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OVERVIEW

O'KEY Group is one of the leading Russian food retailers. The Group's business model combines two modern complementary retail formats (hypermarkets and discounters) and a fast growing omnichannel e-commerce platform.

21 years

on the market

207.9 ^{RUB}
bn

Group revenue in 2023

TOP-10

Grocery retailer in Russia

2023 at a glance

297

+24 YoY
Total number of stores

77

O'KEY hypermarkets

TOP-10

Grocery retailer in Russia¹

220

DA! discounters

RUB 207.9 bn

+2.8% YoY
Group revenue

RUB 7.7 bn

+24.0% YoY
Total online sales

¹ Market position provided by Infoline, 2023.

About the Report

The Annual Report 2023 ("the Report") has been prepared by O'KEY GROUP S.A. ("O'KEY Group", "the Group", or "the Company").

This Report discloses information on the implementation of the Group's strategy in 2023, presents the Group's operating and financial results, and describes the Group's corporate governance framework and corporate social responsibility activities. The Report has been prepared based on consolidated IFRS financial statements for 2023.

The Report has been prepared based on the information available to the Group as of the time of producing this Report, including information obtained from third parties. The Company reasonably believes that this information is complete and accurate as of the publication date of this Report. However, it does not constitute any representation or warranty that this information will not be updated, revised, or otherwise amended in the future.

This Report includes estimates or forward-looking statements related to operating, financial, economic, social, and other measures that can be used to assess the performance of O'KEY GROUP S.A. The Company does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved. The Company shall not be liable to any individual or legal entity for any loss or damage which may arise from their reliance on such forward-looking statements.

Further Information

Further information regarding O'KEY Group's strategy, our businesses and performance, our approach to governance and risk management can be found at our corporate website www.okgroup.lu.

An archive of annual and strategic reports as well as a full suite of additional information materials are available at www.okeygroup.lu.

Disclaimer

The existing global economic environment, including the current geopolitical climate and market fluctuations in currency and stock markets, as well as significant currency exchange rate variations, is probably having an impact on companies in all sectors of the economy. We are closely observing the potential effects of these evolving macroeconomic circumstances and shifts in the retail market on the O'KEY Group's financial and operational performance in the medium to long term.

Nonetheless, we acknowledge that the grocery retail industry is among the most resilient sectors of the economy and is continually sought after by consumers. Furthermore, we have confidence in the Group's efficient business strategy, which utilises two complementary retail formats and a robust online platform that caters to all customer requirements and demographics. This approach establishes a strong foothold in the market and provides a considerable buffer against macroeconomic instability.

Our Company is well-equipped to handle any potential alterations in the supply chain due to the fact that around 80% of our procurement is obtained from nearby suppliers and manufacturers. By actively fostering our proprietary brands, maintaining our long-standing and productive partnerships with a significant number of inventive, advanced, and rapidly expanding farms and producers, and participating in regional and national quality initiatives and programmes that support local suppliers, we can successfully navigate any market challenges and uncertainties.

Therefore, O'KEY Group, with its well-established and well-integrated corporate governance and management structure, is securely positioned in the market and poised to withstand macroeconomic turbulence and market volatility, while effectively serving the needs of its stakeholders.

About O'KEY Group

O'KEY Group is one of the leading Russian food retailers. Since the opening of our first hypermarket in St. Petersburg in 2002, we have continued to strive for excellence. O'KEY Group develops two clearly positioned and complementary retail formats: O'KEY hypermarkets and DA! discounters. The Company also operates an online platform for O'KEY hypermarkets. This well-balanced combination of formats allows us to meet different customer needs and purchasing models in all regions of presence and in all sales channels.

Our vision



The new hypermarket for the new era



The best value for money discounter

Our purpose/mission



We strive for excellence



We provide a simple and easy shopping experience



We take our social responsibility seriously and act accordingly



We offer fresh and high-quality products to each family



We aim to create an effective working environment

Our values

Innovativeness

Impeccable service

Effective team

Outstanding results

Atmosphere of professionalism

Our Key Strengths

- A flexible business model based on two competitive shopping formats and an e-commerce platform, covering all customer segments and needs
- O'KEY hypermarket: a well-recognised brand and market positioning in major Russian cities
- DA! discounters: one of the fastest growing grocery chains in the market
- A TOP10 e-grocery retailer with a 100% online coverage of the cities of O'KEY presence
- Exceptional expertise in private labels and own production, empowering us to build an appealing customer value proposition
- Highly centralised logistics: five distribution centres in Moscow and St. Petersburg
- Focus on cutting-edge IT solutions and a progressive infrastructure
- High standards of corporate governance: a transparent ownership structure, a Astana International Exchange, London Stock Exchange and Moscow Exchange listing, and a proficient management team with extensive experience in Russian and international retail

Our ESG Approach

In the volatile macroeconomic and geopolitical context we are facing, ESG is becoming even more relevant and important. O'KEY Group sees itself as a socially responsible company and acts respectively in the interests of all our stakeholders: employees, customers, suppliers, partners, and shareholders.

Customers

Satisfying customer needs across all market segments, delivering top-notch services and creating the value proposition of each Group format remains the key priority of O'KEY's interaction with customers.

Though the economic environment is unstable, we make every effort to ensure uninterrupted deliveries, redirect logistics flows where necessary, fill the shelves with goods and meet the demand of our customers.

In the face of growing inflation, we were one of the first to fix a minimum markup on a number of essentials.

We find it important to pay attention to the most recent changes in consumption patterns and needs, including the rush in demand for certain product categories and price sensitivity. The Company is committed to meeting the current rate of demand and maintaining a minimum markup on socially important goods as well as reasonable prices for the entire product range, while providing a consistently high level of quality and service. We are developing new routes and searching for new efficient ways of working with suppliers in order to keep the wide assortment of our products.

A thorough cost control in all areas of the Group's business enables us to ensure a decent price level and competitiveness of all retail formats in general. The Company works closely with the Association of Retail

Companies, the Russian Ministry of Industry and Trade, and other market regulators and structures to execute this approach.

Suppliers

When communicating with suppliers, the utmost attention is given to the formation of mutually beneficial partnerships. This will ensure timely and stable supply of high-quality items as well as presence of various products on the shelves no matter what.

Since its foundation, the O'KEY Group has been actively engaging local producers: around 80% of the Company's purchases are accounted for by products made by Russian producers. As such, the share of imported goods in the Company is small.

For years, the Group has been cooperating with a substantial number of innovative, sophisticated and fast-growing farms and producers. This is specifically relevant in terms of evolving the Group's own brands: the private label range of O'KEY hypermarkets and DA! discounters totals 1,910 SKUs and 1,367 SKUs, respectively. The Company is also involved in developing programmes to support local producers and therefore takes part in regional and national quality initiatives, namely "Made on Don", as well as the initiatives for fair certification in the Northwest and Central regions of Russia. Amid economic volatility O'KEY Group further cooperates with them while ensuring regular purchases and mutual benefits. Changes in market environment may lead to changes in supply chains which are nevertheless quite stable due to a high proportion of Russian-made products. The Company makes efforts to optimise logistical costs and provide effective inventory management.

Investors and shareholders

O'KEY is responsible to its investors and shareholders and strives to maintain and increase the Company's shareholder value.

Considering current volatility of the Russian Rouble and a number of macroeconomic factors that create great uncertainty, the Company refrains from short-term and long-term forecasts for both operating and financial performance. At present, the O'KEY management team is analysing the potential impact of micro- and macroeconomic conditions on subsequent operating and financial results of the Group.

Along with that, we believe that the Group's effective business model, which is based on two complementary retail chains with clear positioning (hypermarkets and discounters) as well as on strong e-commerce, will help respond to all the headwinds and satisfy customer needs in various market segments. Hypermarkets are most suitable for new consumer behaviour since they offer a wide range of products and customers often stock up. Our discounters build a solid medium-term basis by using the EDLP pricing model to meet the trend for conscious consumption and offer consistently high-quality products at the lowest market prices.

We will be doing our best to achieve our medium-term goals by means of supply chain optimisation and strict cost control.

The Group's Global Depository Receipts (GDRs) are listed on London Stock Exchange since November 2010. The GDRs have been also trading on Moscow Exchange (MOEX) since December 2020. O'KEY aims to keep its GDRs available to all market participants, including those of individual investors, on MOEX. In March 2023, in order to further increase the liquidity of its stock and diversify the investor base, the Group listed its GDRs on the Astana International Exchange.

Employees

O'KEY Group's first priority is its people. The Company employs over 19 thousand people. We take responsibility for providing residents of regions of the Company's presence with jobs as well as for creating safe, favourable and decent working conditions for our employees. Besides, we steadfastly follow the Labour Code of the Russian Federation.

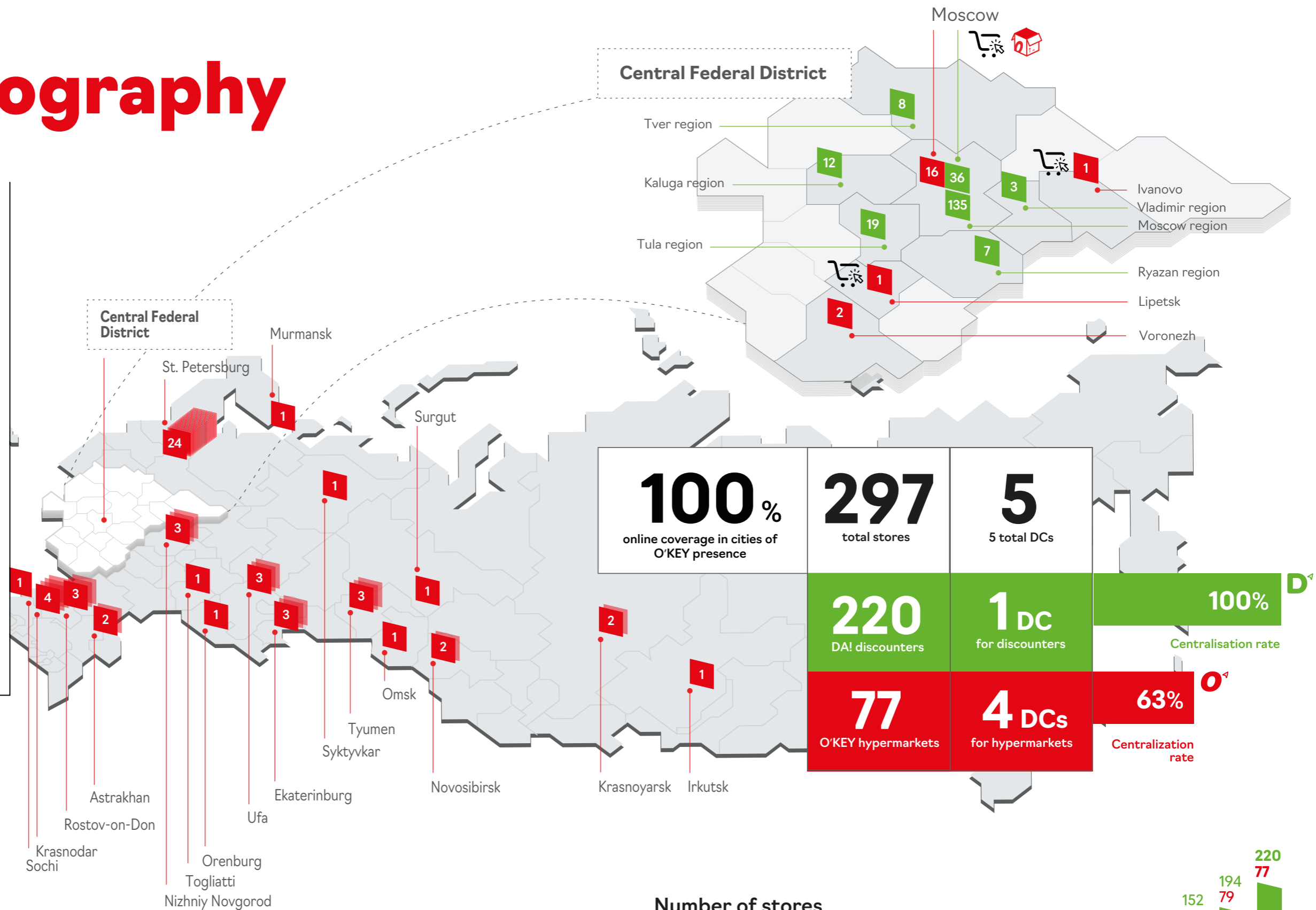
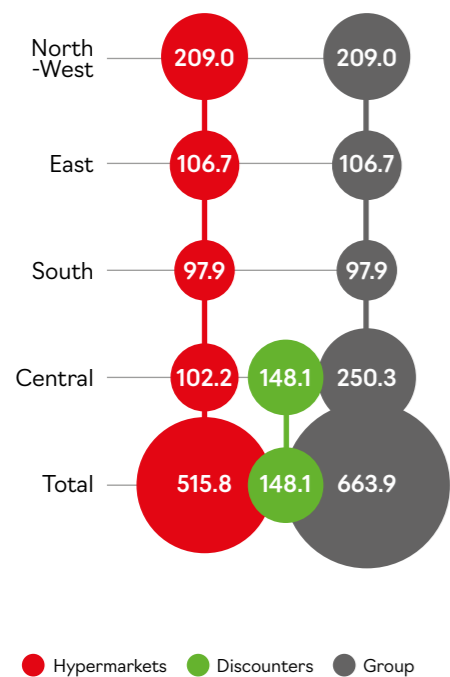
Over the years, the Company has been committed to delivering high-standard corporate governance, personnel management and training, and, therefore, gained a high position in the market.

In 2023, O'KEY Group put much effort into ensuring labour safety for its employees, improved its corporate voluntary health insurance and target KPIs under the current premium programme, continued staff training as part of O'KEY Academy, and launched professional skills competitions and incentive programmes.

In a context of volatility, the Company continues being committed to its policy aimed at preserving jobs, providing decent wages and social benefits, and developing personnel training and motivation programmes.

Our Geography

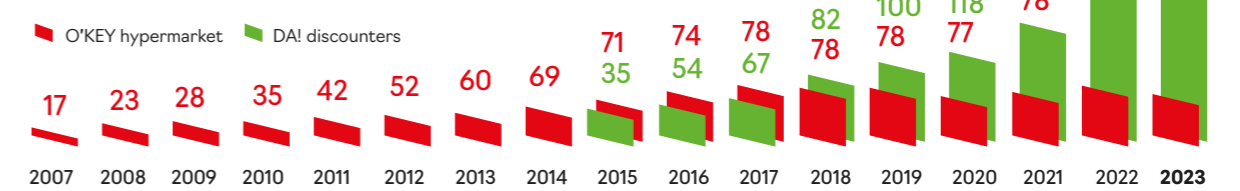
O'KEY Group retail space in 2023 (km²)



100% online coverage in cities of O'KEY presence	297 total stores	5 5 total DCs
220 DA! discounters	1 DC for discounters	100% Centralisation rate ^{D¹}
77 O'KEY hypermarkets	4 DCs for hypermarkets	63% Centralization rate ^{O¹}

- O'KEY online delivery
- Online delivery via partners
- O'KEY hypermarkets
- DA! discounters
- O'KEY distribution centers
- DA! distribution centers

Number of stores



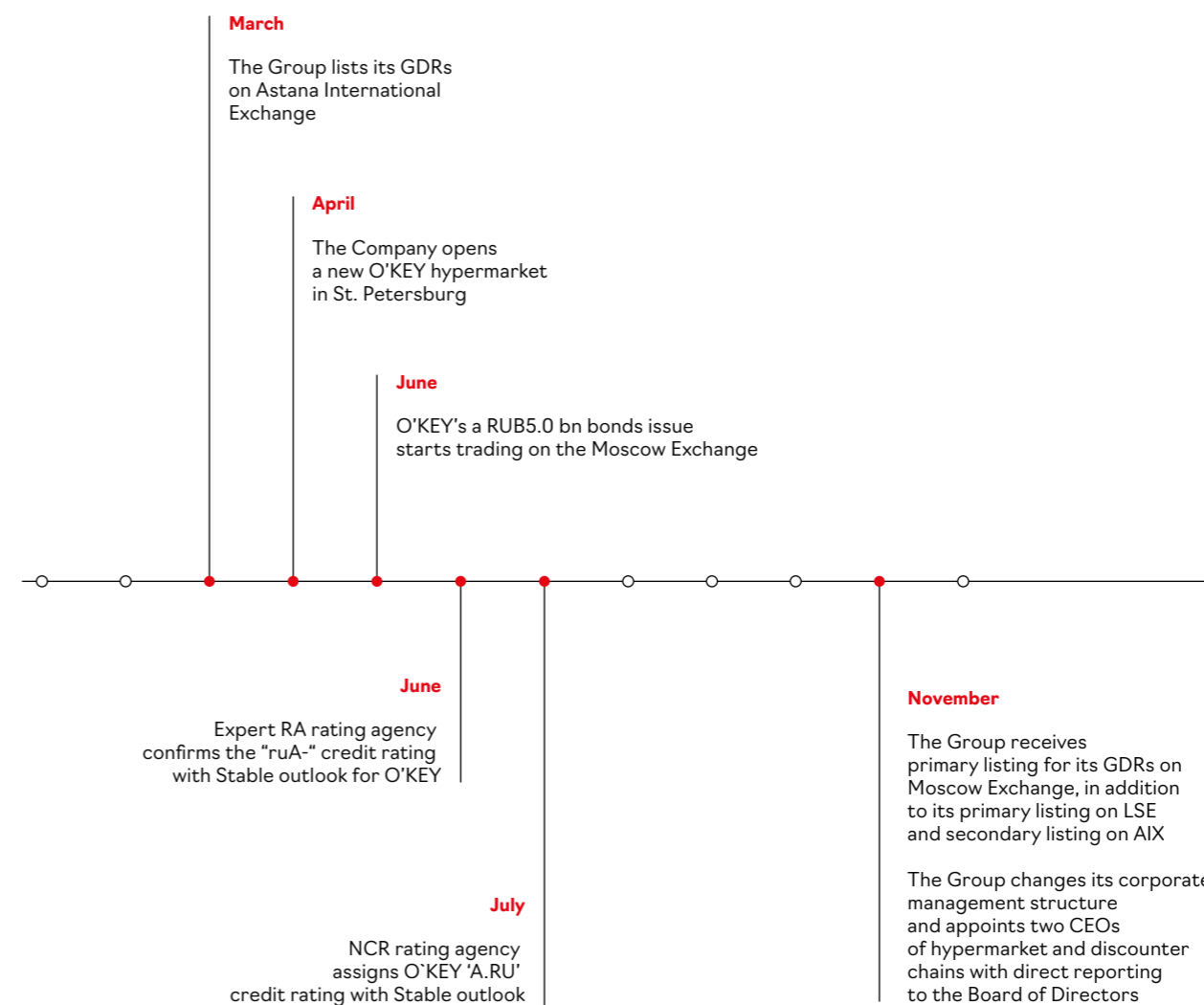
In 2023, O'KEY introduced a mentoring system that involves not only new employees but also existing

ones aimed at horizontal or vertical development in the mentoring format.

Financial & Operational Highlights

Indicators	2021	2022	2023	2023/2022, %
Group net retail revenue, RUB bn	185.2	200.2	205.8	+2.8%
• O'KEY net retail revenue, RUB bn	150.4	146.9	141.9	(3.4%)
• DA! net retail revenue, RUB bn	34.8	53.3	63.8	+19.8%
Group LFL net retail revenue, %	+3.7%	+2.1%	(1.6%)	
• O'KEY LFL net retail revenue, %	+1.4%	(3.6%)	(3.3%)	
• DA! LFL net retail revenue, %	+16.3%	+26.8%	+3.0%	
Total selling space, k m2	625.6	656.2	663.9	+1.1%
• O'KEY selling space, k m2	522.7	525.8	515.8	(1.9%)
• DA! selling space, k m2	102.9	130.4	148.1	+13.2%
Total revenue, RUB bn	187.1	202.2	207.9	+2.8%
• O'KEY Revenue, RUB bn	152.3	148.8	144.0	(3.3%)
• DA! Revenue, RUB bn	34.8	53.3	63.9	+19.8%
Group EBITDA, RUB bn	15.5	17.0	17.0	-

Main Events of 2023





STRATEGIC REPORT

We understand the importance of a socially responsible business and implement the best principles and approaches toward sustainable development.

297 stores
across Russia

407 RUB
mn

Social benefits in 2023

19,230

Employees

Business Review

O'KEY Group managed to demonstrate solid results despite the turbulent market environment over the reporting year. We were able to maintain a stable performance in our hypermarket format and continued to grow across our discounters and e-commerce business.

In 2023, we were again among the top ten Russian food retailers based on annual revenue and market share.

Group revenue rose by 2.8% to RUB 207.9 bn, while the Group's EBITDA remained stable at RUB 17.0 bn, with EBITDA margin comprising 8.2%.

We believe that our hypermarkets will continue to thrive in the current and future market landscape thanks to our vast sourcing opportunities, our agile response to the constantly changing market conditions, the synergy effect with our discounters and the e-commerce business as well as the smart management and the prudent cost control.

As cost-cautious consumption is increasingly popular in the current economic volatility, we saw another strong year of growth in the discounters segment in 2023. The DA! network with its 220 stores in the Central region showed both expansion and LFL growth, resulted in a 19.8% YoY net retail revenue increase, reaching 31.0% of the Group's net retail revenue in 2023. Despite experiencing some temporary pressure from newly opened immature stores, the discounters' EBITDA grew by 20.3% YoY, while EBITDA margin also improved and reached 6.9% in 2023.

A key element contributing to the DA! success, along with operational and cost effectiveness and EDLP pricing policy, is the prudent selection of our own brands, comprising approximately 50% of the discounter's revenue. Over 2023, we continued to develop a long-term and mutually beneficial partnership with local suppliers, enabling us to introduce new SKUs into our offerings.

We strongly believe that DA! is ideally positioned to grow in today's challenging environment and will remain a key growth driver for the Group, being a unique international format, specially tailored to the needs and desires of Russian customers.

We consider online shopping a significant catalyst for transformation in the highly competitive retail sector both

in the way it affects the conventional offline formats and simultaneously emerging as a promising sales channel in its own right. The online grocery market in Russia witnessed another year of rapid growth to reach RUB 918 bn in 2023.

O'KEY's total online sales rose by 24.0% YoY to RUB 7.7 bn in 2023. We used both our own delivery services and partner capacities to fulfil almost 3.5 mn online orders in 2023. By the end of the reporting year, we operated 36 e-commerce pick-up and delivery points at O'KEY hypermarkets in key cities of our presence: Moscow, St. Petersburg, Sochi, and Krasnodar.

Throughout the year, we strived to maintain the high level of our corporate governance system, which is based on the principles of professionalism, accountability, equality, and transparency in compliance with the best international and Russian practices. In 2023, we again saw the recognition of our efficient risk management, strategic oversight, and transparency, coupled with a well-established operational and financial position, as Expert RA confirmed our "ruA-" credit rating with a stable outlook. Later in 2023, NCR credit rating agency awarded the Company with an "A.ru" rating with a stable outlook, highly appreciating the Group's significant geographical distribution, a diversified supplier base, and the successful development of the discounter format as a response to current trends in consumer demand in Russia.

Despite the current market fluctuations, we are dedicated to actively communicating and accommodating the interests of all our investors and shareholders. In March 2023, O'KEY GROUP S.A. obtained a listing of its GDRs on the Astana International Exchange (AIX). This is aimed to further increase the liquidity of our stock and provide access to a wider range of individual and institutional investors. In November 2023, we also changed our GDRs' listing status on the Moscow Exchange to primary. The registration of the prospectus and receiving primary listing status aims to maintain the continuity of trading of the Group's GDRs on the Moscow Exchange in order to sustain the growth of the stock liquidity in the future.



Outlook

Despite the challenges faced by various sectors of the economy, we recognise that the grocery retail industry remains highly resilient and is continually sought after by customers. Additionally, we believe in the Group's efficient business approach, which includes two complementary retail formats and an omnichannel online platform that

addresses the needs of all customer segments. With the integration of this approach and a proven corporate governance structure alongside the streamlined operational management, our ability to maintain a sound foothold in the market and minimise the impact of any economic fluctuations is assured.

Russia's Food Retail Market Overview

The Russian food retail market grew by 13.4% year-on-year to RUB 22.8 trn in 2023 as compared to RUB 21.0 trn in 2022, according to Infoline.

By the end of 2023, the overall number of stores of TOP-200 grocery chains in Russia exceeded 104.0 thousand (plus 12.4 thousand stores YoY), and their total space comprised 35.9 million m2 (plus 2.6 million m2 YoY).

According to Infoline, there has been a downsizing trend in the total average selling space since 2015, by 21.5% to 304.2 m2, by the end of 2023.

According to Infoline, discounters and proximity stores continued to increase the footprint in 2023. The aggregate share of discounters and proximity stores

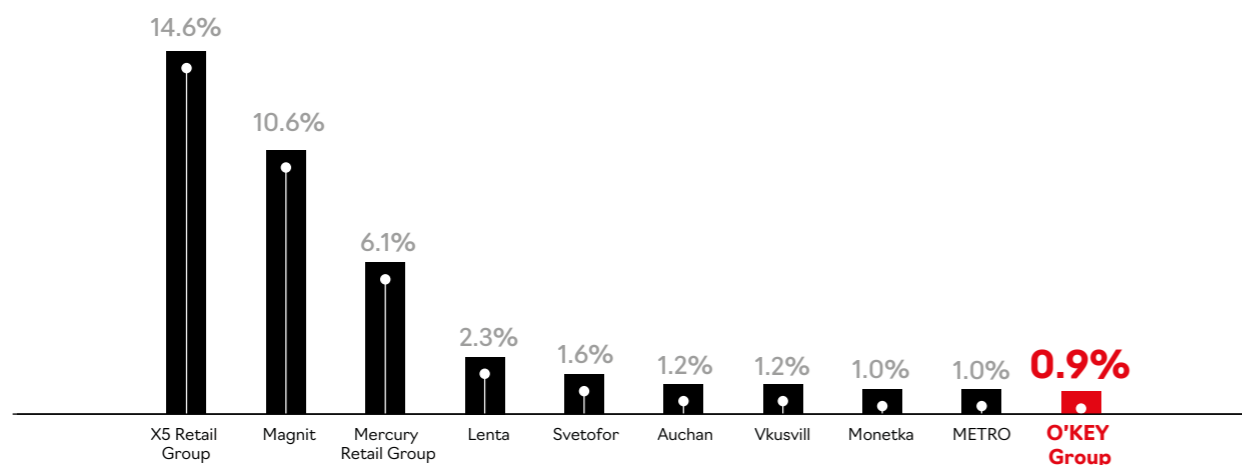
increased by 2.2 p.p. to 76.6%, while their selling space increased by 10.5% (by 2.7 million m2) year-on-year and reached 28.9 million m2 in 2023.

The selling space of hypermarket format stood almost flat year-on-year and accounted for 5.4 million m2 by the end of 2023, according to Infoline.

In 2023, the TOP-10 leading food retailers increased their market share by 2.0 p.p. year-on-year to 40.5%.

O'KEY Group was 10th largest food retailer in Russia in 2023, according to Infoline.

Top-10 food retailers in Russia (by net retail revenue)



Source: Infoline, revenue net of VAT

Online Grocery Market in Russia

In 2023, according to Infoline, Russian e-grocery market continued its rapid growth having increased by 47% year-on-year to RUB 918 bn and reached a 4.0% share in total Russian food retail market (plus 1.0 p.p. YoY).

