

# **Fix Price Group PLC**

Interim Condensed Consolidated  
Financial Information  
for the Six Months Ended 30 June 2022  
(Unaudited)

# FIX PRICE GROUP PLC

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## **FIX PRICE GROUP PLC**

### **STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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Management is responsible for the preparation of the interim condensed consolidated financial information of Fix Price Group PLC (hereinafter, the “Company”) and its subsidiaries (hereinafter, the “Group”), which comprise the consolidated financial position of the Group as at 30 June 2022, the consolidated results of its operations, cash flows and changes in equity for the six months then ended, in accordance with International Accounting Standard 34 “Interim Financial Reporting” (hereinafter, “IAS 34”).

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are 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 interim condensed consolidated financial information of the Group complies with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of the jurisdiction 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 interim condensed consolidated financial information was approved by management of the Company on behalf of the Board of Directors of the Company on 17 September 2022.

On behalf of management:

  
\_\_\_\_\_  
**Dmitry Kirsanov**  
Chief Executive Officer

  
\_\_\_\_\_  
**Anton Makhnev**  
Chief Financial Officer

## REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Fix Price Group PLC:

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Fix Price Group PLC (hereinafter, the “Company”) and its subsidiaries (hereinafter, the “Group”) as at 30 June 2022 and the related interim condensed consolidated statements of comprehensive income, cash flows and changes in equity for the six months then ended, and selected explanatory notes (the “interim condensed consolidated financial information”). Management is responsible for the preparation of this interim condensed consolidated financial information in accordance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Vladimir Biryukov  
Engagement partner,

AO “Business Solutions and Technologies”  
(ORNZ № 1200602038/04)



17 September 2022

## FIX PRICE GROUP PLC

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles, except earnings per share)*

	Note	For the six months ended	
		30 June 2022	30 June 2021
Revenue	3	131,788	106,116
Cost of sales		(88,311)	(72,968)
<b>Gross profit</b>		<b>43,477</b>	<b>33,148</b>
Selling, general and administrative expenses	4	(24,592)	(19,417)
Other operating income		711	409
Share of profit of associates		22	12
<b>Operating profit</b>		<b>19,618</b>	<b>14,152</b>
Interest income		146	74
Interest expense		(1,772)	(721)
Foreign exchange (loss)/gain, net		(1,888)	96
<b>Profit before tax</b>		<b>16,104</b>	<b>13,601</b>
Income tax expense	5	(11,009)	(3,813)
<b>Profit for the period</b>		<b>5,095</b>	<b>9,788</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		407	(21)
<b>Other comprehensive income/(loss) for the period</b>		<b>407</b>	<b>(21)</b>
<b>Total comprehensive income for the period</b>		<b>5,502</b>	<b>9,767</b>
<b>Earnings per share</b>			
Weighted average number of ordinary shares outstanding	13	849,635,664	850,000,000
Earnings per share, basic and diluted (in Russian Rubles per share)		6.00	11.50

The accompanying notes on pages 7-23 form an integral part of this interim condensed consolidated financial information.

# FIX PRICE GROUP PLC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

	Note	30 June 2022	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	18,593	18,142
Goodwill		132	198
Intangible assets	8	1,498	1,221
Capital advances	7	1,546	549
Right-of-use assets	9	10,783	9,636
Loans receivable		1,181	-
Investments in associates		32	58
<b>Total non-current assets</b>		<b>33,765</b>	<b>29,804</b>
<b>Current assets</b>			
Inventories	10	42,583	40,566
Right-of-use assets	9	1,685	1,718
Receivables and other current assets	11	1,688	1,843
Prepayments		1,107	1,801
Value added tax receivable		615	418
Cash and cash equivalents	12	7,700	8,779
<b>Total current assets</b>		<b>55,378</b>	<b>55,125</b>
<b>Total assets</b>		<b>89,143</b>	<b>84,929</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	13	1	1
Additional paid-in capital	13	154	154
Retained earnings	13	7,125	7,830
Treasury shares	13	(207)	-
Currency translation reserve		401	(6)
<b>Total equity</b>		<b>7,474</b>	<b>7,979</b>
<b>Non-current liabilities</b>			
Loans and borrowings	14	4,168	-
Lease liabilities	15	4,355	3,765
Deferred tax liabilities	5	684	533
<b>Total non-current liabilities</b>		<b>9,207</b>	<b>4,298</b>
<b>Current liabilities</b>			
Loans and borrowings	14	18,296	21,523
Lease liabilities	15	7,285	6,971
Payables and other financial liabilities	16	26,279	34,463
Advances received		475	601
Income tax payable	5	10,301	5,087
Tax liabilities, other than income taxes		2,561	2,372
Dividends payable	13	5,800	-
Accrued expenses		1,465	1,635
<b>Total current liabilities</b>		<b>72,462</b>	<b>72,652</b>
<b>Total liabilities</b>		<b>81,669</b>	<b>76,950</b>
<b>Total equity and liabilities</b>		<b>89,143</b>	<b>84,929</b>

