Fix Price Group PLC

Consolidated Financial Statements
for the Year Ended 31 December 2024
and Independent Auditor's Report

FIX PRICE GROUP PLC

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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 2024

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 2024 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").

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 comply 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 consolidated financial statements of the Group for the year ended 31 December 2024 were approved by management of the Company on behalf of the Board of Directors of the Company on 26 February 2025.

On behalf of management:

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Dmitry Kirsanov
Chief Executive Officer

BST Global Limited
8/2, Turkestan Street,
district Esil
Astana, Z05K7P2
Kazakhstan

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 2024, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with 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. This matter was 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 this matter.

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 2024, the inventories held by the Group comprise RUB 56,727 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 14 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 centres during the year and performing independent test counts for a sample of stock keeping units; • Analyzing inventory movements between stock count dates and reporting period end and obtaining evidence for such movements either through supporting documents or through analytical procedures; • 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 identified above when it becomes 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 the Board of Directors.

Responsibilities of Management and the Board of Directors 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.

The Board of Directors is 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Vladimir Kozyrev
Engagement partner
BST Global Limited

Astana, AIFC, Kazakhstan
26 February 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of Russian roubles, except earnings per share)

	Notes	2024	2023
Revenue	5	314,938	291,865
Cost of sales	6	(208,192)	(192,693)
Gross profit		**106,746**	**99,172**
Selling, general and administrative expenses	7	(71,203)	(61,888)
Other operating income		555	586
Share of profit of associates		37	57
Operating profit		**36,135**	**37,927**
Interest income		3,949	2,512
Interest expense		(5,021)	(2,951)
Foreign exchange gain, net		216	550
Profit before tax		**35,279**	**38,038**
Income tax expense	9	(13,079)	(2,331)
Profit for the year		**22,200**	**35,707**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		21	(59)
Other comprehensive income/(loss) for the year		**21**	**(59)**
Total comprehensive income for the year		**22,221**	**35,648**
Earnings per share			
Weighted average number of ordinary shares outstanding	18	849,528,693	849,528,693
Basic earnings per share (in Russian roubles per share)		26.13	42.03
Diluted earnings per share (in Russian roubles per share)		26.01	41.93

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(in millions of Russian roubles)

	Note	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	10	30,921	29,317
Goodwill		228	232
Intangible assets	11	2,811	2,177
Capital advances	12	2,041	329
Right-of-use assets	13	14,016	12,586
Investment property		337	343
Investments in associates		23	61
Total non-current assets		**50,377**	**45,045**
Current assets			
Inventories	14	56,727	47,957
Right-of-use assets	13	2,399	2,033
Receivables and other current assets	15	4,197	2,750
Prepayments		2,061	1,444
Income tax prepaid		-	8
Value-added tax receivable		786	1,126
Cash and cash equivalents	17	19,579	37,343
Assets classified as held for sale	16	582	-
Total current assets		**86,331**	**92,661**
Total assets		**136,708**	**137,706**
Equity and liabilities			
Equity			
Share capital	18	1	1
Additional paid-in capital	18	154	154
Retained earnings	18	48,789	65,352
Treasury shares	18	(207)	(207)
Currency translation reserve		40	19
Total equity		**48,777**	**65,319**
Non-current liabilities			
Loans and borrowings	20	3,010	4,675
Lease liabilities	21	5,473	4,974
Deferred tax liabilities	9	1,074	418
Total non-current liabilities		**9,557**	**10,067**
Current liabilities			
Loans and borrowings	20	15,056	10,024
Lease liabilities	21	10,200	8,800
Payables and other financial liabilities	22	38,603	36,220
Advances received		551	716
Income tax payable		397	-
Tax liabilities, other than income taxes		3,043	4,590
Dividends payable	18	8,321	-
Accrued expenses	23	2,203	1,970
Total current liabilities		**78,374**	**62,320**
Total liabilities		**87,931**	**72,387**
Total equity and liabilities		**136,708**	**137,706**

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 2024
(in millions of Russian roubles)