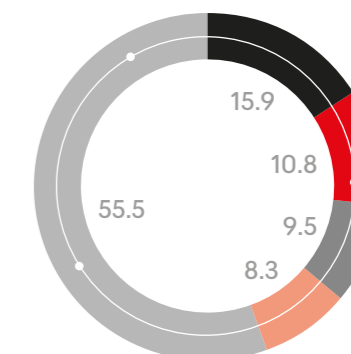
In 2023, according to Infoline, O'KEY Group was ranked 9th largest food retail chain in online.

In the course of 2023, marketplaces continued to outperform the e-grocery market by expanding the range and increasing the number of sellers to provide maximum breadth of choice. According to Infoline, leading marketplaces and food delivery operators increased their combined market share in e-grocery by 6.3% year-on-year to 44.5% in 2023 compared to 38.2% in 2022.

RUB 918 bn

Russian e-grocery market value¹

Russian e-grocery market structure in 2023, %



● Samokat ● Wildberries
● OZON ● Other
● Yandex: Lavka & Market

Top-10 grocery retailers in Russia by Gross Online Sales, RUB bn

Retailer	RUB bn
VkusVill	140.0
X5 Group	133.1
Lenta & Utkonos	61.1
Magnit	44.8
METRO (B2C)	41.8
Auchan	26.9
Globus	13.1
Azbuka Vkusa	11.4
O'KEY	8.7
Myasnov	3.9

Source: Infoline research 2023, excluding marketplaces, grocery aggregators and food delivery operators. Revenue includes VAT

¹ Infoline research 2023.

Delivering on our Strategy

O'KEY Group operates two shopping formats, namely hypermarkets and discounters, and a developed online omnichannel platform. The strategic priorities depend on the format. However, all formats are focused on building a tempting value proposition and providing our customers with the best quality products and superior service.

O'KEY Hypermarkets	DA! discounters	E-commerce
BUSINESS DEVELOPMENT:		
<ul style="list-style-type: none"> Carrying on the format development keeping up with the most innovative market trends Looking for the best opportunities to expand the business: developing new enhanced hypermarkets; make use of the latest technologies and solutions in retail, supply, and logistics; extend the network in high-priority regions and optimise the store portfolio Unlocking the opportunities for the format's top- and bottom-line growth by steadily transforming and adapting it to meet the diverse consumer needs Raise the operational efficiency 	<ul style="list-style-type: none"> Expanding to the entire Central Federal District and the surrounding regions Introducing and evolving DA! discounters as a growth driver for the Group's top- and bottom-line Focusing on operational effectiveness and targeted profitability 	<ul style="list-style-type: none"> Making further advancement of the omnichannel approach, which makes it possible to raise sales volumes by covering all customers segments and needs Developing a partnership with specialised delivery operators to seek for operational efficiencies Enlarging the range of partners via collaboration with marketplaces
DELIVERY OF THE BEST VALUE PROPOSITION:		
<ul style="list-style-type: none"> Offering the most convenient and up-to-date shopping experience along with a well-balanced product assortment with a focus on fresh and ultra-fresh categories Increasing the share of private label products and own products in total sales 	<ul style="list-style-type: none"> Focusing on the "every day low price" approach Offering the most competitive pricing on the market without compromising quality Taking the lead in developing the PLs portfolio 	<ul style="list-style-type: none"> Integrating IT-solutions with partners to synergise on additional operational and cost efficiency Enhancing the productivity of e-commerce operations Working on express-delivery service implementation and cost efficiency
BENEFIT FROM SYNERGIES BETWEEN THE FORMATS:		
<ul style="list-style-type: none"> Developing synergies with the discounter business in joint procurement and direct import of fresh products, as well as benefiting from the private label insight Evolving synergies with e-commerce by using an omnichannel approach. Benefitting from the increased number of orders placed through the website and the mobile app 	<ul style="list-style-type: none"> Benefitting from joint procurement of branded assortments with hypermarkets Sharing storage space on O'KEY distribution centres in the Central Region for some of DA!'s assortment 	<ul style="list-style-type: none"> Benefitting from O'KEY hypermarkets serving as pick-up points and an omnichannel delivery platform for online orders

Business model

O'KEY Group has devised a distinctive business model pivoting around two straightforwardly positioned and complementary retail formats (hypermarkets and discounters) and a fast-growing e-commerce platform with an omnichannel approach. Such a combination of formats empowers us to meet the needs of various

customer segments and to keep up to date with the most recent market trends. Within the Group, all formats are instrumental parts of the business model. Consequently, such a business approach proved its efficiency and is fundamental for our prospective success.

O'KEY hypermarkets	DA! discounters	E-commerce
<p>One of the leaders in its segment with more than 20-year expertise in the market enhanced by the innovative store concept</p> <p>Sound base for e-commerce growth</p> <ul style="list-style-type: none"> Among the Russian retail market leaders, commanding a substantial market presence in key Russian cities A modern hypermarket concept to follow the market tendencies 	<p>A discount model unique for the Russian market and based on the world's best practices tailored to local consumers</p> <ul style="list-style-type: none"> A discount concept with a hinge on premium A fast-developing chain of stores in the best locations, offering superior-quality products at the best possible prices Advanced insight into fresh supply and own brands A pivot on centralisation and cost efficiency 	<p>A high growth potential segment meeting rapid changes in the consumer shopping patterns</p> <ul style="list-style-type: none"> Boosting e-grocery since 2015 One of Russia's Top-10 food retailers in online An omnichannel approach: a modern and convenient omnichannel mobile application and award-winning online store, a delivery or pick-up option, a unified bonus system and product range across online and retail channels
<ul style="list-style-type: none"> A balanced range of goods with a focus on fresh and ultra-fresh An optimised offer of non-food products Superior customer service A modern shopping environment 	<ul style="list-style-type: none"> Top-of-the-range private label expertise (own brands account for about 50% of revenue) Every day low price policy, which is mostly supported by own brands, offers a 20-30% cost saving to our customers Comfortable and reasonably spacious layouts and interiors 	<ul style="list-style-type: none"> Online orders are processed by the closest hypermarkets in Moscow and St. Petersburg and in partnership with delivery operators in all cities of operation 36 specially dedicated zones for online orders fulfilment in hypermarkets in Moscow, St.Petersburg, Sochi, and Krasnodar
<ul style="list-style-type: none"> 77 hypermarkets in 23 cities in 6 federal districts of Russia 	<ul style="list-style-type: none"> 220 stores in 6 regions of the Central Federal District of Russia 	<ul style="list-style-type: none"> 100% online coverage in the regions of O'KEY Group's presence 36 e-commerce points in O'KEY hypermarkets for online orders sorting, picking-up and delivery
<ul style="list-style-type: none"> Hypermarkets reformatting is aimed at bolstering their market position and supporting long-term LFL growth 	<ul style="list-style-type: none"> +19.8% YoY net retail revenue growth in 2023 DA! discounters' share in the Group's net retail revenue reached 31.0% DA! will carry on being a growth driver for the Group's top- and bottom-line in mid-term 	<ul style="list-style-type: none"> +24.0% YoY total online sales growth in 2023 Online sales reached 5.4% of O'KEY Group's net retail revenue in 2023

Sustainable Development

Sustainability Approach

O'KEY Group is a retail company that has established a widespread presence in various regions of Russia. Since its inception, the Company has been catering to a diverse array of stakeholders, including customers, employees, shareholders, investors, suppliers, and local community representatives. As a company, we consistently develop strategies for engaging with regulatory and government authorities, the media,

and NGOs, as we believe that fostering partnerships is essential for the continuous growth and development of our business as a whole. Our commitment to sustainable development is embedded in our core values. We strive for excellence in our daily operations by providing families with fresh and high-quality products, along with a convenient and hassle-free shopping experience.

RUB

244.1 mn

proceeds from sales of recyclable materials in 2023

RUB

407 mn

employees' social benefits in 2023

19,230

number of Group employees

Recognising the significance of socially responsible businesses, we endeavour to create customised methods, incorporate global standards of accountability and community assistance, and adhere to regulations regarding labour relations and environmental safety.

At O'KEY Group, we prioritise creating an effective and positive work environment for our employees. We believe that our employees are the backbone of our

business, and we are committed to ensuring their well-being and career growth. We provide our employees with opportunities to develop their skills and knowledge through training and development programmes, and we strive to create a culture of innovation and collaboration.

In addition to our commitment to our employees, we take our social responsibility seriously by acting

accordingly. We believe that businesses have a crucial role to play in society and we strive to make a positive impact through our operations. We are committed to sustainable development and we take steps to minimise our environmental impact. We also believe that it is important to give back to the community, and hence we support various charitable initiatives and organisations that align with our values.

Overall, we remain committed to delivering the best possible experience to our customers, employees, shareholders, investors, suppliers, and local community representatives. We believe that by continuing to prioritise sustainability and innovation, we can continue to grow and develop our business in a responsible way.

Benefits for Our Key Stakeholders



Investors and Shareholders

In 2023, we continued to develop both modern O'KEY hypermarkets, fast-growing DA! discounters and e-commerce platform. We are committed to maintaining our focus on creating value for shareholders, prioritising loyalty and convenience for our customers, and ensuring rigorous capital discipline. O'KEY Group has been listed on the London Stock Exchange since 2010.

In March 2023, O'KEY Group's GDRs received a secondary listing in the main market on the Astana International Exchange. We expect that the listing of O'KEY Group's GDRs on Astana International Exchange will provide access to the capital to a wider range of investors and will allow us to share our sustainable and long-term success with the shareholders.

In November 2023, the Group also completed the procedure for changing its listing status on the Moscow Exchange (MOEX) to primary. Earlier, in December 2020, the Group received a secondary listing of its depository receipts on MOEX. The Company's GDRs were included in Tier 1 quotation list, and have been traded on the main market ever since. The registration of the securities prospectus and the Company's acquisition of primary listing status in 2023 are aimed at ensuring the continuity of trading of the Group's GDRs on the Moscow Exchange in the future.



Customers and local communities

O'KEY Group is providing high-quality products at competitive prices under own brands. Our precise product selection is aimed to ensure that our customers receive the best value. As we expand, we remain committed to reinvesting in our competitiveness to offer the best prices to our customers while maintaining the highest standards of quality. We are also a socially responsible company, spearheading campaigns to support low-income members of the public, and children with disabilities, and raise consumer awareness for vulnerable groups. Our goal is to make a positive impact on the communities we serve and create a better future for all.



Suppliers

O'KEY Group sources more than 80% of its products from local suppliers based in Russia. This strategy enables us to maintain a stable supply of essential products. We prioritise supporting local enterprises and innovative manufacturers throughout all regions where we operate. Additionally, the Group is an active participant in various regional and national quality initiatives, particularly in the South and Central regions of Russia.

To further streamline our operations, we have implemented a unified method of processing and approving direct import supplies. We optimise costs, which allows us to invest these cost savings in enhancing our supply chain and improving the quality of our products. By continuing to work closely with local suppliers and regulatory bodies, we are confident in our ability to maintain high standards of quality and efficiency in all our operations.

O'KEY Group's mission is to develop and maintain sound relationships with local suppliers and producers. This partnership ensures that we offer our customers a wide range of high-quality products in important categories such as poultry meat, dairy products, sausages, bakery goods, and confectionery. To further enhance our product assortment, we have added unique local products with exceptional quality and organoleptic properties. In order to achieve this, we conduct specialised trading and purchasing sessions in all the cities we operate in, which allows us to set up direct communication and interaction with potential suppliers. We take great care in selecting our partner suppliers, and our main criteria include the quality of production facilities, a well-implemented quality control system, and the highest quality characteristics of the products. Our focus on these criteria ensures a steady supply of high-quality products for our customers, which in turn promotes a mutually beneficial partnership with our suppliers and local producers.



Employees

The experience and expertise of our employees are fundamental components of our business model, and we believe that they are the backbone of our success. For this reason, we invest in our employees' personal and professional growth and provide them with ample opportunities to develop their skills and knowledge so that they can continue to provide exceptional customer service to both internal and external customers. We want to ensure that every employee in our business understands the crucial role they play in creating a positive and welcoming environment for our customers. By doing this, we believe that we can create a strong service culture that is not just beneficial for our customers but also for our employees' job satisfaction and overall well-being.



Our Employees

O'KEY Group's HR policy is poised to steadily improve onboarding, learning, development, and acknowledgement of the Company's employees. We aspire to create a productive work environment and empower professional and personal potential in accordance with the Company's HR strategy. Systems-level and holistic HR management and sensitivity to people and their needs make O'KEY Group an attractive employer.

O'KEY Group's HR strategy pillars are:

- creating a culture of engagement and effectiveness;
 - creating an environment for development and an effective work environment;
 - introducing modern technologies and automating HR services;
 - building an effective organisational structure and management team;
 - building a positive employer brand in the Russian labour market;
 - applying a systematic approach to attract, retain and develop personnel; and
 - introducing the best HR practices.
- We completed implementation of automated trainings for managers to learn occupational health and safety (OHS) disciplines.
 - The Company provided OHS procedures as part of HR practices;
 - To improve safety, we continue to implement e-workplace – Occupational Health and Safety Control System (OHSCS).
 - The page designs on the corporate website, as well as on the Headhunter and Avito websites were updated.

Major HR and staff management events in 2023:

- Successful staff development helped the Company amid labour market restructuring and increasing competition for top talent. We used the most efficacious recruitment sources: referral programme "Bring a friend", the websites of Headhunter and Avito.
- More in-depth and automated HR analytics. Regular HR reporting has been transferred to the Power BI platform, which allows prompt access to information, increases the speed and quality of decisions made.
- A mentoring system was developed for working not only with new employees in the format of classical mentoring, but also with existing ones aimed at horizontal or vertical development in the mentoring format.

In 2024, we will focus on developing an effective work environment, developing employee potential and increasing productivity, protecting the health of our employees and strengthening the employer brand. In 2024, we will address:

- Development of a corporate culture that supports the implementation of the Company's strategy;
- Formation of an effective management team;
- Increase of the attractiveness of the employer's brand; and
- Creation of an effective work environment by automating HR processes and increase of the availability of HR services for our employees.

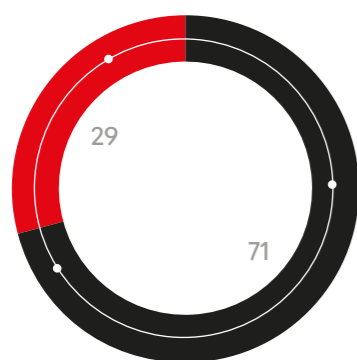
Key indicators

Below are O'KEY Group's key personnel metrics.

19,230

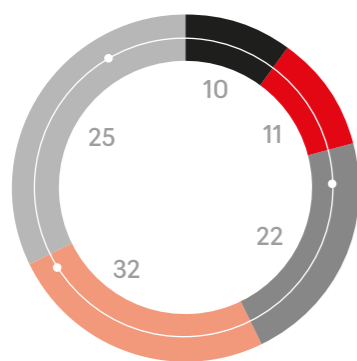
Number of employees (as of 31 December 2023)

Gender distribution, %



● Female ● Male

Age distribution, %



● 18-25 ● 26-35 ● 36-45 ● 46-55 ● 56+

Staff training and development

The Company's success hinges on its people. In the reporting year, we proceeded with the personal and professional growth of our employees.

2023 staff training and development highlights:

- Over 111,000 e-learning courses were completed by our employees;
- About 2,000 trainings and educational webinars were conducted; and
- 25 educational products were created for the development of hard and soft skills.

Talent Pool Academy

Over the year of 2023, O'KEY Group continued to develop its new Talent Pool Academy.

In addition to the Academy's three existing faculties: store department head faculty "ROST'OK" for linear management positions, deputy hypermarket director "Leadership School" faculty for middle management positions, and store manager faculty "School with Meaning" for the hypermarket director position:

- A new faculty "School of Mentors" was launched, forming a culture of mentoring and continuous improvement of the training and development system in the Company;
- As of the end of 2023, 288 employees were studying at the Academy;
- As of the end of 2023, 165 students of the Academy were appointed to the following positions: head of hypermarket department, deputy director of hypermarket, and director of hypermarket; and
- About 18% of appointments to senior positions were made from the internal personnel reserve.
- 6,050 employees participated in offline trainings
- 4,800 employees participated in webinars
- 117 available courses at the O'KEY Academy
- 111,000 completed e-courses

Staff retention and motivation

O'KEY Group provides social support to its employees in accordance with legal requirements and implements additional programmes aimed at creating the most comfortable conditions for them, among them:

- VMI on the terms of co-financing (payment by the Company in the amount of up to 80%);
- discounts in the Group 's stores and a cumulative employee points system;
- payment of meals for employees of individual departments;

- gifts for employees' children on New Year 's holidays;
- financial assistance to employees who find themselves in a difficult life situation; and
- instalment payment for membership in fitness clubs.

In 2023, the Group additionally implemented:

- motivational payments for work experience of more than 10, 15, and 20 years;
- a wide corporate loyalty programme with offers from partners.

In 2023, the Company's social benefits expenses, including payment for VMI, children's New Year holidays, financial assistance, and lunch payments, amounted to RUB 407 million. Employees of the Group receive shopping benefits in all stores of the Company.

In 2023, we maintained the set of services and the quality level of the corporate VMI system at the usual high level. In addition, the Company expanded the list of grounds for providing financial assistance to our employees.

To retain the best specialists, the Company effectively uses a combination of financial and non-financial employee motivation systems, and also strives to guarantee a competitive salary level. The Company applies a KPI system that takes into account both individual and corporate goals.

In order to increase the Company's competitiveness in the labour market, in 2023, a large-scale revision of remuneration and motivation systems was carried out in accordance with the current external environment and the internal values of the Company. Bonus systems for operating units were updated. Within the framework of the current bonus programme to ensure the achievement of the specified financial results, as well as to increase operational efficiency, in accordance with the financial development plan of the Company, the list of target KPIs was updated.

In 2024, we plan to maintain the existing benefits and expand the list of partner programmes for our employees.

Reporting violations

The Group's employees feel free to call the compliance hotline or use other feedback channels to make good-faith reports of violations.

O'KEY Group is focused on resolving ethics and labour law violations as well as cases of misunderstanding between

employees and the management. Since 2019, the Company has had a Whistleblowing Policy in place.

We operate several whistleblowing channels: a call centre, dedicated manager-employee meeting hours, and morning meetings.

116

reports received in 2023 compared to 189 in 2022

100%

of reports addressed and followed up by feedback

Increasing the attractiveness of the Company's HR brand

In 2023, the Company paid special attention to attracting and retaining personnel, and, among other things, changed the approach to working with young professional candidates.

As part of our work with students in 2023, the following initiatives were implemented:

- some of the Company's stores have become a platform for the practical training of college and university students in the professions of cook, baker and food technologists;
- a campaign was held to attract students to pre-graduate practice and summer season work at the Company's facilities;
- the head office and distribution centre in Moscow became a platform for the practical training of students of the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, studying finance, commerce and logistics; and
- O'KEY employees took part in lectures and open days at colleges and universities.

In 2023, the design of the Company's page on the key recruitment sites – Headhunter and Avito, as well as VKontakte community "Career at O'KEY" were updated in line with the Company's current positioning in the labour market.

Health and Safety

O'KEY Group is committed to reducing work-related hazards as well as providing safe workplace and comfortable customer experience.

We strive to minimise injuries at all our facilities and constantly improve our occupational health and safety (OHS) management system. The Group's approach hinges on full compliance with Russian laws.

Our core regulatory documents in this field are:

- The Labour Protection and Occupational Health, Environmental, Industrial and Fire Safety Policy, and
- The Occupational Safety Management System.



monitoring the workplace



monitoring employee health



training employees in workplace safety



investigating injuries



taking preventive measures



supporting labour inspections conducted by governmental supervisory authorities.

2023 highlights

Dedicated assessment of working conditions and occupational risks in every workplace

A total of

49 accidents

40 of them occupational injuries (including 1 severe one)

0 fatalities

We track and rigorously investigate all occupational injuries that involve our employees and customers.

In 2023, the total number of accidents in the Company was 49, including:

- 47 minor injuries (the investigation classified 9 of them as non-occupational); and
- 2 severe injuries (the investigation classified 1 of them as non-occupational).

Most common causes in 2023:

- negligence and haste
- violated OHS requirements;
- ill health; and
- Insufficient control by the immediate supervisor.

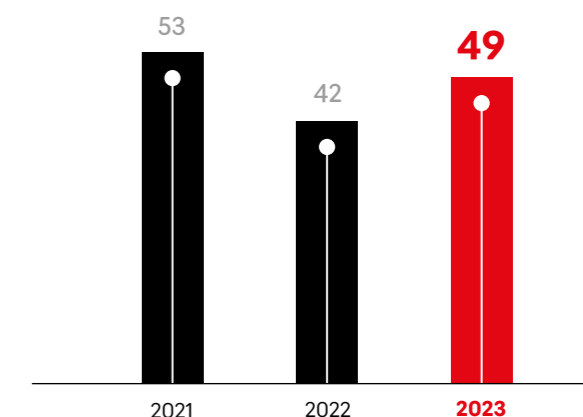
The Company also monitors and investigates all customer and contractor incidents. We updated related procedures to receive earlier warnings and prevent similar incidents going forward. Total number of incidents involving O'KEY Group's employees, customers, and third-party organisations went down by 283% year-on-year in 2023. The decrease was led mainly by advanced approaches to monitoring working conditions and health, identifying causes during the investigation, training employees in workplace safety, as well as taking preventive measures by the Company.

Supporting inspections of governmental supervisory authorities

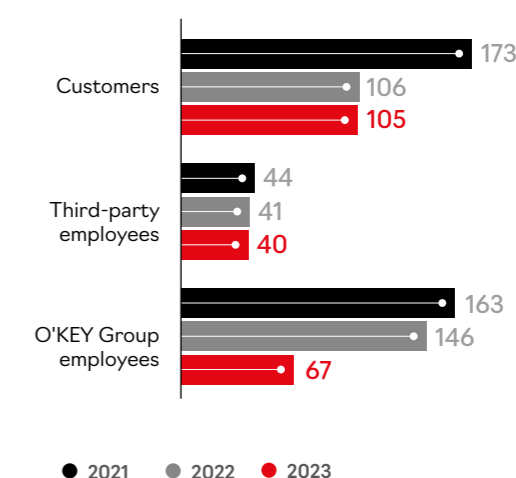
Indicator	2021	2022	2023
Number of supported inspections	7	6	12
Number of violations	2	2	1
Including OHS violations	1	1	1

Indicator	2021	2022	2023
Penalties (RUB)	362,000	210,000	18,000
Including OHS penalties (RUB)	130,000	50,000	0

Number of occupational injuries



Number of incidents



We regularly audit occupational health and safety in our stores and distribution centres for compliance with Russian health and safety laws. In 2023, governmental supervisory authorities (conducted off-site inspections of Group stores).

805

employees trained in occupational health and safety in a licensed training centre

586

employees trained in fire safety in a licensed training centre

790

employees trained in a licensed training centre in first aid in case of occupational injuries

Dedicated assessment of working conditions and occupational risks took place throughout O'KEY Group.

O'KEY Group's plans in 2024:

- to beef up the OHS management system;
- to make a dedicated assessment of working conditions and occupational risks in new workplaces;
- to re-evaluate professional risks;
- to proceed with workplace safety and first aid trainings;
- to implement the Occupational Health and Safety Control System, an automated toolkit for our OHS management system efficacy. It helps to plan, establish responsibility, identify resources, take measures and analyse the entire occupational health and safety management system; and
- to strengthen safety measures for high-risk work performed by the Company's employees and third-party organisations.



Anti-Corruption

O'KEY Group remains committed to honesty, openness, and integrity. The Group's ever-improving anti-corruption system combines organisational, economic, legal, and informational measures. We have zero tolerance to corruption: the Company and all of its employees must comply with the relevant laws and ethical business practices.

The anti-corruption policy enshrines applicable law enforcement procedures as per Federal Law No. 273-FZ "On Combating Corruption". Adhering to our rules and policies, we audited various focus areas of the Company in the reporting year. We investigated every report received from our employees or partners, identified the causes, developed corrective measures, or undertook actions.

In addition, the Company operates various risk management and business data privacy tools to avoid breaking the law and incurring financial and reputational losses. We use a dedicated Red Flag Report system in which we can track and identify unlawful affiliation as well as any anomalies or violations of the Company's anti-corruption policy. Thanks to this tool, we can respond to confirmed corruption cases much faster.

Over the course of 2023, we proceeded with the procurement transparency methods developed in 2021. Our Anti-Corruption Department regularly analyses purchases in chain stores using loyalty programmes to identify internal and external fraud based on partner reports prepared in accordance with the Company's requirements, as well as monitors the commercial procurements and electronic bidding on CisLin and Tender.pro e-commerce platforms. Thus, we rule out possible fake competition for counterparties taking part in the bidding.

In the reporting year, we also undertook routine measures to instil confidence of employees and contractors. The Company actively joined general meetings and negotiations with suppliers to promote a culture of zero tolerance to corruption in any form.

The Group has an ever-improving anti-corruption portal in line with the strategy to simplify and expedite investigations related to anonymous warnings, disputes, or legal requests.

In 2023, the ultra-fresh (meat/fish) commercial procurements were finally moved to an automated trading platform. We also automated the analysis of in-store purchases under the loyalty programmes for internal and external fraud.

The Company aspires to partner with those counterparties who follow the principles of legality and anti-corruption laws. Every contract with a counterparty includes a binding anti-corruption clause; otherwise, it will not be negotiated.

The Company consistently trains its employees in anti-corruption, advocating zero tolerance in accordance with the Company's Anti-Corruption Policy. To ensure transparency, employees of the Economic Security Department regularly join procurement commissions. All potential conflicts of interest are reported to the internal audit and security departments of hypermarkets and supermarkets which assess corruption risks.

All employees of O'KEY Group can go through the anti-corruption policy and relevant procedures when being hired. If specific procedures change, new versions of documents are sent to employees for review. The Company's staff undertakes to respond to all corruption cases without delay. We guarantee confidentiality of the person who reports corruption. Anonymous hotline numbers are available to all employees and suppliers in every branch and on the Group's website.

Information posters about zero-tolerance behaviour in our offices remind employees to report any suspicious actions or incidents to the relevant hotline.

Internal measures

- new employees are checked for corruption risks prior to employment;
- all employees sign a pledge to follow the Anti-Corruption Policy;
- employees from the procurement and real estate departments as well as in our stores take anti-corruption courses and attend briefings;
- employees exposed to higher corruption risk, for example, from procurement and real estate departments, fill out declarations;
- contracts are monitored every six months;
- critical business processes (e.g., receipts, write-offs and returns) are subject to oversight procedures using IT monitoring software; and
- appeals are addressed via feedback channels.

External measures

We thoroughly inspect all potential suppliers and service providers prior to contracting, namely:

- documentation;
- financial health (balance sheets, assets, turnover, debts, credits, and court proceedings);
- absence of affiliation to our other suppliers or our employees;
- customer base, turnover matching the declared tax history;
- local suppliers are additionally monitored;
- our suppliers sign a binding agreement in which they accept all anti-corruption policy clauses;
- if suppliers and contractors violate the anti-corruption policy, O'KEY Group is entitled to terminate their contracts immediately.

These measures imply compliance tests for employees and suppliers to make transactions more transparent and better detect violations.

The year of 2023 marked four violations of the Company's rules and standards. Internal checks were carried out on all identified violations, resulted in a dismissal of a hypermarket director and two of his deputies. Three hotline messages were also received. All the revealed facts and reports were promptly investigated by the Anti-Corruption Unit of the Security and Risk Department. In three cases, the information was not confirmed.

In 2023, a number of anti-corruption procedures were updated to obtain earlier warnings and prevent such incidents. In 2024, we plan to further implement and enhance our action plans to develop a culture of zero tolerance of the Company's employees and suppliers to corruption in any form.

On the eve of the New Year 2024, we conducted a win-win lottery among the employees of O'KEY Group to draw gifts received from our suppliers and contractors and given by our commercial department employees to the lottery fund.

