



Ozon Reports First-Quarter 2024 Financial Results

Robust GMV Growth of 88% YoY with Positive Adj. EBITDA in Both E-Commerce and Fintech Segments

April 25, 2024 – Ozon Holdings PLC (MOEX, AIX: “OZON,” hereafter referred to as “we,” “us,” “our,” “Ozon,” the “Company,” the “Group”) today announces its unaudited financial results for the three months ended March 31, 2024, based on management accounts.

First-Quarter 2024 Operating and Financial Highlights

Group

- Total revenue increased by 32% YoY to RUB 122.9 billion in Q1 2024, bolstered by a 39% increase in service revenue mainly due to the strong performance of advertising services, as well as by the growth in Fintech’s interest revenue.
- Adjusted EBITDA increased by 16% YoY to RUB 9.3 billion, as a result of higher gross profit, despite rising labor cost inflation, which was partly offset by growth in operating expenses due to investments in sales, marketing and technology.
- Loss for the period was RUB 13.2 billion in Q1 2024, compared with a profit of RUB 10.7 billion in Q1 2023, mostly as a result of the recognition of a one-off gain related to the restructuring of convertible bonds in Q1 2023 and the increase in finance expense in Q1 2024.
- Net cash used in operating activities was RUB 1.0 billion in Q1 2024 compared with RUB 1.8 billion in Q1 2023, due to a greater positive contribution from working capital.

E-commerce

- E-commerce revenue increased by 24% YoY to RUB 112.6 billion driven by growth in advertising revenue and other service revenue.
- E-commerce Adjusted EBITDA declined 40% YoY to RUB 3.3 billion due to strategic growth investments and the impact of cost inflation in logistics.
- GMV incl. services grew by 88% YoY in Q1 2024, compared with 71% YoY growth in Q1 2023, with Marketplace GMV doubling YoY as a result of strategic growth investments.
- The number of orders in Q1 2024 grew by 70% YoY to 305 million, driven by 32% growth in our customer base, which reached 49 million active buyers, increasing by approximately 1 million users per month in the last 12 months. Order frequency per active buyer increased by 50% YoY and reached 22 orders per year.
- In Q1 2024, the Company reached a new milestone as its seller base exceeded 500,000 merchants. More than 80% of our sellers are regional businesses.

Fintech

- Fintech revenue increased more than threefold YoY to RUB 14.6 billion as a result of a significant increase in our customer base and new B2B and B2C product offerings. The active user base increased by 70% YoY to 20 million.
- Fintech adjusted EBITDA (substantially corresponds to operating income before depreciation and amortization) increased by 147% YoY to RUB 5.9 billion, driven by interest and commission revenues. On the same basis, Fintech's Adjusted EBITDA for the FY 2023 amounted to RUB 13.4 billion.
- Loans to customers increased to RUB 50.8 billion as of March 31, 2024, compared with RUB 12.3 billion as of March 31, 2023, as we expanded our credit operations in the B2B and B2C segments.
- Customer deposits¹ and other financial liabilities increased ninefold YoY to RUB 75.2 billion as of March 31, 2024, mainly as a result of the growing popularity of our Fintech products, such as our savings and term deposits accounts, Ozon Card and cash and settlement services.

(RUB millions, unless otherwise indicated, unaudited)	For the three months ended March 31,		
	2024	2023	YoY, %
Group			
Total revenue	122,931	93,250	32%
Gross profit	22,276	15,630	43%
Adjusted EBITDA ²	9,256	7,969	16%
(Loss) / Profit for the period	(13,166)	10,656	n/a
Net cash used in operating activities	(982)	(1,752)	(44%)
E-commerce			
GMV incl. services	570,177	303,048	88%
Number of orders, millions	305.3	179.3	70%
Number of active buyers, millions	49.0	37.0	32%
Share of Marketplace, as % of GMV incl. services	85.2%	79.5%	5.7 p.p.
Total revenue	112,605	90,739	24%
Adjusted EBITDA	3,322	5,569	(40%)
Fintech			
Active users, millions	20.2	11.9	70%
Total revenue ³	14,642	4,505	225%
Adjusted EBITDA (Operating income before amortization and depreciation)	5,934	2,400	147%
Loans to customers ⁴	50,833	12,307	313%
Customer deposits and other financial liabilities ⁴	75,211	7,954	846%

