ANNUAL REPORT 2023

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About this Report

Report Overview

Except where the context otherwise requires or where otherwise indicated, the terms the "Company," the "Group," "we," "us," "our," and "our business" refer to Ozon Holdings PLC together with its consolidated subsidiaries as a consolidated entity.

Our Annual Report is prepared in line with the requirements and principles of the Astana International Financial Centre (AIFC) Market Rules, Moscow Exchange (MOEX) Listing Rules and applicable legislative acts of the Russian Federation.

In this Annual Report, Ozon presents information on its activities and results for the year ended on December 31, 2023. The Annual Report encompasses an examination of Ozon's business model and strategic approach, as well as current market and consumer tendencies. Additionally, it provides insights into the Company's operational and financial results. Furthermore, it highlights the achievements of Ozon in terms of environmental, social and governance (ESG) factors, and reports on the performance of its major business divisions.

We report under the International Financial Reporting Standards as issued by the International Accounting Standards Board. We present our consolidated financial statements in Russian rubles.

Our Key Operating Measures and Non-IFRS Financial Metrics

This Annual Report contains our key operating measures, including, among others, gross merchandise value including revenue from services ("GMV incl. services"), share of our online marketplace GMV ("share of Marketplace GMV"), number of orders, number of active buyers and number of active sellers. Certain parts of this Annual Report refer to adjusted EBITDA, which is a non-IFRS financial measure. Definitions of these measures are provided in the Glossary.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements that reflect the current views of Ozon about future events and financial performance. All statements contained in this Annual Report that do not relate to matters of historical fact should be considered as forward-looking statements.

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

These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this Annual Report. Any such forward-looking statements represent management's estimates as of the date of this Annual Report. While Ozon may elect to update such forward-looking statements at some point in the future, Ozon disclaims any obligation to do so, even if subsequent events cause its views to change. These forward-looking statements should not be relied upon as representing Ozon's views as of any date subsequent to the date of this Annual Report. You should read this Annual Report and the documents that we have filed as exhibits hereto completely and with the understanding that our actual future results or performance may be materially different from what we expect.

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

Report Approval

This Annual Report and consolidated financial statements for the year ended December 31, 2023, were authorized for issue by the respective resolutions passed by the Board on May 13, 2024 and April 8, 2024.

OZON

Letter to our Shareholders, Investors, Partners and Customers

We are pleased to present our Annual Report for 2023. In 2023, we exceeded all our financial and operational targets, launched new products and services, and expanded our business in Russia and in the CIS region. In this report, we provide a detailed account of the key changes to our business and the milestones that we reached in 2023.

Key developments and strategic priorities

In 2023, we continued to build on our success, the foundation of which is our wide assortment of products, fast and reliable delivery, and the best-possible user experience for buyers and sellers. We focused on expanding our logistics infrastructure to attract new buyers and sellers to our platform. Speed of delivery can be a deal-maker in e-commerce, so we are consistently improving our last-mile logistics across Russia. In 2023, our warehousing footprint exceeded 2.5 million square meters, and we continued opening new fulfilment centers, sorting centers and partner pickup points. We can see that our efforts paid off, resulting in strong growth in the number of sellers and buyers on our platform. In 2023, our platform connected more than 46 million buyers and over 450,000 sellers, and we delivered over 2.5 million orders per day to customers across six countries.

We aim to meet as many customer needs as possible when it comes to buying or selling services on our marketplace. That is why we also focused in 2023 on developing complementary verticals that enhance the user experience. Our financial products provide flexibility, convenience and value to our users: they help entrepreneurs scale their businesses and enable buyers to plan and make their purchases more efficiently. For example, our Ozon Fintech vertical actively developed its B2B and B2C offering to provide customers with a comprehensive set of products and services, including Ozon Card, Ozon Instalment and savings accounts for buyers, as well as lending and factoring solutions for sellers.

Another growing vertical we are proud of is Ozon fresh which operates in 12 regions across Russia and specializes in the express delivery of groceries and fresh produce, including over 400 private-label products. In 2023, it was recognized as the leader in online sales of organic products in Russia.

In 2023, we entered three new markets — Armenia, Kyrgyzstan and Uzbekistan — and by the end of the year we were serving 5 million consumers in CIS markets. Local entrepreneurs from these countries are helping us expand the range of products on our marketplace by offering unique goods that are popular with Russian buyers.

Financial milestones and outlook

We reshaped our presence in capital markets in 2023: we delisted our stock from the Nasdaq Global Select Market (Nasdaq), and our ADSs were admitted to trading on the Astana International Exchange (AIX).

Our business model has proved its sustainability. Despite adverse macroeconomic factors, such as growing labor and logistics costs, we demonstrated stellar top-line growth while improving operating efficiency and maintaining financial stability. In 2023, for the first time in our history we achieved positive adjusted EBITDA of RUB 4.2 billion, while exceeding our guidance and delivering 111% year-on-year growth in our GMV incl. services, which reached RUB 1,752.3 billion.

In 2024, we are going to continue investing in innovations to further enhance our platform, improve our efficiency and reduce delivery times. We plan to expand our footprint in our current markets and enter new markets, where we aim to make a positive contribution to local economies and improve our customers' quality of life. We expect our GMV incl. services to grow by approximately 70% compared with the previous year, and adjusted EBITDA to be positive for full-year 2024.

We believe that the growing penetration of online retail, our large and loyal customer base and our focus on customer service will augment the growth and development of our platform in the future. We wish to thank you for your unwavering support and trust. We see a lot of exciting opportunities ahead, and we hope that you will remain with us on this journey.

Sincerely yours,
Ozon

STRATEGY

01

About the Company

Who We Are

Ozon is a multi-category e-commerce platform operating in Russia, Belarus, Kazakhstan, Kyrgyzstan, Armenia, Uzbekistan, China and Turkey.

>46 mn
active buyers

Growing base of active buyers[1]

35.2 mn (2022) → 46.1 mn (2023)
+31% growth

>450k
active sellers

Growing base of active sellers[1]

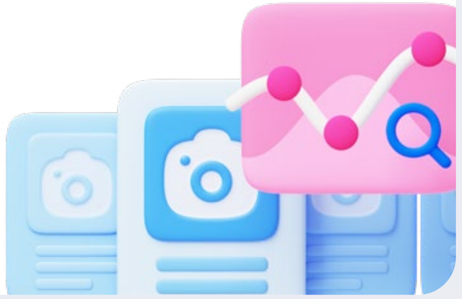
232 k (2022) → 450 k (2023)
+94% growth

[1] At the end of the period.

About the Company

Marketplace

We connect and facilitate transactions between buyers and sellers on our marketplace (our third-party business), and sell products directly to our buyers (our Direct Sales, or first-party business). At Ozon, we are committed to expanding our value-added services (Fintech and other verticals, such as Ozon fresh online grocery delivery).



Logistics Infrastructure

With our fulfillment infrastructure and delivery platform, we are perfectly positioned to provide customers with fast and convenient delivery via couriers, pickup points or parcel lockers. Our extensive logistics footprint and fast-developing marketplace platform enable entrepreneurs to sell their products across 11 time zones and offer customers wide selections of goods across multiple product categories.

Our nationwide logistics infrastructure facilitates the fulfillment and delivery of goods purchased on our marketplace and through our Direct Sales businesses in an efficient and reliable way. We have greatly expanded our warehouse infrastructure, consisting of fulfillment and sorting centers and our dark store network. In the year ended December 31, 2023, our operations utilized approximately 2.5 million square meters of warehouse capacity, compared with our warehouse capacity of 1.4 million square meters in the previous year.

We offer our buyers a comprehensive selection of delivery options, including delivery by courier, collection from a network of third-party pickup points and parcel lockers, or delivery by Russian Post and other third-party delivery service providers. While maintaining a broad range of delivery options, we have developed an expedited delivery service that delivers orders to buyers within one hour.

About the Company

Corporate Information

Date and place of incorporation

August 26, 1999, Cyprus

Incorporation details

Incorporated under the Cyprus Companies Law, Cap. 113 as Jolistone Enterprises Limited (registration number HE 104496)

Subsequent changes to name and legal form

Jolistone Enterprises Limited changed its name to Ozon Holdings Limited on November 8, 2007;

Ozon Holdings Limited was converted from a private limited liability company into a public limited company and changed its name to Ozon Holdings PLC on October 22, 2020, by a special resolution of the General Meeting

Registered office

Arch. Makariou III, 2-4, Capital Center, 9th floor, 1065, Nicosia, Cyprus throughout the reporting year

Starting from 25 April 2024 the registered office is at 317A, 28th Oktovriou street, Kanika Business Centre, Block B, office 101, 3105, Limassol, Cyprus

Principal subsidiaries

As described in note 1 of the Company's consolidated financial statements

History and Development of the Company

1998

Ozon, one of the pioneers of online retail in Russia, was founded as an online bookseller

2001

Ozon expands assortment, launches delivery to 400 Russian cities

2002

Ozon opens its first delivery pickup point

2006

Ozon opens its first fulfillment center in Tver

2007

- Ozon raises a record USD 100 million, the largest private investment in the Russian e-commerce market
- Ozon launches Ozon Travel

2014

Ozon acquires 28% stake in LitRes, the leading Russian e-book store

2018–2019

- Ozon launches a marketplace model
- Ozon increases stake in LitRes to 42.3%

2020–2022

On November 24, 2020, Ozon successfully raised

1.3 bn USD

in a U.S. initial public offering (IPO) Ozon American Depositary Shares (ADSs) were admitted to trading on the Nasdaq Global Select Market and Moscow Exchange.

- Ozon launches Ozon Express, which offers one-hour delivery
- Ozon starts to develop its network of pickup points through a franchise model
- Ozon launches Ozon Global and expands its presence in China, Belarus and Kazakhstan
- Ozon launches Ozon Fintech which offers payment and lending services for individuals and businesses

2023

- Ozon Bank obtains a general banking license
- Ozon expands its presence in Kyrgyzstan, Armenia and Uzbekistan and builds the largest logistics complex in Kazakhstan
- Ozon ADSs are admitted to trading on the Astana International Exchange

Our Mission and Values

Our Mission

We aim to leverage logistics and innovation to stay one step ahead of our customers' needs. By connecting people and products from multinational suppliers and small local businesses alike, we work to improve lives and create opportunities for everyone in Russia regardless of their location, from the capital to the most remote settlement in the country.

Our mission is to transform the Russian retail sector by offering consumers the widest-possible selection of products, the best value and maximum online shopping convenience among Russian e-commerce companies, while empowering sellers to achieve greater commercial success.

We attribute our success to our focus on enhancing the buyer and seller experience and our nationwide logistics infrastructure.

Our Values

Our strategy and everyday operations are guided by three main principles:

Innovation

We develop cutting-edge services for customers and sellers that take the e-commerce experience to the next level. From banking to travel booking, to fresh product delivery, our ecosystem is constantly evolving to meet the latest customer needs under the leadership of our dynamic in-house tech team.

Empowerment

We empower individuals to launch their first business by giving them a platform and the tools they need to help them grow. And we make life easier for millions of customers by putting a vast selection of products and services at their fingertips. Meanwhile, our logistics hubs create new jobs and boost development in smaller towns and remote regions where opportunities are scarce.

Community

We believe in giving back to the people and communities around us. Ozon trains the next generation of tech talents through internships and educational programs, supports small businesses and beginning entrepreneurs, and raises money for charities through the Ozon Care initiative.

Full-Year 2023 Operating and Financial Highlights[1]

GMV incl. services[2]
1.75 tn RUB +111%

Share of Marketplace GMV[2]
83.1%

Number of active buyers[3]
46.1 mn +31%

Number of orders[2]
966 mn +107%

Total revenue[2]
424.3 bn RUB +53%

Revenue components[2]

Service revenue	Sales of goods
258 bn RUB 82%	167 bn RUB 23%

Order frequency, per active buyer per year[3]
21 +59%

Total warehouse footprint[3]
2.5 mn sq. m +87%

Adjusted EBITDA[2]
4.2 bn RUB

Loss[2]
42.7 bn RUB

Gross profit[2]
44.4 mn RUB +36%

Cash and cash equivalents[3]
169.8 bn RUB

Operating cash flow[2]
87.6 bn RUB

SKU[3]
370 mn +114%

[1] Year-on-year growth.
[2] For the full-year 2023.
[3] At the end of the period.

Market Overview

The Russian e-commerce market, where a shift in consumers' preference for online shopping is currently under way, increased by 45.1% year-on-year to RUB 8.3 trillion in 2023, according to INFOLine. This transition is boosting online sales and contributing to a gradual increase in e-commerce's share of the retail sector overall. E-commerce penetration into retail turnover grew by 4.0 p.p. year-on-year to 17.4% in 2023, according to INFOLine estimates.

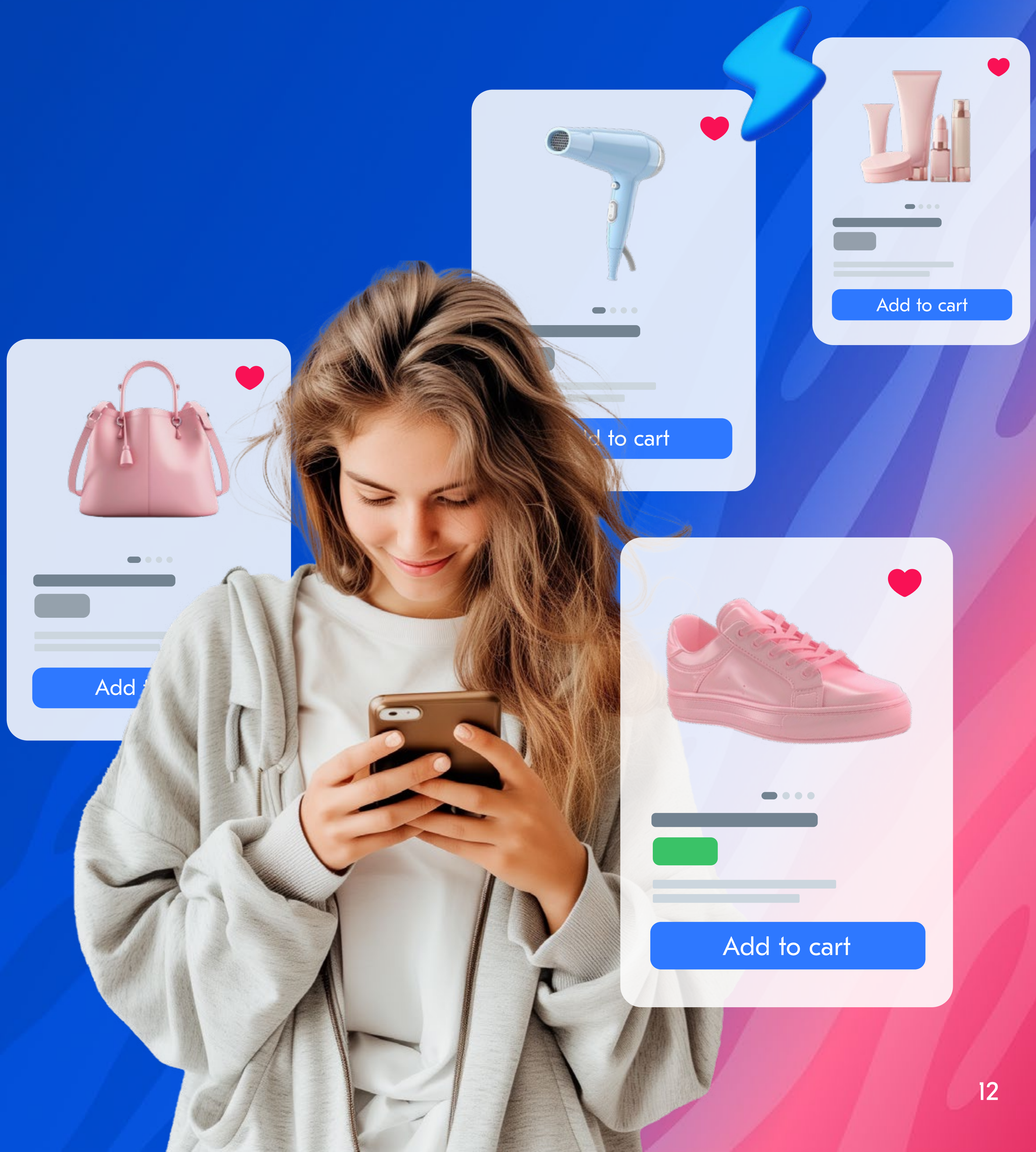
By 2027, Russia's e-commerce market is set to reach

21.4 tn RUB

and

33.5%

penetration[1] according to INFOLine's forecast.



[1] E-commerce penetration is calculated as GMV of e-commerce market as a percentage of turnover of Russian retail.

Market Overview

Market overview
Key trends

We closely monitor new market developments, tracking a number of key factors influencing the sector's landscape. We watch market trends, fluctuations in consumer demand, competitors' practices and innovative technologies to make informed decisions to ensure the success of our business.

Changes in consumer behavior in searching for goods online

We have observed a material shift in consumer behavior: with the increase in Internet penetration and development of digital platforms, more consumers prefer searching for goods and services online. The online environment provides convenient tools to find the best deal and compare different offers. This is driving the growing popularity of online shopping and altering marketing and sales. As businesses become aware of these changes in consumer behavior, they start adapting their strategies to attract and retain consumers.

Growing promotional activity in online retail

Increasing promotional activity in online retail creates an environment where the majority of products in online stores are sold at a discount or through bonus programs. This drives consumer traffic and activity, stimulating sales, as customers see an opportunity to save on their purchases or gain extra benefits.

Audience expansion and sales growth, both in Moscow and in regional markets across Russia

The growth of the e-commerce market is largely driven by the ongoing expansion of the customer base and growing demand for products and services across Russia.

Restrictions imposed on businesses and the exit of international brands from the Russian market in 2022 resulted in a severe decline in the assortment of goods sold offline. This, combined with the growing availability of mobile Internet and the expansion of online shopping infrastructure (fulfillment and sorting centers, pickup points and lockers) across Russia, augmented growth of marketplaces.

As e-commerce is further penetrating Russia's regional markets, Ozon is expanding its logistics infrastructure to harness this trend and increase its customer base. According to INFOLine's forecast, e-commerce penetration in small towns and rural areas will continue growing until 2027 and is set to exceed 26%, compared with 10% in 2022.

Potential for a significant increase in e-commerce penetration

In 2023, the Russian e-commerce market for most categories of non-food products had potential for further significant growth. According to INFOLine estimates, the penetration rate of e-commerce in non-food products will grow considerably, and online sales will predominate in all major categories of non-food products.

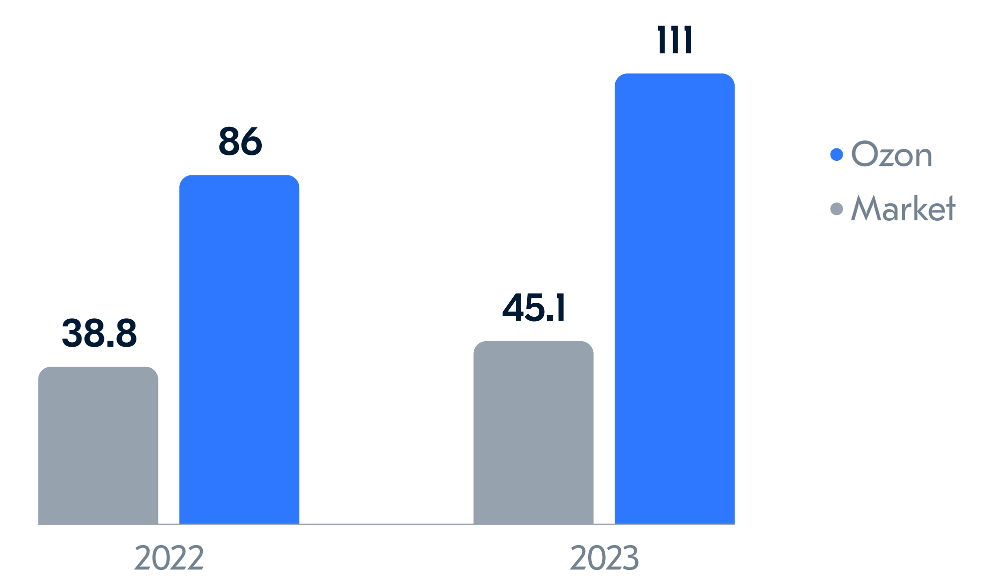
According to INFOLine, sales of food will become one of the most important growth drivers of online sales and sales of food online will increase more than threefold to 2027. Food products are purchased four to six times more frequently than most categories of non-food products. Since Ozon is a multi-category marketplace, we see this as an advantage: our logistics infrastructure enables us to deliver both food and non-food products.

Market Overview

Ozon vs E-commerce Market

For two successive years now, Ozon has been outperforming the Russian e-commerce sector: in 2023, Ozon's GMV incl. services exceeded the average growth of the overall market by more than 65 p.p. (according to INFOLine).

Growth rate dynamics:
Ozon GMV incl. services vs Russian e-commerce market
%



To achieve these results, we leveraged our strengths:

We are **the most recognized e-commerce brand in Russia** (according to BrandScience), with a top-of-mind brand awareness of 52%, compared with 28% for our closest competitor.

We have more than **370 million SKUs**, the widest range among Russian marketplaces (according to INFOLine).

We offer a **broad range of delivery options**, enabling buyers to use the one that suits them best. According to INFOLine, Ozon has the highest number of branded pickup points in Russia (for more details, please see the "Our Value Proposition" section).

We offer a **wide range of advertising tools** for our sellers to promote their goods on Ozon marketplace.

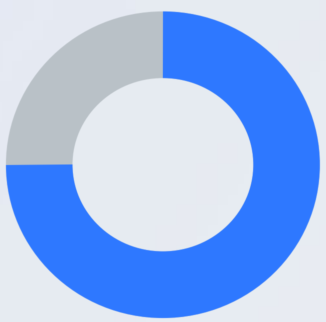
We provide a **wide range of diverse fintech solutions** for buyers and sellers (for more details, please see the "Financial Services Offerings" section).

Our Business Operations

Our principal business is the operation and further development of the Ozon e-commerce platform. In pursuit of our key goal, we have developed value-added services in Fintech and other verticals with significant growth potential.

Marketplace

GMV incl. services



83%

Marketplace GMV

Revenue from marketplace commissions in 2023 amounted to

159.7 bn RUB

Marketplaces remain the e-commerce market's key growth driver, as they are shaping new consumer behavior patterns by enabling one-stop multi-category shopping.

The Ozon marketplace is our core business, which enables thousands of sellers to offer a wide assortment of products to our buyers. We launched our marketplace in September 2018, and it has been growing ever since, accounting for 83% of our GMV incl. services in the year ended December 31, 2023.

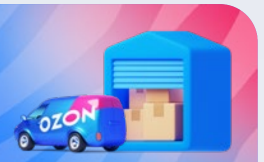
Our Business Operations

We offer sellers different logistics models, including the fulfillment-by-Ozon (FBO) model, the fulfillment-by-seller (FBS) model and the storefront model, to use individually or together, when selling their products on our marketplace. These three models enable our sellers to leverage our nationwide fulfillment and delivery infrastructure according to their business needs.

The key advantage of the marketplace model, particularly in the context of products sold under the FBS and storefront logistics models, is that it allows for the continual expansion of our platform's product catalog without being subject to capacity limitations at our fulfillment centers or, in the case of all our logistics models, the need to invest in working capital or maintain appropriate levels of inventory for each product listed on our platform. Our sellers remain the owners of the products that they list on our platform and are responsible for pricing and managing their inventory and sales, marketing and other activities.

Our logistics models:

FBO
Fulfillment-by-Ozon model



This model is an attractive option for sellers who do not have their own storage facilities or are unable to fulfill orders by themselves.

FBS
Fulfillment-by-seller model

This model is suitable for sellers who do not want to supply, or would not benefit from supplying, inventory to our fulfillment centers, such as sellers who sell their products on several marketplaces simultaneously and do not want to commit their inventory to a single marketplace or sellers who sell heavy and bulky products, such as furniture.

Storefront model

This model allows sellers to use their own fulfillment and delivery capacities to deliver goods directly to customers, bypassing our fulfillment and delivery infrastructure altogether.

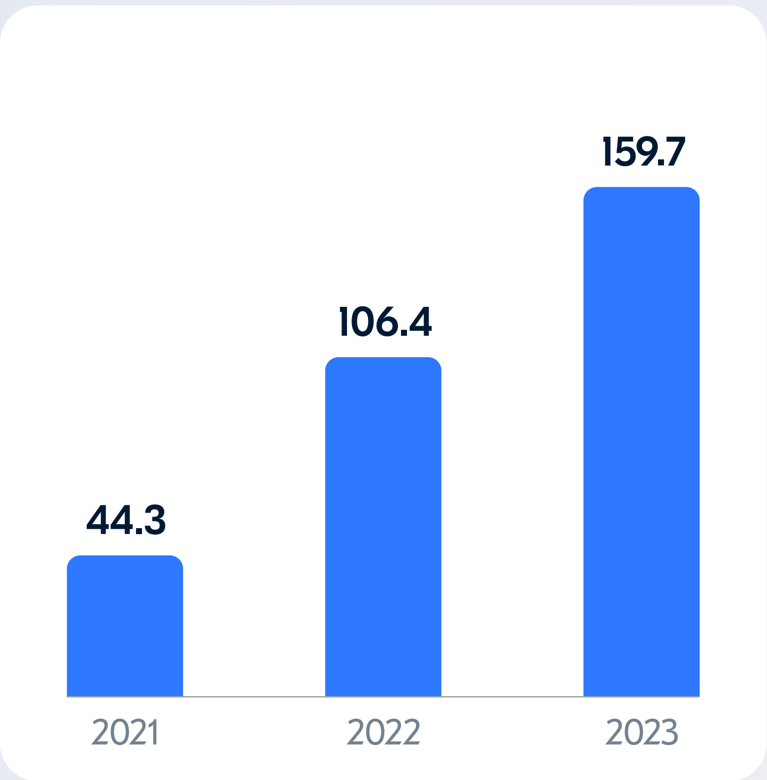
Our Business Operations

Under all three models, we collect payments for each order made by our buyers and make aggregate payments, net of our marketplace commissions, to our sellers twice a month.

Our marketplace commission consists of a referral fee, which is a percentage of the total sales price of the product and, where applicable, other fees, such as delivery or storage fees collected from sellers.

Revenue from marketplace commissions

bn RUB

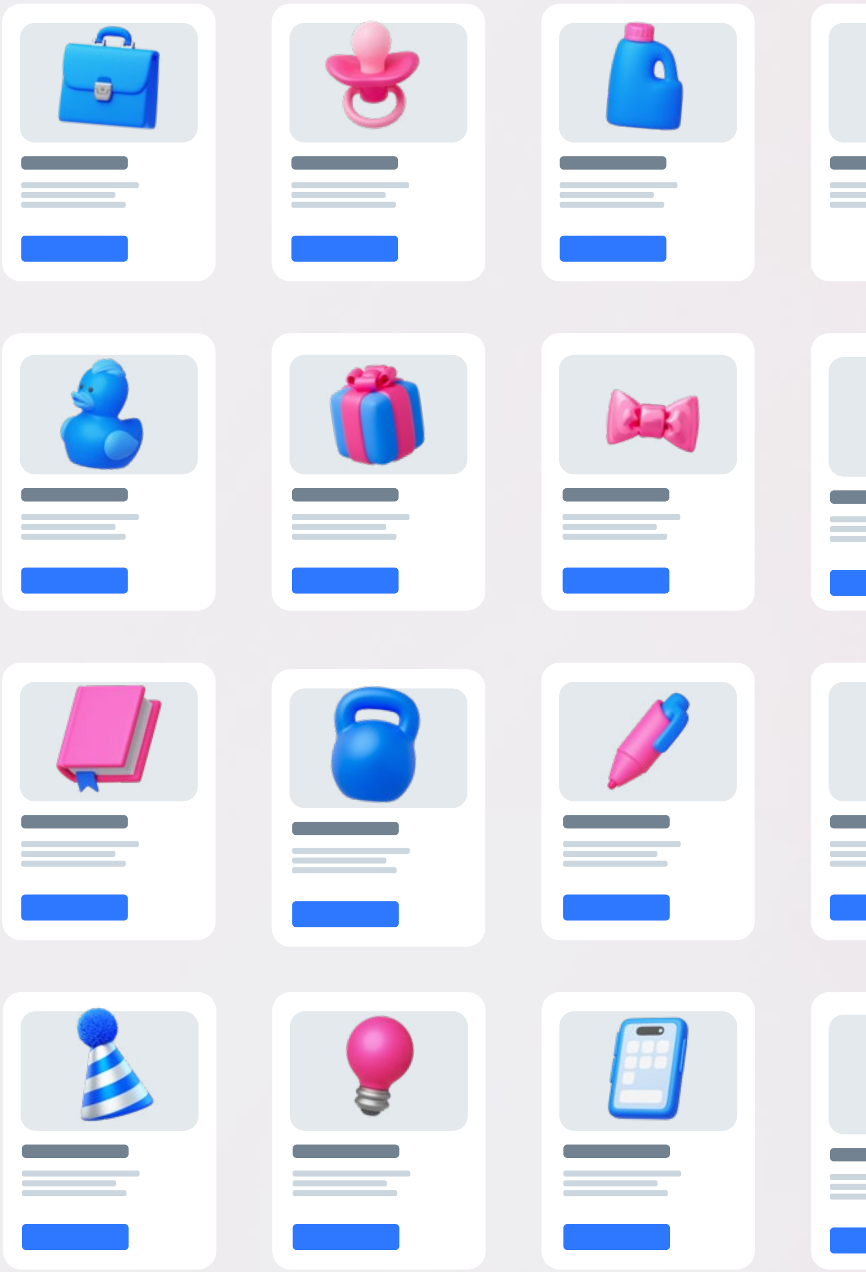


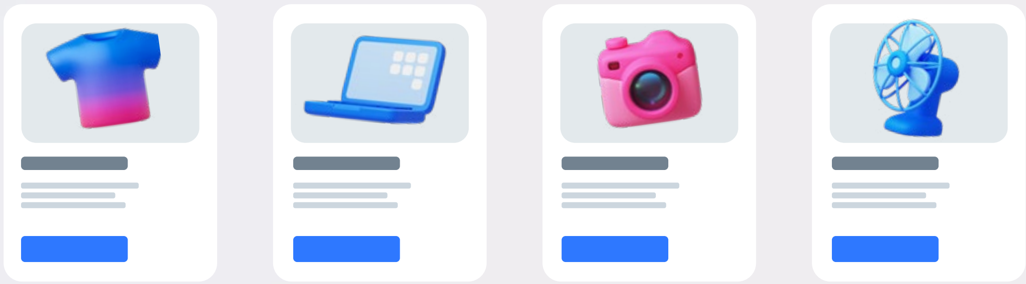
We currently offer a wide assortment of products on our platform and intend to continue expanding our catalog to strengthen our position as a one-stop shop for all of our buyers' shopping needs.

>370 mn SKUs

we offered on our platform in 2023

While we do not control the price of the products offered by our sellers through our marketplace, pricing data is shared with our sellers to enable them to price their products competitively. Our provision of price indices to our sellers, together with the high volume and large variety of products offered on our platform, naturally fosters a competitive environment that ensures that our buyers are able to purchase goods at competitive prices on our platform.



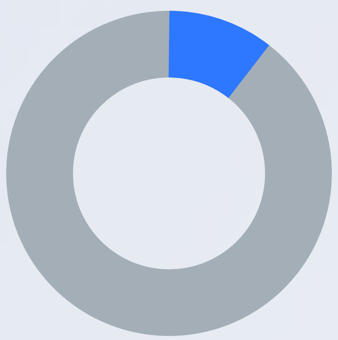


Our Business Operations

Direct Sales

We sell products directly to our buyers through our Direct Sales business, which accounted for 11% of our GMV incl. services in 2023.

GMV incl. services



11%

Direct sales as % of GMV

Through our Direct Sales business, we sell goods from select categories of products, including products in high demand among buyers and with predictable purchase trends.

As our platform presents a competitive market for products, the same products may be sold by us on a direct-sales basis and by our sellers on the marketplace at the same time.

Our Business Operations

Ozon fresh

Key achievements

Roskachestvo, Russia's consumer products watchdog, recognized Ozon fresh as the leader in Internet sales of organic products.

Ozon fresh (formerly Ozon Express) is an express delivery service for fresh products, groceries and everyday items. Ozon fresh offers a select assortment of SKUs, with delivery to our buyers within one hour of their orders being placed. We also offer a range of FMCG products, such as coffee, snacks and other foods, under our own private label, along with our ready-to-eat meals. Products sold through Ozon fresh are stored in, and fulfilled by, our dark stores and delivered by couriers. We also leverage our dark store network to offer expedited delivery of a selection of our most frequently purchased products across a variety of product categories offered on our platform.

We launched our first Ozon fresh pilot in Moscow in 2020. Following our successful launch in Moscow, we launched Ozon fresh in St. Petersburg, Tver, Krasnodar, Rostov-on-Don, Kazan, Sochi, Volgograd, Naberezhnye Chelny, Samara, Chelyabinsk, and Novosibirsk with the goal of making our under-one-hour delivery services available to millions of consumers in these regions.

The Ozon fresh private label features

>400 products

in the food and non-food categories

Our Business Operations

Financial Services Offerings

Ozon Fintech designs and develops new financial products and services which are convenient for all users. Our financial solutions help clients save money and manage their finances responsibly, and they also support business growth and development for the sellers. Since April 12, 2023, Ozon Bank has been operating under the general banking license No. 3542.

