.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Contractual commitments

The Group has contractual capital commitments not provided within its consolidated financial statements. As at 31 December 2023 the Group had contractual capital commitments in the amount of RUB 444 million. These commitments relate to the acquisition of land under the new distribution centre. As at 31 December 2022 the Group had contractual capital commitments in the amount of RUB 2,268 million, VAT inclusive. These commitments relate to the acquisition of the new distribution centres and office building.

Legal proceedings

In the ordinary course of business, the Group may be a party to various legal and tax proceedings and be subject to claims. In the opinion of management, the Group's liability, if any, in all pending litigation, other legal proceedings or other matters will not have a material effect on the financial position, results of operations or liquidity of the Group.

Taxation

The Group's main subsidiary, from which the Group's income is derived, operates in Russia. Russian tax, currency and customs legislation can be interpreted in different ways and is susceptible to frequent changes. Management's interpretation of the legislation in question as applied to the Group's operations and activities may be challenged by the relevant regional or federal authorities.

In addition, certain amendments to tax legislation went into effect in 2015 that were aimed at combating tax evasion through the use of low-tax jurisdictions and aggressive tax planning structures. In particular, those amendments included definitions of the concepts of beneficial ownership and tax residence of legal entities at their actual place of business, and an approach to the taxation of controlled foreign companies.

These changes, as well as recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that were not challenged in the past may be challenged as not having been in compliance with the Russian tax laws applicable at the relevant time. In particular, the Supreme Court issued guidance to lower courts on reviewing tax cases that provides a systematic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of scrutiny on the part of the tax authorities. As a result, significant additional taxes, penalties and interest may be levied on the Group.

As at 31 December 2023, management believed that its interpretation of the relevant legislation was appropriate and that the Group's tax, currency and customs positions would be sustained. Management estimates that the Group's possible exposure in relation to the aforementioned tax risks will not exceed 1% of the Group's total assets as at 31 December 2023.

25. FINANCIAL RISK MANAGEMENT

The Group uses various financial instruments, including bank loans, cash, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk encompasses three types of risk: currency risk, interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group's sensitivity to commodity prices is insignificant.

Currency risk

The Group is exposed to transaction foreign exchange risk arising from exchange rate fluctuations on its purchases from overseas suppliers. In relation to currency transaction risk, approximately a quarter of the cost of goods sold is sourced from overseas suppliers, with the relevant trade accounts payable being owed in foreign currency and having maturity of up to 120 days. A proportion of the Group's purchases are priced in Chinese yuan and the Group enters into forward foreign currency contracts in order to manage its exposure to currency risk. No transactions in derivatives are undertaken of a speculative nature. As at 31 December 2023 and 31 December 2022, the Group had no forward foreign exchange contracts.

During the year ended 31 December 2023, the Group had no gain or loss from forward foreign exchange contracts. During the year ended 31 December 2022, the gain from forward foreign exchange contracts amounted to RUB 339 million and was included in the Foreign exchange gain/loss, net line in the consolidated statement of comprehensive income.

During the year ended 31 December 2023 and the year ended 31 December 2022, 92% of the Group's sales to retail and wholesale customers were priced in Russian roubles; therefore, there is immaterial currency exposure in this respect. Other sales related to retail sales of Best Price Kazakhstan TOO and Fix Price Zapad LLC are priced in local currencies.

Foreign currency sensitivity

The carrying amount of the Group's foreign currency-denominated monetary assets and liabilities as at 31 December 2023 and 31 December 2022 was as follows:

	Assets		Liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	3,892	2,194	-	-
CNY	25	3,637	9,717	6,163
EUR	1,537	24	-	15

The impact on the Group's profit before tax is largely due to changes in the fair value revaluation of creditors held on account with our Chinese yuan suppliers.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

The following table demonstrates the sensitivity of net profit and equity to a reasonably possible change in the Chinese yuan period-end exchange rates with all other variables held constant.

		31 December 2023		31 December 2022
Depreciation in RUB/CNY	+15%	(1,454)	+15%	(379)
Appreciation in RUB/CNY	-15%	1,454	-15%	379

The following table demonstrates the sensitivity of net profit and equity to a reasonably possible change in the USD period-end exchange rates with all other variables held constant.

		31 December 2023		31 December 2022
Depreciation in RUB/USD	+15%	584	+15%	329
Appreciation in RUB/USD	-15%	(584)	-15%	(329)

The following table demonstrates the sensitivity of net profit and equity to a reasonably possible change in the Euro period-end exchange rates with all other variables held constant.

		31 December 2023		31 December 2022
Depreciation in RUB/EUR	+15%	231	+15%	1
Appreciation in RUB/EUR	-15%	(231)	-15%	(1)

These calculations were performed by taking the year-end exchange rate used for the accounts and applying the change noted above. The balance sheet valuations were then calculated directly.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2023 the Group had floating rate interest-bearing short-term liabilities amounting to RUB 2,400 million (as at 31 December 2022: RUB 7,550 million). As at 31 December 2023, if interest rates at that date had been 850 basis points higher with all other variables held constant, the profit before tax for the year ended 31 December 2023 would have been RUB 57 million lower, mainly as a result of higher interest expense on borrowings. If interest rates had been 850 basis points lower with all other variables held constant, the profit before tax for the year ended 31 December 2023 would have been RUB 57 million higher, mainly as a result of lower interest expense on borrowings. The Group's exposure to interest rate risk as at 31 December 2022 was insignificant.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and cash equivalents and trade receivables. Credit risk is further limited by the fact that all of retail sales transactions are made through store registers, direct from the customer at the point of purchase, leading to a zero trade receivables balance from retail sales.

