Independent auditor’s report
on the consolidated financial statements of
DP Global Group Limited
and its subsidiaries
for 2022

March 2023

Contents | Page

NEW CHALLENGES
NEW SOLUTIONS

ООО «ЦАТР – аудиторские услуги»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 495 705 9700
+7 495 755 9700
Факс: +7 495 755 9701
ОГРН: 1027739707203
ИНН: 7709383532
ОКПО: 59002827

TSATR – Audit Services LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 495 705 9700
+7 495 755 9700
Fax: +7 495 755 9701
www.b1.ru

Independent auditor's report

To the Shareholders, the Board of Directors and
those in charge with governance of
DP Global Group Limited

Opinion

We have audited the consolidated financial statements of DP Global Group Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Responsibilities of management, the Board of Directors and those charged with governance for the consolidated financial statements

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

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

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

NEW CHALLENGES
NEW SOLUTIONS

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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.

NEW CHALLENGES
NEW SOLUTIONS

We communicate with the Board of Directors and 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.

M.Y. Golovkina,
acting on behalf of TSATR – Audit Services Limited Liability Company
on the basis of power of attorney dated 18 April 2022,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 21906100348)

1 March 2023

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: DP Global Group Limited
Record made in the State Register of Legal Entities on 31 December 2013, State Registration Number 1804230.
Address: British Virgin Islands, Tortola, Road Town, Vistra Corporate services center, Wickhams Cay II.

Consolidated statement of financial position

(expressed in thousands of Russian Roubles, unless otherwise stated)

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	8	452,364	351,702
Right-of-use assets	9	1,054,357	1,184,931
Intangible assets	10	5,440	7,263
Net investment in sublease		4,351	5,714
Non-current financial assets	13.1	26,517	20,060
Deferred tax assets	7	126,093	126,638
		1,669,122	**1,696,308**
Current assets			
Inventories	11	38,623	39,477
Prepayments		94,515	123,352
Income tax receivables		12,542	12,731
Taxes receivables		6,216	10,561
Trade and other receivables	14	691,281	613,071
Other current financial assets	13.1	–	9,526
Cash and cash equivalents	12	869,703	309,734
		1,712,880	**1,118,452**
Total assets		**3,382,002**	**2,814,760**
Equity and liabilities			
Equity			
Share capital	20	20.40	20.03
Share premium	20	850,394	799,117
Treasury shares	20	(35,516)	(20,906)
Share-based payments reserve	22	369,709	329,369
Foreign currency translation reserve		204,504	173,353
Accumulated losses		(459,347)	(834,952)
Equity attributable to equity holders of the parent		**929,764**	**446,001**
Non-current liabilities			
Interest-bearing loans and borrowings	17	–	50,000
Lease liabilities	9	925,755	1,061,996
Contract liabilities	18	301,329	257,563
Deferred tax liabilities	7	21	–
		1,227,105	**1,369,559**
Current liabilities			
Interest-bearing loans and borrowings	17	67,145	128,322
Lease liabilities	9	237,173	216,104
Trade and other payables	15	426,255	374,135
Taxes payables	16	327,439	175,933
Advances received		22,282	24,185
Government grants	19	1,055	7,275
Contract liabilities	18	143,784	73,246
		1,225,133	**999,200**
Total liabilities		**2,452,238**	**2,368,759**
Total equity and liabilities		**3,382,002**	**2,814,760**

These consolidated financial statements were authorized for issue on 1 March 2023.

_____________(Fedor Ovchinnikov, Director)

The notes on pages 10-56 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December

(expressed in thousands of Russian Roubles, unless otherwise stated)

	Notes	2022	2021
Revenue recognised from contracts with customers	5	7,080,875	5,140,084
Other operating income	6.3	94,052	117,244
Total operating income		**7,174,927**	**5,257,328**
Raw materials and consumables		(1,154,117)	(715,274)
Employee benefits	6.1	(2,755,916)	(2,175,115)
Depreciation and amortization	8, 9, 10	(359,442)	(295,945)
Distribution and advertising	6.2	(1,282,963)	(1,016,428)
Expected credit losses on financial assets	23	(598)	(5,005)
Other operating expenses	6.4	(1,004,254)	(834,660)
Operating profit		**617,637**	**214,901**
Finance income	6.5	49,433	18,412
Finance costs	6.6	(128,798)	(107,060)
Profit before tax		**538,272**	**126,253**
Income tax expense	7	(170,942)	(98,679)
Profit for the year		**367,330**	**27,574**
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		53,859	(2,466)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**53,859**	**(2,466)**
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		(22,708)	(4,851)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**(22,708)**	**(4,851)**
Other comprehensive income/(loss) (net of tax)		**31,151**	**(7,317)**
Total comprehensive income/(loss) for the period, net of tax		**398,481**	**20,257**
Profit/(loss) attributable to:			
Equity holders of the parent		367,330	27,574
		367,330	**27,574**
Total comprehensive income attributable to:			
Equity holders of the parent		398,481	20,257
		398,481	**20,257**
Earnings per share			
Basic, profit for the year attributable to equity holders of the parent	21	₽74	₽6
Diluted earnings per share	21	₽71	₽5

The notes on pages 10-56 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2022

(expressed in thousands of Russian Roubles, unless otherwise stated)

	Share capital (Note 20)	Share premium (Note 20)	Treasury shares (Note 20)	Share-based payments reserve (Note 22)	Accumulated losses	Foreign currency translation reserve	Total
As at 1 January 2022	20.03	799,117	(20,906)	329,369	(834,952)	173,353	446,001
Profit for the period	–	–	–	–	367,330	–	367,330
Other comprehensive income	–	–	–	–	–	31,151	31,151
Total comprehensive income	–	–	–	–	367,330	31,151	398,481
Exercise of options	0.37	51,277	–	(51,277)	–	–	0.37
Share-based payments reserve	–	–	(14,610)	91,617	8,275	–	85,282
As at 31 December 2022	20.40	850,394	(35,516)	369,709	(459,347)	204,504	929,764

for the year ended 31 December 2021

(expressed in thousands of Russian Roubles, unless otherwise stated)

	Share capital (Note 20)	Share premium (Note 20)	Treasury shares (Note 20)	Share-based payments reserve (Note 22)	Accumulated losses	Foreign currency translation reserve	Total
As at 1 January 2021	19.69	758,517	(1,660)	220,168	(865,373)	180,670	292,342
Profit for the period	–	–	–	–	27,574	–	27,574
Other comprehensive income	–	–	–	–	–	(7,317)	(7,317)
Total comprehensive income/(loss)	–	–	–	–	27,574	(7,317)	20,257
Exercise of options	0.34	40,600	–	(40,600)	–	–	0.34
Settlement of loan issued	–	–	(18,924)	–	–	–	(18,924)
Share-based payments reserve	–	–	(322)	149,801	2,847	–	152,326
As at 31 December 2021	20.03	799,117	(20,906)	329,369	(834,952)	173,353	446,001

Consolidated statement of cash flows
for the year ended 31 December

(expressed in thousands of Russian Roubles, unless otherwise stated)

	Notes	2022	2021
Operating activities			
Profit before tax		538,272	126,253
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation	8, 9, 10	359,442	295,945
Share-based payments expense	22	119,952	152,648
Net result on disposal and impairment/recovery of non-current assets	6.4	38,611	92,274
Inventory shortage		65,773	39,092
Finance income	6.5	(49,433)	(18,412)
Finance costs	6.6	128,798	107,060
Expected credit losses on financial assets other than cash		598	5,005
Income from government grants	19	(6,220)	(28,558)
Other non-cash		(2,558)	(11,724)
Working capital adjustments			
Change in trade and other receivables		(95,191)	(342,940)
Change in prepayments and taxes receivables		29,913	(98,013)
Change in inventories		(65,158)	(50,180)
Change in trade and other payables		124,733	213,347
Change in advances received and taxes payables		147,632	43,105
Change in contract liabilities		107,669	49,610
		1,442,833	**574,512**
Interest received		31,839	6,446
Income tax paid		(169,122)	(102,715)
Net cash flows from operating activities		**1,305,550**	**478,243**
Investing activities			
Proceeds from sale of property, plant and equipment		885	4,661
Purchase of property, plant and equipment		(262,646)	(208,838)
Purchase of intangible assets	10	(6,843)	(811)
Loans granted		(3,200)	(3,600)
Repayment of loans issued		–	2,903
Proceeds from sublease		1,940	1,803
Net cash flows used in investing activities		**(269,864)**	**(203,882)**
Financing activities			
Shares buyback		(14,125)	–
Payment of principal portion of the lease liabilities		(217,789)	(153,618)
Interest paid		(121,762)	(106,073)
Proceeds from borrowings	17	40,856	110,652
Repayment of borrowings		(159,069)	(117,144)
Net cash flows used in financing activities		**(471,889)**	**(266,183)**
Net increase in cash and cash equivalents		**563,797**	**8,178**
Expected credit losses for cash and cash equivalents		(1,909)	(1,559)
Net foreign exchange difference		(1,919)	(483)
Cash and cash equivalents at 1 January	12	309,734	303,598
Cash and cash equivalents at 31 December	12	**869,703**	**309,734**

Notes to the consolidated financial statements
for the year ended 31 December 2022

(expressed in thousands of Russian Roubles, unless otherwise stated)

1. Corporate information

The consolidated financial statements of DP Global Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue on 1 March 2023. DP Global Group Limited (the Company or the Parent) is a limited company incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Group is Fedor Ovchinnikov.

