

# **Fix Price Group PLC**

Consolidated Financial Statements  
for the Year Ended 31 December 2022  
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 2022**

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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 2022 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (hereinafter, “IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

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

Management is also responsible for:

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

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by management of the Company on behalf of the Board of Directors of the Company on 24 February 2023.

On behalf of management:

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

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Fix Price Group PLC:

### **Opinion**

We have audited the consolidated financial statements of Fix Price Group PLC (hereinafter, the "Company") and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of comprehensive income for the year ended 31 December 2022, consolidated statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (thereafter "IASB").

### **Basis for Opinion**

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

## Key Audit Matters

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

<b>Why the matter was determined to be a key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p><b>Existence and completeness of inventories</b></p> <p>As at 31 December 2022 and 2021 the inventories held by the Group comprise RUB 41,020 million and RUB 40,566 million, respectively. The Group’s inventories consist of merchandise purchased and held for resale and are carried at the lower of cost and net realisable value.</p> <p>Existence and completeness of inventories were determined to be a key audit matter due to the magnitude 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.</p> <p>The Group’s significant 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.</p>	<p>Our audit procedures related to Existence and completeness of inventories included the following, among others:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding, evaluating design and implementation and, where deemed appropriate, testing the operating effectiveness of relevant controls relating to the inventory process including controls over the Group’s inventory stock count procedure;</li><li>• Observing the inventory count process for a sample of stores and distribution centers during the year and performing independent test counts for a sample of stock keeping units;</li><li>• Vouching inventory movements between stock count dates and reporting period end to supporting documents for a sample of stock-keeping units;</li><li>• Challenging appropriateness of management’s estimate of shrinkage allowance, including developing an independent estimate and assessing historical accuracy of management’s estimates;</li><li>• 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.</li></ul>

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

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**Uncertain tax treatments**

As at 31 December 2022 and 2021 the Group's balance of income tax payable comprised RUB 6,005 million and RUB 5,087 million, respectively. The Group files income tax returns in several jurisdictions and is periodically subject to tax audits in the ordinary course of business. Applicable tax laws and regulations in those jurisdictions, including Russia where the Group's main operating subsidiary is based off, are subject to differing interpretations and the resolution of a final tax position can take several years.

The key audit matter is focused on the valuation and completeness of the income tax liabilities associated with uncertain tax treatment and completeness and accuracy of the Group's disclosure of tax-related contingent liabilities. A significant degree of judgement is applied by management when assessing the Group's tax positions given the inherent uncertainty.

The Group's income taxes are disclosed in Note 9 on and the Group's contingent liabilities with regards to taxation are disclosed in Note 23.

Our audit procedures related to uncertain tax treatments included the following, among others:

- Obtaining an understanding of the Group's internal processes and controls in respect of management's assessment of income tax liabilities and contingent liabilities related to tax matters;
  - In cooperation with our internal tax specialists, evaluating the tax positions taken by the Group's management and testing the valuation and completeness of uncertain tax liabilities, including an examination of available documents on tax audits, analysis of tax legislation, recent court practice and other evidence;
  - Testing the valuation of income tax provisions and accuracy of underlying schedules used to compute the income tax liability and tax-related contingent liabilities, including, where deemed relevant, developing an independent estimate;
  - Checking the adequacy of the disclosures in the consolidated financial statements with the requirements of accounting standards in respect of uncertain tax positions, income tax liabilities, contingent liabilities and underlying key judgments and estimates.
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**Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 Biryukov  
(ORNZ № 21906100-13),  
Engagement partner,  
Acting based on the power of attorney issued by the General Director on 6 July 2022  
authorising to sign off the audit report on behalf of AO “Business Solutions and Technologies”  
(ORNZ № 12006020384)

24 February 2023



# FIX PRICE GROUP PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (in millions of Russian Rubles, except earnings per share)

	Notes	2022	2021
Revenue	5	277,644	230,473
Cost of sales	6	(185,650)	(157,073)
<b>Gross profit</b>		<b>91,994</b>	<b>73,400</b>
Selling, general and administrative expenses	7	(52,287)	(41,991)
Other operating income		1,295	873
Share of profit of associates		58	44
<b>Operating profit</b>		<b>41,060</b>	<b>32,326</b>
Interest income		328	131
Interest expense		(3,329)	(1,778)
Foreign exchange loss, net		(234)	(83)
<b>Profit before tax</b>		<b>37,825</b>	<b>30,596</b>
Income tax expense	9	(16,414)	(9,207)
<b>Profit for the year</b>		<b>21,411</b>	<b>21,389</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		84	(13)
<b>Other comprehensive income/(loss) for the year</b>		<b>84</b>	<b>(13)</b>
<b>Total comprehensive income for the year</b>		<b>21,495</b>	<b>21,376</b>
<b>Earnings per share</b>			
Weighted average number of ordinary shares outstanding	17	849,581,739	850,000,000
Earnings per share, basic and diluted (in Russian Rubles per share)		25.20	25.20

The accompanying notes on pages 11-43 form an integral part of these consolidated financial statements