The Company plans to complete the implementation of a programme for the full-scale use of the DLP (Data Loss Prevention) system. The system is set to prevent leakage of commercial and sensitive information and personal data of the Company's employees.

We also plan to conduct internal audits in the Company's departments in order to identify and prevent any possible corruption among employees, including eliminating conditions and causes that may contribute to the emergence of corruption schemes in the future.

Environmental Responsibility

Our customers are increasingly conscious of environmental issues. The retail industry is impacted by shifts in environmental regulations and investor evaluations that are based on environmental, social, and governance (ESG) criteria. Consequently, it has become necessary for businesses to adopt environmentally responsible practices in order to secure their position in the market sustainably. At O'KEY Group, we prioritise resource conservation and minimisation of our carbon footprint, and thus we implement various strategies to achieve this.

Since 2019, our Company has been implementing the Live Green corporate policy, which serves as a guiding force for our operations. This policy motivates us to initiate projects that align with our core values. We are constantly seeking out innovative methods to reduce resource consumption and we are advocating for ESG principles amongst our customers to improve our sustainability initiatives. Working with environmental and social NGOs provides us with a platform to launch awareness campaigns that serve this purpose.

Reducing the use of disposable plastic packaging

O'KEY Group has launched various initiatives to reduce the use of disposable plastic packaging across its operations. The Company has been gradually introducing eco-friendly alternatives to replace traditional plastic packaging. For instance, O'KEY Group has launched an initiative to replace plastic bags with paper bags or reusable bags. The Company has also introduced eco-friendly packaging for fruits and vegetables, such as using biodegradable mesh bags or cardboard trays. We offer this type of packaging not only at the cash desk but also in the department of loose-weight products, thereby accustoming customers to the new social norm.

At our stores, we offer bio-bags that are fully biodegradable within a year. These bio-bags are just as strong and high-quality as traditional plastic bags, and they are safe to use with food items. By introducing this initiative, O'KEY Group continues to lead the way in the Russian food retail by offering a unique biodegradable solution.

The Group started partnering with NGOs and suppliers. O'KEY Group collaborates with non-governmental organisations and suppliers to launch initiatives aimed at reducing plastic waste. For instance, the Company works with NGOs to raise awareness about the negative impact of plastic waste and encourages customers to use eco-friendly alternatives.

O'KEY Group is also working on reducing the amount of packaging used for products. This includes exploring ways to optimise product packaging to reduce the use of plastic and other materials. Overall, O'KEY Group's initiatives to reduce the use of disposable plastic packaging are aligned with its commitment to environmental responsibility and sustainability.

To demonstrate our commitment to responsible consumption and retail practices, we conduct regular internal audits to ensure strict compliance with the Russian environmental regulations. Additionally, we perform a quarterly monitoring of atmospheric and noise pollution in the intermediate zone to guarantee that our stores do not negatively impact the local community's living conditions.

Energy efficiency

At O'KEY Group, we prioritise the energy efficiency of our operations and continuously work towards reducing our overall energy consumption. We closely monitor environmental data, including energy use in our supermarkets, and undertake measures to minimise energy usage. To achieve this, we have implemented various initiatives such as replacing outdated luminescent lighting with modern recuperators and energy-efficient

LED lights and LED signboards. We have also replaced outdated refrigeration elements and HVAC systems with state-of-the-art, energy-saving devices. Furthermore, we have adopted energy-efficient building management systems (BMS) to maximise energy efficiency.

The energy-saving measures we implemented have yielded impressive results. By installing LED lamps in the parking lot and replacing some of the interior lighting with LED fixtures, as well as implementing a "Smart House" system that automatically controls the interior lighting and disconnects part of the ventilation systems at night, we were able to reduce energy consumption by nearly 15% in the stores where these measures were implemented.

Compared to the same period last year, electricity consumption was reduced by 5.1% in 2023

	2021	2022	2023
Total amount of consumed energy, kWh	387,849	372,356	353,373
LFL	380,726	364,612	338,110

Waste Management

The Waste Management Policy is applied across all of our stores at O'KEY Group to regulate our waste management processes.

	2021	2022	2023
Proceeds from sales of recyclable materials, RUB mn	389.4	293.3	244.1

At our company, we prioritise reducing the amount of waste that ends up in landfills by implementing separate waste collection. We take additional steps by transporting biological waste and lamps to specialised facilities, while recyclable waste such as polythene film, plastic boxes, and wastepaper is compressed and sold for further recycling. Additionally, we collect and sell banana boxes, waste oil, pallets, and metal scrap for recycling purposes.

To ensure responsible waste management, our main operational sites feature water treatment facilities that include petrol and sand catchers to filter stormwater from parking areas. Before being discharged into public sewers, we employ grease catchers that filter wastewater from our production facilities.



Our Communities

O'KEY Group extends support to disadvantaged communities within its operational regions. This includes individuals and families who face financial hardship, single mothers, those belonging to large families, elderly individuals who require assistance, and children with disabilities. Our aid efforts in 2023 were carried out independently and in collaboration with various stakeholders, including non-profit organisations volunteers, and charitable foundations. These partnerships allowed us to distribute funds and food to those in need more effectively.



Priorities of O'KEY Group's charity programmes

- To help people in hardship
- To help veterans of the Great Patriotic war
- To support children's artistic endeavours



Major charity partners

- Advita
- "Step forward" festival
- Local charity foundations
- Various humanitarian organisations that help people in need



Directions of help

- Providing financial assistance
- Collaborating with foundations and non-profit organisations to feature fundraising activities and grocery donations
- Providing assistance with food supplies

Supporting Vulnerable Groups

Being a socially responsible corporation, our aim is to assist disadvantaged communities and hike consumer awareness regarding the significance of caring for those who require the most help.

The high inflation rate and unstable economic conditions had adverse effects on various social groups. In collaboration with charitable foundations and customers, O'KEY hypermarkets conducted initiatives to gather essential items for economically disadvantaged communities. The campaigns were aimed at aiding low-income families with children, the elderly, disabled

individuals, and those facing the difficult choice between purchasing food or medicine.

Several "Basket of Kindness" campaigns were conducted in various regions of the country with the aim of assisting individuals in need. As part of this initiative, designated boxes were placed in supermarkets where patrons could donate food. The groceries were made available in a straightforward and uncomplicated manner. Such assistance has been and will continue to be crucial for individuals facing difficult circumstances. Foodbank Rus is a Russian charitable organisation that provides direct support to local communities and serves

as an exemplary model for transparent and effective social outreach efforts.

We also entered into a long-term partnership with the "Dari Edu" charitable foundation to install boxes in our stores on a permanent basis to collect food products with an extra shelf life. On a regular basis, volunteers from the foundation empty the boxes and donate food to those in need.

Child Support

Supporting children is a top priority for O'KEY Group. Our objective is to foster the creative abilities of children with disabilities.

Throughout 2023, we provided charitable aid to the "Step Forward" International Art Festival for such children in line with our primary objective. The festival is a sustainable platform that showcases the artistic potential of children with disabilities. Renowned artists, academic symphony orchestras, and conductors participated in concert programmes alongside these children. O'KEY Group donated RUB 500 thousand to the festival to assist these children in realising their full potential, building self-assurance, and fulfilling their cherished aspirations.

Support with Treatment

Since 2016, O'KEY Group has been dedicated to providing financial assistance for medical treatment for children and adults with cancer. O'KEY Group is a long-time partner of AdVita, a St. Petersburg-based charitable foundation that specialises in helping and has been one of its loyal charity partners for a long time. We have installed donation boxes next to our counters in our hypermarkets in St. Petersburg, so that our customers can aid those in need.

For several years now, the funds collected through these donation boxes have been utilised primarily for diagnosis and treatment. Various medications and laboratory supplies are purchased, especially for the laboratory of the Raisa Gorbacheva Memorial Research Institute of Children Oncology, Hematology, and Transplantation, which is a participant in the programme.

**Over RUB
1.7 mn**

raised through donation boxes in 2023

**RUB
17.5 mn**

raised in total

Veterans support

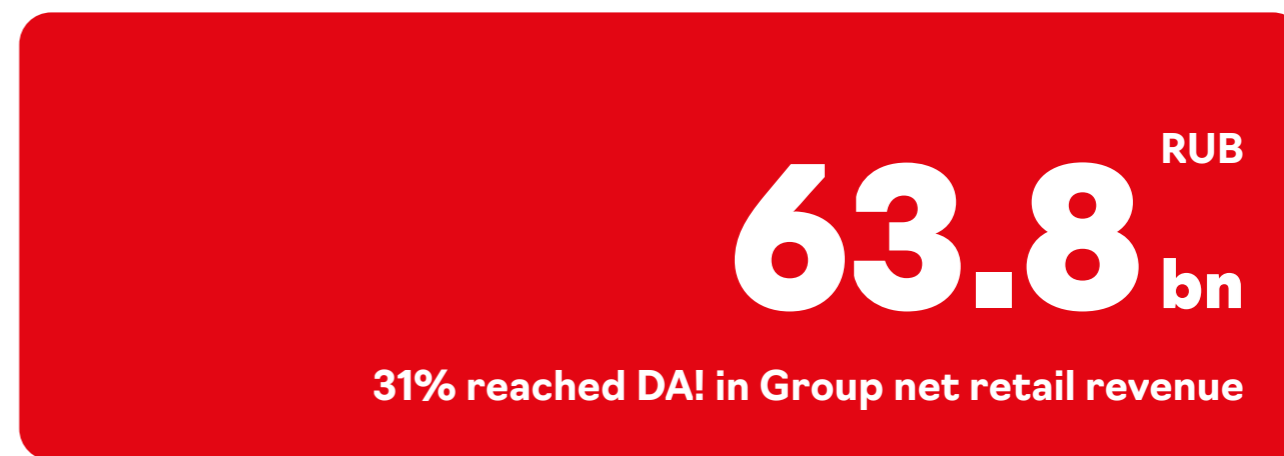
Since 2002, O'KEY has been showing its support for the veterans of the Great Patriotic War through an annual campaign. This initiative aims to honour and provide aid to those who fought for the country's freedom and peace.

Throughout the years, we have extended our assistance to veterans of the Great Patriotic War in all the regions where we operate. As part of our efforts, we distribute gift cards to them ahead of this significant holiday. This gesture allows them to make purchases in our stores, which we hope would make their lives more comfortable.



OPERATIONAL REVIEW

Our three complementary formats, O'KEY hypermarkets, DA! discounters, and the e-commerce platform, ensure the fulfilment of customers' needs. We have online delivery in all cities of O'KEY presence.



O'KEY Hypermarkets

At the heart of our business are the O'KEY hypermarkets that provide our customers with a well-curated and extensive selection of products, aimed at creating a compelling value proposition. We firmly believe that hypermarkets will continue to be a competitive and potentially lucrative format. Our approach incorporates the best practices from the food retail sector and upholds quality standards across the spectrum, ranging from assortment strategies to customer service and store layout design.

Performance overview

As a part of the strategic programme to enhance the competitiveness of its hypermarkets, the Company is upgrading its O'KEY stores. We intend to gradually upgrade stores in key regions and locations depending on the competitive environment.

Apart from the new design, this means implementing a new approach towards the product range, the customer service, and the experience. We focused on the fresh and ultra-fresh categories, own brands and own production, the wine and deli selection. In 2023, fresh and ultra-fresh product categories accounted over half of the chain's net retail revenue.

Today, O'KEY hypermarkets are proud to offer more than 40 thousand food and non-food items, including a more than 6 thousand SKU range of fresh meat, poultry, fish, and dairy products, confectionery, fruit and vegetables. All chain stores offer products of their own production,

including 300 items of ready-to-eat meals and bakery products from the chain's own bakery. Their growing share in our offering follows a similar trend in consumer behaviour observed over the past few years, with more and more customers looking to buy ready-to-eat meals.

As of 31 December 2023, the total number of O'KEY hypermarkets was 77, with a total selling space of 515.8 thousand m². In 2023, we solidified our position in our key North-West Region of Russia by opening a new O'KEY store in St. Petersburg. The hypermarket has a selling space of 5,125 m² and follows a renewed concept created in response to market challenges.

O'KEY is proceeding with the hypermarket transformation programme as a part of the Group's strategy related to strengthening its market position and supporting its sustainable long-term growth. The programme aims at rebalancing the assortment with a specific focus

on the fresh and ultra-fresh categories, at enhancing the quality and range of our food and non-food products under our own brands, maintaining an impeccable quality of the assortment and the best service, and at renovating hypermarkets. As of the end of 2023, O'KEY Group has remodelled 17 O'KEY stores in its key cities of presence: Moscow, St. Petersburg, and Sochi.

In 2024 and further, we will roll out gradually the reformatting programme across all our hypermarket chain. The Group believes that hypermarkets will remain competitive in the future on the basis of intelligent management of this format.

Hypermarkets business in 2023 at a glance

40,000

SKUs

RUB 141.9 bn

Net retail revenue

>50%

Fresh & Ultra-fresh in revenue

6,700 m²

Average selling space



Private Labels

O'KEY private labels (PL) have earned an excellent reputation for outstanding quality and a wide selection of goods. Over the years, we have been successful in our strategy of the rapid development of own brands, delivering on a more balanced assortment and offering our customers goods of superior quality at a better price (15–20% cheaper than branded alternatives).

Our variety of private label products has three major brands covering the entry, medium, and premium price segments, as well as several own brands in Pet Food and C&D categories.



O'KEY DAILY (That's what you need!)¹

entry segment 348 SKUs



O'KEY

medium segment 1,134 SKUs



Fantasy Brands (Pet Food and C&D)

324 SKUs



Selection of O'KEY

premium segment 104 SKUs

1,910 private label SKUs

available in O'KEY hypermarkets



Throughout 2023, we worked hard to ensure an excellent value for money for our customers. With the ultimate goal of offering a variety of high-grade products at attractive prices to customers, O'KEY continued to enhance the quality and to update the existing range of its private labels.

Despite the challenges we faced for private labels in the reporting year, we managed to expand our imports by 70% year-on-year with new offers for PLs, as well as exclusive brands (Basso, CLEACE, Delicios, Lapiths, Los Tres, and Verdini).

In 2023, the share of private label products amounted to 7.0% of O'KEY hypermarkets net retail revenue, and to 10.9% of the net retail revenue of respective product categories where private labels are present.

In 2023, O'KEY and the O'KEY Selection private label products won ten gold medals at the prestigious international Quality Guarantee competition, and three products received a diploma.

Plans

Our strategic priority in our own brands development is to ensure the highest quality of products along with a diverse assortment.

In 2024, we plan:

- to enlarge the range of bio/organic products under private labels;
- to double imports and increase the exclusive brands in terms of both SKUs and customer needs we meet;
- to expand the geography of imports (India, South America, Australia, Germany, etc.), launching new tastes for our customers;
- to continue rebranding and redesign of premium SKUs;
- to continue revision of the C&D range towards more premium level; and
- to continue to improve the quality of the current assortment to provide customers with the most delicious and attractive PLs products.



Gold medals

- Preserved mussels in oil 180g O'KEY
- Camembert cheese 50% O'KEY
- Beef for cooking cuts chilled 400g O'KEY
- Chips paprika 140g O'KEY
- Milk UHT 3.2% O'KEY
- Raspberry jam O'KEY
- Beans jar 460g O'KEY
- Canned corn 340g O'KEY
- Condensed milk 8.5% 380g O'KEY
- Mineral water with gas 1,5l O'KEY



Diplomas

- Chevapchichi Balkan 300g O'KEY
- Moiva smoked fish 300g O'KEY
- Herring cut file in oil with dill 500g O'KEY

¹ "O'KEY DAILY" is applied for food categories, "That's What You Need!" is applied for wine and non-food categories.

Supply Chain

O'KEY Group operates an efficient supply chain that allows us to serve our customers' needs in all our regions of operation. In 2023, we continued to enhance our supply chain via upgrading our existing distribution centres, improving our logistic operations, implementing cutting-edge digital solutions, and building transparent relationships with suppliers.

The O'KEY logistics system encompasses four distribution centres: two federal centres in Moscow and two regional centres in St. Petersburg with a total floor space of 101.3 thousand square metres as of December 2023. The federal distribution centres are based in Moscow and distribute fresh products, fruits, and vegetables, FMCG, non-food, and alcohol products to all stores across the country. The regional distribution centres are located in St. Petersburg, one of them specialising in FMCG and non-food, and the other – in fruits and vegetables and fresh products. This supply chain organisation enables O'KEY Group to balance between logistical costs, stock management, and a high level of service.

In 2023:






- The 3PL project has been fully launched. The average turnover per month is 750–800 thousand boxes.
- Improvements to Pallet Height Management were implemented – the pallet height parameter can be parameterised individually for each client, as a result – the utilisation of transport increased without compromising the frequency of shipments.
- Accounting of the recycled packaging was started. Turnover control and increase in the volume of return of containers to the DC.
- Yard management System (YMS) – automation was implemented to assign suppliers to the gate acceptance, notification of drivers on call and sms, which increases the turnover of the dock.
- Fruits&Vegetables acceptance not later than 4:00 p.m. was implemented for all temperature DCs. This led to an increase in the share of PBL assortment and, as a result, an improvement in the quality of products.
- Electronic signature verification functionality was implemented for internal movements, avoiding the paper version of TORG-13 when moving within the Company.

OVERALL NUMBER OF DCs: 4

Moscow: 2

(53.8 k m² and 18.1 k m²)





Categories:

- | | |
|---|--|
|  Fruits and vegetables |  Non-food |
|  Fresh |  Alcohol |
|  FMCG | |

St. Petersburg: 2

(21.8 k m² and 7.6 k m²)

Categories:

- | | |
|---|--|
|  Fruits and vegetables |  Non-food |
|  Fresh |  FMCG |

CENTRALISATION RATE: 63.4%

Plans for 2024:

- To start operations 3PL in Yekaterinburg and Krasnodar;
- To optimise the distribution chain according to the logistics value of the goods;
- To move away from PBL waves to evenly distribute the load on the DC along the PBL flow;
- To develop video analytics at DC to improve quality at all stages of DC operations;
- To automate the business process of selecting a contractor for the acceptance of goods at the DC;
- To develop the 3PL project to connect new product categories;
- To carry out remote pre-trip medical check-up;
- To implement automated inventory system of pallets in stock; and
- To avoid batch accounting of alcohol.

Quality and Safety

At O'KEY Group, we are committed to maintaining the utmost standards of safety and quality throughout our entire supply chain, with a focus on providing our customers with the freshest and highest-quality products possible. To ensure top-quality goods across all of our stores and to meet the evolving needs of our customers, we implement a risk analysis and critical control point (HACCP) approach. Our quality control system covers every aspect of our operations, from production to consumption, and is complemented by internal standards that often exceed industry requirements. By adhering to these rigorous standards, we strive to deliver unparalleled quality and safety to our customers.

O'KEY Group maintains quality and safety through a dedicated quality control department, which upholds internal quality standards that align with both Russian Federation legal requirements and global best practices in retail.

O'KEY Group's Quality Management System (QMS) is built upon the principles of risk analysis and Critical Control Points (HACCP) to ensure the safety of our products. Our QMS adheres to key hygiene control measures at all stages of food production. As legislation and market dynamics evolve, we continuously refine our approaches to quality control, aligning our QMS with cross-functional targets, customer needs, and business objectives. We also regularly update our additional quality standards to align with global retail best practices and the specific requirements of our business.

Standard measures for ensuring quality and safety at O'KEY Group include conducting preliminary quality control procedures, monitoring product assortment in both stores and warehouses, and conducting external and internal audits of our stores and supply chain. Our own production and private label products undergo laboratory monitoring to confirm their high quality and safety.

One of the key components of the guarantee of constant product quality is to ensure compliance with the requirements of internal processes; therefore, we conduct internal quality audits of our hypermarkets on the regular bases.

In 2023, we conducted 822 quality checks of stores for compliance with processes across the country.

In addition, in 2023, we tested 11,373 product names in independent accredited laboratories, which is an average of almost 1,000 items per month (948). The products passed a full examination in terms of quality and safety parameters, in accordance with the established legal requirements, and often more stringent criteria established by the Company.

We are also implementing initiatives to improve the skills of our employees in quality control. In 2023, all our employees in the stores passed special courses on the following topics:

- – “Basic rules for assessing the quality of products of the F&V category in the summer assortment of O'KEY hypermarkets”; and
- – “Training on acceptance for the quality of alcoholic beverages, directly imported goods, food products except for F&V category, and non-food products”.

An informational introductory video was shot on the process of acceptance of products of F&V category at the Company's distribution centres.

In 2023, 59 product quality specifications were developed for internal use.

In 2023, we established a process for automating product quality acceptance in O'KEY distribution centres, which

made the process of sampling and examination of goods more standardised, orderly and efficient.

The Company actively participates in regional and national quality initiatives. O'KEY Group successfully passed the inspection audit and received an excellent status as part of the voluntary certification "Made on Don" in the Southern region of Russia. Moreover, the Company took part in ACORT quality committee initiatives, such as communication with authorities on legislative issues, participation in round tables with state control bodies, and contribution to new normative documents developing procedures.

We participated as a speaker in various events organised by the Ministry of Industry and Trade of the Russian Federation, Roskachestvo, specialised unions and other organisations.

Special attention is paid to the quality of products manufactured under our private labels (PL). Last year, 463 new domestic products under various private labels were approved by the Quality Control Department.

As a result of fruitful work, dairy products produced under the O'KEY trademark received a distinctive "Quality Mark" of the national monitoring system Roskachestvo by the Government of the Russian Federation. The award ceremony took place during Retail Week 2023.

At the "Quality Assurance 2023" International Competition, our private labels and own production received 20 gold medals and eight Quality Diplomas, which indicates that the jury recognised the winning products as the best in the presented nominations.

Over 2023, the Company continued its project for the risk evaluation and quality audit of products from our suppliers. In the reporting year, we conducted 21 audits of our own production at supplier's facilities. We also conducted 98 audits of our private label products' suppliers. In 2024, we will continue to do so to ensure the quality of our products for our customers.

In addition, a supplier quality assessment system has been developed, which is based on the following main parameters: the results of laboratory control of the supplier's products, customer reviews of this product, audits, and other essential quality and safety parameters. In 2023, this rating covered high-risk products manufactured under their own trademarks.

In 2023, we continued to improve the quality of our own products. To do this, we have developed and updated the Company's regulatory documents, including 24 internal

standards, technical instructions, procedures related to the quality of products such as our own pastries, meat and fish, processes in stores and work with contractors providing various kinds of services. Together with the commercial and operational teams, we have developed 514 technical specifications of the dishes. We have also introduced a new method of confirming the expiration date for 60 items, including the category of semi-finished products, in addition, the expiration dates for 114 SKUs of packaged products of our own production have been declared and confirmed, which can be sold both through online delivery and through traditional retail.

During the year, we conducted all the necessary laboratory tests of our own products and received 61 declarations for 2,073 product names.

Before delivering goods directly to stores and distribution centres, the quality control department monitors labelling and documents for products at the stage of entering into the assortment. This control is carried out on a joint portal with ART-TRADE suppliers and allows you to quickly resolve issues with suppliers in case of inconsistencies. This allows us to upload the necessary data in a timely manner, avoid technical errors on the part of suppliers and comply with all necessary deadlines. In 2023, 15,682 product names were agreed upon and delivered to stores using the platform, which accounted for 100% of the supplier applications received.

Plans

The Company intends to continue enhancing its quality management system and food safety control procedures, going forward in terms of supplied branded goods, own production, private labels, imports as well as operations at its distribution centres.

In 2024, we will focus on:

- Continuing the updating of the Company's Quality Management System;
- Training Hypermarket directors and key personnel on product quality and safety issues;
- Maintaining the process of introducing new products into the range of own production, own brands and all categories of goods sold on the network;
- Ensuring optimal shelf life of products manufactured in our hypermarkets;
- Automating the reporting on traceability systems (FGIS Mercury);
- Educating our suppliers in quality management;
- Expanding the scope of the suppliers evaluation system "Supplier Quality Rating";

- Creating quality catalogues for products of our own production and our own brands, which will take into account the best practices in terms of product quality, including, but not limited to consumer preferences, as well as communication through packaging;

- Inspecting suppliers' production facilities in terms of quality and periodic laboratory testing
- Controlling products sold, paying special attention to products under their own trademarks and goods of their own production; and
- Changing the approach in creating PLs and own production.



E-Commerce

In 2023, the main focus of the e-commerce development was the optimisation of processes and increasing the efficiency of operations. These initiatives allowed us to maintain our solid position in a fast changing market environment and demonstrate strong online revenue growth.

A landmark event during the previous year was the pilot launch of an O'KEY online store in the regions. In 2023, as part of the test, our internet store was launched in two

new cities of Sochi and Krasnodar. The launches were successful and showed potential for further development, as we saw consumer demand in the regions as stable, with a tendency for growth.

Also, in 2023 we put special focus on the quality of service and goods sold via online channel. As part of these measures, products marked with a Quality Mark (Roskachestvo) were separately highlighted on the showcases of our online store.

Highlights of 2023

Share of e-commerce in Moscow

7.9%

Online sales

+24% YoY

Share of e-commerce in St. Petersburg

3.8%

3,646

thousand orders

Share of e-commerce in O'KEY revenue

5.4%

6,053

thousand active users of the website and mobile application

Plans for 2024

1. To further roll out our own internet store in the regions of O'KEY hypermarkets presence.
2. To develop collaboration with aggregators in order to widen the footprint of O'KEY's online presence, enhance brand recognition and increase revenue growth.
3. To improve the assortment range of own production and bakery products in the online channel, including planned redesign of presenting the dishes on the website and in the mobile application.
4. To retain focus on the quality of the goods sold via online channel.
5. To enhance the functionality of our website and mobile application in order to increase conversion rate and improve users' shopping experience.
6. To further promote 'fast delivery' proposition with a high level of service and speed of delivery.
7. To present all promotions and the entire range on the Company's online storefronts.
8. To grow the share of e-commerce channel in the Company's revenue.

DA! Discounters

The increasing emphasis on cost-effectiveness has given rise to a new store format, which encouraged us to reinvigorate our DA! discount concept with a premium appeal. The DA! business continues to be a leading expanding supermarket chain in the Russian market, playing a crucial role in driving the Group's revenue growth. In 2023, DA!'s net retail sales demonstrated a substantial growth of 19.8% year-on-year, reaching 31.0% of the Group's net retail revenue in the same period.

DA! discounters leverage the best international practices, cutting-edge in-house innovations and the state-of-the-art technologies within the retail industry. At the same time, DA! stores are specifically tailored to meet the unique preferences and demands of our target audience. Our business model has consistently demonstrated its efficiency year after year, and we have garnered significant recognition from our loyal customer base.

DA! stores have a well-balanced product range, covering all customer needs in terms of food items and the most popular non-food items. We achieve this by integrating

our supply chain with O'KEY hypermarkets and securing the most advantageous procurement arrangements with our vendors, allowing us to provide our customers with exceptional value for their money. Additionally, our strategic store placement, exceptional customer service, state-of-the-art equipment, and expansive shopping areas grant DA! a distinct competitive advantage.

DA! discounters adhere to the "every day low price" (EDLP) policy, which is largely supported by our own brand products. Our proprietary brands provide evident cost benefits of 20–30% in comparison to equivalent quality branded products, effectively catering to price-sensitive customers. These exclusive brands are meticulously crafted and solely available at DA! stores.

Over the past three years, the discount segment of DA! has demonstrated substantial and consistent average annual revenue growth over 30%. We foresee a double-digit revenue growth in the near future.

Strategic priorities of DA!



