

**Public Joint Stock Company**  
**“M.video”**

Interim Condensed Consolidated  
Financial Statements (Unaudited)  
Half-Year Ended 30 June 2021

# PUBLIC JOINT STOCK COMPANY “M.VIDEO”

## TABLE OF CONTENTS

---

	<b>Pages</b>
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	2-3
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)	
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of profit or loss and other comprehensive income	5
Interim condensed consolidated statement of changes in equity	6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8-34
ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16 (UNAUDITED)	35-38

## **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 2021 (UNAUDITED)**

---

Management is responsible for the preparation of the interim condensed consolidated financial statements that present fairly the consolidated financial position of Public Joint Stock Company “M.video” (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2021, 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;
- 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;
- 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 2021 were approved on 17 August 2021.

On behalf of the management:

  
\_\_\_\_\_  
**A. Izosimov**  
Chief Executive Officer

  
\_\_\_\_\_  
**E. Sokolova**  
Chief Financial Officer

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To: Shareholders and 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” (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2021 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the half-year then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on these 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 condensed consolidated financial statements 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 statements are not prepared, in all material respects, in accordance with IAS 34 “Interim financial reporting”.

## Additional financial information

Our review was conducted to form a conclusion on the Group’s interim condensed consolidated financial statements for the half-year ended 30 June 2021. Management is responsible for the preparation of information accompanying the interim condensed consolidated financial statements, which is presented as additional financial information on pages 35-38. 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 2021 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 35.

  
Vladimir Biryukov,  
Engagement partner



17 August 2021

The Entity: Public Joint Stock Company “M.video”

Certificate of state registration № 77 №008748648 of 25.09.2006, issued by Interdistrict Inspectorate of the Russian Ministry of Taxation № 46 in Moscow.

Address: 40/12, building 20 (room 5A, premise II, floor 5), Nizhnaya Krasnoselskaya Street, Moscow, 105066, Russian Federation

Audit Firm: AO “Deloitte & Touche CIS”

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulated organization of auditors Association “Sodruzhestvo”, ORNZ 12006020384.

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2021 (UNAUDITED)**

*(in millions of Russian Rubles)*

	Notes	30 June 2021	31 December 2020
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	16 433	17 025
Investment property		202	211
Intangible assets	5	24 348	21 870
Goodwill		48 975	48 975
Right-of-use assets	4	67 197	71 593
Investment in an associate and a joint venture		15	1 244
Financial assets	10	1 018	85
Deferred tax assets		5 233	5 714
Other non-current assets		1 217	822
<b>Total non-current assets</b>		<b>164 638</b>	<b>167 539</b>
<b>CURRENT ASSETS</b>			
Inventories	6	148 888	146 994
Accounts receivable	7	55 813	46 224
Advances paid	7	1 362	1 761
Income tax receivable		220	100
Other taxes receivable	8	28 964	25 352
Other current assets		71	60
Cash and cash equivalents	9	3 957	7 445
Assets held for sale	10	8	1 229
<b>Total current assets</b>		<b>239 283</b>	<b>229 165</b>
<b>TOTAL ASSETS</b>		<b>403 921</b>	<b>396 704</b>
<b>EQUITY</b>			
Share capital	11	1 798	1 798
Additional paid-in capital		4 576	4 576
Treasury shares	11	(557)	(749)
Retained earnings		28 240	28 014
<b>Total equity</b>		<b>34 057</b>	<b>33 639</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current borrowings and other financial liabilities	12	29 551	31 733
Other liabilities		518	454
Lease liabilities	4	64 872	70 702
Deferred tax liabilities		95	175
<b>Total non-current liabilities</b>		<b>95 036</b>	<b>103 064</b>
<b>CURRENT LIABILITIES</b>			
Trade accounts payable		199 939	207 862
Other payables and accrued expenses	13	15 569	14 346
Contract liabilities	14	6 342	6 604
Lease liabilities	4	12 364	10 051
Current borrowings and other financial liabilities	12	38 392	16 195
Income tax payable		-	1 643
Other taxes payable		2 051	2 312
Provisions	15	171	988
<b>Total current liabilities</b>		<b>274 828</b>	<b>260 001</b>
<b>Total liabilities</b>		<b>369 864</b>	<b>363 065</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>403 921</b>	<b>396 704</b>

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

Signed on 17 August 2021 by:

  
**A. Izosimov**  
 Chief Executive Officer

  
**E. Sokolova**  
 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 2021 (UNAUDITED)**  
*(in millions of Russian Rubles, except earnings per share)*

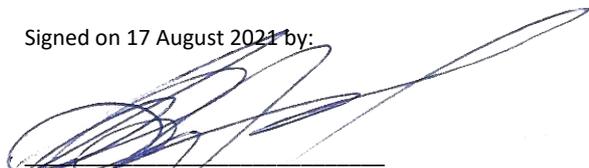
	Notes	For the half-year ended	
		30 June 2021	30 June 2020*
REVENUE	16	212 776	173 934
COST OF SALES	17	(162 240)	(129 253)
<b>GROSS PROFIT</b>		<b>50 536</b>	<b>44 681</b>
Selling, general and administrative expenses	18	(43 050)	(34 812)
Other operating income	19	9 007	1 954
Other operating expenses		(245)	(348)
<b>OPERATING PROFIT</b>		<b>16 248</b>	<b>11 475</b>
Finance income	20	76	348
Finance expenses	20	(6 361)	(6 142)
Share of profit/(loss) of an associate and a joint venture		(945)	(1 267)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>9 018</b>	<b>4 414</b>
Income tax expense		(1 957)	(1 045)
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period</b>		<b>7 061</b>	<b>3 369</b>
BASIC EARNINGS PER SHARE (in Russian Rubles)	21	39.68	18.95
DILUTED EARNINGS PER SHARE (in Russian Rubles)	21	39.51	18.94
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period excluding share of profit/(loss) of an associate and a joint venture **</b>		<b>8 006</b>	<b>4 636</b>

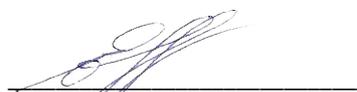
\* Some amounts were restated (Note 2).

\*\* Information is provided for reference and additional analysis purposes only (Note 2).

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

Signed on 17 August 2021 by:

  
**A. Izosimov**  
 Chief Executive Officer

  
**E. Sokolova**  
 Chief Financial Officer

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)**

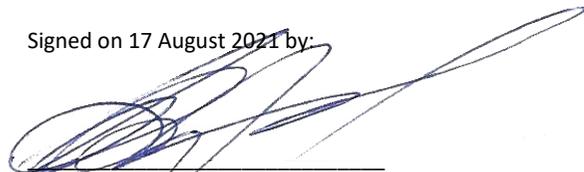
*(in millions of Russian Rubles)*

	Notes	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
<b>Balance as at 31 December 2019</b>		<b>1 798</b>	<b>4 576</b>	<b>(749)</b>	<b>26 502</b>	<b>32 127</b>
Accrual of share-based payments	23	-	-	-	2	2
<b>Total comprehensive income for the period*</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3 369</b>	<b>3 369</b>
<b>Balance as at 30 June 2020*</b>		<b>1 798</b>	<b>4 576</b>	<b>(749)</b>	<b>29 873</b>	<b>35 498</b>
<b>Balance as at 31 December 2020</b>		<b>1 798</b>	<b>4 576</b>	<b>(749)</b>	<b>28 014</b>	<b>33 639</b>
Dividends		-	-	-	(6 783)	(6 783)
Accrual of share-based payments	23	-	-	-	140	140
Settlement of share-based payments	23	-	-	192	(192)	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7 061</b>	<b>7 061</b>
<b>Balance as at 30 June 2021</b>		<b>1 798</b>	<b>4 576</b>	<b>(557)</b>	<b>28 240</b>	<b>34 057</b>

\* Some amounts were restated (Note 2).