The above table sets forth a summary of the key operating and financial information for the three months ended March 31, 2024, and March 31, 2023. The information for the three months ended March 31, 2024, is derived from the IFRS-based management accounts and has not been audited or reviewed

¹ Customer deposits amounted to RUB 67.5 billion as of March 31, 2024.

² Adjusted EBITDA is a non-IFRS financial measure that is defined in the "Presentation of Financial and Other Information – Key Operating Measures" section of this press release.

³ Total Fintech revenue includes interest and commission revenues on credit products for B2B and B2C customers, flexible payment schedule and factoring services for sellers, revenues from payment processing services, premium subscription, cash and settlement and bank cards services.

⁴ As of end of period.

by the Company's auditors. The financial information for the three months ended March 31, 2023 and the Fintech segment financial information for the year ended December 31, 2023 has not been audited by the Company's auditors. From January 1, 2024, following the expansion of our Fintech segment, we presented interest revenue separately from other types of revenue in the interim condensed consolidated statement of profit or loss and other comprehensive income. Furthermore, we also presented expected credit losses on Fintech financial assets separately from cost of revenue. The corresponding amounts for the three months ended March 31, 2023, were reclassified accordingly.

See also the "Presentation of Financial and Other Information – Use of Non-IFRS Financial Measures" section of this press release for a definition of the non-IFRS measures and a discussion of the limitations of their use, and for reconciliations of the non-IFRS measures to the applicable IFRS measures. See the definitions of metrics such as GMV incl. services, number of orders, number of active buyers, share of Marketplace GMV and number of active users of Fintech in the "Key Operating Measures" section of this press release.

First-Quarter 2024 Consolidated Financial Highlights

Total revenue grew by 32% YoY to RUB 122.9 billion in Q1 2024. Fintech's interest revenue increased fourfold YoY. Service revenue was fueled by a 120% YoY increase in advertising revenue. The deceleration of growth in marketplace commissions in Q1 2024 was primarily driven by strategic price investments and the transition to an agency model for sellers. As a result of the transition to an agency model in Q4 2023, our revenues from the majority of third-party services rendered to sellers were recognized net of the costs of third-party service providers. This resulted in a decrease in our reported net revenue with a corresponding decrease in cost of revenue and no change to gross profit.

(RUB millions, unless otherwise indicated, unaudited)	For the three months ended March 31,		
	2024	2023	YoY, %
Sales of goods	42,801	39,630	8%
Service revenue	72,059	51,873	39%
Marketplace commissions	43,032	38,608	11%
Advertising revenue	23,713	10,803	120%
Other services	5,314	2,462	116%
Interest revenue⁵	8,071	1,747	362%
Total revenue	122,931	93,250	32%

Gross profit grew by 43% YoY in Q1 2024 and decreased as a percentage of GMV by 1.3 p.p. to 3.9% in Q1 2024 due to strategic price investments and rising labor costs and transportation tariffs in logistics.

(RUB millions, unless otherwise indicated, unaudited)	For the three months ended March 31,		
	2024	2023	YoY, %
Total revenue	122,931	93,250	32%
Cost of revenue	(100,655)	(77,620)	30%
Cost of goods sold and inventory-related costs	(37,742)	(36,749)	3%
as % of GMV incl. services	(6.6%)	(12.1%)	5.5 p.p.
Cost of services and other revenue ⁶	(62,913)	(40,871)	54%
as % of GMV incl. services	(11.0%)	(13.5%)	2.5 p.p.
Gross profit	22,276	15,630	43%
Gross profit as % of GMV incl. services	3.9%	5.2%	(1.3 p.p.)