Own brands development



Growth and expansion



Achievement of superior financial results

Discounter Business at a Glance

673 m²

average store selling space

>60%

'fresh' in sales mix

31.0%

of Group net retail revenue

~50%

own brands in net retail revenue

220

number of stores

100%

logistics centralisation rate

3,420

SKUs

average product range

DA! network has shown robust growth, transforming from a relatedly small local network with 35 stores in 2015 to the major fast mover of the Russian grocery market with 220 stores in Moscow, as well as in Tver, Tula, Kaluga, Ryazan, and Moscow Regions.



Performance

RUB 63.8 bn

net retail revenue in 2023

+19.8% YoY

DA! discounters' key principles

- We continue to adhere to the concept of a highly convenient store, meeting all needs of our customers and providing the highest possible level of service. We strive that our customers spend their time in our stores with smiles and pleasure.
- Our customers' wishes and rights are our main values and guidelines.
- We welcome any feedback from store visitors and consider every complaint or claim without any exception in the shortest possible time, providing a prompt response.
- We value our customers' convenience: our wide aisles and block layouts make shopping faster and more efficient. Our personnel are always open and friendly to the customer.
- We value our customers' time: we adhere to the principle of prompt and friendly service.
- Cleanliness in stores, correctness of price tags, friendliness and smartness of our personnel, convenience and speed of the whole shopping process ensure our customers' loyalty.
- We strive to respond to all current market trends as quickly as possible and are successful in offering our customers novelties in our product range on a weekly basis.
- We adhere to an EDLP policy, largely supported by our own brand products, which offer clear cost advantages of 20–30% against branded goods of comparable quality.
- We are focused on supplying our customers with the freshest goods by improving quality control across supply chain and by expanding our assortment in the fresh and ultra-fresh categories.

In 2023, we:

- opened 27 new stores, net of closures;
- worked on the enhancement of our product range with emphasis on fresh and ultra-fresh products and ready-to-eat products;
- introduced more than 100 new SKUs under our private labels;
- continued the digital transformation of the chain through the development of a variety of IT infrastructure projects and the implementation of new software programs;
- DA! continued to optimise the supply chain in order to provide a better customer experience;
- as part of our logistics optimisation, DA! expanded its storage capacities for dry food products by renting additional space of 10 thousand m2 at one of O'KEY Group's distribution centre in Moscow region; and
- modernised the lighting in DA! stores.

In our discounters' marketing policy, we strive to get closer to our customers and seek to meet all their changing preferences. According to the latest marketing research, our main customers are represented by young families with dependent children or young childless families, as well as working families of middle and older age with a middle level of income. All of them are partly promo-oriented but are willing to try fashionable new

products. Likewise, 68% of our assortment is evaluated by customers as optimal and mostly good, which is 17% higher than the average figures in the whole discounter segment.

DA! discounters' profit from synergies with O'KEY hypermarkets in procurement, imports and relations with suppliers and producers, which is mainly the result of increased purchasing power, maintaining the economies of scale effect, as well as improving the quality of the goods we source.

To ensure robust growth, DA! discounters remained focused on managing their balanced assortment and own brand portfolio and continued offering the best value for money to the customers.

In terms of our approach towards collaboration with suppliers we strive to work directly with manufacturers rather than with importers and distributors. We also aim to build long-term partnerships with our suppliers for our private labels, while our own brand product sales often exceed even A-branded product sales. On the other hand, we contribute to the development of local manufacturers by tapping into synergies with them and ensuring large-scale purchases.

Fresh Offer

DA! discounters keep up with the general trend towards fresh and ultra-fresh products, offering a wide range of dairy, fresh meat and poultry, fruits and vegetables. In 2023, the share of fruits and vegetables, fresh and ultra-fresh products in the discounter's sales mix exceeded 60%.

Our range of fresh products includes own brand SKUs, some of them under the "farm label" which represents regional and traditional production of outstanding quality. Another feature of our discounters is a wide (over 40 SKUs) range of freshly baked pastries. In order to ensure freshness of our goods, we practice direct import and deliver fruits and vegetables to all our stores on daily basis.



Private Labels and Own Production

We strive to offer all relevant private labels across all our product range (with the exceptions of cigarettes, sensitive goods and baby food) in order to motivate our customers to recurrent visits to our shops. We have achieved impressive results in optimising our operating and advertising costs and applying the EDLP concept. Therefore, our private label products are less expensive than popular alternatives of comparable quality. We also enhance constantly our supply chain, giving emphasis to cost generating functions and passing all cost-saving advantages to our customers while maintaining good margins. All these factors enable us to build an appealing customer value proposition and maintain relatively lower prices than our competitors in the Russian discounter format.

DA! own brands:

20–30%

cheaper than branded products of the same quality

We are focused on the prudent selection of our own brands manufacturers and strive to develop long-term mutually beneficial collaborations with them in order to provide an impeccable quality of goods and ensure perfect packaging design close or similar to the branded assortment. To ensure all our private label manufacturers meet the highest quality standards, we only work with innovative manufacturers that share our commitment to quality.

Developing Own Brand

1

Thorough selection of manufacturers – innovative young companies ready to offer a special quality product at the best price and to meet our requirements

2

Joint development of product and packaging, close or similar to branded assortment in terms of quality

3

Strict quality control

Private label (PL) products remain one of the key drivers of DA!'s financial results and show better sales growth than our branded products. In 2023, PLs accounted for around 50% of DA! revenue. We are continuously working on extending the range, improving the quality and packaging of our own branded products. In 2023,

we introduced more than 100 SKUs. Our assortment of private label SKUs reached 1,367 SKUs. For our private label, we use more than 90 registered brands that are used as umbrella brands for different categories and quality levels.

Products Under Our Private Labels (Brands)

49.9%

share in DA! revenue in 2023

39.2%

share in number of SKUs

1,367 SKUs

under own brands

More than
100

private label SKUs was introduced and improved recipes

We will do our utmost to further optimise and extend the private label assortment, improve its quality and strengthen our positioning.

Quality and Safety

Another important feature of our DA! discounters' network is the constant excellent quality of goods in all stores. We aim to win the trust of our customers through the freshness and quality of our product range, maintaining an efficient quality management system, which encompasses all stages of operations and is improved on an ongoing basis. We strictly follow all provisions of Russian legislation in terms of quality and safety, as well as the requirements of the HACCP system.

The main focus of our attention is impeccable quality of our private label products. In addition to complying with all requirements provided by legislation and the related standards, we conduct quality audits of all our private label suppliers and their products.

Our private label products' producers undergo external audit according to the Global Food Safety Initiative (GFSI) requirements. The GFSI is a business-driven

initiative for the continuous improvement of food safety management systems with the ambition to ensure confidence in the delivery of safe food to consumers worldwide. The GFSI include the definition and control of the minimum requirements for food safety certification programmes and a robust benchmarking process. GFSI benchmarking and recognition of existing private standards is actively used for food safety certification programmes with the objective to enhance confidence, acceptance and implementation of third-party certification along with the entire food supply chain.

The frequency of these audits depends on the results of the previous audits and on the assessment of the potential risks. We also arrange laboratory checks with a frequency varying from one to twelve per year, based on the potential risk of the product category and on precise product features.

Supply Chain

DA! maintains smooth operations across all its supply chain and stores, which enables us to ensure the robust growth of our network and to quickly meet the bulk of customers' needs. In the reporting year we continued to improve the productivity and effectiveness of our supply chain by applying the best digital solutions, improving both collaboration with suppliers and our logistic capabilities.

The DA! supply chain includes one own distribution centre, which is designed to serve a large number of stores efficiently. The distribution centre with an area of 60 thousand m2 is based in Stupino district of the Moscow Region and provide services for all 220

DA! stores. We also operate two external warehouses located in the Moscow Region and used for long-term storage. In 2023, DA! expanded its storage space for dry food products renting additional 10 thousand m2 at one of O'KEY distribution centres in the Moscow Region.

We deliver products in the fresh, vegetable and fruit categories on a daily basis with no stockholding at our warehouse. This unique delivery model helps us to maintain a high level of freshness and the utmost product availability across our discounters. DA! logistics is fully centralised with 100% centralisation rate.

Plans

In 2024, we plan:

- to focus on further improvement of our customer proposition at optimal prices;
- to enlarge the range of ultra-fresh products based on customer surveys;
- to continue to optimise our internal processes to further improve business efficiency;
- to take measures to even more strengthen our price positioning compared to the competitors; and
- to continue modernisation of trade equipment and in-store lighting.



FINANCIAL REVIEW

O'KEY Group demonstrated solid results in the reporting year. We were able to maintain a stable performance in our hypermarket format and continued to improve operational efficiencies of the discounter segment.

207.9 ^{RUB} **bn**
Group revenue in 2023

47.7 ^{RUB} **bn**
Group gross profit in 2023

17.0 ^{RUB} **bn**
Group EBITDA in 2023

FY 2023 financial highlights¹

RUB

207.9 bn

Group revenue
(+2.8% YoY)

RUB

47.7 bn

Group gross profit
(+1.8% YoY)

22.9%

Group gross margin

RUB

17.0 bn

Group EBITDA

8.2%

Group EBITDA margin

RUB

12.6 bn

O'KEY hypermarkets
EBITDA

RUB

4.4 bn

DA! discounters EBITDA
(+20.3% YoY)

6.9%

DA! discounters EBITDA margin
(+0.1 p.p. YoY)

Group profit and losses highlights in FY 2023

RUB mn	2023	2022	Δ YoY, %
Total Group revenue	207,865	202,171	2.8%
O'KEY	143,980	148,824	(3.3%)
DA!	63,885	53,347	19.8%
Gross profit	47,660	46,808	1.8%
• Gross profit margin, %	22.9%	23.2%	(0.3 p.p.)
Selling, general and administrative expenses	(42,516)	(40,390)	5.3%
• SG&A, % of revenue	20.5%	20.0%	0.5 p.p.
Other operating expenses, net	(292)	(667)	(56.3%)
Finance costs, net	(7,267)	(5,642)	28.8%
Foreign exchange (loss)/gain	(1,074)	313	n/a
Net (loss)/profit	(2,878)	242	n/a
Group EBITDA	17,026	17,020	-
• Group EBITDA margin, %	8.2%	8.4%	(0.2 p.p.)
O'KEY EBITDA	12,643	13,377	(5.5%)
• O'KEY EBITDA margin, %	8.8%	9.0%	(0.2 p.p.)
DA! EBITDA	4,383	3,643	20.3%
• DA! EBITDA margin, %	6.9%	6.8%	0.1 p.p.

¹ All results are according to IFRS 16, unless stated otherwise.

Group revenue

RUB mn	2023	2022	Δ YoY, %
Group total revenue	207,865	202,171	2.8%
Retail revenue	205,772	200,201	2.8%
Rental income	2,093	1,970	6.2%

The Group's total revenue increased by 2.8% YoY to RUB 207,865 mn driven by both retail revenue and rental income. The Group's retail revenue grew by 2.8% YoY to RUB 205,772 mn driven by DA! discounters and online revenue growth in FY 2023. The Group's

rental income increased by 6.2% YoY to RUB 2,093 mn in FY 2023.

Group net retail revenue and LFL revenue in 12M 2023

RUB mln	2023	2022	YoY, %	LFL, %
O'KEY Group	205,772	200,201	2.8%	(1.6%)
O'KEY hypermarkets	141,947	146,904	(3.4%)	(3.3%)
DA! discounters	63,825	53,297	19.8%	3.0%



For more details, please refer to the Group's Q4 2023 Trading Update.

Group gross profit

In FY 2023, the Group's gross profit increased by 1.8% YoY to RUB 47,660 mn, mainly on the back of reduced shrinkage costs and increased rental income, offset partially by increased logistics costs. The Group's gross margin decreased by 0.3 p.p. YoY to 22.9%

in FY 2023, mainly due to the abovementioned increase in logistics costs, as a percentage of revenue.

Group selling, general and administrative expenses

RUB mn	2023	% of revenue	2022	% of revenue	Δ YoY, p.p.
Personnel costs	17,649	8.5%	16,850	8.3%	0.2
Depreciation and amortisation	11,069	5.3%	10,662	5.3%	-
Communication and utilities	5,355	2.6%	4,587	2.3%	0.3
Advertising and marketing	2,200	1.1%	2,296	1.1%	-
Repairs and maintenance	1,780	0.9%	1,582	0.8%	0.1
Insurance and bank commissions	1,348	0.6%	1,260	0.6%	-
Security expenses	771	0.4%	785	0.4%	-
Operating taxes	718	0.3%	766	0.4%	(0.1)
Legal and professional expenses	674	0.3%	651	0.3%	-
Materials and supplies	441	0.2%	460	0.2%	-
Operating leases	440	0.2%	448	0.2%	-
Other costs	74	0.0%	43	0.0%	-
Total SG&A expenses	42,516	20.5%	40,390	20.0%	0.5

The Group's total SG&A expenses increased by 5.3% YoY to RUB 42,516 mn in FY 2023. SG&A expenses, as a percentage of revenue, rose by 0.5 p.p. YoY to 20.5% in FY 2023. The increase was mainly due to the temporary increase in personnel costs, communication and utilities, and repair and maintenance expenses, as a percentage of revenue, related to the discounters' segment growth.

In FY 2023, **personnel costs** increased by 4.7% YoY to RUB 17,649 mn and, as a percentage of revenue, by 0.2 p.p. YoY to 8.5%. The growth was mainly associated with new discounter openings and salary indexation.

Communication and utilities expenses grew by 16.7% YoY to RUB 5,355 mn, and by 0.3 p.p. YoY as a percentage of revenue in FY 2023, mainly due to tariffs inflation and discounter chain growth.

Repairs and maintenance expenses increased by 12.5% YoY to RUB 1,780 mn, and by 0.1 p.p. YoY as a percentage of revenue in FY 2023, largely as a result of the discounters' chain growth.

The Group's EBITDA stood almost flat YoY at RUB 17,026 mn, while EBITDA margin decreased by 0.2 p.p. YoY to 8.2% in FY 2023.

Net finance costs increased by 28.8% YoY to RUB 7,267 mn, mainly due to a growth of weighted average interest rate. A substantial part of interest costs was attributable to non-current lease liabilities (in accordance with IFRS 16).

In FY 2023, **net foreign exchange loss** amounted to RUB 1,074 mn compared to a RUB 313 mn gain in FY 2022. The loss resulted from Russian rouble devaluation in FY 2023, and was largely attributable to intragroup US dollar-denominated loans, as well as lease contracts denominated in foreign currencies. Losses from import operations had a relatively small impact on the Group's results. Net foreign exchange loss has a non-cash nature.

Consequently, the Group reported a RUB 2,878 mn net loss in FY 2023 compared to the profit of RUB 242 mn in FY 2022.

Group cash flow

RUB mn	2023	2022
Net cash from operating activities	15,276	12,958
Net cash (used in) investing activities	(4,341)	(6,468)
Net cash (used in) financing activities	(11,158)	(3,885)
Net (decrease) / increase in cash and cash equivalents	(223)	2,605
Effect of exchange rate on cash and cash equivalents	(30)	(274)

Net cash from operating activities amounted to RUB 15,276 mn in FY 2023 compared to RUB 12,958 mn cash from operating activities in FY 2022. The increase resulted from revenue growth and efficient working capital management.

Net cash used in investing activities amounted to RUB 4,341 mn in FY 2023, showing a decrease in comparison with RUB 6,468 mn of cash used in FY 2022. In FY 2023, the Group invested over RUB 2,000 mn (excluding VAT) in hypermarket business development and store renovation, and over RUB 2,800 mn (excluding VAT) in the development of its discounter business.

Net cash used in financing activities amounted to RUB 11,158 mn in FY 2023 compared to RUB 3,885 mn in FY 2022. The dynamics resulted from the Group's regular credit portfolio refinancing in FY 2023.

As of 31 December 2023, the Group had RUB 16,560 mn of available credit lines in Russian roubles with fixed and floating interest rates, in respect of which all conditions have been met. If necessary, proceeds from these facilities may be used to finance operating and investing activities.

Group net debt position

RUB mn	As of 31 December 2023	As of 31 December 2022
EBITDA	17,026	17,020
Total debt	47,131	45,486
Short-term debt ¹	6,003	9,961
Long-term debt	41,128	35,525
Cash & cash equivalents	11,526	11,779
Net debt	35,606	33,707
Total lease liabilities	26,722	22,545
Short-term lease liabilities	5,962	5,621
Long-term lease liabilities	20,760	16,924
Total interest-bearing liabilities (net of cash & cash equivalents)	62,328	56,251
Total interest-bearing liabilities (net of cash & cash equivalents) / EBITDA	3.66x	3.30x

As of 31 December 2023, the **total interest-bearing liabilities (net of cash) to EBITDA ratio** grew to 3.66x from 3.30x as of 31 December 2022, mainly due to an increase in long-term debt and lease liabilities.

¹ Short-term debt does not include interest accrued on loans and borrowings.

The Group's audited consolidated IFRS report



The Group's audited report, including the full set of audited IFRS financial statements, can be found online.



CORPORATE GOVERNANCE

O'KEY Group maintains its commitment to creating shareholder value. O'KEY Group S.A. has a primary listing of its GDRs on the London Stock Exchange and the Moscow Exchange, and a secondary listing on the Astana International Exchange.

since
2010
on LSE

since
2020
on MOEX

since
2023
on AIX

Corporate Governance System

O'KEY GROUP S.A. is a company incorporated under the Laws of the Grand Duchy of Luxembourg with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, the Moscow Exchange and the Astana International Exchange, and as such is not required to comply with the UK Corporate Governance Code and the Russian Corporate Governance Code.

O'KEY Group is committed to managing and conducting its operations in accordance with the applicable regulations of Luxembourg, and the London Stock Exchange, the Moscow Exchange and the Astana International Exchange with respect to disclosure under the Rules.

We recognise our obligation to our shareholders to adopt the highest standards of governance and control, both at the Board level and within our management teams, and we aim to establish and support a corporate governance framework that is suitable for the development of our business and that meets the requirements of our shareholders.

The most significant decisions affecting the life of the Company and the rights of shareholders, including the approval of financial statements and the Annual

Report, the appointment of Directors, the amendments to the Articles of Incorporation (hereinafter, the Articles) and the approval of the final dividend for the financial year are subject to review and approval at the Meeting of Shareholders.

The Board of Directors and its committees provide overall guidance for the business and strategic planning for the Group. It sets strategic goals and oversees their implementation by the CEO and senior Management of the Group.

The Management Board and the Chief Executive Officer are responsible for the day-to-day operations of the companies of the Group and implement the strategy approved by the Board of Directors.



Our Corporate Governance Principles:



Professionalism

We strive to appoint individuals with relevant skills and experience to the Board of Directors and its committees in order to enable them to carry out their respective duties and responsibilities effectively. The Board is supplied, in a timely manner, with information in a form and of a quality appropriate to allow it to perform its duties.



Equality

O'KEY Group's corporate governance system is designed to protect the shareholders' rights and ensure equal treatment of all shareholders.



Accountability

The Board of Directors is accountable to O'KEY Group's General Meeting of Shareholders and is responsible for:

- formulating the Group's strategy;
- establishing and maintaining systems which ensure due consideration of key decisions by experienced individuals, including in the areas of remuneration and incentives, internal control, and risk management; and
- holding the management accountable for the successful implementation of the Group's strategy.



Transparency

We strive to ensure the appropriate disclosure of reliable information on all significant issues related to our operations, including financial status, social performance, operating results, and ownership.

General Meeting of Shareholders

The General Meeting of Shareholders is O'KEY GROUP S.A.'s supreme governing body. The General Meetings of Shareholders are convened and held in accordance with Luxembourg legislative requirements and the Articles of O'KEY GROUP S.A. According to the Articles of O'KEY GROUP S.A., the annual General Meeting of Shareholders shall be held within six (6) months of the end of each financial year in the Grand Duchy of Luxembourg at the registered office of the Company, or at any such other place in the Grand Duchy of Luxembourg as may be specified in the convening notice of the meeting.

The next annual General Meeting of Shareholders will be held before 30 June 2024. A convening notice specifying the date, time, address of the meeting and the agenda will be sent and published no later than fourteen days (14) before the meeting.

Special Control Rights

All the issued and outstanding shares of the Company have equal voting rights and there are no special control rights attached to the shares of the Company.

The Caraden Shareholder (as defined in the Articles) has, under the condition of holding a minimum amount of shares in the Company, a specific right with respect to the appointment and removal of Directors as at least one Director (designated as the Caraden Director) must be appointed from a list of candidates proposed by the Caraden Shareholder and may be removed at the initiative of the Caraden Shareholder (additional information may be found under Article 8 of the Articles).

The supporting vote of the Caraden Shareholder is required, under certain conditions, to amend the provisions of the Articles relating to: (i) the rights and prerogatives of the Caraden Shareholder; and (ii) the appointment, removal, replacement, rights, prerogatives, and positive vote of the Caraden Director (additional information may be found under Article 16.4 of the Articles).

Transfer Restrictions

As of 31 December 2023, and the date hereof, to the knowledge of the Company all shares in issue in the Company are freely transferrable, provided that the transfer formalities set out under Article 6 of the Articles are fulfilled.

Control System in Employee Share Scheme

The Company does not have an employee share scheme allowing employees to acquire equity in the Company.

Voting Rights

Each share issued and outstanding in the Company bears one vote.

The Articles do not provide for any voting restrictions.

In accordance with the Articles, a record date for the admission to a general meeting of shareholders may be set by the Board (Article 15 of the Articles). Only those shareholders as the shareholders on any such record date shall be entitled to be notified of and to vote at any general meeting and any adjournment thereof, or to give any such consent, as the case may be.

In accordance with the Articles, the Board may determine such other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders in person or by proxy (Article 15 of the Articles).

Shareholders' Agreements with Transfer Restrictions

The Company has no information about any agreements between shareholders, which may result in restrictions on the transfer of securities or voting rights.

Appointment of the Directors, Amendment of the Articles

The rules governing the appointment and replacement of the directors and the amendment of the Articles are set out under Luxembourg Company Law and the Articles (in particular, Articles 8, 15, and 16).

The consolidated version of the Articles is published under the Shareholders section of the Company website and is available at: <https://okeygroup.lu/investors/shareholders/documents/>

Significant Agreements or Essential Business Contracts

The Board is not aware of any significant agreements to which O'KEY GROUP S.A. is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Board has considered essential business contracts and has concluded that there are not any significant agreements.

Board of Directors

The Company's Board of Directors (the Board) plays the key role in organising an efficient corporate governance system. The Board is vested with the broadest powers to manage the business of the Company and to authorise and perform all acts of disposal and administration falling within the purposes of the Company.

The Board is responsible for taking strategic decisions in respect to the operation and development of the Group, as well as overseeing the risk management and internal audit functions of the Group. The decisions related to the day-to-day operations of the Group are delegated to the management.

The Board is also a management body of O'KEY GROUP S.A. and is authorised to take all decisions in respect to O'KEY GROUP S.A., unless they are reserved for the General Meeting of Shareholders. The Board is not authorised to issue or buy back shares without the approval of the shareholders meeting. The repurchase by the Company of its own shares is subject to the conditions set out in the Company Law and the Articles. There are five members of our Board, including one independent director. The General Meeting of Shareholders appoints the Board members by a simple majority of votes cast, for a period not exceeding six years or until their successors are elected¹.

Our current Board of Directors was elected at the General Meeting of Shareholders held on 13 October 2015 and re-appointed on 24 June 2020.

Meetings of the Board of Directors

Meetings of the Board of Directors are held regularly in compliance with the approved work schedule for the year. The Board's work schedule is determined on the basis of strategic planning and the reporting cycle. Whenever an urgent matter needs to be considered, Extraordinary Board meetings are organised, or, if a personal meeting cannot be organised due to a short notice, the Board can adopt a circular resolution by a unanimous vote. It is the Board Chairman's responsibility to determine the Board's work plan and to include additional items in the plan.

In 2023, the Board of Directors worked on the following key tasks:

- preparation of the financial statements and annual report, and review of the results for the year 2022;
- approval of the budget and business strategy for the year 2023;
- review of the quarterly financial results, approval of financial statements for six months of 2023, and monitoring of compliance with risk management strategy, and
- determination of the Group's strategic and operational priorities.

Information about the members of the Board of Directors of O'KEY GROUP S.A. as at 31 December 2023 is available at the Company's website at <https://www.okeygroup.lu/about/corporate-governance/committees/>.

Meetings of the Board of Directors

Member	Board of Directors (2 meetings)	Audit Committee (5 meetings)	Remuneration Committee (1 meeting)
Heigo Kera	2 attended	5 attended	Attended
Dmitrii Troitskii	2 by proxy	not a member	by proxy
Dmitry Korzhev	2 attended	5 attended	not a member
Boris Volchek	2 by proxy	3 attended, 2 by proxy	by proxy
Mykola Buinycky	2 attended	5 attended	not a member

Committees of the Board of Directors

The primary role of the Committees is to provide assistance to the Board in preparing and adopting decisions in its respective functional areas, as well as to ensure that matters brought for consideration by the Board of Directors are scrutinised prior to the Board meetings. There are two committees on the Board of Directors: the Audit Committee and the Remuneration Committee.

Audit Committee

Audit Committee members

As of 31 December 2023, the Audit Committee comprised:

- Mykola Buinycky, Committee Chairman, Independent Director of the Board of Directors;
- Boris Volchek, Committee Member, Non-executive Director of the Board of Directors;
- Dmitry Korzhev, Committee Member, Non-executive Director of the Board of Directors;
- Heigo Kera, Committee Member, Chairman of the Board of Directors;
- Ilya Ilin, Committee Member, Non-director, external consultant; and
- Irina Nikiforova, Committee Member, Non-director, external consultant.

Key Areas

The Audit Committee oversees the internal audit function, the effectiveness of risk management, and the internal controls of the Company and the Group. It also approves and monitors the performance of the internal audit plan for the year. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the financial statements, including periodically reporting to the Board of Directors on its activities and the adequacy of internal control systems over financial reporting.

According to the Statute of the O'KEY Audit Committee, the Audit Committee shall consist of not fewer than three current members of the Board of Directors and shall be chaired by an independent director.

¹ The rules governing the appointment and replacement of the Directors are set out under the Law on Commercial Companies dated 10 August 1915, as amended, and the Articles (in particular, Articles 8, 15, and 16). The consolidated version of the Articles is published under the Shareholders section of the Company website, available at: <https://okeygroup.lu/investors/shareholders/documents/>

The Committee's remit includes:

- reviewing the IFRS financial statements for integrity and transparency;
- analysing financial reporting processes, including carrying out regular reviews and making recommendations;
- recommending the appointment and remuneration of the Company's external auditor to the Board of Directors and maintaining an ongoing relationship with the external auditor; and
- analysing and supporting the internal audit system and risk management procedures, including drafting recommendations for their improvement.

- reviewed the effectiveness of the Company's risk management and internal control systems;
- reviewed policies and procedures published by the Company;
- monitored reports per the Company's Whistleblowing Policy;
- planned and agreed the scope of the audit of financial statements for year ended 2023 with the external auditor of O'KEY Group;
- reviewed and approved provisions of non-audit services for the Company by the external auditor; and
- approved the Internal Audit plan for the year 2023.

Activities in 2023

During the reporting period, the Audit Committee held five meetings where it:

- fulfilled oversight responsibilities relating to the integrity of the Company's annual financial statements;
- fulfilled oversight responsibilities relating to the integrity of the Company's half yearly financial statements;
- reviewed reports prepared by the Internal Audit department;

Plans for 2024

The Audit Committee and the Company continue to focus on the following areas in 2024:

- monitoring the compliance with the Group's risk management policies and procedures, and the adequacy of the risk management framework in relation to the risks faced by the Group; and
- optimising internal business processes involved in the preparation of financial reporting.

Plans for 2024:

In 2024, the Group plans to keep the remuneration and bonus policy in line with 2023.

