

PJSC Rosinter Restaurants Holding

**Interim Condensed Consolidated
Financial Statements (unaudited)**

For the six months ended June 30, 2022

PJSC Rosinter Restaurants Holding
Interim Condensed Consolidated Financial Statements (unaudited)
for the six months ended June 30, 2022

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PJSC Rosinter Restaurants Holding

Statement of management's responsibilities for the preparation and approval of unaudited interim condensed consolidated financial statements for the six months ended June 30, 2022

Management is responsible for the preparation of the interim condensed consolidated financial statements that present fairly the financial position of PJSC Rosinter Restaurants Holding and its subsidiaries (hereinafter, the "Group") as of June 30, 2022, and the results of its operations, cash flows and changes in equity for the six months ended June 30, 2022, in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

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

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with 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 consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with Russian legislation and accounting standards;
- 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 unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2022 were approved by the President and CEO of PJSC Rosinter Restaurants Holding on August 29, 2022.

Report on review of interim condensed consolidated financial statements

To the Shareholders and the Board of Directors of
PJSC Rosinter Restaurants Holding

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company Rosinter Restaurants Holding and its subsidiaries, which comprise the interim consolidated statement of financial position as at June 30, 2022 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the interim condensed consolidated financial statements.

Management of PJSC Rosinter Restaurants Holding is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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 International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter: going concern

Without changing our conclusion, we pay attention to Note 2 "Going concern" to the interim condensed consolidated financial statements that says the Group's current liabilities as of June 30, 2022 exceeded its current assets by RUB 3,448,125 thousands (RUB 2,830,380 thousands as of December 31, 2021).

As of June 30, 2022 and December 31, 2021, the Group's net assets were negative in the amount RUB 3,077,968 thousands and RUB 3,003,629 thousands, respectively.

Note 2 "Going concern" to the interim condensed consolidated financial statements describes the Group's plans to improve its liquidity position in the near future.



V.M. Smirnov, head of the audit firm, the certified auditor (ORNZ 22006087650)
LLC «S.V.M. Audit»



S.V. Soloncheva, head of the review project (ORNZ 22006043403)
LLC «S.V.M. Audit»

August 29, 2022

Moscow, Russia

Details of the entity: PJSC ROSINTER RESTAURANTS
HOLDING

State registration certificate on inclusion in the Unified State Register of the Legal Entities issued on May 24, 2004. Main State Registration Number № 1047796362305.

Address: 7, Dushinskaya Street, building 1, Moscow, 111024, Russia.

Details of the audit firm: LLC «S.V.M. Audit»

The record sheet on making changes to the Unified State Register of Legal Entities dated July 14, 2022 under the state registration number 2227706543678.

Address: Tessinsky pereulok 5 bldg. 1 Moscow, 109028, Russia.

Member of self-regulated organization of auditors Association «Sodruzhestvo»

ORNZ 12006093587 in the register of auditors and audit organizations.

PJSC Rosinter Restaurants Holding
Interim Consolidated Statement of Profit or Loss (unaudited)
for the six months ended June 30, 2022

(All amounts are in thousands of Russian roubles, unless specified otherwise)

		For the six months ended June 30	
		2022	2021
	Notes	Unaudited	
Revenue	11	3,280,087	2,916,673
Cost of sales	12	(2,689,301)	(2,713,190)
Gross profit		590,786	203,483
Selling, general and administrative expenses	13	(462,516)	(480,104)
Start-up expenses for restaurants		(7,033)	(37,133)
Other gains	14	100,223	758,576
Other losses	14	(34,494)	(7,847)
Profit from operating activities before impairment		186,966	436,975
Loss from of impairment of operating assets	15	(838)	(20,886)
Profit from operating activities after impairment		186,128	416,089
Financial income		1,034	295
Financial expense	16	(567,805)	(600,631)
Foreign exchange gain, net		438,813	60,496
Profit/(loss) before income tax		58,170	(123,751)
Income tax (expense)/benefit		(57,013)	133,445
Net profit for the period		1,157	9,694
Attributable to:			
Equity holders of the parent entity		949	9,189
Non-controlling interests		208	505
Earnings per share	8		
Basic, profit per share, roubles		0.06	0.57
Diluted, profit per share, roubles		0.06	0.57