The Group owns retail stores and provides franchising services, including software, support, control and consultancy services to the franchisees operating in 16 countries. As at 31 December 2022, the Group operated 893 stores (849 franchised stores, 43 company-owned stores), as at 31 December 2021:771 stores (731 franchised stores, 40 company-owned stores).

Information about main subsidiaries

The consolidated financial statements of the Group include:

			% equity interest	
Name	Principal activities	Country of incorporation	31 December 2022	31 December 2021
Dodo Franchising LLC	Franchising services	The Russian Federation	100	100
Pizza Venture LLC	Restaurants and food delivery services / Retail	The Russian Federation	100	100
Dodo CC Syktyvkar LLC	Call centres	The Russian Federation	100	100
Dodo Engineering LLC	IT development	The Russian Federation	100	100
Drinkit Company LLC	Restaurants and food delivery services / Retail	The Russian Federation	100	100
DODO BRANDS INTERNATIONAL DMCC	Franchising services	The United Arab Emirates	100	–
Dodo Group LLP	Franchising services	The Republic of Kazakhstan	100	–

In May 2022, DODO BRANDS INTERNATIONAL DMCC was incorporated. Country of incorporation is the United Arab Emirates. Principal activities are intellectual property rights management, restaurants management and software house.

In August 2022, Dodo Group LLP was incorporated. Country of incorporation is the Republic of Kazakhstan. Principal activities are franchising services.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for as described in the accounting policies below. The consolidated financial statements are presented in Russian Roubles and all values are rounded to the nearest thousands, except when otherwise indicated.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

2. Significant accounting policies *(continued)*

2.2 Basis of consolidation

Management is satisfied that it is appropriate to adopt the going concern basis of accounting for these consolidated financial statements.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

c) Foreign currencies

The Group's consolidated financial statements are presented in the Russian Roubles ("RUB"), the currency of the main economic environment in which the Group operates. The functional currency of the Parent company is the United States Dollars ("USD"), Group entities located in Russia is the Russian Rouble ("RUB"), a Group entity located in Kazakhstan is the Kazakhstani Tenge ("KZT"), a Group entity located in China is the Chinese Yuan ("CHY"), a Group entity located in United Kingdom is the Pound Sterling ("GBP"), a Group entity located in United Arab Emirates is the Emirati Dirham ("AED"). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss from change in fair value of the item.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into rubles at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rate for each interim quarter reporting period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

d) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of property, plant and equipment is calculated using the straight-line method to write off their cost to their residual values over their estimated useful lives:

	Useful life in years
Retail and dough production equipment and furniture	from 1 to 15
Leasehold improvements	from 2 to 10
Office equipment and furniture	from 1 to 10
Transport and vehicles	3 years

e) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of right-of-use assets also includes a discount of lease deposit which should be returned at the end of the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful life in years
Premises and offices	from 3 to 11
Equipment	5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non-financial assets.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Group classifies a sublease contract as a finance lease if the sublease term is for the major part of initial lease contract. Finance leases under sublease contracts are capitalized at the commencement date of the lease based on the minimum lease payments and presented as receivables in net investments in sublease. Lease payments receivable are apportioned between interest income and a reduction in sublease receivables.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group has no intangible assets with indefinite lives.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Intangible assets with finite lives are amortised over the useful economic life (which is from 1 to 9 years) using a straight-line method to write off their cost to their residual values and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income as the expense category that is consistent with the function of the intangible assets or included into the carrying amount of an asset as appropriate.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that a cash-generating unit (CGU) may be impaired. The CGU is presented by assets in each separate pizza-store. If any indication exists, or when annual impairment testing for a CGU is required, the Group estimates the CGU's recoverable amount. A CGU's recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for each CGU as the individual asset does not generate cash inflows that are largely independent. When the carrying amount of a CGU exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss as other operating expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting *policies (continued)*

h) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i) Inventories

Inventories are valued at the lower of cost and net realisable value (NRV). Cost of inventory is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Cost comprises the direct cost of goods, transportation and handling costs.

j) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The Group considers whether there are other clauses in a contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points).

Retail sales

The Group operates corporate owned stores selling and delivering pizzas and other retail products. Revenue from the sale of goods is recognised at a point in time when the store sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the product or (and) the product is delivered to the customer.

Customer loyalty programme

The Group has a loyalty points programme *(DodoCoins and DonerCoins)*, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Franchise fee

The Group receives a one-off franchise fee from each franchisee that operates under the brand names owned by the Group. Franchise arrangement involves the right to operate in a specific location as well as other goods and services, such as creating restaurant design, franchisee and staff training, menu and know-how. Under the franchise agreement customers receive a right to access the entity's intellectual property as it exists throughout the licence period. The Group accounts a franchise fee as a performance obligation satisfied over time.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Royalties

Royalties are calculated based on franchise-owned store sales to customers, which are recognised on the same basis as the retail sales of the Group. Royalty relates mainly to a licence of intellectual property of the Group. The Group recognises revenue for a sales-based royalty when retail sales in franchise-owned stores occur.

Marketing services

Marketing services revenue is calculated based on actual amounts spent on marketing activities in Russia: broadcast media, social media and digital ads, sponsorship and others. Amounts are allocated to each franchise-owned and corporate store based on the share in overall chain revenues. The Group recognises revenue when the service is provided to a partner.

Call-center sales

The Group provides call-center and remote customer support services to franchise-owned stores and corporate-owned stores. Revenue from call-center sales is recognised when the service is provided.

Significant financing component

Generally, the Group receives short-term advances from its customers. The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

k) Employee benefits

The Group is subject to mandatory contributions to the defined contribution state pension benefit fund in the countries of the subsidiaries' residence. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (j) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

This category is the most relevant to the Group. The Group's financial assets at amortised cost includes trade receivables, and loan issued included under other non-current and current financial assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group doesn't have debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group doesn't have equity instruments designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

The Group doesn't have financial assets at fair value through profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through'arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, lease liabilities, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowing and lease liabilities accounted under IFRS 16.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings of the Group. For more information, refer to Note 17.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n) Derivative financial instruments and hedge accounting

The Group does not use derivative financial instruments, such as interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

p) Share capital and share premium

Ordinary shares are classified as equity. Transaction costs of a share issue are shown within equity as a deduction from the equity.

Share premium represents the difference between the fair value of consideration received and the nominal value of the issued shares.

q) Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

r) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

s) Share-based payments

Certain employees (including senior executives) of the Group are participants of Employee Share Options Program, whereby employees are entitled to equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 22.

That cost is recognised in employee benefits expense (Note 6), together with a corresponding increase in equity (Share-based payments), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

When a share option under ESOP is exercised, the accumulated expense is transferred to share capital and share premium in the consolidated statement of changes in equity. When a share option granted by the ultimate controlling party is exercised, the accumulated expense is transferred to share premium in the consolidated statement of changes in equity.

2. Significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

When a share option is expired, the accumulated expense is transferred to retained earnings (accumulated losses) in the consolidated statement of changes in equity.

t) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Forgivable loans

Loans from government, the repayment of which will be waived under certain prescribed conditions, is to be treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. In case the expenses compensated are not specified in loan terms the Group recognises income from government grants in the Consolidated statement of profit and loss over the period of the loan on a timely basis. The outstanding balance is presented in the consolidated statement of financial position.

Loans that have a below–market rate of interest

Loans that have a below–market rate of interest are recognised and measured in accordance with IFRS 9. The difference between the initial carrying value of the loan (its fair value) and the proceeds received is treated as a government grant. Subsequently, interest will be imputed to the loan using the effective interest method, taking into account any transaction costs.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. The Group had not identified any contracts as being onerous as a result of the amendments.

