

Welvart Group

**IFRS® Accounting Standards
Consolidated Financial Statements and
Independent Auditor's Report**

31 December 2024

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Independent Auditor's report

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Independent Auditor's Report

To the Shareholder and Board of Directors of WELVART HOLDING AG DMCC:

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of WELVART HOLDING AG DMCC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

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

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



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

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

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

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

We communicate with 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.

28 February 2025

Moscow, Russian Federation



Solovyev Viacheslav Vladimirovich is authorised to sign on behalf of the General Director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906105041)



Welvart Group
Consolidated Statement of Financial Position as at 31 December 2024

<i>In thousands of Russian Roubles</i>	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	7	5 866 660	3 466 257
Right-of-use assets	8	7 237 919	6 868 179
Intangible assets		161 825	28 477
Deferred income tax assets	26	786 891	631 863
Loans issued	6, 9	-	98 686
Prepayments	11	324 034	1 214 468
Total non-current assets		14 377 329	12 307 930
Current assets			
Inventories	10	22 688 995	13 908 089
Return assets	18	282 109	201 420
Trade and other receivables	11	8 218 915	4 863 182
Loans issued	6, 9	5 124 694	2 317
Other tax receivables	11	263 056	357 340
Current income tax prepayments		25 097	27 256
Investments in corporate shares of public companies		-	10
Cash and cash equivalents	13	6 838 051	4 830 335
Total current assets		43 440 917	24 189 949
TOTAL ASSETS		57 818 246	36 497 879
EQUITY			
Share capital	14	9 569	9 569
Currency translation reserve		41 500	29 962
Additional capital	14	688 010	688 010
Retained earnings		11 674 628	7 535 995
Equity attributable to the Company's owners		12 413 707	8 263 536
Non-controlling interest		309	1 049
TOTAL EQUITY		12 414 016	8 264 585

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.



Welvart Group
Consolidated Statement of Financial Position as at 31 December 2024

<i>In thousands of Russian Roubles</i>	Note	31 December 2024	31 December 2023
LIABILITIES			
Non-current liabilities			
Borrowings	15	10 071 341	7 871 872
Lease liabilities	8	6 259 447	5 980 229
Deferred income tax liabilities	26	303 303	213 906
Total non-current liabilities		16 634 091	14 066 007
Current liabilities			
Borrowings	15	8 639 623	2 221 178
Loans from related parties	6,15	17 685	16 604
Lease liabilities	8	2 208 185	2 004 267
Trade and other payables	19	14 662 389	7 174 996
Contract liabilities	12	1 383 876	1 130 350
Current income tax payable		83 396	121 197
Other taxes payable	17	1 250 186	1 089 555
Provisions for returns	18	524 799	409 140
Total current liabilities		28 770 139	14 167 287
Total liabilities		45 404 230	28 233 294
TOTAL EQUITY AND LIABILITIES		57 818 246	36 497 879

Approved for issue and signed on 28 February 2025.


Vladimir Dyakonov
Economics Director



Welvart Group
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Revenue	20	60 540 357	42 853 567
Cost of sales	21	(29 697 530)	(20 762 618)
Gross profit		30 842 827	22 090 949
Distribution expense	22	(15 760 862)	(12 506 735)
General and administrative expenses	23	(2 705 441)	(1 726 375)
(Charge) / reversal for expected credit losses on financial assets		(144 106)	33 420
Other (losses) / gains, net	24	(230 233)	129 116
Operating profit		12 002 185	8 020 375
Finance income		471 135	290 940
Finance costs	25	(4 128 443)	(2 254 508)
Foreign exchange gains / (losses), net		456 607	(72 993)
Profit before income tax		8 801 484	5 983 814
Income tax expense	26	(2 720 166)	(1 517 917)
PROFIT FOR THE YEAR		6 081 318	4 465 897
Profit / (loss) is attributable to:			
– Owners of the Company		6 082 058	4 465 114
– Non-controlling interest		(740)	783
Other comprehensive income/ (loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation of financial information of foreign operations to presentation currency		11 538	29 961
Other comprehensive income for the year		11 538	29 961
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6 092 856	4 495 858
Total comprehensive income / (loss) is attributable to:			
– Owners of the Company		6 093 596	4 495 076
– Non-controlling interest		(740)	782

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.



Welvart Group
Consolidated Statement of Changes in Equity for the year ended 31 December 2024

In thousands of Russian Roubles	Attributable to owners of the Company					Non- controlling interest	Total equity
	Share capital	Additional capital	Currency translation reserve	Retained earnings	Total		
Balance at 31 December 2022	9 569	688 010	-	3 070 881	3 768 460	267	3 768 727
Profit for the year	-	-	-	4 465 114	4 465 114	783	4 465 897
Other comprehensive income / (loss) for the year	-	-	29 962	-	29 962	(1)	29 961
Total comprehensive income for 2023	-	-	29 962	4 465 114	4 495 076	782	4 495 858
Balance at 31 December 2023	9 569	688 010	29 962	7 535 995	8 263 536	1 049	8 264 585
Profit / (loss) for the year	-	-	-	6 082 058	6 082 058	(740)	6 081 318
Other comprehensive income for the year	-	-	11 538	-	11 538	-	11 538
Total comprehensive income / (loss) for 2024	-	-	11 538	6 082 058	6 093 596	(740)	6 092 856
Dividends declared	-	-	-	(1 943 425)	(1 943 425)	-	(1 943 425)
Balance at 31 December 2024	9 569	688 010	41 500	11 674 628	12 413 707	309	12 414 016

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.



Welvart Group
Consolidated Statement of Cash Flows for the year ended 31 December 2024

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Cash flows from operating activities			
Profit before income tax		8 801 484	5 983 814
Adjustments for:			
Depreciation of property, plant and equipment	7	1 133 725	860 286
Amortization of intangible assets		3 678	11 657
Depreciation of right-of-use assets	8	2 395 048	2 113 914
Reversal of expected credit losses on financial assets		144 106	(33 420)
Losses less gains on disposals of property, plant and equipment	24	60 986	17 877
Gains less losses on disposals of inventory	24	(77 093)	(16 682)
Finance income		(471 135)	(290 940)
Finance costs	25	4 128 443	2 254 508
Change in provision for returns	18	231 224	194 335
Reflection of surpluses and shortages of gold in production process	21	(994 030)	(75 525)
Foreign exchange translation differences, net		(342 717)	(107 678)
Change in provision for loyalty program	12, 20	(36 473)	21 082
Change in provision for options to exchange	12, 20	301 170	213 328
Vacation reserves accruals		736 778	602 704
Employee bonuses accruals		542 388	442 319
Other individually insignificant non-cash operations		(52 970)	11 837
Operating cash flows before working capital changes		16 504 612	12 203 416
Increase in trade and other receivables	11	(7 090 792)	(3 871 634)
Increase in inventories	10	(7 738 843)	(5 973 263)
Decrease / (increase) in taxes receivable	11	94 284	(317 448)
Increase in trade and other payables	19	9 832 837	4 722 946
Increase in taxes payable	17	165 293	147 316
Decrease in provisions for returns	18	(196 254)	(119 139)
(Decrease) / increase in contract liability	12	(11 171)	208 412
Changes in working capital		11 559 966	7 000 606
Income taxes paid		(2 826 102)	(1 619 373)
Interest income received		400 499	281 590
Interest paid	16	(4 007 806)	(2 147 472)
Net cash from operating activities		5 126 557	3 515 351
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(2 860 216)	(3 402 258)
Loans granted to related parties	9	(4 469 267)	-
Proceeds from repayment of loans issued	9	-	545 850
Transactions with corporate shares of public companies		(28 929)	795
Proceeds from the sale / (repayment) of property, plant and equipment		20 012	(10 935)
Net cash used in investing activities		(7 338 400)	(2 866 548)
Cash flows from financing activities			
Proceeds from borrowings	16	18 100 630	10 781 403
Repayment of borrowings	16	(9 593 482)	(9 348 723)
Repayment of loans from related parties	16	-	(1 327 300)
Dividends paid to the Company's shareholders		(1 957 735)	-
Repayment of lease liabilities – principal	16	(2 219 257)	(1 767 647)
Net cash from / (used in) financing activities		4 330 156	(1 662 267)
Effect of exchange rate changes on cash and cash equivalents		(110 597)	46 679
Cash and cash equivalents at the beginning of the year	13	4 830 335	5 797 120
Cash and cash equivalents at the end of the year	13	6 838 051	4 830 335

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.



1 Group and its Operations

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2024 for WELVART HOLDING AG DMCC (the "Company") and its subsidiaries (the "Group", "Welvart Group").

In 2024, the Company has been redomiciled to Dubai, United Arab Emirates. Before that the Company was incorporated and domiciled in Switzerland (previous Company's name was WELVART HOLDING AG). The Company is company limited by shares and is set up in accordance with United Arab Emirates regulations.

As of 31 December 2023, the Company does not have immediate and ultimate parent company, and was ultimately controlled by Alexey Sokolov and Elena Sokolova. As of 31 December 2024, the ultimate controlling party is Artem Sokolov.

Principal activity. WELVART HOLDING AG DMCC is a holding company for the group of subsidiaries which are engaged in production, wholesale and retail distribution of jewelry through physical retail outlets and online store in Russia and CIS countries, and provide manufacturing services. The Group's manufacturing facilities are primarily based in Kostroma, Yaroslavl and Ivanovo Region, Russia.

Subsidiaries of the Company	Type of activity	Country of registration	Total controlling share by the Company	
			31 December 2024	31 December 2023
JSC "UVELIT"	Manufacturing	Russia	100%	99,95%
JSC "KVART"	Manufacturing	Russia	100%	99,95%
LLC "SV Retail"	Retail sales	Russia	99,99%	99,99%
JSC "Lucksa Trading"	Wholesale	Russia	100%	100%
LLC Avtolyuks	Transportation	Russia	100%	99,95%
Sokolov Jewelry International AG	Other	Switzerland	100%	100%
Sokolov Jewelry Holding AG	Other	Switzerland	100%	100%
Shanghai Sokolov Jewelry Co., Ltd.	Retail sales	China	100%	99,95%
LLP SVR Azija	Retail sales	Kazakhstan	100%	100%
Sokolov Jewelry Schweiz AG	Other	Switzerland	-	100%

On 16 February 2024, Sokolov Jewelry Schweiz AG has been liquidated by the means of subsidiary absorption. Assets and liabilities of the subsidiary at carrying value as of 31 December 2023 has been transferred to Sokolov Jewelry Holding AG.

