

PJSC Rosinter Restaurants Holding

Interim Condensed Consolidated
Financial Statements (unaudited)

For the six months ended June 30, 2021

PJSC Rosinter Restaurants Holding
Interim Condensed Consolidated Financial Statements (unaudited)
for the six months ended June 30, 2021

TABLE OF CONTENTS

Statement of Management`s Responsibilities	3
Report on Review of Interim Condensed Consolidated Financial Statements.....	4
Interim Condensed Consolidated Financial Statements (unaudited)	
Interim Consolidated Statement of Financial Position (unaudited).....	6
Interim Consolidated Statement of Profit or Loss (unaudited).....	7
Interim Consolidated Statement of Other Comprehensive Income (unaudited)	8
Interim Consolidated Statement of Cash Flows (unaudited).....	9
Interim Consolidated Statement of Changes in Equity (unaudited).....	11
Notes to the Interim Condensed Consolidated Financial Statements (unaudited)	12

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, 2021

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, 2021, and the results of its operations, cash flows and changes in equity for the six months ended June 30, 2021, 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, 2021 were approved by the President and CEO of PJSC Rosinter Restaurants Holding on August 27, 2021.

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 (together – “Group”), which comprise the interim consolidated statement of financial position as at June 30, 2021 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 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”.

Going Concern

We pay attention to Note 2 "Going concern" to the interim condensed consolidated financial statements that says the Group's current liabilities of RUB 4,177,531 thousands as of June 30, 2021 (RUB 4,155,275 thousands as of December 31, 2020) exceeded its current assets by RUB 3,166,046 thousands (RUB 3,269,259 thousands as of December 31, 2020).

As of June 30, 2021 and December 31, 2020 net assets of the Group were negative in the amount RUB 3,096,362 thousands and RUB 3,101,209 thousands, respectively.

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

Our conclusion is not modified in respect of this matter.



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

LLC «A.D.E. Audit»

August 27, 2021
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 «A.D.E. Audit».

The firm's registration number № 1117746158507 dated April 4, 2012.

Postal address: 109028, Moscow, Khokhlovsky pereulok 16 bld.1, 2 floor, premises 20-23, 25-27.

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 Financial Position (unaudited) at June 30, 2021

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

	Notes	June 30, 2021, unaudited	December 31, 2020, audited
ASSETS			
Non-current assets			
Property and equipment	4	2,153,205	2,228,728
Right-of-use assets	5	4,360,720	4,917,218
Intangible assets		446,220	488,161
Goodwill		143,137	143,137
Long-term loans due from related parties	6	6,600	6,600
Deferred income tax asset		742,309	781,356
Rent deposits and other non-current assets		215,101	217,570
		8,067,292	8,782,770
Current assets			
Inventories		104,297	107,685
VAT recoverable		46,562	64,818
Income tax prepayment		3,502	7,381
Trade and other receivables		381,783	277,344
Advances paid		236,491	273,396
Receivables from related parties	6	63,618	64,105
Short-term loans issued		140	140
Short-term loans due from related parties	6	15,610	17,121
Cash and cash equivalents		159,482	74,026
		1,011,485	886,016
TOTAL ASSETS		9,078,777	9,668,786
EQUITY AND LIABILITIES			
Equity			
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	1,885,685
Treasury shares	7	(35,969)	(35,969)
Other capital reserves		261	261
Accumulated losses		(7,297,759)	(7,306,948)
Translation difference		(417,483)	(413,586)
		(3,098,250)	(3,103,542)
Non-controlling interests		1,888	2,333
		(3,096,362)	(3,101,209)
Non-current liabilities			
Long-term loans and borrowings	9	3,802,821	3,694,198
Long-term lease obligation	10	3,983,893	4,526,721
Long-term loans due to related parties	6	46,541	47,471
Deferred income tax liabilities		164,353	346,330
		7,997,608	8,614,720
Current liabilities			
Trade and other payables		2,244,647	1,870,924
Short-term loans and borrowings	9	636,855	898,711
Short-term lease obligation	10	1,227,553	1,302,620
Payables to related parties	6	28,782	30,986
Short-term liabilities to partners		272	—
Income tax liabilities		39,422	52,034
		4,177,531	4,155,275
TOTAL EQUITY AND LIABILITIES		9,078,777	9,668,786

