

Public Joint Stock Company
“M.video”

Interim Condensed Consolidated
Financial Statements (Unaudited)
Half-Year Ended 30 June 2023

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

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PUBLIC JOINT STOCK COMPANY “M.VIDEO”

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial statements that present the consolidated financial position of Public Joint Stock Company “M.video” (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2023, and the consolidated results of its operations, cash flows and changes in equity for the half-year then ended, in compliance with International Accounting Standard 34 “Interim Financial Reporting”.

In preparing the interim condensed consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are 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:

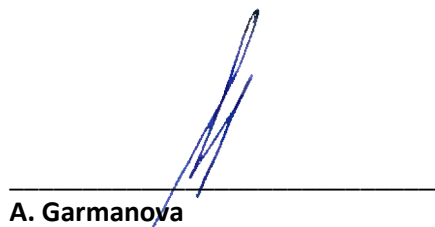
- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with IFRS (IAS 34);
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial statements of the Group for the half-year ended 30 June 2023 were approved on 24 August 2023.

On behalf of the management:



B. Uzhakhov
Chief Executive Officer



A. Garmanova
Chief Financial Officer

24 August 2023

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

To the Shareholders and the Board of Directors of Public Joint Stock Company “M.video”

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company “M.video” and its subsidiaries (the “Group”) as of 30 June 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other information – additional financial information

Management is responsible for the preparation of information accompanying the interim condensed consolidated financial statements, which is presented as additional financial information on pages 28-31. This information is provided for the purpose of additional analysis and is not part of the interim condensed consolidated financial statements for the half-year ended 30 June 2023 prepared in accordance with IAS 34 “Interim Financial Reporting”.

We have performed review procedures with respect to this additional financial information in course of our review of the interim condensed consolidated financial statements, based on which nothing has come to our attention that causes us to believe that the additional financial information has not been prepared properly in all material respects in accordance with the principles set out on page 28.

Biryukov Vladimir
Engagement partner

AO "Business Solutions and Technologies"
(ORNZ № 12006020384)

24 August 2023



PUBLIC JOINT STOCK COMPANY “M.VIDEO”

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

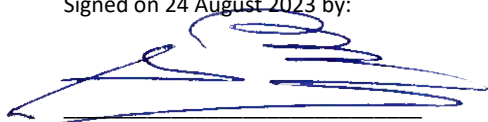
AS AT 30 JUNE 2023 (UNAUDITED)

(in millions of Russian Rubles)

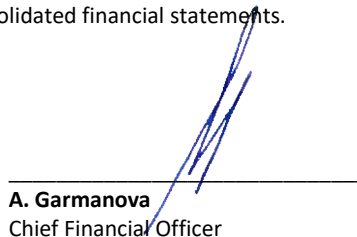
	Notes	30 June 2023	31 December 2022
NON-CURRENT ASSETS			
Property, plant and equipment	4	11 354	13 104
Investment property		170	178
Intangible assets	6	24 673	26 484
Goodwill	3	50 007	50 007
Right-of-use assets	5	53 620	59 750
Financial assets		8	15
Deferred tax assets		11 358	9 830
Other non-current assets		345	381
Total non-current assets		151 535	159 749
CURRENT ASSETS			
Inventories	7	137 679	112 871
Accounts receivable	8	18 791	17 972
Advances paid	8	13 881	5 988
Income tax receivable		104	239
Other taxes receivable	9	10 875	6 879
Other current assets		99	97
Cash and cash equivalents	10	9 200	30 196
Total current assets		190 629	174 242
TOTAL ASSETS		342 164	333 991
EQUITY			
Share capital	11	1 798	1 798
Additional paid-in capital		4 576	4 576
Treasury shares	11	(526)	(526)
Retained earnings		(5 604)	532
Total equity		244	6 380
NON-CURRENT LIABILITIES			
Lease liabilities	5	54 093	57 670
Non-current borrowings and other financial liabilities	12	30 942	13 951
Deferred tax liabilities		43	50
Other liabilities		424	487
Total non-current liabilities		85 502	72 158
CURRENT LIABILITIES			
Trade accounts payable		160 919	135 668
Current borrowings and other financial liabilities	12	61 682	81 715
Other payables and accrued expenses	13	9 417	13 090
Contract liabilities	14	6 186	6 048
Lease liabilities	5	15 110	15 662
Other taxes payable		2 726	2 883
Provisions		378	387
Total current liabilities		256 418	255 453
Total liabilities		341 920	327 611
TOTAL EQUITY AND LIABILITIES		342 164	333 991

The Notes form an integral part of these interim condensed consolidated financial statements.

Signed on 24 August 2023 by:



B. Uzhakhov
Chief Executive Officer



A. Garmanova
Chief Financial Officer

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED)
(in millions of Russian Rubles, except earnings per share)

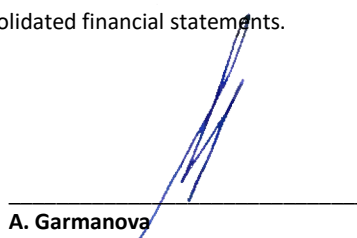
	Notes	For the half-year ended	
		30 June 2023	30 June 2022
REVENUE	15	179 204	218 815
COST OF SALES	16	(140 041)	(173 809)
GROSS PROFIT		39 163	45 006
Selling, general and administrative expenses	17	(35 341)	(41 284)
Other operating income	18	351	244
Other operating expenses		(190)	(400)
OPERATING PROFIT		3 983	3 566
Finance income	19	307	1 885
Finance expenses	19	(11 826)	(11 074)
LOSS BEFORE INCOME TAX EXPENSE		(7 536)	(5 623)
Income tax benefit		1 400	1 017
NET LOSS for the period, being TOTAL COMPREHENSIVE LOSS for the period		(6 136)	(4 606)
BASIC LOSS PER SHARE (in Russian Rubles)	20	(34,40)	(25,83)
DILUTED LOSS PER SHARE (in Russian Rubles)	20	(34,40)	(25,83)

The Notes form an integral part of these interim condensed consolidated financial statements.