Through Ozon Fintech, we developed a variety of financial services to provide alternative models of engagement with our sellers and buyers through the business-to-consumer (B2C) and business-to-business (B2B) models that, we believe, are not widely available in the Russian e-commerce market.

ruA-

The National Rating Agency assigned Ozon Bank a credit rating of ruA- (national scale) with a stable outlook.

>18.6 mn

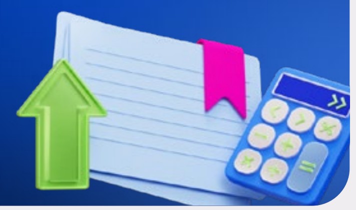
financial services' active users[1]

Deposit Insurance Agency

Ozon Bank was a member of the national deposit protection scheme managed by the Deposit Insurance Agency.

>75k

Ozon sellers used our Flexible Payment Plan solution[1]



B2C products

Buyers can benefit from our products such as Ozon Card (our Ozon-branded debit card) and Ozon Installment (BNPL[2] solution for purchases on Ozon). Ozon Card users enjoy discounts for a wide range of products on our marketplace. In 2023 Ozon Card was the most popular payment method on our platform. Ozon Installment is a service that enables buyers to purchase products and pay for them in installments. We believe that these product offerings should increase customer loyalty and order frequency.

In 2023, we expanded our range of financial services for individual clients, launching savings accounts and deposits.

B2B products

Our B2B fintech product suite includes a variety of products, e.g., Flexible Payment Plan solution, Ozon Bank Current Account, Money Before Sales, Cash for Sourcing, Accessible Capital and Ozon Credit.

In 2023 the Flexible Payment Plan was the top B2B fintech product, used by more than 75,000 Ozon sellers. We retained our focus on promoting cash and settlement services (Ozon Bank Current Account) for sole traders and small and medium-sized enterprises. In 2023 we launched a trade finance service called Cash for Sourcing, which enables sellers to defer payments for sourced merchandise: Ozon pays the whole amount up front to the manufacturer or supplier, while the seller repays the up-front payments to the marketplace on an as-you-go basis. We also made a credit line called Accessible Capital available for the sellers, which they can use at their discretion as a single loan request that provides access to an array of credit products within the approved credit limit.

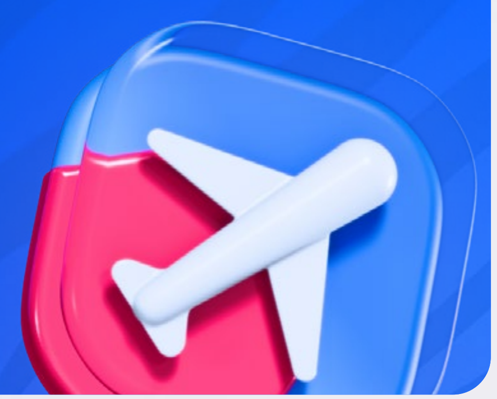
[1] As of December 31, 2023.
[2] Buy Now Pay Later solutions.

Our Business Operations

Ozon Travel

Key achievements

Ozon Travel is fully integrated with Ozon.ru, our main e-commerce platform, which enables us to promote Ozon Travel to our larger buyer base.



Ozon Travel is an online travel agency in Russia that offers a one-stop platform for flight and rail tickets and hotel reservations for both B2C and B2B customers. In the B2B segment, Ozon Travel caters to small and medium-sized enterprises by providing them with a high-quality mobile app, flexible payment options and seamless electronic document reconciliation, reports and transactions. In the year ended December 31, 2023, Ozon Travel had revenue of RUB 0.7 billion, posting a 2% decrease year-on-year.

LitRes

Key achievements

Ozon and the e-library LitRes completed the inaugural seamless integration of digital content sales onto an e-commerce marketplace platform in Russia, enabling e-content to be purchased at Ozon and consumed on LitRes.

We hold a 42.3% interest in LitRes, the leader in the market for licensed digital books in Russia and the CIS. LitRes has a diversified offering of digital book products, which it sells on a pay-per-download basis via its website and mobile apps (iOS- and Android-compatible) and paid subscriptions. LitRes also serves as a self-publishing platform for authors through its Litres.Selfpub service.

Our Business Operations

Ozon Tech

Key achievements

We developed a proprietary machine-learning-based system for moderating product cards, which automates the verification of new SKUs and reduces card processing time by a factor of 10, to an average of 3 minutes.

We launched Ozon for Dev, an information platform where external developers can access the latest information on product solutions and cases and enroll in training delivered by Ozon's experts.

Our Ozon Tech team develops our IT platform, warehouse management system, and new products and services. Ozon Tech automates warehouse management and order tracking to support our e-commerce infrastructure, which handles more than 2.5 million orders per day and up to 5 million products delivered to our warehouses daily. We offer educational and internship programs for new and continuing tech professionals, many of whom go on to join the Ozon team.

Our Business Operations

Ozon Global

Key achievements

Ozon Global launched its first fulfillment center in China, enabling us to reduce delivery time from Chinese sellers to 8–12 days.

2019

Since 2019, our cross-border business Ozon Global has enabled international sellers to offer goods to our customers.

→

2022

In 2022, we continued to expand our global operations and launched Ozon Partner Delivery for goods from Turkey and China. In October 2022, we established a sales office in Turkey to attract more local sellers, further expand our product assortment and improve delivery time.

→

2023

In 2023, Ozon Global continued to focus on enhancing the customer and seller experience.

2023 Forbes China Globalization Innovators: Top 30 Brands

Ozon was honored with a prestigious position on the Forbes China Globalization Innovators 2023 list. It was the only foreign company in the Leading Brands category.

Our Business Operations

Ozon CIS

Ozon CIS continues to expand its operations in local markets and to improve its logistics efficiency. In 2023, we broadened our network of pickup points in Kazakhstan and Belarus, which enabled us to enhance our customers' experience as well as to bolster efficiency of our operations. By the end of 2023, we had started a partnership with the Armenian post service Ipost, which significantly improved the experience of our local customers. In Kazakhstan we launched a local mart at Ozon.kz that is tailored to local buyers: only goods available in the country are displayed, with prices indicated in the local currency (tenge). Full-scale customer support is available in Russian and Kazakh.

Key achievements in 2023

In Kazakhstan

- Ozon launched two fulfillment centers (in Astana and Almaty)
- Ozon gset up a local online storefront
- Ozon started construction of the country's biggest logistics hub
- Ozon opened our first Ozon-branded pickup points at Kazakh Post offices
- Ozon launched installment plans for local buyers

In Belarus

- Ozon expanded network of pickup points to more than 800 pickup points
- Ozon increased the number of active buyers in Belarus by 74% year-on-year.

In Armenia

- Ozon opened a representative office in Yerevan
- Ozon began operating its own logistics infrastructure in the local market
- Ozon launched sales of Russian goods
- Ozon opened its first pickup points, including franchised pick-up points

In Uzbekistan

- Ozon started local sales
- Ozon signed a memorandum on developing e-commerce with the country's Chamber of Commerce

In Kyrgyzstan

- Ozon opened a representative office and sorting center (Bishkek)
- Ozon launched sales of Russian goods

Our Business Model

Our Strategy

Our strategy is based on developing existing, and launching new products and services that are complementary to our platform to further improve the experience of our buyers and sellers and to enhance their loyalty to our brand. We believe that this will help us to strengthen our position in the Russian retail market, as well as to improve our operating metrics and to drive sustainable profitability and strong cash generation in the long term.

Enhance buyer loyalty by increasing the assortment and number of product categories on our platform, providing outstanding value and services, and improving our processes

We believe that having an outstanding selection of products at competitive prices and providing a high level of online shopping convenience are the crucial drivers of buyer acquisition and retention in the e-commerce industry. We are working to address issues related to the under-penetration of the Russian e-commerce market by optimizing our sourcing of products, adding new products to our catalog and broadening the number of product categories, as well as by optimizing online search and purchasing processes, minimizing click-to-delivery times and generally enhancing our buyer experience. We believe that these efforts have contributed, and will continue to contribute, to the growth of our buyer base and increase the frequency of the purchases that our buyers make on our platform.

Attract more sellers to our marketplace by enhancing their experience on our platform

We believe that the operational flexibility offered by our logistics models, the growth of our base of active buyers, the expansion of our product catalog to encompass new categories of products and the opening of new fulfillment centers in various regions across Russia are just a few of the numerous features that attract new sellers to our marketplace. We have developed a suite of advertising, fulfillment, delivery, analytics and process management tools, accessible through our Ozon Seller interface, as well as seller-facing financial services and an education platform for our sellers. We are dedicated to further developing these seller support tools and services to help our sellers grow their businesses. We believe that these services will enhance the experience of our sellers, give them the tools to improve their operational performance and increase their reliance on our platform, while providing us with increased monetization opportunities for our developing range of seller services.

Further expand our logistics footprint with a focus on regional development

We consider the development of our business in regional markets across Russia to be an integral part of our growth strategy. We see untapped potential in attracting buyers and sellers in these markets to our platform. To achieve this goal, we intend to expand our logistics infrastructure across Russia, including both fulfillment and delivery. We also aim to develop our agency and franchise delivery platform of sorting centers and pickup points and to regularly engage delivery partners to increase our fulfillment and delivery capacities to facilitate the growth of our platform. While pursuing the expansion of our logistics infrastructure, we aim to commit to our asset-light strategy by leasing, rather than acquiring, our premises and equipment where feasible.

Our Business Model

Develop and enhance our complementary services

We aim to further develop our core e-commerce operations by offering a range of complementary services to our buyers and sellers. Our key initiatives include the following:

continuing to create and enhance financial services offerings

Our financial services offerings provide quick and seamless access to lending and payment assistance to our buyers and sellers, and constitute additional revenue streams for us. We believe that our seller-facing financial services will strengthen the loyalty of our sellers and attract new sellers to our platform and, consequently, expand our platform's product catalog. Similarly, we believe that our buyer-facing financial services strengthen buyer loyalty and increase their purchase frequency.

We offer financial services to our buyers, such as our branded debit card, Ozon Card, and our buyer-facing lending option, Ozon Installment.

developing our advertising services offering

We currently offer a variety of advertising services to sellers and suppliers on our platform, which generates additional revenue for us. We believe that our advertising services have excellent potential for further growth. Our advertising services help our sellers to increase their sales on our marketplace by providing them with a venue where they can actively market their products to buyers on promotional shelves and in advertising banners in our mobile app for buyers and on our buyer website, or by making their products appear at the top of search results on our platform.

Leverage our growing scale and increasing efficiency to improve unit economics and profitability

We have continued to scale our business, which has positively impacted our margins. While we expect our operating expenses to increase as we continue to expand our business, we expect these expenses to decrease as a percentage of GMV incl. services and revenue over time as we benefit from economies of scale and operating leverage.

Our Business Model

Our Strengths

We believe that the following strengths have contributed,and will continue to contribute, to our success.

Multidirectional business model

Our business model, which is based on a globally proven e-commerce model that complements a marketplace of third-party sellers with a Direct Sales online retail business, enables us to offer our buyers one of the widest multi-category assortments of goods in the Russian e-commerce market, to do so at competitive prices and with an extensive range of delivery options. Our marketplace allows sellers to combine their product offerings with our high-quality buyer support services, including flexible delivery options and our 24-hour contact center. We believe that we are well positioned to continue to benefit from the ongoing shift from offline to online in Russian retail.

Extensive logistics infrastructure

We have one of the largest nationwide logistics infrastructures among Russian e-commerce players, according to INFOLine, including multiple fulfillment centers and sorting hubs in strategic locations throughout the country; a nationwide platform of third-party parcel lockers, pickup points and delivery couriers; and an infrastructure that enables seamless logistics operations. This gives our buyers the most diverse variety of delivery options available among e-commerce companies in Russia, including same-day delivery services in Moscow and in parts of the Moscow region and St. Petersburg. We currently operate one of the largest networks of fulfillment centers (based on building footprint in square meters) among Russian e-commerce companies, with high levels of automation and our proprietary warehouse management system.

We believe that our multichannel delivery offering is one of our key competitive advantages, as it allows our buyers to choose the delivery method that is most suitable to their needs. Partnering with third-party logistics providers enables us to ensure that products purchased on our platform can reach buyers in some of the most remote regions and cities in Russia. Our nationwide logistics infrastructure has helped to accelerate the growth of our platform. We have seen an increase in sales in regions where we invested in expanding and upgrading our logistics infrastructure, and we believe that this trend will continue.

Mobile-first approach

We believe that our mobile-first approach makes shopping more convenient for our buyers, increases buyer retention, improves the efficiency and conversion rate of our marketing programs, and accelerates the growth of our business. We believe that we have a deep understanding of the shopping habits of buyers who make purchases on their mobile devices in Russia, and we aim to deliver a mobile experience for buyers that increases engagement and sales conversion while reducing our buyer acquisition costs.

Our Business Model

Our Strengths

Scalable business model

We have invested in the development of our own infrastructure, and we intend to continue expanding our infrastructure according to our operational needs. We constantly seek opportunities to engage with third-party service providers to complement or substitute certain businesses processes, including logistics, to ensure that our fulfillment and delivery capacities match our business needs, which also helps us to avoid becoming overly reliant on our own logistics infrastructure or any one service provider.

With the help of our third-party partners across various aspects of our business, we are able to significantly increase our scale with relatively small capital investment. We believe that the continuing growth of our seller base will result in our expansion into product categories that do not require additional investments in inventory. Our sellers maintain ownership of their products, which therefore facilitates our ongoing transition to an increasingly asset-light business.

Our partnerships aimed at expanding our last-mile delivery infrastructure include the development of a network of pickup points through a franchise model, the installment of parcel lockers at our partners' premises and the "uberization" of our approach to engaging couriers. The uberization of our engagement of couriers refers to our shift from employing couriers directly or through courier agencies toward directly engaging self-employed couriers through our dedicated mobile application in order to deliver orders to buyers. In line with our asset-light strategy, the adoption of the franchise model for our pickup points allows us to expand our delivery infrastructure without purchasing or obtaining long-term leases for real estate to set up our pickup points or parcel lockers. Our franchise agreements are typically for one year on an automatically renewable basis, and our franchisees receive variable service fees based on the value of parcels delivered to the respective pickup points.

As more of our sellers adopt the FBS model, we will require less capital investment in the capacity of our fulfillment centers, as these sellers use their own logistics infrastructure to fulfill orders.

Innovations-driven company

We are an innovations-driven company with a strong culture of innovation. Our secure and scalable infrastructure, developed by our in-house research and development team, provides the foundation for seamless buyer and seller experiences on our platform, as well as for our supply chain operations, business intelligence, traffic and search optimization, customer relations management operations and payments. We collect and analyze data to optimize our operations, personalize the shopping experience of our buyers and enable ourselves, our buyers, our sellers and our logistics partners to make informed real-time decisions on our platform.

Our IT infrastructure ensures the seamless integration of services between our partners and our platform, through application programming interfaces or dedicated mobile apps such as apps for couriers or pickup points, and the monitoring of the service quality of our partners.

Our Business Model

Value proposition for buyers

01 Extensive product selection

Access to a vast array of products across numerous categories, including electronics, home and decor, children's goods, health and beauty, apparel, pharmacy, packaged food, FMCG, pet care, books and sporting goods. Our sellers consist of a diverse mix of retailers and small to medium-sized enterprises, ensuring a comprehensive offering for our customers.

02 Competitive pricing

Utilizing advanced pricing strategies, we offer competitive prices for our Direct Sales products, while marketplace sellers receive real-time pricing recommendations. As our seller base grows, competition on our platform intensifies, resulting in competitive pricing across various product categories, which attracts and retains buyers and increases order frequency.

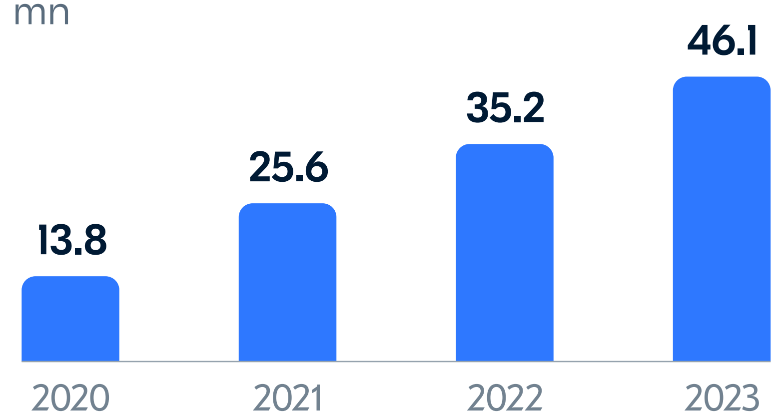
03 Convenient shopping experience

We prioritize providing a seamless shopping experience through fast and reliable delivery services, high-quality buyer support, and financial products.

04 Enhanced shopping experience

We improve customers' shopping experience with our financial services, including our Ozon Card and Ozon Installment products.

Number of active buyers, mn



Delivery options

We offer various delivery options:

- courier delivery,
- pickup points,
- parcel lockers,
- Russian Post,
- third-party delivery providers.

Same-day delivery services are available in major cities and select regions.

Next-day delivery coverage reaches a significant portion of our customer base.

High on-time ratio[1]: Our commitment to on-time delivery resulted in a more than 90% on-time ratio as of December 31, 2023.

[1] The on-time ratio is calculated as the average ratio over a specific period, dividing the number of parcels delivered to buyers on their chosen date by the total number of parcels to be delivered on that date.

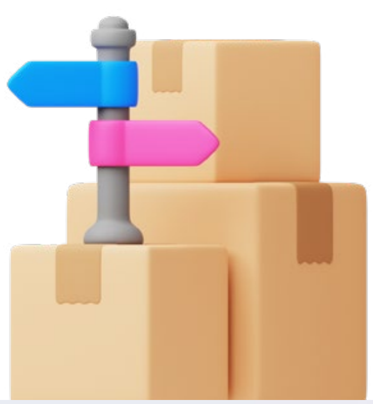
Our Business Model

Value proposition for buyers

As a result of our investments in the last mile,

>80%

settlements in Russia are covered by delivery or with a pickup point nearby



Expansion of Our Logistics Infrastructure[1]

Total warehouse footprint

2.5

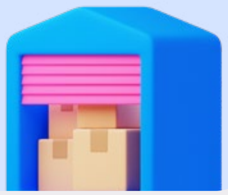
mn sq. m

>30

fulfillment centers

>150

sorting centers in Russia & CIS



>45,000

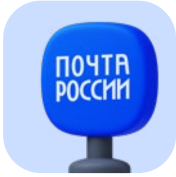
pickup points

>6,000

lockers

~14,000

couriers



Ozon orders can be picked up at no extra charge at 33,000 Russian Post offices across the country

[1] As of December 31, 2023.

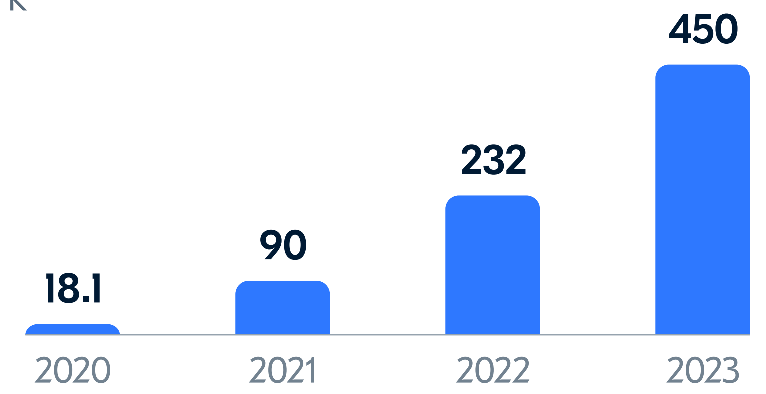
Our Business Model

Value proposition for sellers

We believe that we have become the e-commerce platform of choice for sellers in Russia due to our distinctive value proposition through our fulfillment, delivery, marketing and financial services, along with a large, growing and loyal buyer base. We provide our sellers with a comprehensive suite of tools and services:

The favorable dynamics of our buyer base, including size, brand loyalty and order frequency, has led to positive developments in relation to our seller base.

Number of active sellers, k



01 Intuitive seller interface

We offer Ozon Seller, a sophisticated and user-friendly platform providing sellers with access to essential tools for managing their sales on our marketplace, such as inventory management, assortment management, product pricing and marketing, and financial performance monitoring.

02 Logistics infrastructure

Our nationwide logistics network empowers sellers to reach buyers across the country, with flexible logistics models to suit various business needs.

03 Data analytics, marketing tools, and advertising services

We offer advanced data analytics, marketing tools, and advertising services to help sellers optimize their performance and reach new customers.

04 Performance monitoring tools

Our performance monitoring tools enable sellers to track their sales, customer feedback, and overall performance on our platform.

05 Financing options and other services

We provide sellers with financing options and additional services to help them grow their businesses and improve operational efficiency.

Awards and Recognitions[1]

Forbes Ranking of the Best Employers in Russia

Ozon was awarded Gold status on the list of Russia's best employers compiled by Forbes.

Ozon was the leader for the second year in a row in the Forbes rating of the best employers in Russia.

Forbes Ranking of the Top 10 Large Russian Companies with the Best Reputation

Ozon was ranked No. 2 among the top 10 large Russian companies in terms of reputation.

Forbes Ranking of the 30 Most Profitable Franchises in Russia

Forbes named Ozon pickup points the most popular franchise in Russia.

Forbes carried out research and ranked franchise businesses by several metrics. Ozon was recognized as the leader in terms of the number of new franchised pickup points opened in 2023.

Forbes Ranking of the Most Valuable Companies on the Runet

Ozon was No. 3 on the Forbes list of the most valuable companies on the Runet in 2023.

In order to rank Russian Internet companies, Forbes compared businesses with a predominantly online presence in terms of financial performance and company value. Ozon moved a notch higher, proving that our bet on developing our platform for entrepreneurs was the right one.

Forbes China Globalization Innovators 30&30 Selection

Ozon Global was named one of the top 30 leading global brands in the Globalization Innovators 2023 ranking.

Ozon was the only company not from China included in the Leading Brands category.

[1] As of December 31, 2023.

Awards and Recognitions[1]

Changellenge Best Company Award

Ozon was ranked No. 1 in retail vs. e-commerce employers in Russia for IT and business students.

Ozon Ranked No. 1 IT Employer Brand 2023 by Habr

The Russian IT brands ECOPSI and Habr have conducted a nationwide study of employer brands in IT since 2020, collecting feedback from IT professionals in terms of awareness and appeal.

HeadHunter's Annual Rating of the Best Employers in Russia

HeadHunter ranked Ozon among the top 4 IT companies and top 20 employers in Russia.

FutureToday's Annual Rating of the Best Employers in Russia

Ozon took fifth place among the most popular companies among students and sixth place in FutureToday's overall ranking of all companies.

Tinkoff eCommerce Awards — Seller's Choice: Best Service Level

In 2023, Tinkoff eCommerce Awards were handed out for the second time, recognizing the best marketplace sellers, independent online entrepreneurs, online stores, trade platforms and industry media.

Ozon received the Seller's Choice award, having been voted by sellers as the marketplace with the best service.

[1] As of December 31, 2023.

CORPORATE GOVERNANCE

02

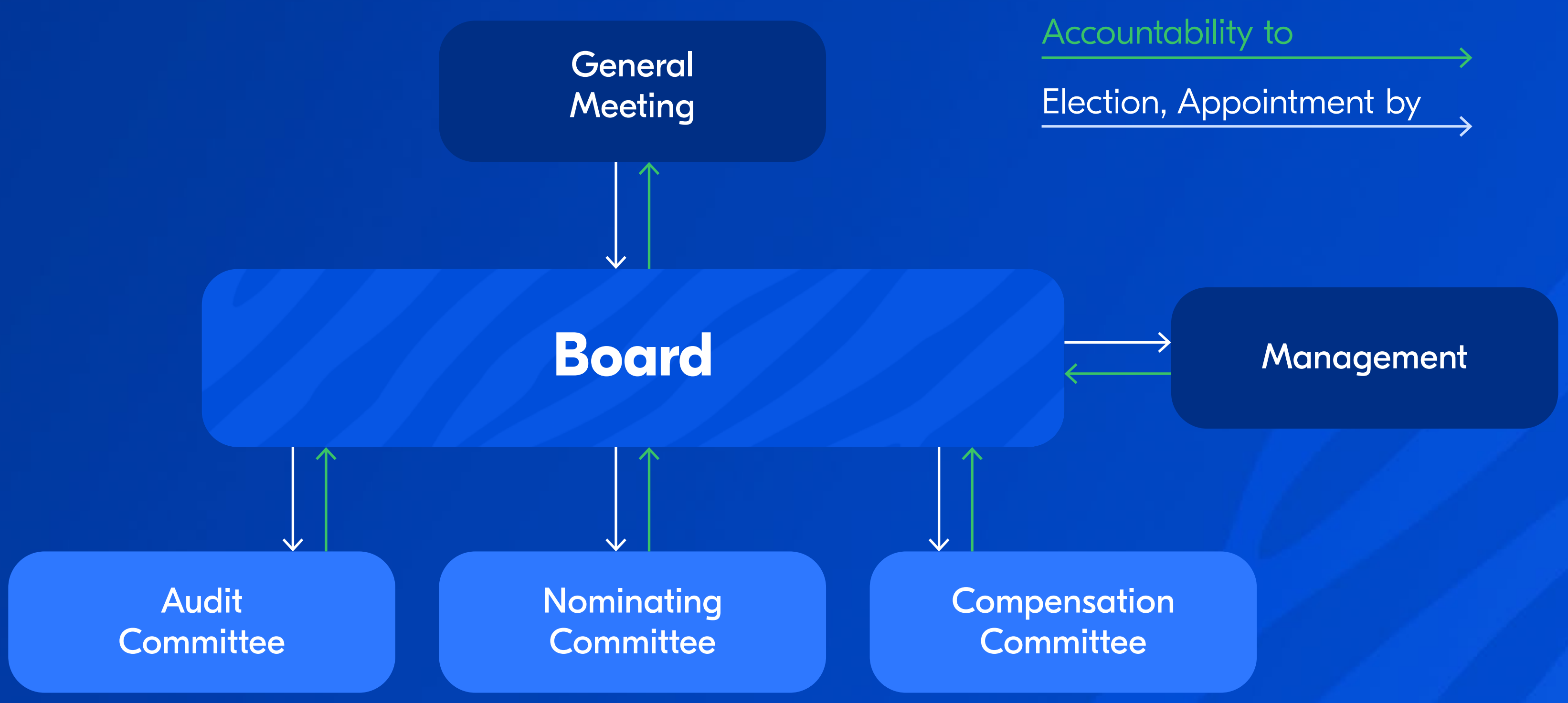
Corporate Governance System

Ozon Holdings PLC is a public limited liability company incorporated under the laws of Cyprus, with ADSs listed on AIX and MOEX.

Being dual-listed, the Company is required to comply with the corporate governance principles prescribed by the AIFC Market Rules as well as the MOEX Listing Rules.

Being not listed on the regulated market of the Cyprus Stock Exchange, the Company is not required to comply with any corporate governance code requirements applicable to Cypriot public companies.

The organigram below shows the governance structure of the Company.



The most significant decisions affecting the life of the Company and the rights of its shareholders, including the approval of financial statements, the election of directors, amendments to the Articles of Association and the approval of dividends, are subject to review and approval at General Meetings.

The Board and its committees provide Ozon with overall guidance in terms of carrying on business and strategic planning. It sets strategic goals and oversees their implementation by the management team.

The management team is responsible for Ozon's day-to-day operations and implements the strategy and business plan approved by the Board.

Information for Shareholders and Investors

General Meeting

We are required to hold an annual General Meeting each year on such day and at such place as the Board may determine. The Board may at any time decide to convene an extraordinary General Meeting. Under the Cyprus Companies Law, extraordinary General Meetings can also be convened at the request of shareholders holding at least 10% of the voting rights at General Meetings of the Company.

Notice of every General Meeting is sent to all holders of our ordinary shares and also published on our website along with the proxy and authorization forms, as well as the General Meeting agenda and explanatory notes.

The quorum for a General Meeting shall be at least three shareholders representing at least one-third of the issued share capital who are present in person or by proxy.

Resolutions

The Cyprus Companies Law lists three types of resolutions that may be submitted to a shareholder vote: ordinary resolutions, extraordinary resolutions and special resolutions.

An ordinary resolution must be approved by a majority vote of shareholders constituting a quorum who have voting rights and are present at the General Meeting, voting in person or through a proxy.

An extraordinary and special resolution must be approved by a majority of not less than 75% of shareholders constituting a quorum who have voting rights and are present at the General Meeting, voting in person or through a proxy.

A special resolution is required, among other things, to amend the Articles of Association, to change the Company's name, to amend the Company's objectives or to reduce the Company's share capital.

The Articles of Association provide that, as a general rule, all General Meetings must be called with at least 30 calendar days' notice.

The Company will not reduce its share capital unless:

(a) the reduction does not materially prejudice the Company's ability to pay its creditors; and

(b) a public disclosure is made as soon as possible of any proposed change in its capital structure, and, following the redemption of listed shares, if any, information is provided on such redemption, including details of the number of shares redeemed and the number of shares of that class outstanding following the redemption.

A special resolution is required for a liquidator to divide the assets of the Company among the shareholders should the Company be wound up as authorized by the shareholders.

Certain resolutions such as a resolution waiving preemption rights in respect of a new issue of shares for a cash consideration or a resolution altering our share capital require a majority of two-thirds of the votes corresponding either to the represented securities or to the represented issued share capital if less than half of the issued share capital is represented and a simple majority when at least half of the issued share capital is represented.

Voting Rights

We treat shareholders who hold shares of the same class equally, following the provisions of the Cyprus Companies Law.

Ordinary Shares

Holders of our ordinary shares are entitled to one vote per share. Voting at any General Meeting is by show of hands unless a poll is demanded.

Each shareholder is entitled to attend the General Meeting, to address the General Meeting and to exercise any voting rights that such shareholder may have as provided in the Articles of Association.

A corporate shareholder may, by resolution of its directors or other governing body, authorize a person to act as its representative at the General Meeting, and that person may exercise the same powers as the corporate shareholder could exercise if it were an individual shareholder. No shareholder is entitled to vote at the General Meeting unless all calls and other amounts payable by such shareholder in respect of shares have been fully paid.

Shareholders may attend General Meetings in person or be represented by proxy authorized in writing.

Information for Shareholders and Investors

Class A Shares

Both Sistema Public Joint Stock Financial Corporation and Vostok Investments (through BV Ozon Private Equity Fund Ltd) hold one Class A share each that confers, among other things, the following special rights:

- the right to appoint, remove and substitute (i) two directors so long as the relevant holder of a Class A share, together with its affiliates and permitted transferees, holds at least 15% of the voting power of the ordinary shares[1] or (ii) one director so long as the relevant holder of a Class A share, together with its affiliates and permitted transferees, holds less than 15% but at least 7.5% of the voting power of the ordinary shares;
- the right to nominate for election at General Meetings two directors or one director, as applicable, unless they have otherwise been appointed as set out above;
- in the event of the liquidation of the Company, to receive the par value of such Class A share on a pari passu basis with the holders of ordinary shares with no right to participate in the distribution of excess assets.

Any alteration of Class A shares share capital, issuance of additional Class A shares and variation of rights conferred by Class A shares will require the unanimous approval of the holders of all issued and outstanding Class A shares. The Class A shares do not confer any other rights with respect to participation in the General Meeting, voting or distribution of assets by the Company by way of dividends, return of capital or otherwise.

As long as a holder of Class A shares or any of its affiliates, associates or permitted transferees holds at least 15% of the voting power of the ordinary shares and is thereby entitled to appoint two directors, then its voting power with respect to the nomination and appointment of the remaining directors at the General Meeting will be suspended in respect of 15% of the voting power of the ordinary shares. As long as a holder of Class A shares or any of its affiliates, associates or permitted transferees holds at least 7.5% of the voting power of the ordinary shares and is thereby entitled to appoint one director, then its voting power with respect to the nomination and appointment of the remaining directors at any General Meeting will be suspended in respect of 7.5% of the voting power of the ordinary shares.

We are not authorized to issue additional Class A shares unless such issue is approved by the holders of all issued Class A shares and by a special resolution of our General Meeting.

Dividend Rights

We may pay out dividends only from the profits as shown in our standalone annual accounts. Under Cypriot law, we are not allowed to make distributions if they would reduce our standalone net assets below the total sum of the issued share capital and the reserves that we must maintain under Cypriot law and our Articles of Association. No dividend may exceed the amount recommended by the Board.

Interim dividends can be paid only if standalone interim accounts are drawn up showing that the funds available for distribution are justified by the profits of the Company. At the same time, the amount to be distributed cannot exceed the amount of profits made since the end of the last financial year, the annual accounts of which have been finalized, increased by the profits which have been transferred from the last financial year and sums drawn from reserves available for this purpose and reduced by the losses of the previous financial years, and sums to be placed in reserve pursuant to the requirements of the law or our Articles of Association.

The Company has never declared or paid dividends.

In accordance with the Company's dividend policy approved in December 2023, any future determination regarding the declaration and payment of dividends, if any, will be adopted by the General Meeting or the Board based on then-existing conditions, including the Company's financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors that the Board and the General Meeting may deem relevant.

Further information on the Company's dividend policy is available on the Company's website.