	Note	2024	2023
Cash flows from operating activities			
Profit before tax		**35,279**	**38,038**
Adjustments for:			
Depreciation and amortisation	10,11,13	16,917	15,138
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	6,14	2,161	1,996
Change in allowance for expected credit losses		17	8
Share of profit of associates		(37)	(57)
Interest income		(3,949)	(2,512)
Interest expense		5,021	2,951
Foreign exchange gain, net		(216)	(550)
Accruals for long-term incentive programme		(404)	404
Operating cash flows before changes in working capital		**54,789**	**55,416**
Increase in inventories		(10,862)	(8,464)
Increase in receivables and other current assets		(1,413)	(231)
(Increase)/Decrease in prepayments		(615)	666
Decrease in VAT receivable		340	350
Increase in payables and other financial liabilities		1,873	1,289
Decrease in advances received		(165)	(75)
Decrease in tax liabilities, other than income taxes		(1,555)	(961)
Increase/(Decrease) in accrued expenses		230	(50)
Net cash flows generated from operations		**42,622**	**47,940**
Interest paid		(4,755)	(3,006)
Interest received		3,949	2,513
Income tax paid		(12,011)	(8,331)
Net cash flows from operating activities		**29,805**	**39,116**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,676)	(5,689)
Purchase of intangible assets		(1,087)	(869)
Proceeds from sale of property, plant and equipment		3	14
Dividends received from associates		56	65
Net cash flows used in investing activities		**(8,704)**	**(6,479)**
Cash flows from financing activities			
Proceeds from loans and borrowings	20	17,600	30,800
Repayment of loans and borrowings	20	(14,600)	(38,390)
Lease payments		(12,464)	(11,441)
Dividends paid	18	(29,872)	-
Net cash flows used in financing activities		**(39,336)**	**(19,031)**
Total cash (used in)/from operating, investing and financing activities		**(18,235)**	**13,606**
Effect of exchange rate fluctuations on cash and cash equivalents		471	153
Net (decrease)/increase in cash and cash equivalents		**(17,764)**	**13,759**
Cash and cash equivalents at the beginning of the year	17	**37,343**	**23,584**
Cash and cash equivalents at the end of the year	17	**19,579**	**37,343**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of Russian roubles)

	Note	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Currency translation reserve	Total equity
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**
At 1 January 2024		**1**	**154**	**65,352**	**(207)**	**19**	**65,319**
Profit for the year		-	-	22,200	-	-	22,200
Other comprehensive income for the year		-	-	-	-	21	21
Total comprehensive income for the year, net of tax		**-**	**-**	**22,200**	**-**	**21**	**22,221**
Dividends	18	-	-	(38,359)	-	-	(38,359)
Long-term incentive programme	19	-	-	525	-	-	525
Reclassification of the long-term incentive programme	19	-	-	(929)	-	-	(929)
At 31 December 2024		**1**	**154**	**48,789**	**(207)**	**40**	**48,777**

(in millions of Russian roubles)

1. GENERAL INFORMATION

Fix Price Group PLC (the "Company") is registered at the Astana International Financial Centre ("AIFC") in the Republic of Kazakhstan. The Company's registered office is at Yesil district, Mangilik El Avenue, building 55/23, block C.4.4, office 245, Astana city, Republic of Kazakhstan. In June 2024, the Company discontinued its registration in the Republic of Cyprus. The Company has global depositary receipts ("GDR"), which represent its ordinary shares, listed on Astana International Exchange, and Moscow Exchange.

On 19 August 2024, the Group has completed the intended delisting of its GDRs from the London Stock Exchange, as well transition of its GDR program to RCS Trust and Corporate Services Ltd., a depositary bank.

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.

As at 31 December 2024 and 31 December 2023, the ultimate controlling party and beneficiary owner of the Group was Sergey Lomakin.

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 31 December 2024	Ownership interest 31 December 2023
Fix Price JSC	Russia	Holding company*	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%

* On 19 December 2024, a new Russian whole-owned subsidiary of the Company, Fix Price JSC was incorporated.

These consolidated financial statements were authorised for issue by management of the Company on behalf of the Company's Board of Directors on 26 February 2025.

