DETSKY MIR GROUP

Interim Condensed Consolidated
Financial Information
for the Half-Year Ended 30 June 2021 (unaudited)

DETSKY MIR GROUP

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DETSKY MIR GROUP

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2021

Management is responsible for the preparation of the interim condensed consolidated financial information of Public Joint Stock Company "Detsky mir" (hereinafter, the "Company") and its subsidiaries (hereinafter, the "Group" or "Detsky mir Group") for the half-year ended 30 June 2021 in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting.*

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

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group complies with IAS 34;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of the jurisdictions the Group's subsidiaries are operating in;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the half-year ended 30 June 2021 was authorised for issue by management of the Company on behalf of the Board of Directors of the Group on 24 August 2021.

M.S. Davydova
Chief Executive Officer
PJSC "Detsky mir"

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To: Board of Directors and the Shareholders of Public Joint Stock Company "Detsky mir"

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company "Detsky mir" (hereinafter, the "Company") and its subsidiaries (hereinafter, the "Group") as at 30 June 2021 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the half-year then ended, and selected explanatory notes (hereinafter, the "interim condensed consolidated financial information"). Management is responsible for the preparation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim consolidated financial information 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 information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other Information

Management is responsible for the other information. The other information comprises the supplementary information included on pages 24-28 and is presented for the purpose of additional analysis and is not a part of the interim condensed consolidated financial information for the half-year ended 30 June 2021.

Our conclusion on the interim condensed consolidated financial information of the Group for the half-year ended 30 June 2021 does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our interim review of the interim condensed consolidated financial information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim condensed consolidated financial information, or our knowledge obtained in the interim review or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Egor Metelkin,
Engagement partner

24 August 2021

The Entity: PJSC "Detsky mir"

State Registration Certificate No. 7701233499, issued by Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 29 for Moscow on 13.09.1999.

Primary State Registration Number: 1027700047100

Registered address: 37 Vernadsky Prospekt, bldg. 3, Moscow, 119415, Russia

Audit Firm: AO "Deloitte & Touche CIS"

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

Primary State Registration Number: 1027700425444

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

Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Rubles, except earnings per share)

		For the half-year ended	
	Notes	**30 June 2021**	**30 June 2020**
Revenue	4	73,067	59,856
Cost of sales		(50,592)	(41,890)
GROSS PROFIT		**22,475**	**17,966**
Selling, general and administrative expenses	5	(15,804)	(13,636)
Forgivable loan	14	1,255	-
Other operating income, net		125	39
OPERATING PROFIT		**8,051**	**4,369**
Finance income		7	66
Finance expenses	6	(1,970)	(2,481)
Foreign exchange gain/(loss), net		58	(1,471)
PROFIT BEFORE INCOME TAX		**6,146**	**483**
Income tax expense		(1,030)	(99)
PROFIT FOR THE PERIOD		**5,116**	**384**
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Effect of translation to presentation currency		(6)	(30)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**5,110**	**354**
Earnings per share			
Weighted average number of shares outstanding, basic and diluted		734,973,070	734,819,613
Earnings per share, basic and diluted (in Russian Rubles per share)		6.96	0.52

The Notes on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

DETSKY MIR GROUP

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Rubles)

	Notes	30 June 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	7	10,074	9,274
Intangible assets	7	1,369	1,524
Right-of-use assets	8	34,432	33,726
Deferred tax assets		2,543	2,811
Other non-current assets		133	124
Total non-current assets		**48,551**	**47,459**
CURRENT ASSETS:			
Inventories	9	48,163	42,494
Trade receivables		2,990	3,670
Advances paid and other receivables		1,801	1,535
Prepaid income tax		25	10
Cash and cash equivalents	10	820	1,826
Total current assets		**53,799**	**49,535**
TOTAL ASSETS		**102,350**	**96,994**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		1	1
Treasury shares	11	(323)	(407)
Additional paid-in capital		5,793	5,793
Accumulated deficit		(7,522)	(8,145)
Currency translation reserve		120	126
Total equity deficit		**(1,931)**	**(2,632)**
NON-CURRENT LIABILITIES:			
Lease liabilities	13	29,437	28,619
Long-term loans and borrowings	14	15,110	12,200
Deferred tax liabilities		101	92
Total non-current liabilities		**44,648**	**40,911**
CURRENT LIABILITIES:			
Trade payables		31,103	35,770
Short-term loans and borrowings and current portion of long-term loans and borrowings	14	9,382	7,582
Lease liabilities	13	8,169	8,227
Advances received, other payables and accrued expenses	15	10,480	5,975
Deferred revenue		481	527
Income tax payable		18	634
Total current liabilities		**59,633**	**58,715**
Total liabilities		**104,281**	**99,626**
TOTAL EQUITY AND LIABILITIES		**102,350**	**96,994**