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

Signed on 17 August 2021 by:

  
**A. Izosimov**  
 Chief Executive Officer

  
**E. Sokolova**  
 Chief Financial Officer

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

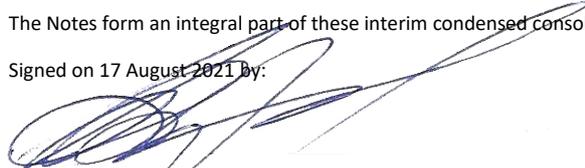
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

	Notes	For the half-year ended	
		30 June 2021	30 June 2020*
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		7 061	3 369
<i>Adjustments for:</i>			
Income tax expense		1 957	1 045
Depreciation and amortisation	18	12 515	11 860
Gain on disposal of investment in joint venture	10	(3 571)	-
Change in allowance for advances paid		14	16
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses		275	46
Interest income	20	(76)	(348)
Interest expenses	20	6 357	6 131
Income from debt forgiveness	12, 19	(2 520)	-
Share of (profit)/loss of an associate and a joint venture		945	1 267
Other non-cash reconciling items, net		(354)	(1 078)
<b>Operating cash flows received from operations before movements in working capital</b>		<b>22 603</b>	<b>22 308</b>
(Increase)/decrease in inventories		(2 169)	23 490
Increase in accounts receivable and advances paid		(9 204)	(1 389)
(Increase)/decrease in other taxes receivable		(3 157)	3 285
Decrease in trade accounts payable		(8 262)	(30 246)
Decrease in other payables and accrued expenses		(1 047)	(53)
Decrease in contract liabilities		(262)	(1 760)
(Decrease)/increase in other liabilities		(732)	675
Decrease in other taxes payable		(386)	(290)
Other changes in working capital, net		(390)	384
<b>Cash (used in)/received from operations</b>		<b>(3 006)</b>	<b>16 404</b>
Income taxes paid		(3 194)	(693)
Interest paid		(5 046)	(4 935)
<b>Net cash (used in)/received from operating activities</b>		<b>(11 246)</b>	<b>10 776</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1 712)	(1 987)
Proceeds from disposal of property, plant and equipment		3	411
Purchase of intangible assets		(3 083)	(1 838)
Interest received		76	348
Proceeds from disposal of investment in joint venture	10	4 134	-
Loans issued to joint venture		(400)	-
Repayment of loans by joint venture		400	-
Investment in joint venture		-	(1 680)
<b>Net cash used in investing activities</b>		<b>(582)</b>	<b>(4 746)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	11	(6 783)	-
Proceeds from bonds	12	10 000	-
Proceeds from loans		39 034	24 065
Repayment of loans		(26 488)	(5 065)
Repayment of lease liabilities	4	(7 424)	(4 439)
<b>Net cash received from financing activities</b>		<b>8 339</b>	<b>14 561</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3 489)</b>	<b>20 591</b>
<b>CASH AND CASH EQUIVALENTS, at the beginning of the period</b>		<b>7 445</b>	<b>4 738</b>
Effect of foreign exchange rate changes		1	(2)
<b>CASH AND CASH EQUIVALENTS, at the end of the period</b>		<b>3 957</b>	<b>25 327</b>

\* Some amounts were restated (Note 2).

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

Signed on 17 August 2021 by:

  
A. Izosimov  
Chief Executive Officer

  
E. Sokolova  
Chief Financial Officer

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (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 2021 were authorized for issue by management on 17 August 2021.

The interim condensed consolidated financial statements for the half-year ended 30 June 2021 include assets, liabilities and result of operations of the Company and its subsidiaries as at 30 June 2021 and 31 December 2020:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30 June 2021	31 December 2020
LLC “MVM”	Retailing	Russian Federation	100	100
BOVESTO LIMITED	Holding company	Cyprus	100	100
LLC “Invest-Realty”	Operating lease of real estate	Russian Federation	100	100
LLC “Rentol”	Operating lease of real estate	Russian Federation	100	100
LLC “Trade center “Permskiy”	Operating lease of real estate	Russian Federation	100	100
LLC “BT HOLDING”	Holding company	Russian Federation	100	100
MVEL Investition GmbH	Holding company	Germany	100	100
LLC “MV FINANCE”	Financial company	Russian Federation	100	100

#### Shareholders

As at 30 June 2021 and 31 December 2020, registered shareholders PJSC “M.video” and their ownership interests are presented as follows:

	30 June 2021	31 December 2020
ERICARIA HOLDINGS LIMITED	50,0000%	63,5058%
Media-Saturn-Holding GmbH	15,0000%	15,0000%
WERIDGE INVESTMENTS LIMITED	9,9999%	9,9999%
Treasury shares	0,8171%	1,0993%
Various shareholders	24,1830%	10,3950%
<b>Total</b>	<b>100%</b>	<b>100%</b>

At 30 June 2021, the ultimate controlling party of the Company is Gutseriev Said Mikhailovich.

#### 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 2021 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 2020.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) *(in millions of Russian Rubles)*

---

**Functional and presentation currency** – The amounts in the interim condensed consolidated financial statements are presented in Russian Rubles (“RUB”), which is functional currency of the Group’s entities. The functional currency of the Group’s entities was defined as the currency of the primary economic environment in which the respective entity operates.

#### **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.

#### **Significant accounting policies**

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2020.

#### **Income tax**

Income tax in the interim periods is accrued using the effective tax rate that would be applicable to expected total annual earnings.

#### **Standards and interpretations**

In 2021, the IASB has published a new amendment to IFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”, that extends, by one year, the May 2020 amendment to IFRS 16 that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is applicable for periods beginning on 1 April 2021 (early adoption is allowed). The Group has applied this amendment in these interim condensed consolidated financial statements.

#### **Changes in comparative information presented in the financial statements**

In the consolidated financial statements for the year ended 31 December 2020, the Group early adopted the Amendment to IFRS 16 “COVID-19-Related Rent Concessions” (for the period beginning on 1 April 2020) and reflected lease concessions directly related to the COVID-19 pandemic as variable lease payments, and not as modifications of lease agreements.

Since this amendment to IFRS 16 “Leases” has been applied retrospectively, in these interim condensed consolidated financial statements, the Group has restated the comparative figures in the interim condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2020, as well as in the interim condensed consolidated statement of cash flows for the half-year ended 30 June 2020, as follows:

1. The Group recognized the decrease in lease payments as a result of concessions entered into by the Group as “negative” variable lease payments in the line “Selling, general and administrative expenses” in the amount of 1 351, and also derecognized lease obligations for the same amount;
2. The Group adjusted the interest expense accrued on lease obligations by 273;
3. The Group increased the depreciation expense on right-of-use assets by 4;
4. The Group adjusted the deferred income tax expense as a result of the above adjustments by 215.

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

The following changes were made to the interim condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2020:

		Before restatement	Effect of adoption of amendment to IFRS 16 “Leases”	After restatement
Selling, general and administrative expenses	(1), (3)	(36 159)	1 347	(34 812)
<b>OPERATING PROFIT</b>		<b>10 128</b>	<b>1 347</b>	<b>11 475</b>
Finance expenses	(2)	(5 869)	(273)	(6 142)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>3 340</b>	<b>1 074</b>	<b>4 414</b>
Income tax expense	(4)	(830)	(215)	(1 045)
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME</b>		<b>2 510</b>	<b>859</b>	<b>3 369</b>
BASIC EARNINGS PER SHARE (in Russian Rubles)		14.12	4.83	18.95
DILUTED EARNINGS PER SHARE (in Russian Rubles)		14.12	4.82	18.94
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period excluding share of profit/(loss) of an associate and a joint venture</b>		<b>3 777</b>	<b>859</b>	<b>4 636</b>

The following changes were made to the interim condensed consolidated statement of cash flows for the half-year ended 30 June 2020:

		Before restatement	Effect of adoption of amendment to IFRS 16 “Leases”	After restatement
<b>OPERATING ACTIVITIES</b>				
Net profit for the period		2 510	859	3 369
<i>Adjustments for:</i>				
Income tax expense	(4)	830	215	1 045
Depreciation and amortization	(3)	11 856	4	11 860
Interest expenses	(2)	5 858	273	6 131
Other non-cash reconciling items	(1)	273	(1 351)	(1 078)
<b>Operating cash flows before movements in working capital</b>		<b>22 308</b>	-	<b>22 308</b>
<b>Net cash received from operating activities</b>		<b>10 776</b>		<b>10 776</b>
<b>Net cash used in investing activities</b>		<b>(4 746)</b>	-	<b>(4 746)</b>
<b>Net cash received received from financing activities</b>		<b>14 561</b>	-	<b>14 561</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>20 591</b>	-	<b>20 591</b>
<b>CASH AND CASH EQUIVALENTS, at the beginning of the period</b>		<b>4 738</b>	-	<b>4 738</b>
<b>CASH AND CASH EQUIVALENTS, at the end of the period</b>		<b>25 327</b>	-	<b>25 327</b>

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

#### Alternative Performance Measures (“APMs”)

In the interim condensed consolidated financial statements management has adopted various APMs. These measures are not defined by International Financial Reporting Standards and therefore may not be directly comparable with other companies’ APMs, including those in the Group’s industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Management believes that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are also used to enhance the comparability of information between reporting periods and provide useful information on core retail business of the Group by adjusting for uncontrollable factors which affect IFRS measures, to aid users in understanding the Group’s performance.

Consequently, APMs are used by the Board of Directors and management for performance analysis, planning, reporting and incentive-setting purposes.

The APMs used by the Group are discussed below:

<b>APM</b>	<b>Closest equivalent IFRS measure</b>	<b>Adjustments to reconcile to IFRS measure</b>	<b>Definition and purpose</b>
<b>Profit measure</b>	Net profit for the period being total comprehensive income for the period	Exclude share of profit/(loss) of an associate and a joint venture	This is a key performance and management incentive metric. This measure excludes share of profit/(loss) of an associate and a joint venture.
Net profit for the period being total comprehensive income for the period excluding share of profit/(loss) of an associate and a joint venture	being total comprehensive income for the period		This measure is used to exclude the performance of companies that are not part of the Group and whose financial performance the Group cannot control.

Reconciliation of APMs discussed above to the closest equivalent IFRS measure is as follows:

	<b>For the half-year ended 30 June 2021</b>	<b>For the half-year ended 30 June 2020</b>
Net profit for the period being total comprehensive income for the period	7 061	3 369
Add: share of loss/(profit) of an associate and a joint venture	945	1 267
Net profit for the period being total comprehensive income for the period excluding share of profit/(loss) of an associate and a joint venture	8 006	4 636

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

#### 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 June 2021 and 31 December 2020 consisted of the following:

	<u>For the half-year ended 30 June 2021</u>	<u>For the half-year ended 30 June 2020</u>
<b>Cost</b>		
<b>As at 31 December</b>	<b>43 973</b>	<b>42 375</b>
Additions	1 929	1 095
Disposals	(170)	(355)
Reclassification to current assets	(50)	(6)
<b>As at 30 June</b>	<b>45 682</b>	<b>43 109</b>
<b>Accumulated depreciation</b>		
<b>As at 31 December</b>	<b>26 948</b>	<b>22 598</b>
Charge for the period	2 491	2 514
Disposals	(148)	(244)
Reclassification to current assets	(42)	-
<b>As at 30 June</b>	<b>29 249</b>	<b>24 868</b>
<b>Net book value</b>		
<b>As at 31 December</b>	<b>17 025</b>	<b>19 777</b>
<b>As at 30 June</b>	<b>16 433</b>	<b>18 241</b>

During the half-year ended 30 June 2021, the Group's total capital expenditures were 1 929 (for the half-year ended 30 June 2020: 1 095), which were primarily related to leasehold improvements, computer and trade equipment.

Depreciation expenses have been included in “Selling, general and administrative expenses” (Note 18).

Assets mainly related to the closed stores with net book value of 22 were disposed of by the Group in the half-year ended 30 June 2021 (for the half-year ended 30 June 2020: 111). Loss on disposal of these items of 20 (for the half-year ended 30 June 2020: 4) was recorded within other operating expenses.

As at 30 June 2021 and 31 December 2020, 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 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

**4. 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>
<b>As at 31 December 2020</b>	<b>71 593</b>	<b>(80 753)</b>
New agreements	2 599	(2 538)
Modification of agreements	1 940	(1 952)
Depreciation charge	(8 329)	-
Disposals	(606)	563
Extinguishment of lease liabilities by lease concessions	-	283
Interest expenses	-	(3 172)
Lease payments	-	10 333
	<hr/>	<hr/>
<b>As at 30 June 2021</b>	<b>67 197</b>	<b>(77 236)</b>
		<hr/>
Current lease liabilities		(12 364)
Non-current lease liabilities		(64 872)
		<hr/>
	<u>Right-of-use assets</u>	<u>Lease liabilities</u>
<b>As at 1 January 2020</b>	<b>62 832</b>	<b>(68 459)</b>
New agreements	1 981	(1 946)
Modification of agreements	9 838	(9 953)
Depreciation charge	(8 073)	-
Disposals	(359)	439
Extinguishment of lease liabilities by lease concessions	-	1 351
Interest expenses	-	(3 101)
Lease payments	-	6 721
	<hr/>	<hr/>
<b>As at 30 June 2020</b>	<b>66 219</b>	<b>(74 948)</b>
		<hr/>
Current lease liabilities		(11 673)
Non-current lease liabilities		(63 275)
		<hr/>

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

#### 5. INTANGIBLE ASSETS

Intangible assets as at 30 June 2021 and 31 December 2020 consisted of the following:

	For the half-year ended 30 June 2021	For the half-year ended 30 June 2020
<b>Cost</b>		
As at 31 December	28 397	25 731
Additions	4 154	2 016
Disposals	(1 160)	(172)
As at 30 June	<u>31 391</u>	<u>27 575</u>
<b>Accumulated amortisation</b>		
As at 31 December	6 527	5 668
Charge for the period	1 676	1 417
Disposals	(1 160)	(173)
As at 30 June	<u>7 043</u>	<u>6 912</u>
<b>Net book value</b>		
As at 31 December	<u>21 870</u>	<u>20 063</u>
As at 30 June	<u>24 348</u>	<u>20 663</u>

The total cost of acquisition of intangible assets was 4 154 and 2 016 in the half-year ended 30 June 2021 and 30 June 2020, respectively, which for the most part relate to the development of the front-office and back-office systems.

Amortisation expenses have been included in Selling, general and administrative expenses (Note 18).

As at 30 June 2021, Group's trademarks with carrying value 9 132 are pledged as collateral under a loan agreement.

As at 30 June 2021 and 31 December 2020, the Group had contractual commitments for the technical support of software licenses (Note 25).