# FIX PRICE GROUP PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (in millions of Russian Rubles)

	Note	31 December 2022	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	19,692	18,142
Goodwill		179	198
Intangible assets	11	1,721	1,221
Capital advances	12	7,272	549
Right-of-use assets	13	11,598	9,636
Investments in associates		70	58
<b>Total non-current assets</b>		<b>40,532</b>	<b>29,804</b>
<b>Current assets</b>			
Inventories	14	41,020	40,566
Right-of-use assets	13	1,790	1,718
Receivables and other current assets	15	2,531	1,843
Prepayments		2,093	1,801
Value added tax receivable		1,476	418
Cash and cash equivalents	16	23,584	8,779
<b>Total current assets</b>		<b>72,494</b>	<b>55,125</b>
<b>Total assets</b>		<b>113,026</b>	<b>84,929</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	1	1
Additional paid-in capital	17	154	154
Retained earnings	17	29,241	7,830
Treasury shares	17	(207)	-
Currency translation reserve	17	78	(6)
<b>Total equity</b>		<b>29,267</b>	<b>7,979</b>
<b>Non-current liabilities</b>			
Loans and borrowings	19	4,352	-
Lease liabilities	20	4,615	3,765
Deferred tax liabilities	9	421	533
<b>Total non-current liabilities</b>		<b>9,388</b>	<b>4,298</b>
<b>Current liabilities</b>			
Loans and borrowings	19	17,576	21,523
Lease liabilities	20	7,997	6,971
Payables and other financial liabilities	21	34,476	34,463
Advances received		792	601
Income tax payable	9	6,005	5,087
Tax liabilities, other than income taxes		5,523	2,372
Accrued expenses	22	2,002	1,635
<b>Total current liabilities</b>		<b>74,371</b>	<b>72,652</b>
<b>Total liabilities</b>		<b>83,759</b>	<b>76,950</b>
<b>Total equity and liabilities</b>		<b>113,026</b>	<b>84,929</b>

The accompanying notes on pages 11-43 form an integral part of these consolidated financial statements

# FIX PRICE GROUP PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (in millions of Russian Rubles)

	Note	2022	2021
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>37,825</b>	<b>30,596</b>
<i>Adjustments for:</i>			
Depreciation and amortisation	10,11,13	13,138	11,829
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	6,14	2,730	2,036
Change in allowance for expected credit losses		19	8
Share of profit of associates		(58)	(44)
Interest income		(328)	(131)
Interest expense		3,329	1,778
Foreign exchange loss, net		234	83
<b>Operating cash flows before changes in working capital</b>		<b>56,889</b>	<b>46,155</b>
Increase in inventories		(3,363)	(15,624)
Increase in receivables and other financial assets		(747)	(978)
Increase in prepayments		(287)	(1,499)
(Increase)/Decrease in VAT receivable		(1,058)	97
Increase in payables and other financial liabilities		12	7,518
Increase in advances received		190	20
Increase in tax liabilities, other than income tax		3,158	302
Increase in accrued expenses		407	518
<b>Net cash flows generated from operations</b>		<b>55,201</b>	<b>36,509</b>
Interest paid		(3,154)	(1,907)
Interest received		302	131
Income tax paid		(15,567)	(9,396)
<b>Net cash flows from operating activities</b>		<b>36,782</b>	<b>25,337</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(11,210)	(5,706)
Purchase of intangible assets		(805)	(573)
Proceeds from sale of property, plant and equipment		90	60
Dividends received from associates		45	60
<b>Net cash flows used in investing activities</b>		<b>(11,880)</b>	<b>(6,159)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	19	30,260	25,500
Repayment of loans and borrowings	19	(30,150)	(19,686)
Lease payments		(9,903)	(9,197)
Acquisition of treasury shares		(207)	-
Dividends paid*		-	(33,446)
<b>Net cash flows used in financing activities</b>		<b>(10,000)</b>	<b>(36,829)</b>
<b>Total cash from/(used in) operating, investing and financing activities</b>		<b>14,902</b>	<b>(17,651)</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(97)	55
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,805</b>	<b>(17,596)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	16	<b>8,779</b>	<b>26,375</b>
<b>Cash and cash equivalents at the end of the year</b>	16	<b>23,584</b>	<b>8,779</b>

\* Non-cash transactions are disclosed in Note 17.

The accompanying notes on pages 11-43 form an integral part of these consolidated financial statements

# FIX PRICE GROUP PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (in millions of Russian Rubles)

	Note	Share capital	Treasury shares	Additional paid-in capital	(Deficit) / Retained earnings	Currency translation reserve	Total (deficit)/ equity
<b>At 1 January 2021</b>		<b>1</b>	-	<b>154</b>	<b>(3,771)</b>	<b>7</b>	<b>(3,609)</b>
Profit for the year		-	-	-	21,389	-	21,389
Other comprehensive income for the year		-	-	-	-	(13)	(13)
<b>Total comprehensive income for the year, net of tax</b>		-	-	-	<b>21,389</b>	<b>(13)</b>	<b>21,376</b>
Dividends	17	-	-	-	(9,788)	-	(9,788)
<b>At 31 December 2021</b>		<b>1</b>	-	<b>154</b>	<b>7,830</b>	<b>(6)</b>	<b>7,979</b>
<b>At 1 January 2022</b>		<b>1</b>	-	<b>154</b>	<b>7,830</b>	<b>(6)</b>	<b>7,979</b>
Profit for the year		-	-	-	21,411	-	21,411
Other comprehensive loss for the year		-	-	-	-	84	84
<b>Total comprehensive income for the year, net of tax</b>		-	-	-	<b>21,411</b>	<b>84</b>	<b>21,495</b>
Dividends	17	-	-	-	(5,800)	-	(5,800)
Cancelation of dividends	17	-	-	-	5,800	-	5,800
Acquisition of treasury shares	17	-	(207)	-	-	-	(207)
<b>At 31 December 2022</b>		<b>1</b>	<b>(207)</b>	<b>154</b>	<b>29,241</b>	<b>78</b>	<b>29,267</b>