Signed on 24 August 2023 by:



B. Uzhakhov
Chief Executive Officer



A. Garmanova
Chief Financial Officer

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED)**

(in millions of Russian Rubles)

	Notes	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
Balance as at 31 December 2021		1 798	4 576	(557)	11 012	16 829
Accrual/(reversal) of share-based payments		-	-	-	(150)	(150)
Settlement of share-based payments		-	-	31	(31)	-
Total comprehensive loss for the period		-	-	-	(4 606)	(4 606)
Balance as at 30 June 2022		1 798	4 576	(526)	6 225	12 073
Balance as at 31 December 2022		1 798	4 576	(526)	532	6 380
Total comprehensive loss for the period		-	-	-	(6 136)	(6 136)
Balance as at 30 June 2023		1 798	4 576	(526)	(5 604)	244

The Notes form an integral part of these interim condensed consolidated financial statements.

Signed on 24 August 2023 by:

B. Uzhakhov
Chief Executive Officer

A. Garmanova
Chief Financial Officer

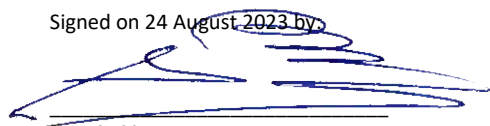
PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED)
(in millions of Russian Rubles)**

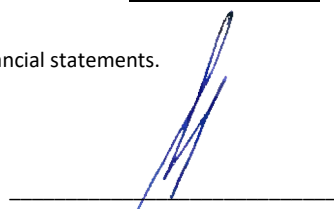
	Notes	For the half-year ended	
		30 June 2023	30 June 2022
OPERATING ACTIVITIES			
Total net loss for the period		(6 136)	(4 606)
<i>Adjustments for:</i>			
Income tax benefit		(1 400)	(1 017)
Depreciation and amortisation	17	13 206	13 704
Change in allowance for advances paid		-	76
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses		349	83
Interest income	19	(307)	(1 225)
Interest expenses	19	11 114	11 074
Income recognized on subsidized loans	12, 18	(255)	(131)
Net foreign exchange (income)/loss	18, 19	679	(660)
Other non-cash reconciling items, net		(87)	(39)
Operating cash flows received from operations before movements in working capital		17 163	17 259
(Increase)/decrease in inventories		(25 157)	52 853
(Increase)/decrease receivable and advances paid		(8 712)	25 961
(Increase)/decrease in other taxes receivable		(3 996)	22 968
Increase/(decrease) in trade accounts payable		25 221	(104 091)
Decrease in other payables and accrued expenses		(3 799)	(4 721)
Increase/(decrease) in contract liabilities		138	(3 542)
Increase/(decrease) in other liabilities		2	(150)
Decrease in other taxes payable		(157)	(189)
Other changes in working capital, net		41	824
Cash received from/(used in) operations		744	7 172
Income taxes paid		38	204
Interest paid		(10 258)	(9 824)
Net cash used in operating activities		(9 476)	(2 448)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(581)	(345)
Proceeds from disposal of property, plant and equipment		23	39
Purchase of intangible assets		(2 033)	(3 463)
Interest received		307	1 225
Net cash used in investing activities		(2 284)	(2 544)
FINANCING ACTIVITIES			
Proceeds from bonds	12	7 008	-
Repayment of bonds	12	(5 783)	-
Proceeds from borrowings		42 191	39 864
Repayment of borrowings		(46 781)	(37 652)
Repayment of lease liabilities	5	(5 871)	(6 399)
Net cash (used in)/received from financing activities		(9 236)	(4 187)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(20 996)	(9 179)
CASH AND CASH EQUIVALENTS, at the beginning of the period		30 196	12 053
CASH AND CASH EQUIVALENTS, at the end of the period		9 200	2 874

The Notes form an integral part of these interim condensed consolidated financial statements.

Signed on 24 August 2023 by:



B. Uzhakhov
Chief Executive Officer



A. Garmanova
Chief Financial Officer

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED) (in millions of Russian Rubles)

1. GENERAL INFORMATION

The interim condensed consolidated financial statements of Public Joint Stock Company “M.video” (“the Company”) and its subsidiaries (the “Group”) for the half-year ended 30 June 2023 were authorized for issue by management on 24 August 2023.

The Group is the operator of a chain of household appliances and consumer electronics stores and online stores operating in the Russian Federation. The Group specializes in the sale of TV, audio, video, Hi-Fi, home appliances and digital equipment, as well as related services. The Group comprises a chain of owned and leased stores.

As at 30 June 2023 and 31 December 2022, registered shareholders of PJSC “M.video” and their ownership interests are presented as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
ERICARIA HOLDINGS LIMITED	50,0000%	50,0000%
Media-Saturn-Holding GmbH	15,0000%	15,0000%
PJSC “SFI”	10,3735%	10,3735%
Treasury shares	0,7720%	0,7720%
Various shareholders	<u>23,8545%</u>	<u>23,8545%</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The annual consolidated financial statements of PJSC “M.video” and its subsidiaries were prepared in accordance with International Financial Reporting Standards (“IFRS”). These interim condensed consolidated financial statements for the half-year ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Functional and presentation currency – Presentation currency of the interim condensed consolidated financial statements is Russian Ruble (“RUB”), which is functional currency of the Group’s entities.

Going concern

In preparing the consolidated financial statements management has performed an assessment of the Group’s ability to continue as a going concern, covering the period of 12 months, from the reporting date.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED) *(in millions of Russian Rubles)*

Within such assessment, management of the Group considered the following:

- The Group has outstanding bank borrowings and bonds of 92 624 as of 30 June 2023, out of which 61 682 are due within 12 months after the reporting date (Note 12);
- The Group resulted in net loss of 6 136 for the half-year ended 30 June 2023;
As at 30 June 2023, the Group has violated a number of financial covenants, established in short-term loan agreements (Note 12), which gives banks an unconditional right to demand early repayment of the relevant obligations. At the same time, before and after the reporting date, Group entered into additional agreements to revise the restrictive values established by loan agreements or received letters about creditors not exercising the right to early debt collection with the majority of creditor banks, the amount of debt to those agreements is 49 788;
- As at 30 June 2023, the Group had unused credit facilities of 24 548 for which, however, were not legally committed by the banks (Note 12);
- The Group’s budget for 2023 approved by the Board of Directors, and financial forecast for half-year ended 30 June 2024 considered by Group’s management provides for the growth of the business profitability and repayment of Group’s current liabilities according to documented and/ or statutory deadlines while maintaining financial covenants at the level that exceeds limits, established by the credit agreements.

