

Public Joint Stock Company
“M.video”

Interim Condensed Consolidated
Financial Statements (Unaudited)
Half-Year Ended 30 June 2022

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

TABLE OF CONTENTS

	Pages
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (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 2022 (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	8-31
ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16 (UNAUDITED)	32-35

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 2022 (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 2022, 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:

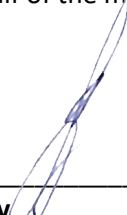
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient 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 (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 2022 were approved on 24 August 2022.

On behalf of the management:



A. Suhov
Chief Executive Officer



A. Garmanova
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” and its subsidiaries (the “Group”) as at 30 June 2022 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”.

Emphasis of Matter

We draw attention to Note 2 to the interim condensed consolidated financial statements for the half-year ended 30 June 2022, which describes the restatement of corresponding figures for the half-year ended 30 June 2021. Our opinion is not modified in respect of this matter.

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 32-35. 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 2022 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 32.



Biryukov V.E.,
Engagement partner

AO “Business Solutions and Technologies”
(ORNZ № 12006020384)

24 August 2022

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022 (UNAUDITED)

(in millions of Russian Rubles)

	Notes	30 June 2022	31 December 2021
NON-CURRENT ASSETS			
Property, plant and equipment	4	15 625	17 675
Investment property		186	194
Intangible assets	6	28 321	27 830
Goodwill	3	50 007	50 007
Right-of-use assets	5	67 905	74 075
Investment in an associate and a joint venture		15	15
Financial assets		5 552	5 575
Deferred tax assets		6 409	5 366
Other non-current assets		824	1 632
Total non-current assets		174 844	182 369
CURRENT ASSETS			
Inventories	7	110 904	163 840
Accounts receivable	8	18 364	46 865
Advances paid	8	4 086	1 622
Income tax receivable		2 281	2 637
Other taxes receivable	9	10 307	33 910
Other current assets		74	68
Cash and cash equivalents	10	2 874	12 053
Assets held for sale		8	8
Total current assets		148 898	261 003
TOTAL ASSETS		323 742	443 372
EQUITY			
Share capital	11	1 798	1 798
Additional paid-in capital		4 576	4 576
Treasury shares	11	(526)	(557)
Retained earnings		12 608	17 395
Total equity		18 456	23 212
NON-CURRENT LIABILITIES			
Non-current borrowings and other financial liabilities	12	13 973	28 964
Lease liabilities	5	64 090	68 628
Deferred tax liabilities		52	94
Other liabilities		552	577
Total non-current liabilities		78 667	98 263
CURRENT LIABILITIES			
Trade accounts payable		134 316	237 324
Other payables and accrued expenses	13	12 977	18 003
Contract liabilities	14	4 456	7 998
Lease liabilities	5	15 733	15 797
Current borrowings and other financial liabilities	12	56 827	40 174
Income tax payable		-	9
Other taxes payable		2 164	2 428
Provisions		146	164
Total current liabilities		226 619	321 897
Total liabilities		305 286	420 160
TOTAL EQUITY AND LIABILITIES		323 742	443 372

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

Signed on 24 August 2022 by:

A. Suhov
 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 2022 (UNAUDITED)
(in millions of Russian Rubles, except earnings per share)

	Notes	For the half-year ended	
		30 June 2022	30 June 2021*
REVENUE	15	218 815	215 570
COST OF SALES	16	(173 809)	(176 823)
GROSS PROFIT		45 006	38 747
Selling, general and administrative expenses	17	(41 284)	(42 142)
Other operating income	18	244	6 213
Other operating expenses		(400)	(245)
OPERATING PROFIT		3 566	2 573
Finance income	19	1 885	76
Finance expenses	19	(11 074)	(6 361)
Share of loss of an associate and a joint venture		-	(945)
LOSS BEFORE INCOME TAX EXPENSE		(5 623)	(4 657)
Income tax benefit		1 017	1 010
NET LOSS for the period, being TOTAL COMPREHENSIVE LOSS for the period		(4 606)	(3 647)
BASIC LOSS PER SHARE (in Russian Rubles)	20	(25,83)	(20,49)
DILUTED LOSS PER SHARE (in Russian Rubles)	20	(25,83)	(20,41)
NET LOSS for the period, being TOTAL COMPREHENSIVE LOSS for the period excluding share of profit/(loss) of an associate and a joint venture **		(4 606)	(2 702)

* 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 24 August 2022 by:

A. Suhov
 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 2022 (UNAUDITED)**

(in millions of Russian Rubles)

	Notes	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
Balance as at 31 December 2020		1 798	4 576	(749)	28 014	33 639
Dividends		-	-	-	(6 783)	(6 783)
Accrual of share-based payments	21	-	-	-	140	140
Settlement of share-based payments		-	-	192	(192)	-
Total comprehensive loss for the period*		-	-	-	(3 647)	(3 647)
Balance as at 30 June 2021*		1 798	4 576	(557)	17 532	23 349
Balance as at 31 December 2021		1 798	4 576	(557)	17 395	23 212
Accrual of share-based payments	21	-	-	-	(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)	12 608	18 456

* Some amounts were restated (Note 2).