The accompanying notes on pages 7-23 form an integral part of this interim condensed consolidated financial information.

## FIX PRICE GROUP PLC

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

	Note	For the six months ended	
		30 June 2022	30 June 2021
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>16,104</b>	<b>13,601</b>
<i>Adjustments for:</i>			
Depreciation and amortisation	4	6,373	5,676
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	10	1,337	941
Change in allowance for expected credit losses		9	2
Share of profit of associates		(22)	(12)
Interest income		(146)	(74)
Interest expense		1,772	721
Foreign exchange loss/(gain), net		1,888	(96)
<b>Operating cash flows before changes in working capital</b>		<b>27,315</b>	<b>20,759</b>
Increase in inventories		(4,103)	(5,933)
Decrease/(Increase) in receivables and other current assets		118	(364)
Decrease/(Increase) in prepayments		683	(1,194)
(Increase)/Decrease in VAT receivable		(197)	186
(Decrease)/Increase in payables and other financial liabilities		(8,237)	2,093
Decrease in advances received		(127)	(233)
Increase/(Decrease) in tax liabilities, other than income tax		239	(941)
Decrease in accrued expenses		(141)	(51)
<b>Net cash flows generated from operations</b>		<b>15,550</b>	<b>14,322</b>
Interest paid		(1,660)	(815)
Interest received		118	74
Income tax paid		(5,641)	(3,115)
<b>Net cash flows from operating activities</b>		<b>8,367</b>	<b>10,466</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,266)	(3,532)
Purchase of intangible assets		(426)	(262)
Proceeds from sale of property, plant and equipment		14	21
Dividends received from associates		48	60
Loans issued		(1,153)	-
<b>Net cash flows used in investing activities</b>		<b>(4,783)</b>	<b>(3,713)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		17,710	4,000
Repayment of loans and borrowings		(16,500)	(4,086)
Lease payments		(4,921)	(4,495)
Acquisition of treasury shares		(207)	-
Dividends paid		-	(23,658)
<b>Net cash flows used in financing activities</b>		<b>(3,918)</b>	<b>(28,239)</b>
<b>Total cash used in operating, investing and financing activities</b>		<b>(334)</b>	<b>(21,486)</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(745)	70
<b>Net decrease in cash and cash equivalents</b>		<b>(1,079)</b>	<b>(21,416)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	<b>8,779</b>	<b>26,375</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>7,700</b>	<b>4,959</b>

The accompanying notes on pages 7-23 form an integral part of this interim condensed consolidated financial information.