⁵ Interest revenue includes revenues from interest and interest-like commissions on Fintech's financial assets, which are accounted for at amortized costs using the effective interest method.

⁶ Cost of services and other revenue mainly includes fulfillment and delivery costs, fees for cash collection and cost of financial services revenue.

Operating expenses grew by 52% YoY in Q1 2024 but decreased as a percentage of GMV incl. services by 1.0 p.p. YoY to 4.2% in Q1 2024, as a result of operating leverage. Sales and marketing costs grew by 77% YoY and technology and content by 53% YoY in Q1 2024 respectively, driven by growth of E-commerce platform and Fintech, while G&A expenses decreased significantly as a percentage of GMV to 0.8% in Q1 2024 from 1.4% in Q1 2023.

Operating loss increased to RUB 1.6 billion in Q1 2024 compared with RUB 0.1 billion in Q1 2023 as an improvement in gross profit was offset by rising operating expenses.

(RUB millions, unless otherwise indicated, unaudited)	For the three months ended March 31,		
	2024	2023	YoY, %
Gross profit	22,276	15,630	43%
Operating expenses:			
Sales and marketing expenses	(9,600)	(5,412)	77%
<i>as % of GMV incl. services</i>	<i>(1.7%)</i>	<i>(1.8%)</i>	<i>0.1 p.p.</i>
Technology and content expenses	(8,856)	(5,787)	53%
<i>as % of GMV incl. services</i>	<i>(1.6%)</i>	<i>(1.9%)</i>	<i>0.3 p.p.</i>
General and administrative expenses	(4,598)	(4,333)	6%
<i>as % of GMV incl. services</i>	<i>(0.8%)</i>	<i>(1.4%)</i>	<i>0.6 p.p.</i>
Expected credit losses on Fintech financial assets	(864)	(42)	1,957%
<i>as % of GMV incl. services</i>	<i>(0.2%)</i>	<i>(0.0%)</i>	<i>(0.2 p.p.)</i>
Losses related to the fire incident	29	(173)	n/a
<i>as % of GMV incl. services</i>	<i>0.0%</i>	<i>(0.1%)</i>	<i>0.1 p.p.</i>
Total operating expenses	(23,889)	(15,747)	52%
<i>as % of GMV incl. services</i>	<i>(4.2%)</i>	<i>(5.2%)</i>	<i>1.0 p.p.</i>
Operating loss	(1,613)	(117)	1,279%
<i>as % of GMV incl. services</i>	<i>(0.3%)</i>	<i>0.0%</i>	<i>(0.3 p.p.)</i>

Loss for the period was RUB 13.2 billion in Q1 2024, compared with profit of RUB 10.7 billion in Q1 2023, mainly as a result of the one-off gain of RUB 18.4 billion related to the restructuring of convertible bonds in Q1 2023 and rising finance expense in Q1 2024 due to an increase in our interest-bearing liabilities and the impact of interest rate increases on our debt linked to the Bank of Russia key rate.⁷

Net cash used in operating activities was RUB 1.0 billion in Q1 2024 compared with RUB 1.8 billion in Q1 2023, as an improvement in working capital dynamics was mostly offset by higher interest paid due to greater interest-bearing liabilities and rising interest expense.

Net cash used in investing activities increased to RUB 9.0 billion in Q1 2024 compared with RUB 4.5 billion in Q1 2023, primarily driven by an expansion of our fulfillment and sorting centers to support the rapid order growth. Our total warehouse footprint increased by 75% YoY and exceeded 2.6 million square meters as of March 31, 2024.

Net cash generated from financing activities was RUB 5.0 billion in Q1 2024, compared with net cash used in financing activities of RUB 4.9 billion in Q1 2023, as a result of additional borrowings in Q1 2024.

Cash and cash equivalents amounted to RUB 165.7 billion as of March 31, 2024, including RUB 81.4 billion in cash and cash equivalents pertaining to Fintech legal entities.

⁷ The key rate increased from 7.5% as of March 31, 2023, to 16.0% as of March 31, 2024.