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 Profit or Loss (unaudited) for the six months ended June 30, 2021

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

	Notes	For the six months ended June 30	
		2021	2020
		Unaudited	
Revenue	11	2,916,673	1,747,663
Cost of sales	12	(2,713,190)	(2,056,898)
Gross profit/(loss)		203,483	(309,235)
Selling, general and administrative expenses	13	(480,104)	(327,893)
Start-up expenses for restaurants		(37,133)	(24,851)
Other gains	14	758,576	613,335
Other losses	14	(7,847)	(4,027)
Profit/(loss) from operating activities before impairment		436,975	(52,671)
Loss from of impairment of operating assets	15	(20,886)	(93,139)
Profit/(loss) from operating activities after impairment		416,089	(145,810)
Financial income		295	146
Financial expense	16	(600,631)	(651,691)
Foreign exchange gain/(loss), net		60,496	(416,303)
Loss before income tax		(123,751)	(1,213,658)
Income tax benefit		133,445	182,218
Net profit/(loss) for the period		9,694	(1,031,440)
Attributable to:			
Equity holders of the parent entity		9,189	(1,031,493)
Non-controlling interests		505	53
Earnings per share	8		
Basic, profit/(loss) per share, roubles		0.57	(63.50)
Diluted, profit/(loss) per share, roubles		0.57	(63.45)

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, 2021

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

	For the six months ended June 30	
	2021	2020
	Unaudited	
Net profit/(loss) for the period	9,694	(1,031,440)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(3,897)	12,517
Other comprehensive (loss)/income for the period, net of tax	(3,897)	12,517
Total comprehensive income/(loss) for the period, net of tax	5,797	(1,018,923)
Attributable to:		
Equity holders of the parent entity	5,292	(1,018,976)
Non-controlling interests	505	53

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, 2021

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

	For the six months ended June 30	
	2021	2020
	Notes	Unaudited
Operating activities		
Loss before tax	(123,751)	(1,213,658)
<i>Adjustments to reconcile loss before tax to net cash provided by operating activities:</i>		
Depreciation and amortization	12,13 964,643	993,062
Foreign exchange (gain)/loss, net	(60,496)	416,303
Financial income	(295)	(146)
Financial expense	16 600,631	651,691
Allowance for impairment of advances paid, taxes recoverable and receivables	13 2,133	432
(Reversal of)/allowance for impairment of inventories to net realizable value	(6,102)	6,644
Loss on disposal of inventory	14 143	23
Inventory shortage	14 167	1,013
Loss/(gain) on disposal of non-current assets	14 2,696	(2,179)
Write-off of the loan received	14 (171,175)	-
Write-off of trade and other payables	14 -	(1,371)
Share based payment (benefit)	-	(1,274)
Loss from of impairment of operating assets	15 20,886	93,139
Discounts on lease contracts	14 (583,437)	(580,127)
	646,043	363,552
<i>Changes in operating assets and liabilities:</i>		
Decrease in inventories	7,814	44,590
(Increase)/decrease in advances paid, taxes recoverable, receivables, rent deposits and other non-current assets	(98,657)	120,261
Decrease in receivables from related parties	4,189	6,965
(Decrease)/increase in payables to related parties	(3,827)	18,550
Increase/(decrease) in trade and other payables	301,655	(45,988)
Net cash flows generated from operations	857,217	507,930
Interest paid	(458,264)	(491,287)
Interest received	88	21
Income tax paid	(15,716)	(6,962)
Net cash flows generated from operating activities	383,325	9,702
Investing activities		
Purchases of property and equipment	(199,273)	(69,652)
Purchase of intangible assets	(2,024)	(10,114)
Proceeds from disposal of property and equipment	1,832	807
Repayments of loans issued to third parties	-	1,300
Net cash flows used in investing activities	(199,465)	(77,659)