Remuneration

Members of the Board of Directors of O'KEY GROUP S.A. receive remuneration of the amount approved by the General Meeting of Shareholders. Members of the Board and its Committees may be compensated for the expenses they incur in the course of their duties, in accordance with the business and travel expenses policy of O'KEY GROUP S.A.

Diversity

O'KEY Group is working on the adoption of a diversity policy. However, as can be seen from the information on the senior management team, O'KEY Group aims to employ the members of the team most suitable and qualified for their post and function, irrespective of their age, gender, or origin. The requirements of educational and professional backgrounds are such as to ensure that the members of the team possess the skills and experience necessary to perform their functions effectively.

Remuneration Committee

Committee members

- Heigo Kera, Committee Chairman, Chairman of the Board of Directors;
- Boris Volchek, Committee Member, Non-executive Director of the Board of Directors;
- Dmitrii Troitskii, Committee Member, Non-executive Director of the Board of Directors;
- Ilya Ilin, Committee Member, Non-director, external consultant; and
- Irina Nikiforova, Committee Member, Non-director, external consultant.

- making proposals to the full Board of Directors regarding the remuneration of Executive Directors and management (including the Chief Executive Officer).

Activities in 2023:

During the reporting period, the Remuneration Committee held one meeting where it:

- reviewed the report on the remuneration, bonuses and expenses of the Board;
- reviewed the amount of remuneration to be allocated to the management of the Group in 2023;
- approved the Remuneration Committee Report; and
- suggested the total maximum amount of remuneration of Directors for 2023 and 1H of 2024 to be submitted for the approval of the shareholders of the Company.

The Committee's remit includes:

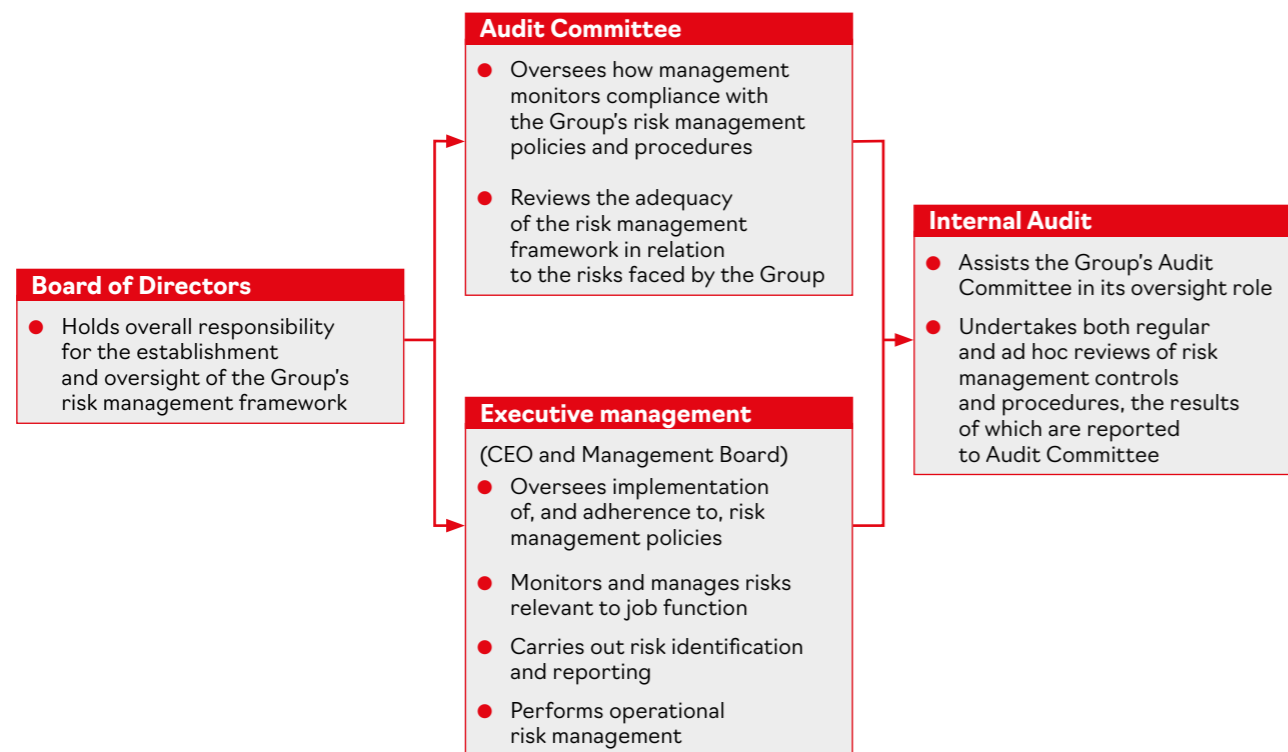
- reviewing the compensation policy;
- advising on any benefit or incentive schemes; and

Risk Management

We believe that effective risk management underpins the successful delivery of our strategy. So the Company's goals will be achieved in a timely manner and the level of risks faced by the Group remains acceptable for management and shareholders. Our unified approach to risk management through the Group Risk Standard is supported by formal policies and procedures, clearly delegated authority levels, and comprehensive reporting. As of the date of the approval of this Annual Report, our framework is integrated into both our business planning and viability assessment processes.

Our Board of Directors is ultimately responsible for the Group's risk management and internal controls with a view to maintaining the Group's risk management framework. The Group's Audit Committee is responsible

for the regular review/audit of the Group's operations, activities, systems and processes, in order to evaluate and provide reasonable, independent, and objective assurance and consulting services designed to add value and improve the Group's operations. Internal Audit assists the Group's Audit Committee in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and reports its findings and recommendations to the Audit Committee. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Identified risk areas are monitored quarterly and followed by a coordinated improvement programme.



The current situation places new challenges for the Russian economy, the business community, and O'KEY Group in particular. Our well-balanced business model offers a significant hedge against market volatility. The above key factors have been reviewed in the context

of our current position and strategic plan. Nevertheless, due to the current unprecedented global geopolitical and economic turbulence, we withhold from identifying and assessing the key risks that could have a material adverse effect on our business.



Principle Risks

Below we are describing the key risks that could have a material adverse effect on our business, our financial and operational performance and, as a result, could affect our share price and our reputation. Additional risks

not known to us or those risks that we currently consider immaterial may also impair our business operations. We do not expect to incur any risks that may jeopardise the continuity of our business.

#	Name of Risk	Definition & Potential Impact
1	Economic outlook	Our business may be affected by uncertainties associated with changing economic conditions, particularly in the current environment of global economic instability, including oil prices, financial markets volatility, as well as substantial currency exchange fluctuations. Therefore, we may face reduced customer demand as the income and purchasing power of our customers' decreases under the impact of the weaker macroeconomic environment exacerbated by declining oil prices and sustained rouble volatility.
2	Competition risk	The retail sector in Russia is highly competitive. We face strong competition from other retailers (Russian and international), some of which are larger and have greater resources. Retail chains compete mainly over store locations, product ranges, price, service, and store conditions. Some competitors might be more effective and faster in capturing certain market opportunities, which in turn may negatively impact our market share and our ability to achieve our performance and expansion targets.
3	Political risk	Political developments may adversely affect the macroeconomic environment and the market in which our Company operates. The current geopolitical situation and global economics turbulence may affect companies across all the sectors of the Russian economy, including our business.
4	Regulatory risk	Our operations are subject to various government regulations and industry specific legislation with respect to quality, packaging, health and safety, labelling, distribution and other standards. Some regulations are still being developed in Russia. Current and future government regulations or changes thereto may require us to change the way we run our operations and could result in cost increases. Failure to comply with regulations can also lead to reputational damage.
5	Changing customer expectations	We strive to provide our customers with a wide range of goods and services, at competitive prices. However, we recognise that our customers' shopping habits and expectations are influenced by the economic environment and will change over time.
6	Employee recruitment and retention	Competition for highly qualified management and store personnel remains intense in Russia. To meet our expansion plans, we need highly skilled employees. Our future success depends in part on our continued ability to hire and retain new employees. We understand that any inability to attract and retain highly qualified employees and key personnel in the future could have a material adverse effect on our business.
7	Supply chain risk	Our financial performance depends in part on reliable and effective supply chain management. We rely on third parties to supply us with merchandise and services. The third parties that supply us with merchandise and services also have other customers and may not have sufficient capacity to meet all of their customers' needs, including ours, during periods of excess demand. Shortages and delays could materially harm our business. Unanticipated increases in prices could also adversely affect our performance. Furthermore, we may be exposed to risk of delays and interruptions to our supply chain because of natural disasters in case we are unable to identify alternative sources of supply in a timely manner.
8	IT Platform Development	Execution of our strategic targets requires adaptation of current IT infrastructure to the changing business needs. As the business grows, the complexity of processes supporting it and the diversity of tasks around such growth are increasing. Delayed or inappropriate decisions on the development of the infrastructure can lead to failures in meeting Group goals and impede attainment of longer-term goals.
9	IT security threats	We are observing an increase in IT security threats and higher levels of professionalism in computer crime. Our systems and solutions, as well as those of our counterparties remain potentially vulnerable to attacks. Depending on their nature and scope, such attacks could potentially lead to the leakage of confidential information, improper use of our systems, manipulation and destruction of data, sales downtimes and supply shortages, which in turn could adversely affect our reputation, competitiveness, and business, financial and operational performance.
10	Providing sufficient level of financing	Recent changes in the macroeconomic situation might result in a liquidity squeeze and tightening of lending policies by Russian banks. Given the expansion programme in the coming periods, issues with availability of external financing or significant changes in its cost can negatively impact our Group's ability to execute its expansion programme.

#	Name of Risk	Definition & Potential Impact
11	Tax regulations	Russian tax law has complex tax rules, which may be interpreted in different ways and tax rules are subject to frequent changes. Examinations by tax authorities and changes in tax regulations could adversely affect our business, and financial and operational performance. Changes in tax law could result in higher tax expense and payments. Furthermore, legislative changes could materially impact tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities.
12	Changes in working capital	Inability to control and manage elements of the working capital can result in negative changes for the operating cash flow and lead to liquidity gaps and excessive reliance on external financing.
13	Risk of misstatements in financial statements	We face exposure to risks relating to failures in proper financial reporting and the classification of accounting entries, and risks of making inaccurate accounting estimates.
14	Risks of currency and interest rates volatility	We are exposed to fluctuations in exchange rates because of loans received in USD and contractual obligations in USD and EUR. Although measures are taken to minimise this risk, there can be no assurance that exchange rate and interest rate fluctuations will not negatively influence our results.

Internal Control and Risk Management System

With respect to Internal Control over financial reporting, our financial procedures include a range of system, transactional and management oversight controls. Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

- Staff involved in the Company's accounting and financial reporting is appropriately qualified and kept up-to-date with relevant changes in International Financial Reporting Standards ('IFRS'). Additionally, specific training and written guidance on particular matters are provided where needed. Written guidance, regularly updated for business developments and regulatory changes, is available to all relevant staff members and provides a summary of the Company's accounting and financial reporting policies and procedures.
- Controls have been established in the processing of accounting transactions to ensure appropriate authorisations for transactions, the effective segregation of duties, and the complete and accurate recording of financial information.
- Completeness and timely recording of financial information is ensured through regular reviews, monitoring of specific key performance indicators, validation procedures by functional leaders and as an additional check, the process of internal and external audit.
- The Company relies on a comprehensive system of financial information and oversight. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the Company are drawn up and brought to the Board of Directors for approval. The Board also approves all significant investments.

The Board receives monthly financial reports setting out the Company's financial performance in comparison to the approved budget and prior year figures.

- Any weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed.
- The external auditors perform a limited review of the Company's half-year consolidated financial statements and a full audit of the annual consolidated financial statements.

In accordance with the requirements of IFRS, we disclose detailed information on the market, credit and foreign exchange risk to which it is exposed, as well as strategy for managing the risks.

Information for Shareholders and Investors

Share Capital

O'KEY GROUP S.A. share capital amounts to EUR 2,690,740, divided into 269,074,000 ordinary shares of a nominal value of EUR 0.01 each. As of the date of this Report, the Company's share capital has remained unchanged since 30 November 2010.

All shares issued by the Company have equal rights as provided for by the law on commercial companies dated 10 August 2015, as amended (the "Company Law") and as set forth in the Articles, save for the special rights granted to the Caraden Shareholder.

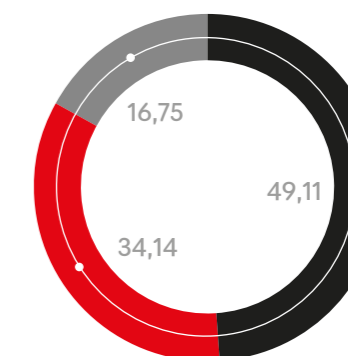
The Company does not hold any of its own shares and has not acquired them during the 2023 financial year.

Significant Shareholdings

As of 31 December 2023, the two major indirect shareholders of the Group are its founders:

- Mr. Dmitrii Troitskii (who indirectly owns approximately 34.54% of the outstanding share capital of O'KEY GROUP S.A.), and
- Mr. Boris Volchek (who indirectly owns approximately 34.14% of the outstanding share capital of O'KEY GROUP S.A.)

Share Capital Structure as of 31 December 2023 – Direct Holdings:



- NISEMAX Co Limited
- GSU Limited
- Free-float and other holders

Global Depositary Receipts

Global Depositary Receipts (GDRs) are issued in respect of ordinary shares at a ratio of one ordinary share per one GDR. The GDRs are listed on the London Stock Exchange (LSE) since November 2010. In March 2022, LSE temporary suspended admission to trading for a number of issuers, including the GDRs of O'KEY GROUP S.A.

In December 2020, the GDRs also were listed and started trading on the Moscow Exchange (MOEX). In November 2023, the Group changed its listing status from secondary to primary on MOEX.

In March 2023, the Group also obtained a secondary listing for its GDRs on Astana International Exchange (AIX).

The Company's depositary bank is the Bank of New York Mellon.

As of 31 December 2023, GDRs represented 50.22% of O'KEY GROUP S.A. share capital.

No other securities have been issued by the Company.

Stock Exchange

As of 31 December 2023, O'KEY GROUP S.A. GDRs were listed on the LSE, the MOEX, and the AIX, and traded on the MOEX.

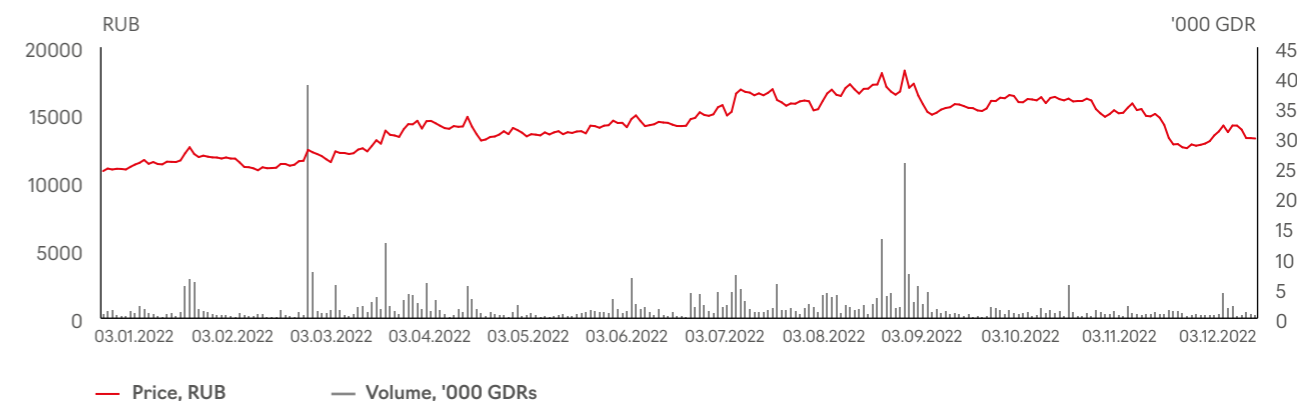
Trading Floor of O'KEY GROUP S.A. GDRs

Trading floor	Ticker code
London Stock Exchange	OKEY
Moscow Exchange	OKEY
Astana International Exchange	OKEY

O'KEY GROUP S.A. Securities Identification Numbers

CUSIP ¹	Code
Regulation S GDRs	670866201
Regulation S GDRs	670866110
Rule 144A GDRs	670866102
ISIN ²	Code
Regulation S GDRs	US6708662019
Regulation S GDRs	US6708661102
Rule 144A GDRs	US6708661029

O'KEY GROUP S.A. GDR Price Performance and Trading Volumes on MOEX in 2023



Source: Moscow Exchange

O'KEY GROUP S.A. GDRs Trading Information on Moscow Exchange

In 2023, the cumulative trading volume of OKEY GDRs on MOEX increased by 82.1% compared to 2022.

	2022	2023
Annual maximum price, RUB	44.98	41.11
Annual minimum price, RUB	17.20	24.43
Year-end price, RUB	24.37	29.84
Trading volume (mn GDRs)	110.9	201.9

Source: MOEX, market transactions

Credit Ratings

	Expert RA	NCR
Credit rating	ruA-	A.ru
Outlook	Stable	Stable
Last rating date	21 June 2023	27 July 2023

In June 2023, Expert RA affirmed the Company's credit rating of 'ruA-' with a stable outlook.

In July 2023, National Credit Rating agency assigned a credit rating of 'A.ru' with a stable outlook to LLC O'KEY, a main operating subsidiary of O'KEY GROUP S.A.

The ratings reflect the Group's solid and stable operational and financial position in the market, low exposure to market risks, and high standards of corporate governance, risk management, strategic control, and transparency.

¹ CUSIP (Committee on Uniform Security Identification Procedures) – identification number given to the issue of shares for the purposes of facilitating clearing.

² ISIN (International Securities Identification Number) – international identification number of the share.

Analyst Coverage

As of the end of 2023, three equity research analysts from leading Russian banks followed the Company on a regular basis. O'KEY Group's IR team monitors

and communicates analyst consensus to the Company's top management.

Company	Analyst	Phone number
Aton	Victor Dima	+7 (495) 213-03-44
Gazprombank	Marat Ibragimov	+7 (495) 980-41-87
Sberbank CIB	Mikhail Krasnoperov	+7 (495) 933-98-38

Source: the Company

Dividends

Dividend Policy

To determine the recommended amount of dividends that will be payable, the Group's Board of Directors abides by the Dividend Policy. The General Meeting of Shareholders, upon the recommendation of the Board of Directors, determines how the remainder of the annual net profits of the Company should be disposed of, including through stock dividend, it being understood that the remaining net profits of the Company left after

the payment of dividends shall be used for the business development of the Company and its subsidiaries and the development of the retail business of the Group in Russia. Interim dividends may be declared and paid (including through staggered payments) by the Board of Directors, subject to observing the terms and conditions provided by law either through a cash dividend or through a dividend in kind.

Period	Record date	Amount of dividend per GDR (cents, gross)	Amount of accrued dividend (gross)
Interim dividends 2011	12.09.2011	9.9481	USD 26,767,750.59
Interim dividends 2012	23.02.2012	10.254	USD 27,590,847.96
Interim dividends 2013	15.02.2013	18.953	USD 50,997,595.22
Interim dividends 2014	18.02.2014	22.670	USD 60,999,075.80
Interim dividends 2014	17.10.2014	7.433	USD 20,000,270.42
Interim dividends 2015	11.09.2015	8.920	USD 24,001,400.80
Interim dividends 2016	08.07.2016	8.548	USD 23,000,445.52
Interim dividends 2017	20.01.2017	9.167	USD 24,666,013.58
Interim dividends 2018	25.01.2018	12.367	USD 33,276,381.58
Interim dividends 2019	03.10.2019	0.05635	USD 15,162,319.90
Interim dividends 2020	04.11.2020	0.028275	USD 7,608,067.35
Interim dividends 2021			Not declared and distributed
Interim dividends 2022	01.08.2022	EUR 0.03159	EUR 8,500,047.66
Interim dividends 2023			Not declared and distributed

Taxation

As a rule, the Company withholds 15% WHT from the dividend paid from Luxembourg for distribution to the holders of GDRs.

This information is provided for information purposes only. Potential and current investors should seek the advice of professional consultants on tax matters related to investments in the shares and GDRs of the Company.

Management & Directors Responsibility Statement

We confirm to the best of our knowledge that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position, and profit or loss of O'KEY GROUP S.A. and the companies included in the consolidation as required by the International Financial Reporting Standards as adopted by the European Union, and that the consolidated management report provides a true and fair view of the development and performance of the business and the position of O'KEY GROUP S.A. and the companies included

in the consolidation taken as a whole, and that the consolidated management report provides a true and fair view, and that the consolidated management report describes the principal risks and uncertainties which O'KEY GROUP S.A. and the companies included in the consolidation taken as a whole are exposed to.

Luxembourg, 11 April 2024

Dmitry Korzhev

Member of the Board of Directors

Heigo Kera

Chairman of the Board of Directors

Mykola Buinyckiy

Member of the Board of Directors

Konstantin Arabidis

CEO

FINANCIAL STATEMENTS

The Independent Auditors' Report and the consolidated financial statements of O'KEY GROUP S.A. for the year ended 31 December 2023.



Independent Auditors' Report

To the Shareholders of
O'KEY GROUP S.A.
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L-2449, Luxembourg

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5, rue de Turi
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Report of the reviseur d'entreprises agree

Report on the Audit of the consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements (pages 90 to 131) present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

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.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the «Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the Consolidated Financial Statements» section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

These matters were addressed in the context of the 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.

Key audit matter

How our audit addressed the key audit matter

RECOGNITION OF BONUSES FROM SUPPLIERS

Refer to Notes 4, 20 and 33 to the consolidated financial statements of the Group. The Group receives various types of bonuses from suppliers relating to purchase of goods for resale. The bonuses are provided in the form of volume discounts, slotting fees and other counter payments. Recognition of these bonuses leads to a significant reduction of the cost of goods sold and inventory value. While the major portion of the bonuses is recognized and settled within the year, a significant amount of RUB 1,553,709 thousand remains outstanding within trade and other receivables as at the reporting date. Recognition of bonuses from suppliers that are not settled as at the reporting date was one of the matters of most significance in our audit because their impact on the Group's cost of goods sold, inventory and trade and other receivable balances is material, the number of underlying contracts with suppliers is large and their terms can be complex. Further, calculation of the period-end accrual for certain supplier bonuses and allocation of bonuses to inventory cost requires making estimates and applying judgments.

Our audit procedures to address the key audit matter included the following:

- Understanding, evaluation of design of relevant control activities that the Group has established in relation to recognition of bonuses from suppliers.
- Understanding and evaluation of the accounting policy applied by the Group for accounting for bonuses from suppliers.
- Reading significant contracts with suppliers and understanding of the terms that entitle the Group to bonuses from suppliers.
- Performing a retrospective analysis of prior year bonuses receivable against subsequent settlements to assess accuracy of the Group's estimates in the current year.
- Performing analytical procedures over the accuracy and existence of the bonuses recognized in the current year based on historical data.
- Agreeing bonuses receivable as at the reporting date to external confirmations obtained from suppliers on a sample basis, or alternative procedures through tracing the amounts recognized against underlying agreements and other relevant documentation.
- Performing analytical procedures to assess allocation of bonuses to the goods that remain in stock at the reporting date.
- Confirming that the accounting policy for offsetting of bonuses receivable from suppliers against trade payables is in line with IFRS and that the factual offsetting is in line with the accounting policy.
- Considering adequacy of disclosures of information about the bonuses from suppliers in the consolidated financial statements of the Group.

NON-CURRENT ASSETS IMPAIRMENT ASSESSMENT

Refer to Notes 4, 14, 15 and 16 to the consolidated financial statements of the Group. As at 31 December 2023, the carrying value of the Group's non-current assets for which IAS 36 requires an assessment of whether there is any indication of impairment exceeds 55% of total assets. These non-current assets are primarily attributable to the Group's stores in operation and groups of assets held for future stores construction. As at the reporting date, the Group assessed whether there is any indication that the carrying value of the non-current assets may not be recoverable or the impairment recognized in prior periods may not exist or may have decreased and tested for impairment or reversal of impairment those cash-generating units (CGUs) represented by individual stores and groups of assets held for future stores construction where such indications were noted. As at 31 December 2023 the recoverable amount of the CGUs was determined based on value in use. Based on the results of the impairment tests performed as at 31 December 2023 and during the year ended 31 December 2023, no impairment loss was identified and recognized. This is one of the key audit matters due to the magnitude of the carrying value of the non-current assets that require the assessment of any indication of impairment, judgement exercised by the Group in determining whether or not there is a specific indication of impairment and judgements applied in the calculation of the recoverable amount of these assets. In addition, strong competition in the Russian retail market, political, economic tension, due to the Ukraine-Russian crisis underpin the uncertainty of accounting estimates and the risk of significant adjustments in future periods to the carrying value of the Group's non-current assets recognized in the consolidated financial statements.

Our audit procedures to address the key audit matter included the following:

- We obtained understanding and evaluated the design of the Group's relevant control activities around the impairment review.
- We also considered the Group's approach to determination of CGUs and identification of indication that these CGUs represented by the Group's stores or groups of assets held for future stores construction may be impaired or impairment recognised in prior periods may not exist or may have decreased.
- For those significant CGUs where indication of impairment was identified or where there was an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased, we assessed whether the value in use approach applied by the Group to determine recoverable amount in each particular case is appropriate in the circumstances. We further obtained and analyzed underlying calculations prepared by the Group for the impairment tests.

Our audit procedures were carried out with the involvement of internal valuation experts and included:

- Reviewing the adequacy and consistency of methods applied to measurement of value in use, and the calculations' mathematical accuracy.
- Evaluating the reasonableness of the Group's key assumptions and forecasts in the prior period, in order to assess the accuracy of the Group's forecasts for future periods.
- Verifying the appropriateness of budgets of the CGUs for projected periods used in the measurement of value in use through inquiries of the Group, corroborating the Group's explanations, examining supporting documentation and comparing inputs against available external industry data.
- Analyzing and assessing in detail the key assumptions that significantly affect future cash flows of the CGUs and the discount rate applied by the Group to measure the recoverable amount, by comparing it to the weighted-average cost of capital determined for the Group with due regard to its inherent risks, as well as considering whether the Ukraine-Russian crisis had an impact on these key assumptions by analyzing the Group's performance and the Russian retail industry dynamics in the current year.
- Re-performing sensitivity analysis of the results of the Group's assessment to reasonably possible changes to key assumptions.

We have tested the presentation and disclosure of information about the impairment test as carried out by the Group in the consolidated financial statements for its consistency with requirements of IAS 36 and its adequacy in the context of the consolidated financial statements as a whole.

Key audit matter How our audit addressed the key audit matter

RECOVERABILITY OF DEFERRED TAX ASSETS RECOGNIZED FOR THE CARRYFORWARD OF UNUSED TAX LOSSES

Refer to Notes 4, 12 and 33 to the consolidated financial statements of the Group. As at 31 December 2023, the carrying value of the Group's deferred tax assets amounts to RUB 6,082,047 thousand, including RUB 3,554,526 thousand arising on the accumulated tax losses carried forward by LLC Fresh Market that develops the Group's chain of dis-counter stores under the DA! brand starting from 2015. A deferred tax asset shall be recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The Group performed the assessment of and concluded on the recoverability of the deferred tax assets. This analysis was based on the long-term financial projections for LLC Fresh Market, which includes estimates of its future profits. This area was significant to our audit because of the history of tax losses generated by LLC Fresh Market, the complexity and subjectivity of the recoverability assessment and long-term budgeting process, which is based on assumptions that are inherently uncertain and affected by the expected pace of new openings of the dis-counters. In addition, we considered the overall impact of the Ukraine crisis on the Russian economy that increases the degree of uncertainty of these assumptions.

