

**PJSC Rosinter Restaurants Holding**

Interim Condensed Consolidated  
Financial Statements (unaudited)

*For the six months ended June 30, 2020*

PJSC Rosinter Restaurants Holding  
Interim Condensed Consolidated Financial Statements (unaudited)  
for the six months ended June 30, 2020

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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, 2020**

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, 2020, and the results of its operations, cash flows and changes in equity for the six months ended June 30, 2020, 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, 2020 were approved by the President and CEO of PJSC Rosinter Restaurants Holding on December 22, 2020.

**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, 2020 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".



V. M. Smirnov, Engagement partner (audit qualification certificate № 03-000891)

ADE Audit LLC

December 22, 2020  
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 «ADE Audit»

The firm's registration number № 1207700175154 dated May 26, 2020.

Address: 16, Khokhlovsky pereulok, bld. 1, floor 1, placement I, room 33, Moscow, 109028, Russia.

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

ORNZ 12006167490 in the register of auditors and audit organizations.

# PJSC Rosinter Restaurants Holding

## Interim Consolidated Statement of Financial Position (unaudited) at June 30, 2020

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

	Notes	June 30, 2020, unaudited	December 31, 2019, audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	2,287,909	2,506,940
Right-of-use assets	5	5,452,431	6,279,995
Intangible assets		534,390	570,317
Goodwill		143,137	143,137
Long-term loans due from related parties	6	6,600	6,600
Deferred income tax asset		429,898	337,241
Rent deposits and other non-current assets		223,007	170,235
		<b>9,077,372</b>	<b>10,014,465</b>
<b>Current assets</b>			
Inventories		99,406	151,649
VAT and other taxes recoverable		59,876	62,997
Income tax recoverable		12,556	5,447
Trade and other receivables		172,137	174,772
Advances paid		176,095	293,362
Receivables from related parties	6	160,084	149,043
Short-term loans issued		400	1,700
Short-term loans due from related parties	6	14,415	14,415
Cash and cash equivalents		68,733	149,773
		<b>763,702</b>	<b>1,003,158</b>
		<b>9,841,074</b>	<b>11,017,623</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent entity			
Share capital	7	2,767,015	2,767,015
Additional paid-in capital		1,885,685	1,885,061
Treasury shares	7	(35,969)	(39,841)
Other capital reserves		261	706
Accumulated losses		(6,503,410)	(5,471,917)
Translation difference		(415,046)	(427,563)
		<b>(2,301,464)</b>	<b>(1,286,539)</b>
Non-controlling interests		2,733	2,680
		<b>(2,298,731)</b>	<b>(1,283,859)</b>
<b>Non-current liabilities</b>			
Long-term loans and borrowings	9	3,112,818	3,560,355
Long-term lease obligation	10	4,686,979	4,976,411
Long-term loans due to related parties	6	10,965	10,965
Deferred income tax liabilities		112,268	201,307
		<b>7,923,030</b>	<b>8,749,038</b>
<b>Current liabilities</b>			
Trade and other payables		1,551,678	1,489,038
Short-term loans and borrowings	9	1,252,170	730,524
Short-term lease obligation	10	1,282,474	1,227,950
Payables to related parties	6	25,873	13,736
Short-term loans due to related parties	6	38,057	30,119
Short-term liabilities to partners		-	256
Deferred income		3,112	4,036
Income tax payable		63,411	56,785
		<b>4,216,775</b>	<b>3,552,444</b>
		<b>9,841,074</b>	<b>11,017,623</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

CEO PJSC Rosinter Restaurants Holding

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



PJSC Rosinter Restaurants Holding  
Interim Consolidated Statement of Profit or Loss (unaudited)  
for the six months ended June 30, 2020  
*(All amounts are in thousands of Russian roubles, unless specified otherwise)*