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

Signed on 24 August 2022 by:

A. Suhov
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 2022 (UNAUDITED)
(in millions of Russian Rubles)**

	Notes	For the half-year ended	
		30 June 2022	30 June 2021*
OPERATING ACTIVITIES			
Total net loss for the period		(4 606)	(3 647)
<i>Adjustments for:</i>			
Income tax benefit		(1 017)	(1 010)
Depreciation and amortisation	17	13 704	12 515
Gain on disposal of investment in joint venture		-	(3 571)
Change in allowance for advances paid		76	14
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses		83	275
Interest income	19	(1 225)	(76)
Interest expenses	19	11 074	6 357
Income recognized on subsidized loans	12, 18	(131)	(2 520)
Share of (profit)/loss of an associate and a joint venture		-	945
Net foreign exchange (income)/loss	19	(660)	4
Other non-cash reconciling items, net		(39)	(358)
Operating cash flows received from operations before movements in working capital		17 259	8 928
Decrease/(Increase) in inventories		52 853	(2 169)
Decrease in accounts receivable and advances paid		25 961	5 811
Decrease/(Increase) in other taxes receivable		22 968	(3 157)
Decrease in trade accounts payable		(104 091)	(9 006)
Decrease in other payables and accrued expenses		(4 721)	(633)
Decrease in contract liabilities		(3 542)	(262)
Decrease in other liabilities		(150)	(732)
Decrease in other taxes payable		(189)	(386)
Other changes in working capital, net		824	(390)
Cash received from/(used in) operations		7 172	(1 996)
Income taxes paid		204	(3 194)
Interest paid		(9 824)	(6 056)
Net cash used in operating activities		(2 448)	(11 246)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(345)	(1 712)
Proceeds from disposal of property, plant and equipment		39	3
Purchase of intangible assets		(3 463)	(3 083)
Interest received		1 225	76
Proceeds from disposal of investment in joint venture		-	4 134
Loans issued to joint venture		-	(400)
Repayment of loans by joint venture		-	400
Net cash used in investing activities		(2 544)	(582)
FINANCING ACTIVITIES			
Dividends paid	11	-	(6 783)
Proceeds from bonds	12	-	10 000
Proceeds from borrowings		39 864	39 034
Repayment of borrowings		(37 652)	(26 488)
Repayment of lease liabilities	5	(6 399)	(7 424)
Net cash (used in)/received from financing activities		(4 187)	8 339
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9 179)	(3 489)
CASH AND CASH EQUIVALENTS, at the beginning of the period		12 053	7 445
Effect of foreign exchange rate changes		-	1
CASH AND CASH EQUIVALENTS, at the end of the period		2 874	3 957

* Some amounts were restated (Note 2).

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

Signed on 24 August 2022 by:


A. Suhov
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 2022 (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 2022 were authorized for issue by management on 24 August 2022.

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.

Shareholders

As at 30 June 2022 and 31 December 2021, registered shareholders of PJSC “M.video” and their ownership interests are presented as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
ERICARIA HOLDINGS LIMITED	50,0000%	50,0000%
Media-Saturn-Holding GmbH	15,0000%	15,0000%
WERIDGE INVESTMENTS LIMITED	10,3735%	10,3735%
Treasury shares	0,7720%	0,8171%
Various shareholders	23,8545%	23,8094%
Total	<u>100%</u>	<u>100%</u>

At 30 June 2022, 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 2022 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 2021.

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.

Going concern

These consolidated financial statements are prepared on the going concern basis. The impact of a geopolitical situation on operating activity of the Group is disclosed in Note 23.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

The Group has outstanding bank borrowings and bonds of 70 800 as of 30 June 2022, out of which 56 827 are due to be repaid or refinanced in 2022 (Note 12). The Group’s management has performed a stress test taking into account subsequent events and based on available information at the moment of publication of these interim condensed consolidated financial statements believes that all short-term liabilities will be repaid or refinanced in the normal course of the Group’s operating activities in accordance with documentary and/or legally defined deadlines, including the use of existing unused credit limits, where needed (Note 12).

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 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 2021.

Income tax

Income tax for the interim period is accrued using tax rates that would be applicable to expected total annual earnings. The change in the effective tax rate mainly is due to the fact that in accordance with Russian tax legislation, some items of income and expenses are excluded from the calculation of taxable profit and the amounts of such income and expenses may differ in different reporting periods.

Standards and interpretations

The adoption of amendments to the following standards for annual periods beginning 1 January 2022 did not have a material impact on the accounting policies, financial position and results of operations of the Group:

- Amendments to IFRS 3 *Business Combinations-Reference to the Conceptual Framework*;
- Amendments to IAS 16 *Property, Plant and Equipment-Proceeds before Intended Use*;
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts-Cost of Fulfilling a Contract*;
- Annual Improvements to IFRS Standards 2018-2020-IFRS 1, 9, 16 and IAS 41.