The audit procedures we have performed to address the key audit matter consisted of the following:

- Understanding and evaluation of design of relevant control activities that the Group has in place in relation to recognition of current and deferred income taxes and long-term budget preparation.
- Comparing the Group's forecasts in the long-term budget prepared in prior year to actual performance to assess adequacy of the Group's estimates in the current year.
- Assessing accuracy of the deferred tax calculations.
- Considering whether there are any limitations to the amount and timing of utilization of the unused tax loss as established by the Russian tax legislation.
- Obtaining the long-term budget prepared by the Group for LLC Fresh Market and challenging the expected future profits and assumptions regarding future earnings as reflected therein, including by comparing to actual results to date and industry trends.
- Considering to what extent the Ukrainian-Russian crisis impacted the performance of LLC Fresh Market in the current year by analyzing its revenue and consumer behavior, expenses and the pace of new stores openings, as well as its impact on the ability of the discounters segment to adhere to the long-term budget.
- Analyzing the treatment of differences between accounting and tax books in the planning of future taxable profit.
- Considering adequacy of disclosures on the deferred tax positions and assumptions used in assessing recoverability of the deferred tax assets from tax losses carry forward in the consolidated financial statements.

Other information

The Board of directors is responsible for the other information. The other information comprises the information stated in the annual report including the directors' report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises Agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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 mis-stated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors 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.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the consolidated Financial Statements

The objectives of our audit 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 a report of "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 report of "Réviseur d'Entreprises Agréé" 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 report of "Réviseur d'Entreprises Agréé". 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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 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.

Report on Other Legal and Regulatory Requirements

The director's report (pages 16 to 83) is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

MOORE Audit S.A.



Raphael Loschetter

Réviseur d'Entreprises Agréé

Livange, 11 April 2024

Consolidated financial statements

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Consolidated Statement of Financial Position as at 31 December 2023

'000 RUB	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investment property	13	1,257,218	1,474,333
Property, plant and equipment	14	43,240,482	42,609,851
Construction in progress	14	1,122,363	1,326,017
Right-of-use assets	15	23,309,763	19,216,816
Intangible assets	16	1,214,553	1,205,515
Deferred tax assets	12	6,082,047	5,245,595
Other non-current assets	18	872,104	1,801,139
Total non-current assets		77,098,530	72,879,266
Current assets			
Inventories	19	24,975,926	23,916,987
Trade and other receivables	20	2,516,192	2,930,220
Prepaid income tax		97,140	59,282
Prepayments	17	800,312	1,177,461
Cash and cash equivalents	21	11,525,791	11,779,334
Non-current assets held for sale	13	-	305,000
Total current assets		39,915,361	40,168,284
Total assets		117,013,891	113,047,550
EQUITY AND LIABILITIES			
Equity			
	22		
Share capital		119,440	119,440
Legal reserve		10,597	10,597
Additional paid-in capital		8,555,657	8,555,657
Retained earnings		447,347	3,325,409
Translation reserve		1,961,350	1,454,205
Total equity		11,094,391	13,465,308
Non-current liabilities			
Loans and borrowings	24	41,128,448	35,525,212
Lease liabilities	25	20,760,179	16,924,142
Deferred tax liabilities	12	683,833	532,644
Total non-current liabilities		62,572,460	52,981,998
Current liabilities			
Loans and borrowings	24	6,002,850	9,960,796
Interest accrued on loans and borrowings	24	254,450	215,737
Lease liabilities	25	5,962,202	5,620,662
Trade and other payables	26	31,062,083	30,636,945
Current income tax payable		65,455	166,104
Total current liabilities		43,347,040	46,600,244
Total liabilities		105,919,500	99,582,242
Total equity and liabilities		117,013,891	113,047,550

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 96 to 131

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

'000 RUB	Note	2023	2022
Revenue	6	207,864,636	202,170,726
Cost of goods sold		(160,204,388)	(155,362,939)
Gross profit		47,660,248	46,807,787
General, selling and administrative expenses	8	(42,515,886)	(40,389,935)
Other operating income and (expenses), net	9	(291,634)	(666,903)
Operating profit		4,852,728	5,750,949
Finance income	10	252,676	438,380
Finance costs	10	(7,519,479)	(6,080,150)
Foreign exchange (loss)/gain	11	(1,074,086)	312,806
(Loss)/Profit before income tax		(3,488,161)	421,985
Income tax benefit (expense)	12	610,099	(180,455)
(Loss)/Profit for the year		(2,878,062)	241,530
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will never be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		507,145	(320,252)
Other comprehensive income		-	170,999
Other comprehensive income/(loss) for the year, net of income tax		507,145	(149,253)
Total comprehensive (loss)/income for the year		(2,370,917)	92,277
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (loss)/earnings per share (in RUB per share)	23	(10.7)	0.9

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 96 to 131

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

'000 RUB	Note	Share capital	Legal reserve	Additional paid-in capital	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2022		119,440	10,597	8,555,657	3,393,474	1,774,457	13,853,625
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year		-	-	-	241,530	-	241,530
OTHER COMPREHENSIVE INCOME							
Foreign currency translation differences		-	-	-	-	(320,252)	(320,252)
Other comprehensive income		-	-	-	170,999	-	170,999
Total other comprehensive loss		-	-	-	170,999	(320,252)	(149,253)
Total comprehensive income for the year		-	-	-	412,529	(320,252)	92,277
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY							
Dividends declared	22	-	-	-	(480,594)	-	(480,594)
Total transactions with owners recorded directly in equity		-	-	-	(480,594)	-	(480,594)
Balance at 31 December 2022		119,440	10,597	8,555,657	3,325,409	1,454,205	13,465,308
Balance at 1 January 2023		119,440	10,597	8,555,657	3,325,409	1,454,205	13,465,308
COMPREHENSIVE LOSS FOR THE YEAR							
(Loss) for the year		-	-	-	(2,878,062)	-	(2,878,062)
OTHER COMPREHENSIVE INCOME							
Foreign currency translation differences		-	-	-	-	507,145	507,145
Other comprehensive income		-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	507,145	507,145
Total comprehensive loss for the year		-	-	-	(2,878,062)	507,145	(2,370,917)
Balance at 31 December 2023		119,440	10,597	8,555,657	447,347	1,961,350	11,094,391

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 96 to 131

Consolidated Statement of Cash Flows for the year ended 31 December 2023

'000 RUB	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		238,395,137	231,986,614
Other cash receipts		620,203	663,715
Interest received		227,217	442,130
Cash paid to suppliers and employees		(218,251,832)	(215,153,159)
Taxes other than on income		(757,037)	(763,441)
Other cash payments		(24,321)	(51,033)
VAT paid		(4,675,763)	(3,509,800)
Income tax paid		(257,872)	(657,281)
Net cash from operating activities		15,275,732	12,957,745
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excluding VAT)		(4,391,908)	(6,290,524)
Purchase of intangible assets (excluding VAT)		(446,618)	(331,473)
Proceeds from sale of investment property (excluding VAT)		156,014	148,966
Proceeds from sale of property, plant and equipment (excluding VAT)		341,637	5,438
Net cash used in investing activities		(4,340,875)	(6,467,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings	27	15,500,003	17,772,121
Repayment of loans and borrowings	27	(13,834,268)	(9,958,485)
Interest paid on loans and borrowings	27	(4,939,018)	(3,966,907)
Repayment of principal amount of lease liabilities	27	(5,268,297)	(5,094,982)
Interest paid on lease liabilities	27	(2,491,371)	(2,075,250)
Dividends paid	22	-	(480,594)
Other financial payments and proceeds		(125,188)	(80,560)
Net cash used in financing activities	27	(11,158,139)	(3,884,657)
Net increase in cash and cash equivalents		(223,282)	2,605,495
Cash and cash equivalents at the beginning of the year	21	11,779,334	9,447,998
Effect of exchange rate fluctuations on cash and cash equivalents		(30,261)	(274,159)
Cash and cash equivalents at the end of the year	21	11,525,791	11,779,334

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 96 to 131

Notes to the Consolidated Financial Statements for the year ended 31 December 2023

1. Background

(a) The Group and its operations

These consolidated financial statements for the year ended 31 December 2023 have been prepared for O'KEY GROUP S.A. (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was incorporated and is domiciled in Luxembourg. The Company is a public limited company (société anonyme) and was set up in accordance with Luxembourg regulations. The main part of the Group is located and conducts its business in the Russian Federation.

The Company does not have an immediate parent or an ultimate controlling party.

As at 31 December 2023 and 2022, the Company's major indirect shareholders are Mr. Troitskii, Mr. Volchek.

As at 31 December 2023 global depository receipts ("GDRs") represented 50.22% of the Company's shares, 38.172% of the Company's shares in the form of GDRs were listed on the London Stock Exchange (as at 31 December 2022 GDRs represented 50.22% of the Company's shares, 38.172% of the Company's shares were admitted to trading on the London Stock Exchange in the form of GDRs). On 15 February 2022, some ordinary shares were converted into GDRs and as a result, GDRs share reached 50.22% in the Company's shares, 38.172% of the Company's shares were admitted to trading on the London Stock Exchange in the form of GDRs. In March 2022, the London Stock Exchange temporarily suspended the admission to trading of the Group's GDRs, which has not been resumed as of the date of these consolidated financial statements. Starting 14 December 2020, the Company's GDRs are also traded on Moscow Exchange. As of the date of these consolidated financial statements the Group's GDRs and bonds remain admitted to trading on Moscow Exchange.

In March 2023 the Astana International Exchange ("AIX") has approved the listing of global depository receipts ("GDRs")

of the Group. Since 20 March 2023 O'KEY Group's GDR's started trading on the AIX.

In November 2023, the Bank of Russia decided to register a prospectus for the Company's global depository receipts (GDRs), each representing one ordinary share of O'KEY GROUP S.A. Thus, the Group has changed its listing status on Moscow Exchange ("MOEX") to primary. The Company's GDRs remain in the Level 1 quotation list and continue trading on MOEX.

The Company's registered office is 25C Boulevard Royal, L-2449 Luxembourg.

The Group's principal business activity is operation of retail chains in Russia under the brand names "O'KEY" (hypermarkets) and "Da!" (discounter stores). At 31 December 2023, the Group operated 297 stores including 220 discounter stores (31 December 2022: 273 stores including 194 discounter stores) in major Russian cities, including but not limited to Moscow and towns in Moscow region, St. Petersburg, Murmansk, Nizhny Novgorod, Rostov-on-Don, Krasnodar, Lipetsk, Ekaterinburg, Novosibirsk, Krasnoyarsk, Ufa, Astrakhan and Surgut.

(b) Business environment

The Group's operations are primarily located in the Russian Federation which displays characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The Russian economy continued to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

In 2022 ongoing political tension in the region escalated as a result of further developments of the situation with Ukraine which have negatively impacted commodity and financial markets, and increased volatility, particularly with regard to foreign exchange rates. Since February 2022,

several packages of sanctions have been imposed by USA, UK, and EU countries against several Russian sectors of economy, enterprises and individuals. However, no sanctions have been imposed against the Company, nor any of its subsidiaries, nor its major indirect shareholders.

The Bank of Russia key rate also was volatile during the reporting period. As a part of comprehensive measures to ensure the stability of credit institutions, the Bank of Russia has been gradually increased the key rate during 2023 from 7.5% in December 2022 up to 16% p.a. in December 2023.

Despite the volatility on the capital market, the Group's financial position and ability to attract financing remained solid in the reporting period. In June 2023 Expert RA rating agency affirmed a credit rating of 'ruA-' for O'KEY LLC, the main operating subsidiary of O'KEY Group S.A. The outlook of the rating remains Stable. Also in July 2023, NCR rating agency assigned the credit rating of O'Key LLC, as "A.ru", outlook Stable. The rating reflects highly appreciated Group's business profile due to its significant geographical distribution, a diversified supplier base and the lack of concentration of risk on any large asset. The agency also noted solid and stable operational and financial position in the market, low exposure to market risks, and high standards of corporate governance, risk management, strategic control and transparency.

It is not possible to determine how long the increased volatility in the financial market will last or at what level it will eventually level out. It is not possible for the management to predict with any degree of certainty an impact of this uncertainty on the Group's operations. Whilst these uncertainties may affect the future dividend income of the shareholders in the medium term, they do not affect the Group's ability to continue its operations in the foreseeable future.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of investment properties and financial instruments at fair value.

These consolidated financial statements were authorised for issue by the Board of Directors on 11 April 2024.

Any changes to these consolidated financial statements after issue require approval of the Board of Directors.

3. Functional and presentation currency

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and the Group's subsidiaries outside of the Russian Federation is the US Dollar ("USD") and the functional currency of the Group's Russian subsidiaries is the Russian Rouble ("RUB"). The consolidated financial statements are presented in RUB, which is the Group's presentation currency. All financial information presented in RUB has been rounded to the nearest thousands, except when otherwise indicated.

The results and financial position of the Group entities, which functional currencies are different from RUB, 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 end of the respective reporting period;
- income and expenses are translated at the date of transaction;
- components of equity are translated at the historic rate; and
- all resulting exchange differences are recognised in other comprehensive income.

At 31 December 2023 the principal rates of exchange used for translating foreign currency balances were USD 1 = RUB 89.6883; EUR 1 = RUB 99.1919 (31 December 2022: USD 1 = RUB 70.3375; EUR 1 = RUB 75.6553).

4. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management also exercises certain judgements, apart from those involving estimations, in the process of applying

the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Tax legislation. The Group is subject to taxation in several jurisdictions. The major part of the tax burden refers to the Russian tax legislation, which is subject to varying interpretations when being applied to the transactions and activities of the Group. Significant judgement is required in determining whether the tax positions and interpretations the Group has taken can be sustained. Refer to Note 30.

Bonuses from suppliers. The Group receives various bonuses from suppliers which represent a significant reduction in cost of goods sold and inventory cost. The calculation of these amounts is in part dependent on an estimation of whether the amounts due under agreements with suppliers have been earned at the reporting date based on inventory purchased and other conditions. In particular, estimates and judgements are applied in determining the period-end accrual for the supplier bonuses that are conditional on the volume of promotional or marketing activities provided. The allocation of the bonuses to inventory cost also has some element of judgement in relation to the attribution of the bonuses earned to the cost of specific goods received from suppliers based on the proportion of goods purchased.

Determination of recoverable amount of non-current assets. For those non-current assets where impairment indicators exist as at reporting date, the Group estimates the recoverable amount being the higher of their value in use and fair value less costs of disposal. For details of impairment assessment performed as at 31 December 2023 refer to Notes 14–16.

Recoverability of deferred tax asset. Significant judgment is required in assessment of recoverability of deferred tax asset on tax losses of LLC Fresh Market, the Group's entity that develops a discounter chain and does not yet generate profit. The Group performs analysis of future taxable profit to cover the accumulated tax losses on the basis of the long-term budget for the entity. Recognition of the deferred tax asset is contingent on the ability of the Group management to adhere to the long-term budget. Refer to Note 12.

Lease term. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease

term if the lease is reasonably certain to be extended (or not terminated).

If the contractual lease term does not align with the economics of the transaction, management considers whether there are any non-contractual enforceable rights beyond the written agreement to determine the lease term with reference to mutual understanding between the parties, respective laws and regulations and other relevant factors. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group leases land and trade and other premises based on the lease agreements with various termination and extension options. To determine the lease term the management has applied judgement in performing its 'reasonably certain' assessment and determined that it is reasonably certain that the extension options will be exercised or termination options will not be exercised during the lease period which is based on the Group's business plan with the respective planning horizon.

Most extension options in leases of trade premises have been included in the lease liability, because the Group is unlikely to replace the assets within the Group's planning horizon.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, e.g. asset reconstruction, renovation and other, which affects this assessment, and that is within the control of the lessee.

For lease agreements of trade and other premises with various extension and termination options, where the lease period is based on the Group's business plan with the respective planning horizon, the Group also performs its 'reasonably certain' reassessment and determines that it is reasonably certain that the extension options will be exercised or termination options will not be exercised closer to the end of the lease term, usually six months before the end of the lease. Six-month period is considered to be sufficient to make a decision to vacate the property or continue with the lease. The financial effect of revising the lease terms to reflect the effect of exercising extension and termination options was included in the 'Modifications and reassessments' captions in Notes 15 and 25.

An increase in the lease term by 1 year for the leases assuming extension options at the reporting date would have increased the balances of right-of-use assets and lease liabilities by RUB 4,076,999 thousand

and RUB 4,076,999 thousand, respectively (31 December 2022: by RUB 3,862,759 thousand and RUB 3,863,779 thousand, respectively).

A decrease of the lease term by 1 year for the leases assuming extension options at the reporting date would have decreased the balances of right-of-use assets and lease liabilities by RUB 4,401,328 thousand and RUB 4,448,900 thousand, respectively (31 December 2021: by RUB 3,689,575 thousand and RUB 4,252,993 thousand, respectively).

This analysis assumes that all other variables, in particular incremental borrowing rate, remain constant.

Discount rates used for determination of lease liabilities. The Group uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined. In 2023, the Group's incremental borrowing rate applied to lease liabilities denominated in Russian Roubles ranged from 9 to 14%, and for contracts denominated in other currencies from 6 to 11% (2022: from 10 to 20%, and from 5 to 6%, respectively).

An increase in the discount rate by 100 basis points at the reporting date would have decreased the balances of right-of-use assets and lease liabilities by RUB 506,432 thousand and RUB 553,113 thousand, respectively (31 December 2022: by RUB 578,512 thousand and RUB 606,158 thousand, respectively).

A decrease of the discount rate by 100 basis points at the reporting date would have increased the balances of right-of-use assets and lease liabilities by RUB 608,474 thousand and RUB 608,474 thousand, respectively (31 December 2021: by RUB 623,506 thousand and RUB 653,263 thousand, respectively).

This analysis assumes that all other variables, in particular lease term, remain constant.

5. New or revised standards and interpretations adopted by the Group

The following amendments to standards became effective from 1 January 2023, but did not have any material impact on the Group:

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the "integrally linked" approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change.

6. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocate resources and assess the performance for the entity. The CODM has been determined as the CEO of the Group and the Board of Directors of the Company.

The Group is engaged in management of retail stores located in the Russian Federation. Although the Group is not exposed to concentration of sales to individual customers, all of the Group's sales are made in the Russian Federation. As such, the Group is exposed to the economic development in Russia, including the development of the Russian retail industry. The Group has no significant non-current assets outside the Russian Federation.

The Group identified its operating segments in accordance with the criteria set in IFRS 8, Operating Segments, and based on the way the operations of the Group are regularly reviewed by the CODM to analyse performance and allocate resources within the Group.

The Group has two operating segments that also represent reportable segments: "O'Key" and "Da!". Each segment has similar format of their stores which is described below:

- O'Key – chain of modern style hypermarkets under the "O'KEY" brand;
- Da! – chain of discounter stores in Moscow and Central region.

The core assortment of goods in the stores of each segment is different, and the segments are managed separately. For each of the segments, the CODM of the Group reviews internal management reports at least on a monthly basis.

All business components within each reportable segment demonstrate similar characteristics:

- the products and customers;

The segment information for the years ended 31 December 2023 and 31 December 2022 is as follows:

'000 RUB	O'Key		Da!		Total	
	2023	2022	2023	2022	2023	2022
EXTERNAL REVENUE						
• Sales of trading stock	136,150,699	141,192,389	63,825,020	53,296,838	199,975,719	194,489,227
• Sales of self-produced catering products	5,796,395	5,711,789	-	-	5,796,395	5,711,789
Revenue from contracts with customers	141,947,094	146,904,178	63,825,020	53,296,838	205,772,114	200,201,016
Rental income	2,032,979	1,919,460	59,543	50,250	2,092,522	1,969,710
Total revenue	143,980,073	148,823,638	63,884,563	53,347,088	207,864,636	202,170,726
Inter-segment revenue	323,420	415,786	1,627,792	1,697,088	1,951,212	2,112,874
EBITDA	12,642,821	13,377,419	4,382,904	3,642,982	17,025,725	17,020,401

- the business processes are integrated and uniform: the components manage their operations centrally. Purchasing, logistics, finance, HR and IT functions are centralised;
- the components' activities are mainly limited to Russia which has a uniform regulatory environment.

The CODM assesses the performance of the operating segments based on revenue and earnings before interest, tax, depreciation and amortisation adjusted for certain one-off items outlined below ("EBITDA"). The "EBITDA" term is not defined in IFRS. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements. The accounting policies used for the segment reporting are the same as the accounting policies applied for the consolidated financial statements (Note 33).

Basis of segmentation used in these consolidated financial statements is consistent with that used in the prior year.

A reconciliation of EBITDA to (loss) / profit for the year is as follows:

'000 RUB	Note	2023	2022
EBITDA		17,025,725	17,020,401
Revaluation of investment property	9, 13	-	(135,000)
Net loss from disposal of non-current assets and net impairment of non-current assets	9	(349,457)	(215,749)
Loss from write-off of receivables and impairment of receivables	9	(229,027)	(197,916)
(Loss) from disposal of right-of-use assets	9	(80,067)	-
Depreciation and amortisation	8	(11,068,518)	(10,661,819)
Finance income	10	252,676	438,380
Finance costs	10	(7,519,479)	(6,080,150)
Foreign exchange (loss)/gain	11	(1,074,086)	312,806
Other one-off items		(445,928)	(58,968)
(Loss)/Profit before income tax		(3,488,161)	421,985
Income tax benefit/(expense)	12	610,099	(180,455)
(Loss)/Profit for the year		(2,878,062)	241,530

7. Principal subsidiaries

Details of the Company's significant subsidiaries at 31 December 2023 and 31 December 2022, all 100% owned are as follows:

Subsidiary	Country	Nature of operations
LLC O'KEY	Russian Federation	Retail
LLC Fresh Market	Russian Federation	Retail and real estate
JSC Dorinda	Russian Federation	Real estate
LLC O'KEY management	Russian Federation	Managing company
LLC O'KEY Logistics	Russian Federation	Import operations
O'KEY Investments Ltd	Cyprus	Financing

8. General, selling and administrative expenses

'000 RUB	Note	2023	2022
Personnel costs		17,648,595	16,850,253
Depreciation and amortisation	14-16	11,068,518	10,661,819
Communication and utilities		5,355,003	4,586,749
Advertising and marketing		2,199,563	2,295,894
Repairs and maintenance costs		1,779,811	1,582,106
Insurance and bank commissions		1,347,555	1,259,641
Security expenses		770,506	784,885
Operating taxes		717,655	765,669
Legal and professional expenses		673,604	651,024
Materials and supplies		441,329	460,448
Variable lease expenses and expenses relating to short-term and low value leases		439,631	448,245
Other costs		74,116	43,202
Total general, selling and administrative expenses		42,515,886	40,389,935

Total employee benefits expense for the year ended 31 December 2023 included in the cost of goods sold and general, selling and administrative expenses is RUB 21,150,316 thousand (2022: 20,719,462 thousand).

During the year ended 31 December 2023 the Group employed 19,7 thousand employees on average (2022: 21 thousand employees on average). Approximately 95%

of the employees (2022: 95% of the employees) are store and warehouse employees and the remaining part is office employees.

Fees billed to the Group by the independent auditors for statutory and consolidated audits and other advisors are as follows:

'000 RUB	2023	2022
Fees for statutory audit of annual and consolidated accounts	31,941	21,768
Fees charged for other assurance services (other advisors)	4,300	9,011
Fees charged for tax advisory services (other advisors)	1,500	9,622
Total auditors' remuneration	37,741	40,401

9. Other operating income and expenses, net

'000 RUB	Note	2023	2022
Gain from modification of leases		368,686	6,720
Net loss from disposal of non-current assets		(349,457)	(110,658)
Impairment of non-current assets	14	-	(105,000)
Impairment of receivables/ Reversal of impairment		(53,476)	2,729
Loss from write-off of receivables		(175,551)	(200,645)
Loss from revaluation of investment property	13	-	(135,000)
Loss from disposal of right-of-use assets		(80,067)	(91)
Sundry income and expense, net		(1,769)	(124,958)
Total other operating income and expenses, net		(291,634)	(666,903)

10. Finance income and finance costs

'000 RUB	Note	2023	2022
RECOGNISED IN PROFIT OR LOSS			
Interest income on bank deposits		252,676	438,380
Total finance income		252,676	438,380
Interest expense on loans and borrowings		(5,029,949)	(4,006,800)
Interest expense on lease liabilities	25	(2,489,530)	(2,073,350)
Total finance costs		(7,519,479)	(6,080,150)
Net finance costs recognised in profit or loss		(7,266,803)	(5,641,770)

During 2023 the Group has capitalised borrowing costs in the amount of RUB 62,308 thousand (2022: RUB 61,051 thousand) arising on financing directly attributable to the construction of the Group's new stores. The capitalisation rate was 12.9% (2022: 9.9%).

11. Foreign exchange (loss)/gain

The Group's risk management policy is to receive loans and borrowings in the same currency in which revenues are generated (RUB). As at 31 December 2023, there are no USD-denominated loans and borrowings (31 December 2022: there are no USD-denominated loans and borrowings). The Group's exposure to currency risk is disclosed in Note 28.

'000 RUB	2023	2022
Foreign exchange loss on financial items	(2,617,287)	(4,277,117)
Foreign exchange gain on financial items	1,764,243	4,815,285
Net foreign exchange (loss)/gain on financial items	(853,044)	538,168
Foreign exchange loss on operating items	(221,042)	(225,362)
Total foreign exchange (loss)/gain	(1,074,086)	312,806

In 2023 and in 2022 substantial amount of the net foreign exchange gain relates to USD-denominated intercompany loans between Group entities with different functional currencies which are eliminated on consolidation. The residual net foreign exchange gain is attributable to lease contracts in foreign currencies while foreign exchange losses arose mainly from import operations.

12. Income tax

Income tax recognised in profit or loss

'000 RUB	2023	2022
Current tax expense	(75,164)	(512,422)
Deferred tax benefit	685,263	331,967
Total income tax benefit/(expense)	610,099	(180,455)

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Group's 2023 and 2022 income is 20%, the income tax rate established by the Russian tax legislation. A reconciliation between the expected and the actual taxation benefit/charge is provided below.

'000 RUB	2023	2022
(Loss)/Profit before income tax	(3,488,161)	421,985
Theoretical income tax at applicable tax rate of 20%	697,632	(84,397)
Effect of income taxed at different rates	22,323	76,856
Tax effect of items which are not deductible for taxation purposes:		
• Inventory shrinkage expenses	(7,274)	(47,481)
• Other non-deductible expenses	(61,730)	(70,257)
Adjustments to current income tax	(40,852)	(55,176)
Income tax (expense) for the year	610,099	(180,455)

Deferred tax assets and liabilities

(a) Deferred taxes in respect of subsidiaries

The Group has not recorded a deferred tax liability in respect of temporary differences of RUB 25,648,263 thousand (31 December 2022: RUB 27,729,964 thousand) associated with investments in subsidiaries as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future. If the temporary difference reversed in form of distributions remitted to the Company, then an enacted tax rate of 5–15% would apply.

(b) Recognised deferred tax asset on tax loss carried forward

Deferred tax asset recognised in respect of tax loss carried forward relates to the losses accumulated by the Group's subsidiary LLC Fresh Market that develops a discounter chain and does not yet generate profit.

Starting from 1 January 2017 the amendments to the Russian tax legislation became effective in respect of tax loss carry forwards. The amendments affect tax losses incurred and accumulated since 2007 that have not been utilised. The 10-year expiry period for tax loss carry-forwards that was in effect prior to 2017 no longer applies, and the accumulated tax losses can now be carried forward for utilisation in future periods without any time limitation, with exception of limitation on utilisation of tax loss carry forwards that applies during the period from 2017 to 2026. The amount of losses that can be utilised each year during this period is limited to 50% of annual taxable profit.