Share Capital

Our issued and fully paid share capital amounts to USD 216,413.735 and consists of 216,413,733 issued and fully paid ordinary shares with a nominal value of USD 0.001 each and two issued and fully paid Class A shares with a nominal value of USD 0.001 each.

ADSs (ISIN: US69269L1044) that represent ordinary shares of the Company are in free float on MOEX and AIX. The ordinary shares underlying the ADSs are held by The Bank of New York Mellon as depositary, through its custodian. Under the Cypriot law, the holders of ADSs will not be treated as holders of our ordinary shares.

Unless otherwise determined by the Company, all new shares and other securities giving right to the purchase of shares in the Company or that are convertible into shares of the Company must be offered, before they are issued, to shareholders on a pro rata basis in line with existing participation in the capital of the Company, subject to the provisions of the Articles of Association.

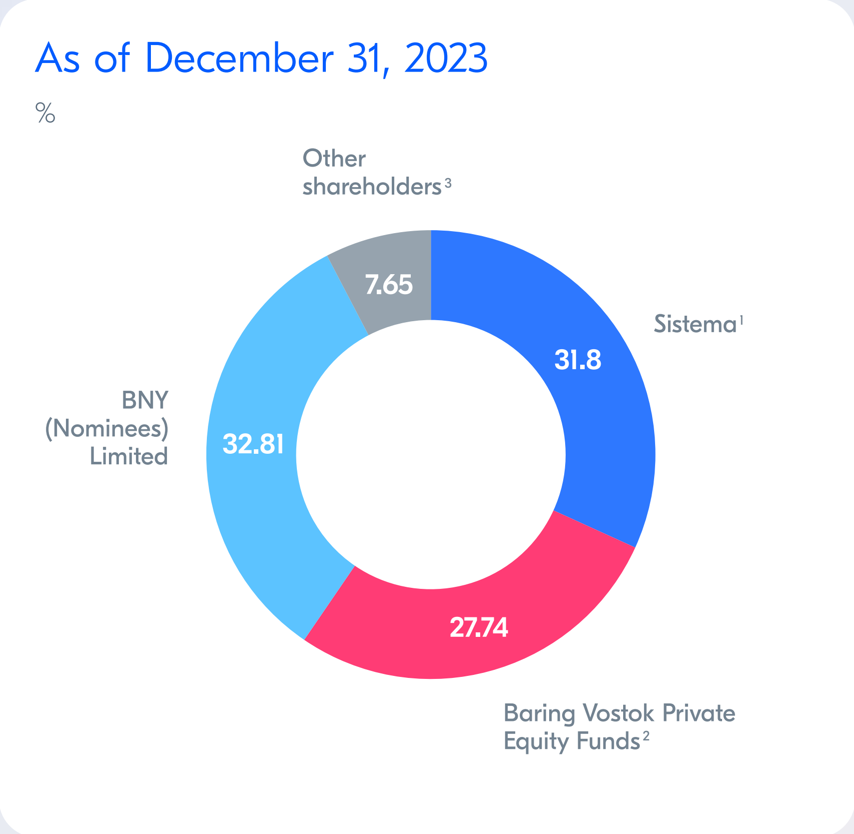
[1] For the purpose of establishing the votes that the ordinary shares held by the holders of the Class A shares confer, the votes conferred by the underlying ordinary shares of ADSs held by the relevant person shall be added to the votes conferred by any issued shares in the Company, including the issued ordinary shares held by such person.

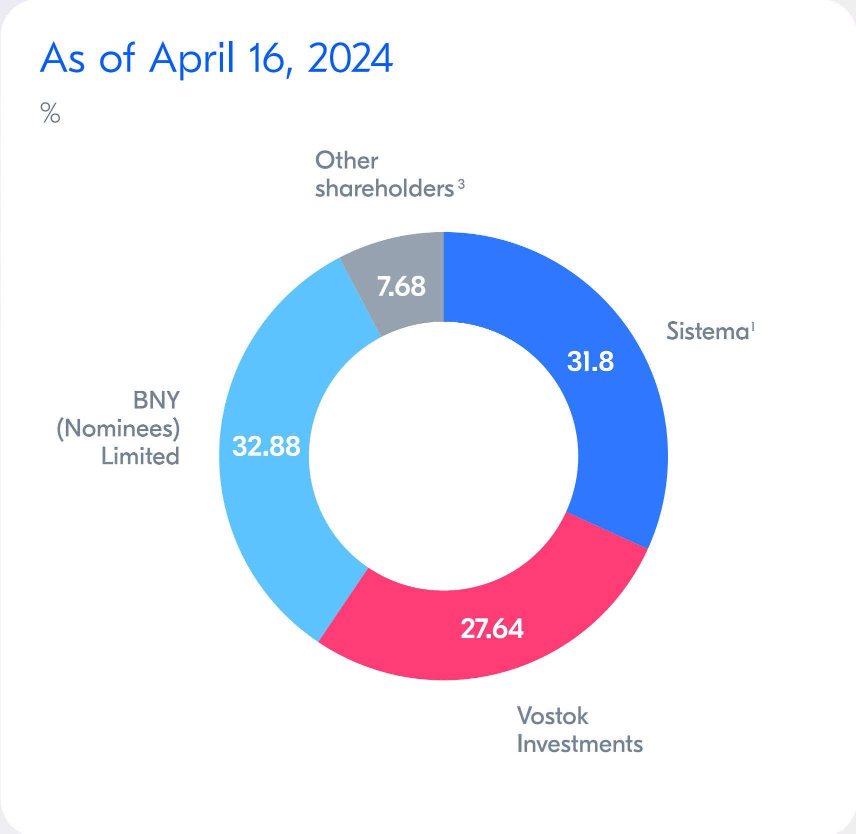
Information for Shareholders and Investors

Shareholder Structure

The chart below shows the shareholders that hold an interest of 5% or more in the share capital of the Company, based on the information available to the Company.

In April 2024, Vostok Investments acquired 27.64% stake in Ozon from Baring Vostok Private Equity Funds. Vostok Investments is fully owned and controlled by the team of investment professionals led by Elena Ivashentseva, the former senior partner of Baring Vostok and the Chairperson of the Board. As a result of this transaction, Vostok Investments now owns 59,830,028 ordinary shares through its wholly-owned subsidiary O23 JSC and 1 Class A share through its wholly-owned subsidiary BV Ozon Private Equity Fund LTD, representing 27.64% of the total number and voting power of Ozon's shares.





[1] Includes 50,493,551 ordinary shares and one Class A share and 2,250,000 ADSs directly held by Sistema Public Joint Stock Financial Corporation and 16,083,675 ordinary shares directly held by Sistema Venture Fund Ltd., an investment vehicle controlled by Sistema Public Joint Stock Financial Corporation.

[2] Includes 22,941,069 ordinary shares directly held by Baring Vostok Ozon LP, 153,333 ordinary shares directly held by BV Special Investments Limited, and 36,929,688 ordinary shares and one Class A share directly held by Baring Vostok Fund V Nominees Limited.

[3] Includes ADSs held by a trustee of the trust established for the efficient operation of our EIP (for more details, please see the "Long Term Incentive Plan" section).

Information for Shareholders and Investors

Stock Exchanges

AIX

The Company's ADSs have been admitted to the Official List of, and are trading on, the Astana International Exchange. The Company's ADSs were admitted to the Official List on July 28, 2023, and admitted to trading under the ticker OZON on July 31, 2023.

MOEX

On November 19, 2020, the Company obtained MOEX's approval in relation to the listing and admission of the Company's ADSs to trading on MOEX under the ticker OZON. As of today, the Company's ADSs remain listed on the Level 1 Quotation List and continue trading on MOEX. However, sales of securities by certain international investors on MOEX are currently limited.

Nasdaq

Trading in the Company's ADSs on Nasdaq was halted on February 28, 2022, as a result of geopolitical circumstances. The Nasdaq Listing Qualification Staff notified the Company on March 15, 2023 of its intention to delist the Company's ADSs based on its discretionary authority under Nasdaq Listing Rule 5101. The Company appealed the delisting determination twice in accordance with the Nasdaq Listing Rules before the Nasdaq Hearings Panel (the "Panel") and the Nasdaq Listing and Hearing Review Council (the "Listing Council"). On June 6, 2023, the Company received a written decision from the Panel pursuant to which the Panel upheld the delisting determination and denied the Company's requests to lift the trading halt and reinstate trading in the Company's ADSs on Nasdaq. On August 18, 2023, the Company received the decision of the Listing Council affirming the decision of the Panel. On October 20, 2023, the Company announced its intention to voluntarily delist its ADSs from Nasdaq and to deregister its securities with the U.S. Securities and Exchange Commission. The ADSs were delisted from Nasdaq with effect from November 9, 2023. On the same date, the Company filed Form 15F to deregister its securities. The deregistration and termination of all the Company's reporting obligations under the U.S. Securities Exchange Act of 1934, as amended, became effective on February 7, 2024.

Information for Shareholders and Investors

Communication with Investors and Shareholders

We provide certain information for investors and shareholders on our investor relations website, ir.ozon.com, and our corporate website, corp.ozon.com. We also provide a wide range of regularly updated information, including the following:

- annual reports, quarterly financial and operating results, and other information about the Company's financial performance;
- relevant notices providing information in relation to rights attached to the Company's securities;
- details related to the General Meetings;
- corporate governance information;
- information about Ozon's share price in real time[1];
- upcoming and past investor relations (IR) events, announcements of investor conferences, webinars, broadcasts on leading investment platforms and other events involving senior executives, the IR team and institutional investors, analysts and shareholders;
- the Company's latest press statements.

All our disclosures are released to the market via the AIX Regulatory Announcement Service and the Interfax Information Service.

In addition to these communication channels, we also use social media to interact with all our investors and shareholders.

[1] Price information is provided with a 15-minute delay.

The Board

Being entrusted with powers regarding the strategic, organizational and oversight aspects of Ozon's business operations, the Board plays a central role in the Company's corporate governance system. In view of its role, the Board meets regularly and operates in such manner so as to ensure the effective performance of its functions.

The Board members are elected by the General Meeting in accordance with the Articles of Association to serve until their successors are duly elected and qualified. The Board has nine members, including four Independent Directors, four Non-Executive Directors and one Executive Director.

Each of Sistema Public Joint Stock Financial Corporation and Vostok Investments (through BV Ozon Private Equity Fund LTD) hold one Class A share, which confers the right, together with its affiliates and permitted transferees, to appoint and remove directors as described in the "Class A shares" section above.

At each annual General Meeting, one-third of the directors must be rotated.

The directors to resign every year will be those who have been in office the longest since their previous election. A resigning director will be eligible for re-election.

The number or directors may be increased or decreased from time to time by special resolution.

In case of a casual vacancy on the Board (caused by the departure of a director who has been appointed by a holder of a Class A share), the holders of Class A shares are entitled to appoint any person to be a director to fill the vacancy.

The Board itself has a right to appoint any person to be a director, either to fill a vacancy or as an addition to the existing directors, but the total number of directors may not at any time exceed the number established in accordance with the Articles of Association. Any director so appointed will hold office only until the next annual General Meeting, and will then be eligible for re-election.

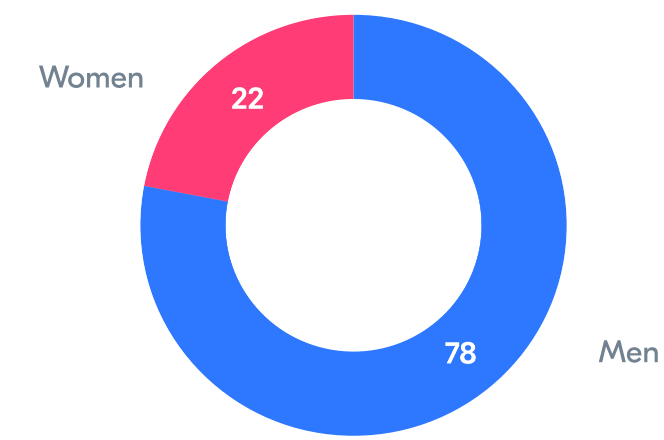
The Company may also appoint any person as director who will hold office only until the next annual General Meeting, and who will then be eligible for re-election.

The persons to be appointed as directors following the above-mentioned procedures should also be approved by the Nominating Committee. At no time may any shareholder, including holders of Class A shares, nominate for election more than two directors in the aggregate.

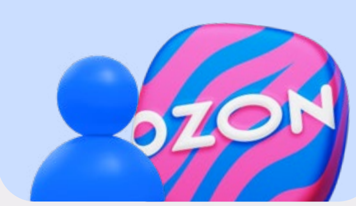
Our Board and its committees have an appropriate balance of skills, experience, independence and knowledge of our business, as well as adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the Company[1].

Board composition by gender

%



Board composition by independence



1 Executive Director

4 Independent Directors

4 Non-Executive Directors

[1] In an attempt to mitigate the risks relating to the current geopolitical environment, we do not identify members of our Board in this report.

The Board

Chairperson of the Board

The Chairperson reports to the Board and is responsible for the leadership and overall effectiveness of the Board and for setting the Board's agenda. The Chairperson has been able to commit sufficient time to the role as non-executive Chair of Ozon, and the Board believes that other commitments have not adversely affected the Chairperson's contribution to the Company.

The Chairperson's responsibilities include the following:

- managing the Board effectively;
- ensuring that authority is delegated appropriately to executive management;
- promoting a culture of openness and debate between the Executive, Non-Executive and Independent Directors;
- ensuring that the directors receive accurate, timely and clear information; and
- ensuring that the views of shareholders are communicated to the Board as a whole.

In 2023, the Company did not have a senior Independent Director or a deputy chairperson of the Board.

Independent Non-Executive Directors

Having assessed the independence of the directors based on the criteria set out in the MOEX Listing Rules and applicable AIFC Market Rules, the Board confirmed that four directors qualify as Independent Directors. The Independent Directors are determined to be independent in character and judgement, and free of relationships or circumstances that could affect, or could appear to affect, their judgement. Their role is to challenge the strategy presented by, and scrutinize the performance of, the management team in meeting the Company's agreed goals and objectives; to monitor the reporting of the Company's performance; to review the integrity of the Company's financial information; and to ensure that internal financial controls and risk management systems are robust and defensible.

Meetings of the Board

In 2023, the Board held five in-person meetings with 100% attendance (except for one meeting where one Independent Director was absent) and adopted seven unanimous written resolutions.

The most important items considered by the Board in the reporting period were as follows:

- the Company's business plan and budget;
- the Company's strategy;
- approval of the Company's financial statements;
- employee compensation considerations;
- corporate updates on the listing status at AIX and MOEX, delisting from Nasdaq and deregistration of the Company's ADSs[1];
- the convocation of the Company's annual General Meeting; and
- a review of the Company's corporate governance and the risk management systems.

The Board regularly reviewed the reports of the management team and reports of committees' chairpersons.

[1] Ozon announced its voluntary delisting from Nasdaq in October 2023.

Board Committees

The Board committees are advisory bodies formed by the Board that are not authorized to act on behalf of the Company or the Board unless the Board decides otherwise. The Board currently has three standing committees: the Audit Committee, the Nominating Committee and the Compensation Committee. Each committee has its own charter describing its role and responsibilities (available on the Company's website).

The composition of the committees remained unaltered throughout the reporting year (except for the election of the fifth member of the Compensation Committee).

Audit Committee

The main purpose of the Audit Committee is to provide preliminary consideration of various matters and to prepare recommendations related to the oversight of the Company's financial and business operations.

The Audit Committee consists of three Independent Directors.

The Audit Committee's core functions include the following:

- monitoring the integrity, accuracy and reliability of the Group's financial statements;
- monitoring the reliability and effectiveness of the risk management and internal control systems; and
- ensuring the independence and objectivity of the internal and external audit functions.

In 2023, in fulfilment of its duties, the Audit Committee held three in-person meetings with 100% attendance and adopted three unanimous written resolutions. The in-person meetings were attended by representatives of the external auditors, the internal audit department, and the operational finance, IFRS reporting, compliance, and corporate and legal affairs teams.

The most important matters considered by the Audit Committee in 2023 were those concerning the following:

- corporate governance;
- compliance;
- financial statements;
- external audit;
- related-party transactions;
- investor relations;
- internal audit.

A detailed description of the Audit Committee's work in discharging its responsibilities is provided in its charter, which is available at the Company's website.

Board Committees

Nominating Committee

The primary purpose of the Nominating Committee is to provide preliminary consideration of various matters and to prepare recommendations for the Board on issues related to personnel planning (succession planning) as well as the professional composition and performance of the Board and the management team.

The Nominating Committee consists of three Independent Directors.

In 2023, the Nominating Committee adopted two unanimous written resolutions in preparation for the annual General Meeting and in consideration of the MOEX corporate governance requirements.

The Nominating Committee reviews the professional qualifications and independence of all candidates nominated to the Board on the basis of all information available to the Committee.

We neither engaged an external consultancy nor conducted an open advertising process in the appointment of the Chairperson and Non-Executive Directors of the Board.

A detailed description of the Nominating Committee's work in discharging its responsibilities is provided in its charter, which is available at the Company's website.

Compensation Committee

The central objective of the Compensation Committee is to provide preliminary consideration of various matters and to prepare recommendations related to the development of effective and transparent remuneration practices for the directors and key executives. One of the Committee's key functions is the preliminary review of matters relating to the Company's Equity Incentive Plan (EIP), including approval of amendments to the EIP, approval of the list of EIP participants and of the number of awards granted to them, as well as other matters reserved to the Committee under the EIP rules. Administration of the EIP was the main issue that the Compensation Committee focused on throughout the reporting year.

The Compensation Committee was composed of four directors until December 29, 2023, when an Independent Director was elected as the fifth member of the Compensation Committee.

In 2023, the Compensation Committee held three in-person meetings with 100% attendance and adopted two unanimous written resolutions.

A detailed description of the Compensation Committee's work in discharging its responsibilities is provided in its charter, which is available at the Company's website.

Corporate Secretary

The Company established the position of Corporate Secretary in December 2023 to comply with the corporate governance requirements of MOEX.

The main purpose of the Corporate Secretary's activities is to ensure effective communications with the Company's shareholders, coordinate the Company's actions to protect the rights and interests of the shareholders, and provide support for the efficient work of the Board.

The Corporate Secretary performs the functions of the secretary of the Board and its committees unless the Board decides otherwise.

The functions of the Corporate Secretary include the following:

- improving the Company's corporate governance system and practice;
- participating in the preparation and holding of the General Meetings;
- supporting the work of the Board and its committees;
- implementing the Company's policy on information disclosure and arranging for the storage of the Company's corporate documents;
- supporting the Company's interaction with its shareholders and taking steps to prevent corporate conflicts;
- ensuring that the procedures established by law and the Company's internal documents are followed, and ensuring that the rights and legitimate interests of shareholders are protected;
- supporting the Company's interaction with regulators, trade organizers, the registrar and other professional securities market participants within the powers assigned to the Corporate Secretary;
- immediately notifying the Board of any identified violations of the law or the Company's internal documents, the observance of which falls within the remit of the Corporate Governance Department.

Candidates for the position of the Company's Corporate Secretary are required to have a university degree in law or economics or a business degree (including an MBA or Executive MBA) and at least two years of experience in corporate governance or management.
The Corporate Secretary must have an impeccable reputation and enjoy the confidence of the shareholders and the Board.

Ethics and Compliance

Zero Tolerance for Corruption and Discrimination

Ozon is a dynamic, rapidly growing business with a large workforce. We work in different countries with different legislation and cooperate with diverse counterparties. To manage emerging compliance risks and business ethics issues, we are developing a multi-level compliance system.

Monitoring compliance with legislation, policies and procedures

A dedicated compliance team develops and implements a system of policies, procedures and controls across all of our business streams and verticals. All contracts with external counterparties include an anti-corruption clause.

The compliance team sets up and administers mandatory corporate ethics and compliance training. We actively communicate our values to all Ozon employees. Ethics and compliance consultations and training are available to all employees when needed.

The compliance team plays an important role in ensuring the effective functioning of the compliance system and reports the results directly to the Audit Committee, including hotline data.

Human rights

We conduct our business in strict compliance with legislation on the protection of human rights, which is enshrined in the Code of Corporate Ethics and Business Conduct (Code of Ethics). We have zero tolerance for child labor or forced labor. Any human rights violations can be reported via the hotline.

Political involvement

Ozon does not participate in political activities, makes no political donations and does not fund civil servants, political parties, organizations or foundations associated with them or distribute campaign materials on their behalf. Ozon's Anti-bribery and Anti-corruption Policy forbids any political lobbying or the endorsement of civil servants, political candidates or parties.

Ethics and Compliance Hotline

In a bid to provide a secure and independent channel for reporting ethics and compliance concerns and issues, we set up a dedicated hotline, available 24/7 in Russian and English.

We ask our employees, customers and partners, as well as all other stakeholders, to report any violations of the applicable laws or policies of ethical business conduct involving Ozon's employees or counterparties. The hotline is very important for us as a source of unbiased feedback that we can use to constantly improve our operations and oversight mechanisms.

Whistleblower protection principles

- **Anonymity:** reports to the hotline can be submitted anonymously.
- **Protection:** whistleblowers are guaranteed protection from retaliation and discrimination.
- **Confidentiality**: Ozon does not disclose to third parties any information received during investigations.

All messages received are processed by an independent external operator.
We guarantee that all reports received via the hotline are considered in accordance with internal procedures and rules. In case a violation is confirmed, we take appropriate measures in accordance with internal procedures, policies and applicable legislation.

Ethics and Compliance

Anti-corruption

In 2023, no corruption violations were confirmed during investigations following up on hotline reports.

We condemn bribery and corruption in all their manifestations and forms. As Ozon employees, we do not accept, give or offer money, gifts or services in exchange for receiving any benefits from our counterparties for ourselves, our family members or the Company.

Insider rules

As a public company whose shares are admitted to trading on MOEX and AIX, Ozon is subject to insider trading laws. The Company's reputation for integrity and high ethical standards in the conduct of its affairs is of paramount importance. To live up to this reputation, it is essential that all transactions involving Ozon's ADSs and shares be carried out in accordance with insider trading laws, avoiding even potentially improper situations.

We have the insider trading policy in place (the Insider Trading Policy), its purpose is to do the following:

- inform all directors and employees of their responsibilities under the Insider Trading Policy and insider trading laws;
- prevent violations by directors and employees of insider trading laws and the Insider Trading Policy, and avoid legal, reputational or financial risks for Ozon; and
- establish liability for employees and directors for their failure to comply with insider trading laws and the Insider Trading Policy.

Risk Management System

Our risk management system enables us to systematically identify, assess and manage risks relating to all our business and corporate functions.

The Board determines the underlying principles and approaches for the risk management framework. The Audit Committee is responsible for the regular monitoring of the reliability and effectiveness of the risk management and internal control systems. The Internal Audit Department audits and assesses the reliability and efficiency of our risk management system.

Our risk management system is based on the following model:

Board

The Board is responsible for setting organizational objectives, determining strategies and establishing the necessary risk management and control frameworks.

Team

Unit / business function.

Role

Day-to-day management of risks and implementation of risk-management processes where applicable.

Team

Compliance, risk management and internal control teams.

Role

Monitoring and supporting line management in managing risks and developing and maintaining an adequate framework for internal control and compliance procedures.

Team

Internal audit and internal control teams.

Role

Liaison with senior management and/or the Board.

Oversight of risk-management content and processes.

Tracking risks and related risk management procedures.

Testing the effectiveness of the internal control and compliance procedures.

Risk Management System

Principal Risks

Below is an overview of the key risks that could adversely affect our business, operational and financial performance. Additional risks unknown to us at the moment may also impair our business operations.

Principal risks	Key mitigation measures
Economic and financial risks Risks associated with adverse changes in the macroeconomic environment and global economic instability, increases in interest rates, exchange rate volatility, as well as liquidity and credit risks.	— Monitoring and forecasting the economic environment on an ongoing basis, adjusting our operations and strategy as needed. — Hedging the exchange rate risk with derivatives and reducing the amount of contracts exposed to exchange rate risk. — Thoroughly planning and monitoring our budget and performance and introducing changes where needed. — Taking appropriate measures to conserve cash, consider our capital allocation and budget appropriately.
Sanctions and countermeasures Risks related to the adoption, maintenance and expansion of sanctions imposed by the United States, the European Union, the United Kingdom and other countries and countermeasures imposed by the Russian Federation.	— Closely monitoring all regulatory developments related to sanctions, export control, trade embargoes and similar measures, assessing their impact on our operations and adjusting them as needed.

Risk Management System

Principal risks	Key mitigation measures
Legislative developments that may affect the ownership and management structure Risks related to the mandatory restructuring of our ownership and management structure, including potential nationalization risks and risks caused by the potential applicability to Ozon of Russian Federal Law No. 470-FZ dated August 4, 2023.	— Closely monitoring all legislative developments that may affect the Group's management or ownership structure, and updating stakeholders on further developments, if any, on a timely basis.
Other changes in the legal and regulatory environment Risks related to the constantly evolving legal and regulatory requirements applicable to our business, including changes to data protection and privacy legislation, marketplace regulations as well as regulatory requirements applicable to online and fintech businesses.	— Closely monitoring all legal and regulatory developments and assessing their impact on our operations and adjusting our operations accordingly. — Maintaining compliance with new legal and regulatory requirements by updating standard contracts and document templates.
Highly competitive market Risks associated with the inability to retain our current market position or to respond to the actions of competitors in a timely and effective manner, failure to effectively promote our business and attract new customers or retain current customers, as well as risks connected with changing consumer expectations.	— Constantly analyzing the behavior and needs of our customer base and adjusting our operations and strategy accordingly. — Expanding the scope of products and services offered to our customers and improving the customer experience. — Conducting various marketing and promotional activities aimed at increasing the visibility of our business and enhancing our brand recognition in the e-commerce market.

Risk Management System

Principal risks	Key mitigation measures
Counterparty risks and supply chain disruptions Risks caused by the non-performance or loss of significant third-party providers due to bankruptcy, the geopolitical situation or other reasons, as well as by difficulties with sourcing the products we sell through our Direct Sales business.	— Constantly expanding the list of potential suppliers, vendors, service providers and lessors. — Updating our business models to ensure that we remain an attractive partner for our suppliers, vendors, service providers and lessors. — Exploring and testing new logistics routes.
Risks related to human resources Risks associated with the failure to attract additional highly skilled personnel or retain or motivate our existing personnel, as well as the inability to effectively train and develop staff.	— Analyzing the labor market. — Revising compensation and benefits for our staff in line with the market. — Constantly developing employee onboarding and training systems. — Monitoring employee satisfaction by collecting feedback from staff. — Improving the performance review system.
Information security risks Risks related to threats to information security, including cyberattacks, viruses and other malicious actions.	— Applying security tools, hardware and software to counter cyberattacks. — Strengthening and expanding our information security team. — Adopting and developing information security policies. — Monitoring information security threats, pre-emptively reacting to potential violations and incidents. — Training staff to increase information security awareness. — Promptly investigating and reacting to information security violations and incidents.

Risk Management System

Principal risks	Key mitigation measures
Risk of failure or insufficiency of IT systems Risks associated with the inability to support or expand existing IT solutions or to implement and develop new IT solutions in a timely manner, as well as the lack of infrastructure capacity to maintain the requisite level of services.	— Auditing critical IT systems and exploring alternative solutions to ensure business continuity. — Expanding the list of potential suppliers and vendors. — Implementing and adapting local IT solutions. — Expanding our IT team.
Business continuity risks Risks caused by interruptions to business processes due to emergencies such as force majeure events, natural disasters, fires and pandemics.	— Constantly monitoring, overseeing and improving business processes. — Developing and implementing business continuity and disaster recovery plans for key business processes and systems, and conducting fire prevention training. — Enhancing health and safety practices and procedures.
Fraud and corruption risks Risks associated with the failure to detect or prevent various instances of corruption and fraud.	— Adhering to a zero-tolerance policy for noncompliance with the principles of business ethics. — Conducting regular business ethics, anti-bribery and anti-corruption training for staff. — Maintaining a compliance hotline. — Requiring all staff to complete a conflict-of-interest declaration to monitor any potential conflicts. — Regularly updating anti-bribery and anti-corruption policies and procedures. — Including anti-corruption clauses in contracts with counterparties. — Implementing various measures to detect and reduce the occurrence of fraudulent payment activities on our platform.

Internal Audit

The main goal of the Company's Internal Audit Department is to procure systematic independent assurance of the reliability and efficiency of the Company's risk management and internal control system and corporate governance practices.

According to the Internal Audit Department's charter, its key functions include the following:

- auditing and assessing the efficiency of the system of internal control over the completeness, accuracy and reliability of the Group's financial statements;
- auditing and assessing the reliability and efficiency of the Group's risk management and internal control system;
- assessing corporate governance within the Group;
- reviewing the Group's IT systems to verify their compliance with internal policies and procedures and statutory requirements;
- assessing compliance with policies, plans, procedures, laws and regulations;
- assessing the Group's operations in terms of process efficiency and the achievement of goals and objectives;
- conducting special evaluations, inspections, audits and reviews as requested by the Audit Committee or management;
- providing recommendations in relation to enhancement of the Group's processes, control procedures and systems;
- providing advice on the structuring of new processes and implementation of new systems and control procedures;
- overseeing remedial actions to be taken by the executive management based on the findings of internal audits; and
- liaising with external auditors.

Subordination and reporting

Auditors

The Company engages external auditors to conduct an independent audit of its financial statements. The appointment and removal of the auditors is within the authority of the General Meeting.

On January 24, 2024, the General Meeting approved Yiallourides & Partners Ltd. as the auditor of the Company for the statutory reporting purposes in Cyprus and JSC KEPT as the auditor for the public reporting in Russia and Kazakhstan.

Fees charged for the provision of services by JSC Kept during the period covered by the consolidated financial statements for the year ended December 31, 2023 are:

- Ozon Holdings PLC financial statements audit: RUB 37.6 million;
- Group entities' financial statements audits: RUB 25.8 million;
- financial statements reviews: RUB 13.7 million;
- services other than audit or review: RUB 0.6 million.

Related-Party Transactions

In 2023, Ozon did not enter into related-party transactions that required disclosure under AIFC Market Rules[1].

Significant Transactions

In 2023, Ozon did not enter into any significant transactions that were subject to disclosure under AIFC Market Rules, apart from the restructuring of its USD 750 million senior unsecured convertible bonds due 2026. All information relating to the restructuring can be found at the Company's website.

Dealings by Restricted Persons

Ozon did not conclude any transactions with restricted persons[2] in 2023.

[1] Information on the related-party transactions made by Ozon in 2023 can be found in Ozon Holdings PLC's consolidated financial statements for the years ended December 31, 2023, December 31, 2022; and December 31, 2021 in note 28 to the consolidated financial statements.

[2] Restricted persons are persons who are involved in the senior management of the reporting entity.

Long Term Incentive Plan

The goal of Ozon's Long Term Incentive Plan is to ensure that other participants are remunerated at a level that sufficiently motivates them to perform their duties effectively. Our incentive plan is well aligned with our long-term interests and plays a significant role in attaining excellent business results.

Remuneration of Directors

The annual General Meeting held on December 23, 2021, approved remuneration for directors that included restricted share units (RSUs) granted to Independent Directors in accordance with the EIP. Each Independent Director was granted 20,000 RSUs with quarterly vesting over a four-year period with no cliff.

Due to the existing legal and regulatory constraints, the RSUs granted to Independent Directors could not be exercised. For this reason, it was proposed at the annual General Meeting held on January 24, 2024, to replace the RSU-based remuneration of Independent Directors with cash compensation in the amount of USD 225,000 per annum. All unvested and unexercised RSUs previously granted to Independent Directors were canceled.

The remuneration accrued for our Independent Directors in 2023 was as follows:

- 5,000 RSUs according to the EIP terms;
- USD 12,000 as an additional fee payable to an Independent Director for membership on any Board committee;
- USD 25,000 as an additional fee payable to an Independent Director for chairing any Board committee;
- USD 40,000 as an additional fee payable to an Independent Director for chairing the Audit Committee; and
- USD 35,000 as an additional fee payable to an Independent Director for attending a meeting of the Board in person.

Compensation paid to all our Board members for all expenses incurred by them in relation to their attendance at all Board meetings in 2023 amounted to USD 43,936.

The Company reimburses all directors for all expenses incurred by them in relation to performing their duties.

The remuneration of Non-Executive Directors is a matter for the Board as a whole. No director takes part in discussions concerning their own remuneration package.

Equity Incentive Plan (EIP)

We have an EIP for individuals who contribute to our performance. In accordance with the EIP, our executives, directors, external strategic advisers, key third-party business partners, consultants and other participants of the EIP, as determined by our Board, may receive equity-based awards in the form of RSUs. Each RSU entitles an EIP participant, subject to vesting and other terms, to receive, for no consideration, one ordinary share of the Company. The Company may, at its discretion, choose to provide ADSs instead of ordinary shares. Our EIP is administered by our Board and the Compensation Committee. The key terms of the EIP are summarized below.

Following Board decisions in 2020 and 2021, a pool of 30,800,000 ordinary shares was reserved to be granted to EIP participants by December 31, 2024; this pool includes outstanding awards previously granted from the pool.

Under the EIP, all awards will as a general rule expire on the 10th anniversary of the date of the grant or, in the case of an award that has vested but not lapsed, if earlier, 90 days after the date on which the recipient ceases to be an eligible participant.

As of December 31, 2023, 18,866,522 RSUs had been granted and were outstanding under the EIP, of which 5,906,528 RSUs had vested but had not been exercised.

During 2023, the Company granted 5,037,898 RSUs in total.