#### 6. INVENTORIES

Inventories as at 30 June 2021 and 31 December 2020 consisted of the following:

	30 June 2021	31 December 2020
Goods for resale (at lower of cost or net realisable value)	146 498	144 574
Right of return assets (at lower of cost or net realisable value)	2 223	2 158
Other inventories (at lower of cost or net realisable value)	167	262
<b>Total</b>	<u>148 888</u>	<u>146 994</u>

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

#### 7. ACCOUNTS RECEIVABLE AND ADVANCES PAID

Accounts receivable and advances paid as at 30 June 2021 and 31 December 2020 consisted of the following:

	<u>30 June 2021</u>	<u>31 December 2020</u>
<b>Accounts receivable</b>		
Bonuses receivable from suppliers	43 051	33 960
Other accounts receivable	11 199	10 759
Accounts receivable from related parties (Note 24)	1 729	1 659
Expected credit losses on accounts receivable	(166)	(154)
<b>Total accounts receivable</b>	<u>55 813</u>	<u>46 224</u>
<b>Advances paid</b>		
Advances paid to suppliers and prepaid expenses	1 208	1 388
Advances paid to related parties (Note 24)	599	851
Impairment allowance for advances paid	(445)	(478)
<b>Total advances paid</b>	<u>1 362</u>	<u>1 761</u>
<b>Total</b>	<u>57 175</u>	<u>47 985</u>

#### 8. OTHER TAXES RECEIVABLE

Other taxes receivable as at 30 June 2021 and 31 December 2020 consisted of the following:

	<u>30 June 2021</u>	<u>31 December 2020</u>
VAT recoverable	28 959	25 342
Other	5	10
<b>Total</b>	<u>28 964</u>	<u>25 352</u>

#### 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2021 and 31 December 2020 consisted of the following:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Cash at banks	1 410	2 810
Cash in transit	1 186	3 434
Short-term bank deposits	1 000	650
Cash on hand in stores and petty cash	361	551
<b>Total</b>	<u>3 957</u>	<u>7 445</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.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

---

#### 10. ASSETS HELD FOR SALE

In April 2021, the Group sold a 40% interest in LLC “MARKETPLACE”. The consideration received by the Group amounted to 4 134, and the book value of the disposed interest was 563. As a result of the transaction, gain of 3 571 was recorded as part of other operating income. In addition, in April 2021, the new participant made an additional contribution to the capital of LLC “MARKETPLACE”, as a result of which the Group's share decreased to 10%, and it lost significant influence on the activities of LLC “MARKETPLACE”.

The Group ceased to account for the investment using the equity method and recognized it as a financial asset measured at fair value through profit or loss within the line “Financial assets” in the consolidated statement of financial position. The fair value of the remaining 10% interest was 951 at the date of disposal and was assessed based on the information used in the above transaction with a third party.

#### 11. EQUITY

##### Share capital

As at 30 June 2021 and 31 December 2020, 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>
<b>Balance as at 31 December 2020</b>	<b>177 792 057</b>	<b>179 768 227</b>	<b>209 768 227</b>
Settlement of share-based payments (Note 23)	507 285	-	-
<b>Balance as at 30 June 2021</b>	<b>178 299 342</b>	<b>179 768 227</b>	<b>209 768 227</b>

Each share has par value of 10 RUB per share. During the half-year ended 30 June 2021, 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 2021 the Group owned 1 468 885 treasury shares (31 December 2020: 1 976 170 treasury shares) held at cost of 557 (31 December 2020: 749).

##### Dividends declared

In May 2021, at the General Meeting of Shareholders it was decided to pay dividends for 2020 in the amount of 38.00 rubles per share. Dividends attributable to repurchased ordinary shares were completely excluded during the preparation of these interim condensed consolidated financial statements. The dividends payable to the holders of the outstanding ordinary shares of the Company in the total amount of 6 783 have been recognized as a decrease in equity in these interim condensed consolidated financial statements.

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

**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. The borrowings described below are denominated in rubles.

	<u>Maturity</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
<b><i>Non-current borrowings and other financial liabilities</i></b>			
<b>Secured borrowings</b>			
Bank VTB (PJSC)	April 2024	9 551	31 733
		<b>9 551</b>	<b>31 733</b>
<b>Unsecured borrowings and credit lines</b>			
Bank GPB (JSC)	April 2024	5 000	-
PJSK CREDIT BANK OF MOSCOW	April 2024	5 000	-
		<b>10 000</b>	-
<b>Other financial liabilities</b>			
Bonds	April 2023	10 000	-
		<b>10 000</b>	-
<b>Total non-current borrowings and other financial liabilities</b>		<b>29 551</b>	<b>31 733</b>
<b><i>Current borrowings and other financial liabilities</i></b>			
<b>Secured borrowings</b>			
Bank VTB (PJSC)	October 2021- April 2022	9 167	10 957
		<b>9 167</b>	<b>10 957</b>
<b>Unsecured borrowings and credit lines</b>			
Bank VTB (PJSC)	November 2021 September -	10 018	4 836
Bank GPB (JSC)	November 2021	8 515	-
PJSC “Sovcombank”	November 2021	3 000	-
PJSC “Rosbank”	November 2021	2 504	-
JSC “ALFA BANK”	October 2021	2 502	402
PJSC “Promsvyazbank”	November 2021	1 508	-
UniCredit Bank JSC	December 2021	1 000	-
PJSK CREDIT BANK OF MOSCOW	July 2021	30	-
Bank GPB (JSC)	July 2021	10	-
		<b>29 087</b>	<b>5 238</b>
<b>Other financial liabilities</b>			
Bonds	October 2021	138	-
		<b>138</b>	-
<b>Total current borrowings and other financial liabilities</b>		<b>38 392</b>	<b>16 195</b>
<b>Total borrowings and other financial liabilities</b>		<b>67 943</b>	<b>47 928</b>

In March 2021, the Group issued long-term non-convertible ruble-denominated bonds with a fixed coupon rate for a total amount of 10 000.

As at 30 June 2021, the Group was in compliance with financial covenants contained in loan agreements.

As at 30 June 2021, the Group had unutilized uncommitted credit facilities of 22 000 (31 December 2020: 47 290).

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

---

As at 30 June 2021, borrowings are secured by trademarks with carrying amount of 9 132 (31 December 2020: 9 132) (Note 5).

100% stake in share capital of LLC “MVM” and LLC “BT HOLDING” as well as 100% shares of BOVESTO LIMITED are pledged under credit contracts.

In June 2021, the Group’s debt on the loan received from Bank VTB (PJSC) under the state program of support for industries affected by the coronavirus was forgiven and the corresponding income was recognized as part of the item “Other operating income” in the amount of 2 520 (Note 19).

#### 13. OTHER PAYABLES AND ACCRUES EXPENSES

Other payables and accrued expenses as at 30 June 2021 and 31 December 2020 consisted of the following:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Purchase of property, plant and equipment and intangible assets	4 147	2 689
Other current liabilities to related parties (Note 24)	2 502	745
Salaries and bonuses	1 974	4 320
Refund liabilities for goods	1 811	1 832
Contingent lease and utility expenses	1 490	1 972
Other payables and accrued expenses	<u>3 645</u>	<u>2 788</u>
<b>Total</b>	<b><u>15 569</u></b>	<b><u>14 346</u></b>

#### 14. CONTRACT LIABILITIES

Contract liabilities as at 30 June 2021 and 31 December 2020 consisted of the following:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Deferred revenue	3 236	3 334
Prepayments received for goods	2 781	2 939
Other advances received	<u>325</u>	<u>331</u>
<b>Total</b>	<b><u>6 342</u></b>	<b><u>6 604</u></b>

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

Deferred revenue for half-year periods ended 30 June 2021 and 30 June 2020 consisted of the following:

	For the half-year ended 30 June 2021					For the half-year ended 30 June 2020				
	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total
<b>As at 1 January</b>	<b>2 496</b>	<b>245</b>	<b>-</b>	<b>593</b>	<b>3 334</b>	<b>2 030</b>	<b>263</b>	<b>101</b>	<b>1 801</b>	<b>4 195</b>
Revenue deferred during the period	10 343	1 346	1 064	-	12 753	8 739	958	1 431	-	11 128
Revenue recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income	(10 235)	(1 279)	(1 059)	(278)	(12 851)	(9 206)	(1 145)	(1 519)	(710)	(12 580)
<b>As at 30 June</b>	<b>2 604</b>	<b>312</b>	<b>5</b>	<b>315</b>	<b>3 236</b>	<b>1 563</b>	<b>76</b>	<b>13</b>	<b>1 091</b>	<b>2 743</b>

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

Revenue for the half-year ended 30 June 2021 includes the amount of obligations under the contract with customers at the beginning of the year in the amount of 5 163 (for the half-year ended 30 June 2020: 5 164).