On 4 July 2024, the non-controlling interest of RR 490 thousand, representing 0,05% of shares of JSC "UVELIT" has been transferred to JSC "Lucksa Trading".

As of 31 December 2024, operating activity of Shanghai Sokolov Jewelry Co., Ltd. has been terminated and the subsidiary is in the process of liquidation.

Registered address and place of business. The Company's registered address is unit 05-PF-CWC34, O5, Level 1, Jumeirah Lake Towers, Dubai, United Arab Emirates. The Group's principal place of business is Russian Federation.

Presentation currency. These consolidated financial statements are presented in Russian Roubles ("RR"), unless otherwise stated.

2 Operating Environment of the Group

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 27). The Russian economy continues to be negatively impacted by ongoing geopolitical tension and sanctions imposed by a number of countries against certain sectors of the Russian economy, Russian companies and individuals.



2 Operating Environment of the Group (Continued)

In 2024, there remains significant geopolitical tension which was developing since February 2022 with the situation with Ukraine. Sanctions and restrictions for multiple Russian entities, including removing access to the Euro and USD markets, the international SWIFT system, and many other, have been imposed and continue being introduced. A number of multinational groups suspended or terminated their business activity in the Russian Federation. Earlier the EU and several non-EU countries have introduced a price ceiling for supplies of Russian oil and Russian gas supplies, an embargo on maritime supplies of Russian oil and petroleum products. The financial markets continue to demonstrate instability. In 2024, foreign currency exchange rates against the rouble increased in comparison with rates at 31 December 2023. The key rate of the Bank of Russia was raised in December 2023 and till 26 July 2024 was 16%, until 13 September 2024 was 18%, until 28 October 2024 was 19%, and on 28 October 2024 was raised to 21%.

In June 2024, the USA imposed sanctions on the Moscow Stock Exchange, as well as the National Clearing Center (NCC) and the National Settlement Depository (NSD), which are members of its group. In this regard, since 13 June 2024, trading in dollars and euros, as well as instruments involving the use of these currencies has been suspended on the Moscow Stock Exchange. At the same time, transactions with the US dollar and euro continue to be conducted on the over-the-counter market. Since the suspension of trading on the Moscow Stock Exchange, the official exchange rates of the US dollar and the euro against the ruble are set on the basis of reporting data from credit institutions or data from digital platforms for over-the-counter trading.

In November 2024, the USA imposed sanctions on Bank GPB (JSC), which is the only authorized bank for making payments by foreign buyers for natural gas supplies.

There is an expectation of further sanctions and limitations on foreign business activity affecting companies operating in the Russian Federation, as well as possible negative consequences for the Russian economy in general, but the full extent and scale of possible effects of these are unknown. It is not possible to determine how long this increased volatility will last or at what level the above financial indicators will eventually level out.

The Company has been redomiciled to the United Arab Emirates, which, however does not influence Group's operations, as all principal business activity takes place in Russia.

The Group was influenced by the sharp rise of gold price in 2024 and especially in November due to increase of gold reserves by central banks worldwide and expected reduction in interest rates at international markets. The Management of the Group took timely measures to manage the impact of external factors. Revenue and cost of sale of the Group are not affected by sanctions of imposed by other countries, because majority of sales of Group's products and purchases of core resources are done domestically in Russia, or imported from Asia.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's profitability position. The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment. There is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results.

Management is closely monitoring the situation and is ready to act depending on the developments.

3 Material Accounting Policy Information

Basis of preparation. These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. Information on material 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. Refer to Note 5.



3 Material Accounting Policy Information (Continued)

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Going concern. Management prepared these consolidated financial statements on a going concern basis.

Consolidated financial statements. Subsidiaries are those investees, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of its returns.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Foreign currency translation. The functional currency of all Group's subsidiaries is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries established in the Russian Federation and Switzerland is Russian Rouble. The functional currency of subsidiary established in China is Chinese Yuan. The effect of translation of financial information of foreign operations to presentation currency is presented in other comprehensive income. The assumptions applied are disclosed in Note 4. The consolidated financial statements are presented in Russian Roubles ("RR"), which is the Group's presentation currency.

Transactions and balances. Monetary assets and liabilities are translated into entity's functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into entity's functional currency at year-end official exchange rates of the CBRF are recognized in profit or loss on a net basis. Gains and losses related to operational transactions in consolidated statement of profit or loss and other comprehensive income are included in 'Other gains / (losses), net'. Foreign exchange gains and losses that are generated from financial activity are disclosed separately below operating profit. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

At 31 December 2024, the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 101.6797, EUR 1 = RR 106.1028, CHF 1 = 112.9774, CNY 1 = RR 13.4272, AED 1 = 27.6868 (31 December 2023: USD 1 = RR 89.6883, EUR 1 = RR 99.1919, CHF 1 = RR 106.7591, CNY 1 = 12.5762, AED 1 = 24.4216). The principal average rate of exchange used for translating income and expenses was USD 1 = RR 92.5652, EUR 1 = RR 100.2154, CHF 1 = RR 105.2088, CNY 1 = RR 12.7433, AED 1 = RR 25.2049 (2023: USD 1 = RR 85.2466, EUR 1 = RR 92.2406, CHF 1 = RR 95.0622, CNY 1 = RR 11.9905, AED 1 = 23.2687).

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss for the year within 'Other gains / (losses), net'.



3 Material Accounting Policy Information (Continued)

Depreciation. Depreciation of property, plant and equipment except for land and construction in progress is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The table below represents remaining useful lives determined at the reporting date.

	Useful lives in years
Buildings and constructions	Less than 1 to 20
Production equipment	Less than 1 to 19
Plant and equipment	Less than 1 to 18
Transport	1 to 6
Leasehold improvements	Less than 1 to 8

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Right-of-use assets. The Group leases various commercial and production premises, and equipment.

Assets arising from a lease are initially measured on a present value basis.

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

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

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	7 to 8
Office	4 to 10
Production facilities	3 to 10
Outlets	2 to 8
Equipment	4 to 10

Impairment of non-financial assets. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Also, at the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment and intangible assets that are subject to depreciation and amortization. If any such indication exists, management estimates the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. An impairment loss recognized for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.



3 Material Accounting Policy Information (Continued)

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost, resulting in an immediate accounting loss.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL and amortized cost.

Debt financial assets

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Group classifies its debt instruments at amortized cost measurement category. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in 'Other (losses) / gains, net'. Change in allowance for expected credit losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income. The Group includes trade and other accounts receivable, loans issued, and cash and cash equivalents in this category of debt instruments.

Financial assets impairment – expected credit loss (ECL). ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). The Group assesses the ECL on historical loss rates, as for short-term receivables the determination of forward-looking economic scenarios may be less significant. The Group assesses the ECL for loans issued, and cash and cash equivalents on a forward-looking basis. The Group measures ECL and recognizes net impairment losses on financial assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Trade and other receivables, loans issued, and cash and cash equivalents are presented in the consolidated statement of financial position net of the allowance for ECL.

ECL measurement. An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

For loan commitments it is the contractual period over which the Group has a present contractual obligation to provide trade finance arrangement or financing.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL*, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

3 Material Accounting Policy Information (Continued)

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

The ECLs that are estimated by management for the purposes of these consolidated financial statements are point-in-time estimates. The estimates consider *forward looking information*, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

- the loaner or debtor is more than 90 days past due on its contractual payments;
- international rating agencies have classified the loaner or debtor in the default rating class;
- the loaner or debtor meets the unlikeliness-to-pay criteria listed below:
 - the loaner or debtor is deceased;
 - the loaner or debtor is insolvent;
 - the loaner or debtor is in breach of financial covenant(s);
 - it is becoming likely that the loaner will enter bankruptcy; and

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of 90 days. This period of 90 days has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Group considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For loans issued to legal entities:

- 30 days past due;
- award of risk grade "Special monitoring";

For trade and other receivable and contract assets:

- 30 days past due;
- Relative threshold defined on the basis of a portfolio for products without existing scoring models: the Group regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR.

The level of ECL that is recognized in these consolidated financial statements depend on whether the credit risk of the debtor has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has an expected credit loss based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognize interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.



3 Material Accounting Policy Information (Continued)

The Group has several approaches for ECL measurement: (i) assessment on an individual basis; and (ii) assessment based on external ratings.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month).

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile that varies by product type. EAD is based on the contractual repayments owed by the debtor over a 12-month or lifetime basis for amortizing products.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach or other.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Financial assets – derecognition. The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at amortized cost, except for any financial liabilities designated at initial recognition at FVTPL. The financial liabilities of the Group represented by loans and borrowings, lease liabilities, trade and other payables and are measured at amortized cost. The financial liabilities measured at FVTPL include derivatives.

Financial liabilities – derecognition. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognized in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

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



3 Material Accounting Policy Information (Continued)

Cash and cash equivalents. Cash and cash equivalents include cash on hand, cash at bank, cash in transit and term deposits with original maturity of less than three months. Cash and cash equivalents are carried at amortized cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other receivables. Trade and other receivables are recognized initially at fair value and are subsequently carried at amortized cost using the effective interest method.

Return assets. The Group recognizes an asset for the right to recover products from customers on settling a refund liability. A return asset is measured by reference to the former carrying amount of the product and subsequently assessed for impairment. Return asset is updated at the end of each reporting period for changes in expectations about the products to be returned. Any corresponding adjustments are recognized as cost of sales or reduction of cost of sales.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognized initially at fair value and subsequently carried at amortized cost using the effective interest method.

Refund liabilities. In some contracts, the Group transfers control of a product and also grants the right to return the product with a certain period from 6 months to three years and receive a refund of paid amount. The Group recognizes refund liability for the amounts expected to be refunded.

Refund liability is measured at the amount of consideration received or receivable to which the Group does not expect to be entitled. Refund liability is updated at the end of each reporting period for changes in expectations about the amount of refunds, based on estimated return rates. Return rate is the average weighted ratio of the amount of returned goods relative to the corresponding revenue for 3 consecutive periods prior to reporting date. Refund liability and any further corresponding adjustments are recognized against revenue.

Borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost using the effective interest method.

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Group's incremental borrowing rate which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.



3 Material Accounting Policy Information (Continued)

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases (premises and equipment) are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

Value added tax. Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Inventories. Inventories are recorded at the lower of cost and net realizable value. The cost of inventory is determined on the weighted average basis, aside from gemstones, which are accounted at actual cost. The cost of finished goods and work in progress comprises raw material, direct labor, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Additional capital. Contribution from the controlling shareholders in form of cash or monetary assets not related to issuance of shares are shown in equity as additional capital.



3 Material Accounting Policy Information (Continued)

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

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss for the year.

Provisions for returns. Provisions for returns are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense within finance costs.

Where there are a number of similar obligations, the probability that an outflow will be required in the settlement is determined by considering the class of obligations as a whole. The Group recognizes the estimated liability to repair or replace products sold which are still under warranty at the end of each reporting period. This provision is calculated based on past history of the level of repairs and replacements.

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

Revenue is recognized net of discounts, returns and value added taxes.

The Group has the following main revenue streams: sales of jewelry, manufacturing services and sales of other goods. Sales of jewelry include wholesale and retail distribution via Sokolov-branded physical retail outlets and online store.

Sales of jewelry - wholesale

The Group mostly sells goods of its own production. Sales are recognized when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. According to some contracts the control is transferred at the Group's warehouse. In this case the delivery is recognized as a separate contract obligation. In most cases delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales through commissionaires is recognized monthly based on commissioners' reports.

Revenue from the sales with discounts is recognized based on the price specified in the contract, net of any discounts.

When a customer pays consideration, before the Group transfers a goods or services, the Group recognize a contract liability (see Note 12).

Refund liability (included in provisions for other liabilities and charges) is recognized for the products expected to be returned. The estimate for returned products is based on historical experience and expectations. Based on knowledge of the nature of returns in the wholesale and distributor channels, it is considered highly probable that a significant reversal of cumulative revenue recognized will not occur.



3 Material Accounting Policy Information (Continued)

No element of financing is deemed present as the sales are mostly made either on terms of advance payment, or with a credit term of 30 days but never exceeding 12 months, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision (see Note 18).

Sales of jewelry - retail

Retail sales – through physical stores and online. Revenue from the sale of products through owned stores is recognized when a customer picks up the product in the store.

A refund liability and a right-of-return asset are recognized for products expected to be returned. The estimate for returned products is based on historical experience and expectations. Based on knowledge of the nature of returns, it is considered highly probable that a significant reversal of cumulative revenue recognized will not occur. Rebates and discounts granted to customers are recognized as a reduction in revenue.

Sales of jewelry – e-commerce

Revenue from the online sale of products is recognized when a customer either picks up the product in the store or the product is delivered to a customer store.

In case if the collection or delivery are delayed, and the consideration from the customer is received a contract liability is recognized.

Customer loyalty program. Since 2022, the Group operates a loyalty program for individuals where customers accumulate award points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognized when the points are redeemed or when they expire. The transaction price is allocated to the goods sold and the award points on the basis of their relative stand-alone selling prices. A contract liability for the award points is recognized at the time of the sale.

Sales of options to exchange. Starting from 2022, the Group sells to individual customers options to exchange a jewelry. The option guarantees to its holder a right to exchange once the linked jewelry to another one at a similar price at any moment during a period of time defined in the option. Therefore, the Group recognizes the revenue from sale of options evenly over the period of validity in accordance with paragraph 35 (a) of IFRS 15. The price of the option is calculated as a percentage of a purchased product linked to it, and constitutes a separate performance obligation. In case the customer uses its right under the option before its expiration, the Group recognizes the remaining part of revenue in profit or loss at once.

Sales of manufacturing services. The Group provides services under fixed-price contracts. These services are divided into two separate types: services related to production of jewelry from toll metal and delivery of goods.

Production of jewelry from toll metal is a unique service, as goods are manufactured in accordance with sketches developed by Group companies from tolling metal. There is no possibility of production of goods by substitute supplier, but the Group does not have legally enforceable right to payment for the performance completed to date at each stage of the contract and revenue under such agreements is recognized at the point of time when the service is accepted by customer.

A number of Group's contracts include provision of delivery services. Within the framework of these agreements, two performance obligations arise, thus Group allocates transaction price based on relative expected cost. Revenue from delivery services is recognized over time in the accounting period in which the services are rendered.



3 Material Accounting Policy Information (Continued)

Royalty. The Group enters into contracts with customers and promises to grant a franchise license that provides the customer with the right to use the entity's trade name and sell the entity's products for a limited period. In exchange for granting the license, the entity receives a sales-based royalty derived from the customer's monthly sales. The Group assesses that the nature of the Group's promise to grant the franchise license is to provide access to the Group's intellectual property in its current form throughout the license period. The Group concludes that the promise to transfer the license is a performance obligation satisfied over time. The Group recognizes revenue from sales-based royalty only when the sales of the franchisee occur.

Revenue from provision of computing power. The Group provides computing power in real time to its customers under variable price contracts. The customer simultaneously receives and consumes the benefits from the calculations, performed by the Group. As a result, control of a service is transferred over the period of service rendering, therefore the revenue is recognized over time. The revenue from providing services is recognized in the accounting period in which the services are rendered. This is determined based on the actual number of calculations performed.

Sales of other goods. Aside from jewelry, the Group sells dinnerware and souvenirs of its own production to third parties. Sales are recognized when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Revenue from the sale of dinnerware and souvenirs through owned stores is recognized in the same way as for revenue from sales of jewelry, when a customer picks up the product in the store.

Interest income. Interest income is recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Employee benefits. Wages, salaries, contributions to the Social Fund of Russia, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the social contribution.

Amendment of the consolidated financial statements after issue. Any changes to these consolidated financial statements after issue require approval of responsible signatory, represented by Economics and Development Director.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful lives of property, plant and equipment. The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2024 would be to increase or decrease it by RR 113 373 thousand (2023: increase or decrease by RR 86 029 thousand).

Depreciation of right-of-use assets. In determining the lease term for outlets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For leases of outlets the following factors are normally the most relevant:

- If there is reasonable assurance that the Group will receive future economic benefits from trading at the leased outlet.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend the lease.

Were the estimated lease term to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2024 would be to increase or decrease it by RR 239 505 thousand (2023: increase or decrease by RR 211 391 thousand).

Functional currency of Swiss entities of the Group. Russian Rouble (RR) was determined as a functional currency of the Swiss entities of the Group, because the Swiss entities in substance own intellectual property which is used primarily on the Russian market, and amounts received by them depend on the sales in Russia.

Provisions for returns. A number of contracts include conditions for returns of goods sold. Therefore, refund liability is recognized upon sale of goods. Estimation of refund liability at the reporting date is based on historical rates of returns from customers in subsequent to reporting date periods to corresponding revenue. Historical rates show stable ratio of returns in subsequent years to the reporting period revenue. The approach to calculation of historical rates is described in Note 3. Sensitivity analysis is provided in Note 18.

Customer loyalty program. The Group recognizes the loyalty program liability. The amount of liability depends on estimates of redemption rate. The redemption rate is estimated as a ratio of amount of bonuses used as sales price discount to the total of bonuses existed at the beginning of reporting period and accrued during the reporting period. Sensitivity analysis is provided in Note 12.

5 New Accounting Pronouncements

The following amended standards became effective from 1 January 2024, but did not have a material impact for the Group:

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the effective date subsequently modified to 1 January 2024 by the Amendments to IAS 1 as discussed below). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023, the effective date subsequently modified to 1 January 2024 by the Amendments to IAS 1 as discussed below). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.



5 New Accounting Pronouncements (Continued)

Non-current Liabilities with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments clarify previous amendments to IAS 1 on classification of liabilities as current or non-current issued in January 2020 that would have become effective for reporting periods beginning on or after 1 January 2023. The 2022 amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. In addition, the 2022 amendments introduce additional disclosure requirements.

Lease Liability in a Sale and Leaseback Amendments to IFRS 16 – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments apply to sale and leaseback transactions where the transfer of the asset qualifies as a 'sale' under IFRS 15 and the lease payments include variable lease payments that do not depend on an index or rate. The amendments specify subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Supplier Finance Arrangements – amendments to IAS 7 and IFRS 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). The amendments are aimed to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. They supplement existing IFRS Accounting Standards requirements and require a company to disclose the terms and conditions, the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are presented on the balance sheet, ranges of payment due dates and liquidity risk information.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted.

Lack of exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). IAS 21 was amended to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 18 replaces IAS 1. Many requirements from IAS 1 are maintained unchanged in the new standard. The new standard introduces three defined categories for income and expenses in the statement of profit or loss (operating, investing and financing) and requires to provide new defined subtotals, including operating profit and profit before financing and income taxes.

When alternative performance measures or non-GAAP measures are reported and these measures meet the definition of management-defined performance measures (MPMs), IFRS 18 requires to disclose reconciliations between these measures and subtotals listed in IFRS 18 or totals or subtotals required by IFRS Accounting Standards.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The standard is voluntary and permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and it has an ultimate or immediate parent company that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). The amendments clarify how the contractual cash flows on financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed, and consequently whether these assets are measured at amortized cost or fair value. Also, the amendments clarify the date on which a financial asset or financial liability is derecognized in case of settlements via electronic payment systems.