Long Term Incentive Plan

Vesting schedules

Awards generally vest over a four-year period unless otherwise decided by our Board. Typically, one-quarter of each award vests on the first anniversary of nomination and an additional one-16th vests each calendar quarter thereafter.

Under the EIP, in the event of a control stake transaction, in which a mandatory offer must be made under our Articles of Association, 50% of all outstanding awards will vest automatically. Awards provide the participant with the right to receive shares immediately upon vesting or on any other date after the vesting. When a participant's agreement is terminated, awards that have not vested prior to such termination (other than in the case of control stake transaction as specified in the EIP) will lapse and become void upon that date.

Employee Benefit Trust (EBT)

In April 2021, we entered into a trust deed with a trustee for the efficient operation of our EIP. The EBT holds ordinary shares or ADSs to be distributed through the RSUs granted to, and exercisable by, the EIP participants and delivers the shares or ADSs exercisable under the EIP to such participants upon the exercise thereof.
We neither own shares nor have voting rights in the EBT. However, we established the EBT and may appoint or replace the trustee. Thus, we control the EBT through a contractual arrangement.

Insurance and Indemnity Arrangements

The members of the Board and of the management team are insured under Ozon's directors' and officers' insurance policy.

Although the insurance policy provides broad coverage, Ozon's directors and officers may incur uninsured liabilities. Directors and officers are indemnified by the Company against any claims arising out of, or in connection with, the general performance of their duties provided that such claim is not attributable to gross negligence, willful misconduct or intentional misrepresentation by the director or officer in question.

SUSTAINABILITY

03

Our Approach to Sustainability Management

Since its creation in 1998, Ozon has always strived to be a platform that provides business opportunities, conducts its business responsibly and cares about local communities.

We are fully aware of the significance that ESG matters have for all of our stakeholders, whose inputs help us better understand our impact and shape further actions.

We understand what is important for the sellers who choose our platform: they value our capacity to securely transact the sale of their merchandise, our financial and technical assistance, the competitive remuneration structure we provide and our accessible educational platform. Our buyers prioritize the wide selection of high-quality products we provide, the comfortable and safe online shopping experience on our platform, as well as the flexible financial alternatives and convenient logistical arrangements available.

We endeavor to live up to every expectation on the part of both sellers and buyers by providing them with a secure and transparent online marketplace.

As our business grows, our impact on the economy in the regions where we operate and in local communities increases, and so does our responsibility. We actively contribute to the development of local communities by fostering the expansion of micro-businesses and small and medium-sized enterprises (SMEs) in Russia and internationally, supplying essential infrastructure, generating new employment opportunities and promoting sustainable economic growth.

Our ability to conduct our business efficiently depends on how professional, dedicated and empowered our team is. That is why we provide our workforce with extensive opportunities for professional and personal growth through comprehensive training programs, competitive remuneration packages and a comprehensive social benefits scheme.

To structure our sustainability efforts, we have identified the following four main areas of our ESG practices and initiatives:

These areas are important to our stakeholders, including buyers, sellers, partners, employees, investors and shareholders, government, communities, platform users and employees, and they will determine the focus of our future ESG efforts.

Our Approach to Sustainability Management

ESG Policies

In 2021, Ozon developed its own sustainability agenda, based on its mission, values and business goals, with a view to ensuring regulatory compliance and sustainable business operations. We have also developed policies and guidelines to formalize our ESG framework:

- Code of Corporate Ethics and Business Conduct (Code of Ethics)
- Anti-bribery and Anti-corruption Policy
- Anti-corruption and tax compliance clauses for counterparties
- Ozon Marketplace Seller Code
- Rules for Selling Goods and Services
- Insider Trading Policy
- Sanctions Compliance Policy
- Anti-Illicit Trade Policy
- Anti-money Laundering Policy
- Conflicts of Interest Disclosure Policy
- Charity Policy
- Golden Safety Rules
- Compliance Hotline Policy
- Risk and Incident Management Policy
- Personal Data Processing Policy
- Privacy Policy
- Personal Safety Rules
- User-Generated Content Policy for Ozon Resources

Our Approach to Sustainability Management

Human Rights

Ozon takes a holistic approach to human rights, including buyers, sellers and suppliers in the big picture. We prioritize fair competition practices, provide transparent and equal terms to all our sellers, and care about the safety of both the goods sold on our platform and our facilities. We have zero tolerance for any forms of commercial bribery, discrimination or restrictive business practices.

At Ozon, we are committed to ensuring that everyone receives the highest level of service. For our buyers with vision impairments, we have developed a special mode that enables users to view our Marketplace pages with fewer elements and a larger font. We ensure that our pickup points are accessible to, and usable by, people with disabilities. Ramps and call buttons for employees are installed at the majority of pickup points.

We are also the first online platform where people with disabilities can use using electronic certificates to purchase rehabilitation equipment. Now buyers can obtain a certificate and purchase the equipment they need from anywhere in Russia, through our platform, in just five days

(instead of waiting several months to order and receive their equipment through complex offline procedures)

Our corporate culture strictly adheres to human rights principles. Compliance with these principles enables us to attain our established objectives, project an image of transparency and be an attractive employer in a competitive labor market.

We believe that respecting all our employees and partners and protecting their rights is instrumental in delivering on our business goals and promoting our employer brand in the market.

We treat all our employees, contractors, sellers, buyers and partners with equal respect, whatever their affiliation with us.

Interaction between our employees and the employees of contractors is based on our high standards of corporate culture. We provide equal opportunities to all our employees and external candidates. Our promotion system is clear and transparent; we provide equal career opportunities irrespective of gender, age or ethnicity.

Our employees have access to a range of feedback mechanisms to report issues concerning human rights, ethics, corruption or violations of the Code of Ethics, including a dedicated 24/7 hotline. We guarantee the confidentiality of all reports, and we also guarantee that employees will not face any retaliation for reporting issues.

For more information, please refer to the "Ethics and Compliance" section of this Annual Report.

Sustainable Online Trade

Our influence extends beyond the lives of individual people who choose Ozon, encompassing a broader impact on society at large. By fostering economic growth across all regions where we operate, we strive to enhance the overall quality of life for individuals, thereby contributing to societal advancement.

The expansion of the Ozon fulfillment and logistics infrastructure spurs the development of e-commerce by giving sellers an opportunity to establish national and even cross-border sales with lower logistics expenses. Moreover, through the opening of logistics hubs, we allow people to start and run their own business.

Our Buyers

We aim to provide a platform for buyers, sellers and our partners, where all parties are confident that their interests will not be infringed, and nothing threatens their safety. We strive to make online shopping convenient, safe and accessible, enabling our buyers to improve the quality of their lives and access modern services.

We offer equal access to a wide assortment of products, convenience of purchase as well as competitive prices on our platform to customers across Russia and the CIS.

We use advanced information technologies to analyze the needs and preferences of our customers and provide them with flexible financial instruments and extensive logistics infrastructure to enhance their consumer experience.

Countering sales of counterfeit goods

We care about the quality of the goods sold via our marketplace and our Direct Sales business, so the sale of counterfeit or substandard goods is prohibited. We use a set of anti-counterfeiting measures to ensure that the goods available on our marketplace are of high quality. We use an automated moderation system that checks product cards against a set of rules and criteria and clears products for sale. We also utilize a machine-learning-based model to screen the goods already put for sale on the marketplace and conduct additional monitoring for sensitive categories. We request certification documents for frequently counterfeited brands and quality-sensitive goods, such as vitamins and baby formula. To identify counterfeit goods, we maintain close contact with the owners of various brands, and analyze customer reviews and requests.

Financial solutions

We are actively developing a number of fintech initiatives that we believe should complement our primary e-commerce business and that are aimed at increasing our average order value, retaining our buyers and driving loyalty on the part of our sellers. In recent years, we have already introduced a number of fintech offerings, such as Ozon Card and Ozon Installment. For more details, please see the "Financial Services Offerings" section of this Annual Report.

Ozon's fintech offerings have the potential to significantly improve people's lives in several ways:

Financial Inclusion: the BNPL service and improved access to financial products can promote financial inclusion by providing alternative financing options to individuals who may have limited access to traditional banking services.

Convenience and Efficiency: the integration of financial services within the Ozon platform creates a seamless and efficient shopping experience.

Affordability: cashback rewards, discounts, and flexible payment options make it easier for customers to afford desired products and services.

Sustainable Online Trade

Our Sellers

>450k

sellers on our platform[1]

>85%

of the sellers on our platform are from regions beyond Moscow[1]

We offer equal access for sellers to a base of buyers that numbers in the millions. We believe that our platform provides an opportunity for businesses of all sizes and stages in Russia to achieve greater success online. We make a point of helping all sellers — both newcomers and experienced, prioritizing local businesses across Russia — to grow and expand their business. By giving sellers access to a customer audience of millions and an advanced logistics network, we enable small enterprises to scale their business in Russia and beyond. Our seller offering includes a competitive rewards system, a variety of training programs, advertising tools and analytics, flexible payments and delivery options.

Training and development

For our sellers, we develop training projects for all ages and levels. Our goal is to set up a learning environment where everyone, from students to experienced professionals, can feel at home. We help individuals improve skills that could come in handy in their current career or set them on a path to a new one.

We launched Ozon Seller University, where we teach beginners how to get started on our marketplace and where we advise experienced sellers on how to increase sales. All our training programs are free and available in several formats so that sellers can find the one that suits them best. Our Seller University offers reference materials, webinar recordings and a YouTube channel with information on our seller offering and changes to it. We also have a corporate publication for sellers — the online magazine Bestseller.

Technical support and analytical tools

We actively focus on increasing the range of features we offer to sellers to enhance the attractiveness of our marketplace to our current and potential sellers. We have developed a number of initiatives, including the Ozon Seller platform and our Ozon Seller app, which give our sellers access to a broad set of advanced tools for stock management, assortment management, product pricing and marketing, including analytical and financial performance reports on their sales and expenses such as storage, returns or fulfillment expenses, as well as a suite of promotional and profit management tools.

In 2023, Ozon developed Ozon Data, a service that provides reliable analytics to all market players, including those with no connection to Ozon, based on consumer demand and category data on Ozon, designed to help potential players in the retail market obtain representative analytics to assess consumer demand and analyze categories on the Ozon marketplace. Ozon Data helps evaluate how a particular product is represented in e-commerce and determine the best structure in terms of sales channels and product mix. The service provides exhaustive, transparent, and precise information on the structure of sales in the selected niche on the marketplace.

>90%

of our sellers manage their sales from a mobile device by using the Ozon Seller app

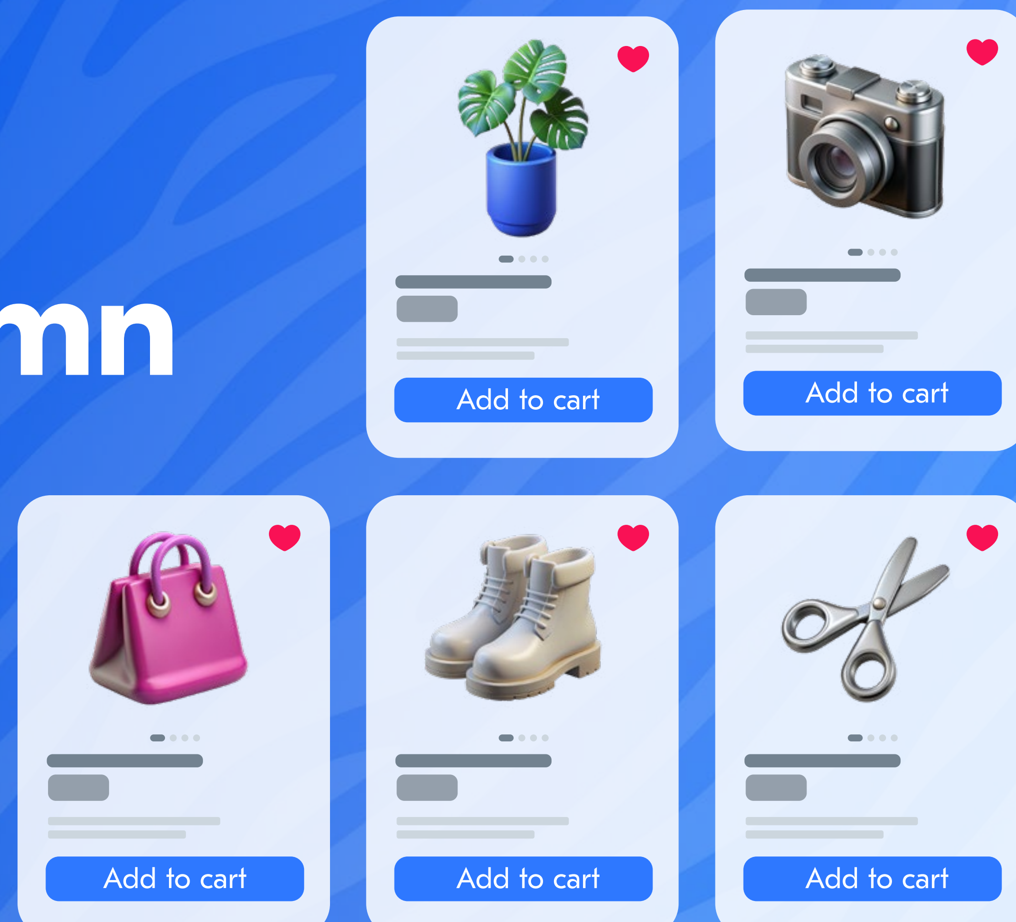
[1] As of December 31, 2023.

Sustainable Online Trade

Ozon Data generates analytics covering

635
subcategories

and >69 mn
SKUs



We monitor the quality and legality of all goods sold via our marketplace. For us, it is extremely important to ensure that no faulty goods appear on the marketplace and that new SKUs are put on sale in a prompt manner.

Ozon Tech developed a product moderation solution based on machine learning (ML): it verifies product cards as they are uploaded, analyzing potential violations in photos and descriptions. Along with pre-moderation, Ozon's quality service uses ML-based models to carry out continuous post-moderation, monitoring products already admitted to the platform.

Seller support programs

Ozon Fintech continues to develop an array of financial services in the B2B segment. Our ultimate goal is to ensure that each Ozon seller wishing to develop their business can do so with the use of our financial services: making settlements faster, managing liquidity or obtaining business financing. For more details, please see the "Financial Services Offerings" section of this Annual Report.

Our many years of experience and constantly improving market analysis tools allows us to understand the needs of our sellers. We offer them customized convenient and affordable tools to overcome possible difficulties, as their business grows. Our financial offerings help sellers to develop their business, optimize operations and improve cash flow management.

Competitive rewards system for sellers

Ozon has developed a clear and transparent system of remuneration for sellers on the marketplace. Sellers can familiarize themselves with the rewards system, which enables sellers to optimize the growth and development of their business.

Sustainable Online Trade

Ozon Care

Ozon Care is a charity support program, that leverages our marketplace to connect buyers, sellers and charitable organizations to benefit vulnerable socio-economic groups.

On our marketplace, non-profit organizations can collect donations using charitable certificates, sell merchandise or products made by beneficiaries, receive donations from sellers, and participate in special initiatives organized by Ozon and its partners.

Ozon Care provides charitable foundations with access to a large pool of potential donors, by allowing our buyers to incorporate charitable donations into their online shopping experience. There are several ways to support charities with Ozon — make a donation, buy merchandise offered by charity foundations, or buy branded goods from sellers who transfer a percentage of their sales to charity.

Ozon makes sure that it helps trusted and efficient charities that are transparent and regularly disclose their results.

Since its inception, the project has achieved the following results:

>56.8 mn RUB
in charitable contributions collected

>145
participating charities

>1.2 mn
contributors

The list of participants is consistently expanding. Ozon Care diligently evaluates applications from all organizations wishing to participate in the program.

Joining Ozon Care

A charity can apply to join the program by writing to care@ozon.ru

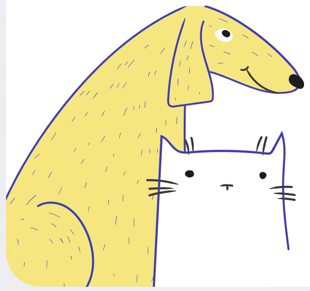
Sustainable Online Trade

Charity organizations from four areas are currently represented at Ozon Care:

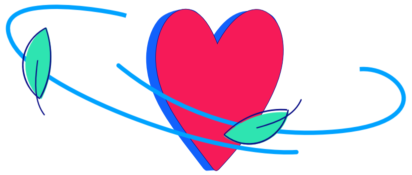
Helping children

Helping adults

Helping animals



Protecting nature



Ozon does not charge charities for using the Ozon Care platform

For non-profits, Ozon offers special service terms: a reduced fee rate (2%) and free-of-charge storage of products at Ozon's warehouses[1]

Within Ozon Care, special charity certificates can be used to make direct donations to charity foundations. Ozon users do not have to go to the charity's website to make a donation; certificates can be purchased like regular products via users' shopping baskets. Certificates are available in multiple denominations.

Ozon employees participate in events conducted by verified charities, such as running and biking races, or take part as volunteers. The Company supports all participating employees and makes donations to charities on their behalf. Ozon Care arranges blood donation days as well as educational events on social and health-related topics.

[1] As of December 31, 2023.

Sustainable Online Trade

Socio-economic Development

Multi-category marketplaces are the main driver of e-commerce market growth. The development of marketplaces, including Ozon platform, has formed a new class of online entrepreneurs, who stimulate the development of the Russian economy and ensure fulfilling the growing customer demand even in the most remote regions of our country. Due to the large scale of our operations, we believe that we have a material impact on the socio-economic development of the communities in which we operate.

Product availability

Business development

Development of domestic technologies

Demand in the real estate market

Stimulating production

46.1 mn buyers[1]

Marketplace:

- Agents of pickup points
- Integrators
- Developers
- Banks
- Russian Post
- Couriers
- Carriers
- Employees

>450k sellers[1]

[1] As of December 31, 2023.

Sustainable Online Trade

Support for small business

We empower SMEs in Russia and abroad by providing entrepreneurs with a platform for growth, and our growth is driven primarily by the growth of our sellers. We enable our buyers to find unique products from sellers and manufacturers of any size. In doing so, we are strengthening relations between buyers and local sellers, which stimulates the development of the Russian economy and opens up new opportunities for entrepreneurs.

We have a broad responsibility to support small business by lowering the threshold to entering into entrepreneurship.

In 2023, the number of sellers who operate with us has doubled, and for 64% of them, Ozon is their first business. Thousands of people start their journey into entrepreneurship with us — we provide sellers with marketing tools, a customer base, as well as warehouse space and ready-made logistics solutions, which significantly lowers the threshold of entry into the business. Sellers no longer need a large amount of capital to start their own business, and they are only 24 hours away from the start of sales.

To support new sellers, we are developing a corporate university, where we teach them the fundamentals of working at marketplace, as well as the basics of entrepreneurship, which helps sellers to increase their turnover in the shortest possible time.

In the first 3 years, the turnover of sellers grows
about 6 times

Support for opening pickup points

At the end of 2023,

more than 95% of over 45,000

Ozon-branded pickup points were operating under a franchise

We are convinced that a wider network of pickup points is key for enhancing the customer experience with Ozon, while also increasing order frequency. Therefore, our business focus for 2024 is on developing our delivery network and increasing the profitability of our partners operating pickup points. By encouraging our partners to open new franchise pickup points, we empower them to improve the efficiency of existing pickup points.

8/10

Ozon customers prefer to pick up their orders from pickup points, as opposed to other delivery options

In 2023, the company actively provided and developed business opportunities in small towns[1] in Russia. This included business training, as well as the development of advertising and logistics capabilities. The dynamics of business growth in small towns in 2023 was as follows:

>2 times
growth in sellers' turnover in regional markets[2]

>8k +166% growth[3]
owners of pickup points

~840k RUB
support for opening pickup points

>15k +165% growth[3]
pickup points

[1] Towns with a population of up to 50,000.
[2] As of December 31, 2023.
[3] Year-on-year growth.

Sustainable Online Trade

Home-based and third-party pickup points

Every 4th **pickup point is located in towns with a population of less than 10,000**

We see huge potential for entrepreneurs and customers in small towns and villages. We understand that the selection of goods in offline retail might be limited in regional markets, and we welcome regional customers to the millions of SKUs available from Ozon.

Expanding our coverage to small towns is possible only in partnership with local entrepreneurs, to whom we provide financial support, improved partnership terms and simplified launches. The remuneration for owners of such pickup points has increased from 2.7% to 5% of turnover, which is comparable to the profitability of other pickup point formats.

Local entrepreneurs are allowed to open pickup points in a private home or local store without renting separate premises[1]. This approach makes maintenance of pickup points less expensive for entrepreneurs. Today, around 2,000 pickup points operate in this format.

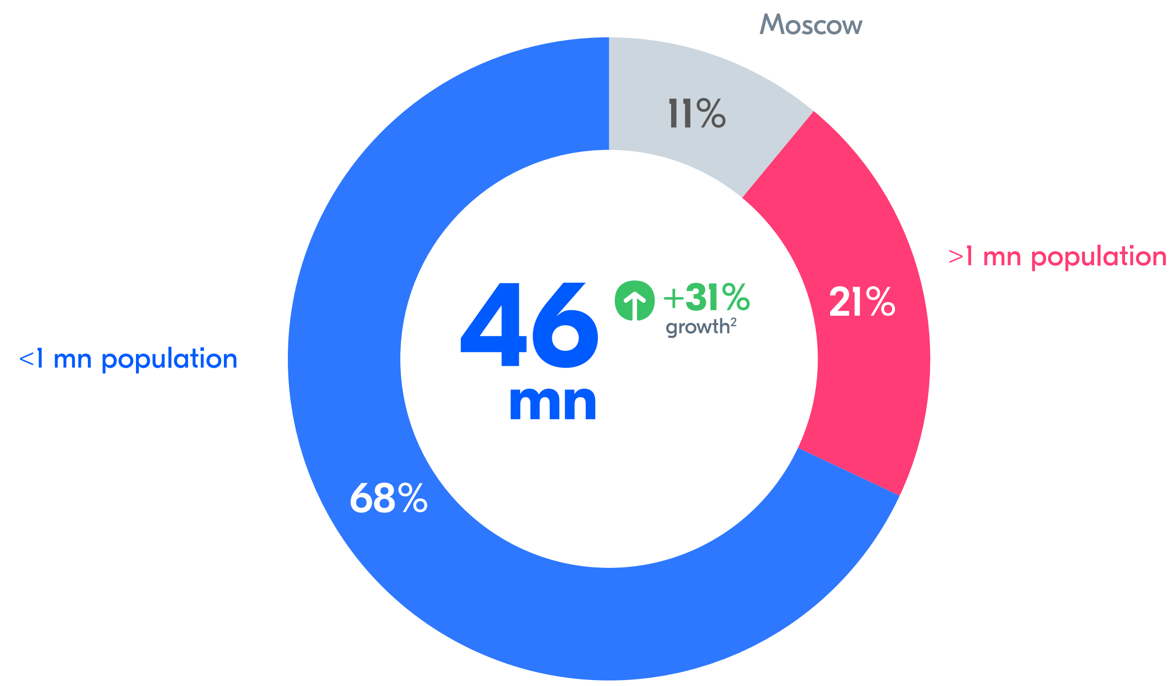
Pickup points in residential complexes

In addition to focusing on small towns and villages, the Company encourages entrepreneurs to open new pickup points in large residential complexes and new buildings that are underserved in terms of infrastructure.

Opening a pickup point in a new residential complex is usually associated with high rental and fitting-out costs: retail spaces are designed for larger businesses and usually come unfinished, shell-and-core-ready. The Ozon support program helps offset these costs, encouraging entrepreneurs to open pickup points in popular locations. Financial support for the first six months of operation of a pickup point in a new building or residential complex with more than 1,000 residents can reach RUB 3 million.

Ozon in regional markets

We believe that our impact on the economy and local communities in the regions where we operate increases with the growth of our business and, along with that impact, opportunities increase for us to make a positive impact in the places where we operate while creating value for our stakeholders. In 2023, one of our key priorities was to support entrepreneurs in regional markets. As of the end of 2023, approximately 90% of our active buyers were from regional markets across Russia, as follows:



[1] Special pickup points in small settlements and villages with a population of 1,000 to 3,500.
[2] Year-on-year growth.

Sustainable Online Trade

In 2023, Ozon invested in the development of logistics infrastructure in many Russian regions, including the republics of Tatarstan, Bashkortostan and Adygea; the Moscow, Saratov, Samara and Tula regions; and Khabarovsk Krai and Primorsky Krai. Ozon provided advertising opportunities for regional sellers and discounts for regional customers, and conducted webinars and offline educational meetings for partners on running a business. Our warehouses and logistics in general need external services and infrastructure, which provides work for transport companies of all sizes and other related businesses as well.

On average, along with the opening of a logistics hub, the number of entrepreneurs who become our sellers grows 2-fold. Last year alone, 115,000 entrepreneurs from cities with a population of less than 1 million people joined Ozon. By providing the regions where we operate with a large number of points of order delivery, we reduce the distance between sellers and buyers.

Furthermore, thanks to our nationwide logistics infrastructure, sellers gain access to the federal market, which leads to the expansion of their business. By scaling their business, sellers have a positive impact on the region where they operate, increasing the budget through tax deductions, as well as creating jobs, reducing unemployment in the region.

Attracting new sellers also has a positive impact on the remuneration of pickup points' owners, as the number of orders increases with the arrival of new sellers. In 2023 the number of orders has increased 2 times. And in the regions where we opened a fulfillment center, the time for delivery was significantly reduced. And in these regions, the number of orders is growing 3 times compared to last year.

Ozon fresh partners with farmers and food suppliers in regions where it operates to support local production and provide small businesses with a new modern sales channel.

Ozon, in cooperation with regional authorities and My Business dedicated regional business support centers, launched the project «Made in Russia» and actively developed it in 2023. We support regional product selections on the Ozon marketplace from local brands from the Moscow, Ivanovo, Lipetsk, Novosibirsk, Tula and Vologda regions, and the Autonomous Region of Yugra. Given its importance, we actively support the development of regional entrepreneurship through the use of special storefronts. These storefronts not only act as a marketing tool and have an impact on sales but are also an important reference point for consumers who are interested in purchasing products made by local brands.

In 2023, within the framework of the project, we have achieved the following results:

7 regional storefronts

1.7 mn SKUs

Favorites
250 iteams

~1.4 k local brands

18 mn products were sold

Environmental Responsibility

Ozon's primary environmental impacts are associated with the transportation of parcels and the operation of warehouses and last-mile infrastructure. Our commitment to minimizing our negative environmental impact is set forth in our Code of Ethics

Environmental management is overseen by the Environmental Safety Division and maintenance specialists at our logistics facilities. Our team does the following:

- ensures compliance with Russia's environmental laws and regulations,
- analyzes and manages environmental risks (prior to the opening of facilities and throughout their operational life cycle), and
- monitors our environmental performance.

Green Award

Our efforts aimed at the development of ESG practices and the promotion of conscious consumption and waste management practices were recognized with a Green Award from the federal municipal solid waste management company Russian Environmental Operator.

Joint Efforts to Promote the Green Agenda

In 2023, together with ECR and e-commerce market players, we participated in the development of recommendations for sustainable transportation packaging for e-commerce services.

These recommendations are a voluntary tool for self-assessment and self-regulation for e-commerce and retail businesses.

Ozon conducted a self-assessment of its packaging practices and confirmed that its practices in this regard are optimal.

Waste Management

To balance out the waste impacts from our rapidly growing e-commerce business, we are taking steps to divert more waste from being sent to landfills and exploring possible circularity measures through the Ozon Recycle program

Ozon manages waste-related matters in compliance with the relevant Russian environmental laws and regulations. In addition, the Company's Golden Safety Rules include a separate waste collection requirement that is mandatory for all employees.

We have outlined our regulations for the use of packaging in manuals developed to ensure the integrity of transported goods while minimizing the amount of packaging materials used.

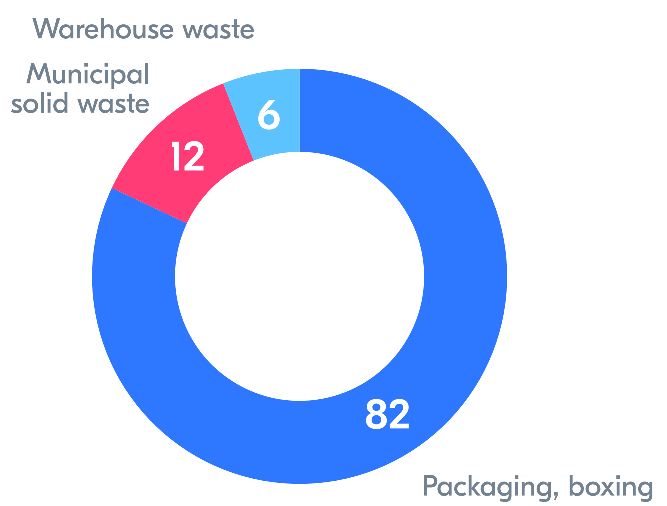
Total waste generation, tons

Hazard class[2]	2021	2022	2023
I	0	0	0
II	0	0	0
III	0	0	0
IV	13,330	10,547	10,804
V	15,720	1,346	78,336
Total	**29,050**	**11,893**	**89,140**

[1] Efficient Consumer Response working group.
[2] Hazard classes are defined in accordance with Federal Law No. 89-FZ of June 24, 1998 on Production and Consumption Waste.

Environmental Responsibility

Distribution by type of waste[1], %



Total waste generated by type[1], tons

	Weight	Composition
Municipal solid waste	10,804	Multi-component
Warehouse waste	4,965	Multi-component
Packaging/tare	73,371	Mono-component
Total waste generated	**89,140**	

In 2023, we took a number of steps to reduce the amount of waste generated:

1. We reduced the volume of packaging used.
2. We issued packaging manuals for sellers who waive extra packaging for a range of factory-packed goods (large-size goods, consumer electronics and household appliances, etc.)

Optimization of Tertiary Packaging

To make sure that goods purchased via Ozon reach their buyers intact, we use tertiary (transportation) packaging. We aim to strike a balance between avoiding damage during transportation and using as little packaging as is necessary.

In 2023, Ozon delivered almost twice as many orders as in 2022. Over the period from 2020 to 2024, the total use of packaging per 1,000 goods decreased by 63% thanks to the packaging optimization measures we started implementing in 2020.

Reduce in use of packaging year-on-year

2021 vs 2020 — **22**%
2022 vs 2021 — **37**%
2023 vs 2022 — **24**%

What we are doing to optimize packaging:

- We are phasing out additional corrugated packaging
- We are migrating to 100% reusable plastic containers when assembling parcels and sending them to pickup points
- We use the minimum packaging necessary

[1] As of December 31, 2023.

Environmental Responsibility

Ozon Recycle

We firmly believe that our buyers are as concerned about the environmental impact of online trade as we are. To address this concern in a meaningful and tangible way, we launched the Ozon Recycle program in 2014 to reduce the volume of packaging used and to reuse or recycle as much of it as we can.

To minimize the amount of waste we send to landfills, we sell recyclable waste to our partners through Ozon Recycle: cardboard boxes, stretch wrap, wooden pallets and scrap plastic boxes are collected and transferred to a recycling facility. We use a different waste logistics scheme in every region, depending on the available logistics channels and recycling infrastructure.

To raise buyers' awareness of the importance of recycling, we put recycling labels and messages on our cardboard boxes and plastic bags. Our buyers can also support Ozon Recycle by disposing of our Ozon-branded cardboard packaging at our designated pickup points when receiving an order.

Our customers can also support Ozon Recycle by bringing our Ozon-branded packaging to recycling points for disposal.

The percentage of waste sent for recycling is the key indicator we use to monitor our waste management performance. As of December 31, 2023, more than 82% of the waste generated from our operations (waste generated at fulfillment centers and sorting centers) was sent for recycling.

Recyclable waste is collected separately by type and composition. Secondary resources collected for transfer are loaded onto a counterparty's vehicles in accordance with the shipment schedule or in response to requests. The selection of counterparties for recycling goes through a strict tender procedure and is checked for compliance with all Ozon requirements.

We transfer waste for utilization in every region where we operate

Collecting recyclable waste at logistics facilities

↓

Collecting cardboard packaging from buyers at designated pickup points

↓

Selling recyclable waste to our partner waste management companies

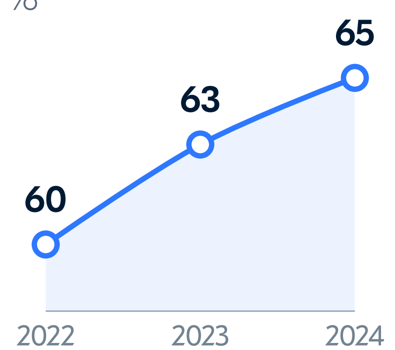
Ozon-branded cardboard boxes and plastic bags are recyclable, and our cardboard packaging is made completely from wastepaper

Environmental Responsibility

In 2021, our Ozon Recycle program won Green Trade's People's Choice Award for Green Project of the Year for the conservation and responsible use of forest resources.

As part of the Ozon Recycle initiative, the Company established the following waste recycling targets:

Share of waste transferred for recycling, %



In 2023, Ozon surpassed its waste recycling targets and achieved a result of

82%

We ensure that the following is done at all our pickup points and offices:

01 Recyclable waste is collected and sorted →

02 Batches of recycled waste undergo additional sorting →

03 Recyclable waste collections spots are visible on site

Ecology and Partners program

Another one of our strategic goals is to educate our partners (franchisees) on environmental protection. As part of our Ecology and Partners program, launched in September 2023, we pursue an environmental agenda for partner-operated pickup points: a dedicated team of 13 Ozon employees is driving this initiative across Russia.