	Notes	For the six months ended June 30	
		2020	2019
		Unaudited	
Revenue	11	1,747,663	3,763,280
Cost of sales	12	(2,056,898)	(3,182,312)
<b>Gross (loss)/profit</b>		<b>(309,235)</b>	<b>580,968</b>
Selling, general and administrative expenses	13	(327,893)	(392,382)
Start-up expenses for restaurants		(24,851)	(36,161)
Other gains	14	613,335	10,364
Other losses	14	(4,027)	(32,185)
<b>(Loss)/profit from operating activities before impairment</b>		<b>(52,671)</b>	<b>130,604</b>
Loss from of impairment of operating assets	15	(93,139)	(13,776)
<b>(Loss)/profit from operating activities after impairment</b>		<b>(145,810)</b>	<b>116,828</b>
Financial income		146	29,158
Financial expense	16	(651,691)	(634,194)
Foreign exchange (loss)/gain, net		(416,303)	395,808
<b>Loss before income tax</b>		<b>(1,213,658)</b>	<b>(92,400)</b>
Income tax benefit/(expense)		182,218	(56,848)
<b>Net loss for the period</b>		<b>(1,031,440)</b>	<b>(149,248)</b>
<b>Attributable to:</b>			
Equity holders of the parent entity		(1,031,493)	(149,545)
Non-controlling interests		53	297
<b>Earnings per share</b>	8		
Basic, loss per share, roubles		(63.50)	(9.44)
Diluted, loss per share, roubles		(63.45)	(9.41)

CEO  
PJSC Rosinter Restaurants Holding



*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, 2020

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

	<b>For the six months ended June 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
<b>Net loss for the period</b>	<b>(1,031,440)</b>	<b>(149,248)</b>
<b>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	12,517	(15,985)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>12,517</b>	<b>(15,985)</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(1,018,923)</b>	<b>(165,233)</b>
Attributable to:		
Equity holders of the parent entity	(1,018,976)	(165,530)
Non-controlling interests	53	297

*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, 2020

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

	<b>For the six months ended June 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>Unaudited</b>
<b>Operating activities</b>		
Loss before tax	(1,213,658)	(92,400)
<i>Adjustments to reconcile loss before tax to net cash provided by operating activities:</i>		
Depreciation and amortization	12,13 993,062	1,024,635
Foreign exchange loss/(gain), net	416,303	(395,808)
Financial income	(146)	(29,158)
Financial expense	651,691	634,194
Allowance for/(reversal of) impairment of advances paid, taxes recoverable and receivables	13 432	(23,523)
Allowance for impairment of inventories to net realizable value	6,644	3,468
Loss on disposal of inventory	14 23	7,775
Inventory shortage	14 1,013	2,724
(Gain)/loss on disposal of non-current assets	14 (2,179)	15,425
Write-off of trade and other payables	14 (1,371)	(66)
Share based payment (benefit)/expenses	(1,274)	2,065
Provision for impairment of operating assets	15 93,139	13,776
Reversal of provision for contingent claims	14 –	(5,705)
Discounts on lease payment	14 (580,127)	–
	<b>363,552</b>	<b>1,157,402</b>
<i>Changes in operating assets and liabilities:</i>		
Decrease in inventories	44,590	55,185
Decrease/(increase) in advances paid, taxes recoverable, receivables rent deposits and other non-current assets	120,261	(61,588)
Decrease in receivables from related parties	6,965	2,343
Increase/(decrease) in payables to related parties	18,550	(556)
(Decrease)/increase in trade and other payables	(45,988)	345,678
<b>Net cash flows generated from operations</b>	<b>507,930</b>	<b>1,498,464</b>
Interest paid	(491,287)	(630,058)
Interest received	21	87
Income tax paid	(6,962)	(18,616)
<b>Net cash flows generated from operating activities</b>	<b>9,702</b>	<b>849,877</b>
<b>Investing activities</b>		
Purchases of property and equipment	4 (69,652)	(122,249)
Purchase of intangible assets	(10,114)	(47,485)
Issuance of loans to third parties	–	(7,940)
Issuance of loans to related parties	–	(8,233)
Proceeds from disposal of property and equipment	807	1,617
Repayments of loans issued to third parties	1,300	–
<b>Net cash flows used in investing activities</b>	<b>(77,659)</b>	<b>(184,290)</b>

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, 2020 (continued)

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

	<b>For the six months ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Notes</b>	<b>Unaudited</b>	
<b>Financing activities</b>		
Proceeds from bank loans	587,118	594,391
Repayment of bank loans	(524,797)	(677,324)
Payment of lease liabilities	(76,077)	(642,756)
Proceeds from related party loans	4,000	47,296
Repayment of related party loans	–	(86)
Sale of treasury shares	4,496	–
Dividends paid to the shareholders	–	(392)
<b>Net cash flows used in financing activities</b>	<b>(5,260)</b>	<b>(678,871)</b>
Effect of exchange rate on cash and cash equivalents	(7,823)	5,496
<b>Net decrease in cash and cash equivalents</b>	<b>(81,040)</b>	<b>(7,788)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>149,773</b>	<b>148,385</b>
<b>Cash and cash equivalents at end of the period</b>	<b>68,733</b>	<b>140,597</b>