Risks and Uncertainties Related to the Current Environment

As the global and economic impacts of the current geopolitical crisis continue to evolve in a manner that is unpredictable and beyond the Company's control, it is difficult to accurately assess the full impact of this crisis on the Company's business and the results of its operations.

The United States, the European Union, the United Kingdom and other jurisdictions imposed severe sanctions targeting companies and businesspersons related to Russia, as well as export and import restrictions. In response, Russia identified a number of states, including the United States, all European Union member states and the United Kingdom, as unfriendly and introduced a number of economic measures in connection with their actions, as well as economic measures aimed at ensuring financial stability in Russia. These sanctions, along with regulatory countermeasures taken by the Russian authorities, have had a significant, and in many cases unprecedented, impact on companies operating in Russia.

Over the last two decades, the Russian economy has experienced or continues to experience at various times significant volatility in its GDP, high levels of inflation, increases in, or high, interest rates, sudden price declines in oil and other natural resources and instability in the local currency market.

Please refer to our Annual Report on Form 20-F for the year ended December 31, 2022, and other public disclosures concerning factors that could impact the Company's business and the results of operations.

About Ozon

Ozon is a multi-category e-commerce platform operating in Russia, Belarus, Kazakhstan, Kyrgyzstan, Armenia, Uzbekistan, China and Turkey. Our fulfillment and delivery infrastructure enables us to provide our customers with fast and convenient delivery via couriers, pickup points or parcel lockers. Our extensive logistics footprint and fast-developing marketplace platform help entrepreneurs to sell their products across 11 time zones and offer our customers a wide selection of goods across multiple product categories. Ozon is committed to expanding its value-added services, including fintech and other verticals such as Ozon Fresh online grocery delivery. For more information, please visit <https://corp.ozon.com>.

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Disclaimer

This press release contains forward-looking statements that reflect the current views of Ozon Holdings PLC (“we,” “our,” “us” or the “Company”) about future events and financial performance. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements and are applicable only as of the date on which they are made.

These forward-looking statements are based on management’s current expectations. However, it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. These statements are neither promises nor guarantees but involve known and unknown risks, uncertainties and other important factors and circumstances that may cause Ozon’s actual results, performance or achievements to be materially different from its expectations expressed or implied by the forward-looking statements, including conditions in the relevant capital markets, negative global economic conditions, the ongoing geopolitical crisis, sanctions and governmental measures imposed in various jurisdictions in which we operate and other negative developments in Ozon’s business or unfavorable legislative or regulatory developments. We caution you therefore against relying on these forward-looking statements, and we qualify all of our forward-looking statements by these cautionary statements. Please refer to our Annual Report on Form 20-F for the year ended December 31, 2022, and other public disclosures of the Company concerning factors that could cause actual results to differ materially from those described in our forward-looking statements.

These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management’s estimates as of the date of this press release. While Ozon may elect to update such forward-looking statements at some point in the future, Ozon disclaims any obligation to do so, even if subsequent events cause its views to change. These forward-looking statements should not be relied upon as representing Ozon’s views as of any date subsequent to the date of this press release.

This press release includes “Adjusted EBITDA,” a financial measure not presented in accordance with IFRS. This financial measure is not a measure of financial performance or liquidity in accordance with IFRS and may exclude items that are significant in understanding and assessing our financial results. Therefore, this measure should not be considered in isolation or as an alternative to loss for the period or other measures of profitability, liquidity or performance under IFRS. You should be aware that the Company’s presentation of this measure may not be comparable to similarly named measures used by other companies, which may be defined and calculated differently. See “Presentation of Financial and Other Information – Use of Non-IFRS Financial Measures” in this press release for a reconciliation of this non-IFRS measure to the most directly comparable IFRS measure.

This press release includes information for the three months ended March 31, 2024, and March 31, 2023. The information for the three months ended March 31, 2024, is derived from the IFRS-based management accounts and has not been audited or reviewed by the Company’s auditors. The financial information for the three months ended March 31, 2023, and the Fintech segment financial information for the year ended December 31, 2023, has not been audited by the Company’s auditors. The information disclosed in this press release is based on the currently available information.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the products or services of the Company.