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

**15. PROVISIONS**

Provisions as at 30 June 2021 and 31 December 2020 consisted of the following:

	<b>31 December 2020</b>	<b>Accrual of provision</b>	<b>Utilization of provision</b>	<b>Write-off of provision</b>	<b>30 June 2021</b>
Provision for tax risks *	666	13	-	(666)	13
Provision for litigation and fines	314	66	(48)	(180)	152
Warranty provision – repair of goods	8	-	(2)	-	6
<b>Total</b>	<b>988</b>	<b>79</b>	<b>(50)</b>	<b>(846)</b>	<b>171</b>

	<b>31 December 2019</b>	<b>Accrual of provision</b>	<b>Utilization of provision</b>	<b>30 June 2020</b>
Provision for tax risks *	-	666	-	666
Provision for litigation and fines	360	134	(56)	438
Warranty provision – repair of goods	8	-	-	8
<b>Total</b>	<b>368</b>	<b>800</b>	<b>(56)</b>	<b>1 112</b>

\* The provision for tax risks of 666 was accrued as a result of the field audit of LLC “ELDORADO” conducted by the Russian tax authorities for 2015-2017, relating to the period before LLC “ELDORADO” was acquired by the Group and included in the “Selling, general and administrative expenses”. The Group also accrued a liability of 249 for uncertain income tax position which was reflected within income tax expense. In addition, the expected compensation for potential tax accruals from the previous owners of LLC “ELDORADO” in the amount of 50% of potential tax additional charges based on the results of the field audit (or 458) was reflected in accounts receivable in correspondence with the respective accounts of the statement of profit or loss and other comprehensive income.

In connection with the correction of the results of the field audit, as at 30 June 2021, the Group adjusted the amount of the previously accrued provision for tax risks to 13, and the uncertain income tax position to 18 in correspondence with the respective accounts of the statement of profit or loss and other comprehensive income, as a result of which, in the half-year ended 30 June 2021, income from the recovery of the reserve and the uncertain tax position was recognized of 653 and 231, respectively (Note 18). Since the final amount of additional charges does not exceed the minimum threshold for compensation, the respective compensation receivable from the previous owners of LLC “ELDORADO” was derecognised, which is reflected within “Selling, general and administrative expenses” and “Income tax expenses” for the half-year ended 30 June 2021 (333 and 125, respectively).

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

---

#### 16. REVENUE

Revenue from contracts with customers for the half-year periods ended 30 June 2021 and 30 June 2020 consisted of the following:

	For the half-year ended	
	30 June 2021	30 June 2020
Retail revenue	211 598	172 456
Additional services revenue	277	710
Rental income from investment property	157	144
Other revenue	744	624
<b>Total</b>	<b>212 776</b>	<b>173 934</b>

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

Other revenue includes revenue from services of installation, recycling of home appliances and digital assistance.

Revenue for the half-year ended 30 June 2021 recognized at a point in time was 212 499 (for the half-year ended 30 June 2020: 173 224), and revenue for the half-year ended 30 June 2021 recognized over a period of time was 277 (for the half-year ended 30 June 2020: 710).

#### 17. COST OF SALES

Cost of sales for the half-year periods ended 30 June 2021 and 30 June 2020 consisted of the following:

	For the half-year ended	
	30 June 2021	30 June 2020
Cost of goods sold		
- Cost of goods sold	159 014	126 764
- Transportation	1 962	1 518
- Inventory losses net of surpluses and related compensations from suppliers	200	281
Cost of additional services	25	25
Cost of other services	1 039	665
<b>Total</b>	<b>162 240</b>	<b>129 253</b>

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

#### 18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the half-year periods ended 30 June 2021 and 30 June 2020 consisted of the following:

	For the half-year ended	
	30 June 2021	30 June 2020
Payroll and related taxes	13 526	11 004
Depreciation and amortisation	12 515	11 860
Advertising and promotional expenses, net	3 791	2 630
Bank charges	2 587	1 763
Consulting services	1 722	861
Warehouse services	1 593	1 003
Utilities expenses	1 424	1 188
Repairs and maintenance	1 145	869
Credit broker services	1 134	1 038
Security	1 076	1 003
Contingent lease expenses	660	82
Office expenses *	384	266
Communication	180	209
Maintenance and other property operating costs	66	56
Taxes other than income tax **	(101)	204
Other expenses	1 348	776
<b>Total</b>	<b>43 050</b>	<b>34 812</b>

\* Office expenses for the half-year ended 30 June 2021 include expenses of 148 (for the half-year ended 30 June 2020: 107) incurred by the Group for personal protective equipment and disinfection supplies for personnel and customers.

\*\* In connection with the correction of the results of the field audit, as at 30 June 2021, the Group adjusted the amount of the previously accrued provision for tax risks to 13 (Note 15), and the uncertain income tax position to 18 in correspondence with the respective accounts of the statement of profit or loss and other comprehensive income, as a result of which, in the half-year ended 30 June 2021, income from the recovery of the reserve and the uncertain tax position was recognized of 653 and 231, respectively (Note 18). Since the final amount of additional charges does not exceed the minimum threshold for compensation, the respective compensation receivable from the previous owners of LLC “ELDORADO” was derecognised, which is reflected within “Selling, general and administrative expenses” and “Income tax expenses” for the half-year ended 30 June 2021 (333 and 125, respectively).

Payroll and related taxes for the half-year ended 30 June 2021 include 2 302 of contribution to the state pension fund (for the half-year ended 30 June 2020: 1 844) and social and medical insurance of 904 (for the half-year ended 30 June 2020: 695).

For the half-year ended 30 June 2021 the Group received 959 from its suppliers as a compensation of advertising and promotional expenses (for the half-year ended 30 June 2020: 498).

Contingent lease expenses for the half-year ended 30 June 2021 are shown net of negative variable lease payments of 283 (for the half-year ended 30 June 2020: 1 351) recognised upon adoption of the Amendments to IFRS 16 “Lease” and net of income from sublease of 0 (for the half-year ended 30 June 2020: 8).

#### 19. OTHER OPERATING INCOME

Other operating income for the half-year periods ended 30 June 2021 and 2020 includes commissions received from banks on loans provided to customers, gain on disposal of investment in LLC “MARKETPLACE” of 3 571 (Note 10), income from debt forgiveness of 2 520 (Note 12), other marketing income and other items.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

#### 20. FINANCE INCOME AND EXPENSES

Finance income and expenses for the half-year periods ended 30 June 2021 and 30 June 2020 consisted of the following:

	For the half-year ended	
	30 June 2021	30 June 2020
Interest income	76	348
Exchange loss from revaluation of investments	(4)	(11)
Interest on bank borrowings, credit lines and other	(3 184)	(3 031)
Interest expense on lease liabilities, net of interest income	(3 173)	(3 100)
<b>Total</b>	<b>(6 285)</b>	<b>(5 794)</b>

#### 21. 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 2021	30 June 2020
Net profit attributable to equity holders of the Company	7 061	3 369
Weighted average number of ordinary shares in issue (millions of shares)	177,95	177,79
<b>Basic earnings per share (in Russian Rubles)</b>	<b>39.68</b>	<b>18.95</b>
Net income attributable to equity holders of the Company, adjusted for the effect of dilution	7 061	3 370
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions of shares)*	178,72	177,88
<b>Diluted earnings per share (in Russian Rubles)</b>	<b>39.51</b>	<b>18.94</b>

\* Weighted average number of ordinary shares for the purpose of diluted earnings per share for the half-year ended 30 June 2021 does not include 225 471 shares by LTIP 1, tranche 1 (Note 23) due to anti-dilution effect.

## **PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)**

---

#### **22. SEGMENT INFORMATION**

##### **Products and services of reportable segments**

The activities of the Group are carried out on the territory of the Russian Federation and consist mainly of the retail trade of home appliances and digital equipment. Despite the fact that the Group operates through various types of stores and in various regions of the Russian Federation, the management of the Group, which makes operational decisions, analyzes the operations of the Group and allocates resources by individual stores.

The Group assessed the economic characteristics of separate stores, including “M.video” and “Eldorado” stores, online stores and others, and determined that the stores have similar margin, similar products, customers and methods of selling such products. Therefore, the Group believes that it has only one reportable segment in accordance with IFRS 8 “Operating Segments”. The segment’s performance measurement is based on profit or loss excluding share of profit/(loss) of an associate and a joint venture.