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, 2020

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

	Attributable to equity holders of the parent entity						Total	Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Treasury shares	Other capital reserves	Accumulated losses	Translation difference			
<b>At December 31, 2019, audited</b>	<b>2,767,015</b>	<b>1,885,061</b>	<b>(39,841)</b>	<b>706</b>	<b>(5,471,917)</b>	<b>(427,563)</b>	<b>(1,286,539)</b>	<b>2,680</b>	<b>(1,283,859)</b>
Net (loss)/profit for the period	–	–	–	–	(1,031,493)	–	<b>(1,031,493)</b>	53	(1,031,440)
Other comprehensive income for the period	–	–	–	–	–	12,517	<b>12,517</b>	–	<b>12,517</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,031,493)</b>	<b>12,517</b>	<b>(1,018,976)</b>	<b>53</b>	<b>(1,018,923)</b>
Share based payment	–	–	–	(445)	–	–	<b>(445)</b>	–	<b>(445)</b>
Sale of treasury shares <i>(Note 7)</i>	–	624	3,872	–	–	–	<b>4,496</b>	–	<b>4,496</b>
<b>At June 30, 2020, unaudited</b>	<b>2,767,015</b>	<b>1,885,685</b>	<b>(35,969)</b>	<b>261</b>	<b>(6,503,410)</b>	<b>(415,046)</b>	<b>(2,301,464)</b>	<b>2,733</b>	<b>(2,298,731)</b>
<b>At December 31, 2018, audited</b>	<b>2,767,015</b>	<b>2,090,217</b>	<b>(269,337)</b>	<b>1,148</b>	<b>(5,031,600)</b>	<b>(404,310)</b>	<b>(846,867)</b>	<b>2,706</b>	<b>(844,161)</b>
<b>The impact of new standard IFRS 16</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>At January 1, 2019 (with impact of new standard)</b>	<b>2,767,015</b>	<b>2,090,217</b>	<b>(269,337)</b>	<b>1,148</b>	<b>(5,031,600)</b>	<b>(404,310)</b>	<b>(846,867)</b>	<b>2,706</b>	<b>(844,161)</b>
Net (loss)/profit for the period	–	–	–	–	(149,545)	–	<b>(149,545)</b>	297	<b>(149,248)</b>
Other comprehensive loss for the period	–	–	–	–	–	(15,985)	<b>(15,985)</b>	–	<b>(15,985)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(149,545)</b>	<b>(15,985)</b>	<b>(165,530)</b>	<b>297</b>	<b>(165,233)</b>
Dividends paid by subsidiaries	–	–	–	–	–	–	–	(450)	<b>(450)</b>
<b>At June 30, 2019, unaudited</b>	<b>2,767,015</b>	<b>2,090,217</b>	<b>(269,337)</b>	<b>1,148</b>	<b>(5,181,145)</b>	<b>(420,295)</b>	<b>(1,012,397)</b>	<b>2,553</b>	<b>(1,009,844)</b>

*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, 2020

*(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, 2020, 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, 2020 were approved for issue by the President and CEO of the PJSC Rosinter Restaurants Holding on December 22, 2020.

The Group derives revenue in the territory of Russia and CIS countries. For the six months ended June 30, 2020 and June 30, 2019, the revenue from the Russian market was approximately 96% of total revenues. 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, 2020 and December 31, 2019. The second largest market was Belarus with 4% of total revenues for the six months ended June 30, 2020 and June 30, 2019.

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

<b>Entity</b>	<b>Country of incorporation</b>	<b>June 30, 2020 % Ownership</b>	<b>December 31, 2019 % Ownership</b>
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, 2020 (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 4,216,775 as of June 30, 2020 (RUB 3,552,444 as of December 31, 2019) exceeded its current assets by RUB 3,453,073 (RUB 2,549,286 as of December 31, 2019). As of June 30, 2020 the net current liability position primarily results from trade and other payables amounting to RUB 1,551,678 (RUB 1,489,038 as of December 31, 2019). During the six months ended June 30, 2020 net cash flows generated from operations amounted to RUB 507,930 and during the six months ended June 30, 2019 net cash flows generated from operations amounted to RUB 1,498,464.