Ozon Holdings PLC

Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

(RUB millions, unless indicated otherwise)	For the three months ended March 31,		
	2024 (unaudited)	2023 (unaudited)	YoY, %
Revenue:			
Sales of goods	42,801	39,630	8%
Service revenue	72,059	51,873	39%
Interest revenue	8,071	1,747	362%
Total revenue	122,931	93,250	32%
Cost of revenue	(100,655)	(77,620)	30%
Gross profit	22,276	15,630	43%
Operating expenses:			
Sales and marketing	(9,600)	(5,412)	77%
Technology and content	(8,856)	(5,787)	53%
General and administrative	(4,598)	(4,333)	6%
Expected credit losses on Fintech financial assets	(864)	(42)	1,957%
Losses related to the fire incident	29	(173)	n/a
Total operating expenses	(23,889)	(15,747)	52%
Operating loss	(1,613)	(117)	1,279%
Finance (expense)/income, net	(10,474)	14,154	(174%)
Loss on disposal and impairment of non-current assets	(154)	(86)	79%
Share of profit of an associate	279	172	62%
Foreign currency exchange loss, net	(313)	(2,994)	(90%)
Total non-operating (expense)/income	(10,662)	11,246	n/a
(Loss)/profit before income tax	(12,275)	11,129	n/a
Income tax expense	(891)	(473)	88%
(Loss)/profit for the period	(13,166)	10,656	n/a

Ozon Holdings PLC

Interim Condensed Consolidated Statement of Cash Flows

(RUB millions, unless indicated otherwise)	For the three months ended	
	March 31,	
	2024 (unaudited)	2023 (unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax	(12,275)	11,129
Adjusted for:		
Depreciation and amortization of non-current assets	8,874	5,920
Finance expense/(income), net	10,474	(14,154)
Foreign currency exchange loss, net	313	2,994
Loss on disposal and impairment of non-current assets	119	82
Share of profit of an associate	(279)	(172)
Expected credit losses on Fintech financial assets	864	42
Share-based compensation expense on equity-settled share-based awards	2,024	1,993
Movements in working capital:		
Changes in inventories	1,332	157
Changes in accounts receivable	(3,690)	1,704
Changes in loans to customers	(5,202)	(6,811)
Changes in other financial and non-financial assets	(6,168)	1,314
Changes in accounts payable and other liabilities	1,602	(2,817)
Changes in customer deposits and other financial liabilities	11,848	1,877
Changes in liability for cash-settled share-based awards	876	-
Cash generated from operations	10,712	3,258
Interest paid	(9,699)	(2,866)
Income tax paid	(273)	(324)
Cash settlement of vested share-based awards	(1,722)	(1,820)
Net cash used in operating activities	(982)	(1,752)

Ozon Holdings PLC

Interim Condensed Consolidated Statement of Cash Flows (continued)

(RUB millions, unless indicated otherwise)	For the three months ended March 31,	
	2024 (unaudited)	2023 (unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,146)	(4,422)
Proceeds from disposal of property, plant and equipment	16	151
Purchase of intangible assets	(151)	(34)
Advances on lease contracts not yet commenced	(533)	(676)
Dividends received from an associate	35	53
Interest received	3,039	581
Issuance of loans to employees	(341)	(241)
Receipts from the repayment of loans to employees	107	88
Net cash used in investing activities	(8,974)	(4,500)
Cash flows from financing activities		
Proceeds from borrowings, net of transaction costs	10,000	-
Payments related to bond restructuring	(62)	(2,309)
Repayment of borrowings	(2,181)	(235)
Payment of principal portion of lease liabilities	(2,806)	(2,327)
Net cash generated from/(used in) financing activities	4,951	(4,871)
Net decrease in cash and cash equivalents	(5,005)	(11,123)
Cash and cash equivalents at the beginning of the period	169,814	90,469
Effects of exchange rate changes on the balance of cash held in foreign currencies	(13)	2,858
Effects of change in expected credit loss	934	242
Cash and cash equivalents at the end of the period	165,730	82,446