CEO PJSC Rosinter Restaurants Holding



/ Kosteeva M. V./

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

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Other Comprehensive Income (unaudited)
for the six months ended June 30, 2022

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	For the six months ended June 30	
	2022	2021
	Unaudited	
Net profit for the period	1,157	9,694
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(75,496)	(3,897)
Other comprehensive loss for the period, net of tax	(75,496)	(3,897)
Total comprehensive (loss)/income for the period, net of tax	(74,339)	5,797
Attributable to:		
Equity holders of the parent entity	(74,547)	5,292
Non-controlling interests	208	505

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

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Cash Flows (unaudited)

for the six months ended June 30, 2022

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	For the six months ended June 30	
		2022	2021
		Unaudited	
Operating activities			
Profit/(loss) before tax		58,170	(123,751)
<i>Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities:</i>			
Depreciation and amortization	12,13	855,688	964,643
Foreign exchange gain, net		(438,813)	(60,496)
Financial income		(1,034)	(295)
Financial expense	16	567,805	600,631
(Reversal of)/allowance for expected credit losses of trade and other receivables and allowance for impairment of advances issued	13	(10,168)	2,133
Allowance for/(reversal of) impairment of inventories to net realizable value		3,750	(6,102)
Loss on disposal of inventory	14	126	143
Inventory shortage	14	155	167
Loss on disposal of non-current assets	14	23,960	2,696
Write-off of trade and other payables	14	(105)	(171,175)
Loss from of impairment of operating assets	15	838	20,886
Discounts on lease contracts	14	(93,793)	(583,437)
		966,579	646,043
<i>Changes in operating assets and liabilities:</i>			
Decrease in inventories		23,810	7,814
Decrease/(increase) in advances paid, taxes recoverable, receivables, rent deposits and other non-current assets		3,427	(98,657)
Decrease in receivables from related parties		2,933	4,189
Decrease in payables to related parties		(3,009)	(3,827)
(Decrease)/increase in trade and other payables		(32,927)	301,655
Net cash flows generated from operations		960,813	857,217
Interest paid		(438,613)	(458,264)
Interest received		16	88
Income tax paid		(14,230)	(15,716)
Net cash flows generated from operating activities		507,986	383,325
Investing activities			
Purchases of property and equipment		(88,456)	(199,273)
Purchase of intangible assets		(5,760)	(2,024)
Proceeds from disposal of property and equipment		387	1,832
Net cash flows used in investing activities		(93,829)	(199,465)

Continued on the next page

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

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Other Comprehensive Income (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	For the six months ended June 30	
	2022	2021
Notes	Unaudited	
Financing activities		
Proceeds from bank loans	122,056	209,860
Repayment of bank loans	(185,001)	(111,913)
Payment of lease liabilities	(404,804)	(192,748)
Proceeds from related party loans	25,000	4,000
Repayment of related party loans	(7,533)	(4,000)
Dividends paid to the shareholders	–	(827)
Net cash flows used in financing activities	(450,282)	(95,628)
Effect of exchange rate on cash and cash equivalents	(5,030)	(2,776)
Net (decrease)/ increase in cash and cash equivalents	(41,155)	85,456
Cash and cash equivalents at beginning of the period	330,258	74,026
Cash and cash equivalents at end of the period	289,103	159,482

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

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Changes in Equity (unaudited)

for the six months ended June 30, 2022

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Attributable to equity holders of the parent entity							Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Treasury shares	Other capital reserves	Accumulated losses	Translation difference	Total		
At December 31, 2021, audited	2,767,015	1,885,685	(35,969)	261	(7,212,907)	(409,514)	(3,005,429)	1,800	(3,003,629)
Net profit for the period	—	—	—	—	949	—	949	208	1,157
Other comprehensive loss for the period	—	—	—	—	—	(75,496)	(75,496)	—	(75,496)
Total comprehensive income/(loss) for the period	—	—	—	—	949	(75,496)	(74,547)	208	(74,339)
At June 30, 2022, unaudited	2,767,015	1,885,685	(35,969)	261	(7,211,958)	(485,010)	(3,079,976)	2,008	(3,077,968)
At December 31, 2020, audited	2,767,015	1,885,685	(35,969)	261	(7,306,948)	(413,586)	(3,103,542)	2,333	(3,101,209)
Net profit for the period	—	—	—	—	9,189	—	9,189	505	9,694
Other comprehensive loss for the period	—	—	—	—	—	(3,897)	(3,897)	—	(3,897)
Total comprehensive income/(loss) for the period	—	—	—	—	9,189	(3,897)	5,292	505	5,797
Dividends	—	—	—	—	—	—	—	(950)	(950)
At June 30, 2021, unaudited	2,767,015	1,885,685	(35,969)	261	(7,297,759)	(417,483)	(3,098,250)	1,888	(3,096,362)