## FIX PRICE GROUP PLC

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

	Note	Share capital	Treasury shares	Additional paid-in capital	(Deficit) / Retained earnings	Currency translation reserve	Total (deficit)/ equity
<b>At 1 January 2021</b>		<b>1</b>	-	<b>154</b>	<b>(3,771)</b>	<b>7</b>	<b>(3,609)</b>
Profit for the period		-	-	-	9,788	-	9,788
Other comprehensive income for the period		-	-	-	-	(21)	(21)
<b>Total comprehensive income for the period, net of tax</b>		-	-	-	<b>9,788</b>	<b>(21)</b>	<b>9,767</b>
<b>At 30 June 2021</b>		<b>1</b>	-	<b>154</b>	<b>6,017</b>	<b>(14)</b>	<b>6,158</b>
<b>At 1 January 2022</b>		<b>1</b>	-	<b>154</b>	<b>7,830</b>	<b>(6)</b>	<b>7,979</b>
Profit for the period		-	-	-	5,095	-	5,095
Other comprehensive loss for the period		-	-	-	-	407	407
<b>Total comprehensive income for the period, net of tax</b>		-	-	-	<b>5,095</b>	<b>407</b>	<b>5,502</b>
Acquisition of treasury shares	13	-	(207)	-	-	-	(207)
Dividends	13	-	-	-	(5,800)	-	(5,800)
<b>At 30 June 2022</b>		<b>1</b>	<b>(207)</b>	<b>154</b>	<b>7,125</b>	<b>401</b>	<b>7,474</b>

The accompanying notes on pages 7-23 form an integral part of this interim condensed consolidated financial information.

## **FIX PRICE GROUP PLC**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)**

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#### **1. GENERAL INFORMATION**

Fix Price Group Ltd. 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 was changed from Fix Price Group Ltd. to Fix Price Group PLC.

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 operating under the trade mark “Fix Price”. The Group’s retail operations are conducted through a chain of convenience stores, located in the Russian Federation, Belarus, Kazakhstan and Uzbekistan. 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.

On 10 March 2021 the Group completed an initial public offering of global depositary receipts representing ordinary shares of Fix Price Group PLC on the London Stock Exchange and Moscow Exchange.

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 30 June 2022 and 31 December 2021 the Group had neither an ultimate controlling party nor an ultimate controlling beneficiary owner.

This interim condensed consolidated financial information was authorised for issue by management of the Company on behalf of the Board of Directors of the Company on 17 September 2022.

#### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Preparation**

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The interim condensed consolidated financial information does not include all the information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group’s the consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information has been prepared under the historical cost convention 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 in preparing this interim condensed consolidated financial information are consistent with those of the financial year ended as at 31 December 2021.

##### **Going concern**

As a variety value retailer, the Group is well placed to withstand volatility within the economic environment. After making thorough analysis, including preparing cash flow forecasts for at least 12 months from the date of approval of these interim condensed consolidated financial information, the management has a reasonable expectation that the Group has adequate resources to continue its operations in the foreseeable future.

## FIX PRICE GROUP PLC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

The restrictive measures imposed by US, UK, EU and other countries' foreign officials, which were further intensified since February 2022, as well as Covid-19 pandemic 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, the management of the Group continues to adopt the going concern basis of accounting in preparing the financial information.

#### Basis of consolidation

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

Company name	Country of incorporation	Principal activity	Ownership interest	Ownership interest
			30 June 2022	31 December 2021
Kolmaz Holdings Ltd	Cyprus	Intermediate holding company	100%	100%
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%

#### Functional and presentation currency

The functional currency of the Company and its Cyprus and Russian subsidiaries is Russian Ruble ("RUB"). The functional currencies of Best Price Kazakhstan TOO, Fix Price Zapad LLC and FIXPRICEASIA LLC are Kazakhstani Tenge ("KZT"), Belarussian Ruble ("BYN") and Uzbekistani Sum ("UZS") respectively.

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

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	
	30 June 2022	31 December 2021	for the six months ended	
	2022	2021	30 June 2022	30 June 2021
KZT	0.1122	0.1690	0.1683	0.1750
BYN	20.2726	29.1458	27.9258	28.8567
UZS	0.0047	0.0069	0.0069	0.0071

#### Seasonality of operations

The Group's sales generally increase ahead of major holidays, with the fourth quarter representing the highest proportion of sales, but otherwise experience limited seasonal fluctuations.

#### Segment information

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)  
(in millions of Russian Rubles)**

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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.

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

**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.

**Significant accounting policies and judgments**

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Group's annual consolidated financial statements for the year ended 31 December 2021 prepared in accordance with IFRS.

