



# **RG Brands JSC & Subsidiaries**

## **NOTES**

**to the Interim Consolidated Financial Statements**

as at 30 September 2020

*(in KZT thousands unless stated otherwise)*

## 1. GENERAL

The principal activity of RG Brands JSC and its subsidiaries (“the Group”) is production, sale and distribution of juices, carbonated soft drinks, milk, chips, as well as the packing, sale and distribution of tea and other commercial products. The Group’s operations are primarily in the Republic of Kazakhstan (“Kazakhstan”).

**Ownership structure of the Company** – RG Brands JSC was initially registered on 22 June 1998 as a limited liability partnership and transformed into an open joint stock company on 27 March 2001. The Company was re-registered as a joint stock company on 17 February 2004.

As at 30 September 2020 and 31 December 2019 the registered share capital of RG Brands JSC was KZT 2 787 696 thousand. As at 30 September 2020 and 31 December 2019 the share capital comprised of 3 452 730 common shares amounting to KZT 1 840 296 thousand and 789 500 preferred shares amounting to KZT 947 400 thousand. The share capital was paid in full.

As at 30 September 2020 and 31 December 2019 shareholders of the Company were as follows:

| Shareholders        | Ownership interest |               | Number of shares |                  | Amount           |                  |
|---------------------|--------------------|---------------|------------------|------------------|------------------|------------------|
|                     | 30.09.2020         | 31.12.2019    | 30.09.2020       | 31.12.2019       | 30.09.2020       | 31.12.2019       |
| Mr. T.S. Kaltayev   | 1,49%              | 0,957%        | 30 000           | 30 000           | 33 400           | 33 400           |
| Mr. K.K. Mazhibayev | 96,65%             | 62,042%       | 1 944 771        | 1 944 771        | 944 726          | 944 726          |
| Mr. A. Agybayev     | 0,94%              | 0,606%        | 19 000           | 19 000           | 21 125           | 21 125           |
| Mr. R. Bayazerov    | 0,91%              | 0,586%        | 18 355           | 18 355           | 20 481           | 20 481           |
| Mr. A.V. Khalyapin  | 0,01%              | 0,004%        | 138              | 138              | 501              | 501              |
| Mr. Y.Zh.           |                    |               |                  |                  |                  |                  |
| Koshkimbayev        | -                  | 35,805%       | -                | 1 122 352        | -                | 656 699          |
| <b>Total</b>        | <b>100,0%</b>      | <b>100,0%</b> | <b>2 012 264</b> | <b>3 134 616</b> | <b>1 020 234</b> | <b>1 676 932</b> |

As at 30 September 2020 repurchased common shares of the Group made KZT 820 063 thousand or 1 440 466 common shares, and 789 500 preferred shares amounting to KZT 947 400 thousand, and as at 31 December 2019 – KZT 163 364 thousand or 318 114 common shares.

**Group structure and transactions** – The Group consists of RG Brands JSC and subsidiaries as follows:

|                               | Ownership interest |            | Voting power |            |
|-------------------------------|--------------------|------------|--------------|------------|
|                               | 30.09.2020         | 31.12.2019 | 30.09.2020   | 31.12.2019 |
| «RG Brands Kazakhstan» LLP    | 100%               | 100%       | 100%         | 100%       |
| «Uni Commerce Ltd.» LLP       | 100%               | 100%       | 100%         | 100%       |
| «RG Brands Kyrgyzstan» LLC    | 100%               | 100%       | 100%         | 100%       |
| «RG Brands Tashkent» LLP      | 100%               | 100%       | 100%         | 100%       |
| «PRG Bottlers Kazakhstan» LLP | 100%               | 100%       | 100%         | 100%       |
| «ЭрДжи Брэндс Север» LLC      | 100%               | 100%       | 100%         | 100%       |

RG Brands began production and packing of juice and juice-containing drinks in November 1999. Today the Group has the following trade marks in its portfolio: Gracio, Da-Da and Nectar Solnechnyi, Da-Da Day and ASU.

The Group started up the first line for production of carbonated soft drinks under the trademarks of Pepsi, Seven Up, Mirinda and Aquafina in November 1999.

As at 30 September 2020 RG Brands owned 100% authorised capital of RG Brands Kyrgyzstan LLC registered on 11 March 2004. The interest of the minority shareholder was purchased on 7 October 2008.