>2k partners

have already completed training on environment-friendly business practices[1]

Key achievements

In 2023, the Ecology and Partners program was named one of the 10 best environmental projects in Russia, among thousands of initiatives, according to the All-Russian Green Award PLC REO[2] in the Corporate Projects category

[1] As of May 1, 2024.
[2] "Russian Environmental Operator" — public law company.

Environmental Responsibility

Natural resources and energy consumption

The main types of resources that we purchase and consume are fuel (gasoline and diesel), electricity, and heat and water. We are constantly exploring ways to use resources more efficiently. For example, we set target fuel consumption rates for courier vehicles (for summer and winter) and plan fuel-efficient delivery routes.

Green office

Our workforce is another important audience for our environmental initiatives. In 2021, we launched a corporate program to make our workplaces more sustainable and cultivate environment-friendly habits and behaviors among Ozon employees.

- Separate waste collection
- Reusable tableware and utensils
- Posters with suggestions on eco-friendly habits in our offices and logistics facilities
- Discussions on sustainability-related topics through internal communica-tion channels
- Swap cabinet for employees to exchange things in good condition

Cybersecurity and Data Privacy

Fraud prevention system

55k

cases of online fraud involving the unauthorized use of the Ozon brand were exposed[1]

54k

phishing sites were identified and blocked[1]

Additional personal data protection measures introduced in 2023

- We implemented a unified service for encrypting the databases of our services
- We removed customers' personal information from the labels that are attached to packages

Our information security and anti-fraud teams monitor our platform and the Internet overall every day to identify online fraud and design new safety measures to counter it.

To protect its customers, Ozon is on the constant lookout for phishing sites that imitate our marketplace; as another safety precaution, we mask personal details when delivering orders.

We educate our customers, raising their awareness of online fraud and offering internal courses on cyber hygiene, sharing tips and tricks on how to spot a fraudster or how to protect access to your buyer's or seller's account on the Ozon platform.

Personal data processing

0 Total number of identified leaks, thefts, or losses of customer data

We collect, process, store and transfer large amounts of confidential, corporate, commercial and personal data. We rely on user activity data to target advertising, offer personal product recommendations and fine-tune our operations. We realize full well our legal and moral responsibility for the safety and integrity of all this data and do our utmost to live up to the trust of our customers and partners.

In order to protect buyers and sellers' information and mitigate the fallout of any potential data leak or fraudulent activities (aimed at us directly or targeting our buyers or sellers), we have set up the following processes:

- risk management;
- vulnerability management;
- access management;
- secure development;
- incident management;
- ongoing monitoring and oversight of events (SOC 24/7);
- improving employee awareness.

[1] As of December 31, 2023.

Cybersecurity and Data Privacy

Information Security Department

As a customer-oriented business, we strive to achieve the highest-possible level of cybersecurity without compromising the user experience of our buyers and sellers. Our Information Security Department has developed a robust information security system to minimize our exposure to, and mitigate potential losses from, cyberattacks.

The Information Security Department includes the following divisions:

- SOC team
- Compliance and Data Security
- Information Security business partners
- Infrastructure Security team
- Product Security team
- Project Office

0 Complaints received from third parties and verified by the organization[1]

0 Complaints from regulatory authorities[1]

To ensure a high level of protection and business continuity, we have also developed a set of information security policies and rules that cover such processes as risk and incident management, secure communication, safe use of network resources and software, data privacy and personal data processing.

The analytical processes and protection tools implemented to protect data and our IT systems include perimeter protection tools, perimeter scanning, user rights restrictions on workstations, Secure Sockets Layer (SSL) encryption technology, antivirus protection, software update controls, code review and stress and load tests.

Given the escalating prevalence and complexity of cyberattacks targeting IT infrastructure in recent years, we have prioritized the development and implementation of comprehensive training programs for our staff. This initiative aims to empower our team with the necessary skills and knowledge to successfully mitigate cyber threats and safeguard our employees from the intricacies of cybercriminal tactics. Our staff undergo a training program that we developed in-house on workplace protection and password policy, rules for safe communication and the use of software, incident management and personal data protection. We also regularly screen our IT systems to detect data leaks and security breaches.

[1] As of December 31, 2023.

Cyber Security and Data Privacy

In 2023, we continued improving our IT security. To prevent and counter cyberattacks aimed at our IT infrastructure, we took the following steps:

- implemented a vulnerability management process that includes scanning the perimeter and internal resources for vulnerabilities and eradicates them, as well as running regular penetration tests;
- implemented a DDoS attack protection system, an anti-bot system and a web app protection system;
- analyzed code and libraries for vulnerabilities;
- analyzed the event logs of infrastructure components for anomalies and ensured a 24/7 response to them; and
- launched BugBounty, a crowd bug reporting initiative.

Industry standards and international best practices

We meet all applicable regulatory requirements, industry standards and international best practices in terms of information security and data protection, such as applicable Russian laws, PCI DSS, CBR standards concerning financial transactions conducted by our banking subsidiaries, as well as the standards of the third-party technology solutions that we use.

Our IT professionals hold the following certifications:

- CCNA
- CEH
- CCS-NCF
- CCS-ENSLD
- Security+
- CISSP
- ISSAP
- eWAPTXv2

Our cybersecurity specialists have completed the following training programs:

- Security analysis of Android applications
- White Hacker
- Testing security of IT systems
- Penetration testing of web applications
- Auditing network perimeter security

Our team implements international and Russian standards, such as

- ISO/IEC 2700x
- GOST R ISO/IEC 2700x
- PCI DSS

Frameworks and methodologies:

- OWASP
- MITRE
- CIS

Sustainable Employer

At Ozon, we prioritize creating a positive and inclusive work environment, investing in professional development, promoting diversity and inclusion, and encouraging social responsibility. This approach extends beyond just corporate social responsibility; it is a core component and a driving force behind our success and growth.

We are one of the biggest job creators in Russia. We offer work experience opportunities and strive to maintain a reputation as a stable and reliable employer. We have always been strongly committed to building a strong corporate culture and achieving high levels of employee engagement, which has led to better business performance, greater customer satisfaction and a stronger brand reputation.

Ozon regularly finds place in Russia's Top Employers ranking as the best place to work. For more information about our achievements, please refer to the "Awards and Recognition" section of this Annual Report.

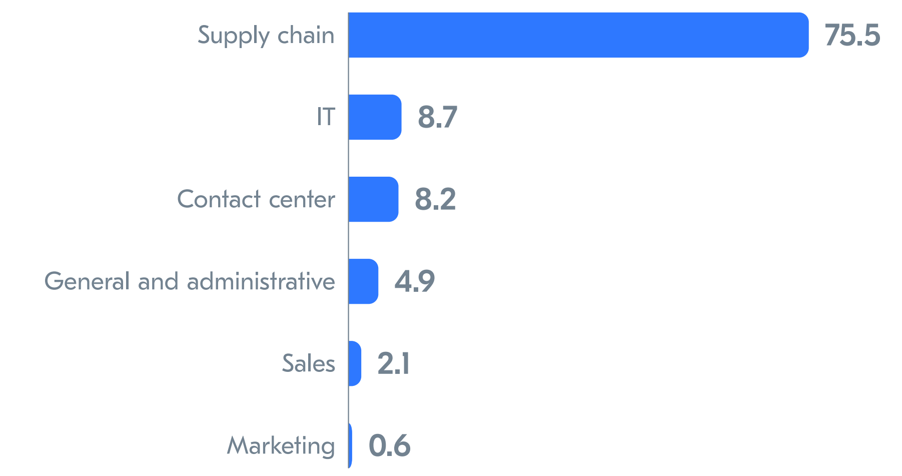
Our Team in Facts and Numbers

Talent is the backbone of our company. Committed and professional, innovative and passionate, our team supports our business operations, develops our corporate culture, builds relations with our partners and customers, and is the key overall driving force behind our growth and success.

We had more than 60 k

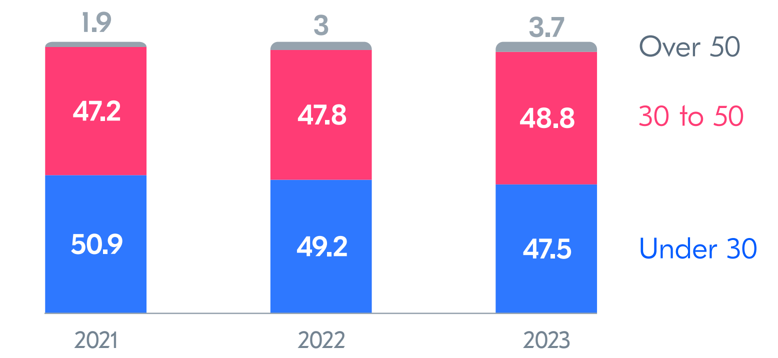
employees working in our fulfillment centers, delivery infrastructure operations and research labs and offices, as of December 31, 2023

Headcount by job category, %



We create jobs for people of all ages

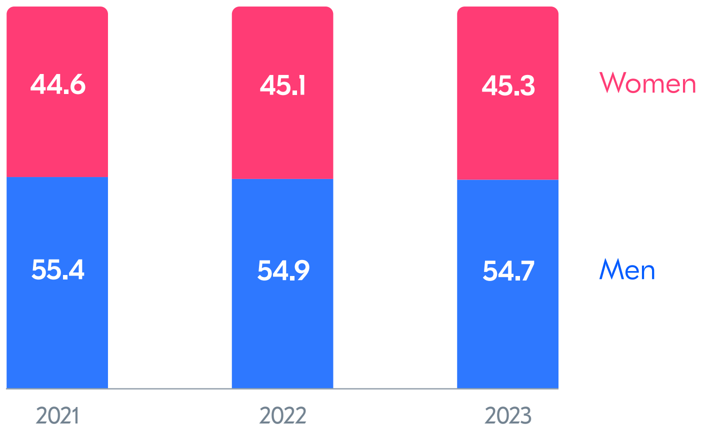
Average headcount by age group, %



Sustainable Employer

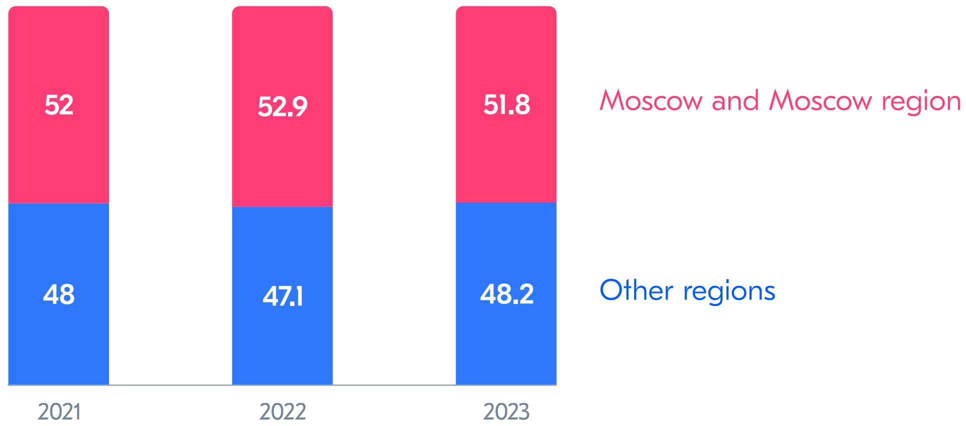
We maintain gender balance among employees

Headcount by gender, %



We generate employment opportunities in large cities, and also extend our job creation efforts to regional markets

Headcount by regions, %



Women's empowerment

At Ozon, we believe in equal opportunities for all. We support and promote women in all kinds of jobs at all levels, facilitating their career growth and professional development. Today, 42% of key roles[1] at Ozon are held by women.

We have every reason to believe that our relationship with our employees is healthy and robust, since we have not experienced any significant labor disputes. We maintain a balance between their interests and our interests as an employer. Our employees are not represented by any collective bargaining agreements or labor unions.

[1] Directors' positions in General and administrative (G&A).

Sustainable Employer

Our Responsibility to Employees

Employee Support

We provide our employees with all guarantees and benefits in line with regulatory requirements. We also go beyond the statutory package by implementing additional motivation and support programs.

Promotion and social support

Providing fair remuneration and adequate social support are essential pillars of our employer practices. We make use of both monetary and non-monetary incentives.

At Ozon, we have developed a system of job grades that determine income brackets for employees. For each grade, there is a set of KPIs that have to be exceeded for promotion to a higher grade. Every employee's performance is assessed biannually, using the KPIs.

Horizontal career tracks are also available, where an employee takes on a different type of job but remains in the same grade. Internal candidates go through pre-selection and interviews; the Company signs an addendum to the employment contracts of successful candidates, formalizing their transfer to their new position.

Ozon is a growing company; apart from organic growth, we may acquire whole businesses. When integrating new teams, we aim to scale our working environment and corporate culture and extend the same benefits and guarantees to all newcomers.

Benefits

Our employees' remuneration package is made up of a base salary and performance-based bonus.

The benefits package includes the following:

— voluntary medical insurance (fully paid by Ozon), which is available to certain categories of positions in accordance with the approved Insurance Policy; this type of insurance covers treatment for employees;

— accident insurance that covers events such as critical illness, injury, disability and death; this type of insurance pays out compensation but does not cover treatment;

— corporate discounts on the purchase of other insurance products (for example, insurance for cancer and cardiovascular diseases);

— discounts provided by partners, including discounts on a gym membership;

— a variety of payroll projects from different banks, including Ozon Bank;

— corporate sporting competitions, the provision of sports uniforms, compensation for participation in national competitions;

— meals and taxi allowance;

— mental-health support in the workplace; and

— access to financial and legal support services.

Employees can earn a referral bonus through our Bring a Friend program if they refer a qualified candidate for any of our open positions.

Ozon employees work across several location types, such as fulfillment centers, delivery and logistics infrastructure, research labs and corporate offices. When setting up a workplace, we are guided by all applicable regulatory requirements — occupational health and safety, working schedule, protection of employees' rights and interests, salary and social security — which we constantly monitor as they evolve.

Employee training and development

We are committed to delivering high-quality and innovative learning experiences that not only foster growth and development within our workforce but also help us stay competitive in today's rapidly changing business landscape.

We set up Ozon University for the training, assessment, and onboarding of personnel, where a team of specialists develops training courses for our employees and partners. We create unique educational content that is not yet available elsewhere in the market — for example, courses on troubleshooting for managers and on selling performance for office workers. We also invite industry professionals, trainers and consultants to provide specialized training and workshops to develop the skills of our staff.

Sustainable Employer

Making training programs available is one of our priorities

We are committed to ensuring that our employees are aware of our business mechanics and of the rules and standards we have in place. That is why every one of our employees and partners has to take mandatory courses through Ozon University, our learning management system.

The core curriculum consists of distance learning courses on the following subjects:

- corporate ethics and behavior;
- information security at Ozon;
- occupational health and safety;
- first aid in the workplace;
- insider information and rules for external communications;
- antitrust audits;
- personal data at Ozon;
- fraud.

On top of the core courses, there is a list of mandatory hard-skills programs for each vertical and grade that are designed to help employees handle their tasks faster and in a more efficient manner.

In our commitment to employee development and capacity building, we employ a product-oriented approach in the design of educational programs and courses. Through extensive research and development, we produce educational offerings that not only enhance employee skills and competencies but also address specific business challenges and identified pain points.

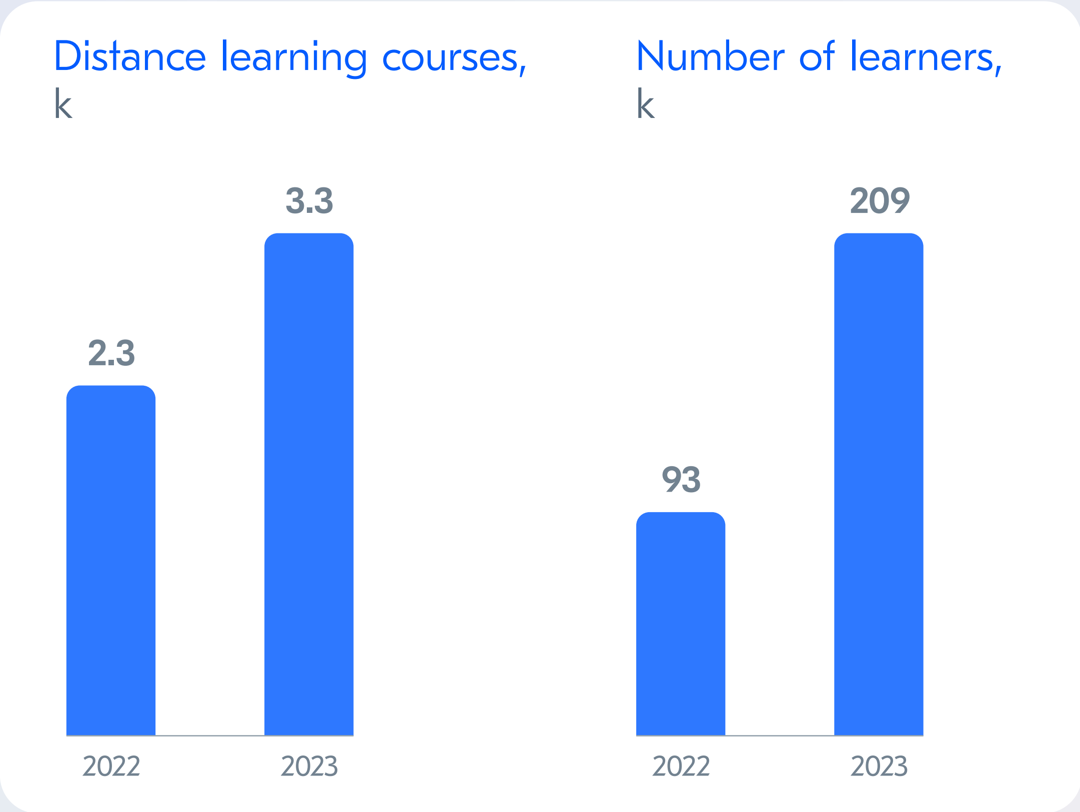
Our sophisticated analytics and dashboarding system enable us to monitor program performance in real time and make data-driven decisions for continuous improvement and expansion.

Additional distance learning courses are also available to our employees and partners.

To ensure that our employees receive high-quality preparation, we created the Ozon Learning platform, where all our distance learning courses are available to our staff

Sustainable Employer

There are over 200 course categories available at Ozon Learning to our employees and employees of our partners



44%
increase in the number of available online courses

126%
increase in the number of learners

5.9 h
average learning time per online learner

We aim to make different formats available on a single theme. When selecting a format, we consider the business goals and tasks, the target audience and the available resources. A flexible approach to learning enables us to create the most practical and effective training programs tailored to the needs of employees and the Company.

We provide different learning formats: apart from online courses, trainer-led courses are available. These programs are independently developed and conducted at Ozon University. Trainer-led courses are aimed at developing both personal skills (soft skills) and professional skills (hard skills) in each business area.

Another comprehensive format is our Profile School, where we provide learning trajectories based on specific job roles. Training is delivered in a blended learning format. Staff are responsible for learning one part of the information independently through distance learning courses and additional resources, and they learn the other part with the assistance of a trainer and through group work.

Sustainable Employer

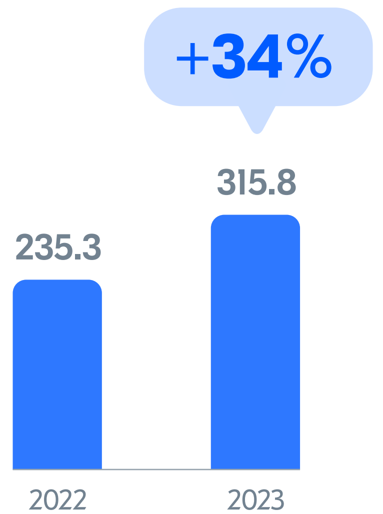
7.7 k

A total unique learners took part in soft-skills programs[1]

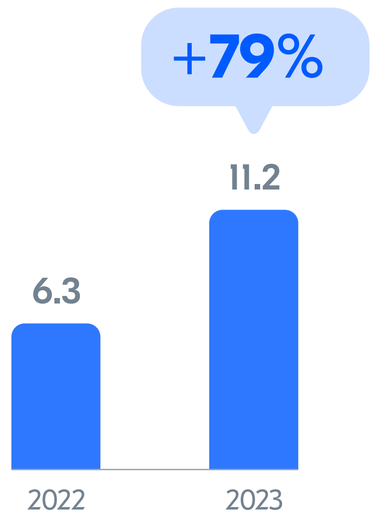
30.9 h

average learning time per employee for all types of education

Event turnout, k



Total events, k



Signing up new talent

Our company depends for its success on the ability to find, hire, develop and retain top talent. We strive to create a strong yet welcoming corporate culture and to attain a high level of employee engagement while providing multiple incentives and benefits to motivate personnel.

We endeavor to maintain a start-up culture that encourages continuous innovation and growth. We conduct semiannual reviews and feedback sessions to identify or adjust the learning and development objectives of our employees (for more information, please see the "Promotion and social support" section of this Annual Report). Our hiring criteria are based on the qualifications, skills and competencies of each candidate. We offer equal opportunities to all candidates, internal or external.

Ozon offers several internship programs where interns can improve their hard and soft skills by participating in workshops, assessment and feedback sessions, and the sharing of knowledge and best practices between junior and senior staff:

- Ozon Camp and Off Cycle for mature professionals in analytics, commerce, marketing, finance, business support, product and project management;
- Ozon Tech for beginner IT specialists.

Most of the internship participants not only gain valuable work experience in a large company, but also continue to facilitate their contribution to Ozon's development. Many interns have grown within the Company and now hold the leadership positions.

>500

people completed paid internship programs in 2023. During the last three years, the number of program graduates has exceeded 2,600 young professionals

7/10

graduates transferred to the marketplace staff after the internship

9/10

interns continued to work in the IT department

[1] As of December 31, 2023.

Sustainable Employer

Besides internship programs, we routinely collaborate with leading universities in the country, and we regularly attend career days at universities as well as inter-university events. Additionally, we conduct various lectures and master classes both at universities and at our office.

Our university partners:

- Higher School of Economics
- Moscow State University
- Russian Presidential Academy of National Economy and Public Administration Plekhanov Russian University of Economics
- Bauman Moscow State Technical University
- St. Petersburg State University
- Moscow Institute of Physics and Technology

In 2024, we plan to launch our first joint continuing education and professional development programs with leading universities and business schools in the country. In the future, we intend to create undergraduate and graduate programs in collaboration with these institutions to provide students with a well-rounded education that combines both academic and professional expertise.

Training and development plans

Our corporate university team is working toward obtaining an educational license in 2024. Once it is in place, we will be able to deliver reskilling and continuing professional development programs and issue state-approved diplomas

The key focus areas for the development of Ozon University are as follows:

- development of hard skills through the creation of an internal service called Expertplace;
- development of soft-skills programs;
- training of managers; and
- increase in number of trained employees.

These focus areas aim to provide comprehensive and effective training programs for employees and students, with a strong emphasis on practical skills, continuous learning, and collaboration with leading educational institutions and industry experts.

Occupational health and safety

At Ozon, the health and safety of our employees is one of our priorities. In all our operations, we ensure compliance with national health and safety legislation.

The direction of occupational safety and fire safety are responsible for ensuring that our employees have a safe and healthy place to work.

Ozon has a binding Health and Safety Management (HSM) Policy for all employees and contractors.

The Company's HSM documentation package includes the following policies:

- Safety Training Policy;
- Professional Risks Policy;
- Personal Protective Equipment Policy;
- Contractor Policy;
- Workplace Incident Investigation Policy;
- HSM Audit Policy.

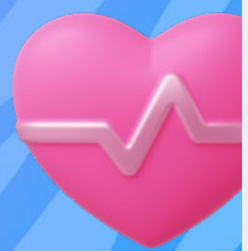
Sustainable Employer

The Company has a range of channels to report health and safety violations. Every employee can report safety concerns to their manager or health and safety officer or raise a ticket through the corporate portal.

The Company's health and safety training system is designed to meet the relevant regulations.

100%

of employees have completed health and safety training[1]



The Company investigates all workplace incidents resulting in injury, following which:

— an extraordinary briefing is conducted;

— measures to prevent similar occurrences are developed; and

— the investigation results are reported to the responsible employees.

[1] As of December 31, 2023.

FINANCIAL STATEMENTS

04

Key Indicators of Financial and Operating Performance

We regularly review a number of metrics, including the following key financial and operating metrics, to evaluate our business, measure our performance and liquidity, identify trends in our business, prepare financial projections and make strategic decisions. We believe these IFRS and non-IFRS financial measures and operating measures are useful in evaluating our performance.

	For the year ended December 31,		
(in millions of Russian Rubles, unless otherwise indicated)	**2023**	**2022**	**YoY, %**
GMV incl. services	1,752,277	832,240	111%
Number of orders, million	965.7	465.4	107%
Number of active buyers, million	46.1	35.2	31%
Share of Marketplace as a percentage of GMV incl. services	*83.1%*	*76.2%*	*6.9 p.p.*
Total revenue	424,291	277,115	53%
Gross profit	44,442	32,691	36%
Gross profit as a percentage of GMV incl. services	*2.5%*	*3.9%*	*(1.4 p.p.)*
Adjusted EBITDA	4,208	(3,215)	n/a
Adjusted EBITDA as a percentage of GMV incl. services	*0.2%*	*(0.4%)*	*0.6 p.p.*
Loss for the year	(42,665)	(58,187)	(27%)
Net cash generated from / (used in) operating activities	87,556	(18,753)	n/a
Net cash used in investing activities	(27,326)	(16,040)	70%
Net cash generated from financing activities	14,607	18,394	(21%)

Financial Highlights

Profit and Loss

The following table presents our results of operations for the years ended December 31, 2023, and December 31, 2022:

(in millions of Russian Rubles, unless otherwise indicated)	2023	2022[1]	YoY, %
Revenue:			
Sales of goods	166,708	135,278	23%
Service revenue	257,583	141,837	82%
Total revenue	**424,291**	**277,115**	**53%**
Cost of revenue	(379,849)	(244,424)	55%
Gross profit	**44,442**	**32,691**	**36%**
Operating expenses:			
Sales and marketing	(30,680)	(24,642)	25%
Technology and content	(26,862)	(22,206)	21%
General and administrative	(18,881)	(19,827)	(5%)
Losses related to the fire incident	(774)	(10,165)	(92%)
Total operating expenses	**(77,197)**	**(76,840)**	**0%**
Operating loss	**(32,755)**	**(44,149)**	**(26%)**
Finance expense, net	(5,415)	(16,838)	(68%)
Expected credit losses	(357)	(348)	3%
Loss on disposal and impairment of non-current assets	(188)	(1,079)	(83%)
Share of profit of an associate	316	289	9%
Foreign currency exchange (loss)/gain, net	(2,599)	4,963	n/a
Total non-operating expense	**(8,243)**	**(13,013)**	**(37%)**
Loss before income tax	**(40,998)**	**(57,162)**	**(28%)**
Income tax expense	(1,667)	(1,025)	63%
Loss for the year	**(42,665)**	**(58,187)**	**(27%)**

[1] Certain amounts were reclassified to comply with the presentation adopted in the current period as described in Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 in note 2.4 "Changes in presentation and reclassifications".

Financial Highlights

GMV incl. services

For the year ended December 31, 2023, GMV incl. services was RUB 1,752.3 billion, an increase of 111% year-on-year, compared with RUB 832.2 billion in the year ended December 31, 2022. The increase in GMV incl. services in 2023 was primarily attributable to the strong growth in the number of orders and a higher average order value. The number of orders more than doubled year-on-year for the year ended December 31, 2023, to 966 million as a result of accelerated growth in order frequency per active buyer and the expansion of our customer base. Order frequency per active buyer increased by 58% year-on-year and reached a milestone of 21 orders per year as of December 31, 2023. The number of active buyers increased by 31% year-on-year to 46.1 million as of December 31, 2023, marking an addition of 10.9 million new customers in 12 months.

Revenue

The following table presents our revenue, broken down by type, for the years ended December 31, 2023, and December 31, 2022:

(in millions of Russian Rubles, unless otherwise indicated)	2023	2022	YoY, %
Sales of goods	**166,708**	**135,278**	**23%**
Service revenue:			
Marketplace commissions	159,731	106,428	50%
Advertising revenue	70,442	26,268	168%
Financial services	12,989	1,088	1,094%
Delivery services	11,423	6,287	82%
Travel commissions	742	730	2%
Other revenue	2,256	1,036	118%
Total service revenue	**257,583**	**141,837**	**82%**
Total revenue	**424,291**	**277,115**	**53%**

By October 2023, Ozon completed the implementation of an agency model in the majority of its third-party (including last-mile and payment processing) services for sellers. As a result, our revenues from such services are recognized net of the costs of third-party service providers, which leads to a decrease in revenue with a corresponding decrease in cost of revenue (with no impact on the gross profit).

In the year ended December 31, 2023, our total revenue was RUB 424.3 billion, a 53% increase compared with RUB 277.1 billion in the year ended December 31, 2022, driven by marketplace commissions and rapid growth in revenue from advertising and financial services.

Revenue from marketplace commissions increased 50% year-on-year in 2023. The growth deceleration of marketplace commission revenue in 2023 compared with the previous period (140% year-on-year in 2022) was mainly associated with the transition to the agency model for the last mile and payment processing services and deployment of strategic investments in platform expansion, which is reflected in material growth of marketplace GMV: accelerated 130% year-on-year growth in 2023 compared with 118% year-on-year growth in 2022.

Advertising revenue almost tripled, showing a substantial increase of 168% year-on-year in 2023 to RUB 70.4 billion, as we introduced new advertising products, and more sellers utilized our advertising services.

Revenue from financial services increased 12-fold year-on-year in 2023 as Ozon Fintech continued to focus on expansion of its user base and product development.

Financial Highlights

Gross Profit

The following table presents our cost of revenue and gross profit for the years ended December 31, 2023, and December 31, 2022:

(in millions of Russian Rubles, unless otherwise indicated)	2023	2022	YoY, %
Total revenue	**424,291**	**277,115**	**53%**
Cost of revenue	**(379,849)**	**(244,424)**	**55%**
Cost of goods sold and inventory-related costs	(152,317)	(120,312)	27%
as % of GMV incl. services	*(8.7%)*	*(14.5%)*	*(5.8 p.p.)*
Other cost of revenue[1]	(227,532)	(124,112)	83%
as % of GMV incl. services	*(13.0%)*	*(14.9%)*	*(1.9 p.p.)*
Gross profit	**44,442**	**32,691**	**36%**
as % of GMV incl. services	*2.5%*	*3.9%*	*(1.4 p.p.)*

[1] Other cost of revenue mainly includes fulfillment and delivery costs, fees for cash collection and cost of financial services' revenue.

Cost of revenue was RUB 379.8 billion in 2023, with growth of 55% year-on-year, compared with 29% year-on-year growth in 2022. The acceleration of our cost of revenue in 2023 was mostly associated with an increase in fulfillment and delivery costs, including labor costs, as a result of the rapid expansion of our infrastructure to facilitate the growth of our platform.

Gross profit in 2023 increased by 36% year-on-year; however, it declined as a percentage of GMV incl. services by 1.4 p.p., from 3.9% in 2022 to 2.5%. The contraction of gross profit margin stemmed from our continued strategic growth investments in platform development and rising fulfillment and delivery costs due to continued expansion of our logistics infrastructure and a tighter labor market in Russia in H2 2023.

Operating Expenses

The following table presents our operating expenses, broken down by type, for the years ended December 31, 2023, and December 31, 2022, as a percentage of GMV incl. services:

	For the year ended December 31,				
	2023	**2023**	**2022**	**2022**	
	(RUB in millions)	**% of GMV incl. services**	**(RUB in millions)**	**% of GMV incl. services**	**YoY, %**
Operating expenses:					
Sales and marketing	(30,680)	(1.8%)	(24,642)	(3.0%)	25%
Technology and content	(26,862)	(1.5%)	(22,206)	(2.7%)	21%
General and administrative	(18,881)	(1.1%)	(19,827)	(2.4%)	(5%)
Losses related to the fire incident	(774)	(0.0%)	(10,165)	(1.2%)	(92%)
Total operating expenses	**(77,197)**	**(4.4%)**	**(76,840)**	**(9.2%)**	**0%**
Operating loss	**(32,755)**	**(1.9%)**	**(44,149)**	**(5.3%)**	**(26%)**

In the year ended December 31, 2023, our operating expenses were RUB 77.2 billion, remaining broadly flat compared with RUB 76.8 billion in the year ended December 31, 2022. Operating expenses, net of the losses related to the fire incident in 2022, decreased by nearly half as a percentage of GMV incl. services, from 8.0% in 2022 to 4.4% in 2023, and decreased to RUB 79 per order from RUB 143 in 2022 due to strong GMV growth and disciplined cost control resulting in improved operating leverage.

Sales and marketing. Our sales and market expenses increased by 25% to RUB 30.7 billion in 2023 from RUB 24.6 billion in 2022 mainly as a result of the development of Ozon Global, Ozon CIS and Ozon Fintech, as well as the ongoing recruitment of IT staff for fintech development. Sales and marketing expenses as a percentage of GMV incl. services decreased from 3.0% in 2022 to 1.8% in 2023 due to the benefits of scale.