2. Significant accounting policies *(continued)*

2.4 Changes in accounting policies and disclosures *(continued)*

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

2. Significant accounting policies *(continued)*

2.4 Changes in accounting policies and disclosures *(continued)*

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Expenses for development of Dodo IS

The Group does not capitalise expenses related to development of Dodo IS. Dodo IS is Group's internally generated IT system developed for QSR management. Dodo IS works as an online web application (SaaS solution) for managing orders (all stages from taking an order from a client to its delivery), kitchen, courier and management staff, inventory, accounting etc. Development of Dodo IS is a continuous process with incremental small changes at short intervals. So it does not meet the criteria to be considered intangible assets according to IAS 38.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option to lease the assets for additional 5-7 years. The Group considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3. Significant accounting judgments, estimates and assumptions *(continued)*

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Franchise agreement terms

Revenue generated from franchise fees is recognised over time (Note 2). The term of the Group's franchise agreements is determined by term of trademarks. According to the legislations of Russian Federation and European Union a maximum term of registered trademark is 10 year, after that ownership should be prolonged. The Management believes that the trademark ownership will be prolonged for another 10 year, and thereby revenue from franchise fee is deferred considering the probable prolongation term.

Leases – Estimating the incremental borrowing rate

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Because there are normally no borrowings absolutely similar to lease agreements, which interest rates are observable in open market, the Group derives incremental borrowing rates from both internal and external data sources applying significant judgement in such calculations. The Group estimates incremental borrowing rates by adjusting weighted average interest rate for loans provided by financial organizations in a relevant currency and with similar terms by the risk-premium inherent to the Group.

Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.

Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 26).

Income tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has RUB 187,850 thousand (2021: RUB 248,250 thousand) of tax losses carried forward. These losses mainly relate to subsidiaries in the Russian Federation. Management of the Group has reasonable assurance that these subsidiaries will be capable of generating sufficient taxable profit in the near future against which these losses can be utilised.

3. Significant accounting judgments, estimates and assumptions *(continued)*

Estimates and assumptions *(continued)*

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

As at 31 December 2022 the Group did not identify any indicators that any cash-generating unit may be impaired at the reporting date.

As at 31 December 2021 the Group has identified indications that one of the cash-generating units (CGU) may be impaired at the reporting date. Impairment was identified and reflected in the financial statements of the Group. For details please refer to Note 6.4 and Note 8.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating) and the likelihood of default over a given time horizon. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 23.

Impairment of other financial assets

The expected credit losses for other financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions. The information about the ECLs on the Group's other financial assets is disclosed in Note 23.

4. Segment information

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- The *franchising* segment, which includes all the services related to franchising of *Dodo Pizza* brand. Such services comprise of brand licensing, software development, support and control, menu and know-how, training and education, consulting services, call-centre services, dough production, brand advertising and national marketing campaign;
- The *corporate-owned stores* under the *Dodo Pizza* brand located in Russia;
- The segment of *venture projects* represented by the Dodo Pizza international operated markets (China and the United Kingdom and the United Arab Emirates) and new foodservice brands (*Drinkit* and *Doner 42*).

The Group's Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on its adjusted earnings before interest, taxes, depreciation, amortisation (EBITDA). The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. The Group's management does not monitor balances on a segment basis, thus the assets and liabilities of segments are not available.

4. Segment information *(continued)*

The tables below illustrate financial information of the reportable segments reviewed by management for the years ended 31 December 2022 and 2021.

For the year ended 31 December 2022	Franchising	Corporate-owned stores (Russia)	Venture projects	Total segments	Adjustments and eliminations	Consolidated
Revenue						
External customers	4,682,059	2,627,124	130,074	**7,439,257**	(358,382)	**7,080,875**
Inter-segment	256,298	–	–	**256,298**	(256,298)	**–**
Total revenue	**4,938,357**	**2,627,124**	130,074	7,695,555	**(614,680)**	7,080,875
Raw materials and consumables	(120,800)	(948,672)	(55,025)	**(1,124,497)**	(29,620)	**(1,154,117)**
Employee benefits	(1,611,657)	(682,542)	(260,214)	**(2,554,413)**	(201,503)	**(2,755,916)**
Distribution and advertising	(1,222,185)	(95,771)	(5,032)	**(1,322,988)**	40,025	**(1,282,963)**
Rent and utilities	(99,846)	(274,337)	(37,266)	**(411,449)**	241,389	**(170,060)**
Other operating income and expenses	(605,896)	(292,683)	(48,791)	**(947,370)**	207,228	**(740,142)**
EBITDA	**1,277,973**	**333,119**	**(276,254)**	**1,334,838**	**(357,161)**	**977,677**
Finance income						**49,433**
Finance costs						**(128,798)**
Depreciation and amortization						**(359,442)**
Expected credit losses on financial assets						**(598)**
Profit before tax						**538,272**

For the year ended 31 December 2021	Franchising	Corporate-owned stores (Russia)	Venture projects	Total segments	Adjustments and eliminations	Consolidated
Revenue						
External customers	3,312,090	1,707,105	124,689	**5,143,884**	(3,800)	**5,140,084**
Inter-segment	201,379	–	–	**201,379**	(201,379)	**–**
Total revenue	**3,513,469**	**1,707,105**	**124,689**	**5,345,263**	**(205,179)**	**5,140,084**
Raw materials and consumables	(64,447)	(581,706)	(63,528)	**(709,681)**	(5,593)	**(715,274)**
Employee benefits	(1,190,281)	(544,990)	(273,807)	**(2,009,078)**	(166,037)	**(2,175,115)**
Distribution and advertising	(983,498)	(73,406)	(23,886)	**(1,080,790)**	64,362	**(1,016,428)**
Rent and utilities	(57,196)	(212,000)	(32,901)	**(302,097)**	179,741	**(122,356)**
Other operating income and expenses	(437,938)	(191,226)	(72,285)	**(701,449)**	106,389	**(595,060)**
EBITDA	**780,109**	**103,777**	**(341,718)**	**542,168**	**(26,317)**	**515,851**
Finance income						**18,412**
Finance costs						**(107,060)**
Depreciation and amortization						**(295,945)**
Expected credit losses on financial assets						**(5,005)**
Profit before tax						**126,253**

4. Segment information *(continued)*

Adjustments and eliminations

- Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.
- Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.
- Finance costs and finance income (Note 6) are not allocated to individual segments as the underlying instruments are managed on a group basis.
- Current taxes, deferred taxes (Note 7) and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.
- Management accounts do not include expenses from share-based payments (Note 22) as these expenses are also managed on a group basis.
- In management accounts revenue from franchise fee and marketing services is recognised at the moment of cash payment from a franchisee, so this approach differs from the one required by IFRS 15 (Note 5).
- In the consolidated financial statements rent of premises accounts in accordance with IFRS 16 with the recognition of depreciation and interest expenses in the consolidated profit and losses. Segments EBITDA accounts for rent expense by monthly installments payable to the lessors.
- In management accounting all the expenditures arose before the store opening are considered as CAPEX. In IFRS accounting such expenditures are splitted between CAPEX and costs according to their nature.

5. Revenue from contracts with customers

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 31 December 2022

Segments	Franchising	Corporate-owned stores (Russia)	Venture projects	Total
Type of goods or service				
Franchise fee	26,640	–	–	**26,640**
Marketing fee	1,104,871	–	–	**1,104,871**
Royalties	2,436,019	–	–	**2,436,019**
Retail sales	–	2,579,197	151,784	**2,730,981**
Call-centre services	380,995	–	–	**380,995**
Other sales	401,369	–	–	**401,369**
Total revenue from contracts with customers	**4,349,894**	**2,579,197**	**151,784**	**7,080,875**
Timing of revenue recognition				
Goods and services transferred at a point in time	4,323,254	2,579,197	151,784	**7,054,235**
Services transferred over time	26,640	–	–	**26,640**
Total revenue from contracts with customers	**4,349,894**	**2,579,197**	**151,784**	**7,080,875**

5. Revenue from contracts with customers *(continued)*

5.1 Disaggregated revenue information *(continued)*

For the year ended 31 December 2021

Segments	Franchising	Corporate-owned stores (Russia)	Venture projects	Total
Type of goods or service				
Franchise fee	26,965	–	–	**26,965**
Marketing fee	936,016	–	–	**936,016**
Royalties	1,757,963	–	–	**1,757,963**
Retail sales	–	1,689,823	119,712	**1,809,535**
Call-centre services	296,386	–	–	**296,386**
Other sales	313,219	–	–	**313,219**
Total revenue from contracts with customers	**3,330,549**	**1,689,823**	**119,712**	**5,140,084**
Timing of revenue recognition				
Goods and services transferred at a point in time	3,303,584	1,689,823	119,712	**5,113,119**
Services transferred over time	26,965	–	–	**26,965**
Total revenue from contracts with customers	**3,330,549**	**1,689,823**	**119,712**	**5,140,084**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 4):

For the year ended 31 December 2022

	Franchising	Corporate-owned stores (Russia)	Venture projects
Revenue			
External customer	4,682,059	2,627,124	130,074
Inter-segment	256,298	–	–
	4,938,357	**2,627,124**	**130,074**
Inter-segment and other adjustments and eliminations	(588,463)	(47,927)	21,710
Total revenue from contracts with customers	**4,349,894**	**2,579,197**	**151,784**

For the year ended 31 December 2021

	Franchising	Corporate-owned stores (Russia)	Venture projects
Revenue			
External customer	3,312,090	1,707,105	124,689
Inter-segment	201,379	–	–
	3,513,469	**1,707,105**	**124,689**
Inter-segment and other adjustments and eliminations	(182,920)	(17,282)	(4,977)
Total revenue from contracts with customers	**3,330,549**	**1,689,823**	**119,712**

5. Revenue from contracts with customers *(continued)*

5.2 Performance obligations

Franchise fee

The Group receives a one-off franchise fee from each franchisee that operates under the brand name of Dodo Pizza. Franchise arrangement grants the right to operate in a specific location as well as other goods and services, such as creating restaurant design, franchisee and staff training and education, menu and know-how. The performance obligation of the Group is satisfied during the agreement. Revenue generated from franchise fees is generated in proportion to time passed since the inception of the franchise agreement. Franchise fee is generally paid within 20 to 30 days after signing a franchise agreement.