Ozon Holdings PLC

Interim Condensed Consolidated Statement of Financial Position

(RUB millions, unless indicated otherwise)	As of	
	March 31, 2024 (unaudited)	December 31, 2023
Assets		
Non-current assets		
Right-of-use assets	140,182	118,492
Property, plant and equipment	83,929	73,414
Investments in an associate	1,506	1,262
Intangible assets	558	572
Deferred tax assets	198	149
Other non-financial assets	1,112	915
Loans to customers	1,079	1,299
Other financial assets	3,508	3,015
Total non-current assets	232,072	199,118
Current assets		
Inventories	39,082	40,409
VAT receivable	5,725	5,423
Other non-financial assets	5,185	4,870
Loans to customers	49,754	45,370
Accounts receivable	11,015	7,156
Other financial assets	6,653	3,866
Cash and cash equivalents, out of which:	165,730	169,814
<i>Held by the Group's credit institutions (Ozon Fintech)</i>	81,433	58,696
<i>Held by other entities</i>	84,373	112,126
<i>Allowance for expected credit losses</i>	(76)	(1,011)
Total current assets	283,144	276,908
Total assets	515,216	476,026

Ozon Holdings PLC

Interim Condensed Consolidated Statement of Financial Position (continued)

(RUB millions, unless indicated otherwise)	As of	
	March 31, 2024 (unaudited)	December 31, 2023
Equity and liabilities		
Equity		
Share capital	12	12
Share premium	135,689	135,685
Treasury shares	(1)	(1)
Equity-settled employee benefits reserves	17,747	15,622
Other capital reserves	83	63
Accumulated losses	(231,245)	(217,958)
Total equity	(77,715)	(66,577)
Non-current liabilities		
Lease liabilities	127,796	108,644
Borrowings	89,911	88,328
Derivative liabilities	545	1,974
Liability for cash-settled share-based awards	-	1,065
Trade and other payables	344	324
Deferred income	171	171
Deferred tax liabilities	358	212
Total non-current liabilities	219,125	200,718
Current liabilities		
Trade and other payables	163,472	169,222
Customer deposits and other financial liabilities	75,211	65,049
Customer advances and contract liabilities	47,765	40,381
Borrowings	24,271	16,043
Lease liabilities	18,064	15,691
Accrued expenses	16,709	13,289
Derivative liabilities	16,026	10,548
Liability for cash-settled share-based awards	6,255	6,019
VAT and taxes payable	6,033	5,643
Total current liabilities	373,806	341,885
Total liabilities	592,931	542,603
Total equity and liabilities	515,216	476,026

Presentation of Financial and Other Information

Key Operating Measures

Certain parts of this press release contain our key operating measures, including, among others, gross merchandise value including revenue from services (“GMV incl. services”), share of our online marketplace (our “Marketplace”) GMV (“Share of Marketplace GMV”), number of orders, number of active buyers and number of active sellers. We define:

- **GMV incl. services** (gross merchandise value including revenue from services) as the total value of orders processed through our platform, as well as revenue from services to our buyers, sellers and other customers, such as delivery, advertising and other services. GMV incl. services is inclusive of value-added taxes, net of discounts, returns and cancellations. GMV incl. services does not represent revenue earned by us. GMV incl. services does not include interest revenue earned by our Fintech segment, travel ticketing and hotel booking commissions, other related service revenues or the value of the respective orders processed.
- **Share of Marketplace GMV** as the total value of orders processed through our Marketplace, inclusive of value-added taxes, net of discounts, returns and cancellations, divided by GMV incl. services in a given period. Share of Marketplace GMV includes only the value of goods processed through our platform and does not include services revenue.
- **Capital expenditures** as payments for purchase of property, plant and equipment and intangible assets.
- **Number of orders** as the total number of orders delivered in a given period, net of returns and cancellations.
- **Number of active buyers** as the number of unique buyers who placed an order on our platform within the 12-month period preceding the relevant date, net of returns and cancellations.
- **Number of active sellers** as the number of unique merchants who made a sale on our Marketplace within the 12-month period preceding the relevant date.
- **Number of Fintech active users** as the number of unique users that met at least one of the following conditions as of the reporting date:
 - the user had a balance in their accounts exceeding 10,000 RUB on any date in the previous 3 months;
 - the user had loan debt on any date in the previous 3 months;
 - the user had a paid Ozon Premium subscription for the previous 3 months;
 - the user completed at least one transaction in the previous 3 months.