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").

(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.

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*.

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:

Company name	Functional currency
Fix Price Group PLC	Russian rouble ("RUB")
Fix Price JSC	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.

(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, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.
- All resulting exchange differences are recognised in other comprehensive income.

(in millions of Russian roubles)

- All cash flows are translated at the average exchange rates for the periods presented, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Resulting exchange differences, if any, are presented as effect of translation to presentation currency and exchange rate changes on the balance of cash held in foreign currencies.
- 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 the 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:

	Closing rate on 31 December	Closing rate on 31 December	Average rate for the year	
Currency	**2024**	**2023**	**2024**	**2023**
KZT	0.1949	0.1977	0.1976	0.1868
BYN	29.6434	28.2261	28.5050	28.2507
UZS	0.0079	0.0073	0.0073	0.0073

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.

(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:

	Useful lives in years
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, 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.

<u>Debt instruments</u>

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.

<u>Cash and cash equivalents</u>

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.

Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that their cost will be recovered through a sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets, or disposal groups are available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Such assets, or disposal groups, are measured at the lower of carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property plant and equipment are no longer amortised or depreciated.

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 (Notes 6, 14).

(b) Tax legislation

The Group operates in various jurisdictions, including the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus, and the Republic of Uzbekistan. 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 2024, were adopted but did not have an impact on the Group's consolidated financial statements:

(a) Amendments to IFRS 16, Leases – Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains.

(b) Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

(c) Amendments to IAS 1, Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

(d) Amendments to IAS 1, Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

(in millions of Russian roubles)

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 21 – *Lack of Exchangeability;*
- Amendments to IFRS 9 and IFRS 7 – *Classification and Measurement of Financial Instruments;*
- Standard IFRS 18, *Presentation and Disclosure in Financial Statements;*
- Standard IFRS 19, *Subsidiaries without Public Accountability: Disclosures;*
- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*;
- Annual improvements to IFRS Accounting Standards – Volume 11: IFRS 1, *First-time adoption of IFRS*; IFRS 7, *Financial Instruments: Disclosures*; IFRS 10, *Consolidated Financial Statements*; IAS 7, *Statement of Cash Flows.*

The Company is currently conducting a comprehensive assessment of all the effects that will arise when the provisions of IFRS 18, *Presentation and Disclosure of Information in Financial Statements* come into force.

The adoption of the remaining 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 2024 and 31 December 2023 consisted of the following:

	2024	2023
Retail revenue	284,855	258,967
Wholesale revenue	30,083	32,898
	314,938	**291,865**

6. COST OF SALES

Cost of sales for the years ended 31 December 2024 and 31 December 2023 consisted of the following:

	2024	2023
Cost of goods sold	199,843	185,891
Transportation and handling costs	6,188	4,806
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	2,161	1,996
	208,192	**192,693**

(in millions of Russian roubles)

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended 31 December 2024 and 31 December 2023 consisted of the following:

	2024	2023
Staff costs	41,775	34,834
Depreciation of right-of-use assets	12,785	11,527
Other depreciation and amortisation	4,132	3,611
Bank charges	2,973	3,554
Security services	1,997	2,052
Rental expense	1,947	1,873
Repair and maintenance costs	1,238	1,065
Advertising costs	1,102	941
Utilities	1,050	911
Other expenses	2,204	1,520
	71,203	**61,888**

Staff costs for the years ended 31 December 2024 and 31 December 2023 consisted of the following:

	2024	2023
Wages and salaries	34,931	28,240
Statutory social security and pension contributions	6,493	5,447
Long-term incentive programme (Note 19)	351	1,147
	41,775	**34,834**

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 2024, the total compensation relating to the Group's key management personnel amounted to RUB 1,842 million, including RUB 1,610 million in short-term employee benefits and RUB 232 million in long-term share-based compensation. 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. The amount of compensation includes all applicable taxes and contributions.