The Group has not implemented early adoption of standards, interpretations or amendments that have been issued but are not yet effective.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED)
(in millions of Russian Rubles)**

Changes in comparative information

(A) During the preparation of the interim condensed consolidated financial statements for the half-year ended 30 June 2022, the Group identified, that part of bonuses from suppliers, that was accrued in the interim condensed consolidated financial statements for the half-year ended 30 June 2021 was incorrectly accrued on the basis of preliminary estimates, which were subsequently not confirmed in the final agreements with suppliers. These accruals were subsequently reversed in the preparation of the consolidated financial statements for the year ended 31 December 2021 and, therefore, had no impact on these annual consolidated financial statements.

As a result, in these interim condensed consolidated financial statements the Group has restated comparative information within the lines “Cost of sales” (for the amount of recognized supplier bonuses) and “Income tax expense” (the effect of this adjustment on deferred income tax) of the interim condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2021.

(B) In the consolidated financial statements for the year ended 31 December 2021, the Group has changed the presentation of consumer lending income and related expenses in the consolidated statement of profit or loss and other comprehensive income. As these changes in the presentation have been made by the Group retrospectively, in these interim condensed consolidated financial statements the Group has changed comparative information in the interim condensed consolidated statements of profit or loss and other comprehensive income to bring it in accordance with the presentation in the consolidated financial statements for the year ended 31 December 2021, as follows:

- The Group’s income from consumer lending is presented a commission fee received from Banks for the volume of loans provided and additional services provided within the framework of lending and are reflected on within “Revenue” line while previously such income was presented under the line “Other operating income”;
- Expenses corresponding to this revenue (including expenses for credit broker services and labor costs) are presented within the line “Cost of sales”, while previously they were presented within “Selling, general and administrative expenses”.

(C) In the consolidated financial statements for the year ended 31 December 2021, the Group in accordance with IFRS has reflected a net-off of accounts receivable and accounts payable in the consolidated statement of financial position as at 31 December 2020 and 2019. In these interim condensed consolidated financial statements, the Group adjusted comparative figures in the interim condensed consolidated statement of cash flows to reflect the effect of this net-off.

Changes in the comparative information of the interim condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 30 June 2021 are as follows:

	Before restatement	Reclassifications (B)	Adjustment (A)	After restatement
REVENUE	212 776	2 794	-	215 570
COST OF SALES	(162 240)	(908)	(13 675)	(176 823)
GROSS PROFIT	50 536	1 886	(13 675)	38 747
Selling, general and administrative expenses	(43 050)	908	-	(42 142)
Other operating income	9 007	(2 794)	-	6 213
OPERATING PROFIT	16 248	-	(13 675)	2 573
Income tax expense	(1 957)	-	2 967	1 010
NET PROFIT for the period, being				
TOTAL COMPREHENSIVE INCOME for the period	7 061	-	(10 707)	(3 647)

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED)
(in millions of Russian Rubles)**

- (D) In accordance with the provisions of IAS 7 “Statement of cash flow” which requires a disclosure of statement of cash flow the total amount of interest paid during the period, the Group changed the classification of interest paid under supplier deferred payment mechanisms and classified respective amount of 1 010 in the interim condensed consolidated statement of cash flows for the half- year ended 30 June 2021 as “Interest paid, including lease” rather than “Increase/(decrease) of trade accounts payable” in the amount of 596 and “Increase/(decrease) of other accounts payable and accrued expenses” in the amount of 414.

Changes in the comparative information of the interim condensed consolidated statement of cash flows for the half-year ended 30 June 2021 presented as follows:

	Before restatement	Reclassification (D)	Net-off (C)	Adjustment (A)	After restatement
OPERATING ACTIVITIES					
Total net profit for the period	7 061	-	-	(10 708)	(3 647)
<i>Adjustments for:</i>					-
Income tax expense	1 957	-	-	(2 967)	(1 010)
Operating cash flows received from operations before movements in working capital	22 603	-	-	(13 675)	8 928
Decrease in accounts receivable and advances paid	(9 204)	-	1 340	13 675	5 811
Decrease in trade accounts payable	(8 262)	596	(1 340)	-	(9 006)
Decrease in other payables and accrued expenses	(1 047)	414	-	-	(633)
Cash received from/(used in) operations	(3 006)	1 010	-	-	(1 996)
Interest paid	(5 046)	(1 010)	-	-	(6 056)
Net cash used in operating activities	(11 246)	-	-	-	(11 246)
Net cash used in investing activities	(582)	-	-	-	(582)
Net cash (used in)/received from financing activities	8 339	-	-	-	8 339
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3 489)	-	-	-	(3 489)
CASH AND CASH EQUIVALENTS, at the beginning of the period	7 445		-	-	7 445
Effect of foreign exchange rate changes	1	-	-	-	1
CASH AND CASH EQUIVALENTS, at the end of the period	3 957	-	-	-	3 957

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (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:

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Profit measure Net profit for the period being total comprehensive income for the period excluding share of profit/(loss) of an associate and a joint venture	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. 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:

	For the half-year ended 30 June 2022	For the half-year ended 30 June 2021*
Net loss for the period being total comprehensive loss for the period	(4 606)	(3 647)
Add: share of loss of an associate and a joint venture	-	945
Net loss for the period being total comprehensive loss for the period excluding share of profit/(loss) of an associate and a joint venture	<u>(4 606)</u>	<u>(2 702)</u>

* Some amounts were restated (Note 2).