**Adoption of New Standards and Interpretations**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022 and have been adopted by the Group while preparing this interim condensed consolidated financial information, but do not have an impact on the interim condensed consolidated financial statements of the Group.

***(a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to a contract activities General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

***(b) Reference to the Conceptual Framework – Amendments to IFRS 3***

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

## FIX PRICE GROUP PLC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

#### **(c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### **(d) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual periods beginning on or after January 1, 2022. These amendments had no impact on the interim condensed consolidated financial information of the Group.

### 3. REVENUE

Revenue for the six months ended 30 June 2022 and the six months ended 30 June 2021 consisted of the following:

	For the six months ended	
	30 June 2022	30 June 2021
Retail revenue	116,688	93,026
Wholesale revenue	15,100	13,090
	<b>131,788</b>	<b>106,116</b>

### 4. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the six months ended 30 June 2022 and the six months ended 30 June 2021 consisted of the following:

	For the six months ended	
	30 June 2022	30 June 2021
Staff costs	13,000	9,561
Depreciation of right-of-use assets	4,822	4,425
Other depreciation and amortisation	1,551	1,251
Bank charges	1,309	1,151
Rental expense	1,055	708
Security services	857	744
Repair and maintenance costs	598	402
Utilities	425	340
Advertising costs	378	356
Other expenses	597	479
	<b>24,592</b>	<b>19,417</b>

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

## FIX PRICE GROUP PLC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

#### 5. INCOME TAX EXPENSE

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

	For the six months ended	
	30 June 2022	30 June 2021
Profit before tax	16,104	13,601
<b>Theoretical tax expenses at 20%, being statutory rate in Russia</b>	<b>(3,221)</b>	<b>(2,720)</b>
(Non-deductible)/non-taxable items	(67)	56
Income subject to income tax at rates different from 20%	11	8
Withholding tax on intra-group dividends	(381)	-
Deferred tax liability on the undistributed retained earnings of the Group's subsidiaries	(557)	(1,157)
Income tax provision	(6,794)	-
<b>Income tax expense</b>	<b>(11,009)</b>	<b>(3,813)</b>

Income tax provision for the six months ended 30 June 2022 was accrued as a result of reassessment by the management of the Group of tax risks relating to certain historical intragroup transactions, which were previously disclosed as contingent liabilities (Note 18).

In 2021 the Group announced a dividend policy with a minimum pay-out ratio and, consequently, the Group recognised a deferred tax liability on the undistributed retained earnings of the Group's subsidiaries.

#### 6. KEY MANAGEMENT REMUNERATION

During the six months ended 30 June 2022, the total compensation relating to the key management personnel of the Group amounted to RUB 646 million (during the six months ended 30 June 2021: RUB 398 million). The amount of compensation includes all applicable taxes and contributions. All compensation represent short-term employee benefits as defined by IAS 19 *Employee Benefits*.

#### 7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of RUB 2,247 million (for the six months ended 30 June 2021: RUB 1,815 million), which mainly comprised warehouse properties, leasehold improvements and trade equipment.

The Group's capital advances as at 30 June 2022 mainly consist of advances for construction of warehouse premises in Domodedovo. As at 31 December 2021 capital advances consist of advances for equipment.

As at 30 June 2022 no assets were pledged as security. As at 31 December 2021, buildings with a carrying amount of RUB 855 million were pledged as security.



## FIX PRICE GROUP PLC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the 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 interim condensed consolidated financial information amount to RUB 6,563 million for the six months ended 30 June 2022 (RUB 5,536 million for the six months ended 30 June 2021).

#### 10. INVENTORIES

The Group inventories balance is comprised of merchandise inventories. Inventories write-off due to shrinkage and write-down to net realisable value during the six months ended 30 June 2022 and the six months ended 30 June 2021 amounted to RUB 1,337 million and RUB 941 million, respectively and were included within Cost of sales of the interim condensed consolidated statement of comprehensive income.