The accompanying notes on pages 11-43 form an integral part of these consolidated financial statements

## **FIX PRICE GROUP PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions of Russian Rubles)*

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

Fix Price Group Ltd (earlier, prior to November 2020, Meridan Management Ltd) was incorporated in May 2008 in accordance with the Business Companies Act of the British Virgin Islands. On 11 May 2022 the Company has changed its jurisdiction of incorporation from the British Virgin Islands to the Republic of Cyprus with its registered address at 155 Archiepiskopou Makariou III, Proteas House, 3026, Limassol, Cyprus. With effect from 11 May 2022, the name of the Company has changed from Fix Price Group Ltd to Fix Price Group PLC (the “Company”).

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

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

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

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

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

<b>Company name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Ownership interest 31 December 2022</b>	<b>Ownership interest 31 December 2021</b>
Kolmaz Holdings Ltd*	Cyprus	Intermediate 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 27 September 2022, Kolmaz Holdings Ltd merged with the parent entity Fix Price Group PLC. The merger had no impact on these consolidated financial statements

These consolidated financial statements were authorised for issue by management of the Company on behalf of the Board of Directors of the Company on 24 February 2023.

**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 (thereafter "IFRS") as issued by the International Accounting Standards Board (thereafter "IASB").

*(b) Historical cost basis*

The consolidated financial statements have been prepared on a 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, except for the adoption of the new standards and interpretations, the adoption of IFRS 8 "Operating Segments" as discussed below.

**Going concern**

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

The restrictive measures imposed by US, UK, EU and other countries' foreign officials, which were further intensified since February 2022, as well as Covid-19 pandemic have not had a material adverse impact on this assessment, with the Group's stores remaining open and able to continue to trade profitably.

Thus, the management of the Group continues to adopt the going concern basis of accounting in preparing these consolidated financial statements.

**Basis of consolidation**

*(a) Subsidiaries*

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

*(b) Associates*

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

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

*(c) Equity method*

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

**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 the 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.

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

## FIX PRICE GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian Rubles)

#### Foreign currency translation

##### (a) Functional and presentation currency

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

<u>Company name</u>	<u>Functional currency</u>
Fix Price Group PLC	Russian Rouble ("RUB")
Kolmaz Holdings Ltd	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 Rubles ("RUB"). All values are rounded to the nearest million RUB, 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 statement of profit or loss and other comprehensive income ("OCI") on a net basis. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

Currency	Closing rate on	Closing rate on	Average rate for the year	
	31 December	31 December	2022	2021
	2022	2021		
KZT	0.1526	0.1690	0.1486	0.1726
BYN	25.7044	29.1458	25.9463	29.0198
UZS	0.0063	0.0069	0.0062	0.0069



**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 in associates and other comprehensive income. Warehouse costs are included in this line item.

**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 profit or loss.

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

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

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

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

Freehold land is not depreciated.

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

**Intangible assets**

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

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

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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 as the Group does not have taxes related to items recognised in other comprehensive income or directly in equity.

*(b) Deferred tax*

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

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

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

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

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

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

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

**Financial assets**

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

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

*(a) Classification*

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

*(b) Recognition and derecognition*

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

*(c) Measurement*

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

**Debt instruments**

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

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Cash and cash equivalents

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

*(d) Impairment of financial assets*

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

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

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

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

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

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

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

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*(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 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 (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) 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 included in the foreign exchange (loss)/gain line item 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. 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 / (deficit) 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 the line "Selling, general and administrative expenses" as profit or loss.



As a practical expedient, 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. 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 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

*(d) Presentation*

In the consolidated statement of financial position the Group presents lease liability and right-of-use assets separately within liabilities and assets, respectively. In the consolidated statement of cash-flows, the Group presents cash outflows for repayment of interest accrued on lease liabilities within the "Interest paid" line of cash flows from operating activities, and cash outflows for the repayment of principal within the "Lease payments" line of cash flows from financing activities.

**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) Useful lives of items of property, plant and equipment*

The Group's property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, which are determined based on the Group's management business plans and operational estimates related to those assets. The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end, and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

*(b) Inventories of goods for resale allowance*

The Group provides for estimated inventory shrinkage on the basis of historical shrinkage as a percentage of cost of sales. This allowance is adjusted at the end of each reporting period to reflect the historical trend of the actual physical inventory count results (Note 6, 14).

*(c) Tax legislation*

The Group operates in various jurisdictions, including the Russian Federation, Republic of Kazakhstan, Republic of Belarus, Republic of Uzbekistan, the Republic of Cyprus and the British Virgin Islands. 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 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 23.