5 New Accounting Pronouncements (Continued)

Annual Improvements to IFRS Accounting Standards – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (issued on 18 July 2024 and effective for annual periods beginning on or after 1 January 2026). The amendments to IFRS 1 relate to the hedge accounting exception to the retrospective application of other IFRSs by a first-time adopter and eliminated minor inconsistencies with IFRS 9. The amendments to IFRS 7 for the requirements to disclose gain or loss on derecognition relating to financial assets in which the entity has continuing involvement specified that the entity shall also disclose whether the fair value measurements included significant unobservable inputs providing reference to IFRS 13. The amendments to Guidance on implementing IFRS 7 relate to disclosure of deferred difference between fair value and transaction price and to credit risk disclosures and focused on eliminating the previously existing inconsistencies with IFRS 9 and IFRS 13. The amendments to IFRS 9 relate to derecognition of lease liabilities and measurement of trade receivables at initial recognition. The amendments to IAS 7 clarify reference to the methods of accounting for investments in subsidiaries, associates and joint-ventures.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the International Accounting Standards Board (IASB)). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

6 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

At 31 December 2024, the outstanding balances with related parties were as follows:

<i>In thousands of Russian Roubles</i>	Note	Ultimate controlling party	Entities under common control	Other related parties	Total
Trade and other receivables – gross		-	1 508	1 038 266	1 039 774
Trade receivables – ECL		-	-	(49 182)	(49 182)
Prepayments		-	264 276	51 307	315 583
Loans issued – gross (effective interest rate: 0,5 – 4,5%)	9	5 050 948	-	110 394	5 161 342
Loans issued – ECL	9	(25 379)	-	(11 269)	(36 648)
Investments in equity securities - gross		-	43 134	-	43 134
Investments in equity securities - ECL		-	(43 134)	-	(43 134)
Loans received (effective interest rate: 1%)	15	(17 685)	-	-	(17 685)
Lease liabilities (effective interest rate: 11,38%)		(583 434)	-	(2 112 154)	(2 695 588)
Trade and other payables		-	-	(721 112)	(721 112)



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6 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2024 were as follows:

<i>In thousands of Russian Roubles</i>	Ultimate controlling party	Entities under common control	Other related parties	Total
Sales of goods	-	66	671 069	671 135
Revenue from services rendered	-	278	418 829	419 107
Maintenance of computing power	-	(1 089 692)	-	(1 089 692)
Interest income	69 632	-	730	70 362
IT expenses	-	-	(1 261 099)	(1 261 099)
Interest expense on lease liability	(67 793)	-	(243 589)	(311 382)
Agency fees	-	-	(23 503)	(23 503)
Utilities costs	-	(408)	(16 340)	(16 748)
Repairs and maintenance services	-	(351)	-	(351)
Compensation of business trip expenses	-	(670)	-	(670)
Expenses relating to short-term leases	-	-	(1 861)	(1 861)
Net charge for expected credit losses on financial assets	-	-	(49 032)	(49 032)
Other	(105)	(3 135)	(10 155)	(13 395)

At 31 December 2023, the outstanding balances with related parties were as follows:

<i>In thousands of Russian Roubles</i>	Note	Ultimate controlling party	Entities under common control	Other related parties	Total
Trade and other receivables – gross		150	83 190	2 940	86 280
Trade receivables – ECL		-	(1 898)	-	(1 898)
Prepayments		26 791	210 605	-	237 396
Loans issued – gross (effective interest rate: 0,5 – 1%)	9	-	101 509	10 167	111 676
Loans issued – ECL	9	-	(506)	(10 167)	(10 673)
Investments in equity securities - gross		-	43 134	-	43 134
Investments in equity securities - ECL		-	(43 134)	-	(43 134)
Loans received (effective interest rate: 1%)	15	(16 604)	-	-	(16 604)
Lease liabilities (effective interest rate: 10,79%)		(2 573 144)	(7 232)	(679 410)	(3 259 786)
Trade and other payables		-	(21 208)	(205 624)	(226 832)

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

<i>In thousands of Russian Roubles</i>	Ultimate controlling party	Entities under common control	Other related parties	Total
Sales of goods	-	54	-	54
Revenue from services rendered	-	366	-	366
Interest income	7 470	1 981	634	10 085
IT expenses	-	-	(1 081 787)	(1 081 787)
Interest expense on lease liability	(259 105)	(1 128)	(77 333)	(337 566)
Security services	-	(77 368)	-	(77 368)
Utilities costs	-	(30 669)	-	(30 669)
Repairs and maintenance services	-	(196 777)	-	(196 777)
Compensation of business trip expenses	-	(5 666)	-	(5 666)
Expenses relating to short-term leases	(2)	(1 343)	-	(1 345)
Net charge for expected credit losses on financial assets	(3 446)	132	(198)	(3 512)
Other	2 339	1 135	-	3 474



6 Balances and Transactions with Related Parties (Continued)

Other related parties include relatives of beneficiaries and companies under their control.

IT services represent the maintenance and provision of information systems. Their growth relates to the expansion of the retail network and corresponding increase in the number of transactions. The contract terms are based on normal commercial terms and conditions.

Loans are issued and received at market rates of the relevant markets. Loans issued are short-term, non-secured and mostly denominated in Euro.

Effective interest rate for lease liabilities with related parties are at market terms and calculated as average rate for agreements valid at corresponding reporting date.

Key management compensation. Key management includes executive and non-executive Directors.

Key management compensation is presented below:

<i>In thousands of Russian Roubles</i>	2024		2023	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
– Salaries	240 709	3 913	148 994	4 994
– Short-term bonuses	598 264	326 904	541 721	311 850
– Benefits in-kind	39	-	10	-
Total key management compensation	839 012	333 605	690 725	316 844

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.



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7 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of Russian Roubles</i>	Buildings and constructions	Production equipment	Plant and equipment	Transport	Construc- tion in progress	Leasehold improve- ments	Total
Cost at 31 December 2022					32 568	967 882	3 578 475
Accumulated depreciation	(76 877)	(319 730)	(729 947)	(225 962)	-	(315 891)	(1 668 407)
Carrying amount at 31 December 2022	117 203	372 086	689 825	46 395	32 568	651 991	1 910 068
Additions	242	75 975	1 974 097	52 825	45 452	274 826	2 423 417
Transfers	-	-	7 132	-	(7 132)	-	-
Disposals	(4 094)	(5 241)	(23 769)	(6 455)	(6 325)	-	(45 884)
Depreciation charge	(59 451)	(96 179)	(460 447)	(23 899)	-	(220 310)	(860 286)
Disposals – depreciation	3 414	4 556	23 103	5 586	-	-	36 659
Translation reserve	-	-	2 283	-	-	-	2 283
Carrying amount at 31 December 2023	57 314	351 197	2 212 224	74 452	64 563	706 507	3 466 257
Cost at 31 December 2023					64 563	1 242 708	5 958 291
Accumulated depreciation	(132 914)	(411 353)	(1 167 291)	(244 275)	-	(536 201)	(2 492 034)
Carrying amount at 31 December 2023	57 314	351 197	2 212 224	74 452	64 563	706 507	3 466 257
Additions	33 318	123 767	2 629 786	99 345	206 778	522 132	3 615 126
Transfers	-	-	7 031	-	(7 031)	-	-
Disposals	(134 562)	(38 373)	(417 002)	(37 231)	(7 906)	(38 681)	(673 755)
Depreciation charge	(46 688)	(43 867)	(790 309)	27 548	-	(280 409)	(1 133 725)
Disposals – depreciation	131 403	33 025	396 803	33 483	-	-	594 714
Impairment charge to profit or loss	-	-	(6 070)	-	-	-	(6 070)
Translation reserve	-	-	4 113	-	-	-	4 113
Carrying amount at 31 December 2024	40 785	425 749	4 036 576	197 597	256 404	909 549	5 866 660
Cost at 31 December 2024					256 404	1 726 159	8 897 705
Accumulated depreciation	(48 199)	(422 195)	(1 560 797)	(183 244)	-	(816 610)	(3 031 045)
Carrying amount at 31 December 2024	40 785	425 749	4 036 576	197 597	256 404	909 549	5 866 660

In 2024 and 2023, additions are mostly related to the computing power equipment and trade equipment for new outlets. Additions of computing power equipment amounted to RR 1 822 278 thousand (2023: RR 1 652 409 thousand).

At 31 December 2024 and at 31 December 2023, no plant property and equipment were pledged to third parties as collateral for borrowings. Refer to Note 27.

Construction in progress mainly consist of improvements and repair of stores in progress and include advances for equipment and construction at 31 December 2024 amounted to RR 215 724 thousand (31 December 2023: RR 14 937 thousand). Upon completion, these assets are transferred to leasehold improvements.



8 Right-of-use Assets and Lease Liabilities

The Group leases various commercial and production premises and equipment. Rental contracts are typically made for periods of 3 years to 10 years and may include extension options as described in Note 4.

<i>In thousands of Russian Roubles</i>	Land	Outlets	Production facilities	Office	Equipment	Total
Carrying amount at 31 December 2022	994	4 100 453	2 100 381	62 532	35 656	6 300 016
Additions	-	1 253 537	47 944	123 517	700	1 425 698
Depreciation charge	(229)	(1 489 368)	(585 407)	(25 824)	(13 086)	(2 113 914)
Modification of lease contracts	526	34 274	1 193 366	3 104	42 023	1 273 293
Disposal of right-of-use assets	-	(111 274)	(15 598)	(8 076)	(2 193)	(137 141)
Disposal of depreciation	-	94 470	17 105	8 076	576	120 227
Carrying amount at 31 December 2023	1 291	3 882 092	2 757 791	163 329	63 676	6 868 179
Additions	-	2 658 072	64 435	3 802	-	2 726 309
Depreciation charge	(238)	(1 706 000)	(637 602)	(37 645)	(13 563)	(2 395 048)
Modification of lease contracts	-	157 621	3 239	15	-	160 875
Disposal of right-of-use assets	-	(387 443)	(5 189)	-	-	(392 632)
Disposal of depreciation	-	265 047	5 189	-	-	270 236
Carrying amount at 31 December 2024	1 053	4 869 389	2 187 863	129 501	50 113	7 237 919

The additions of right-of-use assets in 2024 and 2023 mostly refer to the new lease of space for the retail stores.

The Group recognized lease liabilities as follows:

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Long-term lease liabilities	6 259 447	5 980 229
Short-term lease liabilities	2 208 185	2 004 267
Total lease liabilities	8 467 632	7 984 496

Lease interest expense included in finance costs of 2024 was RR 1 059 898 thousand (2023: RR 798 480 thousand).

Modifications are mostly related to the extension of contracts duration and change of rental fees in lease agreements of production facilities.

Some property leases contain variable payment terms that are linked to sales. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. A 10% increase in sales across all properties in the group with such variable lease contracts would increase total lease payments by approximately RR 36 970 thousand (2023: RR 23 700 thousand).