The Notes on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

DETSKY MIR GROUP

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

(in millions of Russian Rubles)

	Share capital	Treasury shares	Additional paid-in capital	Accumulated deficit	Currency translation reserve	Total
Balance as at 1 January 2020	**1**	**(317)**	**5,793**	**(7,305)**	**161**	**(1,667)**
Profit for the period	-	-	-	384	-	384
Other comprehensive loss	-	-	-	-	(30)	(30)
Total comprehensive income for the period	**-**	**-**	**-**	**384**	**(30)**	**354**
Share-based compensation (Note 16)	-	-	-	19	-	19
Purchase of treasury shares (Note 11)	-	(90)	-	-	-	(90)
Dividends (Note 12)	-	-	-	(2,205)	-	(2,205)
Balance as at 30 June 2020	**1**	**(407)**	**5,793**	**(9,107)**	**131**	**(3,589)**
Balance as at 1 January 2021	**1**	**(407)**	**5,793**	**(8,145)**	**126**	**(2,632)**
Profit for the period	-	-	-	5,116	-	5,116
Other comprehensive loss	-	-	-	-	(6)	(6)
Total comprehensive income for the period	**-**	**-**	**-**	**5,116**	**(6)**	**5,110**
Share-based compensation (Note 16)	-	-	-	109	-	109
Settlement of share-based compensation with treasury shares (Note 11)	-	84	-	(136)	-	(52)
Dividends (Note 12)	-	-	-	(4,466)	-	(4,466)
Balance as at 30 June 2021	**1**	**(323)**	**5,793**	**(7,522)**	**120**	**(1,931)**

The Notes on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

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

	For the half-year ended	
	30 June 2021	30 June 2020 (restated)[1]
OPERATING ACTIVITIES:		
Profit for the period	5,116	384
Adjustments for:		
Depreciation and amortization expense	5,406	5,220
Finance expenses	1,970	2,481
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	1,066	799
Income tax expense recognized in profit or loss	1,030	99
Expense on equity-settled share-based compensation	153	22
Finance income	(7)	(66)
Gain on settlement of equity-settled share-based compensation	(52)	-
Foreign exchange (gain)/loss, net	(58)	1,471
Change in estimated breakage of bonus points under loyalty program	(97)	(36)
Forgivable loan	(1,255)	-
Other	(62)	(43)
Changes in working capital:		
Decrease in trade receivables	680	2,287
(Increase)/decrease in advances paid and other receivables	(292)	494
Increase in inventories	(6,695)	(4,150)
Decrease in trade payables	(4,500)	(8,671)
Decrease in advances received, other payables and accrued expenses	(37)	(854)
Increase in deferred revenue	51	76
Cash generated by/(used in) operations	**2,417**	**(487)**
Interest paid	(1,871)	(2,390)
Interest received	4	52
Income taxes paid	(1,367)	(712)
Net cash used in operating activities	**(817)**	**(3,537)**
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(1,756)	(576)
Payments for intangible assets	(189)	(93)
Proceeds from disposal of property, plant and equipment	11	21
Net cash used in investing activities	**(1,934)**	**(648)**
FINANCING ACTIVITIES:		
Purchase of treasury shares	-	(90)
Proceeds from loans and borrowings	30,987	49,800
Repayment of loans and borrowings	(25,041)	(41,211)
Lease payments	(4,048)	(2,807)
Net cash generated by financing activities	**1,898**	**5,692**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(853)**	**1,507**
CASH AND CASH EQUIVALENTS, beginning of the period	**1,826**	**1,769**
Effect of changes in foreign exchange rates	(153)	(345)
CASH AND CASH EQUIVALENTS, end of the period	**820**	**2,931**

The Notes on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

[1] In order to improve the presentation of certain lines in the interim condensed consolidated statement of cash flows the Group made the following presentation changes:
1) Separation of the effect of changes in foreign exchange rates for the half-year ended 30 June 2020: "Decrease in trade payables" line was increased by RUB 345 million, whereas "Effect of changes in foreign exchange rates" line was changed for the respective amount.
2) Separation of the change in estimated breakage of bonus points under loyalty program for the half-year ended 30 June 2020: "Increase in deferred revenue" line was increased by RUB 36 million, whereas "Change in estimated breakage of bonus points under loyalty program" line was changed for the respective amount.