#### 11. RECEIVABLES AND OTHER CURRENT ASSETS

Trade and other receivables as at 30 June 2022 and 31 December 2021 were as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Trade receivables from franchisees, net of allowance for expected credit losses	1,064	783
Settlements with customs	405	701
Forward foreign exchange contracts (Note 19)	-	157
Other receivables, net of allowance for expected credit losses	219	202
	<u>1,688</u>	<u>1,843</u>

The allowance for expected credit losses on trade receivables and other receivables as at 30 June 2022 and as at 31 December 2021 was RUB 31 million and RUB 22 million, respectively.

#### 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Bank current accounts – RUB, KZT, BYN, UZS	2,947	1,509
Bank current accounts – EUR, USD, CNY, GBP	1,579	483
Cash in transit – RUB, KZT, BYN, UZS	579	2,013
Cash in hand – RUB, KZT, BYN, UZS	786	348
Deposits – USD	1,535	-
Deposits – RUB, KZT, BYN	274	4,426
	<u>7,700</u>	<u>8,779</u>

Cash in transit represents cash collected by banks from the Group's stores and not deposited in bank accounts as at 30 June 2022 and 31 December 2021.

RUB, KZT, BYN, UZS, EUR, USD, GBP and CNY denominated balances in current bank accounts are normally interest free.

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As at 30 June 2022 RUB, KZT, BYN and USD denominated deposit bank accounts in the amount of RUB 1,809 million had interest rates of 1.50%-13.70% and 2-672 days maturity period (deposits over 90 days are callable on demand). As at 31 December 2021 RUB, KZT and BYN denominated deposit bank accounts in the amount of RUB 4,426 million had interest rates of 6.50-8.40% and 12-201 day maturity periods (deposits over 90 days are callable on demand).

## 13. EQUITY

### Ordinary shares

As at 30 June 2022 and 31 December 2021 the ordinary and treasury shares of the Group were as follows:

	<u>Outstanding ordinary shares</u>	<u>Issued ordinary shares</u>
<b>At 31 December 2021</b>	<b>850,000,000</b>	<b>850,000,000</b>
Acquisition of treasury shares	(471,307)	-
<b>At 30 June 2022</b>	<b>849,528,693</b>	<b>850,000,000</b>

As at 30 June 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.

As at 31 December 2021 the Company had the authorised share capital of unlimited number of ordinary shares with no par value.

### Additional paid-in capital

No contributions into equity were made by shareholders of the Group during the six months ended 30 June 2022 and the six months ended 30 June 2021.

### Dividends

No dividends were announced for 2022 during the six months ended 30 June 2022.

Interim dividends for 2021 of RUB 11.52 per share, amounting to total dividends of RUB 9,788 million were announced in August 2021 and were paid in full. 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.

### Treasury shares

On 24 January 2022 the Company announced GDR's buyback programme. During the six months ended 30 June 2022, the Group acquired 471,307 of the Company's GDR's for a total consideration of RUB 207 million. As at 30 June 2022 the Group had 471,307 treasury shares with the total cost of RUB 207 million.

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#### 14. LOANS AND BORROWINGS

Terms and conditions in respect of loans and borrowings as of 30 June 2022 are detailed below:

Source of financing	Currency	Maturity date	Effective interest rate at 30 June 2022	30 June 2022
Loans and borrowings (unsecured)	RUB	2022–2025	7.37-18.00%	22,464
				<b>22,464</b>

Terms and conditions in respect of loans and borrowings as of 31 December 2021 are detailed below:

Source of financing	Currency	Maturity date	Effective interest rate at 31 December 2021	31 December 2021
Loans and borrowings (unsecured)	RUB	2022	7.37-9.45%	21,523
				<b>21,523</b>

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the period of six months ended 30 June 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)	30 June 2022
Loans and borrowings	21,523	1,210	(269)	22,464
Dividends payable	-	-	5,800	5,800
	<b>21,523</b>	<b>1,210</b>	<b>5,531</b>	<b>28,264</b>

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the period of six months ended 30 June 2021. 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 2021	Financing cash flows (i)	Other changes (ii)	30 June 2021
Loans and borrowings	15,680	(86)	19	15,613
Dividends payable	23,658	(23,658)	-	-
	<b>39,338</b>	<b>(23,744)</b>	<b>19</b>	<b>15,613</b>

- (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.