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

3. GOODWILL

At 30 June 2022, 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 17,00% and terminal growth rates of 3%.

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

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 June 2022 and 31 December 2021 consisted of the following:

	For the half-year ended 30 June 2022	For the half-year ended 30 June 2021
Cost		
As at 31 December	48 831	43 973
Additions	471	1 929
Disposals	(513)	(170)
Reclassification to current assets	-	(50)
As at 30 June	48 789	45 682
Accumulated depreciation		
As at 31 December	31 156	26 948
Charge for the period	2 473	2 491
Disposals	(465)	(148)
Reclassification to current assets	-	(42)
As at 30 June	33 164	29 249
Net book value		
As at 31 December	17 675	17 025
As at 30 June	15 625	16 433

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

During the half-year ended 30 June 2022, the Group’s total capital expenditures were 471 (for the half-year ended 30 June 2021: 1 929), 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 48 were disposed of by the Group in the half-year ended 30 June 2022 (for the half-year ended 30 June 2021: 22). Loss on disposal of these items of 10 (for the half-year ended 30 June 2021: 20) was recorded within other operating expenses.

As at 30 June 2022 and 31 December 2021, the Group did not pledge fixed assets.

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 31 December 2021	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
	<hr/>	<hr/>
As at 30 June 2022	67 905	(79 823)
	<hr/>	<hr/>
	<u>Right-of-use assets</u>	<u>Lease liabilities</u>
As at 1 January 2021	71 593	(80 753)
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/>
As at 30 June 2021	67 197	(77 236)
	<hr/>	<hr/>

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

6. INTANGIBLE ASSETS

Intangible assets as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>For the half-year ended 30 June 2022</u>	<u>For the half-year ended 30 June 2021</u>
Cost		
As at 31 December	36 458	28 397
Additions	3 363	4 154
Disposals	<u>(1 383)</u>	<u>(1 160)</u>
As at 30 June	<u>38 438</u>	<u>31 391</u>
Accumulated amortisation		
As at 31 December	8 628	6 527
Charge for the period	2 872	1 676
Disposals	<u>(1 383)</u>	<u>(1 160)</u>
As at 30 June	<u>10 117</u>	<u>7 043</u>
Net book value		
As at 31 December	<u>27 830</u>	<u>21 870</u>
As at 30 June	<u>28 321</u>	<u>24 348</u>

The total cost of acquisition of intangible assets was 3 363 and 4 154 in the half-year ended 30 June 2022 and 30 June 2021, respectively, which for the most part relate to the development 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).

As at 30 June 2022 and 31 December 2021, the Group had contractual commitments for the technical support of software licenses (Note 23).

7. INVENTORIES

Inventories as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Goods for resale	108 421	161 158
Right of return assets	2 301	2 521
Other inventories	<u>182</u>	<u>161</u>
Total	<u>110 904</u>	<u>163 840</u>

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

8. ACCOUNTS RECEIVABLE AND ADVANCES PAID

Accounts receivable and advances paid as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Accounts receivable		
Bonuses receivable from suppliers	16 264	38 738
Other accounts receivable	1 905	7 133
Accounts receivable from related parties (Note 22)	401	1 204
Expected credit losses on accounts receivable	<u>(206)</u>	<u>(210)</u>
Total accounts receivable	<u>18 364</u>	<u>46 865</u>
Advances paid		
Advances paid to suppliers and prepaid expenses	4 170	1 570
Advances paid to related parties (Note 22)	-	72
Impairment allowance for advances paid	<u>(84)</u>	<u>(20)</u>
Total advances paid	<u>4 086</u>	<u>1 622</u>
Total	<u>22 450</u>	<u>48 487</u>

9. OTHER TAXES RECEIVABLE

Other taxes receivable as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
VAT recoverable	10 235	33 903
Other	<u>72</u>	<u>7</u>
Total	<u>10 307</u>	<u>33 910</u>

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Cash in transit	1 561	4 224
Cash at banks	975	5 972
Cash on hand in stores and petty cash	308	589
Short-term bank deposits	<u>30</u>	<u>1 268</u>
Total	<u>2 874</u>	<u>12 053</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 2022 (UNAUDITED) (in millions of Russian Rubles)

11. EQUITY

Share capital

As at 30 June 2022 and 31 December 2021, 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 2020	177 792 057	179 768 227	209 768 227
Settlement of share-based payments	507 285	-	-
Balance as at 31 December 2021	178 299 342	179 768 227	209 768 227
Settlement of share-based payments	81 135	-	-
Balance as at 30 June 2022	178 380 477	179 768 227	209 768 227

Each share has par value of 10 RUB per share. During the half-year ended 30 June 2022, 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 2022 the Group owned 1 387 750 treasury shares (31 December 2021: 1 468 885 treasury shares) held at cost of 526 (31 December 2021: 557).

Dividends declared

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

In December 2021, at the General Meeting of Shareholders it was decided to pay dividends for 9 month 2021 in the amount of 35.00 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 6 247 have been recognized as a decrease in equity in these interim condensed consolidated financial statements.

