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BELUGA GROUP PAO

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT**

MOSCOW 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Public Joint-Stock Company "Beluga Group"

Opinion

We have audited the consolidated financial statements of Public Joint-Stock Company "Beluga Group" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Rules of Auditors' Independence and Code of Professional Ethics for Auditors that are consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of intangible assets with indefinite useful life	
Note 9 to the consolidated financial statements	
Key Audit Matter	How the matter was addressed in our audit
<p>We believe that this matter was one of the most significant for our audit due to the materiality of the carrying value of intangible assets for the consolidated financial statements, the high level of subjectivity of the assumptions used in the impairment test and the recognition of an impairment loss.</p> <p>As a result of the impairment test, the Group recognized an impairment loss for the excess of the carrying value over recoverable value.</p> <p>Significant assumptions included determining the sales volumes and margin profitability of each brand based on the Group's forecast for 2023, determining discount rates, growth rates of cash flow indicators, as well as expected growth rates in the terminal period.</p>	<p>We conducted an analysis of the Group's retrospective data, as well as market trends as at 31 December 2022.</p> <p>We have engaged an expert to confirm the assumptions used in the impairment test and verify the calculation of the recoverable value. Discount rates and the forecast of long-term growth rates were compared to the market indicators and other available data, the impairment test methodology was checked, the data used were compared to the results for previous periods.</p> <p>We have also assessed the appropriateness and completeness of the disclosures in the consolidated financial statements in relation to significant assumptions used in determination of the recoverable amount.</p>

Impairment of goodwill	
Note 10 to the consolidated financial statements	
Key Audit Matter	How the matter was addressed in our audit
<p>When analyzing goodwill for impairment, management uses significant estimates and assumptions to prepare cash flow forecasts, as well as to determine appropriate growth rates and discount rates. Using different modeling techniques and assumptions can lead to significantly different results.</p> <p>We believe that this matter was one of the most significant for our audit due to the materiality of the carrying amount of goodwill, the high level of subjectivity of the assumptions used in the analysis for impairment, as well as the materiality of judgments and estimates made by management.</p>	<p>We have engaged an expert to conduct an analysis for goodwill impairment test, including an analysis of the assumptions and assertions made by the Group's management. We have compared the recoverable value of cash-generating units, which included companies of JSC «VINLAB» and LLC «Golubitskoe Estate», with their carrying value, including goodwill.</p> <p>We have verified the validity of the assumptions and initial data on which the cash flow forecast is based.</p> <p>We have also assessed the appropriateness and completeness of the disclosures in the consolidated financial statements in relation to significant assumptions used in determination of the recoverable value of cash-generating units.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of Beluga Group for 2022 apart from the consolidated financial statements and apart from our independent auditor's report thereon. The Annual Report is expected to be made available to us after the auditor's report date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work done, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

- a) 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.

- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Denis V. Dogdanov.



D.V. Dogdanov,

Acting on behalf of the auditor

by virtue of the Power of Attorney No. 49-17/23-8 dated 9 January 2023

The engagement partner on the audit resulting in this auditor's report

(Power of Attorney No. 57-17/23-8 dated 9 January 2023)

Registration No. 21706040057

The auditor:

Russaudit Valuation and Consulting, Limited Liability Company (Russaudit, LLC)

76 Butyrskaya St., bld. 1, Office I, Intra-urban Territory of the Federal City Butyrsky Municipal Okrug,
Moscow, 127015, Russia

Registration No. 11606048583

10 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022	2021
Sales, net of VAT		127 527	103 237
Excise duties		(30 211)	(28 300)
Revenue	18	97 316	74 937
Cost of sales	19	(58 902)	(48 094)
Gross profit		38 414	26 843
General and administrative expenses	20	(5 030)	(3 848)
Distribution expenses	21	(20 055)	(15 358)
Other (expense)/income	22	(274)	105
Operating profit		13 055	7 742
Disposal and impairment of trademarks	9	1 125	(596)
Net finance costs	23	(3 530)	(2 058)
Profit before tax		10 650	5 088
Income tax	24	(2 208)	(1 211)
Net income, continuing operations		8 442	3 877
Discontinued operations, loss	27	-	(16)
Net income and total comprehensive income for the period		8 442	3 861
Attributable to			
Equity holders of the Company		8 439	3 824
Non-controlling interest		3	37
Basic earnings per share, RUB	26	645.04	294.13