9. INCOME TAX EXPENSE

	2024	2023
Current tax expense	12,423	2,334
Deferred tax		
Origination and reversal of temporary differences	454	(3)
Effect of changes in tax rates	202	-
Income tax expense	**13,079**	**2,331**

(in millions of Russian roubles)

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

	2024	**2023**
Profit before tax	35,279	38,038
Theoretical tax expense at 20%, being the statutory rate in Russia	**(7,056)**	**(7,608)**
Income subject to income tax at rates different from 20%	17	750
Non-deductible items	(71)	(219)
(a) Withholding tax on intra-group dividends	(5,767)	(489)
(b) Windfall tax	-	(991)
(c) Income tax provision	-	6,226
(d) Effect of changes in tax rates	(202)	-
Income tax expense	**(13,079)**	**(2,331)**

(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) 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. A taxpayer had 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.

(c) Income tax provision

No income tax provision was recognised during the year ended 31 December 2024. During the year ended 31 December 2023, the Group reassessed the relevant uncertainties, resulting in a favourable revaluation of the Group's tax exposure.

(d) Effect of changes in income tax rate due to tax reform in the Russian Federation

On 12 July 2024, the President of the Russian Federation signed Law No. 176-FZ, effective from 1 January 2025. The new law sets out a range of significant amendments to the Tax Code of the Russian Federation, including an increased corporate profit tax rate of 25%.

As of 31 December 2024, the Group recalculated the deferred tax assets and deferred tax liabilities at the new rate of 25%, which will be effective in periods of recovery of such assets and liabilities. In these consolidated financial statements, the Group recognised additional deferred tax assets amounting to RUB 811 million and additional deferred tax liabilities amounting to RUB 1,013 million; the respective deferred tax expense relating to a change in the tax rate amounted to RUB 202 million. The new law did not affect the current income tax for the year ended 31 December 2024.

(in millions of Russian roubles)

Movements in the deferred tax assets and liabilities for the year ended 31 December 2024 were as follows:

	31 December 2023*	Charged to profit or loss	31 December 2024
Tax effects of deductible temporary differences			
Trade and other payables	275	26	301
Accrued expenses	355	3	358
Lease liabilities	2,365	1,035	3,400
Other	131	-	131
Deferred tax assets	**3,126**	**1,064**	**4,190**
Tax effects of taxable temporary differences			
Inventories	(161)	(143)	(304)
Property, plant and equipment	(828)	(340)	(1,168)
Right-of-use assets	(2,445)	(1,047)	(3,492)
Investments in associates	(13)	7	(6)
Trade and other receivables	-	(206)	(206)
Intangible assets	(97)	9	(88)
Deferred tax liabilities	**(3,544)**	**(1,720)**	**(5,264)**
Net deferred tax liabilities	**(418)**	**(656)**	**(1,074)**

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

	31 December 2022*	Charged to profit or loss*	31 December 2023*
Tax effects of deductible temporary differences			
Trade and other payables	69	206	275
Accrued expenses	230	125	355
Lease liabilities	2,287	78	2,365
Other	114	17	131
Deferred tax assets	**2,700**	**426**	**3,126**
Tax effects of taxable temporary differences			
Inventories	(29)	(132)	(161)
Property, plant and equipment	(655)	(173)	(828)
Right-of-use assets	(2,300)	(145)	(2,445)
Investments in associates	(14)	1	(13)
Intangible assets	(123)	26	(97)
Deferred tax liabilities	**(3,121)**	**(423)**	**(3,544)**
Net deferred tax liabilities	**(421)**	**3**	**(418)**

* Following the amendments, that clarified that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

(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 2024 and 31 December 2023 were as follows:

	Land and buildings	Trade and other equipment	Leasehold improvements	Other	Assets under construction and uninstalled equipment	Total
Cost						
At 1 January 2023	**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**
Additions	741	3,480	1,405	120	117	**5,863**
Disposals	-	(428)	(426)	(13)	-	**(867)**
Reclassifications to assets classified as held for sale	(624)	-	-	-	-	**(624)**
Effect of translation to presentation currency	-	12	8	(5)	1	**16**
At 31 December 2024	**16,001**	**20,279**	**11,344**	**641**	**317**	**48,582**
Accumulated depreciation and impairment						
At 1 January 2023	**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**
Depreciation charge	198	2,215	930	81	-	**3,424**
Disposals	-	(392)	(195)	(11)	-	**(598)**
Reclassifications to assets classified as held for sale	(42)	-	-	-	-	**(42)**
Effect of translation to presentation currency	-	-	-	-	-	**-**
At 31 December 2024	**745**	**10,851**	**5,804**	**261**	**-**	**17,661**
Net book value						
At 1 January 2023	**7,128**	**7,130**	**4,998**	**237**	**199**	**19,692**
At 31 December 2023	**15,295**	**8,187**	**5,288**	**348**	**199**	**29,317**
At 31 December 2024	**15,256**	**9,428**	**5,540**	**380**	**317**	**30,921**

(in millions of Russian roubles)

Buildings primarily represent distribution centres owned by the Group.

Borrowing costs included in the cost of qualifying assets during the year ended 31 December 2024 amounted to RUB 102 million, arose on the general borrowing pool and are calculated by applying a capitalisation rate of 19.85% (2023: RUB 416 million calculated by applying a capitalisation rate of 9.19%).

As at 31 December 2024 and as at 31 December 2023, no assets were pledged as security.

11. INTANGIBLE ASSETS

Movements in the carrying amount of intangible assets during the years ended 31 December 2024 and 31 December 2023 were as follows:

	Software	Other	Total
Cost			
At 1 January 2023	**2,344**	**239**	**2,583**
Additions	783	86	**869**
At 31 December 2023	**3,127**	**325**	**3,452**
Additions	1,027	57	**1,084**
At 31 December 2024	**4,154**	**382**	**4,536**
Accumulated amortisation and impairment			
At 1 January 2023	**674**	**188**	**862**
Amortisation charge	325	88	413
At 31 December 2023	**999**	**276**	**1,275**
Amortisation charge	406	44	450
At 31 December 2024	**1,405**	**320**	**1,725**
Carrying amount			
At 1 January 2023	**1,670**	**51**	**1,721**
At 31 December 2023	**2,128**	**49**	**2,177**
At 31 December 2024	**2,749**	**62**	**2,811**

12. CAPITAL ADVANCES

As at 31 December 2024, the Group's capital advances mainly consist of advances for construction of warehouse premises in Kazan and advances for equipment. As at 31 December 2023, the Group's capital advances mainly consist of advances for equipment.

(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 2024	**31 December 2023**
Cost		
At 1 January 2024 / 1 January 2023	**58,102**	**45,491**
New lease contracts and modification of existing lease contracts	14,501	12,505
Lease prepayments	107	70
Disposals	(785)	(560)
Effect of translation to presentation currency	148	596
At 31 December 2024 / 31 December 2023	**72,073**	**58,102**

	Leased premises and buildings for the year ended	
	31 December 2024	**31 December 2023**
Accumulated depreciation and impairment		
At 1 January 2024 / 1 January 2023	**(43,483)**	**(32,103)**
Depreciation expense	(12,848)	(11,577)
Disposals	785	560
Effect of translation to presentation currency	(112)	(363)
At 31 December 2024 / 31 December 2023	**(55,658)**	**(43,483)**
Carrying amount		
At 1 January 2024 / 1 January 2023	**14,619**	**13,388**
At 31 December 2024 / 31 December 2023	**16,415**	**14,619**

	For the year ended	
	31 December 2024	**31 December 2023**
Amounts recognised in profit or loss		
Depreciation expense of right-of-use assets	12,785	11,527
Interest expense on lease liabilities	2,291	1,413
Expenses relating to variable lease payments not included in the measurement of the lease liabilities	1,908	1,856

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 costs. The variable payments depend on the 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 amounts to RUB 16,661 million for the year ended 31 December 2024 (RUB 14,721 million for the year ended 31 December 2023).

(in millions of Russian roubles)

14. 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 2024 and 31 December 2023 are disclosed in Note 6.