RG Brands Kazakhstan LLP (hereinafter “RG Brands Kazakhstan”) was established on 4 April 2006 and comprised production facilities engaged in manufacture of juice, beverages, packaged milk under Moye trade mark, tea under Piala trade mark, bottled water under Asu trade mark, and Grizzly chips. This Company is also engaged in distribution of the Group products in the Republic of Kazakhstan.

In accordance with the decision of RG Brands JSC, a 100% subsidiary – RG Brands Tashkent LLC was registered on 29 August 2009 in the Republic of Uzbekistan.

RG Brands Tashkent LLC and RG Brands Kyrgyzstan LLC are engaged in sale and distribution of the Group products in the Republic of Uzbekistan and Kyrgyz Republic accordingly.

In accordance with the decision of RG Brands JSC, a 100% subsidiary – RG Brands Sever LLC was registered on 6 May 2016 in the Russian Federation.

The Head Office of the Company is located in Almaty; its production capacities are located in Almaty, Almaty Oblast, and Kostanai, Republic of Kazakhstan. As specified above, the Company is also present in Kyrgyz Republic, Republic of Uzbekistan and Russia to implement its sale and distribution strategies.

|                    |  |
|--------------------|--|
| Legal address:     | 212b, Raimbek ave., Almaty, Republic of Kazakhstan |
| Form of ownership: | Private  |

#### ***Bottling Agreements with PepsiCo and Seven-Up International***

The Group operates its carbonated soft drinks production and distribution under an exclusive bottling appointment agreement, concluded between RG Brands Kazakhstan and Seven-Up International. Under these agreements, RG Brands Kazakhstan received the rights for bottling, sale and distribution of PepsiCo and Seven-Up products in Kazakhstan until 21 July 2010 with automatic prolongation for 5 years and subsequently for another 5-year period at the end of each 5-year period.

The rights for distribution of Pepsico Inc., Pepsi Lipton International Limited and Seven-Up products in the Kyrgyz Republic are provided under agreements concluded with these companies till 31 December 2020, inclusive.

## **2. BASIS OF PREPARATION**

These consolidated interim financial statements of RG Brands JSC and its subsidiaries have been prepared in accordance with International Financial Reporting Standard (“IFRS”) 34 *Interim Financial Reporting*.

The reporting period is from 01 January to 30 September 2020.

The Group keeps accounts in Kazakhstan monetary units (KZT) in accordance with the effective laws of the Republic of Kazakhstan. These consolidated interim financial statements are presented in KZT thousands.

These consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities measured at fair value.

These consolidated interim financial statements have been prepared based on two fundamental assumptions – accrual and going concern.

To calculate the book value of shares, the Group uses the following method: the carrying amount per common share equals the difference between the Company equity and the value of preferred shares divided by the number of common shares placed.

The carrying amount per preferred share equals the value of preferred shares placed divided by the number thereof.

## **3. KEY ACCOUNTING POLICIES**

The Group applied IFRS 15 revenue from Contracts with Customers starting January 1, 2018. The main impact of adoption of IFRS 15 relates to consideration payable to a customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer. The Group accounts for consideration payable to a customer as reduction of

the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

In 2018 the Group applied IFRS 9 Financial Instruments. The Group changed incurred credit loss model for expected credit loss model, although the effect was not material.

In 2019 the Group applied IFRS 16 Leases which introduces new or amended requirements with respect of lease accounting. Adoption of IFRS 16 did not have material impact on the consolidated Statement of Financial position and consolidated Statement of Cash Flow.

As for other recognition and measurement policies, when preparing these interim financial statements, the Group used accounting policies applied in the latest annual financial statements.

#### 4. REVENUE

Revenue was as follows:

|   | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
|---|-----------------------------|-----------------------------|
|   |                             | (thousands of Tenge)        |
| Sales of carbonated soft drinks and juice containing drinks | 40 060 411                  | 35 234 610                  |
| Sale of packed tea, packed milk and food products           | 16 013 095                  | 13 689 258                  |
| Sale of wholesale products                                  | 82 780                      | 58 145                      |
|   | <b>56 156 286</b>           | <b>48 982 013</b>           |