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

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022

(All amounts are in thousands of Russian roubles, unless specified otherwise)

1. Corporate Information

PJSC Rosinter Restaurants Holding (the “Company”) was registered as a Russian public joint stock company on May 24, 2004. The registered and headquarter address of the Company is at 7 Dushinskaya str., Moscow, 111024, Russia. As of June 30, 2022, the Company’s controlling shareholder was RIG Restaurants Limited, a limited liability company (the “Parent”) (formerly known as Rostik Restaurants Limited) incorporated under the laws of Cyprus. RIG Restaurants Limited is under the ultimate control of Mr. Rostislav Ordovsky-Tanaevsky Blanco.

PJSC Rosinter Restaurants Holding and its subsidiaries (the “Group”) is one of the leading casual dining operators in Russia and CIS both by number of restaurants and by revenue. The Group’s business is focused on serving the most popular cuisines in Russia: Italian, Japanese, American, local Russian and pan-Asian cuisine.

Other revenue of the Group represents revenue from the network of independent franchisees in Moscow and throughout Russia and the CIS, sublease and other services.

The interim condensed consolidated financial statements of the Group for the six months ended June 30, 2022 were approved for issue by the President and CEO of the PJSC Rosinter Restaurants Holding on August 29, 2022.

The Group derives revenue in the territory of Russia and CIS countries. For the six months ended June 30, 2022 and June 30, 2021, the revenue from the Russian market was approximately 98% and 97% of total revenues, respectively. The non-current assets of Group’s subsidiaries operating in the Russian market were approximately 99% of total non-current assets of the Group as of June 30, 2022 and December 31, 2021. The second largest market was Belarus with 2% and 3% of total revenues for the six months ended June 30, 2022 and June 30, 2021, respectively.

The Company had a controlling ownership interest, directly or indirectly, in the following principal subsidiaries:

Entity	Country of incorporation	June 30, 2022	December 31, 2021
		% Ownership	% Ownership
Rosinter Restaurants LLC	Russia	100.00%	100.00%
Rosinter Restaurants ZapSib LLC	Russia	100.00%	100.00%
Razvitie ROST LLC	Russia	100.00%	100.00%
Rosinter Restaurants Ekaterinburg LLC	Russia	51.00%	51.00%
BelRosInter LLC	Belarus	93.00%	93.00%

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

2. Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

The Group's current liabilities of RUB 4,515,264 as of June 30, 2022 (RUB 3,985,293 as of December 31, 2021) exceeded its current assets by RUB 3,448,125 (RUB 2,830,380 as of December 31, 2021). As of June 30, 2022 the net current liability position primarily results from trade and other payables amounting to RUB 1,903,560 (RUB 1,846,816 as of December 31, 2021). For the six months ended June 30, 2022 and June 30, 2021 net cash flows generated from operations amounted to RUB 960,813 and RUB 857,217, respectively.

The Group's management believes it is appropriate to prepare these interim condensed consolidated financial statements on a going concern basis due to the following:

- The Group and the main banks has restructured the debts under the existing loan agreements by postponing a payment of principal and interest amounts that were originally due from March to August 2022 (inclusive).
- The Group is negotiating to receive loans under the special business support program.
- The Group has bank guarantees in the amount RUB 529,589.
- The Group is negotiating with the landlords to provide discounts and fix the dollar and euro exchange rates under the lease agreements denominated in foreign currencies.
- The Group's priority is a development of its own brands through the franchising agreements. In order to implement this strategy, the Group is looking for potential partners to develop a franchising network in large regions of Russia and in Moscow.
- The Group re-engineers the range of dishes in order to optimize the food cost and keeps a focus on development of food delivery.
- The principal shareholders of the Company will provide financing to the Group or some of its businesses when needed.