Royalties

Royalties are calculated based on franchise-owned store sales to customers, which are recognised on the same basis as the retail sales of the Group. Royalty relates mainly to a licence of intellectual property of the Group. The Group recognises revenue for a sales-based royalty when retail sales in franchise-owned stores occur. Payment is generally due within 20 to 30 days from the month-end.

Marketing services

The Group provides marketing services only in Russia. The Group spends collected marketing fees on supporting marketing activities in Russia (National advertising campaign): broadcast media, social media and digital ads, sponsorship and others. The Group recognises revenue for a marketing fee when the service is provided to a partner. Payments are made based on franchise-owned store sales to customers.

Retail sales

The Group operates corporate-owned stores selling and delivering pizzas and other retail products. Revenue from the sale of goods is recognised at a point in time when the store sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases a product or (and) product is delivered to the customer. Customers are entitled to loyalty points which are accumulated by allocation of a portion of the transaction price. Revenue is recognised when the points are redeemed.

Call-center sales

The Group provides call-center and remote customer support to franchisee-owned stores and corporate-owned stores. Revenue from call-centre sales is when the service is provided. Payment is generally due within 20 to 30 days from the month end.

Other sales

The Group also has revenue from centralised dough production centers in Moscow and Saint-Petersburg and revenue from other one-off services for franchisees. Revenue from other sales is recognised at a point in time. Payment is generally due within 20 to 30 days from the month end.

6. Other income and expenses

6.1 Employee benefits

	2022	2021
Wages and salaries	2,190,614	1,682,174
Social security costs	336,696	275,877
Share-based payment expense	119,952	152,648
Other expenses	108,654	64,416
Total employee benefits	**2,755,916**	**2,175,115**

6.2 Distribution and advertising

	2022	2021
National marketing campaign	1,157,065	960,917
Local marketing of corporate-owned stores	11,013	28,446
Other distribution and advertising	114,885	27,065
Total distribution and advertising	**1,282,963**	**1,016,428**

6.3 Other operating income

	2022	2021
Income from operating sublease	66,703	51,940
Income on derecognition of ROU assets and lease liabilities (Note 9)	10,524	2,212
Income from government grants (Note 20)	6,220	28,558
COVID-19 rent concessions (Note 9)	1,162	8,395
Other income	9,443	26,139
Total other operating income	**94,052**	**117,244**

6.4 Other operating expenses

	2022	2021
Utilities and maintenance of premises and offices	170,060	122,356
Professional services	159,109	145,084
Hosting and infrastructure	136,520	100,193
Program software and licenses	111,456	79,127
Internet and phone services	79,581	89,972
Non-deductible taxes	73,295	20,034
Maintenance of production equipment	57,453	31,497
Bank charges	48,506	36,082
Business trips	36,227	31,091
Impairment of non-current assets	35,803	52,441
Transportation costs	35,312	27,183
Recruiting costs	21,143	17,155
Representative expenses	14,291	12,321
Loss on derecognition of non-current assets	2,808	39,833
Other expenses	22,690	30,291
Total other operating expenses	**1,004,254**	**834,660**

6. Other income and expenses *(continued)*

6.5 Finance income

	2022	2021
Interest income from loans and deposits	34,958	7,306
Net exchange difference	12,364	7,802
Interest income on lease deposits	1,534	2,578
Finance income on finance sublease	577	726
Total finance income	**49,433**	**18,412**

6.6 Finance costs

	2022	2021
Interest expense on lease liabilities	113,241	91,733
Interest expense on borrowings	15,557	15,327
Total finance costs	**128,798**	**107,060**

7. Income tax

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
Current income tax		
Current income tax charge	(170,376)	(99,523)
Deferred tax		
Relating to origination and reversal of temporary differences	(566)	844
Income tax expense reported in the statement of profit or loss and other comprehensive income	**(170,942)**	**(98,679)**

DP Global Group Limited is a resident of the British Virgin Islands. The Group's key subsidiaries are residents of the Russian Federation and are taxed at a rate of 20%. The Group's subsidiary in China is taxed at a rate of 25%. The Group's subsidiary in the United Kingdom is taxed at a rate of 19%. Income from other jurisdictions is insignificant. Reconciliation of tax expense and the accounting loss multiplied by tax rate applicable in the Russian Federation is as follows:

	2022	2021
Income/(loss) before tax	**538,272**	**126,253**
Theoretical income tax benefit (expense) at 20% tax rate	**(107,654)**	**(25,251)**
Adjustments for:		
Tax effect of income and expenses that are not deductible in determining taxable profit	(74,526)	(69,396)
Effect of different tax rates applicable to the Parent and Group's subsidiaries	11,238	(4,032)
Income tax expense reported in the statement of profit or loss and other comprehensive income	**(170,942)**	**(98,679)**

Non-deductible expenses are presented mainly by share-based payments and other expenses not included in the calculation of income tax in accordance with the tax law.

7. Income tax *(continued)*

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	31 December 2022	31 December 2021	For the year ended 31 December 2022	2021
Property, plant and equipment	9,521	(28,761)	38,282	(1,525)
Right-of-use assets	(222,013)	(201,520)	(20,493)	(65,464)
Intangible assets	2,643	6,786	(4,143)	(3,678)
Finance sublease receivables	(870)	(1,143)	273	243
Trade and other receivables	1,365	121	1,244	5,464
Prepayments	(416)	(53)	(363)	(381)
Other financial assets	1,756	2,232	(476)	196
Lease liabilities	197,117	224,399	(27,282)	70,265
Trade and other payables	20,439	15,043	5,396	191
Advances received	(5,153)	388	(5,541)	(420)
Contract liabilities	84,113	59,496	24,617	9,824
Government grants	–	–	–	3,357
Tax losses carry forward	37,570	49,650	(12,080)	(17,228)
Deferred tax benefit			**(566)**	**844**
Net deferred tax assets	**126,072**	**126,638**		

Reflected in the statement of financial position as follows:

	31 December 2022	31 December 2021
Deferred tax assets	126,093	126,638
Deferred tax liabilities	(21)	–
Deferred tax assets, net	**126,072**	**126,638**

Reconciliation of deferred tax assets, net	2022	2021
As at 1 January	**126,638**	**125,794**
Change in deferred tax recognised in profit or loss during the period	(566)	844
As at 31 December	**126,072**	**126,638**

The Group has derecognised deferred income tax asset in amount of RUB 41,272 thousand in respect of tax losses accumulated on subsidiary located in the United Kingdom as of 31 December 2021.

8. Property, plant and equipment

	Leasehold improvements	Retail and dough production equipment and furniture	Office equipment and furniture	Transport and vehicles	Construction in progress	Total
Cost						
As at 1 January 2021	**171,415**	**269,922**	**64,213**	**2,499**	**18,986**	**527,035**
Additions	49,906	80,861	51,001	147	49,078	**230,993**
Disposals	(18,740)	(61,100)	(23,004)	(55)	(4,680)	**(107,579)**
Transfer	10,280	3,640	137	–	(14,057)	**–**
Translation differences	(5)	158	9	–	20	**182**
As at 31 December 2021	**212,856**	**293,481**	**92,356**	**2,591**	**49,347**	**650,631**
Additions	93,888	79,390	27,857	–	58,169	**259,304**
Disposals	(9,069)	(34,016)	(10,202)	(102)	(1,326)	**(54,715)**
Transfer	38,141	2,388	4,348	–	(44,877)	**–**
Translation differences	(21,333)	(12,847)	(275)	(437)	(814)	**(35,706)**
Disposal of subsidiaries	(35,561)	(21,374)	(455)	(725)	(1,384)	**(59,499)**
As at 31 December 2022	**278,922**	**307,022**	**113,629**	**1,327**	**59,115**	**760,015**
Depreciation and impairment						
As at 1 January 2021	**(41,996)**	**(101,799)**	**(40,787)**	**(1,360)**	**–**	**(185,942)**
Depreciation charge	(29,244)	(53,497)	(20,226)	(369)	–	**(103,336)**
Impairment	(27,888)	(22,192)	(571)	(740)	(2,218)	**(53,609)**
Disposals	6,787	22,177	14,942	29	–	**43,935**
Translation differences	21	(2)	–	4	–	**23**
As at 31 December 2021	**(92,320)**	**(155,313)**	**(46,642)**	**(2,436)**	**(2,218)**	**(298,929)**
Depreciation charge	(40,063)	(43,295)	(19,955)	(200)	–	**(103,513)**
Impairment	(15,846)	(3,253)	(10)	76	–	**(19,033)**
Disposals	4,858	17,010	7,971	102	–	**29,941**
Translation differences	11,881	10,918	269	483	834	**24,384**
Disposal of subsidiaries	35,561	21,374	455	725	1,384	**59,499**
As at 31 December 2022	**(95,929)**	**(152,560)**	**(57,912)**	**(1,250)**	**–**	**(307,651)**
Net book value						
As at 31 December 2022	**182,993**	**154,462**	**55,717**	**77**	**59,115**	**452,364**
As at 31 December 2021	**120,536**	**138,168**	**45,714**	**155**	**47,129**	**351,702**