#### ***Impact of Covid-19***

At the end of 2019 the media reported the first cases of COVID-19 infections established in China. In the first quarter of 2020, the negative impact of COVID-19 increased and spread around the world. In this regard, restrictions and measures on social distancing have been introduced in the Russian Federation since the 1st quarter of 2020. These restrictions had a significant negative impact on the restaurant business and the Group's activities.

As a result of the Government's decisions, restaurants were temporarily closed from March to June 2020, which negatively affected the Group's financial performance in 2020.

Since the end of March 2020, the Group has changed the format of work for a number of locations, switching them to remote operation (delivery), implementing new security systems and thus avoiding a complete shutdown of its business.

Group management believes that it is appropriate to prepare the financial statements on a going concern basis due to the following:

- Due to COVID-19, the Group managed to agree with its banks-lenders on deferral of interest payments until September 2020 and on deferral of loan principal amounts until September 2020 to April 2021.
- The Group has already reached agreements with a number of landlords to defer and/or restructure the lease payments. Majority of the landlords have confirmed their readiness to reduce and defer the lease payments.
- The Group also has the bank guarantees in the amount of RUB 464,610.
- Keeping a focus on the development of delivery, the Group is reengineering the range of dishes in order to optimize the food cost.
- The principal shareholders of the Company will provide financing to the Group or some of its businesses when needed.

# PJSC Rosinter Restaurants Holding

## Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

### **2. Going Concern (continued)**

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

### **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, 2020, 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, 2019.

#### **Changes in Accounting Policy and Disclosures**

The accounting policies followed in the preparation of these interim condensed consolidation financial statements are consistent with those applied in the annual consolidated financial statements as at and for the year ended December 31, 2019 except for the adoption of the new standards effective as of January 1, 2020.

#### **New standards**

The following amended standards and interpretations became effective from January 1, 2020:

Amendments to the Conceptual Framework for Financial Reporting (issued on March 29, 2018 and effective for annual periods beginning on or after January 1, 2020).

Definition of a business – Amendments to IFRS 3 (issued on October 22, 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after January 1, 2020).

Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on October 31, 2018 and effective for annual periods beginning on or after January 1, 2020).

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on September 26, 2019 and effective for annual periods beginning on or after January 1, 2020).

The following amendment to standard became effective from June 1, 2020.

Application of amendment remains the lessee’s choice: Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on May 28, 2020 and effective for annual periods beginning on or after June 1, 2020).

These changes and improvements to the standards did not affect or had an insignificant effect on the interim condensed consolidated financial statements of the Group.

A number of new standards and amendments to standards were not yet effective as at June 30, 2020 and were not early adopted by the Group:

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

#### **3. Basis of Preparation of Financial Statements (continued)**

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on September 11, 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

IFRS 17 "Insurance Contracts" (issued on May 18, 2017 and effective for annual periods beginning on or after January 1, 2021).

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (issued on January 23, 2020 and effective for annual periods beginning on or after January 1, 2022).

Proceeds before Intended Use, Onerous Contracts – Cost of Fulfilling a Contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on May 14, 2020 and effective for annual periods beginning on or after January 1, 2022).

Classification of Liabilities as Current or Non-Current, deferral of effective date – Amendments to IAS 1 (issued on July 15, 2020 and effective for annual periods beginning on or after January 1, 2023).

Interest rate benchmark (IBOR) reform – phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on August 27, 2020 and effective for annual periods beginning on or after January 1, 2021).

Amendments to IFRS 17 and an Amendment to IFRS 4 (issued on June 25, 2020 and effective for annual periods beginning on or after January 1, 2023).

The Group is currently evaluating the applicability of new standards or changes to International Financial Reporting Standards, their impact on the consolidated financial statements and the timing of their application by the Group.

#### **4. Property and Equipment**

During the six months ended June 30, 2020 and June 30, 2019, the Group acquired assets with a cost of RUB 69,652 and RUB 122,249, respectively. Assets with a net book value of RUB 8,667 and RUB 18,012 were disposed of by the Group and resulted in a net loss on disposal of RUB 7,860 and 15,911 for the six months ended June 30, 2020 and June 30, 2019, respectively.