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, 2021 (continued)

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

	For the six months ended June 30	
	2021	2020
Notes	Unaudited	
Financing activities		
Proceeds from bank loans	209,860	587,118
Repayment of bank loans	(111,913)	(524,797)
Payment of lease liabilities	(192,748)	(76,077)
Proceeds from related party loans	4,000	4,000
Repayment of related party loans	(4,000)	–
Sale of treasury shares	–	4,496
Dividends paid to the shareholders	(827)	–
Net cash flows used in financing activities	(95,628)	(5,260)
Effect of exchange rate on cash and cash equivalents	(2,776)	(7,823)
Net increase/(decrease) in cash and cash equivalents	85,456	(81,040)
Cash and cash equivalents at beginning of the period	74,026	149,773
Cash and cash equivalents at end of the period	159,482	68,733

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, 2021

(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			
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)
At December 31, 2019, audited	2,767,015	1,885,061	(39,841)	706	(5,471,917)	(427,563)	(1,286,539)	2,680	(1,283,859)
Net (loss)/profit for the period	–	–	–	–	(1,031,493)	–	(1,031,493)	53	(1,031,440)
Other comprehensive income for the period	–	–	–	–	–	12,517	12,517	–	12,517
Total comprehensive (loss)/income for the period	–	–	–	–	(1,031,493)	12,517	(1,018,976)	53	(1,018,923)
Share based payment	–	–	–	(445)	–	–	(445)	–	(445)
Sale of treasury shares	–	624	3,872	–	–	–	4,496	–	4,496
At June 30, 2020, unaudited	2,767,015	1,885,685	(35,969)	261	(6,503,410)	(415,046)	(2,301,464)	2,733	(2,298,731)

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, 2021, 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, 2021 were approved for issue by the President and CEO of the PJSC Rosinter Restaurants Holding on August 27, 2021.

The Group derives revenue in the territory of Russia and CIS countries. For the six months ended June 30, 2021 and June 30, 2020, the revenue from the Russian market was approximately 97% 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, 2021 and December 31, 2020. The second largest market was Belarus with 3% of total revenues for the six months ended June 30, 2021 and June 30, 2020.

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

Entity	Country of incorporation	June 30, 2021 % Ownership	December 31, 2020 % 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, 2021 (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 4,177,531 as of June 30, 2021 (RUB 4,155,275 as of December 31, 2020) exceeded its current assets by RUB 3,166,046 (RUB 3,269,259 as of December 31, 2020). As of June 30, 2021 the net current liability position primarily results from trade and other payables amounting to RUB 2,244,647 (RUB 1,870,924 as of December 31, 2020). During the six months ended June 30, 2021 and June 30, 2020 net cash flows generated from operations amounted to RUB 857,217 and RUB 507,930, respectively.

Impact of Covid-19

In the first quarter of 2021 launching of a high-scale programme of public vaccination across the Russian Federation, as well as ongoing vaccination around the world, laid the necessary groundwork for further elimination of the epidemiological tension. However, both magnitude and duration of drop in demand associated with COVID-19 remains uncertain. Despite all the measures taken, the Group's financial results in future periods will continue to depend on the pace of recovery in demand for the restaurant business in Russia.

At this stage, management cannot reliably estimate the future pace of recovery, therefore, management has considered various development scenarios to quickly adapt to changing needs and believes that the measures taken will enable the Group to fulfil its financial liabilities. Given the unpredictability of the duration and magnitude of the COVID-19 pandemic in the Russian Federation and in the world, its actual impact on the Group's future profitability, financial position and cash flows may differ from management's current estimates and assumptions.

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

- The Group received a loan from PJSC Promsvyazbank in the amount of RUB 48,507 at 3% under the state business support program.
- The Group has bank guarantees in the amount of RUB 459,450.
- The Group continues negotiations with the landlords on reduction of rental payments in proportion to the fall in revenue.
- During the six month ended June 30, 2021 the Group's restaurant's in the international terminal of Sheremetyevo airport resumed operations which will have a positive impact on the Group's revenue in the near future.
- 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, 2021 (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, 2021, 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, 2020.