As at 31 December 2021 the Group identified indicators that impairment may be in place at the reporting date for CGU located in the United Kingdom. The impairment was recognised for the caring value of property, plant and equipment in full amount. No other indicators were identified so the detailed analysis for all other CGUs was not conducted.

9. Right-of-use assets and lease liabilities

The Group has lease contracts for premises (stores, offices, dough production centers and other premises) and equipment for dough production centers. As of 31 December 2022 the Group had arrangements (subject to IFRS 16) for 50 corporate-owned stores (31 December 2021: 48), 2 dough production centers (31 December 2021: 3), 5 management offices (31 December 2021: 5) and 4 warehouses (31 December 2021: 1).

The Group has met the criteria for application of an amendment to IFRS 16 *Leases*, which provides optional relief to lessees that have been granted coronavirus-pandemic related rent discounts and other concessions from applying IFRS16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the coronavirus pandemic in preparing these consolidated financial statements and recognised received rent concessions in amount of RUB 1,162 thousand as a part of other income (Note 6.3).

9. Right-of-use assets and lease liabilities *(continued)*

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease liabilities
	Premises and offices	Equipment	Total	Total
As at 1 January 2021	**656,596**	**95,869**	**752,465**	**(841,370)**
Additions	598,943	45,964	**644,907**	**(626,638)**
Depreciation expense of right-of-use assets	(168,648)	(16,554)	**(185,202)**	–
Change as a result of modification and revaluation	4,113	–	**4,113**	**(6,408)**
Derecognition of lease contracts	(31,592)	–	**(31,592)**	**33,804**
Translation differences	240	–	**240**	**499**
Interest expense on lease liabilities	–	–	–	**(91,733)**
COVID-19 rent concessions	–	–	–	**8,395**
Total cash flows	–	–	–	**245,351**
As at 31 December 2021	**1,059,652**	**125,279**	**1,184,931**	**(1,278,100)**
Additions	141,340	19,055	**160,395**	**(156,493)**
Depreciation expense of right-of-use assets	(221,735)	(25,528)	**(247,263)**	–
Change as a result of modification and revaluation	35,562	(951)	**34,611**	**(36,020)**
Derecognition of lease contracts	(86,872)	–	**(86,872)**	**97,311**
Translation differences	8,555	–	**8,555**	**(8,577)**
Interest expense on lease liabilities	–	–	–	**(113,241)**
COVID-19 rent concessions	–	–	–	**1,162**
Total cash flows	–	–	–	**331,030**
As at 31 December 2022	**936,502**	**117,855**	**1,054,357**	**(1,162,928)**

The additions of premises during the period are represented by stores in amount of RUB 139,860 thousand and other premises in amount of RUB 1,480 thousand.

The following are the amounts recognised in profit or loss:

	For the year ended 31 December	
	2022	2021
Depreciation expense of right-of-use assets	(247,263)	(185,202)
Interest expense on lease liabilities (Note 6.6)	(113,241)	(91,733)
Expense relating to short-term leases	(36,514)	(13,774)
Income from subleasing right-of-use assets	577	726
COVID-19 rent concessions (Note 6.3)	1,162	8,395
Income on derecognition of ROU assets and lease liabilities (Note 6.3)	10,524	2,212
COVID-19 sublease rent concessions	–	(138)
Total expense recognised in profit or loss	**(384,755)**	**(279,514)**

As at 31 December 2022 the Group had lease arrangements for which leases had not yet commenced. Future cash outflows from leases not yet commenced to which the lessee is committed are RUB 100,022 thousand: RUB 10,092 thousand within one year, RUB 89,930 thousand within six years (31 December 2021: RUB 59,642 thousand: RUB 10,146 thousand within one year, RUB 49,496 thousand within five years).

There are no current, pending or threatened material claims, disputes or liabilities in relation to the leased premises.

9. Right-of-use assets and lease liabilities *(continued)*

The maturity analysis of undiscounted lease liabilities is disclosed in Note 23.

As of 31 December 2022 and 31 December 2021 the Group didn't identify indicators that impairment may be in place at the reporting date for all CGUs and the detailed analysis was not conducted.

10. Intangible assets

	Computer software	Other intangible assets	Total
Cost			
As at 1 January 2021	**39,949**	**–**	**39,949**
Additions	811	–	**811**
Disposals	(5,419)	–	**(5,419)**
Translation differences	(3)	–	**(3)**
As at 31 December 2021	**35,338**	**–**	**35,338**
Additions	4,869	1,974	**6,843**
Disposals	1	–	**1**
Translation differences	(6)	–	**(6)**
As at 31 December 2022	**40,202**	**1,974**	**42,176**
Amortisation			
As at 1 January 2021	**(22,827)**	**–**	**(22,827)**
Amortisation	(7,407)	–	**(7,407)**
Disposals	2,158	–	**2,158**
Translation differences	1	–	**1**
As at 31 December 2021	**(28,075)**	**–**	**(28,075)**
Amortisation	(8,512)	(154)	**(8,666)**
Disposals	(1)	–	**(1)**
Translation differences	6	–	**6**
As at 31 December 2022	**(36,582)**	**(154)**	**(36,736)**
Net book value			
As at 31 December 2022	**3,620**	**1,820**	**5,440**
As at 31 December 2021	**7,263**	**–**	**7,263**

Computer software mainly includes internally-generated software: global website and mobile app. Useful life of these intangibles is up to five years.

11. Inventories

Set out below, are the carrying amounts of the Group's inventories accounted at cost:

	31 December 2022	31 December 2021
Raw materials	27,095	23,273
Finished goods and goods for resale	10,233	14,899
Semifinished goods	1,295	1,305
Total inventories at cost	**38,623**	**39,477**

12. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash at bank and on hand	759,703	61,489
Short-term deposits	59,363	222,441
Cash in transit	50,637	25,804
Total cash and cash equivalents	**869,703**	**309,734**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

13. Financial assets and financial liabilities

13.1 Financial assets

	31 December 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Trade and other receivables (Note 14)	691,281	–	613,071	–
Net investment in sublease	–	4,351	–	5,714
Other financial assets	**–**	**26,517**	**9,526**	**20,060**
Loans issued (Note 25)	–	3,336	3,756	–
Lease prepayments	–	23,181	5,770	20,060
Total current and non-current financial assets	**691,281**	**30,868**	**622,597**	**25,774**
Total financial assets		**722,149**		**648,371**

13.2 Financial liabilities

	31 December 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Trade and other payables (Note 15)	426,255	–	374,135	–
Lease liabilities (Note 9)	237,173	925,755	216,104	1,061,996
Interest–bearing loans and borrowings (Note 17)	67,145	–	128,322	50,000
Total current and non-current financial liabilities	**730,573**	**925,755**	**718,561**	**1,111,996**
Total financial liabilities		**1,656,328**		**1,830,557**

Carrying amount of the current financial assets and liabilities of the Group is a reasonable approximation of their fair values.

14. Trade and other receivables

	31 December 2022	31 December 2021
Trade receivables	650,684	594,315
Other receivables	49,168	28,844
	699,852	**623,159**
Allowance for expected credit losses	(8,571)	(10,088)
Total current receivables	**691,281**	**613,071**

14. Trade and other receivables *(continued)*

Set out below is the movement in the allowance for expected credit losses of receivables:

	2022	2021
As at 1 January	**10,088**	**3,280**
Provision for expected credit losses	8,571	7,148
Recovery of provision	(10,088)	(333)
Translation difference	–	(7)
As at 31 December	**8,571**	**10,088**

Trade and other receivables are non-interest bearing and are generally paid on terms of 30 to 90 days. For terms and conditions relating to related party receivables, refer to Note 25.