As of June 30, 2020 and December 31, 2019 gross carrying amount of fully depreciated property, plant and equipment that were still in use amounted to RUB 731,676 and RUB 510,707 respectively.

Property and equipment was tested for impairment as part of cash generating units without goodwill as of June 30, 2020. For the six months ended June 30, 2020 and June 30, 2019 the Group recognized impairment loss in the amount of RUB 89,539 and RUB 13,756, respectively. The accumulated impairment loss of property and equipment as of June 30, 2020 and December 31, 2019 amounted to RUB 112,953 and RUB 23,414, respectively.

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.

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

#### 4. Property and Equipment (continued)

**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 7% 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 8% 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
<b>At January 1, 2020, audited</b>	<b>7,908,942</b>	<b>7,888</b>	<b>4,610</b>	<b>7,921,440</b>
New lease contracts	–	–	43,790	43,790
Modification of existing lease contracts	29,464	–	–	29,464
Disposal of right-of-use assets	(100,825)	–	–	(100,825)
<b>At June 30, 2020, unaudited</b>	<b>7,837,581</b>	<b>7,888</b>	<b>48,400</b>	<b>7,893,869</b>

	Buildings	Land	Restaurant equipment	Total right-of-use assets
<b>At January 1, 2019, audited</b>	<b>7,475,741</b>	<b>7,230</b>	–	<b>7,482,971</b>
New lease contracts and modification of existing lease contracts	30,414	–	–	30,414
Disposal of right-of-use assets	(16,947)	–	–	(16,947)
<b>At June 30, 2019, unaudited</b>	<b>7,489,208</b>	<b>7,230</b>	–	<b>7,496,438</b>

Accumulated depreciation

	Buildings	Land	Restaurant equipment	Total right-of-use assets
<b>At January 1, 2020, audited</b>	<b>(1,638,104)</b>	<b>(3,264)</b>	<b>(77)</b>	<b>(1,641,445)</b>
Depreciation	(801,227)	(1,632)	(1,325)	(804,184)
Disposal of right-of-use assets	4,191	–	–	4,191
<b>Accumulated depreciation at June 30, 2020, unaudited</b>	<b>(2,435,140)</b>	<b>(4,896)</b>	<b>(1,402)</b>	<b>(2,441,438)</b>
<b>Balance at January 1, 2020, audited</b>	<b>6,270,838</b>	<b>4,624</b>	<b>4,533</b>	<b>6,279,995</b>
<b>Balance at June 30, 2020, unaudited</b>	<b>5,402,441</b>	<b>2,992</b>	<b>46,998</b>	<b>5,452,431</b>



## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

#### 5. Right-of-use assets (continued)

	Buildings	Land	Restaurant equipment	Total right-of-use assets
<b>At January 1, 2019, audited</b>	–	–	–	–
Depreciation	(882,189)	(499)	–	(882,688)
Disposal of right-of-use assets	4,067	–	–	4,067
<b>Accumulated depreciation at June 30, 2019, unaudited</b>	<b>(878,122)</b>	<b>(499)</b>	–	<b>(878,621)</b>
<b>Balance at January 1, 2019, audited</b>	<b>7,475,741</b>	<b>7,230</b>	–	<b>7,482,971</b>
<b>Balance at June 30, 2019, unaudited</b>	<b>6,611,086</b>	<b>6,731</b>	–	<b>6,617,817</b>

#### 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.

<b>Related parties</b>	<b>Purchases</b>	<b>Revenue and other gains</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
	<b>For the six months ended June 30, 2020</b>	<b>For the six months ended June 30, 2020</b>	<b>June 30, 2020</b>	<b>June 30, 2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
<b>2020</b>				
Entities under common control:				
RosCorp LLC (1)	17,133	422	-	6,125
Chicken Factory LLC (2)	16,590	-	-	648
Rostic Aero LLC (3)	-	-	55	-
Institute of Glass JSC (4)	4,066	17	-	5,251
Rostik Investment Group Inc. (5)	-	-	103,601	-
RIG Restaurants Ltd (6)	-	-	51,195	-
Others	2,887	451	5,233	13,849
<b>Total 2020</b>	<b>40,676</b>	<b>890</b>	<b>160,084</b>	<b>25,873</b>