15. RECEIVABLES AND OTHER CURRENT ASSETS

Trade and other receivables as at 31 December 2024 and 31 December 2023 were as follows:

	31 December 2024	31 December 2023
Trade receivables from franchisees, net of allowance for expected credit losses	1,668	1,364
Settlements with customs	1,051	1,002
Other receivables, net of allowance for expected credit losses	1,478	384
	4,197	**2,750**

The allowance for expected credit losses on trade receivables and other receivables as at 31 December 2024 and as at 31 December 2023 was RUB 46 million and RUB 44 million, respectively.

16. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2024, the Group decided to sell one of the distribution centres in Ekaterinburg. The sale is expected to be completed within one year. Net book value of the disposal group comprises RUB 582 million. The Group expects that the proceeds from the sale will exceed the net book value of the disposal group, and therefore no impairment was recognised.

17. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Bank current accounts – RUB, KZT, BYN, UZS	6,899	3,256
Bank current accounts – USD, EUR, CNY, GBP	167	135
Cash in transit – RUB, KZT, BYN	1,850	1,897
Cash in hand – RUB, KZT, BYN	750	1,126
Deposits – EUR, USD	5,922	5,319
Deposits – RUB, KZT, BYN	149	25,610
Marketable securities – USD, EUR	3,842	-
	19,579	**37,343**

Cash in transit represents cash collected by banks from the Group’s stores and not yet deposited in bank accounts as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, KZT-, BYN-, EUR- and USD-denominated deposit bank accounts with balances amounting to RUB 6,071 million had interest rates of 2.80%-14.80% and a maturity period of 1-303 days (deposits over 90 days are recallable on demand).

(in millions of Russian roubles)

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 recallable on demand).

Marketable securities represent US treasuries and German treasuries which have a remaining time to maturity of three months or less from the date of purchase (35-50 days) and are subject to an insignificant risk of change in value due to interest rate, quoted price or penalty on withdrawal.

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

18. EQUITY

Ordinary shares

As at 31 December 2024 and 31 December 2023, the Group's ordinary and treasury shares were as follows:

	Outstanding ordinary shares	Issued ordinary shares
At 1 January 2023	**849,528,693**	**850,000,000**
At 31 December 2023	**849,528,693**	**850,000,000**
At 1 January 2024	**849,528,693**	**850,000,000**
At 31 December 2024	**849,528,693**	**850,000,000**

As at 31 December 2024 and 31 December 2023, the Company had authorised share capital of 10,000,000,000 ordinary shares with a par value of EUR 0.0000374 per share.

Additional paid-in capital

No equity contributions were made by Group shareholders during the years ended 31 December 2024 or 31 December 2023.

Dividends

Interim dividends for 2023 and 2024 in the combined amount of RUB 8.4 billion or RUB 9.84 per share were announced in January 2024 and were paid in full.

Interim dividends for 2022, 2023 and 2024 in the combined amount of RUB 30.0 billion, or RUB 35.31 per share were announced in December 2024, and as of 31 December 2024 were partially paid in the amount of RUB 21.5 billion.

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

Treasury shares

As at 31 December 2024 and 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 the 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 this Programme 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.

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). 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 at the grant date was assessed at RUB 1,131 million (based on 291.9 Russian roubles per GDR).

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 cash-settled share-based payment, which was recognised as a debit entry to equity within retained earnings. The first tranche, representing approximately 1.9 million awards, was fully settled in cash in December 2023, amounting to RUB 743 million, including taxes (based on 344.53 Russian roubles per GDR).

In December 2024, the Group opted to settle the second tranche of the Programme in cash. The Group considered this as the present obligation to settle both remaining tranches in cash and reclassified the equity-settled share-based payment arrangement relating to the second and third tranches to a cash-settled share-based payment, which was recognised as a debit entry to equity within retained earnings. The second tranche, representing approximately 2.7 million awards, was fully settled in cash in December 2024, amounting to RUB 551 million, including taxes (based on 182.63 Russian roubles per GDR).

(in millions of Russian roubles)

Since the reclassification of the third tranche to the cash-settled share-based payments, the fair value of the Programme is determined using the average market price of GDRs on the relevant stock exchange at the reporting date and was assessed at RUB 554 million (based on 178.45 Russian roubles per GDR), representing approximately 3 million awards.