Expense relating to variable lease payments which were not included in lease liabilities and were included in distribution expense was RR 369 702 in 2024 (2023: RR 237 002) thousand. For particular stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 5% to 20% of sales.



8 Right-of-use Assets and Lease Liabilities (Continued)

Expenses relating to short-term leases (included in cost of sales, distribution, general and administrative expenses) and variable lease payments:

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Variable lease payments (included in distribution expenses)	22	369 702	237 002
Expense relating to short-term leases (included in distribution expenses)	22	91 804	33 672
Expense relating to short-term leases (included in administrative expenses)	23	6 117	2 209
Expense relating to short-term leases (included in cost of sales)		1 188	699
Total		468 811	273 582

Total cash outflow for all leases in 2024 was RR 3 789 382 (2023: RR 2 965 949) thousand.

9 Loans Issued

<i>In thousands of Russian Roubles</i>	2024	2023
Loans issued to related parties	5 161 342	111 676
Corporate loans	-	19 000
Less: expected credit loss charge in profit or loss	(36 648)	(29 673)
Total carrying amount of loans at amortized cost	5 124 694	101 003

The following table discloses the changes in the expected credit loss and gross carrying amount for loans carried at amortized cost between the beginning and the end of the reporting period:

<i>In thousands of Russian Roubles</i>	Lifetime ECL for credit impaired	Gross carrying amount	
		Stage 3 (lifetime ECL for credit impaired)	Total
Corporate loans			
At 31 December 2023	(19 000)	19 000	19 000
<i>Movements with impact on expected credit loss:</i>			
Derecognized during the period	19 000	(19 000)	(19 000)
Total movements with impact on expected credit loss	19 000	(19 000)	(19 000)
At 31 December 2024	-	-	-



9 Loans Issued (Continued)

<i>In thousands of Russian Roubles</i>	Lifetime ECL for credit impaired	Gross carrying amount		Total
		Stage 1 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	
Loans issued to related parties				
At 31 December 2023	(10 673)	10 167	101 509	111 676
<i>Movements with impact on expected credit loss:</i>				
New originated or purchased	-	4 469 267	-	4 469 267
Derecognized during the period	-	-	(6 464)	(6 464)
ECL charge for the period	(25 381)	-	-	-
Total movements with impact on expected credit loss	(25 381)	4 469 267	(6 464)	4 462 803
<i>Movements without impact on expected credit loss:</i>				
Interest accrued	-	74 608	-	74 608
Foreign exchange movements, net	(594)	507 666	4 589	512 255
At 31 December 2024	(36 648)	5 061 708	99 634	5 161 342

The following table discloses the changes in the expected credit loss and gross carrying amount for loans carried at amortized cost between the beginning and the end of the comparative period:

<i>In thousands of Russian Roubles</i>	Lifetime ECL for credit impaired	Gross carrying amount		Total
		Stage 1 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	
Corporate loans				
At 31 December 2022	(21 628)	3 024	19 000	22 024
<i>Movements with impact on expected credit loss:</i>				
Derecognized during the period	2 704	(3 024)	-	(3 024)
Foreign exchange movements	(76)	-	-	-
Total movements with impact on expected credit loss	2 628	(3 024)	-	(3 024)
At 31 December 2023	(19 000)	-	19 000	19 000



9 Loans Issued (Continued)

<i>In thousands of Russian Roubles</i>	Lifetime ECL for credit impaired	Gross carrying amount		Total
		Stage 1 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	
Loans issued to related parties At 31 December 2022	(159 533)	4 879	927 088	931 967
<i>Movements with impact on expected credit loss:</i>				
Derecognized during the period	151 892	-	(148 516)	(148 516)
ECL charge for the period	(120)	-	-	-
Repaid during the period	-	-	(545 850)	(545 850)
Non-cash settlements	-	-	(355 078)	(355 078)
Total movements with impact on expected credit loss	151 772	-	(1 049 444)	(1 049 444)
<i>Movements without impact on expected credit loss:</i>				
Interest accrued	-	-	23 809	23 809
Foreign exchange movements, net	(2 912)	5 288	200 056	205 344
At 31 December 2023	(10 673)	10 167	101 509	111 676

The expected credit loss for loans recognized in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 28. Below main movements in the table are described:

- Transfers between Stage 1 and 3 due to balances becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Foreign exchange translations of assets denominated in foreign currencies and other movements.

The following tables contain an analysis of the credit risk exposure of loans measured at AC and for which an ECL allowance is recognized. The carrying amount of loans below also represents the Group's maximum exposure to credit risk on these loans.

The credit quality of loans carried at amortized cost is as follows at 31 December 2024:

<i>In thousands of Russian Roubles</i>	Stage 1 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	Total
Loans issued to related parties			
– Good	5 050 948	-	5 050 948
– Satisfactory	-	99 634	99 634
– Default	10 760	-	10 760
Gross carrying amount	5 061 708	99 634	5 161 342
Expected credit loss	(36 140)	(508)	(36 648)
Carrying amount	5 025 568	99 126	5 124 694



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9 Loans Issued (Continued)

The credit quality of loans carried at amortized cost is as follows at 31 December 2023:

<i>In thousands of Russian Roubles</i>	Stage 1 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	Total
Corporate loans			
– Default	-	19 000	19 000
Gross carrying amount	-	19 000	19 000
Expected credit loss	-	(19 000)	(19 000)
Carrying amount	-	-	-
Loans issued to related parties			
– Good	-	101 509	101 509
– Default	10 167	-	10 167
Gross carrying amount	10 167	101 509	111 676
Expected credit loss	(10 167)	(506)	(10 673)
Carrying amount	-	101 003	101 003

Information on related party balances is disclosed in Note 6.

10 Inventories

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Finished products	13 678 536	7 617 199
Raw materials	3 247 546	2 695 833
Work in progress	5 449 449	3 299 263
Point of sale and marketing materials	369 583	355 791
Goods for resale	68 289	33 499
Inventory write-down	(124 408)	(93 496)
Total inventories	22 688 995	13 908 089

The cost of inventories recognized as an expense during the period of RR 23 186 219 thousand (2023: RR 17 181 053 thousand) is represented by usage of materials in production adjusted by change in carrying value of finished products and work in progress at the reporting dates. Refer to Note 21.

Inventories of RR 3 550 000 thousand (31 December 2023: RR 3 500 036 thousand) were pledged as collateral for borrowings. Refer to Note 27.

At 31 December 2024, raw materials of RR 70 525 thousand (31 December 2023: RR 87 684 thousand) are valued at net realizable value.



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11 Trade and Other Receivables and Prepayments

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Non-current		
Prepayments	324 034	1 214 468
Total non-current prepayments	324 034	1 214 468
Current		
Trade receivables	7 210 769	4 145 398
Other receivables	103 644	104 991
Expected credit loss – trade receivables	(228 872)	(107 255)
Expected credit loss – other receivables	(4 917)	(10 818)
Total financial assets within trade and other receivables and prepayments	7 080 624	4 132 316
Other receivables	2 849	718
Prepayments	1 159 080	748 808
Less impairment provision	(23 638)	(18 660)
Total current trade and other receivables and prepayments	8 218 915	4 863 182
Total trade and other receivables and prepayments	8 542 949	6 077 650

The decrease in non-current prepayments is connected with settlement of prepayments after shipment of computing power equipment during 2023 amounted to RR 1 136 898 thousand.

Trade receivables of RR 635 514 thousand (31 December 2023: RR 385 084 thousand) net of expected credit loss are denominated in foreign currency: 49% in EUR (31 December, 2023: 23%), 22% in USD (31 December 2023: 17%), 18% in CNY (31 December 2023: 48%), and 11% in CHF (31 December, 2023: 12%).

Non-cash settlements of trade accounts receivables with trade accounts payables during 2024 amounted to RR 3 613 501 thousand (2023: RR 1 708 258 thousand).

Other receivables include remuneration for agency services, receivables for fines and penalties, etc.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of customers over a period of 12 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The impact of forecasting information is assessed as immaterial.

11 Trade and Other Receivables and Prepayments (Continued)

The expected credit loss for trade receivables is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due and calculated for each category based on actual receivables write off for the period.

In % of gross value (in thousands of Russian Roubles)	31 December 2024			
	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables				
– current	0,36%	4 467 489	16 069	4 451 420
– less than 30 days overdue	1,53%	991 348	15 127	976 221
– 30 to 60 days overdue	2,67%	935 678	25 009	910 669
– 61 to 90 days overdue	9,52%	233 417	22 229	211 188
– 91 to 180 days overdue	11,43%	475 766	54 388	421 378
– 181 to 360 days overdue	55,16%	24 576	13 555	11 021
– over 360 days overdue	100,00%	82 495	82 495	-
Total		7 210 769	228 872	6 981 897

In % of gross value (in thousands of Russian Roubles)	31 December 2023			
	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables				
– current	0,45%	3 582 191	16 214	3 565 977
– less than 30 days overdue	0,85%	334 489	2 839	331 650
– 30 to 60 days overdue	7,77%	66 722	5 181	61 541
– 61 to 90 days overdue	10,88%	48 050	5 227	42 823
– 91 to 180 days overdue	27,93%	40 359	11 272	29 087
– 181 to 360 days overdue	75,70%	29 070	22 005	7 065
– over 360 days overdue	100,00%	44 517	44 517	-
Total		4 145 398	107 255	4 038 143

Movements in prepayments are as follows:

In thousands of Russian Roubles	Prepayments for inventories and services	Security deposit for rent	Security deposit for services	Prepayments for PP&E	Total
Carrying value at 31 December 2022	434 559	124 253	-	-	558 812
Additions	19 375 168	122 220	90 494	2 430 420	22 018 302
Prepayments derecognized on receipt of related goods or services	(19 217 696)	(110 876)	-	(1 286 218)	(20 614 790)
Currency translation reserve	80	872	-	-	952
Carrying value at 31 December 2023	592 111	136 469	90 494	1 144 202	1 963 276
Additions	10 709 918	124 573	184 033	1 275 704	12 294 228
Prepayments derecognized on receipt of related goods or services	(10 471 036)	(108 999)	(75 000)	(2 119 789)	(12 774 824)
Currency translation reserve	134	300	-	-	434
Carrying value at 31 December 2024	831 127	152 343	199 527	300 117	1 483 114



11 Trade and Other Receivables and Prepayments (Continued)

The carrying amount of other tax receivables is presented below:

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Short-term value-added tax receivables	250 996	352 433
Other tax receivables	12 060	4 907
Total other tax receivables	263 056	357 340

12 Liabilities Arising from Contracts with Customers

The Group has recognized the following liabilities arising from contracts with customers:

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Contract liabilities – options for jewelry exchange	776 858	475 688
Contract liabilities – advances from customers	368 442	379 613
Contract liabilities – loyalty program	238 576	275 049
Total current contract liabilities	1 383 876	1 130 350

The increase in options for jewelry exchange relates to the growth in sales of options during 2024, following the rise in revenue. Advances from customers mostly consist of gift certificates.