Based on the currently available facts and circumstances the management and directors have a reasonable expectation that the Group has adequate resources to continue its operations for a foreseeable future.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

3. Basis of Preparation of Financial Statements

Basis of Preparation of Financial Statements

These interim condensed consolidated financial statements for the six months ended June 30, 2022, have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. Accordingly, the interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2021.

Changes in Accounting Policy and Disclosures

The accounting policies followed in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the annual consolidated financial statements as at and for the year ended December 31, 2021 and as at this date.

New standards and interpretations

Adoption of new and revised standards and interpretations Adoption of amendments to the following standards for annual reporting periods from 1 January 2022 did not have a material impact on the accounting policies, financial position or results of the Group:

- IFRS 1 First-time Adoption of International Financial Reporting Standards (amended);
- IFRS 3 Business Combinations (amended);
- IFRS 9 Financial Instruments (amended);
- IAS 16 Property, plant and equipment (amended);
- IFRS 16 Leases (amended);
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amended).

The Group did not early adopt any other standard, interpretation or amendment that was issued but had not yet become effective.

4. Property and Equipment

During the six months ended June 30, 2022 and June 30, 2021, the Group acquired assets with a cost of RUB 88,456 and RUB 199,273, respectively. Assets with a net book value of RUB 5,064 and RUB 4,870 were disposed of by the Group and resulted in a net loss on disposal of RUB 5,666 and RUB 3,037 for the six months ended June 30, 2022 and June 30, 2021, respectively.

As of June 30, 2022 and December 31, 2021 gross carrying amount of fully depreciated property, plant and equipment that were still in use amounted to RUB 785,542 and RUB 756,056 respectively.

Property and equipment was tested for impairment as part of cash generating units as of June 30, 2022. For the six months ended June 30, 2022 and June 30, 2021 the Group recognized impairment loss in the amount of RUB 848 and RUB 22,058, respectively. The accumulated impairment loss of property and equipment as of June 30, 2022 and December 31, 2021 amounted to RUB 58,865 and RUB 20,522, respectively.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

4. Property and Equipment (continued)

For the purpose of the impairment testing the Group assessed the recoverable amount of each cash generating unit (restaurant). The recoverable amount has been determined based on value-in-use calculation using cash flows projections based on the actual operating results and budgets approved by management and appropriate discount rate reflecting time value of money and risks associated with the cash generating units.

Key assumptions used in determining value in use of cash generating units operated in Russia were as follows:

- Cash flow projections cover a period of useful life of up to 10 years of the principal assets of each cash generating unit.
- The cash flow projections were discounted at the rate of 6% in Russian roubles nominal terms. The calculation of the discount rate was based on Group's cost of financing and weighted average cost of capital (WACC).
- The growth rate used in the calculation vary from 5% to 9% depending on the year of projection.

5. Right-of-use assets

The Group leases restaurant premises, offices and warehouses with average lease term of 5-7 years. The movements of carrying amount of rights-of-use assets were as follow:

Cost

	Buildings	Land	Restaurant equipment	Total right-of-use assets
At January 1, 2022, unaudited	8,300,119	4,461	149,247	8,453,827
New lease contracts	–	16,739	30,584	47,323
Modification of existing lease contracts	1,014,979	–	6,503	1,021,482
Disposal of right-of-use assets	(120,820)	(497)	–	(121,317)
At June 30, 2022, unaudited	9,194,278	20,703	186,334	9,401,315

	Buildings	Land	Restaurant equipment	Total right-of-use assets
At January 1, 2021, unaudited	8,122,934	4,111	47,409	8,174,454
New lease contracts	95,129	–	114,945	210,074
Modification of existing lease contracts	60,835	350	–	61,185
Disposal of right-of-use assets	(46,392)	–	–	(46,392)
At June 30, 2021, unaudited	8,232,506	4,461	162,354	8,399,321

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

5. Right-of-use assets (continued)

Accumulated depreciation

	Buildings	Land	Restaurant equipment	Total right-of-use assets
At January 1, 2022, unaudited	(4,061,612)	(3,964)	(16,780)	(4,082,356)
Depreciation	(715,640)	(279)	(9,938)	(725,857)
Disposal of right-of-use assets	75,496	350	–	75,846
Accumulated depreciation at June 30, 2022, unaudited	(4,701,756)	(3,893)	(26,718)	(4,732,367)
Balance at January 1, 2022, unaudited	4,238,507	497	132,467	4,371,471
Balance at June 30, 2022, unaudited	4,492,522	16,810	159,616	4,668,948