During the assessment of the Group’s ability of going concern, management has taken into consideration that after the reporting date the Group:

- Refinanced or redeemed all of its loan and bond liabilities falling due after 30 June 2023 for the total amount of 8 376;
- According to the results of July 2023, met its key budgeted goals for the relevant period;
- Continued negotiations with the remaining banks in order to revise covenant limits in its credit agreements, however as at the date of approval of these consolidated financial statements the process has not been completed.

Based on the assessment, which included consideration of the facts mention above and all the relevant information available at the date of issuance of consolidated financial statements, the Group’s management concluded that the going concern assumption is appropriate. However, due to frequent and significant changes in operating environment, as well as events, which are outside of the Group’s control, the Group’s going concern assessment is subject to a higher degree of uncertainty.

Seasonality of operations

Generally, the Group’s revenue is subject to seasonal fluctuations with higher demand in the second half of the year. Business seasonality results from a combination of higher sales in holiday periods (for example, New Year) and certain costs such as depreciation of fixed assets, of rights-of-use assets, and some general and administrative expenses that do not precisely follow sales trends. The timing of new store openings, cost associated with restructuring or asset impairment, if any, as well as general economic conditions, may also affect the Group’s future results.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED) *(in millions of Russian Rubles)*

Significant accounting policies

The accounting policies and calculation methods applied in the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies and calculation methods applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022.

Standards and interpretations

The adoption of amendments to the following standards for annual periods beginning 1 January 2023 did not have a material impact on the accounting policies, financial position and results of operations of the Group:

- IFRS 17 *Insurance Contracts*, including amendments;
- Amendments to IAS 1 and IFRS *Practice Statement #2 Disclosure of Accounting Policies* (since 1 January 2024);
- Amendments to IAS 8 *Definition of accounting estimates*;
- Amendments to IAS 12 *Deferred tax related to assets and liabilities arising from a single transaction*.

3. GOODWILL

At 30 June 2023, the Group performed an impairment test for goodwill related to the acquisition of the Eldorado, Media Markt and Direct Credit businesses as well as “Eldorado” trademark.

For the purpose of impairment testing, the cash-generating units (CGU) (being each group of stores located in one city) were grouped at the level of the Group’s single operating segment. The recoverable amount of CGUs was determined as value in use.

Cash flows were projected based on budgets approved by the Group. A forecast period of 5 years was used, as this period was determined by the management of the Group as an acceptable planning horizon.

Cash flows beyond 5 years are extrapolated using growth rates comparable to the forecast growth rates of the consumer price index.

The assumptions used to calculate the value in use for which the recoverable amount is most sensitive are: EBITDA annual growth in the average at 5%, the pre-tax discount rate applicable to the projected cash flows of 15,5% and terminal growth rates of 3%.

At 31 December 2022, the assumptions used to calculate the value in use for which the recoverable amount is most sensitive are: EBITDA annual growth in the average at 5%, the pre-tax discount rate applicable to the projected cash flows of 15,7% and terminal growth rates of 3%.

Based on the results of the testing, the Group has not identified any impairment.

Management reviewed the impact of changes in key assumptions on recoverable amount. Changes in key assumptions that could result in a possible impairment of goodwill are not probable under current market conditions.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED) (in millions of Russian Rubles)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 June 2023 and 31 December 2022 consisted of the following:

	For the half-year ended 30 June 2023	For the half-year ended 30 June 2022
Cost		
As at 31 December	47 743	48 831
Additions	545	471
Disposals	(439)	(513)
As at 30 June	47 849	48 789
Accumulated depreciation		
As at 31 December	34 639	31 156
Charge for the period	2 135	2 473
Disposals	(388)	(465)
Impairment loss	109	-
As at 30 June	36 495	33 164
Net book value		
As at 31 December	13 104	17 675
As at 30 June	11 354	15 625

During the half-year ended 30 June 2023, the Group’s total capital expenditures were 545 (for the half-year ended 30 June 2022: 471), which were primarily related to leasehold improvements, computer and trade equipment.

Depreciation expenses have been included in “Selling, general and administrative expenses” (Note 17).

Assets mainly related to the closed stores with net book value of 52 were disposed of by the Group in the half-year ended 30 June 2023 (for the half-year ended 30 June 2022: 48). Loss on disposal of these items of 13 (for the half-year ended 30 June 2022: 10) was recorded within other operating expenses.

As at 30 June 2023 and 31 December 2022, the Group did not pledge fixed assets.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED)
(in millions of Russian Rubles)**

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below is an overview of a book value of right-of-use assets and lease liabilities of the Group and changes for the period:

	<u>Right-of-use assets</u>	<u>Lease liabilities</u>
As at 1 January 2023	59 750	(73 333)
New agreements	639	(639)
Modification of agreements	955	(1 562)
Depreciation charge	(7 262)	-
Impairment loss/ (reversal of impairment loss), net	(39)	-
Disposals	(423)	611
Interest expenses	-	(3 879)
Lease payments	-	9 599
As at 30 June 2023	53 620	(69 203)
	<u>Right-of-use assets</u>	<u>Lease liabilities</u>
As at 1 January 2022	74 075	(84 425)
New agreements	3 936	(3 862)
Modification of agreements	(1 588)	2 122
Depreciation charge	(8 345)	-
Disposals	(173)	203
Interest expenses	-	(3 733)
Lease payments	-	9 872
As at 30 June 2022	67 905	(79 823)

6. INTANGIBLE ASSETS

Intangible assets as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>For the half-year ended 30 June 2023</u>	<u>For the half-year ended 30 June 2022</u>
Cost		
As at 31 December	39 609	36 458
Additions	2 033	3 363
Disposals	(3 738)	(1 383)
As at 30 June	37 904	38 438
Accumulated amortisation		
As at 31 December	13 125	8 628
Charge for the period	3 844	2 872
Disposals	(3 738)	(1 383)
As at 30 June	13 231	10 117
Net book value		
As at 31 December	26 484	27 830
As at 30 June	24 673	28 321

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED) (in millions of Russian Rubles)

The total cost of acquisition of intangible assets was 2 033 and 3 363 in the half-year ended 30 June 2023 and 30 June 2022, respectively, which for the most part relate to the improvement of the front-office and back-office systems, web site platform, development of software for automation of business processes and purchase of software licenses.