(in millions of Russian Rubles)

1. GENERAL INFORMATION

PJSC "Detsky mir" (hereinafter, the "Company", "Detsky mir") together with its subsidiaries (hereinafter, the "Group") is the largest retail chain in the children's goods market in the Russian Federation (hereinafter, "RF"). The Company is registered in the Unified State Register of Legal Entities under the laws of the Russian Federation (State Registration Certificate No. 1027700047100). The Company's address is 3/6 3-Niznelikhoborsky Proezd, Moscow 127238.

The primary activity of the Group is the sale of children's clothing and products through retail stores and its online store, and the Group develops pet goods sales through retail stores and its online store as well. As at 30 June 2021 and in the half-year then ended the Group operated "Detsky mir" branded stores in Russia, Kazakhstan and Belarus, "Detmir PVZ" branded small-format stores in Russia, and "Zoozavr" branded retail stores in Russia.

In the half-year ended 30 June 2021, the Company continued to develop its own marketplace, which allows third-party sellers to offer their products to consumers in the Company's online store.

The registered shareholders of the Company and their effective ownership were as follows, as at the specified dates:

	30 June 2021, %	31 December 2020, %
Gulf Investments Limited	29.90	25.00
Comgest Global Investors, S.A.S.	5.30	-
Goldman Sachs Group, Inc. [1]	4.92	5.26
Capital Group Companies. Inc. [1]	4.83	5.64
Other shareholders	55.05	64.10
Total	**100**	**100**

[1] Indirect control of a certain number of votes relating to voting shares.

As at 30 June 2021 and 31 December 2020 the Group had neither the ultimate controlling party nor the ultimate controlling beneficiary owner.

The ownership interest of the Group and the proportion of its voting power in its major operating subsidiaries was as follows, as at each period end:

	Ownership interest and proportion of voting power	
Subsidiaries	**30 June 2021, %**	**31 December 2020, %**
LLP Detsky mir-Kazakhstan, Kazakhstan	100	100
LLC DM-Tech, RF	100	100
LLC Detmir BEL, Belarus	100	100

As at 30 June 2021 and 31 December 2020 the Group does not have non-wholly owned subsidiaries that have non-controlling interests to the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This interim condensed consolidated financial information for the half-year ended 30 June 2021 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (hereinafter, "IAS 34").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

Going concern principle – This interim condensed consolidated financial information has been prepared on management's assumption that the Group will continue as a going concern in the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

In mid-March and April 2020 the Group faced the impact of a new coronavirus disease (COVID-19), which led to a considerable drop of traffic across the retail stores, resulted in retail revenue decrease, besides a number of retail stores were closed during the lockdown declared in Russia and Kazakhstan. Nevertheless, the outbreak of COVID-19 and its impact on the global economy confirmed that the Group selected an effective business model, driven by omnichannel and multi-category proposition. The most of Russian stores remained open to continue playing the important societal role of providing essential food and non-food products for children during the lockdown. As a result, in the first half of 2021 the Group managed to increase its share across all its markets and achieved significant growth in the online segment (Note 4).

The management considered the Group's forecasts and projections for foreseeable future, taking into account current and anticipated economic situation, the Group's financial position, available undrawn credit lines (Note 14), covenants' compliance, planned store opening program and the anticipated cash flows and related expenditures from retail stores. The Group has been successfully refinancing its borrowings and maintaining a cash balance necessary to ensure business continuity in case of any downturn. The Group's net working capital deficit, calculated as total current assets less total current liabilities, was RUB 5,834 million and RUB 9,180 million as at 30 June 2021 and 31 December 2020, respectively. The Group always operates with net working capital deficit owing to efficient use of cash in funding operations and provides returns to its shareholders in the form of payments of cash dividends, also the Group's inventory days and accounts payable days levels are among industry-leading due to its agile sourcing model and algorithms used to forecast demand.

As part of the strategy that focuses on the online channel, the Group continued improving its logistics by opening a new regional distribution center in April 2021. The Group will continue to expand the assortment of children's goods and strengthen logistics capabilities by launching more distribution centers in large Russian cities.

The Group's management has, at the time of the approval of this interim condensed consolidated financial information, a reasonable expectation that the Group has adequate resources to continue its operations in the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this interim condensed consolidated financial information.