The Group determined that future taxable profits will be available at LLC Fresh Market in the foreseeable future against which its accumulated losses can be utilised. In making this assessment the Group considered that according to the discounter chain's long-term budget the deferred tax asset of RUB 3,554,526 thousand on accumulated losses generated by LLC Fresh Market as at 31 December 2023 will be utilised in full by 2029.

In 2023 minor corrections to the Group's long-term plan for number of opening of new stores were made. The Group is following its long-term budget approved in prior years with insignificant changes on revenue and expenses planned for 2024 in order to reflect changes noted in 2023 with no impact on total net profit in monetary terms.

Recognition of the deferred tax asset is contingent on the ability of the Group management to adhere to the key assumptions made in the long-term budget. These key assumptions in the discounter chain's long-term budget covering 2024–2029 include annual expansion by approximately 40 new discounter stores per year except for 2024 year were focus on operational efficiency is planned instead of intensive expansion; annual growth in revenue comparable with past dynamics of the discounter chain; and gradual decrease of share of semi-fixed costs due to economies of scale.

In addressing the sensitivity of the timing of full utilisation of the deferred tax asset attributable to LLC Fresh Market, the Group estimated that if the pace of openings of new discounter stores in each of the years from 2025 to 2029 is lower by 20% as compared to the chain expansion rate reflected in the segment's long-term budget, with all other assumptions held constant, the timing of full utilisation of the deferred tax asset would shift from 2029 to 2030. The Group believes that any such shift does not affect the probability that the deferred tax asset would be fully utilised, since the tax losses can be carried forward indefinitely and have no expiry date under the Russian tax legislation.

(c) Movement in temporary differences during the year

Differences between IFRS and statutory taxation regulations in Russia and other countries give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

'000 RUB	1 January 2023	Recognised in profit or loss	31 December 2023
TAX EFFECT OF DEDUCTIBLE/ (TAXABLE) TEMPORARY DIFFERENCES AND TAX LOSS CARRY FORWARDS			
Investment property	179,953	-	179,953
Property, plant and equipment	(1,303,769)	43,210	(1,260,559)
Construction in progress	(211,505)	(56,043)	(267,548)
Right-of-use assets	(2,610,919)	(1,009,284)	(3,620,203)
Intangible assets	(106,099)	208,721	102,622
Other non-current assets	(42,157)	193,234	151,077
Inventories	258,045	10,067	268,112
Trade and other receivables and payables	440,124	(221,300)	218,824
Long-term investments	5,785	-	5,785
Lease liabilities	4,689,130	1,376,495	6,065,625
Tax loss carry-forwards	3,414,363	140,165	3,554,526
Net deferred tax assets	4,712,951	685,263	5,398,214
Recognised deferred tax assets	5,245,595	-	6,082,047
Recognised deferred tax liabilities	(532,644)	-	(683,833)

'000 RUB	1 January 2022	Recognised in profit or loss	31 December 2022
TAX EFFECT OF DEDUCTIBLE/ (TAXABLE) TEMPORARY DIFFERENCES AND TAX LOSS CARRY FORWARDS			
Investment property	152,953	27,000	179,953
Property, plant and equipment	(1,464,399)	160,630	(1,303,769)
Construction in progress	(73,423)	(138,082)	(211,505)
Right-of-use assets	(2,909,161)	298,242	(2,610,919)
Intangible assets	(96,079)	(10,020)	(106,099)
Other non-current assets	145,591	(187,748)	(42,157)
Inventories	267,631	(9,586)	258,045
Trade and other receivables and payables	139,571	300,553	440,124
Long-term investments	5,785	-	5,785
Lease liabilities	4,812,607	(123,477)	4,689,130
Tax loss carry-forwards	3,399,908	14,455	3,414,363
Net deferred tax assets	4,380,984	331,967	4,712,951
Recognised deferred tax assets	4,895,412	-	5,245,595
Recognised deferred tax liabilities	(514,428)	-	(532,644)

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

13. Investment property

(a) Reconciliation of carrying amount

'000 RUB	Note	
Investment properties at fair value as at 1 January 2022		1,947,218
Loss from revaluation of investment property	9	(135,000)
Reclassification to non-current assets held for sale		(305,000)
Other changes		(32,885)
Investment properties at fair value as at 31 December 2022		1,474,333
Investment properties at fair value as at 1 January 2023		1,474,333
Disposals		(217,115)
Investment properties at fair value as at 31 December 2023		1,257,218

The trade premises of the Group included in investment property are subject to operating leases. As at 31 December 2023 the Group's investment property comprises three buildings and three land plots (31 December 2022: three buildings and four land plots).

As at 31 December 2023 the lease agreement for one land plot was ended.

(b) Measurement of fair value

The investment properties are valued annually on 31 December at fair value, by an independent, professionally qualified valuator who has recent experience in valuing similar properties in the Russian Federation.

The carrying values of investment properties at 31 December 2023 and 31 December 2022 agree to the valuations reported by the external valutors with the use of a combination of the market approach with reference to comparable prices for orderly transactions with similar properties and the income approach with reference to estimates of future cash flows, supported by the terms

of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions underlying the estimation of the fair value with reference to the income approach are those relating to: the annual net rent rate of RUB 645–1,829 per sq. m. (31 December 2022: RUB 912–1,829 per sq. m.); expected occupancy of 82–100% in the subsequent years (31 December 2022: 82,0–100%); and appropriate discount rate of 9,82% – 15,6% (31 December 2022: 10,15% – 13,5%).

These valuations are regularly compared to actual market yield data and actual transactions by the Group, and those reported by the market.

The fair value measurement of investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

14. Property, plant and equipment and construction in progress

'000 RUB	Land	Buildings	Leasehold improvements	Machinery and equipment, auxiliary facilities and other fixed assets	Total property, plant and equipment	Construction in progress	Total property, plant and equipment and construction in progress
COST							
Balance at 1 January 2022	3,735,039	42,294,973	10,586,717	18,273,095	74,889,824	2,974,861	77,864,685
Additions	-	5,768	10,346	2,761,363	2,777,477	3,041,853	5,819,330
Transfers	-	433,262	2,355,033	557,341	3,345,636	(3,345,636)	-
Disposals	-	(546)	(115,203)	(929,780)	(1,045,529)	(37,290)	(1,082,819)
Balance at 31 December 2022	3,735,039	42,733,457	12,836,893	20,662,019	79,967,408	2,633,788	82,601,196
Balance at 1 January 2023	3,735,039	42,733,457	12,836,893	20,662,019	79,967,408	2,633,788	82,601,196
Additions	21,000	53,742	4,160	2,251,065	2,329,967	3,814,811	6,144,778
Transfers	-	803,977	2,106,289	497,363	3,407,629	(3,407,629)	-
Disposals	-	(19,255)	(320,272)	(1,108,648)	(1,448,175)	(610,835)	(2,059,010)
Balance at 31 December 2023	3,756,039	43,571,921	14,627,070	22,301,799	84,256,829	2,430,135	86,686,964
DEPRECIATION AND IMPAIRMENT LOSSES							
Balance at 1 January 2022	-	(13,237,435)	(5,903,739)	(14,131,511)	(33,272,685)	(1,202,772)	(34,475,457)
Depreciation for the year	-	(1,397,560)	(1,924,340)	(1,748,345)	(5,070,245)	-	(5,070,245)
Impairment losses	-	-	-	-	-	(105,000)	(105,000)
Disposals	-	257	103,919	881,197	985,373	-	985,373
Balance at 31 December 2022	-	(14,634,738)	(7,724,160)	(14,998,659)	(37,357,557)	(1,307,772)	(38,665,329)
Balance at 1 January 2023	-	(14,634,738)	(7,724,160)	(14,998,659)	(37,357,557)	(1,307,772)	(38,665,329)
Depreciation for the year	-	(697,560)	(2,237,291)	(1,994,998)	(4,929,849)	-	(4,929,849)
Disposals	-	6,243	248,814	1,016,002	1,271,059	-	1,271,059
Balance at 31 December 2023	-	(15,326,055)	(9,712,637)	(15,977,655)	(41,016,347)	(1,307,772)	(42,324,119)
NET BOOK VALUE							
At 1 January 2022	3,735,039	29,057,538	4,682,978	4,141,584	41,617,139	1,772,089	43,389,228
At 31 December 2022	3,735,039	28,098,719	5,112,733	5,663,360	42,609,851	1,326,016	43,935,867
At 31 December 2023	3,756,039	28,245,866	4,914,433	6,324,144	43,240,482	1,122,363	44,362,845

Depreciation expense of RUB 4,929,849 thousand has been charged to selling, general and administrative expenses (2022: RUB 5,070,245 thousand).

Impairment assessment

At the end of each reporting period, the Group assesses whether there is any indication that its non-current assets including property, plant and equipment, right-of-use assets and other non-current assets may be impaired. Where the non-current assets relate to the Group's stores, these stores are treated as separate CGUs, and impairment assessment is performed in respect of the aggregate carrying value of the non-current assets attributable to these CGUs with reference to their actual and anticipated performance and other relevant factors.

For the CGUs subject to impairment testing, recoverable amount was determined based on value-in-use.

Value in use calculations were prepared using cash flow projections based on financial budgets and forecasts approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using an expected growth rate for each particular CGU which depends on its maturity and other relevant factors. The discount rates are post-tax and reflect management's estimate of the risks specific to the Group.

As the result of the impairment test performed as at 31 December 2023 no impairment was identified.

15. Right-of-use assets

The Group leases various trade premises, land and other assets. Rental contracts are typically made for fixed periods of 3 to 30 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The table below presents the right-of-use assets by class of underlying assets:

'000 RUB	Trade premises	Land	Other	Total
Balance at 1 January 2022	14,915,114	3,717,642	1,558,143	20,190,899
Additions	2,199,768	-	133,059	2,332,827
Modifications and reassessments	1,906,936	(176,191)	(60,020)	1,670,725
Depreciation	(4,092,331)	(168,111)	(717,193)	(4,977,635)
Balance at 31 December 2022	14,929,487	3,373,340	913,989	19,216,816
Balance at 1 January 2023	14,929,487	3,373,340	913,989	19,216,816
Additions	1,845,165	251,805	7,977	2,104,947
Modifications and reassessments	4,011,602	28,939	3,643,558	7,684,099
Depreciation	(4,616,017)	(168,449)	(830,310)	(5,614,776)
Disposals	-	(81,323)	-	(81,323)
Balance at 31 December 2023	16,170,237	3,404,312	3,735,214	23,309,763

The group 'Other' is mostly represented by office premises and warehouses.

(31 December 2022: impairment loss of RUB 105,000 thousand in respect of construction in progress belonging to O'Key segment).

The post-tax discount rate used in the assessment under the value in use approach as at 31 December 2023 was 12.6% (31 December 2022: 12.3%). If the revised estimated post-tax discount rate applied to the discounted cash flows of the CGUs had been 800 basis points higher than management's estimates, the Group would need to reduce the carrying value of property, plant and equipment by RUB 4,000 thousand (2022: if the estimated post-tax discount rate had been 100 basis points higher than management's estimates, the Group would need to reduce the carrying value of property, plant and equipment by RUB 40,000 thousand).

Pledged assets

At 31 December 2023, trade stores with carrying value of RUB 7,769,535 thousand have been pledged to third parties as collateral for bank borrowings (31 December 2022: trade stores were pledged with carrying value of RUB 7,788,521 thousand).

Modifications and reassessments for the year ended 31 December 2023 were driven by the modification of a warehouses leases, as well as by the modification of a number of other leases, that changed either the consideration for the lease, contractual lease term, or both.

Depreciation expense of RUB 5,599,427 thousand (2023: RUB 4,970,334 thousand) has been charged to general, selling and administrative expenses. During 2023 the Group has capitalised depreciation of right of use assets in the amount of RUB 15,349 thousand (2022: RUB 7,301 thousand).

Right-of-use assets are assessed for indication of potential impairment as at each reporting date. For those assets where impairment indicators exist, the Group estimates recoverable amount being the higher of their value in use

and fair value less costs of disposal, on either individual asset or CGU level.

No indicators of impairment were identified for the Group's right-of-use assets that are attributable to individual leased assets and do not relate to stores in operation as at 31 December 2023 and 2022.

For those right-of-use assets that relate to the Group's stores and are therefore assessed for impairment on the store level together with the other non-current assets attributable to the stores, impairment assessment has been performed as disclosed in Note 14. No impairment attributable to the right-of-use assets was identified as at 31 December 2023 and 31 December 2022.

No reversal of impairment as at 31 December 2023 and 31 December 2022 was made.

16. Intangible assets

'000 RUB	Software	Other intangible assets	Total
COST			
Balance at 1 January 2022	1,964,058	316,432	2,280,490
Additions	836,228	103,282	939,510
Disposals	(826,268)	(110,254)	(936,522)
Balance at 31 December 2022	1,974,018	309,460	2,283,478
Balance at 1 January 2023	1,974,018	309,460	2,283,478
Additions	456,824	272,123	728,947
Disposals	(571,463)	(149,409)	(720,872)
Balance at 31 December 2023	1,859,379	432,174	2,291,553
AMORTISATION AND IMPAIRMENT LOSSES			
Balance at 1 January 2022	(813,330)	(136,784)	(950,114)
Amortisation for the year	(584,211)	(37,029)	(621,240)
Disposals	481,320	12,071	493,391
Balance at 31 December 2022	(916,221)	(161,742)	(1,077,963)
Balance at 1 January 2023	(916,221)	(161,742)	(1,077,963)
Amortisation for the year	(491,512)	(47,730)	(539,242)
Disposals	520,939	19,266	540,205
Balance at 31 December 2023	(886,794)	(190,206)	(1,077,000)
CARRYING AMOUNTS			
At 1 January 2022	1,150,728	179,648	1,330,376
At 31 December 2022	1,057,797	147,718	1,205,515
At 31 December 2023	972,585	241,968	1,214,553

Amortisation of RUB 539,242 thousand has been charged to selling, general and administrative expenses (2022: RUB 621,240 thousand).

No indicators of impairment were identified for the Group's intangible assets as at 31 December 2023 and 31 December 2022.

17. Prepayments

'000 RUB	31 December 2023	31 December 2022
Prepayments for goods	320,267	514,967
Prepayments for variable lease payments – third parties	126,277	118,645
Prepayments for services	192,597	299,642
VAT on prepayments	86,172	44,462
Other prepayments	74,999	199,745
Total prepayments	800,312	1,177,461

18. Other non-current assets

'000 RUB	31 December 2023	31 December 2022
FINANCIAL ASSETS WITHIN OTHER NON-CURRENT ASSETS		
Long-term refundable deposits to lessors	564,621	570,419
Total financial assets within other non-current assets	564,621	570,419
OTHER NON-CURRENT ASSETS		
Prepayments for non-current assets	307,483	1,230,720
Total other non-current assets	872,104	1,801,139

19. Inventories

'000 RUB	31 December 2023	31 December 2022
Goods for resale	24,145,751	22,846,326
Raw materials and consumables	1,562,829	1,736,759
Write-down to net realisable value	(732,654)	(666,098)
Total inventories	24,975,926	23,916,987

The Group tested the inventories for obsolescence and wrote down the inventories to their net realisable value, which resulted in a decrease of the carrying value of inventories by RUB 732,654 thousand as at 31 December 2023 (31 December 2022: RUB 666,098 thousand). The write down to net realisable value was determined by applying percentages of discount on sales and write-offs of slow-moving goods to the appropriate aging of the goods. The percentages of discount were based on the management's best estimate following the experience of the discount sales.

20. Trade and other receivables

'000 RUB	31 December 2023	31 December 2022
FINANCIAL ASSETS WITHIN TRADE AND OTHER RECEIVABLES		
Trade receivables	420,326	332,773
Bonuses receivable from suppliers	1,553,709	2,031,406
Other financial receivables	169,427	210,178
Total financial assets within trade and other receivables	2,143,462	2,574,357
OTHER RECEIVABLES		
VAT receivable	138,294	338,689
Prepaid taxes other than income tax	234,436	17,174
Total trade and other receivables	2,516,192	2,930,220

The Group's exposure to credit and currency risks and credit loss allowance as at 31 December 2023 and 31 December 2022 related to trade and other receivables are disclosed in Note 28.

21. Cash and cash equivalents

'000 RUB	31 December 2023	31 December 2022
Cash on hand	162,782	302,561
Bank current accounts	4,866,560	3,010,675
Term deposits	5,988,729	8,043,004
Cash in transit	507,720	423,094
Total cash and cash equivalents	11,525,791	11,779,334

Term deposits had original maturities of less than three months.

The Group's exposure to currency risk related to cash and cash equivalents is disclosed in Note 28.

22. Equity

As at 31 December 2023 and 31 December 2022, the Company's authorised, issued and fully paid share capital of RUB 119,440 thousand, the RUB equivalent of EUR 2,691 thousand, is represented by 269,074,000 ordinary shares with a par value of 0.01 EUR each. Each share is entitled to one vote, except as may be otherwise provided by the Articles of Incorporation or by applicable law.

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders. As at 31 December 2023 and 2022, the legal reserve was formed in full.

Additional paid-in capital represents the excess of contributions received over par value of shares issued. There were no movements in additional paid-in capital during the years ended 31 December 2023 and 31 December 2022.

In July 2022, the Company approved an interim dividend on all shares in issue of EUR 8,500 thousand (0.03159 Euro per share), the equivalent of RUB 480,594 thousand at the official exchange rate as of the date of the approval. The corresponding payments were made to the shareholders in August 2022 in full. Dividends declared were recognised as distribution to owners in the consolidated statement of changes in equity.

No dividends were declared and paid in 2023.

23. (Loss)/Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

Earnings per share is calculated as follows:

'000 RUB	2023	2022
(Loss)/Profit for the year	(2,878,062)	241,530
Weighted average number of ordinary shares in issue (thousands)	269,074	269,074
Basic and diluted (loss)/earnings per ordinary share (in RUB per share)	(10.7)	0.9

24. Loans and borrowings

'000 RUB	Currency	31 December 2023		31 December 2022	
		Maturity	Carrying value	Maturity	Carrying value
NON-CURRENT LOANS AND BORROWINGS					
Secured bank loans	RUB	2025–2027	11,794,118	2024–2027	10,652,941
Unsecured bank facilities	RUB	2025–2028	12,850,000	2024–2026	13,500,000
Unsecured bonds	RUB	2026–2030	16,484,330	2024–2026	11,372,271
Total non-current loans and borrowings			41,128,448		35,525,212
CURRENT LOANS AND BORROWINGS					
Secured bank loans	RUB		-	2023	729,412
Unsecured bank facilities	RUB	2024	3,500,000	2023	3,033,333
Unsecured bonds	RUB	2024	2,500,000	2023	6,195,201
Unsecured loans from third parties	RUB	2024	2,850	2023	2,850
Total current loans and borrowings			6,002,850		9,960,796
Unsecured bonds interest	RUB		240,529		209,488
Secured bank loans	RUB		3,305		2,034
Unsecured loans interest	RUB		10,615		4,215
Interest accrued on loans and borrowings			254,450		215,737
Total current loans and borrowings, including interest accrued			6,257,300		10,176,533
Total loans and borrowings			47,385,748		45,701,745

Information about property, plant and equipment pledged as collateral for the Group's loans and borrowings is disclosed in Note 14.

As at 31 December 2023 the Group had RUB 16,560,000 thousand (31 December 2022: RUB 16,466,667 thousand) of undrawn committed borrowing facilities available in RUB on fixed and floating rate basis until March 2024–March 2028 in respect of which all conditions have been met. Proceeds from these facilities may be used to finance operating and investing activities, if necessary.

In 2023 the Group repaid bonds issued during 2019–2020 and due in 2023–2025 in the amount of RUB 6,062,700 thousand.

In 2022 the Group repaid bonds issued during 2019–2020 and due in 2023–2025 in the amount of RUB 3,750,293 thousand.

The following issues of unsecured bonds were also placed by the Group on Moscow exchange in 2019–2022:

- an issue made in April 2019 in the amount of RUB 5,000,000 thousand bearing coupon rate of 9.35% p.a. and maturing in April 2029 with an option for the bondholders to claim early repayment

in April 2022. In October and November 2021 bonds were partially repaid in the amount of RUB 2,162,329 thousand. In April 2022 bonds were partially repaid in the amount of RUB 2,445,494 thousand. An option for the bondholders to claim early was prolonged till April 2025 bearing coupon rate of 9.9% p.a.;

- an issue made in December 2019 in the amount of RUB 5,000,000 thousand bearing coupon rate of 7.85% p.a. and maturing in November 2024;
- an issue made in November 2020 in the amount of RUB 5,000,000 thousand bearing coupon rate of 7.50% p.a. and maturing in October 2030 with an option for the bondholders to claim early repayment in November 2023. In December 2022 bonds were partially repaid in the amount of RUB 1,304,799 thousand;
- an issue made in November 2022 in the amount of RUB 8,500,000 thousand bearing coupon rate of 11.5% p.a. and maturing in November 2032 with an option for the bondholders to claim early repayment in May 2026.
- an issue made in May 2023 in the amount of RUB 7,500,000 thousand bearing coupon rate of 11.75% p.a. and maturing in May 2033 with an option for the bondholders to claim early repayment in May 2026.

Compliance with loan covenants

The Group monitors compliance with loan covenants on an ongoing basis. Where noncompliance is unavoidable

in management's view, the Group requests waiver letters from the banks before the year-end, confirming that the banks waive their rights to demand early redemption.

25. Lease liabilities

'000 RUB	2023	2022
Balance at 1 January	22,544,804	24,063,037
Additions	2,000,248	2,170,785
Modifications and reassessments	7,090,769	1,631,120
Repayment	(7,759,668)	(7,170,232)
Interest expense	2,491,371	2,075,250
Foreign exchange (loss)/gain	356,113	(225,247)
Disposals	(1,256)	91
Balance at 31 December	26,722,381	22,544,804
Non-current lease liabilities	20,760,179	16,924,142
Current lease liabilities	5,962,202	5,620,662

Interest expense in the amount of RUB 2,489,530 thousand (2022: RUB 2,073,350 thousand) has been charged to finance costs.

Total cash outflow for leases in 2023 amounted to RUB 8,207,325 thousand (2022: RUB 7,612,899 thousand).

Some property leases contain variable payment terms that are linked to sales generated by a store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales

are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Expense relating to variable lease payments not included in lease liabilities included in selling, general and administrative expenses for 2023 was RUB 379,814 thousand (2022: RUB 420,488 thousand).

Expenses relating to short-term leases and to leases of low-value assets that are not included in lease liabilities, both included in selling, general and administrative expenses, amounted to RUB 310 thousand (2022: RUB 577 thousand) and RUB 59,507 thousand (2022: RUB 27,180 thousand), respectively.

26. Trade and other payables

'000 RUB	31 December 2023	31 December 2022
FINANCIAL LIABILITIES AT AMORTISED COST		
Trade payables	27,883,950	26,771,109
Other financial payables	198,290	184,761
Total financial liabilities at amortised cost	28,082,240	26,955,870
Payables to staff	1,472,151	1,397,271
Taxes payable other than income tax	1,028,784	1,683,457
Advances received from lessees	391,144	520,096
Contract liability related to gift cards	87,764	80,251
Total trade and other payables	31,062,083	30,636,945

The Group's contract liabilities relate to contracts with customers for periods of less than one year. RUB 87,764 thousand of revenue was recognised in the current reporting period related to the contract liabilities as at 31 December 2022, all of which related to gift cards.

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 28.

27. Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

'000 RUB	Note	Loans and borrowings	Lease liabilities	Dividends payable	Total
Balance at 1 January 2023		45,701,745	22,544,804	-	68,246,549
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from loans and borrowings		15,500,003	-	-	15,500,003
Repayment of loans and borrowings		(13,834,268)	-	-	(13,834,268)
Interest paid on loans and borrowings		(4,939,018)	-	-	(4,939,018)
Repayment of principal amount of lease liabilities		-	(5,268,297)	-	(5,268,297)
Interest paid on lease liabilities		-	(2,491,371)	-	(2,491,371)
Other financial payments		(125,188)	-	-	(125,188)
Total cash flows from financing activities		(3,398,471)	(7,759,668)		(11,158,139)
NON-CASH CHANGES					
Additions to lease liabilities	25	-	2,000,248	-	2,000,248
Modifications and reassessments of lease liabilities	25	-	7,090,769	-	7,090,769
Accrued interest	10,25	5,029,949	2,491,371	-	7,521,321
Disposals	25	-	(1,256)	-	(1,256)
Difference between the par value of the placed bond and the actual cost of the bond redemption (income)		(40,348)	-	-	(40,348)
Effect of changes in foreign exchange rates		92,873	356,113	-	448,986
Total non-cash changes		5,082,474	11,937,245		17,019,953
Balance at 31 December 2023		47,385,748	26,722,381		74,108,129
Balance at 1 January 2022		37,966,058	24,063,037		62,029,095
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from loans and borrowings		17,772,121	-	-	17,772,121
Repayment of loans and borrowings		(9,958,485)	-	-	(9,958,485)
Interest paid on loans and borrowings		(3,966,907)	-	-	(3,966,907)
Repayment of principal amount of lease liabilities		-	(5,094,982)	-	(5,094,982)
Interest paid on lease liabilities		-	(2,075,250)	-	(2,075,250)
Dividends paid		-	-	(480,594)	(480,594)
Other financial payments		(80,560)	-	-	(80,560)

'000 RUB	Note	Loans and borrowings	Lease liabilities	Dividends payable	Total
Total cash flows from financing activities		3,766,169	(7,170,232)	(480,594)	(3,884,657)
NON-CASH CHANGES					
Additions to lease liabilities	25	-	2,170,785	-	2,170,785
Modifications and reassessments of lease liabilities	25	-	1,631,120	-	1,631,120
Accrued interest	10,25	4,067,851	2,075,250	-	6,143,101
Disposals	25	-	91	-	91
Difference between the par value of the placed bond and the actual cost of the bond redemption (income)		(19,572)	-	-	(19,572)
Dividends declared	22	-	-	480,594	480,594
Effect of changes in foreign exchange rates		(78,761)	(225,247)	-	(304,008)
Total non-cash changes		3,969,518	5,651,999	480,594	10,102,111
Balance at 31 December 2022		45,701,745	22,544,804	-	68,246,549

28. Financial risk management

(a) Overview

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures,

'000 RUB	Note	Carrying amount	
		31 December 2023	31 December 2022
Long-term refundable deposits to lessors	18	564,621	570,419
Trade and other receivables	20	2,143,462	2,574,357
Cash and cash equivalents	21	11,363,009	11,476,773
Total		14,071,092	14,621,549

Due to the fact that the Group's principal activities are located in the Russian Federation, the credit risk is mainly associated with its domestic market. The credit risks associated with foreign counterparties are considered to be remote, as there are only few foreign counterparties and they were properly assessed for creditworthiness.

(ii) Trade and other receivables

The Group has no considerable balance of trade receivables because the majority of its customers are retail consumers, who are not provided with any credit. The Group's trade receivables primarily include receivables from tenants and receivables connected to provision of services. Other receivables are primarily represented by bonuses

aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, trade receivables, bonuses receivable and other financial receivables.

(i) Exposure to credit risk

The carrying amounts of financial assets in the consolidated statement of financial position represent the Group's maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

receivable from suppliers. The Group manages credit risk in respect of those bonuses receivable by maintaining a stable suppliers base and monitoring collectability of amounts due on an ongoing basis.

To measure the ECL for trade and other receivables, those have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic

factors affecting the ability of the customers to settle the receivables.