Were the redemption rate of bonuses under loyalty program to differ by 10%, the impact on loyalty program liability for the year ended 31 December 2024 would increase by RR 23 858 thousand (2023: increase by RR 27 505 thousand).

The amount of RR 296 370 thousand of revenue was recognized in the current reporting period related to the contract liabilities related to advances from customers in the contract liabilities as at 31 December 2023 (2023: RR 145 199 thousand).

13 Cash and Cash Equivalents

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Bank balances payable on demand	5 081 816	3 021 156
Term deposits with original maturity of less than three months	1 092 247	1 143 048
Cash in transit	561 947	592 106
Cash on hand	102 041	74 025
Total cash and cash equivalents	6 838 051	4 830 335

The expected credit losses for cash and cash equivalent are immaterial.



13 Cash and Cash Equivalents (Continued)

The table below discloses the credit quality of bank balances payable on demand, term deposits with original maturity of less than three months and cash in transit based on credit risk grades at 31 December 2024 and 31 December 2023. Refer to Note 28 for the description of the Group's credit risk grading system.

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
– Excellent	6 649 675	4 197 317
– Good	86 335	558 993
Total cash and cash equivalents, excluding cash on hand	6 736 010	4 756 310

14 Share Capital

<i>In thousands of Russian Roubles</i>	31 December 2024		31 December 2023	
	Number of shares	Amount	Number of shares	Amount
Ordinary shares	8 450	9 569	200	9 569

In April 2024, the Company completed redomiciliation from Switzerland to United Arab Emirates. As a result of the redomiciliation, the share capital of the Company was registered in AED (United Arab Emirates Dirham) constituting of 8 450 ordinary shares with a par value of 100 AED per each share. One share is equivalent to one vote. The registration of shares in AED did not require any additional payment from the shareholders. The redomiciliation did not result in change of the functional currency of the Company (Russian Rouble). Respectively, the historic amount of the share capital in Russian roubles presented in the condensed consolidated interim statement of changes in equity was not effected by the redomiciliation.

At 31 December 2023, the total authorized number of ordinary shares is 200 shares with a par value of CHF 1 000 per share. One share was equivalent to one vote. All issued ordinary shares were fully paid. The value of share capital is recalculated into functional currency based on rate on the date of share capital formation of WELVART HOLDING AG (13 June 2018: CHF 1 = RR 63,28).



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15 Loans and Borrowings

<i>In thousands of Russian Roubles</i>	Note	31 December 2024	31 December 2023
Long-term borrowings			
<i>Floating rate:</i>			
Bank loans in RR		10 071 341	4 882 083
<i>Fixed rate:</i>			
Bonds in RR		-	2 989 789
Total long-term borrowings		10 071 341	7 871 872
Short-term borrowings			
<i>Floating rate:</i>			
Bank loans in RR		5 021 974	1 600 273
Short-term part of long-term bank loans in RR		615 385	615 385
<i>Fixed rate:</i>			
Loans from related parties in CHF	6	17 685	16 604
Bonds in RR		3 002 264	5 520
Total short-term borrowings		8 657 308	2 237 782
Total borrowings		18 728 649	10 109 654

The Group's borrowings at 31 December 2024 and 31 December 2023 are denominated in Russian Roubles and Swiss Francs.

On 27 December 2022, the JSC "UVELIT" issued RR 3 000 000 fixed coupon RR bonds to finance its expansion programme and working capital requirements. The total number of bonds issued is 3 000 000 with a par value of RR 1 000. The coupon value is 13.4%. Bonds are placed under public subscription at Moscow Exchange (MOEX). The bonds are repayable on 23 December 2025. There were no breaches of covenants related to bonds issued.

Information on effective interest rates for borrowings are described in Note 28.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are disclosed in Note 28.

A part of property, plant and equipment and inventories are pledged as collateral for borrowings. Refer to Notes 27.

Information on compliance with the covenants on loan agreements with banks for the reporting dates is indicated in Note 27.



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Notes to the Consolidated Financial Statement – 31 December 2024

16 Reconciliation of Liabilities Arising from Financing Activities

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

<i>In thousands or Russian Roubles</i>	Borrowings	Lease liabilities	Total
Liabilities from financing activities at 31 December 2022	10 169 295	7 014 921	17 184 216
Cash flows			
Loan drawdowns	10 781 403	-	10 781 403
Repayments of principal	(10 676 023)	(1 767 647)	(12 443 670)
Interest payments	(1 348 992)	(798 480)	(2 147 472)
Non-cash changes			
Interest accrual	1 456 028	798 480	2 254 508
New leases	-	1 426 400	1 426 400
Non-cash settlements	(355 078)	-	(355 078)
Modification of lease contracts	-	1 273 293	1 273 293
Foreign exchange	83 021	44 713	127 734
Disposal of lease contracts	-	(7 184)	(7 184)
Liabilities from financing activities at 31 December 2023	10 109 654	7 984 496	18 094 150
Cash flows			
Loan drawdowns	18 100 630	-	18 100 630
Repayments of principal	(9 593 482)	(2 219 257)	(11 812 739)
Interest payments	(2 947 908)	(1 059 898)	(4 007 806)
Non-cash changes			
Interest accrual	3 068 036	1 059 898	4 127 934
New leases	-	2 673 509	2 673 509
Modification of lease contracts	-	160 875	160 875
Foreign exchange	(8 281)	16 454	8 173
Disposal of lease contracts	-	(148 445)	(148 445)
Liabilities from financing activities at 31 December 2024	18 728 649	8 467 632	27 196 281

17 Other Taxes Payable

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Other taxes payable within one year comprise:		
Value-added tax	912 802	765 671
Personal income tax and social contributions	336 846	304 325
Property and other taxes	538	19 559
Total other taxes payable	1 250 186	1 089 555



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18 Provisions for Returns

Movements in provisions or returns are as follows:

<i>In thousands of Russian Roubles</i>	Returns
Carrying amount at 31 December 2022	286 416
Additions charged to profit or loss	395 755
Unused amounts reversed	(88 377)
Utilization of provision	(184 654)
Carrying amount at 31 December 2023	409 140
Additions charged to profit or loss	502 267
Utilization of provision	(386 608)
Carrying amount at 31 December 2024	524 799

A 10% increase in return rates across the contracts with return condition would increase total provision charge by approximately RR 50 227 thousand (2023: RR 39 576 thousand).

The provision has been classified as current liability because the Group does not have an unconditional right to defer settlement beyond one year. Expected timing of the cash outflows is indicated below.

When a customer has a right to return the product within a given period, the Group recognizes a return asset and refund liability. Refund liability adjusted revenue for expected value of returns in the amount of RR 502 267 thousand for the year ended at 31 December 2024 and RR 395 755 thousand for the year ended at 31 December 2023. The corresponding return asset amounted to RR 282 109 thousand at 31 December 2024 and RR 201 420 thousand at 31 December 2023 and adjusted the cost of sales for the cost of the corresponding goods to be returned.

19 Trade and Other Payables

<i>In thousands of Russian Roubles</i>	31 December 2024	31 December 2023
Trade payables	13 135 862	5 798 599
Other payables	107 182	103 119
Total financial payables within trade and other payables at amortized cost	13 243 044	5 901 718
Accrued employee benefit costs	1 419 345	1 273 263
Accrued liabilities	-	15
Trade and other payables	14 662 389	7 174 996



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20 Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

<i>In thousands of Russian Roubles</i>	2024	2023
At a point of time		
Revenue from sales of jewelry - retail	37 952 533	22 307 586
Revenue from sales of jewelry - wholesale (including agents)	15 905 047	17 146 500
Revenue from sales of jewelry - e-commerce	1 774 886	1 224 574
Revenue from manufacturing services	711 683	620 040
Revenue from sale of other goods	638 293	359 095
Revenue from loyalty program	262 140	355 544
Royalty	180 227	158 607
Other revenues	37 858	147 441
Over time		
Computing power rendering services	2 558 076	183 740
Revenue from options to exchange	494 281	329 868
Revenue from delivery of jewelry	25 333	20 572
Total revenue from contracts with customers	60 540 357	42 853 567

The increase in revenue from sales of jewelry mainly relates to the growth in selling prices as well as rise in volume of sales and the product lines diversity.

Revenue from computing power rendering services arose because in the end of 2023 the Group started new activity related to render services to the customer on real-time provision of computing capacity for placing data in the information system. Accordingly, expenses for maintenance of computer power rose (Note 21).

21 Cost of Sales

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Materials and components used		30 406 463	21 380 651
Employee benefits expense and other personnel costs		3 594 207	2 675 615
Maintenance of computing power		1 839 702	226 298
Depreciation and amortization	7	544 206	174 425
Cost of goods sold		378 379	502 762
Depreciation of right-of-use assets	8	293 542	274 832
Repairs and maintenance services		57 957	49 306
Fuels		38 230	34 290
Other		414 510	340 295
Change in provision for returns		(271 043)	(193 496)
Changes in inventories of finished goods and work in progress		(7 598 623)	(4 702 360)
Total cost of sales		29 697 530	20 762 618

Included in employee benefits expense are pension related contributions to the Social Fund of Russia of RR 583 819 thousand (2023: RR 429 332 thousand).

Total amount of depreciation and amortization in cost of sales, distribution and general and administrative expenses recognized during the period was RR 3 532 451 thousand (2023: RR 2 985 857 thousand).