#### 5. COST OF SALES

Cost of sales were as follows:

|                                    | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
|------------------------------------|-----------------------------|-----------------------------|
|                                    |                             | (thousands of Tenge)        |
| Materials                          | 26 437 066                  | 25 369 339                  |
| Depreciation and amortisation      | 954 657                     | 969 849                     |
| Payroll and related taxes          | 753 580                     | 717 838                     |
| Utilities                          | 372 499                     | 422 819                     |
| Repairs                            | 735 131                     | 572 729                     |
| Cost of sale of wholesale products | 63 908                      | 236 932                     |
| Other costs                        | 120 288                     | 189 053                     |
|                                    | <b>29 437 129</b>           | <b>28 478 559</b>           |

## 6. SELLING EXPENSES

Selling expenses were as follows:

|   | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
|---|-----------------------------|-----------------------------|
|   |                             | (thousands of Tenge)        |
| Transportation                                    | 3 604 840                   | 3 162 210                   |
| Payroll and related taxes                         | 971 123                     | 665 773                     |
| Advertising campaigns and market research         | 1 816 080                   | 1 416 970                   |
| Sales agents expenses                             | 2 878 268                   | 2 655 570                   |
| Other selling costs                               | 668 623                     | 525 462                     |
| Amortisation                                      | 632 022                     | 562 103                     |
| Lease of vehicles, warehouses and office premises | 517 071                     | 384 623                     |
| Business trip expenses                            | 12 347                      | 22 092                      |
| Write-off of materials                            | 2 183                       | 2 631                       |
| Reimbursement of selling expenses                 | (768 069)                   | (532 169)                   |
|   | <b>10 334 488</b>           | <b>8 865 265</b>            |

## 7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

|                               | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
|-------------------------------|-----------------------------|-----------------------------|
|                               |                             | (thousands of Tenge)        |
| Payroll and related payments  | 1 974 014                   | 1 750 975                   |
| Waste goods write-off         | 176 906                     | 116 241                     |
| Consulting services           | 205 072                     | 294 594                     |
| Penalties and fines           | 718                         | 1 692                       |
| Depreciation and amortisation | 146 670                     | 102 606                     |
| Taxes other than income tax   | 203 255                     | 210 736                     |
| Bank services                 | 76 926                      | 106 640                     |
| Transportation expenses       | 72 589                      | 74 228                      |
| Utilities                     | 58 369                      | 55 808                      |
| Business trip expenses        | 169 880                     | 92 005                      |
| Communication services        | 88 699                      | 60 435                      |
| Insurance                     | 82 679                      | 83 808                      |
| Provision for doubtful debts  | (11 102)                    | 4 131                       |
| Others                        | 550 203                     | 841 084                     |
|                               | <b>3 794 878</b>            | <b>3 794 983</b>            |



## 8. FINANCE COSTS

Finance costs were as follows:

|                              | (thousands of Tenge)        |                             |
|------------------------------|-----------------------------|-----------------------------|
|                              | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
| Interest on borrowings       | 2 511 215                   | 1 912 811                   |
| Interest on letter of credit | 66 874                      | 74 833                      |
| Other                        | -                           | 23 957                      |
|                              | <b>2 578 089</b>            | <b>2 011 601</b>            |

## 9. OTHER EXPENSES / INCOME

Other income/ (expenses) were as follows:

|   | (thousands of Tenge)        |                             |
|---|-----------------------------|-----------------------------|
|   | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
| Income from disposal of property, plant and equipment | 300 865                     | 392 590                     |
| Other operating expenses/income, net                  | (222 896)                   | 141 677                     |
| Other   | 4 045                       | 43 122                      |
|   | <b>82 014</b>               | <b>577 389</b>              |

## 10. EARNINGS PER SHARE AND BOOK VALUE PER SHARE

Earnings/(loss) per share is calculated by dividing net profit/(loss) for the year attributable to equity holders by the weighted average number of common shares outstanding during the year as shown below.

|  | (thousands of Tenge)        |                             |
|--|-----------------------------|-----------------------------|
|  | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> |
| Net profit /loss for the year attributable to equity holders | 13 953 862                  | 6 088 325                   |
| Weighted average number of common shares                     | 2 941 238                   | 3 134 616                   |
| Basic loss/earnings per share, in Tenge                      | 4 744                       | 1 942                       |

The Company uses the following calculation method to determine the book value of shares.