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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 30 June 2022 and 31 December 2021 the Group was in compliance with all financial and non-financial covenants stipulated by its loan agreements.

#### 15. LEASE LIABILITIES

As at 30 June 2022 and 31 December 2021 lease liabilities comprised the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Gross lease payments, including:</b>		
Current portion (less than 1 year)	8,241	7,494
More than 1 to 5 years	4,590	3,991
Over 5 years	977	15
<b>Total gross lease payments</b>	<b><u>13,808</u></b>	<b><u>11,500</u></b>
Less unearned interest	(2,168)	(764)
<b>Analysed as:</b>		
<i>Current portion</i>		
Less than one year	7,285	6,971
<i>Non-current portion</i>		
More than 1 to 5 years	3,633	3,751
Over 5 years	722	14
<b>Total present value of net lease payments</b>	<b><u>11,640</u></b>	<b><u>10,736</u></b>

The following table summarises the changes in the lease liabilities:

<b>Balance as at 1 January 2022 / 1 January 2021</b>	<b><u>10,736</u></b>	<b><u>10,052</u></b>
Interest expense on lease liabilities	565	337
Lease payments	(5,524)	(4,832)
New lease contracts and modification of existing lease contracts	6,433	5,344
Foreign exchange gain, net	(70)	(58)
Effect of translation to presentation currency	(500)	(33)
<b>Balance as at 30 June 2022 / 30 June 2021</b>	<b><u>11,640</u></b>	<b><u>10,810</u></b>

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

The weighted average incremental borrowing rate at 30 June 2022 was 12.76% per annum, at 31 December 2021 was 8.15% per annum.

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

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#### **16. PAYABLES AND OTHER FINANCIAL LIABILITIES**

Payables as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Trade payables	22,814	32,138
Deferred revenue	2,239	2,088
Forward foreign exchange contracts (Note 19)	1,008	-
Other payables	218	237
	<u>26,279</u>	<u>34,463</u>

Trade payables are generally settled within 120 days.

The deferred revenue mainly comprise 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 Other operating income, and the Group's contract liability with regards to the unredeemed customer loyalty points.

As at 30 June 2022 all payables were unsecured.

#### **17. COMMITMENTS**

##### **Contractual commitments**

The Group has contractual capital commitments not provided within the Group's financial statements as at 30 June 2022 in the amount of RUB 2,321 million, VAT inclusive (as at 31 December 2021 – RUB 3,934 million, VAT inclusive). These commitments mostly relate to the construction of warehouse premises and equipment.

#### **18. OPERATING ENVIRONMENT AND CONTINGENCIES**

##### **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 outbreak of coronavirus infection, sanctions imposed, consumer confidence, employment levels, interest rates, consumer debt levels and 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 implementation of economic reforms and development of 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.

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Since February 2022 foreign officials announced further extensions of sanctions earlier imposed in 2014, resulting in a significant change in the operating environment for the Russian economy. The new sanctions imposed by foreign states led to a considerable increase in a Russian Ruble exchange rate and limited the opportunities for Russia to use its foreign currency and gold reserves. As part of the measures imposed, the London Stock Exchange has suspended trading in a number of companies with ties to Russia, including Fix Price Group PLC. The Central Bank of Russia implemented a number of measures to sustain financial stability, including an increase of its key interest rate to 20%. Adopted measures, together with the governmental support have led to gradual stabilisation with the key interest rate having been subsequently reduced to 8% and the Russian Ruble hitting the strongest level in seven years. However, as the current inflation rate exceeds 14%, the broader economy in general and the retail sector in particular are still being negatively impacted by the Russian Ruble volatility and sanctions imposed by a number of countries.

The combination of the 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, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

**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 proceeding or other matters, will not have a material effect on the financial condition, 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. The interpretation made by management of the legislation in question as applied to the operations and activities of the Group may be challenged by the relevant regional or federal authorities.