Technology and content. The 21% year-on-year increase in our technology and content expenses from 2022 to 2023, to RUB 26.9 billion, was primarily attributable to an increase in our headcount, as we invested in improving our seller and buyer experience in order to accelerate our platform development and our Fintech business.

Financial Highlights

Technology and content expenses as a percentage of GMV incl. services decreased from 2.7% in 2022 to 1.5% in 2023 as a result of the operating leverage effect.

General and administrative. The 5% year-on-year decrease in our general and administrative expenses in 2023, to RUB 18.9 billion, was mainly due to the continuing favorable effect of cost optimization in 2022. General and administrative expenses as a percentage of GMV incl. services decreased from 2.4% in 2022 to 1.1% in 2023.

Losses related to the fire incident. In 2022, a fire broke out at one of our fulfillment centers. In connection with the incident, the Group incurred losses of RUB 0.8 billion and of RUB 10.2 billion for the years ended December 31, 2023, and December 31, 2022, respectively, which included damages to our merchandise; losses related to the disposal, impairment and derecognition of our property and equipment; third-party claims; and other expenses.

Loss for the period

Loss in 2023 was RUB 42.7 billion, compared with a RUB 58.2 billion loss for the previous year, as a result of higher gross profit, as well as the recognition of a gain related to the restructuring and settlement of convertible bonds in 2023, and a one-off loss related to the fire incident in 2022.

Adjusted EBITDA

The following table presents a reconciliation of loss for the period to adjusted EBITDA for each of the periods indicated:

	For the year ended December 31,	
(in millions of Russian Rubles, unless otherwise indicated)	**2023**	**2022**
Loss for the year	(42,665)	(58,187)
Income tax expense	1,667	1,025
Total non-operating expense	8,243	13,013
Depreciation and amortization	28,082	19,770
Share-based compensation expense on equity-settled share-based awards	8,107	10,999
Losses related to the fire incident	774	10,165
Adjusted EBITDA	**4,208**	**(3,215)**
Adjusted EBITDA as a percentage of GMV incl. services	*0.2%*	*(0.4%)*

Adjusted EBITDA provides useful information to investors for understanding and evaluating our operating results in the same manner as our management and Board.

We use adjusted EBITDA to assess the results of the operations of our operating segments. Adjusted EBITDA is calculated as a loss for the year before income tax expense, total non-operating expense/(income), depreciation and amortization, share-based compensation expense on equity-settled share-based awards and losses related to the fire incident.

Adjusted EBITDA was positive in 2023, reaching RUB 4.2 billion, compared with negative RUB 3.2 billion in 2022. Adjusted EBITDA as a percentage of GMV incl. services improved by 0.6 p.p. year-on-year to 0.2% for 2023. Adjusted EBITDA improved as a result of cost discipline, the operating leverage effect and greater monetization of our advertising and fintech services in 2023.

Liquidity and Capital Resources

Historically, we have financed our operations primarily through equity issuances, convertible loans, and credit facilities. We primarily attract financing for general corporate purposes, capital expenditures and operating expenses related to the expansion of our business. We also use leases to finance our fulfillment and delivery infrastructure and office premises.

Financial Highlights

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2023, and December 31, 2022:

	For the year ended December 31,		
(in millions of Russian Rubles, unless otherwise indicated)	**2023**	**2022**	**YoY, %**
Net cash generated from / (used in) operating activities	87,556	(18,753)	n/a
Net cash used in investing activities	(27,326)	(16,040)	70%
Net cash generated from financing activities	14,607	18,394	(21%)
Net increase/(decrease) in cash and cash equivalents	74,837	(16,399)	n/a
Cash and cash equivalents at the beginning of the period	**90,469**	**108,037**	**(16%)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,106	(1,169)	n/a
Effects of change in expected credit loss of cash and cash equivalents	(598)	—	n/a
Cash and cash equivalents at the end of the year	**169,814**	**90,469**	**88%**

Net cash generated from operating activities

Net cash generated from operating activities in 2023 was RUB 87.6 billion, compared with net cash used in operating activities in 2022 of RUB 18.8 billion, primarily as a result of favorable changes in our working capital on the back of a positive contribution from financial services, mainly due to growing customer deposits, and a contribution from accounts payable, amid the expansion of the Ozon marketplace.

Net cash used in investing activities

Net cash used in investing activities in 2023 increased to RUB 27.3 billion from RUB 16.0 billion in 2022 mainly as a result of a return of deposits in 2022, which was partially offset by lower capital expenditure. Capital expenditures decreased by 17% year-on-year to RUB 29.7 billion.

Net cash generated from financing activities

Net cash generated from financing activities in 2023 was RUB 14.6 billion, compared with RUB 18.4 billion in 2022, primarily due to the early settlement of our convertible bonds.

Cash and Cash Equivalents

Cash and cash equivalents amounted to RUB 169.8 billion as of December 31, 2023, in contrast to RUB 90.5 billion as of December 31, 2022.

Working Capital

	As of December 31,	
(in millions of Russian Rubles, unless otherwise indicated)	**2023**	**2022**
Working capital:	**(179,000)**	**(55,316)**
Inventories	40,409	34,615
Accounts receivable	7,156	6,707
Loans to customers	45,370	5,585
Other financial and non-financial assets	8,736	16,502
Trade and other payables	(169,222)	(94,749)
Customer deposits and other financial liabilities	(65,049)	(6,138)
Customer advances and contract liabilities	(40,381)	(17,838)
Liability for cash-settled share-based awards	(6,019)	—

As of December 31, 2023, our working capital mainly comprised trade accounts payable, customer deposits, loans to customers, inventory and customer advances.

Financial Highlights

Our *accounts payable* mainly include trade payables for products purchased from suppliers and payables to third-party sellers on our marketplace. As of December 31, 2023, and December 31, 2022, our short-term accounts payable amounted to RUB 169.2 billion and RUB 94.7 billion, respectively. These changes reflect significant growth in the scale of our business.

Our *customer deposits* mainly include outstanding balances in Ozon Bank users' accounts. As of December 31, 2023, and December 31, 2022, our customer deposits and other financial liabilities amounted to RUB 65.0 billion and RUB 6.1 billion, respectively. A significant increase in customer deposits was possible due to the intense development of Ozon financial services in 2023, with a focus on building up the pool of financial services users and launching new product offerings.

Our *loans to customers* include loans to legal entities and individual entrepreneurs and individuals, net of allowance for expected credit losses. As of December 31, 2023, our loans to customers had increased to RUB 45.4 billion from RUB 5.6 billion as of December 31, 2022, as a result of the development of our fintech credit products.

Our *customer advances* include liabilities for up-front payments collected from customers for orders of third-party sellers' products that are due to be transferred to the sellers upon delivery of the orders. As of December 31, 2023, our customer advances and contract liabilities had increased to RUB 40.4 billion from RUB 17.8 billion as of December 31, 2022.

Capital Expenditures

Our capital expenditures over the years presented mainly included payments for warehouse equipment, computer equipment and other hardware, as we expanded our business and our fulfillment and delivery infrastructure and invested in technology to support the anticipated growth of our business.

For the year ended December 31, 2023, our capital expenditures decreased to RUB 29.7 billion from RUB 35.8 billion on the back of the shift of a portion of planned capital expenditures for 2023 to the next period.

Lease Liabilities and Commitments

Our lease liabilities arise primarily from our long-term leases on our fulfillment and sorting centers, pickup points, office premises, IT and other equipment and vehicles. These lease liabilities are primarily denominated in Russian rubles and have maturity periods ranging from one to thirteen years.

Our lease liabilities as of December 31, 2023, and December 31, 2022, were RUB 124.3 billion and RUB 74.5 billion, respectively. The increases across these dates were primarily attributable to the expansion of our fulfillment and logistics infrastructure and office premises as we scaled up our business.

We also entered into lease contracts for offices and fulfillment and sorting centers that had not yet commenced operations as of December 31, 2023. The lease terms are from 10 months to 17 years. The future undiscounted lease payments for these lease contracts are as follows:

(in millions of Russian Rubles, unless otherwise indicated)	Within 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2023	6,348	43,681	53,840	242,734	**346,603**
As of December 31, 2022	1,986	8,033	8,906	34,044	**52,969**

Financial Highlights

Borrowings

	Effective interest rate (December 31, 2023 / 2022)	Currency	Maturity (2023/2022)	December 31, 2023	December 31, 2022
Credit facility	20.2%/13.6%	RUB	2025-2026/2026	60,186	37,407
Bank loans	20.2%	RUB	2026	29,959	—
Credit line	20%	RUB	2024	12,037	—
Equipment financing	10.2%/10.5%	RUB	2024-2030/ 2023-2030	2,189	3,111
Convertible bonds	n/a/5.1%	USD	n/a/2023	—	53,597
Total				**104,371**	**94,115**
out of which					
Non-current				88,328	38,900
Current				16,043	55,215

Our borrowings as of December 31, 2023, and December 31, 2022, were RUB 104.4 billion and RUB 94.1 billion, respectively.

Credit facility

In September 2022, the Group entered into credit facility agreements for a total principal amount of up to RUB 60.0 billion with third parties (the "Facilities"). The facility carries a floating interest rate linked to the Russian key rate or a fixed rate (as determined in each of the credit facility agreements). A portion of interest is payable quarterly in arrears, while the other portion is capitalized on a quarterly basis and is repayable with the principal amount at the maturity of the debt. The principal amount, together with the capitalized interest, is repayable in 2025–2026. The Group incurs fees and commissions in connection with utilization and maintenance of the Facility. Concurrently with the facility agreement, the Group entered into an option contract with one of the creditors, whereby the creditor is eligible for a net payment, either in cash or in the Company's shares at the discretion of the Company, which is linked to internal rate of return of the Facility and price of the Company's shares ("Option") at the exercise dates. The Option is exercisable, at the discretion of the creditor, from 2024 to 2027. The Facility and the Option are linked transactions and are collectively referred to as the "Financing Arrangement".

In 2022, the Group drew down, in two tranches, RUB 40.0 billion of the principal amount in cash. In April 2023, we drew down the outstanding part of the credit facility of RUB 19.9 billion.

As of December 31, 2023, the fair value of the Option in the financing arrangement was RUB 12.5 billion (as of December 31, 2022: RUB 3.0 billion) and was determined based on the quoted market prices and indexes and included in financial liabilities.

Bank loans

In 2023, we entered into a long-term credit agreement with a third-party bank for a principal amount of up to RUB 30.0 billion. We drew down RUB 30.0 billion in two tranches during 2023. The loan carried a floating interest rate linked to the Russian key rate. Interest is payable on a quarterly basis. The principal amount is repayable in 2026.

Credit line

In 2022, we entered into a short-term credit line agreement with a third-party bank for a principal amount of up to RUB 35.0 billion. Each tranche drawn down under the credit line agreement carried a floating interest rate linked to the Russian key rate.

Convertible bonds

In 2023, we redeemed bonds for the total redemption payment of RUB 38.4 billion, out of which RUB 2.3 billion was deposited with the payment agent in 2022. In accordance with the terms of the restructuring, the trust deed relating to the bonds and all ancillary documents relating to the bonds terminated on the date when the Company announced the cancellation date for the bonds, which was May 19, 2023, except for a deed poll issued by the Company on 25 October 2022 allowing the holders of the bonds who had not participated in the restructuring to make claims for payment of cash redemption amounts in accordance with the terms and conditions of the deed poll. As of December 31, 2023, the remaining amounts payable under the deed poll, RUB 0.5 billion, were presented in the *trade and other payables line* of our interim condensed consolidated statement of financial position.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021:

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors Ozon Holdings PLC:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Ozon Holdings PLC and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Classification and measurement of liability for the cash-settled share-based awards and equity-settled employee benefits reserve

As discussed in Notes 2.6(h), 3 and 27 to the consolidated financial statements, during the year ended December 31, 2023, the Company changed classification of a portion of its equity-settled employee benefits reserve to liability for the cash-settled share-based awards. As of December 31, 2023, the liability for the cash-settled share-based awards was RUB 7,084 million, the equity-settled employee benefits reserve was RUB 15,622 million.

We identified the classification and measurement of the liability for the cash-settled share-based awards and equity-settled employee benefits reserve as a critical audit matter. Evaluating the classification and measurement of the liability for the cash-settled share-based awards and equity-settled employee benefits reserve required subjective and complex auditor judgment, specifically the assessment of terms and conditions of the Company's Equity Incentive Plan (the EIP) that affects the change in the classification of the transaction from equity-settled to cash-settled, and evaluating the methodology and key assumptions used in measurment of the corresponding liability and reserve, such as identification of grants subject to the cash settlement.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and implementation of internal controls over the classification of share-based awards and over the measurement of the liability for the cash-settled share-based awards and equity-settled employee benefits reserve, including controls over the significant assumptions noted above. We held discussions with finance personnel of the Company to further evaluate the classification of the remaining share-based employee benefits and related reserves. We challenged the assumptions used for the measurement of the liability for the cash-settled share-based awards and equity-settled employee benefits reserve and compared them to underlying support. We evaluated the mathematical accuracy of the computations used to determine the amount of the liability for the cash-settled share-based awards and equity-settled employee benefits reserve and compared the calculated amounts to the amounts recorded in the consolidated financial statements. We compared initially measured liability for the cash-settled share-based awards to the actual amounts of subsequent cash settlements with the EIP participants.

JSC "Kept"

We have served as the Company's auditor since 2018.

Moscow, Russia
April 8, 2024

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended December 31, 2023, 2022 and 2021

(in millions of Russian Rubles, unless otherwise stated)

	Notes	2023	2022[1]	2021[1]
Revenue:				
Sales of goods		166,708	135,278	120,792
Service revenue		257,583	141,837	57,423
Total revenue	**4**	**424,291**	**277,115**	**178,215**
Cost of revenue	6	(379,849)	(244,424)	(188,827)
Gross profit		**44,442**	**32,691**	**(10,612)**
Operating expenses:				
Sales and marketing	7	(30,680)	(24,642)	(24,121)
Technology and content	8	(26,862)	(22,206)	(12,583)
General and administrative	9	(18,881)	(19,827)	(11,540)
Losses related to the fire incident	10	(774)	(10,165)	—
Total operating expenses		**(77,197)**	**(76,840)**	**(48,244)**
Operating loss		**(32,755)**	**(44,149)**	**(58,856)**
Finance (expense)/income, net	11	(5,415)	(16,838)	2,023
Expected credit losses		(357)	(348)	—
Loss on disposal and impairment of non-current assets		(188)	(1,079)	(33)
Share of profit of an associate		316	289	197
Foreign currency exchange (loss)/gain, net		(2,599)	4,963	(108)
Total non-operating (expense) / income		**(8,243)**	**(13,013)**	**2,079**
Loss before income tax		**(40,998)**	**(57,162)**	**(56,777)**
Income tax expense	12	(1,667)	(1,025)	(2)
Loss for the year		**(42,665)**	**(58,187)**	**(56,779)**
Other comprehensive income for the year				
Items that are or may be reclassified to profit or loss (net of tax):				
Exchange differences on translation of foreign operations		133	(67)	(3)
Other comprehensive income, net of tax		**133**	**(67)**	(3)
Total comprehensive income for the year		**(42,532)**	**(58,254)**	**(56,782)**
Loss per share, in RUB				
Basic and diluted loss per share attributable to ordinary equity holders of the parent	**13**	**(204.3)**	**(278.7)**	**(276.1)**
Basic and diluted weighted average number of ordinary shares	13	208,862,165	208,752,123	205,619,832

[1] Certain amounts were reclassified to comply with the presentation adopted in the current period as described in note 2.4.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position as of December 31, 2023 and 2022

(in millions of Russian Rubles)

	Notes	December 31, 2023	December 31, 2022
Assets			
Non-current assets			
Right-of-use assets	14	118,492	69,339
Property, plant and equipment	15	73,414	55,754
Investments in an associate		1,262	1,269
Intangible assets		572	661
Deferred tax assets	12	149	133
Other non-financial assets	20	915	152
Loans to customers	18	1,299	—
Other financial assets	20	3,015	2,610
Total non-current assets		**199,118**	**129,918**
Current assets			
Inventories	16	40,409	34,615
VAT receivable		5,423	1,025
Other non-financial assets	20	4,870	13,014
Loans to customers	18	45,370	5,585
Accounts receivable	19	7,156	6,707
Other financial assets	20	3,866	3,488
Cash and cash equivalents	17	169,814	90,469
Total current assets		**276,908**	**154,903**
Total assets		**476,026**	**284,821**

	Notes	December 31, 2023	December 31, 2022
Equity and liabilities			
Equity			
Share capital	21	12	12
Share premium	21	135,685	135,523
Treasury shares	21	(1)	(1)
Equity-settled employee benefits reserves	27	15,622	18,200
Other capital reserves		63	(70)
Accumulated losses		(217,958)	(170,311)
Total equity		**(66,577)**	**(16,647)**
Non-current liabilities			
Lease liabilities	14	108,644	64,151
Borrowings	22	88,328	38,900
Derivative liabilities	22	1,974	3,000
Liability for cash-settled share-based awards	27	1,065	—
Trade and other payables	23	324	292
Deferred income	25	171	230
Deferred tax liabilities	12	212	21
Total non-current liabilities		**200,718**	**106,594**
Current liabilities			
Trade and other payables	23	169,222	94,749
Customer deposits and other financial liabilities	24	65,049	6,138
Customer advances and contract liabilities	25	40,381	17,838
Borrowings	22	16,043	55,215
Lease liabilities	14	15,691	10,344
Accrued expenses	26	13,289	8,936
Derivative liabilities	22	10,548	—
Liability for cash-settled share-based awards	27	6,019	—
VAT and taxes payable		5,643	1,654
Total current liabilities		**341,885**	**194,874**
Total liabilities		**542,603**	**301,468**
Total equity and liabilities		**476,026**	**284,821**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021

(in millions of Russian Rubles)

	Share capital	Share premium	Treasury shares	Equity-settled employee benefits reserve	Other capital reserves	Accumulated losses	Total
As of January 1, 2021	**11**	**133,439**	**—**	**1,152**	**—**	**(55,345)**	**79,257**
Loss for the year	—	—	—	—	—	(56,779)	**(56,779)**
Other comprehensive income	—	—	—	—	(3)	—	**(3)**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	(3)	**(56,779)**	**(56,782)**
Issue of shares upon exercise of share-based awards	—	1,485	—	(1,172)	—	—	**313**
Issue of shares to employee benefit trust (note 21)	1	—	(1)	—	—	—	**—**
Share-based compensation expense (note 27)	—	—	—	7,820	—	—	**7,820**
As of December 31, 2021	**12**	**134,924**	**(1)**	**7,800**	**(3)**	**(112,124)**	**30,608**
Loss for the year	—	—	—	—	—	(58,187)	**(58,187)**
Other comprehensive income	—	—	—	—	(67)	—	**(67)**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**(67)**	**(58,187)**	**(58,254)**
Issue of shares upon exercise of share-based awards (note 21)	—	599	—	(599)	—	—	**—**
Share-based compensation expense (note 27)	—	—	—	10,999	—	—	**10,999**
As of December 31, 2022	**12**	**135,523**	**(1)**	**18,200**	**(70)**	**(170,311)**	**(16,647)**
Loss for the year	—	—	—	—	—	(42,665)	**(42,665)**
Other comprehensive income	—	—	—	—	133	—	**133**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**133**	**(42,665)**	**(42,532)**
Issue of shares upon exercise of share-based awards (note 21)	—	162	—	(162)	—	—	**—**
Share-based compensation expense (note 27)	—	—	—	8,107	—	—	**8,107**
Cash settlement of vested share-based awards (note 27)	—	—	—	(1,716)	—	(104)	**(1,820)**
Reclassification to liability for cash-settled share-based awards, net (note 27)	—	—	—	(8,807)	—	(4,878)	**(13,685)**
As of December 31, 2023	**12**	**135,685**	**(1)**	**15,622**	**63**	**(217,958)**	**(66,577)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021

(in millions of Russian Rubles)

	Notes	2023	2022	2021
Cash flows from operating activities				
Loss before income tax		(40,998)	(57,162)	(56,777)
Adjusted for:				
Depreciation and amortization of non-current assets	6.9	28,082	19,770	9,880
Finance expense/(income), net	11	5,415	16,838	(2,023)
Foreign currency exchange loss/(gain), net		2,599	(4,963)	108
Loss on disposal and impairment of non-current assets		412	2,781	33
Share of profit of an associate		(316)	(289)	(197)
Expected credit losses		2,056	652	(19)
Share-based compensation expense on equity-settled share-based awards	27	8,107	10,999	7,820
Movements in working capital:				
Changes in inventories		(6,150)	(8,192)	(11,020)
Changes in accounts receivable		(1,274)	(265)	(3,349)
Changes in loans to customers	29.4	(42,510)	(5,185)	—
Changes in other financial and non-financial assets		(2,842)	(9,236)	(6,796)
Changes in accounts payable and other liabilities		102,803	17,987	53,348
Changes in customer deposits and other financial liabilities		60,382	6,138	—
Changes in liability for cash-settled share-based awards		2,191	—	—
Cash generated from / (used in) operations		**117,957**	**(10,127)**	**(8,992)**
Interest paid		(17,696)	(8,345)	(4,485)
Income tax paid		(2,093)	(281)	(149)
Cash settlement of vested share-based awards		(10,612)	—	—
Net cash generated from/ (used in) operating activities		**87,556**	**(18,753)**	**(13,626)**

	Notes	2023	2022	2021
Cash flows from investing activities				
Purchase of property, plant and equipment		(29,474)	(35,422)	(18,680)
Proceeds from disposal of property, plant and equipment		429	204	—
Purchase of intangible assets		(198)	(391)	(661)
Advances on lease contracts not yet commenced		(2,810)	(1,085)	—
Dividends received from an associate		376	205	211
Placement of bank deposits		—	—	(17,200)
Return of bank deposits		—	18,297	—
Interest received		5,048	2,775	1,267
Issuance of loans to employees		(1,021)	(678)	(356)
Receipts from the repayment of loans to employees		324	55	16
Net cash used in investing activities		**(27,326)**	**(16,040)**	**(35,403)**
Cash flows from financing activities				
Proceeds from exercise of share option		—	—	313
Proceeds from borrowings, net of transaction costs	22	64,250	40,725	10,371
Proceeds from issue of a convertible bond, net of transaction	22	—	—	54,499
Payments related to bond restructuring	22	(36,152)	(2,264)	—
Repayment of borrowings	22	(3,442)	(10,834)	(6,522)
Payment on principal portion of lease liabilities	14	(10,049)	(9,233)	(4,769)
Net cash generated from financing activities		**14,607**	**18,394**	**53,892**
Net increase/(decrease) in cash and cash equivalents		**74,837**	**(16,399)**	**4,863**
Cash and cash equivalents at the beginning of the year	**17**	**90,469**	**108,037**	**103,702**
Effects of exchange rate changes on the balance of cash held in foreign currencies		5,106	(1,169)	(528)
Effects of change in expected credit loss of cash and cash equivalents		(598)	—	—
Cash and cash equivalents at the end of the year	**17**	**169,814**	**90,469**	**108,037**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 (in millions of Russian Rubles, unless otherwise stated)

1. Corporate information

These consolidated financial statements of Ozon Holdings PLC (hereinafter "the Company") and its subsidiaries (collectively, "the Group", "Ozon") for the year ended December 31, 2023 were authorized for issue in accordance with a resolution of the directors on April 8, 2024.

Ozon Holdings PLC (until October 22, 2020 — Ozon Holdings Limited and until November 8, 2007 — Jolistone Enterprises Limited) is a public limited company that was incorporated on August 26, 1999 under the law of the Republic of Cyprus ("Cyprus"). The Company's registered office is located at Arch. Makariou III, 2—4, Capital Center, 9th Floor, 1065 Nicosia, Cyprus.

Ozon is a multi-category e-commerce platform operating in Russia, Belarus, Kazakhstan, Kyrgyzstan, Armenia, China and Turkey. The Group's fulfillment infrastructure and delivery network enable it to provide its customers with fast and convenient delivery via couriers, pickup points or parcel lockers. The Group's extensive logistics footprint and fast-developing marketplace platform enable entrepreneurs to sell their products across 11 time zones and offer customers wide selections of goods across multiple product categories. Ozon offers a range of value-added services such as fintech services and develops business through other new verticals such as Ozon fresh online grocery delivery.

The principal subsidiaries of the Company, all of which have been included in these consolidated financial statements, are as follows:

		% Equity interest	
Subsidiary	**Principal activity**	**2023**	**2022**
Ozon Holding LLC	Holding company	100%	100%
Internet Solutions LLC	Internet retailer of consumer goods	100%	100%
Ozon Bank LLC	Banking activities	100%	100%
MCC Ozon Credit LLC	Microcredit financing activities	100%	100%
LLP OZON Marketplace Kazakhstan	Internet retailer of consumer goods	100%	100%

2. Material accounting policies

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for circumstances where IFRS requires another basis of accounting (e.g., fair value).

2.2 Going concern

As of December 31, 2023, the Group had cash and cash equivalents of 169,814 (December 31, 2022: 90,469). As of December 31, 2023, the Group had a net current liability position of 64,977 and net asset deficit of 66,577 (December 31, 2022: net current liability position of 39,971 and net assets deficit of 16,647). The working capital deficit is primarily driven by the Group's approach to working capital management where the Group receives upfront payments for orders and transfers cash to sellers after the orders are delivered to customers. Further, the Group actively uses trade credit in its procurement. The accumulation of negative net assets is primarily driven by cumulative losses incurred by the Group's investments in growth of marketplace operations, including investments in price offering for the customers.

The Group's management believes that, based on the current budget and operating plan, the existing cash and cash equivalents, and undrawn credit facilities (note 29.2.3) are sufficient to meet the Group's anticipated cash needs for at least the next twelve months after December 31, 2023. The Group may explore additional financing sources to fund expansion of its business and phase out certain capital expenditures to manage its liquidity needs. Therefore, the Group's management believes that the Group will retain its ability to continue as a going concern in the foreseeable future.

Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 (in millions of Russian Rubles, unless otherwise stated)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has an ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

— power over the investee;

— exposure, or rights, to variable returns from its involvement with the investee;

— the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Changes in presentation and reclassifications

From January 1, 2023, the Group made several changes to presentation of the consolidated statements of profit or loss and other comprehensive income:

— following the continuing growth in marketplace operations and related revenues, the Group determined that cost of sales and fulfillment and delivery expenses should be presented in a single line as Cost of revenue. The Group concluded that this change results in the financial statements providing more relevant information about the Group's financial performance;

— the Group revised classification of certain general and administrative employee-related expenses following the change in their function within the Group;

— following the continuing growth in financial services, the Group revised classification of certain other sales and marketing expenses and classified them as the part of cost of revenue.

The Group amended the presentation of comparative amounts for the years 2022 and 2021 to comply with the presentation adopted in the current period as follows:

	2022			2021		
	As previously reported	Change in presentation	As currently reported	As previously reported	Change in presentation	As currently reported
Cost of sales	(121,475)	121,475	—	(112,548)	112,548	—
Fulfillment and delivery expenses	(122,518)	122,518	—	(76,240)	76,240	—
Cost of revenue	—	(244,424)	(244,424)	—	(188,827)	(188,827)
Sales and marketing expenses	(24,508)	(134)	(24,642)	(23,535)	(586)	(24,121)
Technology and content expenses	(22,851)	645	(22,206)	(12,862)	279	(12,583)
General and administrative expenses	(19,747)	(80)	(19,827)	(11,886)	346	(11,540)

From January 1, 2023, the Group revised presentation of non-operating expenses to aggregate income and expense items related to the Group's financial instruments into a broader category of net finance income or expense. The Group amended the presentation of comparative amounts for the years 2022 and 2021 to comply with the presentation adopted in the current period as follows:

Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 (in millions of Russian Rubles, unless otherwise stated)

	2022			2021		
	As previously reported	Change in presentation	As currently reported	As previously reported	Change in presentation	As currently reported
Interest income	2,869	(2,869)	—	1,484	(1,484)	—
Interest expense	(11,860)	11,860	—	(5,802)	5,802	—
Remeasurement of convertible bonds	(8,567)	8,567	—	—	—	—
Revaluation of financial instruments at fair value through profit or loss	726	(726)	—	6,341	(6,341)	—
Other non-operating expenses	(6)	6	—	—	—	—
Finance (expense)/income, net	**—**	**(16,838)**	**(16,838)**	**—**	**2,023**	**2,023**

In 2023, the Group revised the classification of advances on lease contracts not yet commenced to include such advances in the Right-of-use assets line item. The Group amended the classification of comparative amounts as of December 31, 2022 to comply with the classification adopted in the current period as follows:

	As previously reported	Reclassification	As reclassified
Right-of-use assets	68,439	900	69,339
Other non-financial assets (non-current)	1,052	(900)	152

In 2023, the Group revised the classification of accounts receivable related to short-term funding provided to third parties by the Group's credit entities to include such items to the Loans to customers line item. The Group amended the classification of comparative amounts as of December 31, 2022 to comply with the classification adopted in the current period as follows:

	As previously reported	Reclassification	As reclassified
Accounts receivable	7,151	(444)	6,707
Loans to customers (current)	5,141	444	5,585

Certain other amounts in the notes to the consolidated financial statements as of December 31, 2022 and for the years 2022 and 2021 were reclassified to comply with the presentation adopted in the 2023.

2.5 New standards, interpretations and amendments adopted by the Group

New and amended standards and interpretations adopted by the Group

A new standard IFRS 17 'Insurance Contracts' is effective for annual reporting periods beginning on or after 1 January 2023. IFRS 17 sets out the requirements that a company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. IFRS 17 introduces a broad definition of an insurance contract and sets new requirements on how a company that issues insurance contracts should report them on the statement of financial position and in the statement of profit or loss and other comprehensive income over time. IFRS 17 also introduces extended disclosure requirements for insurance and reinsurance contracts. The Group concluded that it does not have material insurance contracts, which are in scope of IFRS 17.

From 1 January 2023, the Group adopted Amendments to IAS 1 and IFRS Practice Statement 2 on disclosure of accounting policies. The amendments require to disclose material, rather than significant, accounting policies. The amendments did not result in any changes to the Group's accounting policies, but rather impacted the level of detail of the accounting policy information disclosed in note 2.6.

Several other amendments and interpretations apply for the first time in 2023, but do not have a significant impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that was issued as of January 1, 2023, but was not yet effective.

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New standards and interpretations issued not yet effective

The new and amended standards and interpretations that have been published, but not yet effective, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard / Interpretation	Effective date
Classification of current and non-current liabilities and accounting of covenants (Amendments to IAS 1)	1/1/2024
Disclosure requirements for reverse factoring arrangements (Amendments to IAS 7 and IFRS 7)	1/1/2024
Lease liability in a sale and leaseback transaction (Amendments IFRS 16)	1/1/2024
Impossibility of exchange currencies (Amendments IAS 21)	1/1/2025

The amendments to the standards and interpretations presented are expected to have only an insignificant impact on the consolidated financial statements and are therefore not discussed further.

2.6 Summary of other material accounting policies

a) Foreign currencies

The Group's consolidated financial statements are presented in Russian Rubles ("RUB"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of Russian operating subsidiaries, which account for the significant majority of operations, is the Russian ruble.

The Group determines the functional currency based on a combination of factors and considers the primary economic environment in which these companies operate, and the related currency, in which they generate and expend its cash flows. Further, if a foreign subsidiary of the Group serves as an extension of operations of its parent or its sister company, its functional currency could be similar to the functional currency of the parent or the sister company.

b) Revenue from contracts with customers

I. Principal vs. agent determination

The Group evaluates whether it is appropriate to record the gross amount of sales and related costs or the net amount earned as commissions based on a determination of whether it is a principal in providing a good or a service to a customer, or whether it is an agent of another entity. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. In this context, the Group as a principal may satisfy its performance obligation to provide the specified good or service itself or it may engage another party to satisfy some or all of the performance obligation on the Group's behalf.

When the Group is primarily responsible for fulfilling the promise to provide the specified good or service (including a responsibility to integrate third party inputs in the specified good or service), bears an inventory risk, has a discretion in establishing prices, or has several but not all of these indicators, it controls the specified good or service before that good or service is transferred to a customer and recognizes revenues on a gross basis. When the Group's performance obligation is to arrange for the provision of the specified good or service by another party, revenues are recorded on a net basis.

II. Revenue from sales of goods

The Group recognizes revenue from sales of goods on a gross basis as the Group controls goods before the goods are transferred to a customer. Payment for the purchased goods is generally made either before delivery or upon delivery. Revenue is recognized at the point in time when control of the promised goods is transferred to customers, which generally occurs upon delivery to the customers. The Group recognizes revenue net of return allowances when the goods are delivered to customers. Delivery of goods to customers is not separately identifiable from sales of goods, therefore the Group accounts for sales of goods and delivery services to its customers as a single performance obligation.

III. Service revenue

The service revenue primarily consists of revenue from marketplace commissions, advertising revenue, revenue from delivery services, financial services, and travel services.

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The Group offers a marketplace platform that enables sellers to sell their products through the Group's website and use the Group's logistics infrastructure to deliver products to the end-customer. The Group's marketplace revenues comprise commissions and service fees charged to sellers for arranging sales of their products through the Group's online marketplace, including charges for arranging acquiring, logistics and delivery services rendered to sellers by third parties in connection with the sale of their products. The marketplace revenues from the logistics and delivery services are generated when a buyer elects to receive the item through the Group's shipping service and the service is rendered to the customer.