In May 2021, at the General Meeting of Shareholders it was decided to pay dividends for 2021 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 2022 (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.

	<u>Maturity</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Non-current borrowings and other financial liabilities			
Unsecured borrowings and credit lines			
Bank GPB (JSC)	April 2024	5 000	5 000
PJSK CREDIT BANK OF MOSCOW	April 2024	-	5 000
		<u>5 000</u>	<u>10 000</u>
Other financial liabilities			
Bonds	August 2024	8 973	18 964
		<u>8 973</u>	<u>18 964</u>
Total non-current borrowings, credit lines and other financial liabilities		<u>13 973</u>	<u>28 964</u>
Current borrowings and other financial liabilities			
Secured borrowings			
Bank VTB (PJSC)	April 2022	-	2 776
		-	<u>2 776</u>
Unsecured borrowings and credit lines			
JSC “ALFA BANK”	July-December 2022	15 886	3 704
Bank VTB (PJSC)	February-April 2023	11 769	9 840
PJSK CREDIT BANK OF MOSCOW	November 2022-April 2023	9 890	2 546
PJSK CREDIT BANK OF MOSCOW	April 2024	5 000	-
Bank GPB (JSC)	November 2022	4 023	8 536
PJSC “Promsvyazbank”	July 2022	19	3 022
PJSC “Sovcombank”	March 2022	-	7 000
PJSC “Rosbank”	February 2022	-	2 507
		<u>46 587</u>	<u>37 155</u>
Other financial liabilities			
Bonds	April 2023	10 240	243
		<u>10 240</u>	<u>243</u>
Total current borrowings and credit lines		<u>56 827</u>	<u>40 174</u>
Total borrowings, credit lines and other financial liabilities		<u>70 800</u>	<u>69 138</u>

As at 30 June 2021, the Group had unutilized uncommitted credit facilities of 30 986 (31 December 2021: 29 500).

In the half-year ended 30 June 2022, the Group received subsidized loans from Bank VTB (PJSC) and PJSK CREDIT BANK OF MOSCOW in the total amount of 14 999.

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 in connection with the fulfilment of the criteria for forgiveness and the corresponding income was recognized as part of the item “Other operating income” in the amount of 2 520 (Note 18).

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

13. OTHER PAYABLES AND ACCRUES EXPENSES

Other payables and accrued expenses as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Purchase of property, plant and equipment and intangible assets	3 892	5 615
Salaries and bonuses	3 237	4 594
Refund liabilities for goods	1 933	2 022
Contingent lease and utility expenses	1 424	1 814
Consulting expenses	557	720
Repairs and maintenance expenses	430	633
Other current liabilities to related parties	46	296
Other	1 458	2 309
Total	<u>12 977</u>	<u>18 003</u>

14. CONTRACT LIABILITIES

Contract liabilities as at 30 June 2022 and 31 December 2021 consisted of the following:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Deferred revenue	2 485	3 315
Prepayments received for goods	1 603	4 271
Other advances received	368	412
Total	<u>4 456</u>	<u>7 998</u>

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED)
(in millions of Russian Rubles)**

Deferred revenue for half-year periods ended 30 June 2022 and 30 June 2021 consisted of the following:

	For the half-year ended 30 June 2022					For the half-year ended 30 June 2021				
	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total
As at 1 January	2 560	597	-	158	3 315	2 496	245	-	593	3 334
Revenue deferred during the period	7 093	880	31	-	8 004	10 343	1 346	1 064	-	12 753
Revenue recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income	(7 437)	(1 303)	(21)	(73)	(8 834)	(10 235)	(1 279)	(1 059)	(278)	(12 851)
As at 30 June	2 216	174	10	85	2 485	2 604	312	5	315	3 236

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

Revenue for the half-year ended 30 June 2022 includes the amount of obligations under the contract with customers at the beginning of the year in the amount of 6 857 (for the half-year ended 30 June 2021: 5 163).

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

15. REVENUE

Revenue for the half-year periods ended 30 June 2022 and 30 June 2021 consisted of the following:

	For the half-year ended	
	30 June 2022	30 June 2021
Retail revenue	216 499	211 598
Consumer loan revenue*	1 428	2 794
Additional services revenue	72	277
Rental income from investment property	109	157
Other revenue	707	744
Total	218 815	215 570

* Consumer loan revenue previously was presented within other operating income (Note 2).

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 2022 recognized at a point in time was 218 743 (for the half-year ended 30 June 2021: 215 293), and revenue for the half-year ended 30 June 2022 recognized over a period of time was 72 (for the half-year ended 30 June 2021: 277).

16. COST OF SALES

Cost of sales for the half-year periods ended 30 June 2022 and 30 June 2021 consisted of the following:

	For the half-year ended	
	30 June 2022	30 June 2021
Cost of goods sold		
- Cost of goods sold	170 230	172 463
- Transportation to stores	1 750	1 962
- Inventory losses net of surpluses and related compensations from suppliers	205	200
Cost of credit broker services:		
- Purchased credit broker services*	38	1 134
- Payroll of credit broker staff and related taxes	664	-
Cost of Additional services	15	25
Cost of other services	907	1 039
Total	173 809	176 823

*Cost of credit broker services were previously presented within selling, general and administrative expenses (Note 2).