Surpluses and shortages of gold in production process included in material and components used amounted to RR 994 030 thousand (2023: RR 75 525 thousand). Every three years, a complete cleaning of the production facilities is carried out to obtain precious metal, which is then used in the further production process. In 2024, such a procedure was conducted, which reflects in the growth of surpluses amount. Gold is recorded at the official rate of CBRF on the date of stocktaking.



21 Cost of Sales (Continued)

Total amount of employee benefits expense and other personnel costs in cost of sales, distribution and general and administrative expenses recognized during the period was RR 11 264 959 thousand (2023: RR 8 605 892 thousand).

22 Distribution expenses

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Employee benefits expense		5 891 405	4 823 930
Advertising and marketing services		2 917 940	1 733 393
Depreciation of right-of-use assets	8	1 783 456	1 673 327
IT services		1 096 131	1 005 139
Materials and components used		775 752	415 448
Agency fees		760 865	540 576
Depreciation and amortization	7	587 699	684 540
Transportation		491 709	482 255
Expenses relating to short-term leases		461 506	270 674
Merchant acquiring services		442 653	353 137
Utilities costs		198 348	100 968
Telecommunications expenses		133 088	255 331
Other		220 310	168 017
Total distribution expenses		15 760 862	12 506 735

The rise in employee benefits expense relates to the increase in number of employees and outlets as well as growth of remuneration.

Included in employee benefits expense are pension related contributions to the Social Fund of Russia of RR 795 471 thousand (2023: RR 614 677 thousand).

23 General and administrative expenses

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Employee benefits expense		1 779 347	1 106 347
Depreciation of right-of-use assets	8	318 050	165 755
IT services		279 099	205 432
Information, consulting and other professional services		198 991	173 247
Utilities costs		32 514	16 786
Insurance expenses		26 129	10 330
Security services		13 505	11 656
Expenses relating to short-term leases		6 117	2 209
Depreciation and amortization	7	5 498	12 978
Other		46 191	21 635
Total general and administrative expenses		2 705 441	1 726 375

Included in employee benefits expense are pension related contributions to the Social Fund of Russia of RR 72 735 thousand (2023: RR 64 696 thousand).



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24 Other gains and losses, net

Other gains and losses comprise:

<i>In thousands of Russian Roubles</i>	2024	2023
Foreign exchange (losses) / gains, net	(113 890)	180 671
Bank commissions	(78 518)	(57 452)
Gains less losses on disposal of inventory	77 093	16 682
Losses less gains on disposal of property, plant and equipment	(60 986)	(17 877)
Write-down of financial assets	(23 580)	(4 910)
Impairment of fixed assets	(6 070)	-
Income from fines and penalties	3 359	45 437
Other	(27 641)	(33 435)
Total other (losses) / gains, net	(230 233)	129 116

25 Finance Costs

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Interest expense on borrowings	15, 16	3 068 036	1 456 028
Interest expense on lease liability	8	1 059 898	798 480
Other finance costs		509	-
Total finance costs		4 128 443	2 254 508

26 Income Taxes

(a) Components of income tax expense

Income tax expense comprises the following:

<i>In thousands of Russian Roubles</i>	2024	2023
Current tax	(2 785 797)	(1 320 328)
Deferred tax – origination and reversal of temporary differences at the tax rate of 20%	(86 006)	(197 589)
Deferred tax effect from the increase in tax rate to 25%	151 637	-
Income tax expense	(2 720 166)	(1 517 917)

On 12 July 2024, Federal Law No. 176-FZ on Amendments to part one and part two of the Tax Code of the Russian Federation, certain legislative acts of the Russian Federation and on the invalidation of certain provisions of legislative acts of the Russian Federation was adopted (published on 12 July 2024, hereinafter referred to as the "Law"). In accordance with the provisions of the Law, the corporate income tax rate was increased from 20% to 25%. This change became effective starting 1 January 2025.

In accordance with IAS 12, deferred tax assets and liabilities recognized as at 31 December 2024 were remeasured by the Group using the new income tax rate of 25%. The effect of this remeasurement is recognized in the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income of the consolidated financial statements for 2024 within income taxes in the amount of RR 151 637 thousand, deferred tax assets in the amount of RR 155 747 thousand and deferred tax liabilities in the amount of RR 4 110 thousand.



26 Income Taxes (Continued)

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

A reconciliation between the expected and the actual taxation charge is provided below.

<i>In thousands of Russian Roubles</i>	2024	2023
Profit before tax	8 801 484	5 983 814
Theoretical tax charge at statutory rate of 20%:	(1 760 297)	(1 196 763)
Tax effect of items which are not deductible or assessable for taxation purposes:		
– Income which is exempt from taxation	59 523	42 406
– Non-deductible expenses	(100 380)	(100 423)
– Disposal of unrecognized tax loss carry forwards for the year	3 630	(18 359)
– Effects of different tax rates in other countries	68 484	29 741
– Withholding taxes on intragroup dividends of subsidiaries	(978 411)	(269 497)
– Other	(12 715)	(5 022)
Income tax expense for the year	(2 720 166)	(1 517 917)

(c) Deferred taxes by type of temporary difference

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

<i>In thousands of Russian Roubles</i>	31 December 2023	Effect resulting from the increase in the tax rate to 25%	(Credited) / charged to profit or loss	31 December 2024
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment	(49 483)	(35 858)	(94 025)	(179 366)
Financial assets	27 310	17 007	31 065	75 382
Accounts payable	140 853	34 361	11 880	187 094
Contract liabilities	171 060	69 194	105 715	345 969
Provisions for returns	81 828	26 240	23 132	131 200
Inventories	2 395	(16 550)	(66 010)	(80 165)
Return assets	(40 284)	(14 107)	(16 137)	(70 528)
Lease liabilities	1 579 847	427 967	132 021	2 139 835
Right-of-use assets	(1 349 422)	(361 897)	(98 161)	(1 809 480)
Tax loss carry-forwards	3 631	-	(3 631)	-
Bonds issued	(2 042)	(272)	954	(1 360)
Other intangible assets	38 029	5 552	(15 824)	27 757
Accruals of withholding tax	(185 765)	-	(96 985)	(282 750)
Net deferred tax asset	417 957	151 637	(86 006)	483 588
Recognized deferred tax asset	631 863	155 747	(719)	786 891
Recognized deferred tax liability	(213 906)	(4 110)	(85 287)	(303 303)
Net deferred tax asset	417 957	151 637	(86 006)	483 588

26 Income Taxes (Continued)

<i>In thousands of Russian Roubles</i>	31 December 2022	(Credited) / charged to profit or loss	31 December 2023
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment	(60 909)	11 426	(49 483)
Financial assets	29 908	(2 598)	27 310
Accounts payable	107 932	32 921	140 853
Contract liabilities	103 265	67 795	171 060
Provisions for liabilities and charges	57 283	24 545	81 828
Accruals	4 973	(4 973)	-
Inventory	(12 822)	15 217	2 395
Return assets	(30 778)	(9 506)	(40 284)
Lease liabilities	1 437 675	142 172	1 579 847
Right-of-use assets	(1 259 520)	(89 902)	(1 349 422)
Tax loss carry-forwards	215 208	(211 577)	3 631
Bonds issued	(2 876)	834	(2 042)
Other intangible assets	26 190	11 839	38 029
Accruals of withholding tax	-	(185 765)	(185 765)
Other	17	(17)	-
Net deferred tax asset	615 546	(197 589)	417 957
Recognized deferred tax asset	627 073	4 790	631 863
Recognized deferred tax liability	(11 527)	(202 379)	(213 906)
Net deferred tax asset	615 546	(197 589)	417 957

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

27 Contingencies and Commitments

Tax contingencies. In Switzerland and the United Arab Emirates, there are clear regulations regarding taxes. The tax amounts are determined with the definitive assessments. In the final assessment procedure or in an audit by a tax commissioner, offsets can be made from the last five tax periods (financial years) for both Switzerland and the United Arab Emirates. Definitive assessments and offsets in the revision procedure can be contested within 30 days in Switzerland and 20 days in the United Arab Emirates. However, the risk of offsets is considered to be low as there is small variance in interpretation of tax legislation.

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

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



27 Contingencies and Commitments (Continued)

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that it is probable that the tax positions and interpretations that it has taken can be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Environmental matters. The Swiss, as well as the United Arab Emirates, government is committed to maintaining high international environmental standards and has designed and implemented pollution abatement policies. The legislation regarding the environmental regulation is clearly established. On the other hand, the enforcement of environmental regulation in the Russian Federation is still evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations from perspective of both, Swiss and Russian, jurisdictions. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Compliance with covenants.

Under the terms of the loan agreements, liabilities under which had carrying amount of RR 15 708 700 thousand as at 31 December 2024 (2023: RR 7 097 741 thousand), the Group is required to comply with certain financial and non-financial covenants including the follows:

In thousands of Russian Roubles

Description of covenants	Date when covenants are to be complied	Carrying amount of liabilities with covenants	
		31 December 2024	31 December 2023
Debt to EBITDA ratio	Each quarter-end	15 708 700	7 097 741
Total loan debt to bank level	Each quarter-end	8 491 632	4 774 293
Net credit turnover to Bank accounts level	Each quarter-end	15 708 700	3 036 925
Total financial investments level	Each quarter-end	12 709 375	5 581 726
Debt to average monthly revenue ratio	Each quarter-end	6 765 845	5 581 726
Equity level	Each quarter-end	9 765 170	6 384 264
Net profit, net of dividends level	Each quarter-end	11 435 836	4 060 816
Accounts receivables / payables level with related parties	Each quarter-end	5 492 307	4 060 816
EBIT (or EBITDA) to Loans' Interest ratio	Each quarter-end	4 272 863	802 538

The above financial covenants are calculated by the Group in accordance with the terms and definitions specified in the relevant loan agreements, calculation of which may differ contract by contract and may differ from the ratios presented in the consolidated financial statements. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default.

As of 31 December 2024 and 31 December 2023, no balances were reclassified to short-term loans at the reporting dates.

27 Contingencies and Commitments (Continued)

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims. No provisions have been made in these consolidated financial statements in relation to claims received.