Amortisation expenses have been included in Selling, general and administrative expenses (Note 17).

7. INVENTORIES

Inventories as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Goods for resale	135 589	110 602
Right of return assets	1 931	2 109
Other inventories	<u>159</u>	<u>160</u>
Total	<u>137 679</u>	<u>112 871</u>

During the half-year ended 30 June 2023, were recognized as an expense 452 (for the half-year ended 30 June 2022: 138) on inventories recorded at net realisable value. This amount is shown as cost of sales in the consolidated statement of profit or loss and other comprehensive income.

8. ACCOUNTS RECEIVABLE AND ADVANCES PAID

Accounts receivable and advances paid as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Accounts receivable		
Bonuses receivable from suppliers	15 517	16 834
Other accounts receivable	2 659	431
Accounts receivable from related parties (Note 21)	816	907
Expected credit losses on accounts receivable	<u>(201)</u>	<u>(200)</u>
Total accounts receivable	<u>18 791</u>	<u>17 972</u>
Advances paid		
Advances paid to suppliers and prepaid expenses	14 007	6 119
Impairment allowance for advances paid	<u>(126)</u>	<u>(131)</u>
Total advances paid	<u>13 881</u>	<u>5 988</u>
Total	<u>32 672</u>	<u>23 960</u>

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (UNAUDITED) (in millions of Russian Rubles)

9. OTHER TAXES RECEIVABLE

Other taxes receivable as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>
VAT recoverable	10 692	6 856
Other	183	23
Total	<u>10 875</u>	<u>6 879</u>

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash at banks	8 148	27 028
Cash in transit	747	2 567
Cash on hand in stores and petty cash	284	429
Short-term bank deposits	21	172
Total	<u>9 200</u>	<u>30 196</u>

Cash in transit represents acquiring and cash collected from the Group’s stores and not yet deposited into the bank accounts at the period end.

11. EQUITY

Share capital

As at 30 June 2023 and 31 December 2022, the Company had the following number of outstanding, issued and authorized ordinary shares:

	<u>Outstanding ordinary shares</u>	<u>Issued ordinary shares</u>	<u>Authorized ordinary shares</u>
Balance as at 31 December 2022 and 30 June 2023	<u>178 380 477</u>	<u>179 768 227</u>	<u>209 768 227</u>

Each share has par value of 10 RUB per share. During the half-year ended 30 June 2023, there were no changes in the number of authorized and issued ordinary shares of the Company. All issued ordinary shares were fully paid.

Treasury shares

As at 30 June 2023 the Group owned 1 387 750 treasury shares (31 December 2022: 1 387 750 treasury shares) held at cost of 526 (31 December 2022: 526).

Dividends declared

In June 2023 at the General Meeting of Shareholders of the Company it was decided not to pay dividends for the year 2022.

In June 2022 at the General Meeting of Shareholders of the Company it was decided not to pay dividends for the year 2021.

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12. BORROWINGS AND OTHER FINANCIAL LIABILITIES

This note provides information about the contractual terms of the Group’s interest-bearing long-term and short-term borrowings, credit lines and other financial liabilities, which are measured at amortized cost.

	<u>Maturity</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
<i>Non-current borrowings and other financial liabilities</i>			
Unsecured borrowings and credit lines			
PJSC “Promsvyazbank”	September- December 2024	10 000	-
		<u>10 000</u>	<u>-</u>
Other financial liabilities			
Bonds	August 2024- April 2026	20 942	13 951
		<u>20 942</u>	<u>13 951</u>
Total non-current borrowings, credit lines and other financial liabilities		<u>30 942</u>	<u>13 951</u>
<i>Current borrowings and other financial liabilities</i>			
Unsecured borrowings and credit lines			
PJSC “Promsvyazbank”	July 2023- June 2024	21 949	31 937
Bank VTB (PJSC)	February-April 2024	12 185	12 098
PJSK CREDIT BANK OF MOSCOW	September 2023- April 2024	12 093	14 979
JSC “ALFA BANK”	November 2023	5 746	7 328
Bank GPB (JSC)	April 2024	5 012	5 012
		<u>56 985</u>	<u>71 354</u>
Other financial liabilities			
Bonds	April 2024	4 697	10 361
		<u>4 697</u>	<u>10 361</u>
Total current borrowings and credit lines		<u>61 682</u>	<u>81 715</u>
Total borrowings, credit lines and other financial liabilities		<u>92 624</u>	<u>95 666</u>

As at 30 June 2023, the Group has violated a number of financial covenants established in short-term loan agreements, which gives banks an unconditional right to demand early repayment of the relevant obligations. At the same time, before and after the reporting date, Group entered into additional agreements to revise the restrictive values established by loan agreements or received letters about creditors not exercising the right to early debt collection with the majority of creditor banks, the amount of debt to those agreements is 49 788.

In April 2023, the Group placed long-term non-convertible ruble-denominated bonds with a fixed coupon rate for a total amount of 7 000 with a maturity date in April 2026.

Also in April 2023, for the first issue of bonds, investors partially used the right to submit a call for redemption, as a result of which the amount of bonds redeemed by the Company amounted to 5 775. The remaining part of the debt on the bonds will be repaid in April 2024.