**4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS****Adoption of New Standards and Interpretations**

In the year ended 31 December 2022, the Group has adopted the following new and amended standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB in the consolidated financial statements:

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

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

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

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

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

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

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

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

***(e) IFRS 16 – Leasehold improvements***

The amendment removes the illustration of the reimbursement of leasehold improvements.

The amendments are effective for annual periods beginning on or after 1 January 2022.

These amendments had no impact on the consolidated financial statements of the Group.

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*(in millions of Russian Rubles)*

**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 applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 (including Amendments) *Insurance Contracts*;
- IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of accounting policies*;
- Amendments to IAS 8 *Definition of accounting estimates*;
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.
- Amendments to IAS 1 *Non-current Liabilities with Covenants*
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*

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

**5. REVENUE**

Revenue for the years ended 31 December 2022 and 31 December 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Retail revenue	246,212	203,328
Wholesale revenue	<u>31,432</u>	<u>27,145</u>
	<b><u>277,644</u></b>	<b><u>230,473</u></b>

During the year ended 31 December 2022, the share of the Group's revenue originated from operations in Russia accounted for 94% of the total Group's revenue. During the year ended 31 December 2021, the share of the Group's revenue originated from operations in Russia accounted for 93% of the total Group's revenue.

**6. COST OF SALES**

Cost of sales for the years ended 31 December 2022 and 31 December 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	178,506	151,112
Transportation and handling costs	4,414	3,925
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	<u>2,730</u>	<u>2,036</u>
	<b><u>185,650</u></b>	<b><u>157,073</u></b>

## FIX PRICE GROUP PLC

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

#### 7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended 31 December 2022 and 31 December 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Staff costs	28,195	20,884
Depreciation of right-of-use assets	10,009	9,198
Other depreciation and amortisation	3,129	2,631
Bank charges	2,799	2,535
Rental expense	2,289	1,667
Security services	1,897	1,613
Repair and maintenance costs	1,121	925
Utilities	835	712
Advertising costs	719	767
Other expenses	1,294	1,059
	<u><b>52,287</b></u>	<u><b>41,991</b></u>

Staff costs include statutory social security and pension contributions (defined state contribution plan) in the amount of RUB 4,507 million and RUB 3,184 million for the years ended 31 December 2022 and 31 December 2021, respectively.

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

#### 8. KEY MANAGEMENT REMUNERATION

The total compensation relating to the key management personnel of the Group amounted to RUB 1,629 million and RUB 1,080 million during the years ended 31 December 2022 and 31 December 2021, respectively. The amount of compensation includes all applicable taxes and contributions. All compensation represents short-term employee benefits as defined in IAS 19 *Employee Benefits*.

#### 9. INCOME TAX EXPENSE

	<u>2022</u>	<u>2021</u>
Current tax expense	16,526	9,059
Deferred tax (benefit)/expense	(112)	148
<b>Income tax expense</b>	<u><b>16,414</b></u>	<u><b>9,207</b></u>

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

	<u>2022</u>	<u>2021</u>
Profit before tax	37,825	30,596
<b>Theoretical tax expense at 20%, being statutory rate in Russia</b>	<u><b>(7,565)</b></u>	<u><b>(6,119)</b></u>
Withholding tax on intra-group dividends	(381)	(3,067)
Income/(expenses) subject to income tax at rates different from 20%	209	(45)
(Non-deductible)/non-taxable items	(203)	131
Deferred tax liability on the undistributed retained earnings of the Group's subsidiaries	107	(107)
Income tax provision	(8,581)	-
<b>Income tax expense</b>	<u><b>(16,414)</b></u>	<u><b>(9,207)</b></u>

## FIX PRICE GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian Rubles)

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.

In 2021, the Group announced a dividend policy with a minimum pay-out ratio and, consequently, the Group recognised a deferred tax liability on the undistributed retained earnings of the Group's subsidiaries as at 31 December 2021. On 17 September 2022 the Board of Directors of the Group temporarily suspended the Group's dividend policy, and subsequently the Group derecognised the relevant deferred tax liability.

Income tax provision for the year ended 31 December 2022 was accrued as a result of reassessment by the management of the Group of tax risks relating to certain historical intragroup transactions, which were previously disclosed as contingent liabilities (Note 23).

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

	31 December 2021	Charged to profit or loss	31 December 2022
<b>Tax effects of deductible temporary differences</b>			
Trade and other payables	95	(26)	69
Accrued expenses	214	16	230
Other	71	43	114
<b>Deferred tax assets</b>	<b>380</b>	<b>33</b>	<b>413</b>
<b>Tax effects of taxable temporary differences</b>			
Investment in subsidiaries	(107)	107	-
Inventories	(68)	39	(29)
Property, plant and equipment	(635)	(96)	(731)
Investments in associates	(12)	(2)	(14)
Trade and other receivables	(31)	31	-
Intangible assets	(60)	-	(60)
<b>Deferred tax liabilities</b>	<b>(913)</b>	<b>79</b>	<b>(834)</b>
<b>Net deferred tax liabilities</b>	<b>(533)</b>	<b>112</b>	<b>(421)</b>

Movements in the deferred tax assets and liabilities for the year ended 31 December 2021 were as follows:

	31 December 2020	Charged to profit or loss	31 December 2021
<b>Tax effects of deductible temporary differences</b>			
Trade and other payables	58	37	95
Accrued expenses	102	112	214
Other	17	54	71
<b>Deferred tax assets</b>	<b>177</b>	<b>203</b>	<b>380</b>
<b>Tax effects of taxable temporary differences</b>			
Investment in subsidiaries	-	(107)	(107)
Inventories	(73)	5	(68)
Property, plant and equipment	(464)	(171)	(635)
Investments in associates	(15)	3	(12)
Trade and other receivables	(6)	(25)	(31)
Intangible assets	(4)	(56)	(60)
<b>Deferred tax liabilities</b>	<b>(562)</b>	<b>(351)</b>	<b>(913)</b>
<b>Net deferred tax liabilities</b>	<b>(385)</b>	<b>(148)</b>	<b>(533)</b>

## FIX PRICE GROUP PLC

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

#### 10. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment during the years ended 31 December 2022 and 31 December 2021 were as follows:

	Land and buildings	Trade and other equipment	Leasehold improvements	Other	Assets under construction and uninstalled equipment	Total
<b>Cost</b>						
<b>At 1 January 2021</b>	<b>3,669</b>	<b>9,996</b>	<b>7,412</b>	<b>163</b>	<b>99</b>	<b>21,339</b>
Additions	3,499	2,606	1,162	112	(64)	7,315
Disposals	-	(299)	(265)	(2)	-	(566)
Effect of translation to presentation currency	-	(3)	(6)	(4)	-	(13)
<b>At 31 December 2021</b>	<b>7,168</b>	<b>12,300</b>	<b>8,303</b>	<b>269</b>	<b>35</b>	<b>28,075</b>
Additions	371	2,742	1,238	115	172	4,638
Disposals	-	(482)	(211)	(4)	-	(697)
Effect of translation to presentation currency	-	(59)	(46)	(13)	(8)	(126)
<b>At 31 December 2022</b>	<b>7,539</b>	<b>14,501</b>	<b>9,284</b>	<b>367</b>	<b>199</b>	<b>31,890</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 January 2021</b>	<b>214</b>	<b>4,825</b>	<b>2,923</b>	<b>69</b>	<b>-</b>	<b>8,031</b>
Depreciation charge	62	1,445	745	26	-	2,278
Disposals	-	(260)	(115)	(1)	-	(376)
Effect of translation to presentation currency	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>276</b>	<b>6,010</b>	<b>3,553</b>	<b>94</b>	<b>-</b>	<b>9,933</b>
Depreciation charge	135	1,681	803	38	-	2,657
Disposals	-	(320)	(70)	(2)	-	(392)
Effect of translation to presentation currency	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>411</b>	<b>7,371</b>	<b>4,286</b>	<b>130</b>	<b>-</b>	<b>12,198</b>
<b>Net book value</b>						
<b>At 1 January 2021</b>	<b>3,455</b>	<b>5,171</b>	<b>4,489</b>	<b>94</b>	<b>99</b>	<b>13,308</b>
<b>At 31 December 2021</b>	<b>6,892</b>	<b>6,290</b>	<b>4,750</b>	<b>175</b>	<b>35</b>	<b>18,142</b>
<b>At 31 December 2022</b>	<b>7,128</b>	<b>7,130</b>	<b>4,998</b>	<b>237</b>	<b>199</b>	<b>19,692</b>

Buildings primarily represent distribution centers owned by the Group.

Borrowing costs included in the cost of qualifying assets during the year amounted to RUB 228 million. Borrowing costs included in the cost of qualifying assets during the year ended 31 December 2021 amounted to RUB 137 million.

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

## FIX PRICE GROUP PLC

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

#### 11. INTANGIBLE ASSETS

Movements in the carrying amount of intangible assets during the years ended 31 December 2022 and 31 December 2021 were as follows:

	<u>Software</u>	<u>Other</u>	<u>Total</u>
<b>Cost</b>			
<b>At 1 January 2021</b>	<u>1,047</u>	<u>159</u>	<u>1,206</u>
Additions	522	50	572
<b>At 31 December 2021</b>	<u>1,569</u>	<u>209</u>	<u>1,778</u>
Additions	775	30	805
<b>At 31 December 2022</b>	<u>2,344</u>	<u>239</u>	<u>2,583</u>
<b>Accumulated amortisation and impairment</b>			
<b>At 1 January 2021</b>	<u>263</u>	<u>70</u>	<u>333</u>
Amortisation charge	153	71	224
<b>At 31 December 2021</b>	<u>416</u>	<u>141</u>	<u>557</u>
Amortisation charge	258	47	305
<b>At 31 December 2022</b>	<u>674</u>	<u>188</u>	<u>862</u>
<b>Carrying amount</b>			
<b>At 1 January 2021</b>	<u>784</u>	<u>89</u>	<u>873</u>
<b>At 31 December 2021</b>	<u>1,153</u>	<u>68</u>	<u>1,221</u>
<b>At 31 December 2022</b>	<u>1,670</u>	<u>51</u>	<u>1,721</u>

#### 12. CAPITAL ADVANCES

As at 31 December 2022, the Group's capital advances mainly consist of advances for construction of warehouse premises in Domodedovo and Ekaterinburg and of advance for the purchase of the office building in Moscow. As at 31 December 2021 capital advances consist of advances for equipment.