15. Trade and other payables

	31 December 2022	31 December 2021
Payables to employees	191,361	145,057
Trade payables	188,827	208,999
Other payables	46,067	20,079
Total trade and other payables	**426,255**	**374,135**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms;
- Payables to employees are non-interest bearing and are normally settled on 30-day terms;
- Other payables are non-interest bearing and have an average term of 2-3 months.

For explanations of the Group's liquidity risk management processes, refer to Note 23.

16. Taxes payables

	31 December 2022	31 December 2021
VAT payables	158,162	117,422
Payables for insurance contributions	155,905	33,423
Payables for other taxes	13,372	25,088
Total taxes payables	**327,439**	**175,933**

17. Interest-bearing loans and borrowings

			31 December 2022		31 December 2021	
	Interest rate	Maturity	Current	Non-current	Current	Non-current
Loan from the ultimate controlling shareholder	15.6%	Jun 2023	35,464	–	50,755	50,000
Bank credit from Sberbank	3%	Oct 2022	–	–	54,940	–
Bank credit from Sberbank	3%	Jun 2023	31,681	–	22,627	–
Total interest-bearing loans and borrowings			**67,145**	**–**	**128,322**	**50,000**

17. Interest-bearing loans and borrowings *(continued)*

Terms and conditions of the interest-bearing loans and borrowings:

- *Loan from the ultimate controlling shareholder (15.6% loan):* the loan in amount of RUB 115,838 was received in June 2020. During 2022 the loan was partially repaid. The remaining part will be returned until December 2023.
- *Bank credit from Sberbank (3% loan, October 2022):* The amount of RUB 82,432 thousand was received from Sberbank OJSC in August 2021. The loan was provided at below-market rate as a part of the Government support programm. Loan was accounted for using EIR-method. The effective interest rate is equal to 11% specified by the loan contract. The balance was repaid by instalments in October 2022 (Note 19).
- *Bank credit from Sberbank (3% loan, June 2023):* In December 2021 the Group signed an agreement with Sberbank OJSC for the credit line in the amount RUB 69,077 thousand. During 2022 the Group received tranches in the amount RUB 40,856 thousand. The loan received as of the end of 2021 is classified as current due to the repayment schedule. The loan was provided at below-market rate as a part of the Government support programm. Loan was accounted for using EIR-method. The effective interest rate is equal to 12.75% as specified by the loan contract. The balance will be repaid by instalments till June 2023. The difference between fair value and actual cash inflow was accounted for in accordance with IAS 20 as Government grant (Note 19).

There are no pledges or other collateral for the interest-bearing loans and borrowings.

Changes in liabilities arising from financing activities

	1 January 2022	Reclass	Cash in-flows	Interest accrued	Cash out-flows	31 December 2022
Current interest-bearing loans and borrowings						
Loan from the ultimate controlling shareholder	50,755	50,000	–	6,607	(71,898)	35,464
Bank credit from Sberbank	77,567	–	40,856	8,950	(95,692)	31,681
Total current interest-bearing loans and borrowings	**128,322**	**50,000**	**40,856**	**15,557**	**(167,590)**	**67,145**
Non-current interest-bearing loans and borrowings						
Loan from the ultimate controlling shareholder	50,000	(50,000)	–	–	–	–
Total non-current interest-bearing loans and borrowings	**50,000**	**(50,000)**	**–**	**–**	**–**	**–**
Total interest-bearing loans and borrowings	**178,322**	**–**	**40,856**	**15,557**	**(167,590)**	**67,145**

17. Interest-bearing loans and borrowings *(continued)*

Changes in liabilities arising from financing activities *(continued)*

	1 January 2021	Reclass	Cash in-flows	Interest accrued	Cash out-flows	Fair value revaluation	31 December 2021
Current interest-bearing loans and borrowings							
Loan from the ultimate controlling shareholder	38,729	25,000	–	9,515	(22,489)	–	50,755
Letter of credit from Sberbank	79,068	–	–	3,206	(82,274)	–	–
Bank credit from Sberbank	–	–	110,652	2,606	(26,721)	(8,970)	77,567
Total current interest-bearing loans and borrowings	**117,797**	**25,000**	**110,652**	**15,327**	**(131,484)**	**(8,970)**	**128,322**
Non-current interest-bearing loans and borrowings							
Loan from the ultimate controlling shareholder	75,000	(25,000)	–	–	–	–	50,000
Total non-current interest-bearing loans and borrowings	**75,000**	**(25,000)**	**–**	**–**	**–**	**–**	**50,000**
Total interest-bearing loans and borrowings	**192,797**	**–**	**110,652**	**15,327**	**(131,484)**	**(8,970)**	**178,322**

18. Contract liabilities

The remaining performance obligations expected to be recognised in more than one year relate to the services provided under franchise fee.

The customer loyalty points could be used at any time, therefore customer loyalty points performance obligation is fully presented as a current contract liability.

	31 December 2022	31 December 2021
Franchise fee contract liability	329,133	281,056
Customer loyalty points	115,980	49,753
Total contract liabilities	**445,113**	**330,809**
Current	143,784	73,246
Non-current	301,329	257,563

18. Contract liabilities *(continued)*

Contract liabilities transactions	Franchise fee contract liability 2022	Franchise fee contract liability 2021	Customer loyalty points 2022	Customer loyalty points 2021
As at 1 January	**281,056**	**252,207**	**49,753**	**28,636**
Deferred	81,330	55,751	124,043	56,644
Recognised as revenue	(26,617)	(26,547)	(57,816)	(35,527)
Translation difference	(6,636)	(355)	–	–
As at 31 December	**329,133**	**281,056**	**115,980**	**49,753**
Current	27,804	23,493	115,980	49,753
Non-current	301,329	257,563	–	–

19. Government grants

In August 2021 and December 2021 Sberbank OJSC approved loan limits in the amount of RUB 82,432 thousand and RUB 69,077 thousand. In 2021 RUB 82,432 thousand and RUB 28,220 thousand was used. In 2022 further RUB 40,856 thousand was used. The loans were given at a below-market rate of interest and the difference between its initial carrying value of the loan (its fair value) and the proceeds received was treated as a government grant.

The purpose of the loan was to maintain operating activity, therefore it was recognised in profit or loss as other operating income (Note 6.3) on a systematic basis over the term stated in the loan agreement (as a proportion with actual period of use). The outstanding balance is presented separately in the consolidated statement of financial position.

In third quarter 2020 Sberbank OJSC approved the issue of a loan subsidised by the government of Russian Federation in amount of RUB 43,649 thousand as a part of supportive programs for industries affected by the COVID-19 recession. As of 31 December 2021 the repayment was forgiven under the following conditions: absence of bankruptcy procedures, fulfilment of headcount requirements, retention of a salary level.

	2022	2021
As at 1 January	**7,275**	**26,863**
Received	–	8,970
Income recognised for the period (Note 6.3)	(6,220)	(28,558)
As at 31 December	**1,055**	**7,275**

20. Share capital and reserves

The split of shares 1:100 was authorised by the changes in the Articles of Association of DP Global Group Ltd (approved by a written resolution of the shareholders on 26 May 2021). There was no effect on the balance sheet value.

20. Share capital and reserves *(continued)*

Share capital of the Group fully consists of ordinary shares with nominal value $0.0001. All ordinary shares are fully paid.

	Number of shares		Balanced value		
	Share capital	Treasury shares	Share capital	Share premium	Treasury shares
As at 1 January 2021	**4,858,400**	**1,200**	**19.69**	**758,517**	**(1,660)**
Exercise of share options (Note 22)	45,200	–	0.34	40,600	–
Shares buyback	–	200	–	–	(322)
Settlement of loan issued	–	10,300	–	–	(18,924)
As at 31 December 2021	**4,903,600**	**11,700**	**20.03**	**799,117**	**(20,906)**
Exercise of share options (Note 22)	69,157	–	0.37	51,277	–
Shares buyback	–	5,650	–	–	(14,610)
As at 31 December 2022	**4,972,757**	**17,350**	**20.40**	**850,394**	**(35,516)**

DP Global Group Limited was incorporated in December 2013. Between 2013 and 2017 the Company went through a series of fundraising campaigns in the form of sale of newly issued shares and issuance of convertible loans to finance its development. All loans were converted to the capital before 31 December 2018. There were no capital transactions except the exercise of share options and the settlement of loans issued for the year ended 31 December 2021.

Share option plan

The Group has the share option plan under which options to subscribe for the Group's shares have been granted to employees. Refer to Note 22 for further details. The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Share options can be granted under Employee Share Option Plan (ESOP) or by the ultimate controlling shareholder from his personal shares (Note 22). Exercised share options granted under ESOP are settled by the issuance of additional shares and increase of share capital. Exercise of share options granted by the ultimate controlling shareholder from his personal shares doesn't affect share capital. The increase in share premium is equal to the cost of exercised share options for the Group less nominal value of shares reflected in share capital.

21. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

21. Earnings per share (EPS) *(continued)*

The following table reflects the income and share data used in the basic EPS calculations:

	For the year ended 31 December	
	2022	2021
Profit/(Loss) attributable to ordinary equity holders of the parent for basic earnings	367,330	27,574
Weighted average number of ordinary shares for basic EPS	4,948,815	4,873,967
Effect of dilution from share options granted to employees, number of shares	230,691	500,323
Weighted average number of ordinary shares adjusted for the effect of dilution	**5,179,506**	**5,374,290**
Basic earnings/(loss) per share	₽74	₽6
Diluted earnings per share	₽71	₽5

22. Share-based payments

The Group has Employee Share Option Plan (ESOP) which was firstly approved in 2017 and amended in 2021. Under the ESOP the Group, at its discretion, may grant share options of the parent to employees including key management employees. The maximum potential number of shares to be issued under the Plan is 726,500 shares. The fair value of share options granted is estimated at the date of grant using a Black-Scholes model, taking into account the terms and conditions on which the share options were granted and the share price volatility of the Group.

Apart from the Employee Share Option Plan some options may also be granted by the ultimate controlling shareholder from his personal shares. These share options have the same conditions as ESOP, and also don't dilute the total amount of shares of the Group.

The exercise price of the most share options is equal to $0.01, the exercise price of the remaining part is equal to the nominal price of shares ($0.0001). The contractual term of the most granted options is up to five years, so employees must remain in service for this period from the date of grant to exercise full amount of granted options, but options are becoming exercisible during the period based on proportion of time passed and total amount of granted options. There are no cash settlement alternatives for the employee and the Group does not have a past practice of cash settlement for these awards. There were no cancellations or modifications of the awards in 2022 or 2021.

The expense recognised for employee services received during the year:

	For the year ended 31 December	
	2022	2021
Expense arising from equity-settled share-based payment transactions	119,952	152,648
Total expense arising from share-based payment transactions	**119,952**	**152,648**

22. Share-based payments *(continued)*

Movements during the year

The following table illustrates the number, weighted average exercise price (WAEP) and weighted average fair value (WAFV) of, and movements in, share options during the year.

	ESOP			ESOP granted by the ultimate shareholder		
	Number	WAEP	WAFV	Number	WAEP	WAFV
		$0	$0		$0	$0
Outstanding at 1 January 2021	**360,900**	**0.01**	**11.37**	**71,100**	**0.98**	**10.56**
Granted during the year	209,061	0.01	20.33	–	–	–
Exercised during the year	(45,200)	0.01	12.68	(2,300)	0.01	5.55
Buyback during the year	(4,100)	–	–	(200)	–	–
Expired during the year	(20,338)	0.01	16.27	(200)	0.01	6.13
Outstanding at 31 December 2021	**500,323**	**0.01**	**14.89**	**68,400**	**1.02**	**10.77**
Exercisable at 31 December 2021	*200,673*	*0.01*	*11.33*	*17,600*	*2.39*	*5.70*
Outstanding at 1 January 2022	**500,323**	**0.01**	**14.89**	**68,400**	**1.02**	**10.77**
Granted during the year	41,200	0.01	30.40	3,000	0.01	35.29
Exercised during the year	(69,157)	0.01	11.27	(772)	0.01	6.13
Buyback during the year	(14,350)	–	–	(2,100)	–	–
Expired during the year	(50,278)	0.01	20.48	(228)	0.01	6.13
Outstanding at 31 December 2022	**407,738**	**0.01**	**16.91**	**68,300**	**1.02**	**12.25**
Exercisable at 31 December 2022	*230,691*	*0.01*	*12.88*	*16,700*	*3.35*	*6.28*

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 was 0.74 years (2021: 1.14 years).

The following table lists the model's inputs used for the plans for the years ended 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Expected volatility (%)	73.62	62.18
Risk-free interest rate (%)	14.46	6.51
Weighted average share price ($)	37.30	22.93

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

23. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Policies for managing each of these risks are summarised below.

23. Financial instruments risk management objectives and policies *(continued)*

23.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: interest rate risk, currency risk, and other price risk. Financial instruments affected by market risk include loans and borrowings and cash equivalents.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The companies of the Group attracted foreign currency denominated borrowings (mainly intra-group borrowing), and as a consequence are exposed to foreign currency risk. Accounts payable to several foreign suppliers (including intra-group payable), accounts receivable from foreign suppliers (including intra-group receivable) and cash denominated in foreign currency are also exposed to foreign currency risk.

Whenever possible, the Group tries to mitigate the exposure to foreign currency risk by matching the statement of financial position, and revenue and expense items in the relevant currency.

Foreign currency sensitivity

The following balances of Parent and subsidiaries are considered as significant in terms of the currency risk.

The balances of the Parent nominated in RUB and CNY recalculated to the functional currency of the Group at the year end are presented below:

	31 December 2022	
	RUB	CHY
Net foreign currency position	**(52,492)**	**990**
Current assets		
Cash and cash equivalents	–	990
Short-term liabilities		
Trade and other payables	(3,907)	–
Interest-bearing loans and borrowings	(48,585)	–

As at 31 December 2022, if the USD had weakened by 4% against CNY with all the variables held constant, net profit for the year would have been RUB 43 thousand higher. If the USD had strengthened by 6% against CNY with all the variables held constant, net profit for the year would have been RUB 64 thousand lower (31 December 2021: no USD transactions denominated in CNY).

The effect of change in currency pair of USD/RUB was considered below.

23. Financial instruments risk management objectives and policies *(continued)*

23.1 Market risk *(continued)*

The balances of subsidiaries in Russia nominated in USD, EUR and CNY recalculated to the functional currency of the Group at the year end are presented below:

	31 December 2022			31 December 2021		
	USD	EUR	CHY	USD	EUR	CHY
Net foreign currency position	**(2,514)**	**(451)**	**46,366**	**(35,177)**	**2,210**	**–**
Current assets						
Trade and other receivables	197	–	–	460	3,111	–
Cash and cash equivalents	–	–	46,366	537	–	–
Non-current liabilities						
Non-current financial liabilities	–	–	–	(35,803)	–	–
Short-term liabilities	–					
Trade and other payables	(2,711)	(451)	–	(371)	(901)	–

As at 31 December 2022, if the RUB had weakened/strengthened by 25% against USD, with all the variables held constant, net profit for the year would have been RUB 12,494 thousand higher/lower (31 December 2021: if the RUB had weakened/strengthened by 15% against USD, with all the variables held constant, net profit for the year would have been RUB 5,277 thousand lower/higher).

As at 31 December 2022, if the RUB had weakened/strengthened by 25% against EUR, with all the variables held constant, net profit for the year would have been RUB 113 thousand lower/higher (31 December 2021: if the RUB had weakened/strengthened by 15% against EUR, with all the variables held constant, net profit for the year would have been RUB 332 thousand higher/lower).

As at 31 December 2022, if the RUB had weakened/strengthened by 20% against CNY, with all the variables held constant, net profit for the year would have been RUB 9,273 thousand higher/lower (31 December 2021: no RUB transactions denominated in CNY).

As at 31 December 2022 there are no GBP transactions denominated in USD and EUR. As at 31 December 2021 the balances of subsidiary in the UK nominated in USD and EUR recalculated to the functional currency of the Group at the year end are presented below:

	31 December 2021	
	USD	EUR
Net foreign currency position	**173,486**	**10,361**
Current assets		
Trade and other receivables	71,962	9,604
Cash and cash equivalents	–	757
Other current financial assets	101,524	–

As at 31 December 2021, if the GBP had weakened/strengthened by 9% against USD, with all the variables held constant, net profit for the year would have been RUB 15,814 thousand higher/lower. As at 31 December 2021, if the GBP had weakened/strengthened by 9% against EUR, with all the variables held constant, net profit for the year would have been RUB 975 thousand higher/lower.

23. Financial instruments risk management objectives and policies *(continued)*

23.1 Market risk *(continued)*

The balances of subsidiaries in the Republic of Kazakhstan nominated in USD and RUB recalculated to the functional currency of the Group at the year end are presented below:

	31 December 2022	
	USD	RUB
Net foreign currency position	**(59,211)**	**(9,062)**
Non-current assets		
Non-current financial assets	3,530	–
Current assets		
Trade and other receivables	–	961
Non-current liabilities		
Long-term loans and borrowings	(62,741)	(10,023)

As at 31 December 2022, if the KZT had strengthened by 14% against USD with all the variables held constant, net profit for the year would have been RUB 7,863 thousand lower. If the KZT had weakened by 9% against USD with all the variables held constant, net profit for the year would have been RUB 5,051 thousand higher (31 December 2021: no KZT transactions denominated in USD).

As at 31 December 2022, if the KZT had weakened by 37% against RUB with all the variables held constant, net profit for the year would have been RUB 3,353 thousand lower. If the KZT had strengthened by 34% against RUB with all the variables held constant, net profit for the year would have been RUB 3,081 thousand higher (31 December 2021: no KZT transactions denominated in RUB).