As at 30 June 2023, the Group had unutilized uncommitted credit facilities of 24 548 (31 December 2022: 57 854). The unused limit on the issue of bonds as of 30 June 2023 is 24 800 (31 December 2022: 26 000).

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13. OTHER PAYABLES AND ACCRUES EXPENSES

Other payables and accrued expenses as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Salaries and bonuses	2 834	3 096
Refund liabilities for goods	1 615	1 807
Purchase of property, plant and equipment and intangible assets	1 223	1 194
Contingent lease and utility expenses	664	1 321
Repairs and maintenance expenses	360	375
Consulting expenses	298	407
Security expenses	226	114
Other current liabilities to related parties (Note 21)	71	40
Advances received	-	3 000
Other payables and accrued expenses	2 126	1 736
Total	<u>9 417</u>	<u>13 090</u>

14. CONTRACT LIABILITIES

Contract liabilities as at 30 June 2023 and 31 December 2022 consisted of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Prepayments received for goods	3 447	3 035
Deferred revenue	2 335	2 686
Other advances received	404	327
Total	<u>6 186</u>	<u>6 048</u>

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Deferred revenue for half-year periods ended 30 June 2023 and 30 June 2022 consisted of the following:

	For the half-year ended 30 June 2023					For the half-year ended 30 June 2022				
	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total
As at 1 January	2 273	366	-	47	2 686	2 560	597	-	158	3 315
Revenue deferred during the period	8 915	1 243	-	-	10 158	7 093	880	31	-	8 004
Revenue recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income	(9 249)	(1 234)	-	(26)	(10 509)	(7 437)	(1 303)	(21)	(73)	(8 834)
As at 30 June	1 939	375	-	21	2 335	2 216	174	10	85	2 485

Other programs represent other discounts to the Group’s customers, mainly coupons.

Revenue for the half-year ended 30 June 2023 includes the amount of obligations under the contract with customers at the beginning of the year in the amount of 6 062 (for the half-year ended 30 June 2022: 6 857).

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15. REVENUE

Revenue for the half-year periods ended 30 June 2023 and 30 June 2022 consisted of the following:

	For the half-year ended	
	30 June 2023	30 June 2022
Retail revenue	176 857	216 499
Consumer loan revenue	1 404	1 428
Rental income from investment property	130	109
Additional services revenue	27	72
Other revenue	786	707
Total	179 204	218 815

Retail revenue includes sales in stores, pick-up in stores, internet sales, home-delivery services and commission fees.

Other revenue for the half-year ended 30 June 2023 and 30 June 2022 includes revenue from services of installation, recycling of home appliances and digital assistance.

Revenue for the half-year ended 30 June 2023 recognized at a point in time was 179 177 (for the half-year ended 30 June 2022: 218 743), and revenue for the half-year ended 30 June 2023 recognized over a period of time was 27 (for the half-year ended 30 June 2022: 72).

16. COST OF SALES

Cost of sales for the half-year periods ended 30 June 2023 and 30 June 2022 consisted of the following:

	For the half-year ended	
	30 June 2023	30 June 2022
Cost of goods sold		
- Cost of goods sold	136 510	170 230
- Transportation to stores	1 764	1 750
- Inventory losses net of surpluses and related compensations from suppliers	(103)	205
Cost of credit broker services		
- Payroll of credit broker staff and related taxes	635	664
- Purchased credit broker services	1	38
Cost of Additional services	16	15
Cost of other services	1 218	907
Total	140 041	173 809

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17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the half-year periods ended 30 June 2023 and 30 June 2022 consisted of the following:

	For the half-year ended	
	30 June 2023	30 June 2022
Depreciation and amortisation	13 206	13 704
Payroll and related taxes	11 542	12 955
Advertising and promotional expenses, net	1 997	3 001
Utilities expenses	1 296	1 326
Bank charges	1 188	2 061
Security	1 150	1 277
Repairs and maintenance	1 058	1 123
Consulting services	711	933
Warehouse services	671	1 470
Contingent lease expenses	432	1 408
Office expenses	262	250
Taxes other than income tax	169	180
Communication	149	241
Maintenance and other property operating costs	52	56
Other expenses	1 458	1 299
Total	35 341	41 284

Payroll and related taxes for the half-year ended 30 June 2023 include 1 703 of contribution to the state pension fund (for the half-year ended 30 June 2022: 2 055) and social and medical insurance of 650 (for the half-year ended 30 June 2022: 770).

For the half-year ended 30 June 2023 the Group received 528 from its suppliers as a compensation of advertising and promotional expenses (for the half-year ended 30 June 2022: 562).

18. OTHER OPERATING INCOME

Other operating income for the half-year period ended 30 June 2023 includes income from subsidized loans in the amount of 255, exchange rate differences in the amount of 33, other marketing income and other items.

Other operating income for the half-year period ended 30 June 2022 includes income from subsidized loans in the amount of 131, rental income, other marketing income and other items.

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19. FINANCE INCOME AND EXPENSES

Finance income and expenses for the half-year periods ended 30 June 2023 and 30 June 2022 consisted of the following:

	For the half-year ended	
	30 June 2023	30 June 2022
Interest income	307	1 225
Exchange differences on financial liabilities (lease)	-	660
Total financial income	307	1 885
Interest on bank borrowings, credit lines and other	(7 235)	(7 341)
Interest expense on lease liabilities, net of interest income	(3 879)	(3 733)
Exchange differences on financial liabilities (lease)	(712)	-
Total financial expenses	(11 826)	(11 074)
Total	(11 519)	(9 189)

20. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Company (while share-based payments accounted as equity-settled only), by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of all potentially dilutive common shares that will be issued in the event of payment of remuneration to key management personnel in the form of shares.

The earnings and number of shares used in calculating basic and diluted earnings per share are set out below:

	For the half-year ended	
	30 June 2023	30 June 2022
Net loss attributable to equity holders of the Company	(6 136)	(4 606)
Weighted average number of ordinary shares in issue (millions of shares)	178,30	178,30
Basic loss per share (in Russian Rubles)	(34,40)	(25,83)
Net loss attributable to equity holders of the Company, adjusted for the effect of dilution	(6 136)	(4 606)
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions of shares)	178,30	178,30
Diluted loss per share (in Russian Rubles)	(34,40)	(25,83)

21. RELATED PARTIES

Related parties include shareholders, key management, entities under common ownership and control, entities under the control of key management and entities over which the Group has significant influence.