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the half-year periods ended 30 June 2022 and 30 June 2021 consisted of the following:

	For the half-year ended	
	30 June 2022	30 June 2021
Depreciation and amortisation	13 704	12 515
Payroll and related taxes	12 955	13 751
Advertising and promotional expenses, net	3 001	3 791
Bank charges	2 061	2 587
Warehouse services	1 470	1 593
Contingent lease expenses	1 408	660
Utilities expenses	1 326	1 424
Security	1 277	1 076
Repairs and maintenance	1 123	1 145
Consulting services	933	1 722
Office expenses *	250	384
Communication	241	180
Taxes other than income tax	180	219
Maintenance and other property operating costs	56	66
Other expenses	1 299	1 029
Total	41 284	42 142

* Office expenses for the half-year ended 30 June 2022 include expenses of 18 (for the half-year ended 30 June 2021: 148) incurred by the Group for personal protective equipment and disinfection supplies for personnel and customers.

Payroll and related taxes for the half-year ended 30 June 2022 include 2 055 of contribution to the state pension fund (for the half-year ended 30 June 2021: 2 302) and social and medical insurance of 770 (for the half-year ended 30 June 2021: 904).

For the half-year ended 30 June 2022 the Group received 562 from its suppliers as a compensation of advertising and promotional expenses (for the half-year ended 30 June 2021: 959).

Contingent lease expenses for the half-year ended 30 June 2022 are shown net of negative variable lease payments of 0 (for the half-year ended 30 June 2021: 283) 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 2021: 0).

18. OTHER OPERATING INCOME

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

Other operating income for the half-year period ended 30 June 2021 includes gain on disposal of investment in LLC “MARKETPLACE” of 3 571, income from debt forgiveness on a subsidized loan from VTB Bank (PJSC) in the amount of 2 520, rental income, 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 2022 (UNAUDITED) (in millions of Russian Rubles)

19. FINANCE INCOME AND EXPENSES

Finance income and expenses for the half-year periods ended 30 June 2022 and 30 June 2021 consisted of the following:

	For the half-year ended	
	30 June 2022	30 June 2021
Interest income	1 225	76
Exchange differences on financial liabilities	660	-
Total financial income	1 885	76
Interest on bank borrowings, credit lines and other	(7 341)	(3 185)
Interest expense on lease liabilities, net of interest income	(3 733)	(3 172)
Exchange differences on financial liabilities	-	(4)
Total financial expenses	(11 074)	(6 361)
Total	(9 189)	(6 285)

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 2022	30 June 2021*
Net loss attributable to equity holders of the Company	(4 606)	(3 647)
Weighted average number of ordinary shares in issue (millions of shares)	178,30	177,95
Basic loss per share (in Russian Rubles)	(25,83)	(20,49)
Net loss attributable to equity holders of the Company, adjusted for the effect of dilution	(4 606)	(3 647)
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions of shares)	178,30	178,72
Diluted loss per share (in Russian Rubles)	(25,83)	(20,41)

* Some amounts were restated (Note 2).

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) *(in millions of Russian Rubles)*

21. SHARE-BASED PAYMENTS

During the half-year period ended 30 June 2022 the Group’s long-term incentive program for key management personnel was cancelled due to changes in geo-political and market situation and resulting need to adjust motivations mechanisms.

Final settlement of program was affected in May – June 2022. During the half-year period ended 30 June 2022 the Group reported in equity (line item “Accrual of share-based payments”) the impact of 150 related to the cessation of the long-term motivation program, which was mainly due to actual forfeiture of the program participants (for the half-year ended 30 June 2021: expense of 140).

22. 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 2022 (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 2022 and 30 June 2021 and the outstanding balances owed by/to related parties as at 30 June 2022 and 31 December 2021, respectively:

	For the half-year ended 30 June 2022		30 June 2022		For the half-year ended 30 June 2021		31 December 2021	
	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	-	-
Entities under common control (ii)	-	55	-	11	-	747	203	292
Entities under significant influence of the controlling shareholder (iii)	1 529	32	401	491	1 993	1 037	1 203	1 384
Total	1 529	87	401	502	2 047	1 809	1 406	1 676

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
- (ii) 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.;
- (iii) Entities under significant influence of the controlling shareholder – agent services for sales of insurance, sale of goods, credit broker services;

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2022 (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 2022 and 30 June 2021 and the outstanding balances owed by/to related parties as at 30 June 2022 and 31 December 2021, respectively:

	For the half-year ended 30 June 2022		30 June 2022		For the half-year ended 30 June 2021		31 December 2021	
	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)	-	246	-	4 973	-	191	-	5 254
Total	-	246	-	4 973	1	191	-	5 254

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;

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (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 2022 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 2022 and 31 December 2021, 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 2022 and 30 June 2021 was as follows:

	For the half-year ended	
	30 June 2022	30 June 2021
Short-term benefits *	743	2 011
Share-based payments (Note 21)	-	238
Total	743	2 249

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

As at 30 June 2022 there is 105 outstanding payable to key management personnel (31 December 2021: 258).