The balances of subsidiaries in the UAE nominated in RUB recalculated to the functional currency of the Group at the year end are presented below:

	31 December 2022
	RUB
Net foreign currency position	**(100,241)**
Non-current liabilities	
Long-term loans and borrowings	(100,241)

As at 31 December 2022, if the AED had weakened/strengthened by 25% against RUB, with all the variables held constant, net profit for the year would have been RUB 24,420 thousand lower/higher (31 December 2021: no AED transactions denominated in RUB).

The currency pairs of AED/USD and EUR/USD we do not consider to have significant currency risk on the financial statements of 31 December 2022 and 31 December 2021.

A reasonable possible change range of foreign currency exchange rates was prepared for the purpose of market risk disclosures in accordance with IFRS 7 and is derived from statistical data, in particular time series analysis.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group did not have any exposure to this risk because there were no financial instruments with floating variable interest rate.

23. Financial instruments risk management objectives and policies *(continued)*

23.2 Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations to the Group on a timely basis, leading to financial loss to the Group. Financial assets, which are potentially subject to credit risk, consist principally of cash in bank accounts and cash in transit, loans issued, lease prepayments, trade and other receivables.

Trade receivables

The Group has no significant concentrations of credit risk. Concentration of credit risk with respect to receivables is limited due to the Company's customer and vendor base being large and unrelated. Credit is only extended to counterparties subject to strict approval procedures. The Group trades only with recognised and creditworthy third parties. The Group also requires these customers to provide certain documents such as incorporation documents and financial statements. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. In case of payment delay from a franchisee side, access to all provided resources including necessary for operational activity software (Dodo IS, website, mobile app) might be closed. Sales to retail customers are made in cash and debit cards.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by geographical region. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade and other receivables using a provision matrix:

		Days past due			
As at 31 December 2022	**Current**	**<90 days**	**90-365 days**	**>365 days**	**Total**
Expected credit loss rate, %	0.72	1.23	100	100	
Estimated total gross carrying amount at default	660,278	14,859	3,161	452	**678,750**
Expected credit loss	4,775	183	3,161	452	**8,571**

		Days past due			
As at 31 December 2021	**Current**	**<90 days**	**90-365 days**	**>365 days**	**Total**
Expected credit loss rate, %	1.55	0.47	100	100	
Estimated total gross carrying amount at default	615,797	6,821	357	184	**623,159**
Expected credit loss	9,515	32	357	184	**10,088**

23. Financial instruments risk management objectives and policies *(continued)*

23.2 Credit risk *(continued)*

Other financial assets at amortised cost

Other financial assets at amortised cost include loans issued to third parties and lease prepayments. The expected credit losses for other financial assets at amortised cost as at 31 December 2021 reconciles to the opening expected credit losses as follows:

	2021
Expected credit losses as at 1 January	**20,204**
Decrease in expected credit losses on loans issued recognised in profit or loss	(2,724)
Derecognition of loans issued	(17,589)
Translation difference	109
Closing expected credit losses as at 31 December	**–**

For more information, refer to Note 13.1.

Expected credit losses on financial assets and cash and cash equivalents recognised in profit or loss

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. Cash is placed in financial institutions, which are considered at the time of deposit to have minimal risk of default.

During the year, the following changes in expected credit losses were recognised in profit or loss:

	2022	2021
Expected credit losses		
Increase in expected credit losses for trade receivables	8,571	7,147
Reversal of previously recognised expected credit losses on other financial assets	–	(2,724)
Recognised expected credit losses for trade receivables	(9,881)	(977)
Recognised expected credit losses for cash and cash equivalents	1,908	1,559
Expected credit losses on financial and contract assets	**598**	**5,005**

23.3 Liquidity risk

The Group objective is to maintain a continuity of funding and flexibility through the use of finance lease and managing the balance between receivables and payables. The Group on continuous basis analyses its funding needs and anticipated cash flows. The most Group's liabilities except lease liabilities are payable within the next 12 months after the reporting date. Lease liabilities are mostly payable within 1-5 years after the reporting date.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows of the financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows.

As at 31 December 2022	On demand	Less 1 year	1-5 years	Over 5 years	Total
Interest-bearing loans and borrowings (Note 17)	–	73,955	1,825	–	**75,780**
Trade and other payables (Note 15)	–	426,255	–	–	**426,255**
Lease liabilities (Note 9)	–	375,820	1,071,540	168,845	**1,616,205**
	–	**876,030**	**1,073,365**	**168,845**	**2,118,240**

23. Financial instruments risk management objectives and policies *(continued)*

23.3 Liquidity risk *(continued)*

As at 31 December 2021	On demand	Less 1 year	1-5 years	Over 5 years	Total
Interest-bearing loans and borrowings (Note 17)	–	152,354	54,158	–	**206,512**
Trade and other payables (Note 15)	–	374,135	–	–	**374,135**
Lease liabilities (Note 9)	–	325,563	1,116,492	198,921	**1,640,976**
	–	852,052	1,170,650	198,921	**2,221,623**

24. Capital management

For the purpose of the Group's capital management, capital includes share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group includes within net debt only interest-bearing loans and borrowings received less cash and short-term deposits, excluding discontinued operations. Trade and other payables are the parts of working capital. Lease liabilities are excluded from net debt due to their nature. The Group does not have any regulatory requirements for capital management.

25. Related parties

Note 1 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties during the year ended 31 December 2022 and 2021, as well as balances with related parties as at 31 December 2022 and 2021:

		Sales to related parties	Amounts owed by related parties	Amounts owed to related parties
Other related parties	2022	2,244	–	–
	2021	7,248	292	252
Key management personnel of the Group	2022	–	314	2,002
	2021	–	31	1,855

		Interest accrued	Amounts owed to related parties
Loans from related parties			
The ultimate controlling shareholder (Note 17)	2022	6,607	35,464
	2021	9,515	100,755

		Interest accrued	Amounts owed by related parties
Loans to related parties			
The ultimate controlling shareholder (Note 13)	2022	332	3,336
	2021	156	3,756

25. Related parties *(continued)*

Compensation of key management personnel of the Group (recognised as an expense)

	2022	2021
Wages and salaries	52,218	43,558
Share-based payment transactions	15,753	19,701
Total compensation paid to key management personnel	**67,971**	**63,259**

26. Contingencies

Operating environment of the Group

The Group's operations are primarily located in Russia, which continues to develop its market economy and the corresponding political, legal, tax and regulatory frameworks and institutions. The future growth and stability of the Group's markets are, therefore, largely dependent upon this development and the effectiveness of economic, financial and monetary measures undertaken by the Russian government.

The Russian economy has been negatively impacted by falling oil prices and sanctions imposed on Russia by a number of countries, which have been partly responsible for foreign exchange rate volatility, elevated interest rates and inflation, sluggish domestic consumption, reduced access to capital and higher cost of capital for Russian businesses, as well as for uncertain economic growth outlook, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes that it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, however, future impact of current political or economic developments may be difficult to predict and the management's current expectations and estimates may end up different from actual outcomes and results.

Taxation

The Group's main subsidiaries, from which the Group's income is derived, operate in Russia.

Russian tax, currency and customs legislation is subject to frequent changes and varying interpretations. Management's interpretation of such legislation in applying it to business transactions of the Group may be challenged by the relevant regional and federal authorities enabled by law to impose fines and penalties.

The Group comprises companies incorporated outside of Russia. The tax liabilities of the Group were determined on the assumption that these companies were not subject to Russian profits tax, because they did not have a permanent establishment in Russia and were not Russian tax residents by way of application of the new tax residency rules. This interpretation of relevant legislation in regard to the Group companies incorporated outside of Russia may be challenged. Given that the concept of the Russian broader rules for determining the tax residency of legal entities is rather new and the practice is not yet developed, the impact of any such challenge cannot be precisely estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

Recent events in the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that the transactions that have not been challenged in the past may be challenged. Fiscal periods remain open to review by the tax authorities in respect of taxes for the three calendar years preceding the year of tax review. Under certain circumstances reviews may cover longer periods.

While the Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above facts may create additional financial risks for the Group. The management believes that potential tax liabilities as at 31 December 2022 do not exceed 2.5% of the Group's revenue.

26. Contingencies *(continued)*

Commitments

The Group does not have any contractual commitments.

Legal claim contingency

The Group has been participating in some legal cases, but has been advised by its legal counsel that there are no claims with high probability of losing. Accordingly, no possible legal risks to be disclosed and no provision for any liability has been made in these financial statements.

27. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The revised insurance contracts standard has been issued with a new effective date of 1 January 2023 with comparative figures required. The temporary exemption to applying IFRS 9 has been aligned to the same date. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

27. Standards issued but not yet effective *(continued)*

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021 the IASB issued the amendments to IAS 12 *Income Taxes*. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

28. Events after reporting date

There were no significant events after the reporting date.