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The following table provides the total amount of transactions, which have been entered into with related parties during the half-year periods ended 30 June 2023 and 30 June 2022 and the outstanding balances owed by/to related parties as at 30 June 2023 and 31 December 2022, respectively:

	For the half-year ended 30 June 2023		30 June 2023		For the half-year ended 30 June 2022		31 December 2022	
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control (i)	-	-	-	-	-	55	-	-
Entities under significant influence of the controlling shareholder (ii)	1 441	97	813	673	1 529	32	907	4 154
Total	1 441	97	813	673	1 529	87	907	4 154

The nature of transactions with related parties is as follows:

- (i) Entities under common control – purchase and sale of Group’s goods, consulting, warehouses and trade premises rent, charity, reimbursement of tax charges and fines, etc.;
- (ii) Entities under significant influence of the controlling shareholder – agent services for sales of insurance, sale of goods, credit broker services.

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The following table provides the total amount of financial transactions, which have been entered into with related parties during the half-year periods ended 30 June 2023 and 30 June 2022 and the outstanding balances owed by/to related parties as at 30 June 2023 and 31 December 2022, respectively:

	For the half-year ended 30 June 2023		30 June 2023		For the half-year ended 30 June 2022		31 December 2022	
	Financial income from related parties	Financial expense from related parties	Amounts owed by related parties	Amounts owed to related parties	Financial income from related parties	Financial expenses from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control (i)	-	-	-	-	-	246	-	-
Entities under significant influence of the controlling shareholder (ii)	-	46	-	-	-	-	-	-
Total	-	46	-	-	-	246	-	-

The nature of transactions with related parties is as follows:

- (i) Entities under common control – financial expenses and lease obligations;
- (ii) Entities under significant influence of the controlling shareholder – financial expenses and insurance obligations.

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Terms and conditions of transactions with related parties

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Outstanding balances at 30 June 2023 are unsecured and settlement occurs in cash. There were no guarantees received or provided on receivables and payables in favor of related parties. As at 30 June 2023 the Group accrued expected credit losses on accounts receivable from related parties in the amount of 0 (and 31 December 2022: 0).

Compensation of key management personnel of the Group

The remuneration of directors and other members of key management paid during the half-year periods ended 30 June 2023 and 30 June 2022 was as follows:

	For the half-year ended	
	30 June 2023	30 June 2022
Short-term benefits *	438	743
Total	438	743

* Short-term benefits include salaries, bonuses and annual leave, medical insurance and relocation expenses.

As at 30 June 2023 there is 266 outstanding payable to key management personnel (31 December 2022: 347).

During the reporting period, the Group did not assume any significant obligations for pension payments or other obligations to key management personnel, other than those disclosed in Note 21, as well as obligations to pay contributions to the state pension fund and social insurance funds as part of social contributions for salaries and bonuses. Social contributions relating to compensation of key management personnel amounted to 71 for the half-year ended 30 June 2023 (for the half-year ended 30 June 2022: 61) and are included in the amounts stated above.

22. COMMITMENTS AND CONTINGENCIES

Operating environment

The Group mainly operates on retail market of household appliances and consumer electronics. The demand for these products is sensitive to changes in general economic and social conditions that impact consumer spending. Volatile economic conditions and other factors, including employment levels, availability of financing instruments, mainly consumer credit, real household earnings could influence consumer spending or change consumer purchasing habits. Considerable slowdown in the Russian and global economy, change of global production and logistics schemes could have effect on availability and variety of household appliances and consumer electronics on the local markets including the Russian market, as well as on consumer purchasing power and consequently operational and financial results of the Group.

Emerging markets including Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

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Starting from 2014, sanctions have been imposed in several packages by the USA, EU and other countries on certain Russian officials, businessmen and companies. This can influence situation in Russian as well as global markets including capital markets. At the end of February 2022, a special military operation in Ukraine was announced. Then, the officials and institutions in foreign countries announced additional sanctions against Russian organisations and individuals, as well as the intention to expand the existing sanctions.

Since February 2022, due to expansion of sanctions against Russia, some citizens and organizations there has been a significant increase in volatility in the foreign exchange and stock markets. Some Russian banks have been disconnected from the SWIFT Global Payments system. Therefore, when arranging settlements with counterparties, the Group interacts with financial institutions that are not subject to sanctions and restrictions. In this context some global companies from USA, EU and other countries ceased, suspended or reduced significantly operations in RF. This relates also to companies operating on the market of household appliances and consumer electronics.

Against the backdrop of sanctions and other macroeconomic changes, the home appliances and electronics market in Russia showed a high level of volatility in the first half of 2022. Macroeconomic instability and the weakening of the ruble significantly stimulated demand for high-value goods in late February and the first half of March, which impacted the sales in the first quarter of 2022, demonstrating strong double-digit growth. In the second quarter, against the backdrop of high economic uncertainty, an unstable situation with supplies and the departure or suspension of activities in the Russian Federation by a number of well-known brands, there was a noticeable decrease in the consumer electronics market. As a result, at the end of the half year, GMV of the Group as a whole remained at the level of the previous year.

The Group is constantly working to expand the pool of partners and develop the assortment cooperating with both Russian and foreign companies within the frameworks of the current legislation. In addition, the Group started performing import operations, i.e. purchases goods both locally, in the domestic market, and abroad. The Group has built all the necessary supply chains, document flow, payment instruments, etc. The growing volume of settlements with suppliers is organized in national currencies.

The Russian economy is in the process of adaptation, related to replacement of ceasing export markets and changing markets of import of goods and technology, change of supply chains. The restructuring of consumer demand, strengthening the positions of new brands, recovery of demand for products of already known brands may take certain time. Moreover, there is a risk of further expansion of sanctions and restrictions.