## FIX PRICE GROUP PLC

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

#### 13. RIGHT-OF-USE ASSETS

The Group leases retail premises, offices and warehouses (hereinafter “leased premises and buildings”) with lease terms within the range from 1 to 10 years. Movements in the carrying amount of right-of-use assets were as follows:

	Leased premises and buildings for the year ended	
	31 December 2022	31 December 2021
<b>Cost</b>		
<b>At 1 January 2022/ 1 January 2021</b>	<b>34,050</b>	<b>24,490</b>
New lease contracts and modification of existing lease contracts	12,228	10,283
Lease prepayments	121	70
Disposals	(555)	(782)
Effect of translation to presentation currency	(353)	(11)
<b>At 31 December 2022/ 31 December 2021</b>	<b>45,491</b>	<b>34,050</b>
	Leased premises and buildings for the year ended	
	31 December 2022	31 December 2021
<b>Accumulated depreciation and impairment</b>		
<b>At 1 January 2022/ 1 January 2021</b>	<b>(22,696)</b>	<b>(14,212)</b>
Depreciation expense	(10,099)	(9,271)
Disposals	555	782
Effect of translation to presentation currency	137	5
<b>At 31 December 2022/ 31 December 2021</b>	<b>(32,103)</b>	<b>(22,696)</b>
<b>Carrying amount</b>		
<b>At 1 January 2022/ 1 January 2021</b>	<b>11,354</b>	<b>10,278</b>
<b>At 31 December 2022/ 31 December 2021</b>	<b>13,388</b>	<b>11,354</b>
	For the year ended	
	31 December 2022	31 December 2021
<b>Amounts recognised in profit and loss</b>		
Depreciation expense of right-of-use assets	10,009	9,198
Interest expense on lease liabilities	1,271	727
Foreign exchange gain, net	(77)	(101)
Expenses relating to variable lease payments not included in the measurement of the lease liabilities	2,260	1,661

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

The total cash outflow for leases accounted for under IFRS 16 in the consolidated financial statements amount to RUB 13,459 million for the year ended 31 December 2022 (RUB 11,563 million for the year ended 31 December 2021).

## FIX PRICE GROUP PLC

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

#### 14. INVENTORIES

The Group inventories balance is comprised of merchandise inventories. Inventories write-off due to shrinkage and write-down to net realisable value for the years ended 31 December 2022 and 31 December 2021 are disclosed in Note 6.

#### 15. RECEIVABLES AND OTHER CURRENT ASSETS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade receivables from franchisees, net of allowance for expected credit losses	1,163	783
Settlements with customs	1,132	701
Forward foreign exchange contracts (Note 24)	-	157
Other receivables, net of allowance for expected credit losses	<u>236</u>	<u>202</u>
	<u><b>2,531</b></u>	<u><b>1,843</b></u>

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>At 1 January 2022/ 1 January 2021</b>	<b>(22)</b>	<b>(19)</b>
Additional allowance recognised on trade and other receivables	<u>(16)</u>	<u>(3)</u>
<b>At 31 December 2022/ 31 December 2021</b>	<u><b>(38)</b></u>	<u><b>(22)</b></u>

#### 16. CASH AND CASH EQUIVALENTS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Bank current accounts – RUB, KZT, BYN, UZS	3,270	1,509
Bank current accounts – USD, EUR, CNY, GBP	3,740	483
Cash in transit – RUB, KZT, BYN, UZS	2,308	2,013
Cash in hand – RUB, KZT, BYN, UZS	381	348
Deposits – USD	2,082	-
Deposits – RUB, KZT, BYN	<u>11,803</u>	<u>4,426</u>
	<u><b>23,584</b></u>	<u><b>8,779</b></u>

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

As at 31 December 2022 RUB, KZT, BYN and USD denominated deposit bank accounts in the amount of RUB 13,885 million had interest rates of 1.25-15.25% and 2-91 day maturity periods (deposits over 90 days are callable on demand).

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**17. EQUITY**

**Ordinary shares**

As at 31 December 2022 and 31 December 2021 the ordinary share capital of the Group was as follows:

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

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

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

**Additional paid-in capital**

No contributions into equity were made by shareholders of the Group during the years ended 31 December 2022 and 31 December 2021.

**Dividends**

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

Interim dividends for 2021 of RUB 11.52 per share, amounting to total dividends of RUB 9,788 million were announced in August 2021 and were paid in full. Final dividends for 2021 of RUB 6.82 per share, amounting to total final dividends of RUB 5,800 million were announced in February 2022.

On 17 September 2022 the Board of Directors of the Group canceled the final dividend for 2021.

**Treasury shares**

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

**18. SHARE-BASED COMPENSATION**

On 23 November 2022, the Board of Directors of the Group approved the 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 Group's GDRs, its cash equivalent or a combination thereof at Group's discretion, that is to be granted in three annual tranches over the periods of 2022, 2023 and 2024 with an additional subsequent one year service period required for each tranche. Employee participation in the Programmes is at the Board of Directors' discretion. GDRs are granted under the Programme for no consideration, should this option be selected by the Group.