#### **23. SHARE-BASED PAYMENTS**

##### **Long-term incentive program 1**

In March 2020, a three-year long-term incentive program 1 (the “LTIP 1”) for key management personnel of the Group was approved. The program is effective from 1 April 2020 to 31 December 2023. According to the program, participants of LTIP 1 will receive remuneration if the Group achieves budgeted EBITDA target calculated applying IAS 17 principles (“Budgeted Target”) for the relevant calendar year (non-market condition) or if a contingent condition (the “Condition”) occurs by 31 December 2022 (non-market condition). To receive remuneration, program participants must be actively and continuously employed at least 70% of time during the corresponding annual period in a certain entity of the Group and remain its employees as of the vesting date.

If the Condition occurs, employees are paid remuneration in the form of ordinary shares of the Company. If the Condition does not occur, but the Group reaches the Budgeted Target for the corresponding calendar year, employees are provided with a choice of either receiving ordinary shares of the Company or receiving cash remuneration based on the Company’s share market price. In case of cash settlement, the fair value of remuneration is 10% lower than the fair of remuneration of equity alternative.

Each tranche of remuneration for the corresponding calendar year is considered as a separate share-based payment. The amount of remuneration payable if the target budget indicator is met for the corresponding year is calculated as the weighted average share price for three calendar months (from December of the reporting year to February of the year following the reporting year), taking into account the equivalent of shares assigned to each employee. Remuneration is to be paid until 30 April of each year following the reporting year.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

---

#### ***First tranche of LTIP 1 for 2020 year***

The program in part of the first tranche was classified by the Group as consisting of two elements: cash-settled and equity-settled.

Individual terms of the first tranche of LTIP 1 relating to the year ended 31 December 2020 were agreed with participants during the reporting period, with total remuneration amounting up to 225 471 shares. Both at grant date and as at 31 December 2020 the Group considered only a scenario that the Group would reach established Budget Target for the period ended 31 December 2020 as being probable. Another scenario (i.e. occurrence of Condition) was not considered probable at grant date and did not happen up to 31 December 2020.

The fair value of the remuneration was based on the assumption that all of the employees participating would stay employed by the certain entity of the Group until their rights vest. At the grant date total fair value of 225 471 awards amounted to 100 (or 460 Russian Rubles per share), at 31 December 2020 total fair value of 225 471 awards amounted to 160 (or 712 Russian Rubles per share). The fair value of the award at grant date and reporting date were calculated based on the market value of the Company's ordinary share at respective date.

In April 2021, the first tranche of LTIP 1 was paid in the form of shares in total quantity of 166 959 shares and in cash of 41. The shares were paid out of treasury shares.

#### ***Second tranche of LTIP 1 for 2021 year***

The program in part of the second tranche was classified by the Group as equity-settled.

Individual terms of the second tranche of LTIP 1 relating to the year ended 31 December 2021 were agreed with participants with total remuneration amounting up to 291 780 shares. In March 2021, the Condition occurred, in this regard, it is expected that remuneration for 2021 will be paid only in the form of shares.

The fair value of the remuneration was based on the assumption that all of the employees participating would stay employed by the certain entity of the Group until their rights vest. At the grant date of second tranche of LTIP 1 total fair value of 291 780 awards amounted to 212 (or 725 Russian Rubles per share), at 31 June 2021 total fair value of 291 780 awards amounted to 178 (or 616 Russian Rubles per share). The fair value of the award at grant date and reporting date were calculated based on the market value of the Company's ordinary share at respective date.

#### **Long-term incentive program 2**

In September 2020, a three-year long-term incentive program 2 (the “LTIP 2”) for key management personnel of the Group was approved. The program is effective from 30 September 2020 until 31 December 2022. According to the program, participants of LTIP 2 will receive remuneration if the market price of the Company's ordinary shares achieves certain targets (market condition) and if the Condition occurs by 31 December 2022 (non-market condition). To receive remuneration, program participants must be actively employed by the Group for a certain amount of time during the corresponding annual period and remain employees of the certain entity of the Group as of the vesting date.

If the Condition occurs and ordinary shares achieve target market price, employees will receive remuneration in the form of ordinary shares of the Company. The program was therefore classified by the Group as equity-settled.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

---

The individual terms of the program for the calendar year 2020 were agreed with participants, whose total remuneration may amount to 900 000 shares.

At the grant date total fair value of 900 000 awards amounted to 611 (or 679 Russian Rubles per share) and was calculated based on the market value of the Company’s ordinary share.

In March 2021, the Condition occurred. In May 2021, the first tranche of LTIP 2 was paid in the form of shares in total quantity of 340 326 shares. The shares were paid out of treasury shares. No other payments are expected under this program.

Information on the share-based payments program as at 30 June 2021 is presented as follows:

<b>Program</b>	<b>Period of vesting</b>	<b>Number of shares assigned to program participants</b>	<b>Expected number of shares as at the due date (i)</b>	<b>Fair value as at 30 June 2021</b>
LTIP 1, tranche 2	April 2022	291 780	291 780	72

Information on the share-based payments program as at 31 December 2020 is presented as follows:

<b>Program</b>	<b>Period of vesting</b>	<b>Number of shares assigned to program participants</b>	<b>Expected number of shares as at the due date (i)</b>	<b>Fair value as at 31 December 2020</b>
LTIP 1, tranche 1	April 2021	225 471	225 471	107
LTIP 2	By the end of 2021	900 000	900 000	305

(i) This indicator was calculated based on management’s assessment regarding the expected employee turnover taking into account historical data available.

The shares assigned to LTIP participants will be collected from the pool of treasury shares or will be purchased by the Group from the open market if necessary.

#### **Amounts recognized as an expense**

During the half-year ended 30 June 2021, the Group recognized a share-based compensation expense, net of social insurance contributions, of 207 (for the half-year ended 30 June 2020: 19), as part of “Selling, general and administrative expenses” under “Payroll and related taxes” line (Note 18). The short-term part of the liabilities as at 30 June 2021 was absent (as at 31 December 2020, it amounted to 100 and was recorded as part of “Other payables and accrued expenses” in part of the program classified as cash-settled share-based payments). In equity, the “Accrual of share-based payments” item reflects 140 (for the half-year ended 30 June 2020: 2) that relate to equity-settled share-based payments.

## **24. 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.

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

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 2021 and 30 June 2020 and the outstanding balances owed by/to related parties as at 30 June 2021 and 31 December 2020, respectively:

	For the half-year ended 30 June 2021		30 June 2021		For the half-year ended 30 June 2020		31 December 2020	
	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
Joint ventures (i)	54	25	-	-	34	24	12	27
Entities under common control (ii)	-	747	212	79	916	14	578	5
Entities under significant influence of the controlling shareholder (iii)	1 993	1 037	2 247	2 437	943	976	2 047	2 281
Entities under control of key management personnel (iv)	-	-	-	-	3	57	-	-
<b>Total</b>	<b>2 047</b>	<b>1 809</b>	<b>2 459</b>	<b>2 516</b>	<b>1 896</b>	<b>1 071</b>	<b>2 637</b>	<b>2 313</b>

The nature of transactions with related parties is as follows:

- (i) Joint ventures – agency fee for selling products through LLC “MARKETPLACE”, remuneration for participation in the loyalty program. Transactions with LLC “MARKETPLACE” are included in the disclosure until the Group loses significant influence over the company in April 2021 (Note 10);
- (ii) Entities under common control – purchase and sale of Group’s goods, warehouses and trade premises rent, charity, reimbursement of tax charges and fines, etc.;
- (iii) Entities under significant influence of the controlling shareholder – agent services for sales of insurance, warehouses and trade premises rent, acquisition of fixed assets, credit broker services;
- (iv) Entities under control of key management personnel – provision of rental and logistics services, after-sales and other services for the Group's goods, provision of services for the repair of premises and engineering systems of the central office and Moscow stores.

**PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)  
(in millions of Russian Rubles)**

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 2021 and 30 June 2020 and the outstanding balances owed by/to related parties as at 30 June 2021 and 31 December 2020, respectively:

	For the half-year ended 30 June 2021		30 June 2021		For the half-year ended 30 June 2020		31 December 2020	
	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
Joint ventures (i)	1	-	-	-	-	-	-	-
Entities under common control (ii)	-	191	-	4 798	-	337	-	5 143
Entities under control of key management personnel (iii)	-	-	-	-	-	44	-	-
<b>Total</b>	<b>1</b>	<b>191</b>	<b>-</b>	<b>4 798</b>	<b>-</b>	<b>381</b>	<b>-</b>	<b>5 143</b>

The nature of transactions with related parties is as follows:

- (i) Joint ventures – interest income;
- (ii) Entities under common control – financial expenses and lease obligations;
- (iii) Entities under control of key management personnel – financial expenses and lease obligations.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

---

#### 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 2021 are unsecured and settlement occurs in cash. There were no guarantees received or provided on receivables and payables in favour of related parties. As at 30 June 2021 and 31 December 2020, the Group accrued expected credit losses on accounts receivable from related parties in the amount of 6 and 9, respectively.

#### 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 2021 and 30 June 2020 was as follows:

	For the half-year ended	
	30 June 2021	30 June 2020
Short-term benefits *	2 011	820
Share-based payments (Note 23)	238	20
<b>Total</b>	<b>2 249</b>	<b>840</b>

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

As at 30 June 2021 there is 287 outstanding payable to key management personnel (31 December 2020: 1 384).

As at 30 June 2021 the number of key management positions was 27 (31 December 2020: 27).

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 23, 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 399 for the half-year ended 30 June 2021 (for the half-year ended 30 June 2020: 72) and are included in the amounts stated above.

## 25. COMMITMENTS AND CONTINGENCIES

#### Operating environment

The Group sells products that are sensitive to changes in general economic conditions that impact consumer spending. Future economic conditions and other factors, including consumer confidence, employment levels, interest rates, consumer debt levels and availability of consumer credit could reduce consumer spending or change consumer purchasing habits. A global slowdown in the Russian and world economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group's operating results.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) *(in millions of Russian Rubles)*

---

Emerging markets such as 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. The Russian economy is also particularly sensitive to changes in world oil and gas prices.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above-mentioned events have led to reduced access of the Russian businesses to international capital markets.

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

#### **Impact of COVID-19**

Starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. In the first half of 2020, the COVID-19 outbreak caused significant turmoil in the global market: it led to significant operational difficulties for many companies, changed the daily habits of people in different countries, contributed to a decline in oil prices, a fall in stock market indices, and the volatility of the national currency.

In response to the potentially serious threat posed to public health by the COVID-19 epidemic, government authorities in various countries have introduced restrictive measures.

Most of the employees of the central office were transferred to remote work starting from March 2020 to the current date.

In addition, as at 31 December 2020, the Group received government loans from Bank VTB (PJSC) in the total amount of 4 876 at a below-market rate of interest as part of state support. In respect of these loans for the half-year ended 30 June 2021, the Group recognized grant income in the amount of 2 520 (for the half-year ended 30 June 2020: 43) as part of other operating income. In June 2021, VTB Bank (PJSC) forgave the debt on one of the loans in the amount of 2 520.

The Group also renegotiated a number of leases and switched from fixed rent to a percentage of turnover for the period of restrictions (mainly April and May 2020) (Notes 4 and 18).

Since events caused by the new coronavirus pandemic are developing rapidly and cannot be reliably predicted, the impact of changes in the operating environment on the Group's future results and financial position is currently difficult to determine.

## **PUBLIC JOINT STOCK COMPANY “M.VIDEO”**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)**

---

#### **Tax risk management**

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management’s interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However, the relevant authorities may have differing interpretations, and the effects on the financial statements could be significant.

The Russian tax authorities conducted field audit of LLC “ELDORADO” for 2015-2017, period before LLC “ELDORADO” was acquired by the Group. Based on the decision of the tax authorities, additional tax charges were made in the amount of 31 (Notes 15 and 18).

#### **License agreements**

As at 30 June 2021 the Group had non-cancellable contractual commitment of 1 451 (including VAT) for technical support services with respect to existing SAP licenses and software during the period until 2025 (31 December 2020: 1 567).

The Group uses SAP software for finance, supply chain and human resources functions.

#### **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 2021 the Group entered into such guarantee contracts for the total amount of 9 705 (31 December 2020: 10 849). As at 30 June 2021 and 31 December 2020, the Group has not pledged any assets as collateral under these guarantee contracts.

## **26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Generally, the Group’s principal financial liabilities comprise loans, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group’s operations. The Group also has trade and other receivables and cash and short-term deposits that arrive directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk.

The Group’s senior management oversees the management of these risks. The Group’s senior management provides assurance to the Group’s Board of Directors that the Group’s financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group’s policies. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) *(in millions of Russian Rubles)*

#### Categories of financial instruments

The carrying values of financial assets and liabilities grouped by each category of financial instruments as at 30 June 2021 and 31 December 2020 were as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
<b>Financial assets</b>		
Assets carried at amortized cost	59 837	53 754
<b>Financial liabilities</b>		
Liabilities carried at amortized cost	283 451	270 136

#### Fair value of financial instruments

	<u>30 June 2021</u>		<u>31 December 2020</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
<b>Financial liabilities</b>				
Borrowings and other financial liabilities with fixed interest rate	<u>67 943</u>	<u>67 693</u>	<u>47 928</u>	<u>48 284</u>
<b>Total</b>	<u><b>67 943</b></u>	<u><b>67 693</b></u>	<u><b>47 928</b></u>	<u><b>48 284</b></u>

The fair value of the Group’s other financial assets and liabilities is approximated to their carrying amounts.

#### Foreign currency risk management

Foreign currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group’s exposures to foreign currency risk mainly arise from lease payments tied-in to currencies other than functional currency. As at 30 June 2021 approximately 0.5% (as at 31 December 2020: 0.5%) of the Group’s lease contracts for stores and warehouses were tied-in to either US Dollars or Euro. The Group minimizes, to the extent possible, the risk arising from foreign currency-denominated lease contracts by negotiating a fixed exchange rate or a cap for an exchange rate with the lessors.

#### 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 maintain a continuity of funding and flexibility through the use of bank loans. Each year the Group analyses its funding needs and anticipated cash flows, so that it can determine its funding obligations. The seasonality of the business, the store expansion plan, capitalized projects and the anticipated working capital requirements form the basis of the evaluation. When necessary the Group uses long-term instruments (loans and borrowings) to cover its base liquidity needs. The Group uses short-term loans to cover seasonality needs. 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.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) (in millions of Russian Rubles)

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. The corresponding liabilities are recorded as trade payables, and interest expenses are recorded as finance expenses of the Group.

As at 30 June 2021, 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 26 050 (as at 31 December 2020: 18 632), the corresponding interest expense for the half-year ended 30 June 2021 of 762 (for the half-year ended 30 June 2020: 495). Also, as at 30 June 2021, the Group had trade payables to suppliers in the amount of 8 498 (as at 31 December 2020: 701), 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 98 and 0 for the half-years ended 30 June 2021 and 2020, respectively.

The table below summarizes the maturity profile of the Group’s financial liabilities as at 30 June 2021 and 31 December 2020 based on contractual undiscounted payments:

	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<b>As at 30 June 2021</b>					
Trade accounts payable	199 828	111	-	-	199 939
Borrowings and other financial liabilities	3 142	38 291	32 398	-	73 831
Lease liabilities	5 400	15 682	55 212	23 743	100 037
Other accounts payable and accrued expenses	15 544	25	-	-	15 569
<b>Total</b>	<b>223 914</b>	<b>54 109</b>	<b>87 610</b>	<b>23 743</b>	<b>389 376</b>
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<b>As at 31 December 2020</b>					
Trade accounts payable	205 328	2 534	-	-	207 862
Borrowings and other financial liabilities	923	18 194	38 604	-	57 721
Lease liabilities	6 729	13 745	54 018	26 936	101 428
Other accounts payable and accrued expenses	14 272	73	1	-	14 346
<b>Total</b>	<b>227 252</b>	<b>34 546</b>	<b>92 623</b>	<b>26 936</b>	<b>381 357</b>

#### Credit risk management

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group. Financial assets which are potentially subject the Group to credit risk consist primarily of bonuses receivable from suppliers, other receivables, short-term investments as well as cash on current and deposit accounts with banks and other financial institutions.