The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

As at the date of authorization of these financial statements for issue, the above events had no significant immediate adverse effect on the Group's operations. However, there remains a high degree of uncertainty about the impact of these events and possible subsequent changes in the economic and geopolitical environment on the Group's future performance and financial position.

The described events were considered as indicators of potential impairment of the assets of the Group. The Group has conducted impairment test of Goodwill, Trademark, Right-of-use assets and Property, plant and equipment as at 30 June 2023.

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Tax risk management

As at 30 June 2023 the Group has recognized deferred tax assets in respect of tax losses available to be carried forward in the amount of 4 681.

During the assessment of recoverability of the deferred tax asset management of the Group assumes that such asset is recoverable, in addition, there is no time limitation on the recoverability period in accordance with legislation of Russian Federation.

Financial guarantees

In the normal course of its operating activity the Group from time-to-time enters into financial guarantee contracts with banks. Under these contracts banks provide guarantees in favor of the Group’s suppliers and the Group may be required to pay under those contracts only if it fails to make timely payments to its suppliers. As at 30 June 2023 the Group entered into such guarantee contracts for the total amount of 4 219 (31 December 2022: 4 122). As at 30 June 2023 and 31 December 2022, the Group has not pledged any assets as collateral under these guarantee contracts.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

The carrying values of financial assets and liabilities grouped by each category of financial instruments as at 30 June 2023 and 31 December 2022 were as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Financial assets		
Assets carried at amortized cost	27 999	48 216
Financial liabilities		
Liabilities carried at amortized cost	262 960	241 424

Fair value of financial instruments

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
Financial liabilities				
Borrowings and other financial liabilities with fixed interest rate	66 985	65 502	71 354	71 354
Market value bonds	25 639	24 811	24 312	23 404
Total	92 624	90 313	95 666	94 758

Fair value of borrowings received in rubles at a fixed interest rate in 2023 and 2022, was estimated using borrowing rates of 13,5% and 11% respectively. Fair value measurement was categorised level 2 of the fair value hierarchy.

Bonds were estimated using market quotes. Fair value measurement was categorised within level 1 of the fair value hierarchy.

The fair value of such assets and liabilities as long-term financial assets, cash and cash equivalents, accounts receivable, trade payables and other payables corresponds to the current value at which they are recorded due to the short maturity of these instruments.

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Liquidity risk management

The Group’s treasury monitors the risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group’s objective is to ensure continued funding and flexibility in the use of financial resources through the use of bank loans. The Group reviews its cash requirements and expected cash flows annually to determine its funding obligations. The assessment is based on the seasonal nature of the Group’s operations, the store expansion program and the Group’s projected working capital requirements. The Group uses long-term instruments (loans and credits) to cover a significant portion of its basic cash requirements. To meet seasonal liquidity needs, the Group uses short-term loans. Every quarter the Group updates its liquidity needs and secures facilities with several banks to ensure that the Group has a sufficient amount of approved undrawn borrowing facilities.

In addition, in order to manage liquidity risk, the Group uses a balanced approach to working capital management with balancing the terms of inventory and accounts payable turnover, and therefore certain requirements are imposed on suppliers to provide deferred payment conditions. Various mechanisms are used to provide the necessary deferred payment, including supply financing agreements, commercial credit, etc. Since the Group does not receive significant additional financing benefits and does not provide additional collateral as a result of using these mechanisms, the corresponding liabilities are included in trade payables, interest expenses are included in finance expenses, and cash flows are included in operating cash flows.

As at 30 June 2023, trade payables in respect of which the Group used mechanisms to obtain an additional deferral of payment with the involvement of financial institutions amounted to 31 835 (as at 31 December 2022: 32 195), the corresponding interest expense for the half-year ended 30 June 2023 of 2 001 (for the half-year ended 30 June 2022: 2 052). Also, as at 30 June 2023, the Group had trade payables to suppliers in the amount of 2 153 (as at 31 December 2022: 192), in respect of which a compensated deferral of payment was provided. Finance expenses incurred by the Group in connection with the provision of such a grace period by suppliers amounted to 23 and 1 426 for the half-years ended 30 June 2023 and 2022, respectively.

The table below summarizes the maturity profile of the Group’s financial liabilities as at 30 June 2023 and 31 December 2022 based on contractual undiscounted payments:

As at 30 June 2023	Less than 3 months*	3-12 months	1-5 years	More than 5 years	Total
Trade accounts payable	136 984	23 935	-	-	160 919
Borrowings and other financial liabilities*	40 132	25 756	33 930	-	99 818
Lease liabilities	5 698	15 919	52 339	17 057	91 013
Other accounts payable and accrued expenses	9 417	-	-	-	9 417
Total	192 231	65 610	86 269	17 057	361 167

* The category includes among of loans with covenants violated as of the reporting date, for which no agreement was reached on revising the restrictive conditions as of the reporting date.

As at 31 December 2022	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Trade accounts payable	116 186	19 482	-	-	135 668
Borrowings and other financial liabilities	7 879	75 141	15 663	-	98 683
Lease liabilities	5 766	16 595	54 423	19 161	95 945
Other accounts payable and accrued expenses	13 090	-	-	-	13 090
Total	142 921	111 218	70 086	19 161	343 386

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24. SUBSEQUENT EVENTS

There is no subsequent events, required to be disclosed in these interim condensed consolidated financial statements.

ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16

Starting from 1 January 2019, the Group when preparing consolidated financial statements, applies the provisions of IFRS 16 “Leases” in relation to the accounting of lease agreements. In comparison with the previous IAS 17 “Leases”, IFRS 16 introduced new requirements for lease accounting for lessees. In order to ensure comparability of the Group’s consolidated financial results, consolidated financial position and consolidated cash flows for recent years, the Group has decided to disclose additional statements for the half-year ended 30 June 2023 based on the Group’s accounting policies set out in Note 2 to the interim condensed consolidated financial statements for the half-year ended 30 June 2023, but applying the principles of IAS 17 instead of IFRS 16 for accounting for lease agreements.