## FIX PRICE GROUP PLC

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The annual award is calculated in accordance with the 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: store annual expansion plan, achievement of the Group's budgeted EBITDA and targeted return on investment capital.

The Group accounts for this Program as an equity-settled share-based payment transaction under IFRS 2, as the Group has no present obligation to settle in cash.

The fair value of each annual tranche of the Programme is determined using the market price of GDR on the recognised 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. Grant date for further tranche did not occur as of 31 December 2022.

#### *Expenses arising from share-based transactions*

Total expenses arising from share-based payment transactions recognised during the year ended 31 December 2022 were immaterial.

## 19. LOANS AND BORROWINGS

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

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

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

Source of financing	Currency	Maturity date	Interest rate as at 31 December 2021	31 December 2021
Short-term loans and borrowings (unsecured)	RUB	2022	7.37-9.45%	21,523
				<b>21,523</b>

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

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

## FIX PRICE GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian Rubles)

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 2021. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2021	Financing cash flows (i)	Other changes (ii)	31 December 2021
Loans and borrowings	15,680	5,814	29	21,523
Dividends payable	23,658	(33,446)	9,788	-
	<b>39,338</b>	<b>(27,632)</b>	<b>9,817</b>	<b>21,523</b>

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

The Group's loan agreements contain certain restrictive covenants, including requirements to comply with specified financial ratios. The Group's failure to comply with restrictive covenants may result in a claim for immediate repayment of the corresponding debt. As at 31 December 2022 and 31 December 2021 the Group was in compliance with all financial and non-financial covenants stipulated by its loan agreements.

## 20. LEASE LIABILITIES

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

	31 December 2022	31 December 2021
<b>Gross lease payments, including:</b>		
Current portion (less than 1 year)	8,889	7,494
More than 1 to 5 years	4,661	3,991
Over 5 years	881	15
<b>Total gross lease payments</b>	<b>14,431</b>	<b>11,500</b>
Less unearned interest	(1,819)	(764)
<b>Analysed as:</b>		
<i>Current portion</i>		
Less than one year	7,997	6,971
<i>Non-current portion</i>		
More than 1 to 5 years	3,890	3,751
Over 5 years	725	14
<b>Total present value of net lease payments</b>	<b>12,612</b>	<b>10,736</b>

## FIX PRICE GROUP PLC

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

The following table summarises the changes in the lease liabilities:

	For the year ended	
	31 December 2022	31 December 2021
<b>Balance as at 1 January 2022 / 1 January 2021</b>	<b>10,736</b>	<b>10,052</b>
Interest expense on lease liabilities	1,271	727
Lease payments	(11,199)	(9,902)
New lease contracts and modification of existing lease contracts	12,093	9,965
Foreign exchange gain	(95)	(101)
Currency translation reserve	(194)	(5)
<b>Balance as at 31 December 2022 / 31 December 2021</b>	<b>12,612</b>	<b>10,736</b>

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

The weighted average incremental borrowing rate at 31 December 2022 was 8.99% per annum, at 31 December 2021 was 8.15%.

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

## 21. PAYABLES AND OTHER FINANCIAL LIABILITIES

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

	31 December 2022	31 December 2021
Trade payables	32,600	32,138
Deferred revenue	1,656	2,088
Other payables	220	237
	<b>34,476</b>	<b>34,463</b>

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

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

As at 31 December 2022 and 31 December 2021 all payables were unsecured.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**22. ACCRUED EXPENSES**

Accrued expenses as at 31 December 2022 and 2021 consisted of the following:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Accrued salaries and wages	1,992	1,627
Other accrued expenses	10	8
	<b>2,002</b>	<b>1,635</b>

**23. 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 outbreak of coronavirus infection, sanctions imposed, consumer confidence, employment levels, interest rates, consumer debt levels and availability of consumer credit could reduce consumer spending or change consumer purchasing habits. A general slowdown in the Russian economy or in the global economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group's operating results.

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

Since February 2022 foreign officials announced further extensions of sanctions earlier imposed in 2014, resulting in a significant change in the operating environment for the Russian economy. The new sanctions imposed by foreign states led to a considerable increase in a Russian Ruble exchange rate, limited the opportunities for Russia to use its foreign currency and gold reserves, the sanctions include restrictions targeting major Russian financial institutions and the Central Bank of Russia. As part of the measures imposed, the London Stock Exchange has suspended trading in a number of companies with ties to Russia, including Fix Price Group PLC. The Central Bank of Russia implemented a number of measures to sustain financial stability, including an increase of its key interest rate to 20% and limitations on cross-border transactions with certain jurisdictions. Adopted measures, together with the governmental support have led to gradual stabilisation with the key interest rate having been subsequently reduced to 7.5% and the exchange rate getting back to 2021 levels. However, as the current inflation rate exceeds 12%, the broader economy in general and the retail sector in particular are still being negatively impacted by the Russian Ruble volatility and sanctions imposed by a number of countries.

The combination of the negative factors affecting the Russian economy resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

**Contractual commitments**

The Group has contractual capital commitments not provided within the Group's consolidated financial statements as at 31 December 2022 in the amount of RUB 2,268 million, VAT inclusive (as at 31 December 2021: RUB 3,934 million, VAT inclusive). These commitments relate to the acquisition of the new distribution centres and office building.