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
for the six months ended June 30, 2020 (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, 2019	For the six months ended June 30, 2019	December 31, 2019	December 31, 2019
	Unaudited	Unaudited	Audited	Audited
<b>2019</b>				
Entities under common control:				
RosCorp LLC (1)	38,193	632	-	1,409
Chicken Factory LLC (2)	47,492	-	3,724	-
Rostic Aero LLC (3)	15,590	-	-	5,939
Institute of Glass JSC (4)	5,686	24	-	633
Rostik Investment Group Inc. (5)	1,390	135	90,764	-
RIG Restaurants Ltd (6)	-	-	45,337	-
Others	6,834	1,177	9,218	5,755
<b>Total 2019</b>	<b>115,185</b>	<b>1,968</b>	<b>149,043</b>	<b>13,736</b>

- (1) During the six months ended June 30, 2020 and June 30, 2019, RosCorp LLC provided rent, transport and utility services to the Group.
- (2) The outstanding payable balance as of June 30, 2020 represents the outstanding debt for the purchase of goods from Chicken Factory LLC.
- (3) During the six months ended June 30, 2019, Rostik Aero LLC leased restaurant premises to the Group.
- (4) During the six months ended June 30, 2020 and June 30, 2019, Institute of Glass JSC provided rent, transport and utility services to the Group.
- (5) The outstanding receivable balances as of June 30, 2020 and December 31, 2019 relate to sale of the subsidiary companies to Rostik Investment Group Inc.
- (6) The outstanding receivable balances as of June 30, 2020 and December 31, 2019 relate to sale of the subsidiary company to RIG Restaurants Ltd.

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, 2020	June 30, 2020	June 30, 2020	June 30, 2020
	June 30, 2020	June 30, 2020	Unaudited	Unaudited	Unaudited	Unaudited
Entities under common control	-	10,101	6,600	14,415	10,965	38,057
<b>Total 2020</b>	<b>-</b>	<b>10,101</b>	<b>6,600</b>	<b>14,415</b>	<b>10,965</b>	<b>38,057</b>

Related parties	For the six months ended	For the six months ended	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019
	June 30, 2019	June 30, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019
	Unaudited	Unaudited	Audited	Audited	Audited	Audited
Entities under common control	-	931	6,600	14,415	10,965	30,119
<b>Total 2019</b>	<b>-</b>	<b>931</b>	<b>6,600</b>	<b>14,415</b>	<b>10,965</b>	<b>30,119</b>

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

#### 6. Related Parties Disclosures (continued)

As of June 30, 2020 and December 31, 2019 long-term and short-term loans from related parties were neither past due or impaired.

##### *Compensation to Key Management Personnel*

Key management personnel totaled 15 and 14 persons during the six months period ended June 30, 2020 and June 30, 2019, respectively. Total compensation to key management personnel, including social taxes, was recorded in general and administrative expenses and consisted of the following:

	<b>For the six months ended June 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Salary	30,784	41,293
	<b>30,784</b>	<b>41,293</b>

The Group's contributions relating to social taxes for key management personnel amounted to RUB 7,207 and RUB 8,388 during the six months period ended June 30, 2020 and June 30, 2019, respectively.

#### 7. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2020 and December 31, 2019 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian roubles.

The management of the Group decided to sell some treasury shares to the market. During the six month ended June 30, 2020, 6,780 shares were sold for the total amount of RUB 4,496. Gain from disposal amounted to RUB 624.

As at June 30, 2020 and 31 December, 2019, the total quantity and value of treasury shares of the Company held by the Group were 50,013 shares amounted to RUB 35,969 and 56,793 shares amounted to RUB 39,841, respectively.

#### 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.

	<b>For the six months ended June 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Net loss attributable to equity holders of the Company	(1,031,493)	(149,545)
Weighted average number of ordinary shares outstanding	16,243,792	15,840,530
Effect on dilution: share based payments	13,569	45,522
Weighted average number of ordinary shares adjusted for the effect of dilution	16,257,361	15,886,052
<b>Loss per share attributable to equity holders of the Parent, basic, roubles</b>	<b>(63.50)</b>	<b>(9.44)</b>
<b>Loss per share attributable to equity holders of the Parent, diluted, roubles</b>	<b>(63.45)</b>	<b>(9.41)</b>

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
for the six months ended June 30, 2020 (continued)