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, 2020 and as at this date.

New standards and interpretations

The following amended standards and interpretations became effective from 1 January 2021:

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

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

These changes and improvements to the standards did not affect or have 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 30 June 2021 and were not early adopted by the Group:

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

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 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 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

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

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

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

3. Basis of Preparation of Financial Statements (continued)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

COVID-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 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, 2021 and June 30, 2020, the Group acquired assets with a cost of RUB 199,273 and RUB 69,652, respectively. Assets with a net book value of RUB 4,870 and RUB 8,667 were disposed of by the Group and resulted in a net loss on disposal of RUB 3,037 and RUB 7,860 for the six months ended June 30, 2021 and June 30, 2020, respectively.

As of June 30, 2021 and December 31, 2020 gross carrying amount of fully depreciated property, plant and equipment that were still in use amounted to RUB 785,246 and RUB 738,988 respectively.

Property and equipment was tested for impairment as part of cash generating units as of June 30, 2021. For the six months ended June 30, 2021 and June 30, 2020 the Group recognized impairment loss in the amount of RUB 22,058 and RUB 89,539, respectively. The accumulated impairment loss of property and equipment as of June 30, 2021 and December 31, 2020 amounted to RUB 73,009 and RUB 76,697, 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.

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.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
for the six months ended June 30, 2021 (continued)

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

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, 2021, audited	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

	Buildings	Land	Restaurant equipment	Total right-of-use assets
At January 1, 2020, audited	7,908,942	7,888	4,610	7,921,440
New lease contracts and modification of existing lease contracts	29,464	–	43,790	73,254
Disposal of right-of-use assets	(100,825)	–	–	(100,825)
At June 30, 2020, unaudited	7,837,581	7,888	48,400	7,893,869

Accumulated depreciation

	Buildings	Land	Restaurant equipment	Total right-of-use assets
At January 1, 2021, audited	(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, audited	4,873,049	497	43,672	4,917,218
Balance at June 30, 2021, unaudited	4,206,637	723	153,360	4,360,720

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

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

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.

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	June 30, 2021	June 30, 2021
	Unaudited	Unaudited	Unaudited	Unaudited
Entities under common control:				
RosCorp LLC (1)	11,427	424	-	-
Chicken Factory LLC (2)	45,050	-	-	757
Institute of Glass JSC (3)	18,836	17	-	3,541
RIG Restaurants Ltd (4)	-	-	52,967	-
Others	3,876	-	10,651	24,484
Total	79,189	441	63,618	28,782

Related parties	Purchases	Revenue and other gains	Receivables from related parties	Payables to related parties
	For the six months ended June 30, 2020	For the six months ended June 30, 2020	December 31, 2020	December 31, 2020
	Unaudited	Unaudited	Audited	Audited
Entities under common control:				
RosCorp LLC (1)	17,133	422	-	6,174
Chicken Factory LLC (2)	16,590	-	-	1,491
Institute of Glass JSC (3)	4,066	17	55	919
RIG Restaurants Ltd (4)	-	-	54,071	-
Others	2,887	451	9,979	22,402
Total	40,676	890	64,105	30,986

- (1) During the six months ended June 30, 2021 and June 30, 2020, RosCorp LLC provided rent, transport and utility services to the Group.
- (2) The outstanding payable balance as of June 30, 2021 represents the outstanding debt for the purchase of goods from Chicken Factory LLC.
- (3) During the six months ended June 30, 2021 and June 30, 2020, Institute of Glass JSC provided rent, transport and utility services to the Group.
- (4) The outstanding receivable balances as of June 30, 2021 and December 31, 2020 relate to sale of the subsidiary company to RIG Restaurants Ltd.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

6. Related Parties Disclosures (continued)

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

	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, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Related parties	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Entities under common control	–	7,011	6,600	15,610	46,541	–
Total	–	7,011	6,600	15,610	46,541	–

	For the six months ended	For the six months ended	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020
Related parties	June 30, 2020	June 30, 2020	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020
	Unaudited	Unaudited	Audited	Audited	Audited	Audited
Entities under common control	–	10,101	6,600	17,121	47,471	–
Total	–	10,101	6,600	17,121	47,471	–

As of June 30, 2021 and December 31, 2020 long-term loans from related parties were neither past due or impaired.