	Buildings	Land	Restaurant equipment	Total right-of-use assets
At January 1, 2021, unaudited	(3,249,885)	(3,614)	(3,737)	(3,257,236)
Depreciation	(780,206)	(124)	(5,257)	(785,587)
Disposal of right-of-use assets	4,222	–	–	4,222
Accumulated depreciation at June 30, 2021, unaudited	(4,025,869)	(3,738)	(8,994)	(4,038,601)
Balance at January 1, 2021, unaudited	4,873,049	497	43,672	4,917,218
Balance at June 30, 2021, unaudited	4,206,637	723	153,360	4,360,720

6. Related Parties Disclosures

In accordance with IAS 24 *Related Party Disclosures* parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

	Purchases	Revenue and other gains	Receivables from related parties	Payables to related parties
Related parties	For the six months ended June 30, 2022	For the six months ended June 30, 2022	June 30, 2022	June 30, 2022
	Unaudited	Unaudited	Unaudited	Unaudited
Entities under common control:				
Chicken Factory LLC (1)	4,277	–	1,557	–
RIG Restaurants Ltd (2)	–	–	37,458	–
Rostislav Ordovsky-Tanaevsky Blanco (3)	6,382	–	–	23,257
Rostik Investment Group Inc.	–	–	–	614
Others	804	426	353	1,433
Total	11,463	426	39,368	25,304

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

6. Related Parties Disclosures (continued)

Related parties	Purchases	Revenue and other gains	Receivables from related parties	Payables to related parties
	For the six months ended June 30, 2021	For the six months ended June 30, 2021	December 31, 2021	December 31, 2021
	Unaudited	Unaudited	Audited	Audited
Entities under common control:				
Chicken Factory LLC (1)	45,050	—	—	3,298
Institute of Glass JSC	18,836	17	—	4,331
RIG Restaurants Ltd (2)	—	—	53,801	—
Rostislav Ordovsky-Tanaevsky Blanco (3)	4,631	—	—	20,358
Rostik Investment Group Inc.	—	—	—	892
Others	15,303	424	817	1,100
Total	83,820	441	54,618	29,979

- (1) The outstanding receivable balance as of June 30, 2022 from Chicken Factory LLC related to advances paid for the purchases of goods.
- (2) The outstanding receivable balances as of June 30, 2022 and December 31, 2021 related to sale of the subsidiary company to RIG Restaurants Ltd.
- (3) As of June 30, 2022 and December 31, 2021, the outstanding payable balance with Rostislav Ordovsky-Tanaevsky Blanco relates to ensuring commitments under Group's loans and lease agreements.

Loans receivable from/payable to related parties consisted of the following:

Related parties	Financial income	Financial expense	Long-term loans receivable from related parties	Short-term loans receivable from related parties	Long-term loans payable to related parties	Short-term loans payable to related parties
	For the six months ended	For the six months ended				
	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Entities under common control	—	4,135	6,600	9,165	53,610	24,667
Total	—	4,135	6,600	9,165	53,610	24,667

Related parties	For the six months ended	For the six months ended	December 31, 2021	December 31, 2021	December 31, 2021	December 31, 2021
	June 30, 2021	June 30, 2021				
	Unaudited	Unaudited	Audited	Audited	Audited	Audited
Entities under common control	—	2,380	6,600	9,515	72,171	—
Total	—	2,380	6,600	9,515	72,171	—

As of June 30, 2022 and December 31, 2021 long-term loans from related parties were neither past due or impaired.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

6. Related Parties Disclosures (continued)

Compensation to Key Management Personnel

Key management personnel totaled 11 and 12 persons during the six months period ended June 30, 2022 and June 30, 2021, respectively. Total compensation to key management personnel, including social taxes, was recorded in general and administrative expenses and consisted of the following:

	For the six months ended June 30	
	2022	2021
	Unaudited	
Salary	36,331	32,164
	36,331	32,164

The Group's contributions relating to social taxes for key management personnel amounted to RUB 7,867 and RUB 7,444 during the six months period ended June 30, 2022 and June 30, 2021, respectively.

7. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2022 and December 31, 2021 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian roubles.

As at June 30, 2022 and December 31, 2021, the total quantity and value of treasury shares of the Company held by the Group were 50,013 shares in the amount of RUB 35,969.