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

**9. Loans and Borrowings**

	<b>June 30, 2020, Unaudited</b>	<b>December 31, 2019, Audited</b>
<b>Long-term loans and borrowings</b>		
Russian rubles fixed rate 8.6%-16% bank loans maturing within 2 years	3,405,782	3,503,073
Other loans and borrowings	433,113	504,501
	<b>3,838,895</b>	<b>4,007,574</b>
Less: current portion	(726,077)	(447,219)
<b>Total long-term loans and borrowings</b>	<b>3,112,818</b>	<b>3,560,355</b>

	<b>June 30, 2020, Unaudited</b>	<b>December 31, 2019, Audited</b>
<b>Short-term loans and borrowings</b>		
Russian rubles fixed rate 9%-16.0% bank loans maturing within 12 months	243,000	124,727
Russian rubles fixed rate 13.0%-13.5% overdraft facility	283,093	158,578
	<b>526,093</b>	<b>283,305</b>
Current portion of long-term loans and borrowings	726,077	447,219
<b>Total short-term loans and borrowings</b>	<b>1,252,170</b>	<b>730,524</b>

**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 13.9% 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, 2020 and December 31, 2019 lease obligations were as follows:

	<b>June 30, 2020, Unaudited</b>	<b>December 31, 2019, Audited</b>
<b>Minimum lease payments, including</b>		
Current portion (less than 1 year)	1,950,085	1,933,717
More than 1 to 5 years	5,291,301	5,466,115
Over 5 years	694,943	1,014,578
<b>Total minimum lease payments</b>	<b>7,936,329</b>	<b>8,414,410</b>
<b>Less interests</b>	<b>(1,966,876)</b>	<b>(2,210,049)</b>
<b>Present value of net minimum lease payments</b>		
Current portion (less than 1 year)	1,282,474	1,227,950
More than 1 to 5 years	4,069,645	4,080,577
Over 5 years	617,334	895,834
<b>Total present value of net minimum lease payments</b>	<b>5,969,453</b>	<b>6,204,361</b>
<b>Less current portion of lease obligation</b>	<b>(1,282,474)</b>	<b>(1,227,950)</b>
<b>Long-term portion of lease obligation</b>	<b>4,686,979</b>	<b>4,976,411</b>

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (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,	
	2020, Unaudited	2019, Unaudited
<b>Balance as at January 1</b>	<b>6,204,361</b>	<b>7,420,499</b>
Interest expense on lease obligations <i>(Note 16)</i>	392,771	423,532
New lease contracts and modification of existing lease contracts	80,227	30,415
Lease payments	(468,848)	(1,066,288)
Discounts on lease contracts <i>(Note 14)</i>	(580,127)	–
Foreign exchange loss/(gain)	408,504	(394,033)
Disposal of lease obligation	(67,435)	(12,854)
<b>Balance as at June 30</b>	<b>5,969,453</b>	<b>6,401,271</b>

Interest expenses on lease obligation for the six months ended June 30, 2020 and June 30, 2019 amounted to RUB 392,771 and 423,532, respectively, and were included in financial expense in the accompanying interim consolidated statement of profit or loss.

Total cash outflows related to leases for the six months ended June 30, 2020 and June 30, 2019 amounted to RUB 468,848 and 1,066,288, respectively.

#### 11. Revenue

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

	For the six months ended June 30,	
	2020	2019
	Unaudited	
Revenue from restaurants	1,677,292	3,628,032
Franchise revenue	43,958	102,291
Sublease services	24,154	29,897
Other revenues	2,259	3,060
<b>Total revenue</b>	<b>1,747,663</b>	<b>3,763,280</b>

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (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:

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Restaurant equipment depreciation	923,264	975,719
Payroll and related taxes	450,827	813,236
Food and beverages	320,305	796,872
Transportation services	67,919	79,043
Rent	65,740	55,435
Utilities	50,612	78,491
Laundry and sanitary control	48,448	106,130
Other services	35,104	65,326
Franchising fee	34,589	84,322
Materials	32,901	71,518
Maintenance and repair services	12,723	29,730
Sublease services cost	6,912	7,097
Other expenses	7,554	19,393
<b>Total cost of sales</b>	<b>2,056,898</b>	<b>3,182,312</b>

Depreciation of right-of-use assets in the amount of RUB 788,756 and RUB 868,424 is included in restaurant equipment depreciation for the six months ended June 30, 2020 and June 30, 2019, 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:

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Payroll and related taxes	176,241	253,780
Depreciation and amortization	69,798	48,916
Advertising	15,680	37,221
Other services	10,926	20,656
Rent	10,150	1,210
Financial and legal services	4,867	11,211
Utilities	4,812	5,235
Bank services	2,748	4,099
Transportation services	2,663	5,631
Materials	1,463	3,105
Maintenance and repair services	921	1,764
Increase/(decrease) in the allowance for impairment of advances paid, taxes recoverable and receivables	432	(23,523)
Other expenses	27,192	23,077
<b>Total selling, general and administrative expenses</b>	<b>327,893</b>	<b>392,382</b>

Depreciation of right-of-use assets in the amount of RUB 15,428 and RUB 14,264 is included in depreciation and amortisation for the six months ended June 30, 2020 and June 30, 2019, respectively.

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (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:

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Discounts on lease contracts	580,127	–
Gain on disposal of non-current assets, net	2,179	–
Write-off of trade and other payables	1,371	66
Reversal of previous year expenses	554	471
Reversal of provision for contingent claims	–	5,705
Other gains	29,104	4,122
<b>Total other gains</b>	<b>613,335</b>	<b>10,364</b>
Inventory shortage	1,013	2,724
Write-off of non-refundable VAT	359	631
Loss on disposal of inventory	23	7,775
Loss on disposal of non-current assets, net	–	15,425
Other losses	2,632	5,630
<b>Total other losses</b>	<b>4,027</b>	<b>32,185</b>

For the six months ended June 30, 2020 and June 30, 2019 the loss on disposal of property, plant and equipment amounted to RUB 7,860 and RUB 15,911, respectively (Note 4).

For the six months ended June 30, 2020 and June 30, 2019 the gain on disposal of rights-of-use assets amounted to RUB 10,039 and RUB 486, respectively.

Net result from disposal of non-current assets in the amount of RUB 2,179 for the six months ended June 30, 2020 was recorded as gain on disposal of non-current assets.

Net result from disposal of non-current assets in the amount of RUB 15,425 for the six months ended June 30, 2019 was recorded as loss on disposal of non-current assets.

Discounts on lease contracts represent exemption from lease payments for a period when the Group's restaurants were closed.

#### 15. Impairment of assets

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Loss from impairment of property and equipment ( <i>Note 4</i> )	89,539	13,756
Loss from impairment of intangible assets	3,600	20
<b>Total loss from impairment of assets</b>	<b>93,139</b>	<b>13,776</b>

## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

#### 16. Financial expense

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

	For the six months ended June 30,	
	2020	2019
	Unaudited	
Interest expense on lease obligation	392,771	423,532
Interest expense on bank loans and guaranties	213,914	206,771
Other interest expenses	45,006	3,891
<b>Total financial expense</b>	<b>651,691</b>	<b>634,194</b>

#### 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, 2020 and December 31, 2019 the Group had capital commitments of RUB 229,038 and RUB 231,382, respectively, principally relating to the construction of new restaurants.

#### 18. Subsequent events

By reacting to the second wave of COVID-19, the Group's management undertakes various measures to maintain the Group's liquidity position.

The Group has received a subsidized loan in the amount of RUB 168,923 to support its operating activities. The Group has to follow the special terms and keep the number of employees as well as the salary per employee to benefit from this loan. The Group is going to comply with the loan's terms and conditions.



## PJSC Rosinter Restaurants Holding

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2020 (continued)

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

#### **18. Subsequent events (continued)**

At the date of approval of these financial statements, the Group has restructured its loans portfolio by signing agreements with its banks-lenders to increase the maturity for more than 85% of its short-term loans. So, these restructured loans became long-term. Moreover, the Group managed to reduce interest rates on a number of loans. Management continues negotiating with its banks-lenders with aim to agree on more comfortable loans terms and conditions for the Group's companies.

As a part of optimization of the Group's restaurants portfolio, seven non-profitable locations were closed.

The Group's management has developed a number of cost-optimization programs, including:

- Food and beverages cost reduction by re-engineering the menu and adapting the menu to the customers.
- The restaurant staff wages and salaries cost reduction by revising operational processes and applying more effective time-management.

The Group's management also carried out negotiations with its landlords to revise the rental rates during the COVID-19 period. As a result, the Group managed to agree with majority of its landlords on decrease of the rental rates in proportion to the factual restaurants revenue, which resulted in a significant cost reduction on leases. These agreements also apply to the COVID-19 recovery period when a consumer demand is low.