As at 31 December 2024, 3 million awards, classified as cash-settled share-based payments, were outstanding, amounting to RUB 204 million, including taxes. Cash-settled share-based payments were recognised in the accrued salaries and wages category of these consolidated financial statements.

As at 31 December 2023, 2.7 million awards, classified as equity-based share-based payments, were outstanding. The weighted average remaining contractual life for the awards was 336 days as of 31 December 2024 (as at 31 December 2023, the weighted average remaining contractual life for the awards was 336 days).

Expenses arising from long-term incentive programme

Total expenses arising from long-term incentive programme recognised during the year ended 31 December 2024 amounted to RUB 351 million (RUB 1,147 million for the year ended 31 December 2023).

20. LOANS AND BORROWINGS

Terms and conditions in respect of loans and borrowings as of 31 December 2024 are detailed below:

Source of financing	Currency	Maturity date	Interest rate as at 31 December 2024	31 December 2024
Short-term loans and borrowings (unsecured)	RUB	2025	20.69-23.36%	15,056
Long-term loans and borrowings (unsecured)	RUB	2028	9.00%	3,010
				18,066

Terms and conditions in respect of loans and borrowings as of 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

(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 2024. 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 2024	**Financing cash flows (i)**	**Other changes (ii)**	**31 December 2024**
Loans and borrowings	14,699	3,000	367	18,066
Dividends payable	-	(29,872)	38,193	8,321
	14,699	**(26,872)**	**38,560**	**26,387**

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**

(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, the amounts of dividends declared (Note 18), foreign exchange gains and losses.

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 2024 and 31 December 2023, the Group was in compliance with all financial and non-financial covenants stipulated by its loan agreements.

21. LEASE LIABILITIES

As at 31 December 2024 and 31 December 2023 lease liabilities comprised the following:

	31 December 2024	**31 December 2023**
Gross lease payments, including:		
Current portion (less than 1 year)	12,106	9,889
From 1 to 5 years	6,359	5,225
Over 5 years	488	701
Total gross lease payments	**18,953**	**15,815**
Less unearned interest	(3,280)	(2,041)
Analysed as:		
Current portion		
Less than 1 year	10,200	8,800
Non-current portion		
From 1 to 5 years	5,060	4,382
Over 5 years	413	592
Total lease liability	**15,673**	**13,774**

(in millions of Russian roubles)

The following table summarises the changes in the lease liabilities:

	2024	2023
Balance as at 1 January	**13,774**	**12,612**
Interest expense on lease liabilities	2,291	1,413
Lease payments	(14,753)	(12,865)
New lease contracts and modification of existing lease contracts	14,325	12,388
Currency translation reserve	36	226
Balance as at 31 December	**15,673**	**13,774**

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 2024 was 21.12% per annum; at 31 December 2023 it was 12.86% 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 2024 and 2023 consisted of the following:

	31 December 2024	31 December 2023
Trade payables	36,045	34,214
Deferred revenue	218	1,627
Other payables	2,340	379
	38,603	**36,220**

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

As at 31 December 2024 deferred revenue comprises the Group's contract liability with regards to unredeemed customer loyalty points. As at 31 December 2023 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, as well as the Group's contract liability with regards to unredeemed customer loyalty points; the former component has been reclassified to other payables during the year ended 31 December 2024.

As at 31 December 2024 and 31 December 2023 all payables were unsecured.

(in millions of Russian roubles)

23. ACCRUED EXPENSES

Accrued expenses as at 31 December 2024 and 2023 consisted of the following:

	31 December 2024	31 December 2023
Accrued salaries and wages	2,197	1,964
Other accrued expenses	6	6
	2,203	**1,970**

Accrued expenses will be settled within twelve months.

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 2024, 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.

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 2024 the Group had contractual capital commitments in the amount of RUB 1,865 million. These commitments relate to the construction of the new distribution centre. As at 31 December 2023 the Group had contractual capital commitments in the amount of RUB 444 million. These commitments related to the acquisition of land under the new distribution centre.

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.

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 road map 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 2024, 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 2024.