8. Earnings per Share

Earnings per share were calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	For the six months ended June 30	
	2022	2021
	Unaudited	
Net profit attributable to equity holders of the Company	949	9,189
Weighted average number of ordinary shares outstanding	16,255,321	16,255,321
Effect on dilution: share based payments	–	2,668
Weighted average number of ordinary shares adjusted for the effect of dilution	16,255,321	16,257,989
Profit per share attributable to equity holders of the Parent, basic, roubles	0.06	0.57
Profit per share attributable to equity holders of the Parent, diluted, roubles	0.06	0.57

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

9. Loans and Borrowings

	June 30, 2022, Unaudited	December 31, 2021, Audited
Long-term loans and borrowings		
Russian rubles fixed rate 3%-16% bank loans maturing within 2 years	3,304,851	3,537,838
Other loans and borrowings	722,914	762,921
	4,027,765	4,300,759
Less: current portion	(327,868)	(183,229)
Total long-term loans and borrowings	3,699,897	4,117,530

	June 30, 2022, Unaudited	December 31, 2021, Audited
Short-term loans and borrowings		
Russian rubles fixed rate 3%-16% bank loans maturing within 12 months	821,171	610,846
	821,171	610,846
Current portion of long-term loans and borrowings	327,868	183,229
Total short-term loans and borrowings	1,149,039	794,075

10. Lease obligations

Some Group's property leases, in which the Group is a lessee, contain a variable part of lease payments that depends on revenue generated from the leased restaurant premises.

The variable payments are up to 12% of the Group's total lease payments. The Group expects that the variable rent expenses will be in a similar proportion in future years.

As at June 30, 2022 and December 31, 2021 lease obligations were as follows:

	June 30, 2022, Unaudited	December 31, 2021, Audited
Minimum lease payments, including		
Current portion (less than 1 year)	1,947,176	1,876,782
More than 1 to 5 years	4,396,740	4,247,704
Over 5 years	311,491	448,696
Total minimum lease payments	6,655,407	6,573,182
Less interests	(1,373,034)	(1,479,127)
Present value of net minimum lease payments		
Current portion (less than 1 year)	1,397,167	1,307,823
More than 1 to 5 years	3,603,017	3,382,200
Over 5 years	282,189	404,032
Total present value of net minimum lease payments	5,282,373	5,094,055
Less current portion of lease obligation	(1,397,167)	(1,307,823)
Long-term portion of lease obligation	3,885,206	3,786,232

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

10. Lease obligations (continued)

The changes in lease obligations:

	For the six months ended June 30,	
	2022,	2021,
	Unaudited	Unaudited
Balance as at January 1	5,094,055	5,829,341
Interest expense on lease obligations <i>(Note 16)</i>	313,672	367,119
New lease contracts and modification of existing lease contracts	1,215,437	267,391
Lease payments	(718,476)	(559,867)
Discounts on lease contracts <i>(Note 14)</i>	(93,793)	(583,437)
Foreign exchange gain	(380,549)	(55,977)
Disposal of lease obligation	(147,973)	(53,124)
Balance as at June 30	5,282,373	5,211,446

Interest expenses on lease obligation for the six months ended June 30, 2022 and June 30, 2021 were included in financial expense in the consolidated statement of profit or loss.

For the six months ended June 30, 2022 total cash outflows related to leases amounted to RUB 718,476 of which RUB 313,672 related to interest paid. For the six months ended June 30, 2021 total cash outflows related to leases amounted to RUB 559,867 of which RUB 367,119 related to interest paid.

11. Revenue

Revenue for the six months ended June 30 consisted of the following:

	For the six months ended June 30,	
	2022	2021
	Unaudited	Unaudited
Revenue from restaurants	3,136,088	2,817,679
Franchise revenue	84,375	72,435
Sublease services	29,355	21,797
Other revenues	30,269	4,762
Total revenue	3,280,087	2,916,673

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

12. Cost of Sales

The following expenses were included in cost of sales for the six months ended June 30:

	For the six months ended June 30,	
	2022	2021
	Unaudited	
Restaurant equipment depreciation	783,454	888,346
Food and beverages	747,935	571,883
Payroll and related taxes	645,034	563,171
Rent	95,032	268,652
Laundry and sanitary control	77,073	57,888
Franchising fee	69,976	83,444
Utilities	60,716	61,284
Materials	58,015	64,300
Transportation services	57,349	61,783
Other services	46,948	46,550
Maintenance and repair services	22,553	18,388
Sublease services cost	6,292	6,115
Other expenses	18,924	21,386
Total cost of sales	2,689,301	2,713,190

Depreciation of right-of-use assets in the amount of RUB 710,178 and RUB 769,749 is included in restaurant equipment depreciation for the six months ended June 30, 2022 and June 30, 2021, respectively.