Bonuses receivable from suppliers are either offset against respective accounts payable or paid in cash. At 30 June 2021 bonuses receivable from five major suppliers comprised 38% of the Group’s accounts receivable (31 December 2020: 32%). The Group believes no significant credit risk is associated with these receivables since all of the debtors are represented by the Group’s major suppliers.

The credit risk on liquid funds (see the table below) is managed by the Group’s treasury.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED) *(in millions of Russian Rubles)*

---

The management believes that credit risk on investments of surplus funds is limited as the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

The table below shows the balances that the Group had with four of its major counterparties as at 30 June 2021 and 31 December 2020:

	Currency	Rating	Carrying amount	
			30 June 2021	31 December 2020
Bank VTB (PJSC)	RUB	Baa3	1 228	1 453
PJSK CREDIT BANK OF MOSCOW	RUB	Ba3	952	2
PJSC Sberbank	RUB	Baa3	97	269
JSC “ALFA BANK”	RUB	Ba1	54	1 636
Other	RUB		79	100
<b>Total</b>			<b>2 410</b>	<b>3 460</b>

The carrying amount of financial assets recorded in the interim condensed consolidated financial statements, is net of impairment losses, represents the Group’s maximum exposure to credit risk. There were no other concentrations of credit risk as at 30 June 2021 and 31 December 2020.

## 27. SUBSEQUENT EVENTS

In August 2021, the Group issued long-term non-convertible ruble-denominated bonds with a fixed coupon rate for a total amount of 9 000.

**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 2021 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 2021, 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 2020.

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 2021.

## PUBLIC JOINT STOCK COMPANY “M.VIDEO”

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

The consolidated statement of financial position as at 30 June 2021 and 31 December 2020, prepared in accordance with the basis discussed above, is presented as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	16 465	17 085
Investment property	341	351
Intangible assets	24 777	22 339
Goodwill	48 975	48 975
Investment in an associate and a joint venture	15	1 244
Financial assets	1 018	85
Deferred tax assets	3 957	4 653
Other non-current assets	2 212	1 790
<b>Total non-current assets</b>	<b><u>97 760</u></b>	<b><u>96 522</u></b>
<b>CURRENT ASSETS</b>		
Inventories	148 888	146 994
Accounts receivable	55 223	45 610
Advances paid	4 371	5 525
Income tax receivable	220	100
Other taxes receivable	28 585	25 017
Other current assets	71	61
Cash and cash equivalents	3 957	7 445
Assets held for sale	8	1 229
<b>Total current assets</b>	<b><u>241 323</u></b>	<b><u>231 981</u></b>
<b>TOTAL ASSETS</b>	<b><u>339 083</u></b>	<b><u>328 503</u></b>
<b>EQUITY</b>		
Share capital	1 798	1 798
Additional paid-in capital	4 576	4 576
Treasury shares	(557)	(749)
Retained earnings	33 041	32 030
<b>Total equity</b>	<b><u>38 858</u></b>	<b><u>37 655</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current bank borrowings	29 551	31 733
Other liabilities	5 028	5 094
Finance obligations	123	134
Deferred tax liabilities	95	175
<b>Total non-current liabilities</b>	<b><u>34 797</u></b>	<b><u>37 136</u></b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	199 939	207 862
Other payables and accrued expenses	18 461	18 017
Contract liabilities	6 342	6 604
Current bank borrowings	38 392	16 196
Income tax payable	-	1 643
Other taxes payable	2 051	2 312
Finance obligations	72	90
Provisions	171	988
<b>Total current liabilities</b>	<b><u>265 428</u></b>	<b><u>253 712</u></b>
<b>Total liabilities</b>	<b><u>300 225</u></b>	<b><u>290 848</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>339 083</u></b>	<b><u>328 503</u></b>

## 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 2021 and 30 June 2020, prepared in accordance with the basis discussed above, is presented as follows:

	For the half-year ended	
	30 June 2021	30 June 2020
REVENUE	212 776	173 934
COST OF SALES	(162 271)	(129 283)
<b>GROSS PROFIT</b>	<b>50 505</b>	<b>44 651</b>
Selling, general and administrative expenses	(45 097)	(36 790)
Other operating income	8 931	1 856
Other operating expenses	(246)	(345)
<b>OPERATING PROFIT</b>	<b>14 093</b>	<b>9 372</b>
Finance income	76	348
Finance expenses	(3 201)	(3 050)
Share of profit/(loss) of an associate and a joint venture	(945)	(1 267)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	<b>10 023</b>	<b>5 403</b>
Income tax expense	(2 175)	(1 343)
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period</b>	<b>7 848</b>	<b>4 060</b>
<b>NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period excluding share of profit/(loss) of an associate and a joint venture</b>	<b>8 793</b>	<b>5 327</b>

**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 2021 and 30 June 2020, prepared in accordance with the basis discussed above, is presented as follows:

	<b>For the half-year ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	7 848	4 060
<i>Adjustments for:</i>		
Income tax expense	2 175	1 343
Depreciation and amortization	4 246	3 951
Gain on disposal of investment in joint venture	(3 571)	-
Change in allowance for advances paid	14	16
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses	275	46
Interest income	(76)	(348)
Interest expenses	3 200	3 050
Income from debt forgiveness	(2 520)	-
Share of (profit)/loss of an associate and a joint venture	945	1 267
Other non-cash reconciling items, net	(69)	306
<b>Operating cash flows received from operations before movements in working capital</b>	<b>12 467</b>	<b>13 691</b>
(Increase)/decrease in inventories	(2 169)	23 490
Increase in accounts receivable and advances paid	(8 472)	(1 526)
(Increase)/decrease in other taxes receivable	(3 227)	2 884
Decrease in trade accounts payable	(8 262)	(30 443)
(Decrease)/increase in other payables and accrued expenses	(1 707)	1 734
Decrease in contract liabilities	(262)	(1 760)
(Decrease)/increase in other liabilities	(862)	1 108
Decrease in other taxes payable	(386)	(289)
Other changes in working capital, net	(414)	838
<b>Cash (used in)/ received from operations</b>	<b>(13 294)</b>	<b>9 727</b>
Income taxes paid	(3 194)	(693)
Interest paid	(2 152)	(2 673)
<b>Net cash (used in)/ received from operating activities</b>	<b>(18 640)</b>	<b>6 361</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1 712)	(1 987)
Proceeds from disposal of property, plant and equipment	3	411
Proceeds from disposal of investment in joint venture	4 134	-
Purchase of intangible assets	(3 083)	(1 838)
Interest received	76	348
Loans issued to joint venture	(400)	-
Repayment of loans by joint venture	400	-
Investment in joint venture	-	(1 680)
<b>Net cash used in investing activities</b>	<b>(582)</b>	<b>(4 746)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(6 783)	-
Repayment of finance lease	(30)	(24)
Proceeds from bonds	10 000	-
Proceeds from loans	39 034	24 065
Repayment of loans	(26 488)	(5 065)
<b>Net cash received from financing activities</b>	<b>15 733</b>	<b>18 976</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3 489)</b>	<b>20 591</b>
<b>CASH AND CASH EQUIVALENTS, at the beginning of the period</b>	<b>7 445</b>	<b>4 738</b>
Effect of foreign exchange rate changes	1	(2)
<b>CASH AND CASH EQUIVALENTS, at the end of the period</b>	<b>3 957</b>	<b>25 327</b>