In accordance with the principles of IAS 17, which was effective until 31 December 2018, the Group, for the purposes of preparing the additional statements set out below, recognizes operating lease payments, which are rent fees for the use of premises, as expenses on a straight-line basis over the lease term. Contingent lease payments under operating leases, including reimbursement of operating expenses of the lessor, are recorded as expenses in the period in which they are incurred. If the lessor’s operating and utility expenses are included in the fixed lease payments in the lease agreement, the amount of the lessor’s operating expenses to be recognized as expenses of the reporting period is determined by calculation.

The main accounting principles for leases under IFRS 16 applied by the Group for preparation of the consolidated financial statements and interim condensed consolidated financial statements are set out in Note 3 to the consolidated financial statements for the year ended 31 December 2022.

The following statements are not IFRS statements and should only be considered in addition to the information contained in the interim condensed consolidated financial statements for the half-year ended 30 June 2023.

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ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16 (in millions of Russian Rubles)

The consolidated statement of financial position as at 30 June 2023 and 31 December 2022, prepared in accordance with the basis discussed above, is presented as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
NON-CURRENT ASSETS		
Property, plant and equipment	11 428	13 204
Investment property	363	374
Intangible assets	24 922	26 764
Goodwill	50 007	50 007
Deferred tax assets	7 905	6 749
Other non-current assets	1 650	1 703
Total non-current assets	<u>96 275</u>	<u>98 801</u>
CURRENT ASSETS		
Inventories	137 679	112 871
Accounts receivable	18 519	17 695
Advances paid	17 538	11 314
Income tax receivable	104	239
Other taxes receivable	10 364	6 362
Other current assets	99	97
Cash and cash equivalents	9 200	30 196
Total current assets	<u>193 503</u>	<u>178 774</u>
TOTAL ASSETS	<u>289 778</u>	<u>277 575</u>
EQUITY		
Share capital	1 798	1 798
Additional paid-in capital	4 576	4 576
Treasury shares	(526)	(526)
Retained earnings	7 971	12 615
Total equity	<u>13 819</u>	<u>18 463</u>
NON-CURRENT LIABILITIES		
Non-current bank borrowings	30 942	13 951
Other liabilities	423	487
Finance obligations	201	225
Deferred tax liabilities	43	50
Total non-current liabilities	<u>31 609</u>	<u>14 713</u>
CURRENT LIABILITIES		
Trade accounts payable	160 919	135 667
Other payables and accrued expenses	12 376	17 616
Contract liabilities	6 186	6 048
Current bank borrowings and other financial liabilities	61 682	81 715
Other taxes payable	2 726	2 883
Finance obligations	82	83
Provisions	379	387
Total current liabilities	<u>244 350</u>	<u>244 399</u>
Total liabilities	<u>275 959</u>	<u>259 112</u>
TOTAL EQUITY AND LIABILITIES	<u>289 778</u>	<u>277 575</u>

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16

(in millions of Russian Rubles)

The consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2023 and 30 June 2022, prepared in accordance with the basis discussed above, is presented as follows:

	For the half-year ended	
	30 June 2023	30 June 2022
REVENUE	179 204	218 815
COST OF SALES	<u>(140 068)</u>	<u>(173 842)</u>
GROSS PROFIT	39 136	44 973
Selling, general and administrative expenses	(38 019)	(43 238)
Other operating income	351	253
Other operating expenses	<u>(190)</u>	<u>(400)</u>
OPERATING PROFIT	1 278	1 588
Finance income	307	1 225
Finance expenses	<u>(7 254)</u>	<u>(7 361)</u>
LOSS BEFORE INCOME TAX EXPENSE	(5 669)	(4 548)
Income tax benefit	<u>1 025</u>	<u>801</u>
NET LOSS for the period, being TOTAL COMPREHENSIVE LOSS for the period	<u>(4 644)</u>	<u>(3 747)</u>

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16 (in millions of Russian Rubles)

The consolidated statement of cash flows for the half-year ended 30 June 2023 and 30 June 2022, prepared in accordance with the basis discussed above, is presented as follows:

	For the half-year ended	
	30 June 2023	30 June 2022
OPERATING ACTIVITIES		
Total net loss for the period	(4 644)	(3 747)
<i>Adjustments for:</i>		
Income tax benefit	(1 025)	(801)
Depreciation and amortization	6 156	5 446
Change in allowance for advances paid	-	76
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses	349	83
Interest income	(307)	(1 225)
Interest expenses	7 254	7 361
Income recognized on subsidized loans	(255)	(131)
Share of (profit)/loss of an associate and a joint venture	-	-
Other non-cash reconciling items, net	(21)	(87)
Operating cash flows received from operations before movements in working capital	7 507	6 975
(Increase)/decrease in inventories	(25 157)	52 853
Increase in accounts receivable and advances paid	(7 048)	24 149
(Increase)/decrease in other taxes receivable	(4 002)	23 459
Decrease in trade accounts payable	25 221	(104 091)
(Decrease)/increase in other payables and accrued expenses	(5 366)	(2 629)
Decrease in contract liabilities	138	(3 542)
(Decrease)/increase in other liabilities	2	(148)
Decrease in other taxes payable	(157)	(214)
Other changes in working capital, net	51	506
Cash (used in)/ received from operations	(8 811)	(2 682)
Income taxes paid	38	204
Interest paid	(6 548)	(6 368)
Net cash (used in)/ received from operating activities	(15 321)	(8 846)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(581)	(345)
Proceeds from disposal of property, plant and equipment	23	39
Purchase of intangible assets	(2 033)	(3 463)
Interest received	307	1 225
Net cash used in investing activities	(2 284)	(2 544)
FINANCING ACTIVITIES		
Repayment of finance lease	(26)	(1)
Proceeds from bonds	7 008	-
Repayment of bonds	(5 783)	-
Proceeds from borrowings	42 191	39 864
Repayment of borrowings	(46 781)	(37 652)
Net cash received from financing activities	(3 391)	2 211
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20 996)	(9 179)
CASH AND CASH EQUIVALENTS, at the beginning of the period	30 196	12 053
CASH AND CASH EQUIVALENTS, at the end of the period	9 200	2 874