**Book value per common share** is a quotient of the net assets for common shares by the number of common shares.

$$17\,244 = 34\,699\,179 / 2\,012\,264$$

Net assets for common shares are calculated using the following formula:

$$NAV = (TA - IA) - TL - PS, \text{ где}$$

- TA – issuer's assets recognised in the issuer's statement of financial position as at the calculation date;
- IA – intangible assets in the issuer's statement of financial position as at the calculation date;
- TL – liabilities in the issuer's statement of financial position as at the calculation date;
- PS – balance of Authorised Capital, Preferred Shares item in the issuer's statement of financial position as at the calculation date.

$$34\ 699\ 179 = (83\ 024\ 726 - 104\ 959) - 48\ 220\ 588$$

|   | at 30.09.2020 | (thousands of Tenge)<br>at 31.12.2019 |
|---|---------------|---------------------------------------|
| <b>Calculation of book value per common share</b>   |               |                                       |
| Net assets of the Group excluding intangible assets | 34 699 179    | 22 509 869                            |
| Number of outstanding common shares                 | 2 012 264     | 3 134 616                             |
| Book value per common share, Tenge                  | 17 244        | 7 181                                 |

**Book value per preferred share is calculated using the following formula:**

$$BVPS2 = LPS / NOPS2, \text{ where}$$

BVPS2 – book value per preferred share of the second group as at the calculation date;

NOPS2 – number of outstanding preferred shares of the second group as at the calculation date;

LPS – balance of preferred shares recorded as liabilities in the issuer's statement of financial position as at the calculation date

$$1\ 200 = 947\ 400 / 789\ 500$$

|  | at 30.09.2020 | (thousands of Tenge)<br>at 31.12.2019 |
|--|---------------|---------------------------------------|
| <b>Calculation of book value per preferred share</b> |               |                                       |
| Balance of preferred shares held within the Group    | -             | 947 400                               |
| Number of outstanding preferred shares               | -             | 789 500                               |
| Book value per preferred share, Tenge                | -             | 1 200                                 |

## 11. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2020 property, plant and equipment less accumulated depreciation were as follows:

|  | (thousands of Tenge) |                             |                         |                  |                    |                          |                    |
|--|----------------------|-----------------------------|-------------------------|------------------|--------------------|--------------------------|--------------------|
|  | Land                 | Buildings and constructions | Machinery and equipment | Vehicles         | Other              | Construction in progress | Total              |
| <b>Historical cost</b>                     |                      |                             |                         |                  |                    |                          |                    |
| At 1 January 2020                          | 1 552 835            | 6 759 723                   | 20 727 373              | 151 159          | 1 255 755          | 237 278                  | 30 684 123         |
| Additions                                  | -                    | -                           | 1 875 137               | 2 246            | 48 229             | 214 486                  | 2 140 098          |
| Internal transfers                         | -                    | -                           | 389 485                 | -                | (2 626)            | (386 859)                | -                  |
| Disposals                                  | (9 404)              | -                           | (87 506)                | (28 905)         | (5 436)            | (1 340)                  | (132 591)          |
| At 30 September 2020                       | <b>1 543 431</b>     | <b>6 759 723</b>            | <b>22 904 489</b>       | <b>124 500</b>   | <b>1 295 922</b>   | <b>63 565</b>            | <b>32 691 630</b>  |
| <b>Accumulated depreciation</b>            |                      |                             |                         |                  |                    |                          |                    |
| At 1 January 2020                          | -                    | (990 520)                   | (5 731 711)             | (127 314)        | (975 093)          | -                        | (7 824 638)        |
| Accrued for the period                     | -                    | (447 297)                   | (1 180 529)             | (7 137)          | (75 073)           | -                        | (1 710 036)        |
| Internal transfers                         | -                    | -                           | 2                       | -                | (2)                | -                        | -                  |
| Disposals                                  | -                    | -                           | 40 709                  | 28 058           | 1 968              | -                        | 70 735             |
| At 30 September 2020                       | -                    | <b>(1 437 817)</b>          | <b>(6 871 529)</b>      | <b>(106 393)</b> | <b>(1 048 200)</b> | -                        | <b>(9 463 939)</b> |
| <b>Net book value at 30 September 2020</b> | <b>1 543 431</b>     | <b>5 321 906</b>            | <b>16 032 960</b>       | <b>18 107</b>    | <b>247 722</b>     | <b>63 565</b>            | <b>23 227 691</b>  |