The commission revenue is generally withheld by the Group from the payments collected from the customers, either before delivery or upon delivery. When the Group acts as an agent, revenues derived from the acquiring, logistics and delivery services are recognized at the time the transaction is successfully completed for third-party sales, and presented net of the costs charged by third-party service providers. When the Group acts as principal, revenues derived from the acquiring, logistics and delivery services are recognized upon delivery of the good to the customer, and presented on a gross basis.

Revenue from additional marketplace services to sellers such as storage fees, product disposal charges, additional fulfillment and logistics services, charges for convenient payment options are recognized upon fulfillment of the respective performance obligations which generally matches the invoicing pattern (monthly or weekly acceptance of services performed over the respective period).

Revenue from paid delivery services for customers is recognized upon fulfillment of the respective performance obligations upon delivery of each individual order. The Group maintains a subscription-based service which provides customers with free delivery, additional discounts and other benefits. The cash collected from the sales of such subscriptions is initially recorded as deferred revenue (contract liability) in the consolidated statement of financial position and subsequently recognized as delivery revenues over the subscription period.

The Group's advertising services allow customers to place advertisements in particular areas of the Group's websites at fixed or variable prices (cost per click or cost per view). Advertising revenue is recognized evenly over the period in which the advertisement is displayed or based on the number of views or clicks, when the advertisement has been displayed.

Revenue from provision of financial services primarily relates to interest income on loans granted to customers and other financial assets of the Group's fintech operations, including banking and micro-credit entities and banking transaction commissions. Such revenue is recognized on an accrual basis using the effective interest rate method. Banking transactions commission revenue is recognized as the related transaction occurs.

c) Leases

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

Fulfillment and sorting centers	3-13
Office premises	1-10
Vehicles	3-5
IT and other equipment	1-8

Where the Group has a purchase option on the underlying asset, which is likely to be exercised by the Group, the depreciation period for the right-of-use assets is determined with a reference to a useful life of the underlying asset, and the depreciable amount reflects the residual value expected to be realized from disposal of the underlying asset.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. As a practical expedient, the Group elected not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

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In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a contract modification, including a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

On a contract-by-contract basis, the Group determines whether a contract contains several separate leases, or a single lease. Should the Group determine that there are several separate leases, the Group accounts for each group of assets transferred as separate leases with individual lease commencement dates.

The Group classifies cash payments for the principal portion of lease liabilities within financing activities and cash payments for the interest portion of the lease liabilities within operating activities. The Group classifies cash advances and security deposits paid on lease contracts prior to commencement of a lease within investing activities and operating activities, correspondently.

d) Cost of revenue

Cost of revenue consists from cost of goods sold and inventory-related costs and other cost of revenue. Cost of goods sold and inventory-related costs includes the purchase price of consumer products, vendors rebates and subsidies, write-downs and losses of inventories. Other cost of revenue mainly includes fulfillment and delivery costs, cost for outsourcing services, employee-related cost, fees for transportation services and vehicle maintenance, fees for cash collection, and cost of financial services' revenue. Cost of revenue is expensed as incurred.

e) Sales and marketing expenses

Sales and marketing expenses consist primarily of advertising costs, related employee costs, and other costs aimed at stimulating demand for the Group's products and services, as well as costs aimed at improving the loyalty of customers. Sales and marketing costs are expensed as incurred.

f) Technology and content expenses

Technology and content expenses include payroll and related expenses for employees involved in the research and development of new and existing products and services, development, design, and maintenance of the Group's websites and mobile apps, and technology infrastructure costs. Technology and content expenses are expensed as incurred, unless these expenses meet criteria for capitalization as an asset.

g) General and administrative expenses

General and administrative expenses consist of payroll and related expenses for management and employees involved in general corporate functions. These expenses include payroll of accounting, finance, tax, legal and human relations functions; costs associated with use by these functions of facilities and equipment, such as depreciation expenses, rental and other general corporate related expenses. General and administrative costs are expensed as incurred.

h) Share-based awards

Certain employees, directors and other parties ("EIP Participants") of the Group receive remuneration in the form of share-based compensation, whereby they render services as consideration for equity instruments.

The Group issues share-based awards, and accounts for these awards in accordance with IFRS 2, Share-based payment. The cost of equity-settled share-based awards is measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. That cost is recognized as an employee benefits expense, together with a corresponding increase in equity (equity-settled employee benefits reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. Non-market-based performance criteria are taken into account when estimating the number of share-based awards expected to vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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Terms of certain share-based awards provide the Group with a discretion to settle fully vested awards from participants for a cash consideration, which is set by the Group. Should the Group decide to exercise this right, the cash payment is accounted for

- as a deduction from equity where the decision does not create a present obligation for the Group, or
- as a liability for the cash-settled share-based awards where the Group commits itself to a probable cash outflow in connection with its decision.

In the latter case, the Group recognizes the entire liability for a cash portion of a share-based award with a corresponding reclassification from equity and not recognize any gain or loss in profit or loss.

i) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Income taxes are computed in accordance with the laws of the Company's and its subsidiaries' jurisdictions. The Group's liability for current income tax is calculated using the tax rates that have been enacted or substantively enacted as at the end of the reporting period.

Deferred income taxes are accounted for under the balance sheet method and reflect the tax effect of temporary differences between the tax basis of assets and liabilities and their carrying amounts in the accompanying consolidated financial statements.

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The Group offsets deferred tax assets and deferred tax liabilities on the level of tax paying entity.

j) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Repair and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Depreciation of property, plant and equipment used in delivery and fulfillment activities is included in Cost of revenue in the consolidated statement of profit or loss and other comprehensive income. Depreciation of other property, plant and equipment is included within General and administrative expenses.

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Land	**Indefinite**
Buildings	16-50
Engineering facilities	5-30
Warehouse equipment	1-10
Transportation vehicles	4-7
Computer equipment	2-7
Other computer hardware and office facilities	1-10
Leasehold improvements	3-13

l) Impairment of long-lived assets

The Group assesses at each reporting date whether there is any indication that a long-lived asset may be impaired. If any indication exists, the Group estimates the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where an individual asset does not generate largely independent cash inflows, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of CGUs is generally determined with a reference to market capitalization of the Company and/or relevant market multiples and adjustments.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

m) Inventories

Inventories, consisting primarily of products acquired by the Group for re-sale, are accounted for using the weighted average cost method or the cost of each individual item, and are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs necessary to make the sale. Adjustments are recorded to write down the cost of inventory (including slow-moving merchandise and damaged goods) to the estimated net realizable value based on assumptions about the write-down percentage that is applicable to various groups of goods. In determining the allowance percentages on inventories, the Group considers the historical demand for inventories, expected selling prices and estimated costs necessary to make the sale. Write-downs and losses of inventories are recorded in Cost of revenue.

The Group also provides storage and delivery services in connection with the Group's online marketplace where it is liable for losses and damages of the sellers' inventories in the Group's fulfillment and delivery infrastructure. Third-party sellers maintain ownership of their inventories and therefore these products are not included in the Group's inventories. The Group estimates and recognizes a provision for reimbursements, where Group is liable for the third-party sellers' goods which were damaged or lost in the Group's fulfillment and delivery infrastructure.

n) Value added tax

Expenses and assets are recognized net of the amount of value added tax ("VAT"), except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of the VAT recoverable from, or payable to, the taxation authority is included as VAT receivable or taxes payable in the consolidated statement of financial position.

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o) Financial instruments

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

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the consolidated statement of profit or loss and other comprehensive income.

Derivatives features of debt instruments, including conversion options, are classified as financial liabilities and are subsequently measured at fair value through profit and loss, while the host liabilities (the "debt components") are accounted for at amortized cost using market interest rate determined at the date of issuance of such instruments.

A financial asset is derecognized when:

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Modification of contractual cash flows may lead to derecognition of financial asset or financial liability if the terms of the instrument substantially changed. When derecognized, a new asset or liability is recognized at fair value with recalculation of EIR for the instrument. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

The Group recognizes an allowance for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- loans to customers;
- loan commitments issued;
- accounts receivables;
- cash and cash equivalents;
- other financial assets measured at amortized cost.

12-month ECL are the portion of lifetime ECL that relates to default events over the expected life of the financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as "Stage 1" financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit impaired are referred to as "Stage 2". Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

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Financial instruments for which lifetime ECL are recognized and that are credit impaired are referred to as "Stage 3" financial instruments.

The Group assesses on a forward-looking basis the ECLs associated with loans to customers. For loans to customers the Group measures loss allowances at amounts equal to 12-month ECL if debt instruments that are determined to have low credit risk at the reporting date.

In relation to the recognition of a loss allowance for the ECL arising from loan commitments, the Group considers both the practical ability of restricting the customer's access to the committed credit limit once indications of higher risk of default are identified and the probability of the credit limit being utilized by the customer in default.

The Group applies a simplified approach in calculating lifetime ECLs for accounts receivable and other financial assets. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The most part of accounts receivable and other financial assets are short-term; therefore forward-looking information is assessed based on subsequent events after the reporting date.

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

Allowances for expected credit losses for financial assets measured at amortized cost and for loan commitments are deducted from the gross carrying amount of the assets. Impairment losses related to loans to customers, cash and cash equivalents and accounts receivable are presented as part of cost of revenue.

p) Loan commitments

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Loan commitments of the Group are measured at the amount of expected credit loss allowance.

q) Factoring arrangements

The Group participates in reverse factoring arrangements under which its creditors may elect to receive early payment of their invoice from a financial institution by factoring in their receivable from the Group. Under such arrangements, the financial institution agrees to pay the settlement amounts to the participating creditor in respect of invoices owed by the Group and receives settlement from the Group on the due date of the original invoice. Generally, the creditors carry the commission cost related to such arrangements. From the Group's perspective, the arrangement does not extend payment terms beyond the standard terms agreed with other creditors that are not participating in such arrangements. The Group has not derecognized the original liabilities to which the arrangement applies because neither a legal release was obtained, nor the original liability was substantially modified on entering into the arrangement. The Group includes the amounts factored by creditors within trade payables because the nature and function of the financial liability remain the same as those of other trade payables. In certain reversed factoring arrangements, the Group carries the cost of arranging such a factoring for its creditors. For such arrangements, the Group presents related accounts payable separately within trade accounts payable under "Payables under the reverse factoring arrangements" caption.

The payments under these factoring arrangements are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating.

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3. Significant accounting judgments, estimates and assumptions

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

Judgements

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

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that in the foreseeable future the Group will have taxable profits against which tax losses can be utilized. Significant management judgement is required to determine whether the Group has convincing evidence of probable future taxable profit. Further details on income taxes are disclosed in note 12.

Estimates and assumptions

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

Leases

As most of the Group's lease agreements do not provide an implicit rate of return, the Group uses its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. The Group's incremental borrowing rate is determined based on estimates and judgments with respect to a rate of finance available to the Group and adjustments necessary to align the rate with the term, security, currency and other specific features and circumstances of the lease.

Liability for cash-settled employee benefits

The Group classified the vested and unvested awards which are expected to be subject to the Group's cash settlement offer as cash-settled awards. The amount reclassified from equity is determined based on a weighted-average vesting percentage at the reclassification date, which was determined on the first-in-first-out basis as applied to individual grants and estimates with respect to the number of awards submitted for the cash settlement by the EIP Participants. The actual number of awards subject to cash settlement depends, among other factors, on EIP Participant's behavior and could differ from the initial estimate. These differences result in true-up adjustments recorded upon the cash settlement of awards.

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4. Revenue from contracts with customers

	2023	2022	2021
Sales of goods	**166,708**	**135,278**	**120,792**
Service revenue:			
Marketplace commissions	159,731	106,428	44,345
Advertising revenue	70,442	26,268	9,322
Financial services	12,989	1,088	—
Delivery services	11,423	6,287	2,750
Travel commissions	742	730	429
Other revenue	2,256	1,036	577
Total service revenue	**257,583**	**141,837**	**57,423**
Total revenue	**424,291**	**277,115**	**178,215**

5. Segment information

For management purposes, the business of the Group is organized into the primary core e-commerce business, which is comprised of sales of multi-category consumer products through our application and website and other initiatives and verticals.

The Group uses Adjusted EBITDA to assess results of operations of its operating segments. The Adjusted EBITDA is calculated as loss for the year before income tax expense, total non-operating expense/(income), depreciation and amortization, share-based compensation expense on equity-settled share-based awards and losses related to the fire incident. The following table presents a reconciliation of the Group's loss for the year to Adjusted EBITDA for each of the years indicated:

	2023	2022	2021
Loss for the year	(42,665)	(58,187)	(56,779)
Income tax expense	1,667	1,025	2
Total non-operating expense/ (income)	8,243	13,013	(2,079)
Depreciation and amortization	28,082	19,770	9,880
Share-based compensation expense on equity-settled share-based awards	8,107	10,999	7,820
Losses related to the fire incident	774	10,165	—
Adjusted EBITDA	**4,208**	**(3,215)**	**(41,156)**

For the year ended December 31, 2023, revenues from external customers attributable to the Russia-based subsidiaries of the Group amounted to 94% of the Group's total revenues from external customers (2022: 99%).

6. Cost of revenue

	2023	2022	2021
Cost of goods sold and other inventory-related costs	152,317	120,312	112,493
Delivery fees	51,406	22,929	12,946
Outsourcing services	47,134	26,229	13,709
Employee-related cost	44,532	28,483	17,877
Transportation services and vehicle maintenance	35,278	12,698	9,183
Depreciation and amortization	21,661	13,727	7,273
Fees for cash collection	6,843	7,152	7,681
Premises maintenance and packaging costs	7,918	6,034	4,508
Cost of financial service revenue	6,091	455	—
Share-based compensation expense	820	557	565
Other expenses	5,849	5,848	2,592
	379,849	**244,424**	**188,827**

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7. Sales and Marketing expenses

	2023	2022	2021
Media and advertising	11,930	8,108	6,386
Employee-related cost	8,658	9,027	5,671
Cost of arranging flexible payment option for clients	2,493	2,031	753
Online marketing	1,388	2,956	9,578
Share-based compensation expense	1,239	1,009	742
Other sales and marketing expenses	4,972	1,511	991
	30,680	**24,642**	**24,121**

8. Technology and content expenses

	2023	2022	2021
Employee-related cost	21,976	16,655	7,870
Share-based compensation expense	2,571	2,512	2,002
IT and telecommunication services	1,518	1,589	1,235
Other technology and content expenses	797	1,450	1,476
	26,862	**22,206**	**12,583**

9. General and administrative expenses

	2023	2022	2021
Depreciation and amortization	6,421	6,043	2,607
Share-based compensation expense	5,668	6,921	4,511
Employee-related cost	4,311	4,561	2,528
Other general and administrative expenses	2,481	2,302	1,894
	18,881	**19,827**	**11,540**

10. Losses related to the fire incident

In 2022, a fire broke out at one of the Group's fulfillment centers. In connection with the incident, the Group incurred losses of 774 and of 10,165 for the years ended December 31, 2023, 2022 correspondingly, which included damages to the Group's merchandise, losses related to disposal, impairment and derecognition of the Group's property and equipment, the third parties' claims, and other expenses.

The Group had insurance policies for the goods and other assets stored at the impacted premises, as well as the liability for death, injury, or damage to the third-party property. The Group is currently in discussions with the insurance companies over the compensation for sustained damages. Such compensation, if granted, may not be commensurate with the loss sustained. The Group did not recognize any insurance recoveries in 2023 and 2022.

11. Finance (expence) / income, net

	2023	2022	2021
Extinguishment of the convertible bond liability (note 22)	18,446	—	—
Interest income	5,677	2,869	1,484
Interest expense	(22,725)	(11,860)	(5,802)
Loss on convertible bonds (note 22)	—	(8,567)	—
Revaluation of financial instruments at fair value through profit or loss	(6,796)	726	6,341
Other finance expenses	(17)	(6)	—
	(5,415)	**(16,838)**	**2,023**

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12. Income tax

The major components of income tax expense for the years ended December 31, 2023, 2022 and 2021 are:

	2023	2022	2021
Current income tax expenses	(1,492)	(1,103)	(58)
Deferred tax (expenses)/benefit	(175)	78	56
Income tax expense for the year	**(1,667)**	**(1,025)**	**(2)**

These items affect pre-tax loss but do not have any impact on income tax expense. As the major part of the Group's pre-tax losses and income tax expenses is generated in Russia, the reconciliation of theoretical income tax to the actual tax is based on the Russian statutory income tax rate of 20%:

	2023	2022	2021
Loss before income tax	(40,998)	(57,162)	(56,777)
Income tax benefit calculated at Russia's statutory tax rate 20%	8,200	11,432	11,355
Effect of unrecognized tax assets	(11,212)	(8,976)	(10,227)
Effect of non-deductible expenses	(2,379)	(3,520)	(827)
Effect of non-taxable income	3,207	1,307	58
Tax on unremitted earnings of subsidiaries	(300)	—	—
Effect of uncertain tax positions	—	(582)	—
Effect of lower income tax rates	951	(686)	(361)
Other	(134)	—	—
Income tax expense for the year	**(1,667)**	**(1,025)**	**(2)**

Deferred tax assets have not been recognized in respect of tax losses and other deductible temporary differences in the cumulative amounts of 159,797 and 41,550, respectively, as of December 31, 2023, and tax losses and other deductible temporary differences in the amount of 128,027 and 17,233 as of December 31, 2022. The tax losses in the amount of 154,040 do not expire, whereas tax losses of 500 within 3 years, 10 within 4 years and 5,247 within 10 years. Deferred tax assets have not been recognized in respect of tax losses and other deductible temporary differences, because it is not probable that sufficient taxable profit will be available in the foreseeable future against which the Group will be able to utilize the respective benefits.

13. Loss per share

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

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent (after adjusting for the effect of dilution) by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

For the year ended December 31, 2023, 2022 and 2021, outstanding share-based awards and financial liabilities with the share settlement features were not included in the diluted weighted average number of ordinary shares calculation because their effect would have been antidilutive.

The following table reflects the loss and share data used in the basic and diluted loss per share calculations:

	2023	2022	2021
Loss attributable to the parent entity	(42,665)	(58,187)	(56,779)
Loss attributable to ordinary equity holders of the parent entity	(42,665)	(58,187)	(56,779)
Weighted average number of ordinary shares	208,862,165	208,752,123	205,619,832
Basic and diluted loss per share (RUB)	**(204.3)**	**(278.7)**	**(276.1)**

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14. Leases

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

	Right-of-use assets					
	Warehouse facilities/ Pick-up points	Office and IT facilities	Vehicles	Payments made before the lease commencement date and initial direct costs	Total	Lease liabilities
As of January 1, 2022	**31,387**	**6,471**	**2,082**	**—**	**39,940**	**42,467**
Additions	35,724	10,098	1,206	900	47,928	45,338
Depreciation expenses	(7,917)	(3,676)	(1,080)	—	(12,673)	—
Other changes	(1,986)	(3,850)	(20)	—	(5,856)	(5,316)
Interest expense	—	—	—	—	—	8,006
Payment of principal portion of lease liabilities	—	—	—	—	—	(9,233)
Interest paid	—	—	—	—	—	(6,767)
As of December 31, 2022	**57,208**	**9,043**	**2,188**	**900**	**69,339**	**74,495**
Additions	52,185	1,140	9,647	3,254	66,226	59,467
Depreciation expenses	(11,456)	(3,464)	(1,361)	—	(16,281)	—
Other changes	(210)	(574)	(8)	—	(792)	162
Interest expense	—	—	—	—	—	13,299
Payment of principal portion of lease liabilities	—	—	—	—	—	(10,049)
Interest paid	—	—	—	—	—	(13,039)
As of December 31, 2023	**97,727**	**6,145**	**10,466**	**4,154**	**118,492**	**124,335**

Variable lease payments in the amount of 1,301 for the year ended December 31, 2023 (2022: 850) are not included in the measurement of lease liabilities and recognized in cost of revenue and general and administrative expenses.

Lease commitments

The Group entered into lease contracts for offices, fulfillment and sorting centers that have not yet commenced as of December 31, 2023. The lease terms are from 10 months to 17 years. The future undiscounted lease payments for these lease contracts are as follows:

	Within 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2023	6,348	43,681	53,840	242,734	**346,603**
As of December 31, 2022	1,986	8,033	8,906	34,044	**52,969**

The Group had security deposits related to lease agreements which amounted to 1,944 as of December 31, 2023 and 2,028 as of December 31, 2022. As of December 31, 2023, the Group subleased certain of its right of use assets in the amount of 1,573 in operating leases (as of December 31, 2022: 1,095).

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15. Property, plant and equipment

As of December 31, 2023, the Group pledged part of its property, plant and equipment with a carrying amount of 147 (December 31, 2022: 192) in order to fulfil the collateral requirements for certain Group's borrowings (note 22). Further, as of December 31, 2023, property, plant and equipment with a carrying amount of 1,675 (December 31, 2022: 1,728) was held under a sale and leaseback arrangement where the legal lessor retains the title to the assets as a security.

	Land	Buildings	Warehouse equipment and vehicle	Computer and other equipment	Construction in progress and advances paid	Total
Historical cost						
As of January 1, 2022	968	2,999	13,208	11,597	7,646	**36,418**
Additions	—	—	—	—	34,896	**34,896**
Transfer	35	612	17,770	11,843	(30,260)	**—**
Disposal and derecognition	—	—	(1,171)	(1,169)	(522)	**(2,862)**
Other movements	—	—	(9)	(35)	—	**(44)**
Translation difference	—	—	(19)	(9)	3	**(25)**
As of December 31, 2022	**1,003**	**3,611**	**29,779**	**22,227**	**11,763**	**68,383**
Additions	—	—	—	—	30,000	**30,000**
Transfer	—	—	27,755	4,194	(31,949)	**—**
Disposal and derecognition	—	(8)	(1,298)	(987)	(87)	**(2,380)**
Other movements	—	—	60	(75)	—	**(15)**
Translation difference	—	—	3	10	10	**23**
As of December 31, 2023	**1,003**	**3,603**	**56,299**	**25,369**	**9,737**	**96,011**
Accumulated depreciation and impairment						
As of January 1, 2022	—	(253)	(2,917)	(3,278)	—	**(6,448)**
Charge for the year	—	(82)	(3,139)	(3,481)	—	**(6,702)**
Disposal and derecognition	—	—	244	702	—	**946**
Impairment	—	—	(391)	—	—	**(391)**
Translation difference	—	—	—	1	—	**1**
Other movements	—	—	(23)	(12)	—	**(35)**
As of December 31, 2022	**—**	**(335)**	**(6,226)**	**(6,068)**	**—**	**(12,629)**
Charge for the year	—	(97)	(6,913)	(4,502)	—	**(11,512)**
Disposal and derecognition	—	5	1,119	704	—	**1,828**
Impairment	—	—	(232)	—	—	**(232)**
Translation difference	—	—	—	(1)	—	**(1)**
Other movements	—	—	(56)	5	—	**(51)**
As of December 31, 2023	**—**	**(427)**	**(12,308)**	**(9,862)**	**—**	**(22,597)**
Net book value						
As of December 31, 2022	**1,003**	**3,276**	**23,553**	**16,159**	**11,763**	**55,754**
As of December 31, 2023	**1,003**	**3,176**	**43,991**	**15,507**	**9,737**	**73,414**

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16. Inventories

	December 31, 2023	December 31, 2022
Merchandise held for resale	40,519	36,125
Other inventories	2,133	1,009
Right of return assets	167	396
Inventory valuation allowance	(2,410)	(2,915)
	40,409	**34,615**

In 2023, total inventory of 150,751 was recognized as cost of revenue (2022: 117,913).

In 2023, cost of revenue and losses related to the fire incident were decreased by 505 (2022: an increase of 1,760) as a result of changes of the inventory valuation allowance. In addition, in 2023, losses of inventories amounted to 3,206 (2022: 2,187). The write-downs and losses of inventories were recognized as an expense during the period and included in cost of revenue and losses related to the fire incident.

17. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Short-term deposits	112,522	53,090
Current bank accounts	51,500	34,746
Cash in transit	6,800	3,043
Petty cash	3	2
Allowance for expected credit losses	(1,011)	(412)
Cash and cash equivalents	**169,814**	**90,469**

Set out below is the movement in the allowance for expected credit losses of cash and cash equivalents:

	2023	2022
Balance at the beginning of the year	**(412)**	**—**
Allowance for expected credit losses	(599)	(412)
Balance at the end of the year	**(1,011)**	**(412)**

Short-term deposits earn interest at the respective short-term deposit rates.

As of December 31, 2023 and December 31, 2022, the expected credit loss related to cash and cash equivalents was measured on a 12-month expected loss basis and reflects the maturities of the cash and deposit balances.

18. Loans to customers

	December 31, 2023	December 31, 2022
Loans to customers		
Loans to legal entities and individual entrepreneurs	34,021	5,549
Loans to individuals	14,168	130
Allowance for expected credit losses	(1,520)	(94)
Loans to customers	**46,669**	**5,585**
out of which:		
Non-current	1,299	—
Current	45,370	5,585

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Set out below is the movement in the allowance for expected credit losses of loans to customers:

	2023	2022
Balance at the beginning of the year	**(94)**	**—**
Allowance for expected credit losses	(1,426)	(94)
Balance at the end of the year	**(1,520)**	**(94)**

The information about credit quality of the loans to customers described in note 29.2.2.

19. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	7,264	6,793
Allowance for expected credit losses and individually impaired receivables	(108)	(86)
	7,156	**6,707**

Information about the Group's exposure to credit risk is presented in note 29.

20. Other financial and non-financial assets

	December 31, 2023	December 31, 2022
Other financial assets		
Settlement receivables	3,550	494
Security deposits	1,944	2,028
Loans granted to employees	1,097	711
Net investment in lease	172	—
Amounts deposited for the bond restructuring	2	2,596
Other assets	**116**	**269**
Other financial assets	**6,881**	**6,098**
out of which:		
Non-current	3,015	2,610
Current	3,866	3,488

Settlement receivables include balances arising from the timing differences in the Group's settlement process where funds received as settlement require a third-party clearing process to be recorded in the Group's bank accounts.

	December 31, 2023	December 31, 2022
Other non-financial assets		
Prepayments	3,480	11,982
Prepaid employee benefits	997	890
VAT on prepaid lease deposits	650	—
Tax receivables and advances	432	22
Claims to suppliers	226	272
Other non-financial assets	**5,785**	**13,166**
out of which:		
Non-current	915	152
Current	4,870	13,014

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21. Share capital, share premium and other capital reserves

Share capital and share premium

	Quantity			Millions of Russian rubles		
	Ordinary shares	Treasury shares	Shares outstanding	Share capital	Share premium	Treasury shares
As of January 1, 2022	**216,413,735**	**(8,091,632)**	**208,322,103**	**12**	**134,924**	**(1)**
Release of shares from trust	—	501,184	501,184	—	599	—
As of December 31, 2022	**216,413,735**	**(7,590,448)**	**208,823,287**	**12**	**135,523**	**(1)**
Release of shares from trust	—	150,060	150,060	—	162	—
As of December 31, 2023	**216,413,735**	**(7,440,388)**	**208,973,347**	**12**	**135,685**	**(1)**

	Authorized		Issued and fully paid	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Ordinary shares of USD 0.001 each	559,999,998	559,999,998	216,413,733	216,413,733
Class A shares of USD 0.001 each	2	2	2	2
	560,000,000	**560,000,000**	**216,413,735**	**216,413,735**

Treasury shares

In April 2021, the Company entered into a trust deed with a trustee for operation of the Company's equity incentive plans (the "EIPs"). The trust holds ordinary shares or ADSs of the Company to be distributed under share-based awards (the "SBAs") granted to and exercisable by the EIP Participants and deliver the shares or ADSs exercisable under the EIPs to such participants upon exercise. The Company neither owns shares nor has voting rights in the trust. However, the Company established the trust and may appoint or substitute a trustee. Thus, the Company considered that it controls the trust through a contractual arrangement. During 2021, the Company issued 12,200,000 ordinary shares represented by ADSs for the total amount of 1 to the trust.

22. Borrowings

	Effective interest rate (December 31, 2023/ 2022)	Currency	Maturity (2023/2022)	December 31, 2023	December 31, 2022
Credit facility	20.2%/13.6%	RUB	2025-2026/2026	60,186	37,407
Bank loans	20.2%	RUB	2026	29,959	—
Credit line	20%	RUB	2024	12,037	—
Equipment financing	10.2%/10.5%	RUB	2024-2030 / 2023-2030	2,189	3,111
Convertible bonds	n/a/5.1%	USD	n/a/2023	—	53,597
Total				**104,371**	**94,115**
out of which					
Non-current				88,328	38,900
Current				16,043	55,215

Credit facility

In September 2022, the Group entered into credit facility agreements for a total principal amount of up to 60,000 with third parties (the "Facility"). The facility carries a floating interest rate linked to the Russian key rate or a fixed rate (as determined in each of the credit facility agreements). A portion of interest is payable quarterly in arrears, while the other portion is capitalized on a quarterly basis and is repayable with the principal amount at the maturity of the debt. The principal amount, together with the capitalized interest, is repayable in 2025-2026. The Group incurs fees and commissions in connection with utilization and maintenance of the Facility. Concurrently with the facility agreement, the Group entered into an option contract with one of the creditors, whereby the creditor is eligible for a net payment, either in cash or in the Company's shares at the discretion of the Company, which is linked to internal rate of return of the Facility and price of the Company's shares (the "Option") at the exercise dates. The Option is exercisable, at the discretion of the creditor, from 2024 to 2027. The Facility and the Option are linked transactions and are collectively referred to as the "Financing Arrangement". The Group's liabilities under the Facility and the Option contract are partially secured by a pledge over shares in the Group's key operating subsidiary.

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In 2022, the Group drew down, in two tranches, 40,000 of principal amount in cash under the Financing Arrangement and incurred 339 of the commission expenses. At the initial recognition of each tranche, the derivative feature of the Financing Arrangement related to the Option (the "derivative feature") with the total fair value of 3,109 was classified as a financial liability at fair value through profit and loss, while the host liabilities of the Financing Arrangement (the "debt component") were initially recognized at fair value with an effective interest rate of 14.3% and 13.5% per annum, correspondently, and were carried after the initial recognition at an amortized cost.

In April 2023, the Group drew down 19,900 under the Facility and incurred 157 of the commission. At the initial recognition, the derivative feature of the Financing Arrangement related to the Option (the "derivative feature") with the fair value of 2,732 was classified as a financial liability at fair value through profit and loss, while the host liability of the Financing Arrangement (the "debt component") was initially recognized at fair value with an effective interest rate of 12.7% per annum and carried at an amortized cost after the initial recognition. In March 2024, pursuant to the terms of the Financing Arrangement, the fixed interest rate on the 19,900 tranche was re-set to a floating rate linked to the Russian key rate. This re-set resulted in an increase in the fair value of the debt component with a corresponding decrease in the fair value of the related derivative feature.

As of December 31, 2023, the fair value of the derivative feature in the Financing Arrangement was 12,522 (as of December 31, 2022: 3,000) and was determined based on the quoted market prices and indexes (level 2 of the fair value hierarchy, significant inputs are: price of the Company's shares and estimates of the Russian key rate over the life of the instrument) and included in financial liabilities.

Bank loans

In August 2023, the Group entered into a long-term credit agreement with a third-party bank for a principal amount of up to 30,000. During 2023, the Group drew down 30,000 of principal amount and incurred transaction costs of 150. The loan carried a floating interest rate linked to the Russian key rate. Interest is payable on a quarterly basis. The principal amount is repayable in 2026.

Credit line

In 2022, the Group entered into a short-term credit line agreement with a third-party bank for a principal amount of up to 35,000 (the "Credit Line Agreement"). Each tranche drawn down under the Credit Line Agreement carried a floating interest rate linked to the Russian key rate. As of December 31, 2023, the Group drew down 14,500 and repaid 2,500 under the agreement. The funds were further transferred to a micro-credit finance subsidiary to fund the customer loan portfolio.

Equipment financing

During 2022, the Group ("the seller-lessee") entered into sale and leaseback transactions relating to warehouse equipment with the total value of financial liability of 1,185 at the inception date. The Group pledged part of its property, plant and equipment to fulfil collateral requirements under a sale and leaseback transaction. Refer to note 15 for details.

Convertible bonds

In February 2021, the Company completed an offering of USD 750 million in aggregate principal amount of 1.875% senior unsecured convertible bonds due 2026 at par (the "Bonds").

As a result of a so-called "Delisting Event" under the terms and conditions of the Bonds, the holders of the Bonds were entitled to require the Company to redeem their Bonds at the principal amount together with accrued interest on the redemption date, which was May 31, 2022. In March 2022, following the Delisting Event, the Company revised the schedule of cash flows underlying the amortized cost of the Bonds to reflect the revised contractual maturity. This revision resulted in a remeasurement of the convertible bonds liability and in a reclassification of the revised carrying amount to short-term borrowings. The resulting loss on the convertible bond liability of 8,567 was included in finance costs.

In September 2022, the Company and an ad hoc committee of holders of the Bonds reached an agreement with respect to the terms of early redemption of the Bonds, including forfeiture of conversion rights and certain other rights under the initial terms of the Bonds (the "Restructuring"). In October 2022, holders of over 90% in principal amount of the Bonds outstanding voted in favor of the Restructuring. The Restructuring became effective in March 2023. Accordingly, in March 2023, the Company has derecognized the convertible bonds liability and recognized a liability for the redemption payments of 38,939. The transaction costs related to the extinguishment amounted to 1,239. The resulting gain from extinguishment of the convertible bonds' liability of 18,446, net of the transaction costs, was included in Finance (expense)/income, net.