In addition, certain amendments to tax legislation went into effect in 2015, aimed at combating tax evasion through the use of low-tax jurisdictions and aggressive tax planning structures. In particular, those amendments include 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 have not been challenged in the past may be challenged as not having been in compliance with Russian tax laws applicable at the relevant time. In particular, the Supreme Court issued a guidance to lower courts on reviewing tax cases providing a systematic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities' scrutiny. As a result, significant additional taxes, penalties and interest may be levied on the Group.

As at 30 June 2022 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Management estimates that the Group's possible exposure in relation to the aforementioned tax risks will not exceed 3% of the Group's total assets as at 30 June 2022.

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**Coronavirus disease (COVID-19)**

The Covid-19 outbreak was first reported near the end of 2019 in Wuhan, China. Since then, the virus has spread worldwide. On 11 March 2020, the WHO declared the Covid-19 outbreak to be a pandemic. The Covid-19 pandemic shows signs of easing as some countries have lifted travel bans, cancelled lockdowns and eased quarantine measures. Many governments have announced curtailment of certain measures to provide financial and non-financial assistance to the affected entities. Meanwhile Covid-19 pandemic may continue to affect businesses and economies. Many entities are still dealing with lost revenue and disrupted supply chains and, as a result, millions of workers are still losing their jobs.

The COVID-19 pandemic has not had a material adverse impact on the Group's business operations and financial results: the overwhelming majority of the Group's stores and all of its distribution centres have continued to operate as an essential business, the Group has not experienced any significant supply chain disruptions or product availability issues, moreover the Group's revenues continued to grow.

However, it remains difficult to reliably estimate the duration, severity and extent of economic and social impacts of the COVID-19 pandemic on the global economy, global financial markets, the Russian economy and the economies of the geographies in which the Group operates, both in the short term and in the long term.

**19. 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, being 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 fluctuation 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 relevant trade accounts payable being owed in foreign currency and having a maturity of up to 120 days. A proportion of the Group's purchases are priced in Chinese Yuan and in order to manage the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

As at 30 June 2022 the fair value of liabilities related to forward foreign exchange contracts amounted to RUB 1,008 million which were recognised within Payables and other financial liabilities. As at 31 December 2021 the fair value of assets related to forward foreign exchange contracts amounted to RUB 157 million, which were recognised within Receivables and other current assets.

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During the six months ended 30 June 2022 the loss from forward foreign exchange contracts amounted to RUB 186 million (during the six months ended 30 June 2021: RUB 90 million gain), and was included in the "Foreign exchange gain, net" line item in the consolidated statement of comprehensive income.

93% of the Group's sales to retail and wholesale customers are priced in Russian Rubles, therefore there is immaterial currency exposure in this respect. Other sales related to retail sales for Best Price Kazakhstan, Fix Price Zapad LLC, FIXPRICEASIA 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 30 June 2022 and 31 December 2021 is as follows:

	Assets		Liabilities	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
USD	1,860	414	29	68
CNY	1,491	8	3,930	9,874
EUR	13	4	763	997
GBP	-	1	-	-

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

		30 June 2022		31 December 2021
Depreciation in RUB/CNY	+15%	(366)	+10%	(987)
Appreciation in RUB/CNY	-15%	366	-10%	987

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

		30 June 2022		31 December 2021
Depreciation in RUB/USD	+15%	275	+10%	35
Appreciation in RUB/USD	-15%	(275)	-10%	(35)

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

		30 June 2022		31 December 2021
Depreciation in RUB/EUR	+15%	(113)	+10%	(99)
Appreciation in RUB/EUR	-15%	113	-10%	99

These calculations have been performed by taking the period end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated.

## FIX PRICE GROUP PLC

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#### 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. The Group's exposure to interest rate risk arising from market interest rate fluctuations is insignificant. As at 30 June 2022 and 31 December 2021 the Group had no floating rate interest-bearing short-term liabilities.

#### 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 sales retail transactions are made through the 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 arises from the Group's trade receivables arising from 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 franchisees managers on a regular basis in conjunction with debt ageing and collection history. Allowance for expected credit losses is provided where appropriate.