(in millions of Russian Rubles)

Functional and presentation currency – The amounts in the interim condensed consolidated financial information are presented in Russian Rubles ("RUB"), which is the functional currency of the Company and its Russian subsidiaries. The functional currency of LLP Detsky mir-Kazakhstan is Kazakhstani Tenge, and the functional currency of LLC Detmir BEL is Belarusian Ruble.

Exchange rates for the currencies in which the Group transacts are presented below:

	At 30 June 2021	**At 31 December 2020**
Closing exchange rates at the period-end – RUB		
1 EUR	86.2026	90.6824
1 Tenge	0.1689	0.1755
1 USD	72.3723	73.8757
1 BYN	28.5718	28.6018

	For the half-year ended	
	30 June 2021	**30 June 2020**
Average exchange rates for the half-year ended – RUB		
1 EUR	89.5471	76.4188
1 Tenge	0.1750	0.1711
1 USD	74.2781	69.3563
1 BYN	28.8567	29.6805

Seasonality of operations – Significant portion of the Group's sales, profit and operating cash flows have historically been realized in the fiscal fourth quarter. As a result, six months results of operations may fluctuate significantly based on many factors, including seasonal fluctuations in customer demand, product offerings, inventory levels and promotional activity. The results of operations and cash flows for the half-year ended 30 June are not necessarily indicative of the results that may be expected for the full year.

Fair value – The fair value of financial assets and financial liabilities such as trade accounts receivable, other receivables, trade payables, other payables is not materially different from their carrying value due to their short maturity. The fair value of bonds and loans and borrowings is disclosed in the Note 14.

Significant accounting policies

The accounting policies, critical accounting judgements, estimates, and methods of computation applied by the Group are consistent with those in the Group's annual consolidated financial statements for the year ended 31 December 2020.

Adoption of New Standards and Interpretations

New and revised Standards and Interpretations adopted in the current period and applicable to the Group's interim condensed consolidated financial information

From 1 January 2021, the Group has adopted the following new and amended standards and interpretations in the interim condensed consolidated financial information:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform* – Phase II.

No new standards and interpretations adopted in 2021 had a material impact on the interim condensed consolidated financial information of the Group for the half-year ended 30 June 2021.

New and revised Standards and Interpretations not yet effective

- IFRS 17 *Insurance Contracts;*
- IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current;*
- Amendments to IFRS 3 *Reference to the Conceptual Framework;*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use;*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract;*
- Annual Improvements to IFRS Standards 2018-2020 Cycle;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*;
- Amendments to IFRS 4 *Extension of the Temporary Exemption from Applying IFRS 9;*
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of accounting policies;*
- Amendments to IAS 8 *Definition of accounting estimates;* and
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12).

The Group does not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements of the Group in the future.

Significant assumptions used applying accounting policies and the sources of uncertainty in estimates

In preparing this interim condensed consolidated financial information, no significant changes occurred to the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty that were applied to the Group's annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with IFRS.

(in millions of Russian Rubles)

3. OPERATING SEGMENTS

The Group's operations are regularly reviewed by the chief operating decision maker, represented by the CEO, to analyze performance and allocate resources within the Group. The CEO assesses the performance of the Group's single operating segment based on the dynamics of revenue and earnings before income tax expense, foreign exchange loss/gain, finance expenses, finance income, depreciation and amortization, adjusted for the expense on share-based compensation and one-off gains and losses (hereinafter, "Adjusted EBITDA"). Adjusted EBITDA is a non-IFRS measure.

The segment information for the half-years ended 30 June 2021 and 2020 is as follows:

	For the half-year ended	
	30 June 2021	30 June 2020
Revenue	73,067	59,856
Adjusted EBITDA	12,695	9,973

Reconciliation of adjusted EBITDA to IFRS profit of the half-year is as follows:

	For the half-year ended	
	30 June 2021	30 June 2020
PROFIT FOR THE PERIOD	**5,116**	**384**
Finance income	(7)	(66)
Finance expenses	1,970	2,481
Income tax expense	1,030	99
Depreciation and amortization	5,406	5,220
Foreign exchange (gain)/loss, net	(58)	1,471
Expense on share-based compensation	493	384
Forgivable loan (one-off income item)	(1,255)	-
Adjusted EBITDA	**12,695**	**9,973**

4. REVENUE

The Group's revenue for the half-years ended 30 June 2021 and 2020 was as follows:

	For the half-year ended	
	30 June 2021	30 June 2020
Sales of goods, including online store revenue		
Russian Federation (hereinafter, "RF")	69,483	57,814
Kazakhstan	2,597	1,608
Belarus	712	366
Total sales of goods, including online store revenue	**72,792**	**59,788**
Marketplace commission		
RF	171	-
Total marketplace commission	**171**	**-**
Other revenue		
RF	104	68
Total other revenue	**104**	**68**
Total	**73,067**	**59,856**

(in millions of Russian Rubles)

Revenue from sales of goods in the online store, presented within sales of goods, including online store revenue line, for the half-years ended 30 June 2021 and 2020 was as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020**
Online store:		
RF	19,531	14,133
Kazakhstan	248	119
Total	**19,779**	**14,252**

Revenue from sales of goods ordered via the online store and picked up at Group's retail stores amounted to RUB 14,671 million and RUB 9,846 million for the half-years ended 30 June 2021 and 2020, respectively.

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The Group's selling, general and administrative expenses for the half-years ended 30 June 2021 and 2020 were as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020**
Payroll and other personnel expenses	6,455	5,198
Depreciation and amortization	5,406	5,220
Expenses related to variable lease payments, leases of low-value items and utilities	920	779
Banking services	814	623
Advertising and marketing expenses	393	427
Repair and maintenance	375	269
Promotional materials	261	202
Software maintenance	248	215
Security expenses	230	176
Consulting services	148	122
Office equipment	92	64
Taxes (other than income tax)	70	69
Communication expenses	66	72
Travel expenses	49	27
Stationery and other materials	32	19
Other	245	154
Total	**15,804**	**13,636**

6. FINANCE EXPENSES

The Group's finance expenses for the half-years ended 30 June 2021 and 2020 were as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020**
Interest expense on lease liabilities	1,103	1,232
Interest expense on bank loans	434	821
Interest expense on bonds	433	428
Total	**1,970**	**2,481**

(in millions of Russian Rubles)

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the half-year ended 30 June 2021, the Group incurred cash capital expenditures in the amount of RUB 1,756 million, which mainly comprised advances paid for the construction of a new distribution center in the amount of RUB 1,148 million (for the half-year ended 30 June 2020: RUB 541 million, which mainly comprised purchase of leasehold improvements and trade and warehouse equipment).

The total amount of cash expenditure related to purchase of intangible assets comprised RUB 189 million and RUB 93 million for the half-years ended 30 June 2021 and 2020, respectively. These amounts relate to licenses and other software products acquired for ERP system, and development costs.

8. RIGHT-OF-USE ASSETS

The Group leases retail premises, offices and warehouses with average lease term of 8.1 years as at 30 June 2021 (31 December 2020: 7.8 years). Movements in the carrying amount of leased premises and buildings were as follows (movements of lease liabilities are disclosed in Note 13):

	2021	2020
Cost		
At 1 January	**55,206**	**47,120**
New lease contracts and modification of existing lease contracts	4,865	2,890
Lease prepayments	12	1
Translation to presentation currency	(56)	74
Disposals	(90)	(227)
At 30 June	**59,937**	**49,858**

	2021	2020
Accumulated depreciation and impairment		
At 1 January	**21,480**	**14,132**
Depreciation expense	4,141	3,820
Disposals	(90)	(227)
Translation to presentation currency	(25)	19
Other	(1)	(12)
At 30 June	**25,505**	**17,732**
Balance at 1 January	**33,726**	**32,988**
Balance at 30 June	**34,432**	**32,126**

	For the half-year ended	
	30 June 2021	**30 June 2020**
Amounts recognized in profit and loss		
Depreciation expense on right-of-use assets	4,141	3,820
Interest expense on lease liabilities	1,103	1,232
Expenses related to variable lease payments not included in the measurement of the lease liability and leases of low-value items	327	179
Other	(1)	(12)

(in millions of Russian Rubles)

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased retail stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The variable payments depend on sales and consequently on the overall economic development over the next few years. Such payments are recognised in profit or loss as incurred. The Group expects variable rent expenses to continue to present a similar proportion of retail store sales in future years.

The total cash outflow for leases amounted to RUB 5,478 million and RUB 4,218 million for the half-years ended 30 June 2021 and 2020, respectively.

9. INVENTORIES

Inventories as at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021	31 December 2020
Merchandise inventories	47,901	42,279
Materials	262	215
Total	**48,163**	**42,494**

Materials are represented by spare parts, packaging materials and other materials used in outlets and warehouses.