The Notes on pages 11 – 36 are an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	7	24 094	18 365
Intangible assets	9	7 108	9 684
Goodwill	10	3 633	3 633
Other long-term assets	11	773	589
Deferred tax assets	25	1 403	1 787
Total non-current assets		37 011	34 058
Current assets			
Inventories	12	25 048	21 795
Trade and other receivables	13	15 907	12 025
Prepayments		1 887	768
Income tax prepayment		45	131
Cash and cash equivalents	14	13 241	9 712
Total current assets		56 128	44 431
TOTAL ASSETS		93 139	78 489
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	15	1 580	1 580
Treasury shares	15	(455)	(206)
Share premium and other reserves	15	549	6 758
Retained earnings		23 447	17 650
Total equity attributable to shareholders of Beluga Group, PJSC		25 121	25 782
Non-controlling interest		268	302
Total equity and reserves		25 389	26 084
Non-current liabilities			
Long-term Loans and bonds	16	16 934	12 362
Long-term lease liabilities	8	9 762	4 633
Deferred tax liabilities	25	2 418	2 038
Total non-current liabilities		29 114	19 033
Current liabilities			
Short-term loans and bonds	16	8 655	4 052
Short-term lease liabilities	8	2 721	2 527
Trade and other payables	17	26 057	25 856
Income tax payable		1 203	937
Total current liabilities		38 636	33 372
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		93 139	78 489

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of Beluga Group, PJSC				Total	Non- controlling interest	Total equity and reserves
	Share capital	Treasury shares	Share premium and other reserves	Retained earnings			
Balance at 1 January 2022	1 580	(206)	6 758	17 650	25 782	302	26 084
Acquisition of non-controlling interest	-	-	-	-	-	(18)	(18)
Dividends (Note 15)	-	-	-	(2 642)	(2 642)	(19)	(2 661)
Share-based payments, payable (Note 15)	-	-	110	-	110	-	110
Provision for share-based payments (Note 15)	-	-	37	-	37	-	37
Repurchase and sale of treasury shares	-	(249)	(6 356)	-	(6 605)	-	(6 605)
Total transactions with shareholders	-	(249)	(6 209)	(2 642)	(9 100)	(37)	(9 137)
Net income for the period	-	-	-	8 439	8 439	3	8 442
Balance at 31 December 2022	1 580	(455)	549	23 447	25 121	268	25 389

	Equity attributable to shareholders of Beluga Group, PJSC				Total	Non- controlling interest	Total equity and reserves
	Share capital	Treasury shares	Share premium	Retained earnings			
Balance at 1 January 2021	1 580	(347)	2 915	15 903	20 051	294	20 345
Acquisition of non-controlling interest	-	-	-	-	-	(36)	(36)
Acquisition of subsidiary	-	-	-	-	-	7	7
Dividends (Note 15)	-	-	-	(2 077)	(2 077)	-	(2 077)
Repurchase and sale of treasury shares	-	(59)	(1 183)	-	(1 242)	-	(1 242)
Secondary public offering less commissions (Note 15)	-	200	5 026	-	5 226	-	5 226
Total transactions with shareholders	-	141	3 843	(2 077)	1 907	(29)	1 878
Net income for the period	-	-	-	3 824	3 824	37	3 861
Balance at 31 December 2021	1 580	(206)	6 758	17 650	25 782	302	26 084

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CONSOLIDATED CASH FLOW STATEMENT

	Note	2022	2021
Cash flows from operating activities			
Operating profit, continuing operations		13 055	7 742
Operating loss, discontinued operations	27	-	(16)
Adjustments:			
Depreciation and amortisation	19, 20, 21	4 301	2 745
Loss / (Income) on disposal of property, plant and equipment	22	107	(200)
Share-based payments	15	147	
(Gain) on sale of the Disposal group	27	-	(24)
Other non-cash transactions		73	758
Changes in working capital:			
(Increase) in inventories		(3 528)	(6 025)
(Increase) / Decrease in accounts receivable		(3 039)	129
(Decrease) / Increase in accounts payable		(1 719)	5 673
Cash flows from operating activities		9 397	10 782
Interest and arrangements of borrowing paid		(2 350)	(1 775)
Income tax paid		(901)	(444)
Net cash flow from operating activities		6 146	8 563
Cash flows from investing activities			
Acquisition of non-controlling interest and subsidiaries	28	(37)	(1 063)
Proceeds from sale of Disposal group	27	-	139
Acquisition of PPE and intangible assets, net of VAT		(3 391)	(2 319)
Disposal of PPE and intangible assets		3 072	245
Net cash flow from investing activities		(356)	(2 998)
Cash flows from financing activities			
(Repurchase) / sale of treasury shares, net	15	(6 692)	3 984
Payment of dividends	15	(2 642)	(2 077)
Payment of lease liabilities	8	(2 078)	(1 724)
Loans received and bonds issued	16	18 418	33 453
Loans and bonds repaid	16	(9 267)	(34 379)
Net cash flow from financing activities		(2 261)	(743)
Net increase in cash and cash equivalents		3 529	4 822
Cash and cash equivalents at beginning of the year	14	9 712	4 890
Cash and cash equivalents at end of the year	14	13 241	9 712

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