## 12. INVENTORIES

|  | (thousands of Tenge) |                  |
|--|----------------------|------------------|
|  | at 30.09.2020        | at 31.12.2019    |
| Finished goods                             | 4 910 861            | 3 182 477        |
| Raw material                               | 3 175 973            | 2 713 511        |
| Packing materials                          | 1 285 545            | 1 004 214        |
| Other                                      | 755 779              | 433 102          |
| Spare parts                                | 361 388              | 563 799          |
| Less provision for slow moving inventories | (62 278)             | (68 676)         |
|  | <b>10 427 268</b>    | <b>7 828 427</b> |

## 13. ACCOUNTS RECEIVABLE

|                                  | (thousands of Tenge) |                  |
|----------------------------------|----------------------|------------------|
|                                  | at 30.09.2020        | at 31.12.2019    |
| Trade accounts receivable        | 1 895 149            | 2 223 805        |
| Less provision for doubtful debt | (62 120)             | (136 942)        |
|                                  | <b>1 833 029</b>     | <b>2 086 863</b> |



As at 30 September 2020 trade accounts receivable were denominated in the following currencies:

|                    | (thousands of Tenge) |                      |
|--------------------|----------------------|----------------------|
|                    | <b>at 30.09.2020</b> | <b>at 31.12.2019</b> |
| In Tenge           | 1 384 550            | 1 662 024            |
| In Russian Roubles | 333 268              | 318 566              |
| In Kyrgyz Soms     | 115 211              | 106 273              |
|                    | <u>1 833 029</u>     | <u>2 086 863</u>     |

#### 14. ADVANCES PAID

|   | (thousands of Tenge) |                      |
|---|----------------------|----------------------|
|   | <b>at 30.09.2020</b> | <b>at 31.12.2019</b> |
| <b>Non-current</b>                              |                      |                      |
| Advances paid for property, plant and equipment | 1 207 939            | 48 139               |
| Other   | 22 536               | 9 565                |
|   | <u>1 230 475</u>     | <u>57 704</u>        |
| <b>Current:</b>                                 |                      |                      |
| Advances paid for services and inventory        | 2 238 182            | 1 760 692            |
| Less provision for doubtful debt                | (132 988)            | (134 612)            |
|   | <u>2 105 194</u>     | <u>1 626 080</u>     |

#### 15. OTHER CURRENT ASSETS

|   | (thousands of Tenge) |                      |
|---|----------------------|----------------------|
|   | <b>at 30.09.2020</b> | <b>at 31.12.2019</b> |
| Short-term accounts receivable from related parties | 15 309               | 256 022              |
| Receivables from employees                          | 189 982              | 290 812              |
| Other taxes receivable                              | 541 398              | 329 702              |
| Other receivables                                   | 708 303              | 403 021              |
| Prepaid expenses                                    | 480 797              | 518 989              |
| Less provision for doubtful debts                   | (15 625)             | (15 625)             |
|   | <u>1 920 164</u>     | <u>1 782 921</u>     |

## 16. BORROWINGS

|  | (thousands of Tenge) |                   |
|--|----------------------|-------------------|
|  | at 30.09.2020        | at 31.12.2019     |
| <b>Borrowings:</b>   |                      |                   |
| Long-term loans  | 16 856 481           | 13 855 075        |
| Short-term bank loans and current portion of long-term loans | 16 176 179           | 17 644 228        |
|  | <u>33 032 660</u>    | <u>31 499 303</u> |
| Interest payable   | 241 451              | 499 071           |
|  | <u>33 274 111</u>    | <u>31 998 374</u> |

As at 30 September 2020 and 31 December 2019 the borrowings are subject to repayment as follows:

|                                       | at 30.09.2020     | at 31.12.2019     |
|---------------------------------------|-------------------|-------------------|
| On demand or within one year          | 16 417 630        | 18 143 299        |
| In the second to fifth year inclusive | 16 856 481        | 13 855 075        |
|                                       | <u>33 274 111</u> | <u>31 998 374</u> |

As at 30 September 2020 borrowings were denominated in the following currencies:

|                    | at 30.09.2020     | at 31.12.2019     |
|--------------------|-------------------|-------------------|
| In Tenge           | 26 976 961        | 22 329 295        |
| In Russian Roubles | 6 297 150         | 9 669 079         |
|                    | <u>33 274 111</u> | <u>31 998 374</u> |