Write-offs of merchandise inventories for the half-years ended 30 June 2021 and 2020 consisted of the following:

	For the half-year ended	
	30 June 2021	30 June 2020
Actual and estimated shrinkage	629	250
Actual spoilage	397	314
Write-down to net realizable value	40	235
Total	**1,066**	**799**

Write-offs were recorded within cost of sales in the interim condensed consolidated statement of profit or loss and other comprehensive income.

10. CASH AND CASH EQUIVALENTS

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

	30 June 2021	31 December 2020
Cash on hand	322	402
Cash in transit	305	1,198
Cash in current bank accounts	172	226
Short-term deposits	21	-
Total	**820**	**1,826**

Cash in transit comprises cash collected from the Group’s stores and not yet placed into the Group’s bank accounts at the period end.

(in millions of Russian Rubles)

11. ORDINARY AND TREASURY SHARES

Ordinary shares

As at 30 June 2021 and 2020, the ordinary share capital of the Company was as follows:

	Outstanding ordinary shares	Issued ordinary shares	Authorized ordinary shares
At 1 January 2020	**735,518,965**	**739,000,000**	**739,000,000**
Purchase of treasury shares	(1,212,210)	-	-
At 30 June 2020	**734,306,755**	**739,000,000**	**739,000,000**
At 1 January 2021	**734,306,755**	**739,000,000**	**739,000,000**
Settlement of share-based compensation with treasury shares	962,902	-	-
At 30 June 2021	**735,269,657**	**739,000,000**	**739,000,000**

All ordinary shares have a par value of RUB 0.0004 per share.

Treasury shares

No purchases of the Company's ordinary shares by the Group took place during the period ended 30 June 2021. During the period ended 30 June 2020, the Group purchased 1,212,210 of the Company's ordinary shares for a total consideration of RUB 90 million.

During the period ended 30 June 2021, the Group used 962,902 of the Company's ordinary shares which cost was RUB 84 million to settle a share-based arrangement in the amount of RUB 136 million. No sales of the Company's ordinary shares by the Group took place during the period ended 30 June 2020.

As at 30 June 2021 and 2020 the Group has 3,730,343 treasury shares with cost of RUB 323 million and 4,693,245 treasury shares with cost of RUB 407 million, respectively.

12. DIVIDENDS

Dividends may only be declared from accumulated undistributed and unreserved earnings, as shown in the Company's statutory financial statements prepared in accordance with Russian accounting standards (hereinafter, "RAS"), and if certain other requirements of Russian legislation are met. If statutory undistributed earnings are negative as at the beginning of fiscal year, then dividends may only be declared from net profit earned in that fiscal year, as shown in the Company's statutory financial statements prepared under RAS.

On 30 June 2021, the annual General meeting of shareholders approved the dividend announcement for the year 2020 in the amount of RUB 4,466 million or RUB 6,07 per share, which was not paid as at 30 June 2021 and was presented within Advances received, other payables and accrued expenses line (Note 15).

On 30 June 2020 the annual General meeting of shareholders approved the dividend announcement for the year 2019 in the amount of RUB 2,205 million or RUB 3 per share, which were paid in full on 13-14 July 2020.

(in millions of Russian Rubles)

13. LEASE LIABILITIES

As at 30 June 2021 and 31 December 2020 lease liabilities comprised the following:

	30 June 2021	31 December 2020
Gross lease payments, including:		
Current portion (less than 1 year)	10,234	10,165
More than 1 to 5 years	28,551	27,135
Over 5 years	5,881	6,333
Total gross lease payments	**44,666**	**43,633**
Less unearned interest	(7,060)	(6,787)
Analysed as:		
Current portion	8,169	8,227
Non-current portion	29,437	28,619
Total lease liabilities	**37,606**	**36,846**

The following table summarizes the changes in the lease liabilities (movements of right-of-use assets are disclosed in Note 8):

	2021	2020
Balance at 1 January	**36,846**	**34,780**
Interest expense on lease liabilities	1,103	1,232
Lease payments	(5,151)	(4,039)
New lease contracts and modification of existing lease contracts	4,839	2,865
Other	(31)	81
Balance at 30 June	**37,606**	**34,919**

The Group's lease contracts include typical restrictions and covenants common for local business practice such as responsibility of the Group for regular maintenance and repair of the lease assets and its insurance, redesign and conduction of permanent improvements only with consent of the lessor, use of a leased asset in accordance with current legislation.