(in millions of Russian roubles)

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 a 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 2024 and 31 December 2023, the Group had no forward foreign exchange contracts.

During the year ended 31 December 2024 the loss from forward foreign exchange contracts amounted to RUB 239 million. 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 2024 91% of the Group's sales to retail and wholesale customers were priced in Russian roubles (during the year ended 31 December 2023 – 92%); 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 2024 and 31 December 2023 was as follows:

	Assets		Liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
USD	4,746	3,892	1,838	-
CNY	1,077	25	9,738	9,717
EUR	5,085	1,537	52	-

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.

(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 2024		31 December 2023
Depreciation in RUB/CNY	+15%	(1,299)	+15%	(1,454)
Appreciation in RUB/CNY	-15%	1,299	-15%	1,454

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 2024		31 December 2023
Depreciation in RUB/USD	+15%	436	+15%	584
Appreciation in RUB/USD	-15%	(436)	-15%	(584)

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

		31 December 2024		31 December 2023
Depreciation in RUB/EUR	+15%	755	+15%	231
Appreciation in RUB/EUR	-15%	(755)	-15%	(231)

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 2024 the Group had floating rate interest-bearing short-term liabilities amounting to RUB 12,500 million (as at 31 December 2023: RUB 2,400 million). As at 31 December 2024, if interest rates at that date had been 200 basis points higher with all other variables held constant, the profit before tax for the year ended 31 December 2024 would have been RUB 159 million lower, mainly as a result of higher interest expense on borrowings. If interest rates had been 200 basis points lower with all other variables held constant, the profit before tax for the year ended 31 December 2024 would have been RUB 159 million higher, mainly as a result of lower interest expense on borrowings. 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.

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.

(in millions of Russian roubles)

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.

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 banks as at the reporting date:

Bank	**Country of incorporation**	**Rating**	**Carrying amount as at 31 December 2024**
Banque Heritage	Switzerland	Ba1	5,929
CQUR Bank	Qatar	N/A	3,873
Sberbank of Russia	Russia	AAA (RU)	3,257
CentrCredit	Kazakhstan	Ba1	2,180
Raiffeisenbank	Russia	ruAAA	445
Rosbank	Russia	ruAAA	434
Halyk Bank of Kazakhstan	Kazakhstan	Baa1	253
Alfa Bank	Belarus, Russia	ruAA+	171
Kaspi Bank	Kazakhstan	Baa3	112
VTB	Belarus, Russia	ruAAA	99
Bank of China	Russia	A1	87
Other			139
Total			**16,979**

The table below shows the balances that the Group had with banks as at 31 December 2023:

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**

(in millions of Russian roubles)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group's loans and 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 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 2024					
Loans and borrowings*	16,163	3,601	-	**19,764**	**18,066**
Dividends payable	8,321	-	-	**8,321**	**8,321**
Payables and other financial liabilities	38,385	-	-	**38,385**	**38,385**
Lease liabilities*	12,106	6,359	488	**18,953**	**15,673**
	74,975	**9,960**	**488**	**85,423**	**80,445**
As at 31 December 2023					
Loans and borrowings*	10,525	5,128	-	**15,653**	**14,699**
Payables and other financial 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**

*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.

Foreign exchange contracts and marketable securities 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.

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 2024 and 31 December 2023, 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 transactions with related parties.

(in millions of Russian roubles)

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 2024 and 31 December 2023 were as follows:

	2024	2023
Associates:		
Sales of goods	2,218	2,522
Royalty fees	92	104
Other*:		
Dividends declared	(27,686)	-
Payment of dividends	(27,487)	-
Redemption of loans payable	(2,000)	(40)
Interest expense accrued on loans payable	152	363

As at 31 December 2024 and as at 31 December 2023, the outstanding balances with related parties were as follows:

	31 December 2024	31 December 2023
Associates:		
Trade and other receivables	8	13
Advances from customers	(60)	(92)
Other*:		
Loans payable	(474)	(2,322)

* 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

(a) Dividends

By the date of signing of these consolidated financial statements, all dividends payable were settled in full.