## 17. ACCOUNTS PAYABLE

As at 30 September 2020 accounts payable were as follows:

|                                 | (thousands of Tenge) |                  |
|---------------------------------|----------------------|------------------|
|                                 | at 30.09.2020        | at 31.12.2019    |
| Raw materials                   | 4 230 157            | 4 647 423        |
| Packing materials               | 3 323 709            | 3 651 562        |
| Services                        | 462 914              | 508 576          |
| Property, plant and equipment   | 71 568               | 78 627           |
| Goods                           | 114 066              | 125 318          |
|                                 | <u>8 202 414</u>     | <u>9 011 506</u> |
| Less long-term accounts payable | (994 068)            | (876 772)        |
|                                 | <u>7 208 346</u>     | <u>8 134 734</u> |

As at 30 September 2020 trade accounts payable were denominated in the following currencies:

|                    | (thousands of Tenge) |                  |
|--------------------|----------------------|------------------|
|                    | at 30.09.2020        | at 31.12.2019    |
| In Tenge           | 2 854 534            | 5 287 753        |
| In US Dollars      | 2 381 500            | 2 021 625        |
| In Chinese yuans   | 1 247 761            | 730 603          |
| In Euro            | 478 292              | 349 052          |
| In Kyrgyz Sums     | 108 569              | 123 317          |
| In Russian Roubles | 1 131 758            | 499 156          |
|                    | <b>8 202 414</b>     | <b>9 011 506</b> |

#### 18. TAXES PAYABLE

|                     | (thousands of Tenge) |                |
|---------------------|----------------------|----------------|
|                     | at 30.09.2020        | at 31.12.2019  |
| Value added tax     | 2 431 357            | 713 007        |
| Personal income tax | 41 378               | 30 501         |
| Other taxes         | 51 742               | 44 941         |
| Social tax          | 19 639               | 16 936         |
|                     | <b>2 544 116</b>     | <b>805 385</b> |

#### 19. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                              | (thousands of Tenge) |                |
|------------------------------|----------------------|----------------|
|                              | at 30.09.2020        | at 31.12.2019  |
| Payable to employees         | 251 783              | 220 704        |
| Accrued vacation and bonuses | 299 365              | 227 924        |
| Advances received            | 45 374               | 149 951        |
| Other accrued liabilities    | 164 342              | 43 351         |
|                              | <b>760 864</b>       | <b>641 930</b> |

#### 20. BUSINESS AND GEOGRAPHICAL SEGMENTS

In view of the management's assessment of the business on a single geographic base, i.e. Kazakhstan where 83.28% of the business is done, the management determined that the Group segmentation base is best reflected by the following business lines:

- a. Production, distribution and sale of products under the home brands of the Group including juices (Gracio, Da-Da, Nectar Solnechnyi), juice-containing drinks (DaDa Day), Asu bottled water, and Yeti energy drink;
- b. Production, distribution and sale of other products under the home brands of the Group including Piala Tea and Moye milk;
- c. Production, distribution and sale of franchised products including carbonated alcohol-free beverages (Pepsi, Pepsi Light, Mirinda, Seven-Up and Lipton Ice Tea);
- d. Trade transactions including sale and distribution of imported goods of other manufacturers.

|  | <b>Production of juice and<br/>juice-containing<br/>beverages</b> | <b>Food stuff</b> | <b>Trading</b> | <b>(thousands of Tenge)<br/>Consolidated</b> |
|--|---|-------------------|----------------|--|
| <b>Period ended 30 September 2020</b>                              |   |                   |                |  |
| Revenue  | 40 060 411  | 16 013 096        | 82 779         | 56 156 286                                   |
| Operating profit (loss) before tax                                 | 10 131 379  | 4 049 753         | 20 935         | 14 202 067                                   |
| Income tax expense   | (177 064)   | (70 777)          | (364)          | (248 205)                                    |
| Net profit/(loss)  | 9 954 316   | 3 978 976         | 20 570         | 13 953 862                                   |
| Depreciation   | 1 236 526   | 494 269           | 2 555          | 1 733 350                                    |
| Acquisition of property, plant and equipment and intangible assets | 1 562 272   | 577 826           | -              | 2 140 098                                    |