The Group has a number of lease arrangements, which had not commenced by 30 June 2021 and as a result, lease liabilities and right-of-use assets have not been recognized as at 30 June 2021. The aggregate future cash outflows to which the Group is exposed in respect of these contracts are RUB 1,054 million as at 30 June 2021 (31 December 2020: RUB 1,025 million).

(in millions of Russian Rubles)

14. LOANS AND BORROWINGS

Loans and borrowings as at 30 June 2021 and 31 December 2020 comprised the following:

	30 June 2021	31 December 2020
Loans and borrowings		
Unsecured bank loans in Russian Rubles	13,492	7,546
Bonds	11,000	11,000
Secured bank loans in Russian rubles	-	1,236
	24,492	**19,782**
Less short-term loans and borrowings and current portion of long-term loans and borrowings	(9,382)	(7,582)
Loans and borrowings, non-current	**15,110**	**12,200**

Bank loans in Russian Rubles

As at 30 June 2021 and 31 December 2020 the loans in Russian Rubles were provided to the Group by 7 and 6 Russian banks, respectively.

A forgivable loan received from the PJSC “Sberbank” under government anti-crisis support program in June-August 2020 amounted to RUB 1,236 million and interest accrued on it in the amount of RUB 19 million were recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income in “Forgivable loan” line item as the Group met the terms of forgiveness in April 2021.

Short-term bank loans received in the half-year ended 30 June 2021 and repaid in the same half-year (inter-period borrowings) comprised RUB 9,810 million. Short-term bank loans received in the half-year ended 30 June 2020 and repaid in the same half-year (inter-period borrowings) comprised RUB 24,770 million.

The fair value of the Group’s bank loans, including amounts due within one year, as at 30 June 2021 and 31 December 2020 amounted to RUB 13,277 million and RUB 8,787 million, respectively.
The carrying amount of bank loans is RUB 13,492 million and RUB 8,782 million, respectively. Inputs of Level 2 of the fair value hierarchy are used to measure the fair value of bank loans.

The resulting Level 2 fair value is determined in accordance with generally accepted valuation techniques based on a discounted cash flow analysis. The discount rate for 30 June 2021 valuation is determined by reference to the Group’s traded bonds yield (mostly driven by long-term bonds) of 7.54%, Level 2 input (31 December 2020: 5.91%, Level 2 input).

Bonds

In May 2020, the Group issued and placed documentary exchange non-convertible bonds (Series BO 06) in the total amount of RUB 3,000 million at PJSC “Moscow Stock exchange” with a nominal value of 1 thousand Russian Rubles each. The coupon interest rate was set at 7% per annum. The bonds mature on 29 April 2027 with the pull offer date on 8 May 2023.

In December 2019, the Group issued and placed documentary exchange non-convertible bonds (Series BO 05) in the total amount of RUB 3,000 million at PJSC “Moscow Stock exchange” with a nominal value of 1 thousand Russian Rubles each. The coupon interest rate was set at 7.25% per annum. The bonds mature on 1 December 2026 with the pull offer date on 8 December 2022.

In April 2019, the Group issued and placed documentary exchange non-convertible bonds (Series BO 07) in the total amount of RUB 5,000 million at PJSC “Moscow Stock exchange” with a nominal value of 1 thousand Russian Rubles each. The coupon interest rate was set at 8.9% per annum. The bonds mature on 6 April 2026 with the pull offer date on 13 April 2022.

As at 30 June 2021 the book value of exchange-traded bonds issued and placed by the Group comprised the amount of RUB 11,000 million, excluding accumulated coupon income of RUB 139 million. As at 31 December 2020 the book value of exchange-traded bonds issued and placed by the Group comprised the amount of RUB 11,000 million, excluding accumulated coupon income of RUB 141 million.

The Level 1 fair value of exchange-traded bonds, including the amounts due for payment within one year, as at 30 June 2021 amounted to RUB 11,160 million with the carrying amount equal to RUB 11,000 million (31 December 2020: RUB 11,474 million with the carrying amount equal to RUB 11,000 million).

Unused credit lines

As at 30 June 2021 and 31 December 2020, the total amount of undrawn credit lines of the Group amounted to RUB 33,933 million and RUB 34,402 million, respectively, including RUB 33,014 million and RUB 34,258 million relating to long-term credit lines, respectively.

Covenants

Under the terms of the loan agreements, the Group is required to comply with a number of covenants and restrictions, including maintenance of certain financial ratios. Non-compliance with these covenants may result in negative consequences of the Group: in particular, the creditors can increase the interest rate on the loan, require for additional collateral or early repayment of outstanding debt.