As at 30 June 2022 the number of key management positions was 23 (31 December 2021: 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 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 61 for the half-year ended 30 June 2022 (for the half-year ended 30 June 2021: 399) and are included in the amounts stated above.

23. 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 income of households could influence consumer spending or change consumer purchasing habits. Considerable slowdown in Russian and Global economy, change of global production and logistics schemes could have effect on availability and breadth of assortment of household appliances and consumer electronics on the local markets including Russian, as well as on consumer purchasing power and consequently operational and financial results of the Group.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

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.

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 organizations and individuals, as well as the intention to expand the existing sanctions.

Due to expansion since February 2022 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, under these conditions, when arranging mutual 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 playing on the market of household appliances and consumer electronics.

In June 2022, Said Mikhailovich Gutseriev, the main beneficiary of the Group, was included in the UK financial sanctions list. Said Gutseriev decided to withdraw from the Board of Directors of PJSC M.video by sending a notification. M.Video-Eldorado Group is not included in the sanctions lists and continues its operations in full.

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 stimulated significant demand for high-value goods in late February and the first half of March, which reflected in the dynamics of sales in the first quarter of 2022, which showed 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 of 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, the total sales volume (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 opened its own import operations, ie. 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 mutual settlements with suppliers is organized in national currencies.

The Russian economy is in the process of adaptation, related to with replacement of ceasing export markets and changing markets of import of goods and technology, change of chains of logistics. 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.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (UNAUDITED) (in millions of Russian Rubles)

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 could be 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 2022 (Notes 3, 4 and 5). The assets impairment was not detected.

License agreements

As at 30 June 2022 the minimum payments on future contractual obligations of the Group, including VAT, are 0 (31 December 2021: 508). In 2022, long-term license agreements for the technical support of SAP licenses on software until 2025 were terminated.

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 2022 the Group entered into such guarantee contracts for the total amount of 7 599 (31 December 2021: 12 038). As at 30 June 2022 and 31 December 2021, the Group has not pledged any assets as collateral under these guarantee contracts.

24. 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 2022 (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 2022 and 31 December 2021 were as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Financial assets		
Assets carried at amortized cost	21 263	58 967
Assets carried at fair value	5 526	5 526
Financial liabilities		
Liabilities carried at amortized cost	218 093	324 465

Fair value of financial instruments

	<u>30 June 2022</u>		<u>31 December 2021</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
Financial assets				
Financial assets	5 526	5 526	5 526	5 526
Total	<u>5 526</u>	<u>5 526</u>	<u>5 526</u>	<u>5 526</u>
Financial liabilities				
Borrowings and other financial liabilities with fixed interest rate	70 800	68 868	69 138	69 967
Total	<u>70 800</u>	<u>68 868</u>	<u>69 138</u>	<u>69 967</u>

Fair value of borrowings received in rubles at a fixed interest rate in 2022 and 2021, was estimated using borrowing rates of 13% respectively using Level 3 of 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.

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.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (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. 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 2022, 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 25 695 (as at 31 December 2021: 33 098), the corresponding interest expense for the half-year ended 30 June 2022 of 2 052 (for the half-year ended 30 June 2021: 762). Also, as at 30 June 2022, the Group had trade payables to suppliers in the amount of 6 718 (as at 31 December 2021: 6 278), 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 1 426 and 98 for the half-years ended 30 June 2022 and 2021, respectively.

The table below summarizes the maturity profile of the Group’s financial liabilities as at 30 June 2022 and 31 December 2021 based on contractual undiscounted payments:

	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
As at 30 June 2022					
Trade accounts payable	127 214	7 102	-	-	134 316
Borrowings and other financial liabilities	13 578	45 889	20 451	-	79 918
Lease liabilities	5 806	16 062	58 150	23 849	103 867
Other accounts payable and accrued expenses	12 977	-	-	-	12 977
Total	159 575	69 053	78 601	23 849	331 078
As at 31 December 2021					
Trade accounts payable	237 110	214	-	-	237 324
Borrowings and other financial liabilities	24 008	19 864	34 387	-	78 259
Lease liabilities	6 034	17 572	59 412	27 192	110 210
Other accounts payable and accrued expenses	18 003	-	-	-	18 003
Total	285 155	37 650	93 799	27 192	443 796

25. SUBSEQUENT EVENTS

On July 26, 2022, bonds were issued for 5 000 with a par value of 1 000 rubles per bond at 12,35% per annum. The interest rate is fixed.

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

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 2022 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 2022, 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 2021.

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 2022.