|                                       | <b>Production of juice and<br/>juice-containing<br/>beverages</b> | <b>Food stuff</b> | <b>Trading</b> | <b>Consolidated</b> |
|---------------------------------------|---|-------------------|----------------|---------------------|
| <b>Period ended 30 September 2020</b> |   |                   |                |                     |
| Segment assets                        | 56 909 310  | 25 996 089        | 119 327        | 83 024 726          |
| Deferred income tax assets            | -   | -                 | -              | -                   |
| Total assets                          | 56 909 310  | 25 996 089        | 119 327        | 83 024 726          |
| Segment liabilities                   | 30 715 300  | 14 030 704        | 64 403         | 44 810 407          |
| Deferred income tax liabilities       | 2 432 733   | 972 421           | 5 027          | 3 410 181           |
| Total liabilities                     | 33 052 809  | 15 098 475        | 69 304         | 48 220 588          |

The Group's revenue from sales to external companies by countries was as follows:

|                        | <b>9 months of<br/>2020</b> | <b>9 months of<br/>2019</b> | <b>(thousands of Tenge)</b> |
|------------------------|-----------------------------|-----------------------------|-----------------------------|
| Republic of Kazakhstan | 46 767 968                  | 40 324 964                  |                             |
| Kyrgyz Republic        | 7 550 964                   | 6 891 847                   |                             |
| Russian Federation     | 1 792 828                   | 1 726 727                   |                             |
| Tajikistan             | 28 389                      | 23 993                      |                             |
| China                  | 16 137                      | 14 482                      |                             |
|                        | <b>56 156 286</b>           | <b>48 982 013</b>           |                             |

## 21. RETIREMENT BENEFITS

In accordance with the requirements of the laws of the Republic of Kazakhstan, the Group makes 10% pension contributions from the employee salaries. However, subject to the Republic of Kazakhstan laws, this amount per employee shall not exceed KZT 212 500 a month since 1 January 2020, previously monthly contributions per employee amounted to KZT 212 500. These amounts are expensed as incurred. Contributions to the pension funds are deducted from the employee salary and recognised in the total salaries paid in the consolidated statement of comprehensive income.

As of 30 September 2020 the Group had no liabilities to its current or former employees on additional pension contributions, postretirement medical benefits, insurance payments or other retirement benefits.

## 22. RELATED PARTIES

Related parties of the Group are companies controlled and related to the Company shareholders – Mr. K.K. Mazhibayev and Ye.Zh. Koshkinbayev.

Transactions between the Company and its subsidiaries are eliminated at consolidation and not disclosed in this note. Transactions entered by the Group with the related are disclosed below.

*Trading transactions* – as at 30 September 2020 and 31 December 2020

Related party transactions include:

- sale of carbonated alcohol-free beverages, natural juice, tea;
- sale/purchase of other materials, property, plant and equipment, securities and rendering of various services;
- loans and borrowings.

(thousands of Tenge)

|                                     | Sales            |                  | Purchases        |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | 9 months of 2020 | 9 months of 2019 | 9 months of 2020 | 9 months of 2019 |
| <b>RESMI Direct Investments LLP</b> | 898 194          | 7 773            | 92 392           | 190 840          |
| <b>Jointly controlled companies</b> | -                | -                | 120 965          | 104 490          |

|  | Related-party receivables |                | Related-party payables |            |
|--|---------------------------|----------------|------------------------|------------|
|  | 30.09.2020                | 31.12.2019     | 30.09.2020             | 31.12.2019 |
| <b>Jointly controlled companies:</b>             | <b>78 617</b>             | <b>338 027</b> | -                      | -          |
| <i>Money on broker's account</i>                 | 63 308                    | 82 005         |                        |            |
| <i>Interest-free financial aid</i>               | -                         | -              |                        |            |
| <i>Liability on trade and other transactions</i> | 15 309                    | 256 022        | -                      | -          |

*Key management benefits* – Key management benefits are determined by the shareholders' meeting and senior management of the companies in accordance with the staff policy, staff list, personal employment contracts, decisions of the shareholders, orders on accrual of bonuses, etc.



### 23. EVENTS AFTER THE REPORTING DATE

During the period after the reporting date and prior to the date of the financial statements approval, no events have happened to the Group which would require adjustments or disclosures in the notes to the consolidated interim financial statements.

**Chairman of the Management Board**



**Timur Kaltayev**

**Chief accountant**

A handwritten signature in blue ink, likely belonging to Natalya Ivanova.

**Natalya Ivanova**