The ECL for bonuses receivable from suppliers is determined on portfolio level based on historical default percentages applied to the total amount of bonuses

'000 RUB	Gross amount	ECL	Carrying amount
Trade receivables	444,579	(24,253)	420,326
Bonuses receivable from suppliers	1,560,372	(6,663)	1,553,709
Other financial receivables	207,718	(38,291)	169,427
Total	2,212,669	(69,207)	2,143,462

The credit loss allowance as at 31 December 2022 determined with the use of provision matrix is summarised in the table below.

'000 RUB	Gross amount	ECL	Carrying amount
Trade receivables	339,854	(7,081)	332,773
Bonuses receivable from suppliers	2,045,886	(14,480)	2,031,406
Other financial receivables	223,556	(13,378)	210,178
Total	2,609,296	(34,939)	2,574,357

(iii) Cash and cash equivalents

The Group assesses credit risk for cash and cash equivalents based on external ratings that are available publicly. Cash and cash equivalents are mainly held with banks which are rated from Baa3 to Ca based on Moody's rating.

The Group operates in retail industry which assumes that cash from the customers flows to the Group normally at the point of sale at the moment when the revenue is recognized. Therefore, cash flow risk is considered as remote.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management is a responsibility of the Group's Treasury Department. The Group's liquidity risk management objectives are as follows:

- Maintaining financial independence: a share of one creditor in debt portfolio should not exceed 30%;

receivable from suppliers, adjusted to reflect relevant current and forward-looking information.

The credit loss allowance as at 31 December 2023 determined with the use of provision matrix is summarised in the table below.

- Maintaining financial stability: the Net Debt / EBITDA ratio should not exceed 5.0 (at some agreements 5.5), where Net Debt is the total of long-term and short-term loans and borrowings and lease liabilities less cash and cash equivalents as presented in the consolidated financial statements;
- Monitoring of compliance with debt covenants;
- Planning: timely preparation of operating, investing and financing cash flow forecasts on rolling basis.

(i) Exposure to liquidity risk

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross loan commitments. Such undiscounted cash flows may differ from the amount included in the consolidated statement of financial position because the consolidated statement of financial position amounts are based on discounted cash flows. Where the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

31 December 2023						
'000 RUB	Carrying amount	Contractual cash flows	Demand and less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
FINANCIAL LIABILITIES AT AMORTISED COST						
Secured bank loans	11,797,423	15,555,668	696,379	700,690	14,158,599	-
Unsecured bonds	19,224,859	23,922,236	2,516,287	2,237,253	19,028,082	140,614
Unsecured bank facilities	16,360,615	20,665,411	4,501,323	890,651	15,273,437	-
Unsecured loans from third parties	2,850	2,896	46	2,850	-	-
Lease liabilities	26,722,381	37,560,913	4,045,518	4,005,828	19,968,013	9,541,554
Trade and other payables	28,082,240	28,082,240	28,082,240	-	-	-
Total future payments, including future principal and interest payments	102,190,368	125,789,364	39,841,793	7,837,272	68,428,131	9,682,168

As at 31 December 2023, the Group's current liabilities exceeded its current assets by RUB 3,431,679 thousand (31 December 2022: RUB 6,431,960 thousand). An excess of current liabilities over current assets is usual for the retail industry. The Group uses excess of trade and other payables over inventory to finance its operating and investing activities. The Group has reviewed its cash flow forecasts in the context of current and projected market conditions, as well as available undrawn credit facilities disclosed in Note 24, and is confident that it will be able to meet its obligations as they fall due.

31 December 2022						
'000 RUB	Carrying amount	Contractual cash flows	Demand and less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years
FINANCIAL LIABILITIES AT AMORTISED COST						
Secured bank loans	11,384,387	14,479,556	533,576	1,257,448	12,688,532	-
Unsecured bonds	17,776,960	21,540,117	2,008,245	5,700,389	13,831,483	-
Unsecured bank facilities	16,537,548	20,482,625	764,537	3,780,026	15,938,062	-
Unsecured loans from third parties	2,850	2,894	44	2,850	-	-
Lease liabilities	22,544,804	33,037,739	3,747,596	3,559,353	14,094,751	11,636,039
Trade and other payables	26,955,870	26,955,870	26,955,870	-	-	-
Total future payments, including future principal and interest payments	95,202,419	116,498,801	34,009,868	14,300,066	56,552,828	11,636,039

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Management sets limits on the value of risk that may be accepted. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(i) Currency risk

The Group holds its business in the Russian Federation and mainly collects receivables nominated in Russian Roubles. However, financial assets and liabilities of the Group are also denominated in other currencies, primarily US Dollar, Euro.

Thus, the Group is exposed to currency risk, which may materially influence the financial position and financial results of the Group through the change in carrying value of financial assets and liabilities and amounts on foreign exchange rate gains or losses. The Group ensures that its exposure is kept to an acceptable level by keeping the proportion of financial assets and liabilities in foreign currencies to total financial liabilities at an acceptable level. From time to time the Group converts assets and liabilities from one currency to another.

Exposure to currency risk

The Group's exposure to currency risk in relation to the USD, EUR and CNY the major foreign currencies for the Group's Russian subsidiaries, was as follows based on notional amounts.

The Group's exposure to currency risk in relation to the USD was as follows based on notional amounts:

'000 RUB	31 December 2023	31 December 2022
Trade and other receivables	7,283	689
Cash and cash equivalents	361,035	28,507
Trade and other payables	(163,988)	(272,332)
Total	204,330	(243,136)

The Group's exposure to currency risk in relation to the EUR was as follows based on notional amounts:

'000 RUB	31 December 2023	31 December 2022
Cash and cash equivalents	49,089	2
Lease liabilities	(1,509,597)	(1,459,682)
Trade and other payables	(49,088)	(102,224)
Total	(1,509,596)	(1,561,904)

The Group's exposure to currency risk in relation to the CNY was as follows based on notional amounts:

'000 RUB	31 December 2023	31 December 2022
Trade and other receivables	7,815	1,065
Cash and cash equivalents	693	443
Trade and other payables	(119,268)	(6,670)
Total	(110,760)	(5,162)

Sensitivity analysis

A 20% weakening/strengthening of the RUB against the USD at 31 December 2023 would have decreased/increased equity and profit or loss by RUB 40,866 thousand (31 December 2022: 20% weakening/strengthening of the RUB against the USD would have decreased/increased equity and profit or loss by RUB 48,627 thousand).

A 20% weakening/strengthening of the RUB against the EUR at 31 December 2023 would have decreased/increased equity and profit or loss by RUB 301,919 thousand (31 December 2022: 20% weakening/strengthening of the RUB against the EUR would have decreased/increased equity and profit or loss by RUB 312,381 thousand).

A 20% weakening/strengthening of the RUB against the CNY at 31 December 2023 would have decreased/increased equity and profit or loss by RUB 22,152 thousand

(31 December 2022: 20% weakening/strengthening of the RUB against the CNY would have decreased/increased equity and profit or loss by RUB 1,032 thousand).

This analysis was performed only for the foreign currency denominated monetary balances in the consolidated statement of financial position related to the Group's entities whose functional currency is the RUB and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

(ii) Interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments at their carrying amounts was:

'000 RUB	31 December 2023	31 December 2022
FIXED RATE INSTRUMENTS		
Cash and cash equivalents	10,855,289	11,053,679
Loans and borrowings	(37,328,691)	(38,849,812)
Lease liabilities	(26,722,381)	(22,544,804)
Total	(53,195,783)	(50,340,937)
VARIABLE RATE INSTRUMENTS		
Loans and borrowings	(10,057,057)	(6,851,933)
Total	(10,057,057)	(6,851,933)

(e) Cash flow sensitivity analysis for variable rate instruments

A change of 500 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

'000 RUB	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 DECEMBER 2023				
Variable rate instruments	502,853	(502,853)	-	-
Cash flow sensitivity (net)	502,853	(502,853)	-	-

(f) Offsetting of financial assets and financial liabilities

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amounts receivable and payable do not always meet the criteria for offsetting in the consolidated statement of financial position. This is because, while generally there is an intention to settle on net basis, the Group may not have any currently legally enforceable right to offset recognised amounts,

because the right to offset may be enforceable only on the occurrence of future events. In particular, in accordance with the Russian civil law an obligation can be settled by offsetting against a similar claim if it is due, has no maturity or is payable on demand, unless otherwise stated in the agreement.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

'000 RUB	Trade and other receivables	Trade and other payables
31 DECEMBER 2022		
Gross amounts before offsetting	4,528,600	28,910,113
Amounts offset	(1,954,243)	(1,954,243)
Net amounts presented in the consolidated statement of financial position	2,574,357	26,955,870
Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria	(1,148,843)	(1,148,843)
Net amount	1,425,514	25,807,027
31 DECEMBER 2023		
Gross amounts before offsetting	3,376,647	29,315,426
Amounts offset	(1,233,185)	(1,233,185)
Net amounts presented in the consolidated statement of financial position	2,143,462	28,082,241
Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria	(1,160,394)	(1,160,394)
Net amount	983,068	26,921,847

The net amounts presented in the consolidated statement of financial position disclosed above form part of trade and other receivables and trade and other payables, respectively. Other amounts included in these line items do not meet the criteria for offsetting and are not subject to the agreements described above.

Amounts offset comprise mainly trade payables for goods and bonuses receivable from suppliers.

(g) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements, except for statutory requirement in relation to minimum level of share capital and requirement in respect of positive net assets of LLC "O'KEY" for external loan agreement; the Group follows all requirements.

29. Capital commitments

The Group has capital commitments to acquire property, plant and equipment, mostly relating to construction of stores, and intangible assets amounting to RUB 364,249 thousand as at 31 December 2023 (31 December 2022: RUB 1,363,338 thousand). The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

30. Contingencies

(a) Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, the management is of the opinion that

no material losses will be incurred in respect of claims outstanding.

(b) Tax contingencies

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group applies its judgement in interpretations of such uncertain areas. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities.

The impact of any of the challenges mentioned above cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

In addition to the above matters, management estimates that as at 31 December 2023, the Group has other possible obligations of approximately 1.2% of revenue (31 December 2022: 1.1% of revenue) from exposure to other than remote tax risks arising from certain transactions. These exposures are estimates that result from uncertainties in interpretation of applicable legislation and related documentation requirements. Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements if these are challenged by the authorities.

31. Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. 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.

Related parties of the Group fall into the following categories:

1. The Company's major indirect shareholders (Note 1);
2. Other related parties under control of the major indirect shareholders;
3. Members of the Board of Directors of the Company and other key management personnel.

(a) Transactions with key management personnel

Key management received the following remuneration during the year, which is included in personnel costs:

'000 RUB	2023	2022
SHORT-TERM EMPLOYEE BENEFITS:		
Salaries and short-term bonuses	461,371	395,924
Social security contributions	23,170	24,781
Other short-term payments	-	58,968
Total	484,541	479,673

In addition, members of the Company's Board of Directors received remuneration in the amount of RUB 82,114 thousand for the year ended 31 December 2023 (2022: RUB 67,051 thousand) which is included in legal and professional expenses.

(b) Transactions with other related parties

(i) Revenue

'000 RUB	Income		Receivables	
	2023	2022	31 December 2023	31 December 2022
Sale of services	2,204	1,760	-	473
Total	2,204	1,760	-	473

All outstanding balances with other related parties are to be settled in cash within six months of the reporting date. None of the balances are secured or impaired.

(ii) Expenses

'000 RUB	Expenses	
	2023	2022
Variable lease expenses and expenses relating to short-term and low value leases	84,622	33,265
Interest expense on lease liabilities	119,629	127,593
Interest expense on loans and borrowings	-	56,100
Other services received	-	11,375
Total	204,251	228,333

(iii) Leases with other related parties

Lease liabilities under related party arrangements were as follows:

'000 RUB	31 December 2023	31 December 2022
Lease liabilities due to other related parties, including:	1,380,514	1,651,238
Current lease liabilities	536,736	444,160
Non-current lease liabilities	843,778	1,207,078

Terms of the leases with other related parties are such that the Group pays rentals which include the reimbursement of all operating expenses related to the hypermarkets leased and nearby leased areas and a certain percentage of the Group's retail revenue from the operation of these hypermarkets.

32. Fair value disclosures

Fair value measurements are analysed and categorised by level in the fair value hierarchy as follows:

1. Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
3. Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

Investment property. Fair value of the investment property is updated by the Group annually on 31 December applying the income approach and market approach. Refer to Note 13.

(b) Non-recurring fair value measurements

As at 31 December 2023, recoverable amount of some of the Group's non-current assets tested for impairment was determined on the basis of the fair value less costs of disposals approach. Refer to Note 14.

(c) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair value was determined by the Group for initial recognition of financial assets and liabilities which are subsequently measured at amortised cost.

Fair value of the Group's financial assets and liabilities measured at amortised cost approximates their carrying amounts. Fair value of the Group's bonds listed on Moscow exchange was determined based on active market quotations (Level 1 fair value). Fair value of the Group's other financial assets and liabilities at amortised cost belongs to Level 2 measurements in the fair value hierarchy.

There were no transfers between the levels of the fair value hierarchy or changes in valuation techniques for fair value measurements during 2023 and 2022.

33. Significant accounting policies

The principal accounting policies set out below have been consistently applied to all the periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the cost cannot be recovered.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

(b) Foreign currency

(i) Foreign currency transactions and balances

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBRF including foreign exchange gains and losses on borrowings and cash and cash equivalents, as well as any other foreign exchange gains and losses are recognised in profit or loss as a separate line item.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to RUB at the exchange rates at the reporting date. The income and expenses of foreign operations

are translated to RUB at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in other comprehensive income. Since 1 January 2005 the Group's date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC. The Group measures ECL and recognises net impairment losses on financial assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and lease receivables. For other financial assets the Group applies a three stage model for impairment, based on changes in credit quality since initial recognition.

(ii) Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments, if any (iii) financial liabilities at FVOCI: this classification is applied to financial instruments carried at fair value (swaps).

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

(iv) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that are not carried at fair value and that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

(d) Transactions with owners

(i) Ordinary shares/share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Any excess of the fair value of consideration received over the par value of shares issued is recorded as additional paid-in capital in equity.

(ii) Distributions to owners/contributions from owners

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

(e) Property, plant and equipment and construction in progress

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2005, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within “other operating income and expense” in profit or loss.

(ii) Depreciation

Land and construction in progress are not depreciated. Other items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless

it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

- Buildings 50 years;
- Machinery and equipment, auxiliary facilities 2–20 years;
- Leasehold improvements the lowest of the useful life or the term of underlying lease;
- Other fixed assets 2–10 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation or both, including land held for a currently undetermined future use, and which is not occupied by the Group. Properties that are mainly occupied by the Group and insignificant portion of which is leased out to third parties mainly for offering additional customer service are presented within property, plant and equipment.

Investment property, including assets under construction for future use as investment property, is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value with any change therein recognised in profit or loss within “other operating income and expenses”. If fair value of investment property under construction is not reliably determinable, the Group measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Fair value of the Group’s investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. Market value of the Group’s investment property is determined based on reports of independent appraisers, who hold recognised and relevant professional qualifications and who have recent experience in the valuation of property in the same location and category.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

Earned rental income is recorded in profit or loss for the year within revenue.

(g) Intangible assets

(i) Intangible assets

Intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets primarily include capitalised computer software, patents and licenses. Acquired computer software, licenses and patents are capitalised on the basis of the costs incurred to acquire and bring them to use.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of the asset less its estimated residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- software 1–7 years;
- other intangible assets 1–5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(h) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset.

The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposes the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

The estimated useful lives of right-of-use asset are as follows:

- Trade premises 3–17 years;
- Land 2–47 years;
- Other 1–5 years.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The following variable payments are not included in the calculation of lease liability:

- payments under land lease agreements, the calculation of which depends on the cadastral value of the land plot and other coefficients established by government decrees;

- payments for utilities and other services, determined upon the fact of consumption;
- variable lease payments that depend on turnover.

Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

The right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs.

The lease liability is measured at amortised cost using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments. It is remeasured when there is (i) a change in future lease payments arising from a change in an index or a rate; (ii) a change in the lease term depending on the reassessment of whether the Group will exercise extension or termination options; and (iii) lease modifications, when the modification is not accounted for as a separate lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and refrigeration equipment.

Some property leases contain variable payment terms that are linked to sales generated by a store. Such variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents right-of-use assets and lease liabilities in the separate lines in the consolidated statement of financial position.

Lease payments including repayment of principal lease liability and accrued interest are classified consistently with payments of other financial liabilities in the consolidated statement of cash flows.

Lease payments which were not included in the measurement of the lease liabilities (including certain variable payments, short-term leases and leases of low-value assets) are presented as operating cash flows.

(i) Inventories

Cost of goods for resale includes costs of purchase (comprising of the purchase price, including import duties and other non-recoverable taxes, transport and handling costs, and any other directly attributable costs, less relevant supplier discounts, bonuses and similar items), as well as other costs such as internal handling, packaging and transport to the extent that it directly relates to bringing the goods to the location and condition ready for sale.

Where the goods for resale assume conversion, which is the case for the Group's self-produced catering products, their cost also includes items specifically attributable to units of production (for example, direct labour, direct expenses and sub-contracted work), as well as a systematic allocation of fixed and variable production overheads incurred in the converting them into products ready for sale.

The cost of inventories is based on the moving weighted average principle.

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss within other operating income and expenses. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

In testing a cash-generating unit for impairment, the Group identifies all the corporate assets that relate to the cash-generating unit under review. If a portion of the carrying amount of a corporate asset can be allocated on a reasonable and consistent basis to that unit, the Group compares the carrying amount of the unit, including the portion of the carrying amount of the corporate asset allocated to the unit, with its recoverable amount. If a corporate asset cannot be allocated on a reasonable and consistent basis to the cash-generating unit, the Group assesses the impairment of this corporate asset on an individual basis.

(k) Employee benefits

(i) Short-term employee benefits

Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are measured on an undiscounted basis and accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

(ii) Long-term employee benefits

Long-term employee benefits represent long-term service bonuses. Long-term employee benefits are expensed evenly during the periods in which they are earned by employees.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Revenue

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of VAT, returns and discounts.

(i) Revenue from contracts with customers

Revenue from contracts with customers is represented by sales of trading stock, including retail sales of goods and sales of self-produced catering products. The major source of sales of trading stock is retail revenue.

Revenue from sale of goods and self-catering products is recognised when control of the goods and products has transferred to the customer, normally for the customers it is occurred in the store at the point of sale. No element of financing is deemed present, as payment of the transaction price is due immediately.

In accordance with the Russian consumer protection legislation, the customers have the right of return of goods in a range of categories within 14 days after the purchase. Such estimated returns are assessed at each reporting date. Based on historical data about returns, it is probable that a significant reversal in the cumulative revenue recognised will not occur.

Gift cards and award points issued by the Group are recorded as a contract liability within trade and other payables upon sale when prepaid by customers until they are redeemed or expire.

In the reporting period, the Group's hypermarkets business maintained a loyalty program where retail customers were able to accumulate award points on purchases of certain goods which entitled them to a discount on future purchases in the hypermarkets. Also, from time to time, the Group holds promotional campaigns where the Group provides discount coupons to the customers that purchase goods with total value above a pre-determined amount. The discount coupons entitle the customers to a free purchase or a discount on selected goods immediately after the campaign ends. Such award points and coupons represent a material right to the customers and give rise to a separate performance obligation to deliver the customers additional or discounted goods. The total transaction price is allocated on the portfolio basis to the initial and the additional performance obligations on a relative stand-alone selling price basis.

The estimated stand-alone selling price of the award points is determined with reference to the extent to which future performance is not expected to be required because the customer does not redeem the points awarded.

(ii) Rental income

The Group leases out trade premises under operating lease. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

(n) Cost of goods sold

Cost of goods sold includes the cost of goods for resale and self-produced catering products sold to customers.

The Group receives various types of bonuses from suppliers of goods, primarily in the form of volume discounts, slotting fees and counter services to suppliers related to the purchases made. These bonuses decrease the cost of the goods and are recorded as reduction of cost of sales as the related goods are sold.

Losses from inventory shortages are recognised in cost of goods sold.

(o) Finance income and costs

Finance income comprises interest income on issued loans and bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and lease liabilities and unwinding of the discount on provisions, if any. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Income tax

Income taxes have been provided in the consolidated financial statements in accordance with the respective legislation enacted or substantively enacted by the end of the reporting period. Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they are recognised in other comprehensive income or directly

in equity because they relate to transactions that are also recognised, in the same accounting period, in other comprehensive income or directly in equity.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(q) Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of participating shares outstanding during the year.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Operating segments whose revenue, results or assets are ten percent or more of all the segments are reported separately.

(s) Value added tax

Input VAT is generally reclaimable against sales VAT when the right of ownership on purchased goods is transferred to the Group or when the services are rendered to the Group. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases which has not been settled at the balance sheet date (VAT deferred) is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

(t) Presentation of the consolidated statement of cash flows

The Group reports cash flows from operating activities using direct method. Cash flows from investing activities are presented net of VAT. VAT paid to suppliers of non-current assets and VAT in proceeds from sale of non-current assets are presented in line "VAT paid" within cash flows from operating activities.

(u) New accounting pronouncements

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

As disclosed in Notes the Group participates in a supply chain financing arrangement for which the new disclosures will apply. The Group is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

The Group is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the related disclosures.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21).

34. Events subsequent to the reporting date

In March 2024, the Group placed unsecured bonds on the Moscow Exchange in the amount of RUB 3,500,000 thousand bearing coupon rate of 15.5% p.a. and maturing in March 2034 with an option for the bondholders to claim early repayment in March 2027.

In April 2024, the Group received a resignation letter from its depository bank. The Group currently works on all possible scenarios related to such resignation.

Glossary

3PL (Third Party Logistics) – is a type of logistics in which a retailer uses outsourcing services (3PL operators) in managing its supply chain

Average Ticket – the figure calculated by dividing total sales, net of VAT, at all stores during the relevant year by the number of tickets in that year

Alternative Transients Program (ATP) – a universal program system for simulation of transient phenomena of electromagnetic as well as electromechanical nature, which is used within the DA! discounters network

Business Intelligence (BI) – comprises the strategies and technologies used by enterprises for the data analysis of business information. BI technologies provide historical, current, and predictive views of business operations

Content Management System (CMS) – computer software used to manage the creation and modification of digital content

Corporate Social Responsibility – Responsible attitude in managing our impact on a range of stakeholders: customers, colleagues, investors, suppliers, the community, and the environment

Customer Relations Management (CRM) – a process in which a business or other organisation administers its interactions with customers, typically using data analysis to study large amounts of information

Customer Value Proposition (CVP) – a business or marketing statement that describes why a customer should buy a product or use a service

Endpoint Detection and Response (EDR) – a cybersecurity technology that continually monitors an “endpoint” (e.g., mobile, phone, laptop, and Internet-of-things devices) to mitigate malicious cyber threats, which is used within the DA! discounter chain

Every Day Low Price (EDLP) – a pricing strategy promising consumers a low price without the need to wait for sale price events or comparison shopping

Enterprise Resource Planning (ERP) – a modular software system designed to integrate the main functional

areas of an organisation’s business processes into a unified system

Extended Warehouse Management (SAP EWM) – an IT system, which is used to efficiently manage inventory in the warehouse and for supporting processing of the movement of goods, which is used in the Company’s distribution centres

Global Depository Receipt (GDR) – a bank certificate issued in more than one country for shares in a foreign company

Global Food Safety Initiative (GFSI) – a private organisation established and managed by the international trade association the Consumer Goods Forum under Belgian law in May 2000, the GFSI maintains a scheme to benchmark food safety standards for manufacturers as well as farm assurance standards

Hazard Analysis and Critical Control Points (HACCP) – a systematic preventive approach to food safety from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level

High-Performance Analytical Appliance In-Memory Database (HANA) – an in-memory data platform that is deployable as an on-premise appliance, or in the cloud, which is used in the Company’s’ distribution centres

Human Resource Management (HRM) – the strategic approach to nurturing and supporting employees and ensuring a positive workplace environment

Like-for-Like Sales (LFL) – the method of comparing current year sales figures to prior year sales figures excluding the expansion effect

Network Traffic Analysis (NTA) – a method of monitoring network availability and activity to identify anomalies, including security and operational issues, which is used within the DA! discounter chain

Net Revenue – the amount of a company’s gross revenue plus all negative revenue items

Pick by Line (PBL) – an effective method of picking orders used in logistics and warehouse management based on the organisation of stocks by ordered product lines, often in accordance with the sequence of their completion or along the delivery route

Planogram – a diagram that shows how and where specific retail products should be placed on retail shelves or displays in order to increase customer purchases

Point of Sale (POS) platform – a system which allows the processing and recording of transactions between a company and their consumers, at the time in which goods and/or services are purchased

Private Label (PL) – a brand owned not by a manufacturer or producer but by a retailer or supplier, who has its goods made by a contract manufacturer under its own label

Real Disposable Income – the post-tax and benefit income available to households after an adjustment has been made for price changes

Retail Predictive Application Server (RPAS) – configurable software platform for developing forecasting and planning applications

Selling Space – the area inside stores used to sell products, excluding areas rented out to third parties, own-production areas, storage areas and the space between store entry and the cash desk line

Stock Keeping Unit (SKU) – a number assigned to a particular product to identify the price, product options and manufacturer of the merchandise

Stakeholder – any individual, group, or party with an interest in an organisation and the outcomes of its actions

Supply Chain Management (SCP) – the process of anticipating the demand for products and planning their materials and components, production, marketing, distribution and sale

Traffic – the number of tickets issued for the period under review

Transport Management System (TMS) – software for planning and executing the physical movement of goods in the supply chain

Quality Management System (QMS) – a formalised system that documents processes, procedures, and responsibilities for achieving quality policies and objectives

Warehouse Management Systems (WMS) – a set of policies and processes intended to organise the work of a warehouse or distribution centre and ensure that such a facility can operate efficiently and meet its objectives

Yard Management System (YMS) – a software solution designed to monitor the movement of trailers in the yard and dock of a facility, distribution centre, or warehouse

Abbreviations

3PL – Third Party Logistics

ACORT – Association of Retail Trade Companies

AIX – Astana International Exchange

BMS – Building Management System

bn – Billion

C&D – Cats and Dogs

CEO – Chief Executive Officer

CJSC – Closed Joint Stock Company

CRM – Customer Relationship Management

DC – Distribution Centre

DLP – Data Loss Prevention

EBITDA – Earnings before Interest, Taxes, Depreciation and Amortisation

EDLP – Every Day Low Price

ESG – Environmental, Social, and Governance

Expert RA – Expert Rating Agency

F&V – Fruits and Vegetables

FMCG – Fast-Moving Consumer Goods

FY – Financial Year

GDR – Global Depository Receipt

GFSI – Global Food Safety Initiative

HACCP – Hazard Analysis and Critical Control Points

HR – Human Resources

HVAC – Heating, Ventilation and Air Conditioning

IFRS – International Financial Reporting Standards

IPO – Initial Public Offering

IR – Investor Relations

IT – Information Technology

JSC – Joint Stock Company

k – thousand

KPI – Key Performance Indicators

LED – Light Emitting Diodes

LFL – Like-for-Like Sales

LLC – Limited Liability Company

LSE – London Stock Exchange

m² – Square metre

mn – Million

MOEX – Moscow Exchange

NCR – National Credit Rating agency

NGO – Non-Governmental Organisation

OHS – Occupational Health and Safety

OHSCS – Occupational Health and Safety Control System

p.p. – Percentage Point

PBL – Pick by Line

PL – Private Label

Q – Quarter of the Year

QMS – Quality Management System

RUB – Russian Rouble

SG&A – Selling, General and Administrative Expenses

SKU – Stock Keeping Unit

VAT – Value Added Tax

VMI – Voluntary Medical Insurance

WHT – Withholding Tax

WMS – Warehouse Management System

YMS – Yard Management System

YoY – Year-on-Year

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