Compensation to Key Management Personnel

Key management personnel totaled 12 and 15 persons during the six months period ended June 30, 2021 and June 30, 2020, 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	
	2021	2020
	Unaudited	
Salary	32,164	30,784
	32,164	30,784

The Group's contributions relating to social taxes for key management personnel amounted to RUB 7,444 and RUB 7,207 during the six months period ended June 30, 2021 and June 30, 2020, respectively.

7. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2021 and December 31, 2020 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian roubles.

As at June 30, 2021 and 31 December, 2020, 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.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

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	
	2021	2020
	Unaudited	
Net profit/(loss) attributable to equity holders of the Company	9,189	(1,031,493)
Weighted average number of ordinary shares outstanding	16,255,321	16,243,792
Effect on dilution: share based payments	2,668	13,569
Weighted average number of ordinary shares adjusted for the effect of dilution	16,257,989	16,257,361
Profit/(loss) per share attributable to equity holders of the Parent, basic, roubles	0.57	(63.50)
Profit/(loss) per share attributable to equity holders of the Parent, diluted, roubles	0.57	(63.45)

9. Loans and Borrowings

	June 30, 2021, Unaudited	December 31, 2020, Audited
	Long-term loans and borrowings	
Russian rubles fixed rate 8%-16% bank loans maturing within 2 years	3,499,887	3,554,930
Other loans and borrowings	517,000	597,000
	4,016,887	4,151,930
Less: current portion	(214,066)	(457,732)
Total long-term loans and borrowings	3,802,821	3,694,198
Short-term loans and borrowings		
Russian rubles fixed rate 8%-16% bank loans maturing within 12 months	422,789	440,979
	422,789	440,979
Current portion of long-term loans and borrowings	214,066	457,732
Total short-term loans and borrowings	636,855	898,711

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)
for the six months ended June 30, 2021 (continued)

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

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 23.7% 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, 2021 and December 31, 2020 lease obligations were as follows:

	June 30, 2021, Unaudited	December 31, 2020, Audited
Minimum lease payments, including		
Current portion (less than 1 year)	1,946,898	1,937,260
More than 1 to 5 years	4,648,473	5,242,070
Over 5 years	369,818	411,963
Total minimum lease payments	6,965,189	7,591,293
Less interests	(1,753,743)	(1,761,952)
Present value of net minimum lease payments		
Current portion (less than 1 year)	1,227,553	1,302,620
More than 1 to 5 years	3,653,973	4,157,738
Over 5 years	329,920	368,983
Total present value of net minimum lease payments	5,211,446	5,829,341
Less current portion of lease obligation	(1,227,553)	(1,302,620)
Long-term portion of lease obligation	3,983,893	4,526,721

The changes in lease obligations:

	For the six months ended June 30, 2021, Unaudited	2020, Unaudited
Balance as at January 1	5,829,341	6,204,361
Interest expense on lease obligations (Note 16)	367,119	392,771
New lease contracts and modification of existing lease contracts	267,391	80,227
Lease payments	(559,867)	(468,848)
Discounts on lease contracts (Note 14)	(583,437)	(580,127)
Foreign exchange (gain)/loss	(55,977)	408,504
Disposal of lease obligation	(53,124)	(67,435)
Balance as at June 30	5,211,446	5,969,453

Interest expenses on lease obligation for the six months ended June 30, 2021 and June 30, 2020 amounted to RUB 367,119 and RUB 392,771, 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, 2021 and June 30, 2020 amounted to RUB 559,867 and RUB 468,848, respectively.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

11. Revenue

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

	For the six months ended June 30,	
	2021	2020
	Unaudited	
Revenue from restaurants	2,817,679	1,677,292
Franchise revenue	72,435	43,958
Sublease services	21,797	24,154
Other revenues	4,762	2,259
Total revenue	2,916,673	1,747,663