Therefore, the principal credit risk on trade receivables arises from the Group's trade receivables from its wholesale revenue stream. In order to manage credit risk, the Group sets limits for wholesale customers (franchisees) based on their payment history. New wholesale customers typically pay in advance. Credit limits are reviewed by franchisee managers on a regular basis in conjunction with debt ageing and collection history. Allowance for expected credit losses is provided where appropriate.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

The credit risk on cash and cash equivalents is managed by the Group's treasury and is limited, as the counterparties are financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

The table below shows the balances that the Group had with its major banks as at the balance sheet date:

Bank	Country of incorporation	Rating	Carrying amount as at 31 December 2023
Credit Bank of Moscow	Russia	ruA+	20,157
Sberbank of Russia	Russia	AAA (RU)	7,584
LGT	Switzerland	Aa1	3,920
CQUR Bank	Qatar	n/a	1,648
Bereke Bank	Kazakhstan	Ba1	211
Alfa Bank	Russia, Belarus	ruAA+	183
VTB	Russia, Belarus	ruAAA	177
Kaspi Bank	Kazakhstan	Ba1	129
Raiffeisenbank	Russia	ruAAA	92
Other			219
Total			34,320

The table below shows the balances that the Group had with its major banks as at 31 December 2022:

Bank	Country of incorporation	Rating	Carrying amount as at 31 December 2022
Credit Bank of Moscow	Russia	ruA+	10,183
Bank of China	Russia	A1	2,564
LGT	Switzerland	Aa1	2,110
Sberbank of Russia	Russia	AAA (RU)	2,029
Halyk Bank of Kazakhstan	Kazakhstan	Baa2	1,907
Raiffeisenbank	Russia	ruAAA	1,258
Alfa Bank	Russia, Belarus	ruAA+	556
Other			288
Total			20,895

Liquidity risk

Any impact on available cash and cash equivalents and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short-term flexibility is achieved via the Group's rolling credit facility.

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in millions of Russian roubles)

The following table shows the maturity of financial liabilities based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total*	Carrying amount
As at 31 December 2023					
Loans and borrowings*	10,525	5,128	-	15,653	14,699
Payables and other liabilities	34,593	-	-	34,593	34,593
Lease liabilities*	9,889	5,225	701	15,815	13,774
	55,007	10,353	701	66,061	63,066
As at 31 December 2022					
Loans and borrowings*	18,032	5,175	-	23,207	21,928
Payables and other liabilities	32,820	-	-	32,820	32,820
Lease liabilities*	8,889	4,661	881	14,431	12,612
	59,741	9,836	881	70,458	67,360

*Amounts related to loans and borrowings and lease liabilities include future interest.

Fair value

Fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts due to their short maturity.

In determining the fair value of lease liabilities, Group management relied on the assumption that the carrying amount of lease liabilities approximated their fair value as at 31 December 2023 and 31 December 2022, as it reflects changes in market conditions and takes into account the risk premium and the time value of money.

26. RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions that unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions or for the same amounts as transactions between unrelated parties. Management considers that the Group has appropriate procedures in place to identify, account for and properly disclose transaction with related parties.

Related parties include immediate and ultimate shareholders of the Group; associates, which are franchisees where the Group has a non-controlling ownership stake; key management personnel; as well as other related parties.

Transactions with related parties for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Associates:		
Sales of goods	2,522	2,657
Royalty fees	104	108
Other*:		
Dividends declared	-	(4,193)
Dividends canceled	-	4,193
Receipt of loans payable	-	4,060
Redemption of loans payable	(40)	-
Interest expense accrued on loans payable	363	292

FIX PRICE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian roubles)

As at 31 December 2023 and as at 31 December 2022, the outstanding balances with related parties were as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Associates:		
Trade and other receivables	13	13
Advances from customers	(92)	(128)
Other*:		
Loans payable	(2,322)	(4,352)

* Other related parties comprise immediate and indirect shareholders of the Company.

For details on the remuneration of key management personnel, please refer to Note 8.

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital are (i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and (ii) to maintain an optimal capital structure to reduce the cost of capital.

While the Group has not established any formal policies with regard to debt to equity proportions, the Group reviews its capital needs on a regular basis to determine actions to balance its overall capital structure via (i) new share issue, (ii) return of capital to shareholders, (iii) securing a new debt or (iv) redemption of existing debt.

28. POST-BALANCE SHEET EVENTS

On 15 January 2024, the Board of Directors of the Group approved the interim dividend for 2023 and 2024 in the combined amount of RUB 8.4 billion or RUB 9.84 per share.