Use of Non-IFRS Financial Measures

We report under International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board (“IASB”). We present our consolidated financial statements in Russian Rubles.

Certain parts of this press release refer to “Adjusted EBITDA,” which is a non-IFRS financial measure defined as follows:

- **Adjusted EBITDA** is a non-IFRS financial measure that we calculate as (loss)/profit for the period before income tax expense/(benefit), total non-operating expense/(income), depreciation and amortization, share-based compensation expense on the equity-settled share-based awards and losses related to the fire incident. Adjusted EBITDA is not adjusted for the interest revenue and interest expenses related to the core activities of our Fintech segment. Adjusted EBITDA is disclosed here and elsewhere in this press release to provide investors with additional information regarding the results of our operations.

Adjusted EBITDA is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We have included Adjusted EBITDA in this press release because it is a key measure used by our management and Board of Directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses, non-operating income/(expense) and material non-recurring items. Accordingly, we believe that Adjusted EBITDA provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

We believe it is useful to exclude non-cash charges, such as depreciation and amortization and equity-settled share-based compensation expense, from our Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. We believe it is useful to exclude income tax benefit/(expense) and total non-operating income/(expense), as these items are not components of our core business operations. We believe it is useful to exclude losses related to the fire incident, as these losses relate to a material non-recurring event, which is not indicative of our performance in the future. Adjusted EBITDA has limitations as a financial measure, and you should not consider it in isolation or as a substitute for loss for the period as a profit measure or other analysis of our results as reported under IFRS. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- Adjusted EBITDA does not reflect share-based compensation on the equity-settled share-based awards, which has been, and will continue to be for the foreseeable future, a recurring expense in our business and an important part of our compensation strategy;
- although share-based compensation expense on the equity-settled share-based awards are non-cash charges, we cannot assure you that we will not perform a buyback or other similar transaction that leads to a cash outflow;
- although losses related to the fire incident are the result of a material non-recurring event, there is no assurance that such or similar losses will not recur in the future; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, operating loss, loss for the period and our other IFRS results.

The following table presents a reconciliation of (loss)/profit for the period to Adjusted EBITDA for each of the periods indicated.

(RUB millions, unless indicated otherwise, unaudited)	For the three months ended March 31,	
	2024	2023
(Loss)/profit for the period	(13,166)	10,656
Income tax expense	891	473
Total non-operating expense/(income)	10,662	(11,246)
Depreciation and amortization	8,874	5,920
Share-based compensation expense	2,024	1,993
Losses related to the fire incident	(29)	173
Adjusted EBITDA	9,256	7,969

Eliminations

Our operating segments rely on services and products of other operating segments, for which they pay various service fees and compensations. Such service fees and compensations represent intersegment transactions, which are included in revenues of the reportable segments presented in this press release. Intersegment revenues are eliminated upon consolidation within the eliminations line item below.

(RUB millions, unless indicated otherwise, unaudited)	For the three months ended March 31,		
	2024	2023	YoY, %
Revenue			
Segment revenue	127,247	95,244	34%
Eliminations	(4,316)	(1,994)	116%
Total revenue	122,931	93,250	32%
Adjusted EBITDA			
Segment Adjusted EBITDA	9,256	7,969	16%
Eliminations	-	-	-
Total Adjusted EBITDA	9,256	7,969	16%