The credit risk on liquid funds (see the table below) is managed by the Group's treasury. The credit risk on investments of surplus funds is limited as the counterparties are financial institutions with high credit ratings assigned by international and local credit rating agencies.

The table below shows the balances that the Group has with its major banks as at the reporting date:

<b>Bank</b>	<b>Country of incorporation</b>	<b>Rating</b>	<b>Carrying amount as at 30 June 2022</b>
Credit Bank of Moscow	Russia	RuA+	2,066
LGT	Switzerland	Aa1	1,610
Sberbank of Russia	Russia	AAA (RU)	1,152
Alfa Bank	Russia	ruAA+	701
Raiffeisenbank	Russia	ruAAA	276
Kaspi Bank	Kazakhstan	Ba1	270
Other			260
<b>Total</b>			<b>6,335</b>

The table below shows the balances that the Group has with its major banks as at 31 December 2021:

<b>Bank</b>	<b>Country of incorporation</b>	<b>Rating</b>	<b>Carrying amount as at 31 December 2021</b>
Sberbank of Russia	Russia	Baa3	2,559
Credit Bank of Moscow	Russia	Ba2	1,202
VTB Bank	Russia	Baa3	1,130
Alfa Bank	Russia	Baa3	1,023
LGT	Switzerland	Aa1	352
RCB	Cyprus	Ba2	64
Other			88
<b>Total</b>			<b>6,418</b>

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#### Liquidity risk

Any impact on available cash 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. The following table shows the maturity of financial liabilities grouping 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 year	Total*	Carrying amount
<b>As at 30 June 2022</b>					
Loans and borrowings*	19,639	5,175	-	24,814	22,464
Dividends payable	5,800	-	-	5,800	5,800
Payables and other financial liabilities	24,040	-	-	24,040	24,040
Lease liabilities*	8,241	4,590	977	13,808	11,640
	<b>57,720</b>	<b>9,765</b>	<b>977</b>	<b>68,462</b>	<b>63,944</b>
<b>As at 31 December 2021</b>					
Loans and borrowings*	22,503	-	-	22,503	21,523
Payables and other financial liabilities	32,375	-	-	32,375	32,375
Lease liabilities*	7,494	3,991	15	11,500	10,736
	<b>62,372</b>	<b>3,991</b>	<b>15</b>	<b>66,378</b>	<b>64,634</b>

\*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.

Fair values of long-term loans receivable approximate their carrying amounts due to the floating interest rate nature.

Foreign exchange contracts are measured at fair value on a recurring basis and classified as Level 2 instruments. The fair value data is provided by banks, based on the updated quotations source (e.g. Bloomberg).

## 20. 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 which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Management considers that the Group has appropriate procedures in place to identify, account for and properly disclose transactions with related parties.

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

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Transactions with related parties for the six months ended 30 June 2022 and for the six months ended 30 June 2021 were as follows:

	For the six months ended	
	30 June 2022	30 June 2021
<b>Associates:</b>		
Sales of goods	1,306	1,265
Royalty fees	52	48
<b>Other*:</b>		
Dividends declared	(4,193)	-
Payment of dividends	-	(20,312)
Receipt of the loans payable	4,060	-
Interest expense accrued on loans payable	108	-

At 30 June 2022 and at 31 December 2021 the outstanding balances with related parties were as follows:

	30 June 2022	31 December 2021
<b>Associates:</b>		
Trade and other receivables	10	13
Advances from customers	(79)	(89)
<b>Other*:</b>		
Dividends payable	(4,193)	-
Loans payable	(4,168)	-

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

For details on the remuneration of key management personnel please refer to Note 6.

## 21. POST BALANCE SHEET EVENTS

In a view of simplification of the Group's legal structure, and subject to obtaining all relevant approvals, it is the intention of the management of the Group to proceed with a merger of the parent entity Fix Price Group PLC with its intermediate holding company Kolmaz Holdings Ltd.

On 17 September 2022 the Board of Directors of the Group temporarily suspended the Group's dividend policy and canceled the final dividend for 2021, amounting to RUB 5,800 million, which had been previously announced on February 2022.