Assets pledged and restricted. At 31 December 2024 and 31 December 2023, the Group has the following assets pledged as collateral:

In thousands of Russian Roubles	Note	2024		2023	
		Asset pledged	Related liability	Asset pledged	Related liability
Inventories	10	3 550 000	3 452 005	3 500 036	4 774 293
Total assets pledged and restricted at 31 December		3 550 000	3 452 005	3 500 036	4 774 293

28 Financial Risk Management

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

Credit risk. The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

Group has no financial guarantees issued for third parties.

Credit risk management. Credit risk is the significant risk for the Group's business; management therefore carefully manages its exposure to credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 December 2024, the Group had 10 customers (31 December 2023: 8) that owed it more than RR 100 000 thousand each and accounted for approximately 58% (31 December 2023: 45%) of all the receivables outstanding.



28 Financial Risk Management (Continued)

Credit risk grading system. For measuring credit risk and grading financial instruments represented by cash and cash equivalents (Note 13) by the amount of credit risk, the Group applies an approach based on risk grades estimated by management, taking into account grades of external Russian and international rating agencies (Expert RA, AKRA and Moody's). External credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding PD interval
Excellent	0.01% – 0.27%
Good	0.28% – 0.7%
Satisfactory	0.71% – 18.3%
Special monitoring	18.31% – 99.9%
Default	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

For measuring credit risk and grading other financial instruments by the amount of credit risk, the Group applies predictive models, which take into account the market conditions, past experience of counteracting with the clients.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency and (b) interest rates risks, which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Group's foreign exchange policy is aimed at managing its foreign currency exposure in order to protect profit margins by entering into forward exchange contracts and currency options, specifically against movements in the USD rate against the RUB. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

<i>In thousands of Russian Roubles</i>	US Dollars	Euros	Swiss frank	Chinese Yuan	Kazakhstani Tenge	Total
Monetary financial assets	971 708	2 086 616	384 592	230 629	4 635	3 678 180
Monetary financial liabilities	(458 717)	(26 715)	(28 128)	(79 784)	(107 289)	(700 633)
Net position at 31 December 2023	512 991	2 059 901	356 464	150 845	(102 654)	2 977 547
Monetary financial assets	2 544 235	4 194 446	370 024	128 453	2 307	7 239 465
Monetary financial liabilities	(557 587)	(46 007)	(41 266)	(385 013)	(22 463)	(1 052 336)
Net position at 31 December 2024	1 986 648	4 148 439	328 758	(256 560)	(20 156)	6 187 129

The above analysis includes only monetary foreign currency assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.



28 Financial Risk Management (Continued)

The following table presents sensitivities of profit or loss to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

<i>In thousands of Russian Roubles</i>	Impact on profit or loss	
	At 31 December 2024	At 31 December 2023
Euro strengthening by 20%	829 688	411 980
Euro weakening by 20%	(829 688)	(411 980)
US Dollar strengthening by 20%	397 330	102 598
US Dollar weakening by 20%	(397 330)	(102 598)
Swiss franc strengthening by 20%	65 752	71 293
Swiss franc weakening by 20%	(65 752)	(71 293)
CNY strengthening by 20%	(51 312)	30 169
CNY weakening by 20%	51 312	(30 169)
KZT strengthening by 20%	(4 031)	(20 531)
KZT weakening by 20%	4 031	20 531

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group.

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise.

Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The Group's exposure to interest rate risk at the end of the reporting period is not representative of the typical exposure during the year. For the average exposure during 2024, if interest rates differ 200 basis points (2023: 200 basis points) with all other variables held constant, profit for the year would differ by RR 261 327 thousand (2023: RR 159 805 thousand).

The risk does not apply to fixed rate financial assets and liabilities, while variable interest liabilities are represented by certain credit contracts. At 31 December 2024 variable interest liabilities was RR 15 708 700 thousand (31 December 2023: RR 7 097 741 thousand) (Note 15).

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by Treasury Department of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group's liquidity portfolio comprises cash and cash equivalents (Note 13) and investments in corporate shares of public companies. Management estimates that the liquidity portfolio can be realized in cash within a day in order to meet unforeseen liquidity requirements.

The availability of open credit lines and long-term loans gives the Group the opportunity to balance the loan portfolio and reduce the risk of adverse fluctuations in financial markets. The repayment period of long-term loans reaches June 2030.

Unused credit limits as of 31 December 2024 amounted to RR 11 522 167 thousand (31 December 2023: RR 2 502 533 thousand).

The liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.



28 Financial Risk Management (Continued)

The table below shows liabilities at 31 December 2024 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the consolidated statement of financial position amount is based on discounted cash flows. The future payments include principal and interest.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

<i>In thousands of Russian Roubles</i>	Effective interest rate, %	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities							
Trade payables (Note 19)	-	3 136 028	1 587 632	8 497 315	22 069	-	13 243 044
Loans from RP (Note 15)	1	17 685	-	-	-	-	17 685
Bank loans	20,62	602 098	681 116	7 744 563	11 865 153	323 752	21 216 682
Bonds	13,40	34 140	66 090	3 292 980	-	-	3 393 210
Lease liabilities (Note 8)	19,33	268 508	534 690	2 337 836	5 883 441	121 427	9 145 902
Total future payments		4 058 459	2 869 528	21 872 694	17 770 663	445 179	47 016 523

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

<i>In thousands of Russian Roubles</i>	Effective interest rate	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities							
Trade payables (Note 19)	-	1 385 099	1 724 064	2 687 881	104 674	-	5 901 718
Loans from RP (Note 15)	1	16 604	-	-	-	-	16 604
Bank loans	13,78	288 675	307 640	2 724 472	5 592 810	1 045 273	9 958 870
Bonds	13,40	34 140	61 680	306 210	3 402 030	-	3 804 060
Lease liabilities (Note 8)	13,49	227 062	454 125	2 043 561	5 078 335	429 720	8 232 803
Total future payments		1 951 580	2 547 509	7 762 124	14 177 849	1 474 993	27 914 055

29 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or sell assets to reduce debt. The amount of capital that the Group managed as of 31 December 2024 was RR 31 142 356 thousand (31 December 2023: RR 18 373 190 thousand). Capital refers to total equity and debt. The debt includes the amount of bank loans, bonds issued and loans from related parties.



29 Management of Capital (Continued)

The Group monitors the capital level using the Net debt to Adjusted EBITDA ratio. Net debt is the sum of all Group bank loans, borrowings from related parties and bonds issued less cash and cash equivalents available on demand. Adjusted EBITDA is calculated as operating profit plus depreciation, amortization and impairment of investment less lease expenses on accrual basis and contract liability for loyalty program and options to exchange recognized in the reporting period. Adjusted EBITDA is not a standard IFRS Accounting Standards measure and the Group's definition of Adjusted EBITDA may differ from that of other companies. The Group's Management reviews the capital policy on an annual basis and sets the target level for the next period. As at 31 December 2024, the Group's strategy was to maintain this ratio not higher than 3 (at 31 December 2023: 3).

<i>In thousands of Russian Roubles</i>	Note	31 December 2024	31 December 2023
Bank loans	15	15 708 700	7 097 741
Bonds	15	3 002 264	2 995 309
Loans from related parties	15	17 685	16 604
Total Debt		18 728 649	10 109 654
Less cash and cash equivalents	13	(6 838 051)	(4 830 335)
Total Net Debt		11 890 598	5 279 319
Adjusted EBITDA		13 056 700	9 780 975
Net Debt to Adjusted EBITDA		0,91	0,54

The calculation of Adjusted EBITDA for years ended 31 December 2024 and 31 December 2023 is in the table below.

<i>In thousands of Russian Roubles</i>	Note	2024	2023
Operating profit		12 002 185	8 020 375
Depreciation of right-of-use assets	8	2 395 048	2 113 914
Depreciation and amortization of fixed and intangible assets	7	1 137 403	871 943
Less			
Rental expenses per invoices		(2 220 032)	(1 713 202)
Contract liabilities – options for jewelry exchange	12	301 170	213 328
Operating loss of Shanghai Sokolov Jewelry Co., Ltd		195 773	210 977
Operating result of computing power rendering		(718 374)	42 558
Contract liabilities – loyalty program	12	(36 473)	21 082
Adjusted EBITDA		13 056 700	9 780 975

Rental expenses per invoices relate to leasing of outlets on accrual basis. Adjusted EBITDA is disclosed according to the approach adopted by the management of the Group and represents the management performance measure of the Group's core business activity.



30 Fair Value Disclosures

For the purposes of measurement under IFRS 9 "Financial Instruments" the Group classifies financial assets into the following categories: (a) financial assets at FVTPL and (b) financial assets at amortized cost.

As of 31 December 2024 and 31 December 2023, all of the Group's financial liabilities were carried at amortized cost.

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

The fair value of financial assets and liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis using prices from observable current market transactions. The management believes that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values. Financial assets are all short-term and the effect of discounting is immaterial. The discounting rate used in the calculation of the fair value of financial liabilities approximates the market interest rate.

In thousands of Russian Roubles	31 December 2024				31 December 2023			
	Level 1 fair value	Level 2 fair value	Level 3	Carrying value	Level 1 fair value	Level 2 fair value	Level 3	Carrying value
ASSETS								
<i>Financial assets at amortized cost</i>								
– Trade and other receivables	-	-	7 080 624	7 080 624	-	-	4 132 316	4 132 316
– Loans issued	-	-	5 124 694	5 124 694	-	-	101 003	101 003
– Cash and cash equivalents	-	6 838 051	-	6 838 051	-	4 830 335	-	4 830 335
TOTAL ASSETS	-	6 838 051	12 205 318	19 043 369	-	4 830 335	4 233 319	9 063 654
LIABILITIES								
<i>Borrowings</i>								
– Borrowings	-	15 708 700	-	15 708 700	-	7 097 741	-	7 097 741
– Loans from related parties	-	-	17 685	17 685	-	-	16 604	16 604
– Bonds	2 806 200	-	-	2 806 200	2 991 300	-	-	2 991 300
<i>Other financial liabilities</i>								
– Trade payables	-	-	13 243 044	13 243 044	-	-	5 901 718	5 901 718
TOTAL LIABILITIES	2 806 200	15 708 700	13 260 729	31 775 629	2 991 300	7 097 741	5 918 322	16 007 363

31 Events after the Reporting Period

In February 2025, dividends in the amount of RR 940 485 thousand were declared and paid to the beneficiary owner.