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,	
	2021	2020
	Unaudited	
Restaurant equipment depreciation	888,346	923,264
Food and beverages	571,883	320,305
Payroll and related taxes	563,171	450,827
Rent	268,652	65,740
Franchising fee	83,444	34,589
Materials	64,300	32,901
Transportation services	61,783	67,919
Utilities	61,284	50,612
Laundry and sanitary control	57,888	48,448
Other services	46,550	35,104
Maintenance and repair services	18,388	12,723
Sublease services cost	6,115	6,912
Other expenses	21,386	7,554
Total cost of sales	2,713,190	2,056,898

Depreciation of right-of-use assets in the amount of RUB 769,749 and RUB 788,756 is included in restaurant equipment depreciation for the six months ended June 30, 2021 and June 30, 2020, respectively.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

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,	
	2021	2020
	Unaudited	
Payroll and related taxes	294,974	176,241
Depreciation and amortization	76,297	69,798
Advertising	23,157	15,680
Financial and legal services	16,247	4,867
Rent	11,193	10,150
Other services	10,791	10,926
Utilities	6,216	4,812
Bank services	4,505	2,748
Transportation services	3,665	2,663
Materials	3,109	1,463
Increase in the allowance for impairment of advances paid, taxes recoverable and receivables	2,133	432
Maintenance and repair services	2,100	921
Other expenses	25,717	27,192
Total selling, general and administrative expenses	480,104	327,893

Depreciation of right-of-use assets in the amount of RUB 15,838 and RUB 15,428 is included in depreciation and amortisation for the six months ended June 30, 2021 and June 30, 2020, respectively.

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,	
	2021	2020
	Unaudited	
Discounts on lease contracts	583,437	580,127
Write-off of the loan received	171,175	-
Reversal of previous year expenses	230	554
Gain on disposal of non-current assets, net	-	2,179
Write-off of trade and other payables	-	1,371
Other gains	3,734	29,104
Total other gains	758,576	613,335
Loss on disposal of non-current assets, net	2,696	-
Write-off of non-refundable VAT	223	359
Inventory shortage	167	1,013
Loss on disposal of inventory	143	23
Other losses	4,618	2,632
Total other losses	7,847	4,027

For the six months ended June 30, 2021 and June 30, 2020 the loss on disposal of property, plant and equipment amounted to RUB 3,037 and RUB 7,860, respectively (Note 4).

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

14. Other gains/losses (continued)

For the six months ended June 30, 2021 and June 30, 2020 the gain on disposal of rights-of-use assets amounted to RUB 341 and RUB 10,039, respectively.

In April 2021, the Group received a notice from PJSC Promsvyazbank to write-off the loan received by the Group to support its operational activities.

The loan write-off became possible due to the following factors:

- The Group has met conditions on keeping the number of employees and the salary per employee.
- PJSC Promsvyazbank has received a subsidy from the Ministry of Economic Development of Russia to compensate the loan write-off by the Group.

15. Impairment of assets

	For the six months ended June 30,	
	2021	2020
	Unaudited	
Loss from impairment of property and equipment (Note 4)	22,058	89,539
(Reversal of loss)/loss from impairment of intangible assets	(1,172)	3,600
Total loss from impairment of assets	20,886	93,139

16. Financial expense

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

	For the six months ended June 30,	
	2021	2020
	Unaudited	
Interest expense on lease obligation	367,119	392,771
Interest expense on bank loans and guaranties	176,350	213,914
Other interest expenses	57,162	45,006
Total financial expense	600,631	651,691

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.

PJSC Rosinter Restaurants Holding

Notes to the Interim Condensed Consolidated Financial Statements (unaudited) for the six months ended June 30, 2021 (continued)

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

17. Commitments and Contingencies (continued)

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, 2021 and December 31, 2020 the Group had capital commitments of RUB 102,512 and RUB 271,788, respectively, principally relating to the construction of new restaurants.