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 2022 and 31 December 2021, prepared in accordance with the basis discussed above, is presented as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
NON-CURRENT ASSETS		
Property, plant and equipment	15 746	17 696
Investment property	442	331
Intangible assets	28 631	28 219
Goodwill	50 007	50 007
Investment in an associate and a joint venture	15	15
Financial assets	5 527	5 576
Deferred tax assets	3 831	2 981
Other non-current assets	2 254	2 718
Total non-current assets	<u>106 453</u>	<u>107 543</u>
CURRENT ASSETS		
Inventories	110 904	163 840
Accounts receivable	18 136	46 716
Advances paid	8 557	4 202
Income tax receivable	2 281	2 637
Other taxes receivable	9 953	33 412
Other current assets	75	69
Cash and cash equivalents	2 874	12 053
Assets held for sale	8	8
Total current assets	<u>152 788</u>	<u>262 937</u>
TOTAL ASSETS	<u>259 241</u>	<u>370 480</u>
EQUITY		
Share capital	1 798	1 798
Additional paid-in capital	4 576	4 576
Treasury shares	(526)	(557)
Retained earnings	22 802	26 732
Total equity	<u>28 650</u>	<u>32 549</u>
NON-CURRENT LIABILITIES		
Non-current bank borrowings	13 973	28 964
Other liabilities	552	576
Finance obligations	306	120
Deferred tax liabilities	52	94
Total non-current liabilities	<u>14 883</u>	<u>29 754</u>
CURRENT LIABILITIES		
Trade accounts payable	134 316	237 324
Other payables and accrued expenses	17 718	20 016
Contract liabilities	4 456	7 998
Current bank borrowings and other financial liabilities	56 827	40 174
Income tax payable	-	9
Other taxes payable	2 164	2 428
Finance obligations	81	64
Provisions	146	164
Total current liabilities	<u>215 708</u>	<u>308 177</u>
Total liabilities	<u>230 591</u>	<u>337 931</u>
TOTAL EQUITY AND LIABILITIES	<u>259 241</u>	<u>370 480</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 2022 and 30 June 2021, prepared in accordance with the basis discussed above, is presented as follows:

	For the half-year ended	
	30 June 2022	30 June 2021*
REVENUE	218 815	215 570
COST OF SALES	(173 842)	(176 852)
GROSS PROFIT	44 973	38 718
Selling, general and administrative expenses	(43 238)	(44 190)
Other operating income	253	6 135
Other operating expenses	(400)	(245)
OPERATING PROFIT	1 588	418
Finance income	1 225	76
Finance expenses	(7 361)	(3 201)
Share of loss of an associate and a joint venture	-	(945)
LOSS BEFORE INCOME TAX EXPENSE	(4 548)	(3 652)
Income tax benefit	801	793
NET LOSS for the period, being TOTAL COMPREHENSIVE LOSS for the period	(3 747)	(2 859)
NET LOSS for the period, being TOTAL COMPREHENSIVE LOSS for the period excluding share of profit/(loss) of an associate and a joint venture	(3 747)	(1 914)

* Some amounts were restated (Note 2).

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 2022 and 30 June 2021, prepared in accordance with the basis discussed above, is presented as follows:

	For the half-year ended	
	30 June 2022	30 June 2021*
OPERATING ACTIVITIES		
Total net loss for the period	(3 747)	(2 859)
<i>Adjustments for:</i>		
Income tax benefit	(801)	(793)
Depreciation and amortization	5 446	4 246
Gain on disposal of investment in joint venture	-	(3 571)
Change in allowance for advances paid	76	14
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses	83	275
Interest income	(1 225)	(76)
Interest expenses	7 361	3 201
Income recognized on subsidized loans	(131)	(2 520)
Share of (profit)/loss of an associate and a joint venture	-	945
Other non-cash reconciling items, net	(87)	(67)
Operating cash flows received from operations before movements in working capital	6 975	(1 205)
(Increase)/decrease in inventories	52 853	(2 169)
Increase in accounts receivable and advances paid	24 149	6 542
(Increase)/decrease in other taxes receivable	23 459	(3 227)
Decrease in trade accounts payable	(104 091)	(9 005)
(Decrease)/increase in other payables and accrued expenses	(2 629)	(1 293)
Decrease in contract liabilities	(3 542)	(262)
(Decrease)/increase in other liabilities	(148)	(862)
Decrease in other taxes payable	(214)	(390)
Other changes in working capital, net	506	(414)
Cash (used in)/ received from operations	(2 682)	(12 285)
Income taxes paid	204	(3 194)
Interest paid	(6 368)	(3 162)
Net cash (used in)/ received from operating activities	(8 846)	(18 641)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(345)	(1 711)
Proceeds from disposal of property, plant and equipment	39	3
Proceeds from disposal of investment in joint venture	-	-
Purchase of intangible assets	(3 463)	(3 083)
Interest received	1 225	76
Loans issued to joint venture	-	(400)
Repayment of loans by joint venture	-	400
Investment in joint venture	-	4 134
Net cash used in investing activities	(2 544)	(581)
FINANCING ACTIVITIES		
Dividends paid	-	(6 783)
Repayment of finance lease	(1)	(30)
Proceeds from bonds	-	10 000
Proceeds from borrowings	39 864	39 034
Repayment of borrowings	(37 652)	(26 488)
Net cash received from financing activities	2 211	15 733
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9 179)	(3 489)
CASH AND CASH EQUIVALENTS, at the beginning of the period	12 053	7 445
Effect of foreign exchange rate changes	-	1
CASH AND CASH EQUIVALENTS, at the end of the period	2 874	3 957

* Some amounts were restated (Note 2).