**Legal proceedings**

In the ordinary course of business, the Group may be a party to various legal and tax proceedings and be subject to claims. In the opinion of management, the Group's liability, if any, in all pending litigation, other legal proceeding 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. The interpretation made by management of the legislation in question as applied to the operations and activities of the Group may be challenged by the relevant regional or federal authorities.

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

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

As at 31 December 2022 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Management estimates that the Group's possible exposure in relation to the aforementioned tax risks will not exceed 3% of the Group's total assets as at 31 December 2022.

**Coronavirus disease (COVID-19)**

The Covid-19 outbreak was first reported near the end of 2019 in Wuhan, China and since then, the virus has spread worldwide having various impacts on the global economy and businesses. In 2022 the Covid-19 pandemic shows signs of easing as some countries have lifted travel bans, cancelled lockdowns and eased quarantine measures. Many governments have announced curtailment of certain measures to provide financial and non-financial assistance to the affected entities.

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

However, whilst downside risks associated with the COVID-19 pandemic have largely receded, an ongoing uncertainty still remains with regards to wider economic and social impacts of the COVID-19 pandemic, both in the short term and in the long term.



**24. FINANCIAL RISK MANAGEMENT**

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

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

**Currency risk**

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

As at 31 December 2022 the Group had no forward foreign exchange contracts. As at 31 December 2021 the fair value of assets related to forward foreign exchange contracts amounted to RUB 157 million which were recognised within Receivables and other financial assets.

During the year ended 31 December 2022 the gain from forward foreign exchange contracts amounted to RUB 339 million (2021: RUB 243 million gain), and was included in the "Foreign exchange loss, net" line item in the consolidated statement of comprehensive income.

94% of the Group's sales to retail and wholesale customers are priced in Russian Rubles, therefore there is immaterial currency exposure in this respect. Other sales are retail sales of Best Price Kazakhstan, Fix Price Zapad LLC, FIXPRICEASIA LLC are priced in local currencies.

**Foreign currency sensitivity**

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities as at 31 December 2022 and 31 December 2021 is as follows:

	Assets		Liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	2,194	414	-	68
CNY	3,637	8	6,163	9,874
EUR	24	4	15	997
GBP	-	1	-	-

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

## FIX PRICE GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(in millions of Russian Rubles)*

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

		<u>31 December 2022</u>		<u>31 December 2021</u>
Depreciation in RUB/CNY	+15%	(379)	+10%	(987)
Appreciation in RUB/CNY	-15%	379	-10%	987

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

		<u>31 December 2022</u>		<u>31 December 2021</u>
Depreciation in RUB/USD	+15%	329	+10%	35
Appreciation in RUB/USD	-15%	(329)	-10%	(35)

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

		<u>31 December 2022</u>		<u>31 December 2021</u>
Depreciation in RUB/EUR	+15%	1	+10%	(99)
Appreciation in RUB/EUR	-15%	(1)	-10%	99

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

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arising from market interest rate fluctuations is insignificant. As at 31 December 2022 the Group had floating rate interest-bearing short-term liabilities amounting to RUB 7,550 million. As at 31 December 2021 the Group had no floating rate interest-bearing short-term liabilities.

#### Credit risk

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

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

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

## FIX PRICE GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Russian Rubles)

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

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

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

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

#### Liquidity risk

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

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short-term flexibility is achieved via the Group's rolling credit facility. The following table shows the maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total*	Carrying amount
<b>As at 31 December 2022</b>					
Loans and borrowings*	18,032	5,175	-	23,207	21,928
Payables and other liabilities	32,820	-	-	32,820	32,820
Lease liabilities*	8,889	4,661	881	14,431	12,612
	<b>59,741</b>	<b>9,836</b>	<b>881</b>	<b>70,458</b>	<b>67,360</b>
<b>As at 31 December 2021</b>					
Loans and borrowings*	22,503	-	-	22,503	21,523
Payables and other liabilities	32,375	-	-	32,375	32,375
Lease liabilities*	7,494	3,991	15	11,500	10,736
	<b>62,372</b>	<b>3,991</b>	<b>15</b>	<b>66,378</b>	<b>64,634</b>

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

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

**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 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 management of the Group relied on the assumption that the carrying amount of lease liabilities approximates their fair value as at 31 December 2022 and 31 December 2021, as it reflects changes in market conditions and takes into account the risk premium and the time value of money.

**25. RELATED PARTY TRANSACTIONS**

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

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

Transactions with related parties for the years ended 31 December 2022 and 31 December 2021:

	<u>2022</u>	<u>2021</u>
<b>Associates:</b>		
Sales of goods	2,657	2,646
Royalty fees	108	104
<b>Other*:</b>		
Dividends declared	(4,193)	(7,087)
Dividends canceled	4,193	-
Receipt of the loans payable	4,060	-
Interest expense accrued on loans payable	292	-
Payment of dividends	-	(27,399)

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Associates:</b>		
Trade and other receivables	13	13
Advances from customers	(128)	(89)
<b>Other*:</b>		
Loans payable	(4,352)	-

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

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

**26. 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.

**27. POST BALANCE SHEET EVENTS**

There were no significant events after the reporting date.