13. Selling, General and Administrative Expenses

The following expenses were included in selling, general and administrative expenses for the six months ended June 30:

	For the six months ended June 30,	
	2022	2021
	Unaudited	
Payroll and related taxes	315,466	294,974
Depreciation and amortization	72,234	76,297
Advertising	16,297	23,157
Other services	10,741	10,791
Financial and legal services	10,692	16,247
Rent	5,883	11,193
Utilities	5,587	6,216
Transportation services	5,037	3,665
Bank services	4,975	4,505
Materials	2,614	3,109
Maintenance and repair services	1,268	2,100
(Reversal of)/allowance for expected credit losses of trade and other receivables and allowance for impairment of advances issued	(10,168)	2,133
Other expenses	21,890	25,717
Total selling, general and administrative expenses	462,516	480,104

Depreciation of right-of-use assets in the amount of RUB 15,679 and RUB 15,838 is included in depreciation and amortisation for the six months ended June 30, 2022 and June 30, 2021, respectively.

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Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

14. Other gains/losses

Gains and losses for the six months ended June 30 consisted of the following:

	For the six months ended June 30,	
	2022	2021
	Unaudited	
Discounts on lease contracts	93,793	583,437
Write-off of trade and other payables	105	171,175
Reversal of previous year expenses	66	230
Other gains	6,259	3,734
Total other gains	100,223	758,576
Loss on disposal of non-current assets, net	23,960	2,696
Write-off of non-refundable VAT	170	223
Inventory shortage	155	167
Loss on disposal of inventory	126	143
Other losses	10,083	4,618
Total other losses	34,494	7,847

For the six months ended June 30, 2022 and June 30, 2021 the loss on disposal of property, plant and equipment amounted to RUB 5,666 and RUB 3,037, respectively (Note 4).

For the six months ended June 30, 2022 the loss on disposal of rights-of-use assets amounted to RUB 18,294. For the six months ended June 30, 2021 the gain on disposal of rights-of-use assets amounted to RUB 341.

15. Impairment of assets

	For the six months ended June 30,	
	2022	2021
	Unaudited	
Loss from impairment of property and equipment <i>(Note 4)</i>	848	22,058
Reversal of loss from impairment of intangible assets	(10)	(1,172)
Total loss from impairment of assets	838	20,886

16. Financial expense

Financial expense for the six months ended June 30 consisted of the following:

	For the six months ended June 30,	
	2022	2021
	Unaudited	
Interest expense on lease obligation	313,672	367,119
Interest expense on bank loans and guaranties	148,739	176,350
Other interest expenses	105,394	57,162
Total financial expense	567,805	600,631

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Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2022 (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

17. Commitments and Contingencies

Operating environment

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The economy is negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Litigation

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Group. Management believes that the resolution of all business matters will not have a material impact on the Group's financial position, operating results and cash flows.

Capital Commitments

At June 30, 2022 and December 31, 2021 the Group had capital commitments of RUB 52,845 and RUB 65,813, respectively, principally relating to the construction of new restaurants.

18. Subsequent events

The conflict in Ukraine, the recognition by the Russian Federation of the Donetsk and Luhansk People's Republics as sovereign and independent states and related events have increased the risks of doing business in the Russian Federation. The introduction of economic sanctions against Russian citizens and legal entities by the European Union, the United States of America and other countries, as well as retaliatory sanctions imposed by the Government of the Russian Federation, led to an increase in economic uncertainty, including greater volatility in capital markets, a fall in the exchange rate of the Russian ruble, and a reduction in foreign and domestic direct investment.

The Group's Management constantly monitors changes in the current situation and assesses the likelihood of negative consequences for the Group's activities. The Group's Management takes all necessary measures to ensure the sustainability of the Group's activities and does not expect a significant negative impact of these events on the results of operations and financial position of the Group.