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In 2023, the Company redeemed the Bonds for the total redemption payment of 38,416, out of which 2,264 was deposited with the payment agent in 2022. In accordance with the terms of the Restructuring, the trust deed relating to the Bonds and all ancillary documents relating to the Bonds terminated on the date when the Company announced the cancellation date for the Bonds, which was May 19, 2023, except for a deed poll issued by the Company on October 25, 2022 (the "Deed Poll") allowing the holders of the Bonds who have not participated in the Restructuring to make claims for payment of cash redemption amounts in accordance with the terms and conditions of the Deed Poll. As of December 31, 2023, the remaining amounts payable under the Deed Poll of 454 were presented in the Trade and other payables line of the consolidated statement of financial position.

23. Trade and other payables

	December 31, 2023	December 31, 2022
Payables to third-party sellers on the marketplace platform	95,441	41,475
Trade payables	65,222	48,346
Payables under the reverse factoring arrangements	5,975	1,683
Payroll payables, including related taxes	2,454	3,537
Cash redemption amounts payable to bondholders under the Deed Poll (note 22)	454	—
Total	**169,546**	**95,041**
out of which:		
Non-current	324	292
Current	169,222	94,749

The average credit period on domestic purchases of certain goods is 1 - 4 months. No interest is charged on the trade payables from the invoice received. Information about the Group's exposure to currency and liquidity risk in relation to its trade and other payables is included in note 29.

As of December 31, 2023, the total amount of trade payables included the liabilities under arrangements, where suppliers elected to receive early payment of their invoice from financial institutions and where the supplier carries the cost of such an arrangement, amounted to 6,420 (December 31, 2022: 8,524).

24. Customer deposits and other financial liabilities

	December 31, 2023	December 31, 2022
Outstanding balances on current accounts	47,887	4,174
Term deposits from customers	5,139	—
Short-term financing	9,243	1,735
Other liabilities	2,780	229
Total	**65,049**	**6,138**

Outstanding balances on current accounts and term deposits bear interest up to 14% and 15.7% per annum, correspondingly. Short-term financing refers to debt instruments issued by micro-credit finance entity to fund the customer loans portfolio. Such debt instruments have maturities of up to one year and carry floating rates based on the key rate of Russian Central Bank (CBR) plus a margin up to 7.0% per annum. These instruments are carried at amortized cost.

25. Customer advances and contract liabilities

	December 31, 2023	December 31, 2022
Customer advances	37,775	16,181
Unredeemed gift certificates	2,286	1,451
Loyalty programs	261	147
Upfront incentive fees under ADS program	230	289
Total	**40,552**	**18,068**
out of which:		
Non-current	171	230
Current	40,381	17,838

As of December 31, 2023, customer advances include liabilities for upfront payments in the amount of 33,624 collected from customers for orders of third-party sellers' products which are due to be transferred to the sellers upon delivery of the orders.

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26. Accrued expenses

	December 31, 2023	December 31, 2022
Employee bonuses, including payroll related taxes	4,098	1,967
Holiday provision, including payroll related taxes	3,858	2,383
Provision for reimbursements to third-party sellers	2,678	2,751
Tax provisions	1,951	1,268
Refund liabilities arising from right of return	491	523
Provision for legal claims	213	44
Total	**13,289**	**8,936**

27. Share-based compensation

The Group maintains the 2020 Equity Incentive Plan (the "EIP" or "2020 Plan") and its predecessor, the 2018 Equity Incentive Plan (the "2018 Plan").

The 2020 Plan was approved by the Company's Board of Directors on December 21, 2020. Awards under the 2018 Plan have been amended and are now subject to the same terms as the 2020 Plan. The EIP authorizes the grant of equity awards in the form of restricted share units ("RSUs") and share appreciation rights ("SARs") to employees, consultants and advisors of the Group.

Awards under the 2020 Plan generally vest over a four-year period. 1/4 of each award vests in twelve months from the grant date, and the remaining 3/4 of each award continue to vest by 1/16 portions at the end of each calendar quarter following the first anniversary of the award. Awards provide the participant with the right to receive the Company's ordinary shares immediately upon vesting or any other date after the vesting.

During 2023, the Company granted to certain employees and directors 5,037,898 SBAs in a form of Restricted Share Units ("RSU") with zero exercise price (including 100,000 SBAs granted to key management personnel, see note 28). During 2022, the Company granted to certain employees and directors 9,321,006 SBAs in a form of RSU with zero exercise price (including 500,000 SBAs granted to key management personnel, see note 28). Under these grants, each RSU entitles the recipient, subject to vesting and other terms, to receive for no consideration one ordinary share of the Company.

During 2023, 150,060 shares (in the form of ADS) were transferred to EIP Participants as a result of SBA exercises with a corresponding reclassification from equity-settled employee benefits reserve to share premium of 162. During 2022, 501,184 shares (in the form of ADS) were transferred to EIP Participants as a result of SBA exercises with a corresponding reclassification from equity-settled employee benefits reserve to share premium of 599.

The following table reconciles the quantity of awards outstanding at the beginning and the end of the year:

	Equity-settled RSUs	Cash-settled RSUs
As of December 31,2023	**13,383,407**	**—**
Granted	9,321,006	—
Exercised	(461,037)	—
Forfeited	(2,094,293)	—
Cancelled	—	—
As of December 31,2023	**20,149,083**	**—**
Granted	5,037,898	—
Reclassification	(6,565,628)	6,565,628
Exercised	(150,060)	—
Buyout	(1,297,881)	(3,629,463)
Forfeited	(1,243,055)	—
Cancelled	—	—
As of December 31,2023	**15,930,357**	**2,936,165**
Exercisable as of December 31, 2023	*5,340,869*	*565,659*

The weighted average share price at the date of exercise for 2023 amounted to 2,589 RUB for equity-settled RSUs (2022: 1,535). As of December 31, 2023 and 2022, the average remaining contractual life for options outstanding comprises 8.2 and 8.5, respectively.

During 2022, the Company amended the general terms of its Equity Incentive Plan, by introducing a cash-settlement option for all awards under the Plan at the discretion of the Company.

During the first quarter of 2023, the Company settled in cash certain fully vested share-based awards with the original fair value of 1,716 from the program participants for a total consideration of 1,820.

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In August 2023, the Company introduced cash settlement initiatives which allow the EIP Participants to settle for cash a part of their fully vested share-based awards upon a call offer from the Company. The initiatives are limited by a fixed cash budget, while the total number of awards to be acquired by the Company is to be determined based on the price per award based on a 60-days weighted average of the ADS price on Moscow Stock Exchange (MOEX) preceding the respective vesting dates in 2023 and 2024.

In September 2023, the Company classified the vested and unvested awards which are expected to be subject to the Company's cash settlement offer as cash-settled awards. Accordingly, the Company reclassified 13,685 to "Liability for the cash-settled employee benefits" in the consolidated statement of financial position with a corresponding reclassification of 6,501 from "Equity-settled employee benefits reserve" and an impact of revaluation of the liability based on the cash settlement initiative rules of 7,184 debited to "Accumulated losses". The Company did not recognize any incremental costs in connection with the cash settlement initiative as it does not provide any measurable benefit to the employees. The amount reclassified initially from equity was determined based on a weighted-average vesting percentage at the reclassification date, which was determined on the first-in-first-out basis as applied to individual grants. During the fourth quarter of 2023, a reclassification of 2,306 was credited to "Accumulated losses" upon receipt of actual data regarding the RSUs submitted for the repurchase.

During the fourth quarter of 2023, the Company settled in cash fully vested share-based awards with original fair value of 4,910 for a total consideration of 8,597.

Movement of Equity-settled employee benefits reserve and Liability for the cash-settled share-based awards:

	Equity-settled employee benefits reserve	Liability for the cash-settled share-based awards	Total
Balance as of January 1, 2023	**18,200**	—	**18,200**
Reclassification of share-based awards	(8,807)	8,807	—
Excess of initial valuation of the liability for the cash-settled share-based awards over the original fair value	—	4,982	**4,982**
Settlement of vested share-based awards	(1,716)	(8,896)	**(10,612)**
Share-based compensation expense	8,107	2,191	**10,298**
Issue of shares upon exercise of share-based awards	(162)	—	**(162)**
Balance as of December 31, 2023	**15,622**	**7,084**	**22,706**

Share-based compensation expense

The following table summarizes total share-based compensation expense by function for the years ended December 31, 2023, 2022 and 2021.

	2023			2022	2021
	Equity-settled RSUs	Cash-settled RSUs	Total	Equity-settled RSUs	Equity-settled RSUs
Cost of revenue	582	238	820	557	565
Sales and marketing	963	276	1,239	1,009	742
Technology and content	1,953	618	2,571	2,512	2,002
General and administrative	4,609	1,059	5,668	6,921	4,511
	8,107	**2,191**	**10,298**	**10,999**	**7,820**

Measurement of fair values

Subsequent to the Company's IPO in November 2020 and through March 2022, the fair value of ordinary shares was determined on the grant date using the closing price of the Company's ADS traded on Nasdaq. From March 2022, after the price on Nasdaq became unavailable, the fair value of ordinary shares was determined on the grant date using the closing price of the Company's ADS traded on MOEX. As employees are not entitled to dividends declared during the vesting period, the Group takes into consideration the impact of the dividend forfeiture in its estimate of the fair value of RSUs granted during the period. For the RSUs granted for 2021—2023, the impact of dividend forfeiture was assessed as not material to the valuation.

28. Related parties

The following table provides the total amounts of transactions that have been entered into with related parties for the year ended December 31, 2023, 2022 and 2021, as well as balances with related parties as of December 31, 2023, 2022 and 2021.

Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021
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	Sales to related parties	Purchases from related parties	Amounts owed by related parties[1]	Amounts owed to related parties[1]
Associate:				
2023	25	3	—	14
2022	7	—	53	—
2021	7	1	1	2
Other related parties:				
2023	161	7,468	89	2,648
2022	105	1,999	10	1,020
2021	114	553	6	973

[1] The amounts are classified as accounts receivable and trade payables, respectively

Purchases from related parties relate primarily to purchases of goods for resale, telecommunication services (phone service, internet, etc.), software products, subscriptions for the e-books' library, payment processing services, agency services (cash collection from the Group's customers), and factoring services.

Sales to related parties include commissions for participation in the Group's affiliates program where the Group's customer referrals result in successful sales by associate.

Certain Russian subsidiaries of the Group have opened current and deposit accounts with other related parties. As of December 31, 2023, the balance within the Group's cash and cash equivalents deposited with such related parties amounted to 7,562 less expected credit losses of 61 (December 31, 2022: cash and cash equivalents of 6,047 less expected credit losses of 43). The Group received interest income of 501 during the year ended December 31, 2023 (2022: 151).

As of December 31, 2023, outstanding liabilities under factoring arrangements with other related parties amounted to 2,000 (as of December 31, 2022: 886) which were included in amounts owed to related parties in the table above. The respective factoring charges for the year ended December 31, 2023 of 1,307 (2022: 1,123) were included in purchases in the table above.

Outstanding balances with related parties at the year-end are unsecured and carry market interest (where applicable), settlement is generally made in cash. For the year ended December 31, 2023, the Group did not incur material expected credit losses or impairments relating to amounts owed by related parties (2022: nil).

During the year ended December 31, 2023 the Group received 323 of dividends from its associate (during the year ended December 31, 2022: 258).

Transactions with key management personnel

The remuneration of key management personnel for the year ended December 31, 2023, 2022 and 2021 amounted to:

	2023	2022	2021
Short-term employee benefits (i)	18	32	90
Share-based compensation expense (ii)	279	1,540	2,390
	297	**1,572**	**2,480**

i. Short-term benefits include salaries, bonuses, paid annual leave and social security contributions.

ii. Amounts related to the participation of the key management personnel in the incentive scheme posted in consolidated statements of profit or loss and other comprehensive income.

During the year ended December 31, 2023, the Group settled 452 in cash of fully vested share-based awards. As of December 31, 2023, the liability for the cash-settled share-based awards to the key management personnel amounted to 237 (December 31, 2022: nil).

29. Financial instruments, risk management and capital management

29.1 Financial assets and financial liabilities

The following table shows the carrying amounts of financial assets and financial liabilities.

Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 (in millions of Russian Rubles, unless otherwise stated)

	Fair value hierarchy	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost			
Cash and cash equivalents (note 17)		169,814	90,469
Accounts receivable (note 19)		6,865	6,249
Loans to customers (note 18)		46,669	5,585
Other financial assets (note 20)		6,881	6,098
Financial assets measured at fair value through profit and loss (on a recurring basis)			
Accounts receivable (note 19)	Level 3	291	458
Total financial assets		**230,520**	**108,859**
Financial liabilities measured at amortized cost			
Trade and other payables (note 23)		167,092	91,504
Lease liabilities (note 14)		124,335	74,495
Convertible bonds (note 22)	Level 2	—	53,597
Borrowings (note 22)		104,371	40,518
Customer deposits and other financial liabilities (note 24)		65,049	6,138
Customer advances (note 25)		33,624	16,181
Financial liabilities measured at fair value through profit and loss (on a recurring basis)			
Derivative feature in the Financing Arrangement (note 22)	Level 2	12,522	3,000
Total financial liabilities		**506,993**	**285,433**

Customer advances and contract liabilities line item in the consolidated statement of financial position includes liabilities for the upfront payments collected from customers for orders placed on the marketplace, including the amounts, which are due to be transferred to third-party sellers upon delivery of the orders. Such amounts are accounted for as financial liabilities measured at amortized cost.

As of December 31, 2023 and 2022, management assessed that the carrying values of the Group's financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values, except for the financial liability related to the convertible bonds. The fair value of non-derivative financial liability related to convertible bonds measured at amortized cost was determined in accordance with the publicly available terms of restructuring (note 22) on a discounted cash flow basis and amounted to 36,281.

For assets and liabilities that are recognized at fair value on a recurring basis, during the year ended December 31, 2023, the Group determined that no transfers between the levels in the fair value hierarchy have occurred (the year ended December 31, 2022: none). During the year ended December 31, 2023, there were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements, except for the changes necessary to determine fair values of new types of instruments acquired during the period.

As of December 31, 2023 and December 31, 2022, the fair value of derivative feature in the Financing Arrangement is determined based on the quoted prices of the Company's shares in active markets as well as other observable market inputs underlying or derived from the quoted market prices of the instruments, using conventional option pricing methodology with a reference to the Groups credit spread, volatility of the Company's share price, and forward risk-free interest rates and Russian key rate.

29.2 Financial risk management

The Group is exposed to risks that arise from financial instruments. The Group has exposure to a market risk, a credit risk and a liquidity risk.

There have been no substantial changes in the Group's exposure to financial instrument risks, its objectives for using financial instruments, its policies, and processes for managing the risks arising from financial instruments, or the methods used to measure the exposures as compared to the previous period, except for as applied to new exposures from new financial instruments.

29.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices underlying the value of the instrument. Market risks, which mostly impact the Group, comprises of:

- interest rate risk as related to floating rate debt (note 22);
- currency risk as related to financial assets and liabilities at amortized cost denominated in foreign currencies;
- risk related to fluctuations of market variables underlying the fair value of financial instruments carried at fair value through profit and loss (note 22).

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The Group does not enter any derivative or non-derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, except for placing foreign currency deposits to reduce and exposure from open foreign currency positions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises primarily from the floating rate debt described in note 22. The interest expense on the loans and borrowings as disclosed in note 22 is linked to the Central Bank key rate. The Group places the short-term bank deposits at a fixed interest rate to partially compensate interest expenses on financial liabilities. However, growth in rates may limit the Group's ability to attract new financing on commercially sensible terms as well as it may impact fair values of the Group's financial assets carried at amortized cost.

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in interest rates, with all other variables held constant. There will be no material impact on equity.

	Change in interest rate, basis points	Effect on profit or loss before tax (loss)/ gain
Year ended December 31, 2023	+50/-50	(468) / 468
Year ended December 31, 2022	+50/-50	(169) / 169

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of instruments denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's financing activity (borrowings and lease liabilities in foreign currencies), investing activities (capital investments and short-term deposits in foreign currency) and operating activities (sales, expenses and related settlement balances are denominated in a foreign currency).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	USD denominated		CNY denominated
	2023	2022	2023
Assets	7,540	31,578	19,731
Liabilities	(9,494)	(54,233)	(2,138)
Net position	**(1,954)**	**(22,655)**	**17,593**

There were no material open currency positions in other currencies.

The Group keeps part of its cash and cash equivalents in CNY and USD interest-bearing accounts to manage the impact of CNY and USD exchange rate fluctuations on the open position in CNY and USD.

Foreign currency sensitivity

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the USD and CNY exchange rates, with all other variables held constant. The table provides information about the impact on the Group's profit before tax due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in foreign exchange rates	Effect on profit or loss before tax (loss) / gain
Year ended December 31, 2023		
USD	+20%/-20%	(391) / 391
CNY	+20%/-20%	3,519 / (3,519)
Year ended December 31, 2022		
USD	+30%/-30%	(6,796) / 6,796

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Risk related to fluctuations of market variables underlying the fair value of financial instruments

The fair value of derivative feature in the Financing Arrangement is affected by the Company's share price at MOEX and its volatility, as well as forward risk-free interest rates.

Sensitivity to fluctuations in the Company's shares price

The following table demonstrates the sensitivity of loss before tax to a reasonably possible changes in key factors:

Reasonably possible shift in Ozon share price	Reasonably possible shift in interest rate	Reasonably possible shift in volatility of shares	Effect on profit or loss before tax (2023)	Effect on profit or loss before tax (2022)
Increase by 10%	—	—	(1,884)	(465)
Decrease by 10%	—	—	1,876	461
—	Increase by 100 b.p.	—	20	82
—	Decrease by 100 b.p.	—	(77)	(79)
—	—	Increase by 10%	(370)	(285)
—	—	Decrease by 10%	346	381

29.2.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a contract with customer, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily, loans to customers) and from its cash and cash equivalents held with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2023	December 31, 2022
Cash and cash equivalents (note 17)	169,814	90,469
Loans to customers (note 18)	46,669	5,585
Account receivable (note 19)	7,156	6,707
Other financial assets (note 20)	6,881	6,098
	230,520	**108,859**

Loans to customers

Loans to customers include loans granted to legal entities and individuals as well as short-term factoring financing provided to legal entities. The Group maintains strict policy to screen potential borrowers to manage the credit exposure. Further, the Group does not allow for material concentrations in the loan portfolio.

The following tables set out information about the credit quality of loans to customers without taking into account collateral and other credit enhancement. Amounts in the table represent gross carrying amounts.

As of December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities and individual entrepreneurs				
Grade 1: Strong	32,648	137	—	**32,785**
Grade 2: Satisfactory	539	9	—	**548**
Grade 3: High risk	—	174	—	**174**
Grade 4: Very high risk	—	55	—	**55**
Grade 5: Credit impaired	—	—	459	**459**
Gross carrying amount	33,187	375	459	**34,021**
Loss allowance	(353)	(117)	(459)	**(929)**
Carrying amount	**32,834**	**258**	**—**	**33,092**

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As of December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Loans to individuals				
Grade 1: Strong	13,638	—	—	**13,638**
Grade 2: Satisfactory	128	—	—	**128**
Grade 3: High risk	—	—	—	**—**
Grade 4: Very high risk	—	168	—	**168**
Grade 5: Credit impaired	—	—	234	**234**
Gross carrying amount	13,766	168	234	**14,168**
Loss allowance	(203)	(154)	(234)	**(591)**
Carrying amount	**13,563**	**14**	**—**	**13,577**

As of December 31, 2022	Stage 1	Stage 2	Stage 3	Total
Loans to legal entities and individual entrepreneurs				
Grade 1: Strong	5,525	1	—	**5,526**
Grade 2: Satisfactory	7	—	—	**7**
Grade 3: High risk	—	1	—	**1**
Grade 4: Very high risk	—	2	—	**2**
Grade 5: Credit impaired	—	—	13	**13**
Gross carrying amount	5,532	4	13	**5,549**
Loss allowance	(78)	(1)	(13)	**(92)**
Carrying amount	**5,454**	**3**	**—**	**5,457**

As of December 31, 2022	Stage 1	Stage 2	Stage 3	Total
Loans to individuals				
Grade 1: Strong	130	—	—	**130**
Grade 2: Satisfactory	—	—	—	**—**
Grade 3: High risk	—	—	—	**—**
Grade 4: Very high risk	—	—	—	**—**
Grade 5: Credit impaired	—	—	—	**—**
Gross carrying amount	130	—	—	**130**
Loss allowance	(2)	—	—	**(2)**
Carrying amount	**128**	**—**	**—**	**128**

The grades specified above distinguish financial instruments depending on the factors impacting the risk of default (PD) associated with each individual borrower. Assets are categorized by the grades based on the specific indications of a deterioration in credit quality, including overdue days, arbitration records etc.:

Grade 1: Strong — a financial instrument of a high credit quality, without indications of deterioration in credit quality.

Grade 2: Satisfactory — a financial instrument that is up to 30 days overdue, or borrowers have minor arbitration records.

Grade 3: High risk — a financial instrument of a legal entity that is 31 to 60 days overdue.

Grade 4: Very high risk — a financial instrument with any of the following characteristics:

- payments are 61 to 90 days for a legal entity;
- payments are 31 to 90 days overdue for an individual;
- significant arbitration disputes is identified;
- a loan restructuring request was received;
- a borrower that initiated a liquidation process.

Grade 5 Credit impaired — a financial instrument with any of the following characteristics:

- payments are more than 90 days overdue;
- an entity is liquidated;
- death of an individual borrower;
- a fraud is identified.

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Cash and cash equivalents

As of December 31, 2023, the Group had cash and cash equivalents of 169,814 (2022: 90,469). As of December 31, 2023, 96% of the Group's cash and cash equivalents were deposited with the Central Bank of Russia and other financial institutions with "A" and higher rating based on the ACRA rating agency National Credit Rating Scale for the Russian Federation and comparable grades for other countries (as of December 31, 2022: 95%).

With respect to the Group's cash and cash equivalents, the Group's liquidity policy prescribes to limit credit risk by setting maximum concentration per financial institution. Cash must be deposited in at least three banks.

Accounts receivable

The Group's accounts receivable do not include individually material balances where a concentration of credit risk might present. The Group's accounts receivable mainly consist of amounts due from vendors (advertising services, rebates and subsidies) and amounts due from customers. Accounts receivable owed by vendors carry low credit risk because the debtors have a strong capacity to meet their contractual obligations as well as there are usually counter liabilities which reduce the net exposure of the Group under such contracts. The credit risk on receivable from other customers does not create a material exposure due to a prudent scoring of customers for credit as well as a short-term nature of such receivables.

29.2.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due. The Group manages liquidity risk by maintaining adequate liquidity reserves and securing borrowing facilities. The Group continuously monitors actual cash flows and adjusts its cash flow forecasts to match the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
2023					
Non-derivative financial liabilities:					
Trade and other payables	169,248	186	111	111	**169,656**
Borrowings	23,068	131,687	643	575	**155,973**
Lease liabilities	31,729	56,486	43,662	79,722	**211,599**
Customer advances	33,624	—	—	—	**33,624**
Customer deposits and other financial liabilities	66,535	74	—	—	**66,609**
Total	**324,204**	**188,433**	**44,416**	**80,408**	**637,461**
Derivative financial liabilities:					
Derivative feature in the Financing Arrangement	10,548	—	—	—	**10,548**
Total	**10,548**	**—**	**—**	**—**	**10,548**

As of December, 31, 2023, the Group has undrawn credit facilities of 29,955

	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
2022					
Non-derivative financial liabilities:					
Trade and other payables	94,781	122	116	167	**95,186**
Borrowings	55,582	2,850	57,231	903	**116,566**
Lease liabilities	18,699	34,557	23,926	45,159	**122,341**
Customer advances	16,181	—	—	—	**16,181**
Customer deposits and other financial liabilities	6,144	—	—	—	**6,144**
Total	**191,387**	**37,529**	**81,273**	**46,229**	**356,418**
Derivative financial liabilities:					
Derivative feature in the Financing Arrangement	—	1,975	—	—	**1,975**
Total	**—**	**1,975**	**—**	**—**	**1,975**

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29.3 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowing	Derivative liabilities	Lease liabilities	Total
As of January 1, 2023	**94,115**	**3,000**	**74,495**	**171,610**
Financing cash flows	24,656	—	(10,049)	**14,607**
Interest paid	(3,186)	—	(13,039)	**(16,225)**
Non-cash changes:				
Net additions to lease liabilities	—	—	59,107	**59,107**
Bifurcation of derivative features	(2,732)	2,732	—	**—**
Change in fair value	—	6,790	—	**6,790**
Extinguishment of the convertible bond liability	(19,685)	—	—	**(19,685)**
Exchange difference	5,045	—	522	**5,567**
Interest accrued	9,364	—	13,299	**22,663**
Offset with financial assets	(2,596)	—	—	**(2,596)**
Other	(610)	—	—	**(610)**
As of December 31, 2023	**104,371**	**12,522**	**124,335**	**241,228**

	Borrowing	Derivative liabilities	Lease liabilities	Total
As of January 1, 2022	**62,116**	**594**	**42,467**	**105,177**
Financing cash flows	29,891	—	(9,233)	**20,658**
Interest paid	(1,579)	—	(6,767)	**(8,346)**
Non-cash changes:				
Net additions to lease liabilities	—	—	40,342	**40,342**
Bifurcation of derivative features	(3,109)	3,109	—	**—**
Change in fair value	—	(703)	—	**(703)**
Loss on convertible bonds	8,567	—	—	**8,567**
Exchange difference	(5,472)	—	(320)	**(5,792)**
Interest accrued	3,570	—	8,006	**11,576**
Other	131	—	—	**131**
As of December 31, 2022	**94,115**	**3,000**	**74,495**	**171,610**

The Group classifies interest paid as cash flows from operating activities.

29.4 Interest-related cash inflows within cash flows from operating activities

In 2023, the Group included interest received by its financial institution subsidiaries of 8,069 within cash flows from operating activities within Changes in loans to customers.

29.5 Capital management

The Group manages its capital to ensure that the Group and the entities within the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings less cash and cash equivalents) and equity (as detailed in the consolidated statements of financial position).

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial and non-financial covenants attached to the Group's borrowings would permit creditors to call such borrowings. Breaches in covenants could lead to a default on other indebtedness due to cross-default terms under that indebtedness.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022 except for as applied to new exposures.

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Capital adequacy ratios for the Group's financial institution subsidiaries

LLC Ozon Bank ("Ozon Bank") and MCC Ozon Credit LLC ("MCC") are financial institutions within the Group. Ozon Bank and MCC are subject to regulations of the Central Bank of Russia ("CBR"), which require commercial banks and other financial institutions to comply with various minimum capital adequacy ratios. The Group's aim in managing the adequacy of capital of the financial institutions is to ensure their ability to fulfill the goals for the strategic growth with unconditional compliance with the requirements for the adequacy of capital.

As of December 31, 2023, the actual capital adequacy ratios of Ozon Bank as calculated on the basis of statutory standalone financial statements were within the limits set by CBR (4.5% for the base capital, 6.0% for the main capital, 8.0% for the own capital):

	December 31, 2023	December 31, 2022
Capital adequacy ratios		
Base capital H1.1	32.6%	90.7%
main capital H1.2	32.6%	90.7%
own capital H1.0	32.6%	90.7%

As of December 31, 2023, the capital adequacy ratio of MCC as calculated on the basis of statutory standalone financial statements were 13.8 % which is within the limits set by CBR (2022: 15.22%)

30. Contingencies

Legal proceedings

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in aggregate, a material adverse impact on the Group. Management believes that the resolution of all current and potential legal matters will not have a material adverse impact on the Group's financial position or operating results. As of December 31, 2023, the Group estimates that a contingent liability related to the current and potential legal matters, where a cash outflow is possible, amounts to 204 (2022: 192).

The Russian Federation tax and regulatory environment

The taxation system in the Russian Federation continues to evolve and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. The management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by a number of authorities, which may impose severe fines, penalties and interest charges.

As of December 31, 2023, the Group estimates that possible exposure in relation to the above-mentioned risks for which no liability is required to be recognized, amounts to 2,388 (as of December 31, 2022: 800). This estimation should not be considered as an estimate of the Group's potential tax liability.

31. Risks and uncertainties related to current environment

As potential global and economic impacts of the current geopolitical crisis continue to evolve rapidly, unpredictably and outside the control of the Group it is difficult to accurately predict the full impact of this crisis on the Company's business and the results of its operations.

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

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

Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 (in millions of Russian Rubles, unless otherwise stated)

Due to the restrictions under the Russian capital controls and protection measures, the Company is currently restricted from upstreaming cash funds from the Company's Russian subsidiaries to the Company without an approval from the Russian governmental authorities. Similarly, the Russian subsidiaries are restricted from extending loans, paying dividends, making capital contributions and certain other payments to the Company and its non-Russian subsidiaries. Additionally, the subsidiaries of the Company are bound by covenants and other contractual restrictions that might prevent them from paying dividends and other distributions.

The above restrictions might affect the ability of the Company and its subsidiaries to access or use the assets of the entities within the Group, including, but not limited to, their ability to transfer cash or other assets to (or from) entities within the Group, to distribute and receive dividends and other capital distributions, or to grant and obtain loans and advances to (or from) entities within the Group.

APPENDIX

Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Financial Statements for the year ended December 31, 2023

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the report of independent registered public accounting firm is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Ozon Holdings PLC and its subsidiaries ("the Group").
Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of Ozon Holdings PLC as of December 31, 2023, and the consolidated results of its operations and of cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

In preparing the consolidated financial statements, management is responsible for the following:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with specific IFRS requirements is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for the following:

- designing, implementing and maintaining an effective and sound system of internal controls over financial reporting throughout the Group;
- maintaining adequate accounting records that in reasonable detail accurately and fairly reflect the Group's transactions and its consolidated financial position, and that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated financial statements in accordance with IFRS;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking such steps as are reasonably available to them to safeguard the Group's assets; and
- preventing and detecting fraud and other irregularities..

The consolidated financial statements for the year ended December 31, 2023, were authorized for issue in accordance with a resolution of the directors on April 8, 2024.

Igor Gerasimov / Director

Elena Ivashentseva / Director

April 8, 2024

Glossary

Adjusted EBITDA	Non-IFRS financial measure that we calculate as loss for the period before income tax benefit/(expense), total non-operating income/(expense), depreciation and amortization, share-based compensation expense from the equity-settled share-based awards and losses related to the fire incident. Adjusted EBITDA is disclosed here and elsewhere in this Annual Report to provide investors with additional information regarding the results of our operations
General Meeting	A general meeting of the shareholders of the Company
Articles of Association	Articles of Association of Ozon Holdings PLC
ADS	American Depositary Shares, each representing one ordinary share with a nominal value of $0.001 of Ozon Holdings PLC
AIFC Market Rules	Astana International Financial Centre Market Rules
AIX	Astana International Exchange
Board	Board of Directors of Ozon Holdings PLC
Capital Expenditures	Payments for purchase of property, plant and equipment and intangible assets
CBR	The Central Bank of Russian Federation
Cyprus Companies Law	Companies Law, Cap. 113 of the Laws of Cyprus, as amended
EBT	Ozon Employee Benefit Trust
EIP	Equity Incentive Plan of the Company
Executive Director	Director who is a senior employee of the Company or any of its subsidiaries
ESG	Environmental, social and governance factors considered alongside financial factors in the investment decision-making process
GMV incl. services	(Gross merchandise value including revenue from services) is the total value of orders processed through our platform, as well as revenue from services to our buyers, sellers and other customers, such as delivery, advertising and other services. GMV incl. services is inclusive of value-added taxes, net of discounts, returns and cancellations. GMV incl. services does not represent revenue earned by us. GMV incl. services does not include travel ticketing and hotel booking commissions, other related service revenues or the value of the respective orders processed
IPO	The sale of the Company's ordinary shares or ADSs in a first public offering resulting in the listing
Financial statements	Financial statements prepared in accordance with the International Financial Reporting Standards
Independent Director	Director considered an independent director within the meaning of the rules of the applicable stock exchange
Marketplace GMV	Total value of orders processed through our marketplace, inclusive of value-added taxes, net of discounts, returns and cancellations. Marketplace GMV includes only the value of goods processed through our platform and does not include services revenue
MOEX	Public Joint-Stock Company Moscow Exchange MICEX-RTS, Moscow Stock Exchange
Nasdaq	Nasdaq Global Select Market
Non-executive Director	Director not employed by the Company or any of its subsidiaries and who is not an Independent Director
Number of orders	The total number of orders delivered in a given period, net of returns and cancellations
Number of active buyers	The number of unique buyers who placed an order on our platform within the 12-month period preceding the relevant date, net of returns and cancellations
Number of active sellers	The number of unique merchants who made a sale on our marketplace within the 12-month period preceding the relevant date
Number of financial services' active users	The number of unique users that met at least one of the following conditions as of the reporting date: — the user had a balance in their accounts exceeding 10,000 RUB on any date in the previous 3 months; — the user had loan debt on any date in the previous 3 months; — the user had a paid Ozon Premium subscription for the previous 3 months; — the user completed at least one transaction in the previous 3 months.
RSU	Restricted share unit under the EIP
Share of Marketplace GMV	The total value of orders processed through our marketplace, inclusive of value-added taxes, net of discounts, returns and cancellations, divided by GMV incl. services in a given period. Share of Marketplace GMV includes only the value of goods processed through our platform and does not include services revenue
SKU	Stock keeping unit, distinct type of item for sale, a product or service
SMEs	Small and medium-sized enterprises
SOC	Security Operational Centre
Vostok Investments	Koenigsberg Investments IC LLC

Contacts

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