As at 30 June 2021 and 31 December 2020 the Group was in compliance with all financial covenants stipulated by its loan agreements.

Pledges and securities provided

As at 30 June 2021 and 31 December 2020 the Group had no assets or securities transferred as collateral for loans and borrowings granted to the Group.

As at 31 December 2020 a loan received from the PJSC “Sberbank” under government anti-crisis support program amounted to RUB 1,236 million was presented within loans and borrowings line and was provided with the guarantee from the state corporation “VEB.RF”, which had the responsibility of the guarantor to the creditor for the fulfilment of the obligations for up to 85% of the principal, including interest.

(in millions of Russian Rubles)

15. ADVANCES RECEIVED, OTHER PAYABLES AND ACCRUED EXPENSES

Advances received, other payables and accrued expenses as at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021	31 December 2020
Dividends payable	4,466	-
Accrued expenses and other current liabilities	3,746	3,707
Payables to employees	1,019	798
Advances received	656	867
Taxes payable other than income tax	441	417
Interest payable on bonds	139	45
Interest payable on bank loans	13	141
Total	**10,480**	**5,975**

16. SHARE-BASED COMPENSATION

During the half-year ended 30 June 2021 the Group had several long-term cash-settled and equity-settled share-based payment arrangements.

Liabilities recognized in relation to long-term incentive plans

As at 30 June 2021, the Group recognized liabilities of RUB 389 million in relation to a cash-settled share-based payment arrangement, including accrued social contributions of RUB 52 million (31 December 2020: RUB 224 million, including accrued social contributions of RUB 29 million).

Expenses recognized in relation to long-term incentive plans

Expenses in the amount of RUB 493 million incurred by the Group in relation to Incentive Plan 4.2 and Incentive Plan 5 were recognized as Selling, General and Administrative expenses (“payroll and other personnel expenses” line item) in the interim condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2021 (half-year ended 30 June 2020: expenses totaling RUB 384 million in relation to Incentive Plan 2, Incentive Plan 3, amendment to Incentive Plan 3, Incentive Plan 4.1 and Incentive Plan 4.2).

During the half-year ended 30 June 2021 the Group also recognized a credit to equity within Accumulated Deficit line in relation to equity-settled share-based payment arrangements of RUB 109 million (half-year ended 30 June 2020: RUB 22 million). This amount includes accrued social contributions of RUB 14 million (half-year ended 30 June 2020: RUB 3 million).

In March 2020, the Group’s Board of Directors modified Incentive Plan 4.1 so that all its options could only be settled in cash. Therefore the equity-settled share-based part of Incentive Plan 4.1 was reclassified to a cash-settled share-based payment arrangement. The reclassification was recognized as a debit to equity within Accumulated Deficit line in the half-year ended 30 June 2020 in the amount of RUB 3 million.

(in millions of Russian Rubles)

17. RELATED PARTIES

Parties are considered related if they are under common control or one party has the ability to control the other party or can exercise significant influence or joint control over decisions on matters of economic and financial activity. In considering each possible related party, the management paid special attention to the substance of the relationship and not merely the legal form, based on reasonable judgment.

Transactions with related parties may be on terms that are not always accessible to third parties. As at 30 June 2021 and 31 December 2020 the Group had no outstanding balances with any related parties, except for dividends payable in the amount of RUB 1,341 million as at 30 June 2021.

The Group's transactions with its related parties for the half-years ended 30 June 2021 and 2020 were as follows:

		For the half-year ended	
Related party	**Type of operation**	**30 June 2021**	**30 June 2020**
MTS	Communication costs	-	17
MTS	Agency fee	-	12
MTS – Bank	Interest income	-	8
CJSC "NVision group"	Acquisition of fixed assets	-	4
JSC "Progress"	Acquisition of goods	-	761
LLC "Segezha packaging"	Acquisition of goods	-	5

Remuneration of key management personnel of the Group

During the half-years ended 30 June 2021 and 2020, directors of the Group and other members of key management personnel received remuneration in the amount of RUB 547 million (including RUB 150 million of short-term non-share-based benefits, RUB 202 million of accrued short-term share-based compensation and RUB 195 million of accrued long-term share-based compensation) and RUB 590 million (including RUB 295 million of short-term non-share-based benefits, RUB 267 million of accrued short-term share-based compensation and RUB 28 million of accrued long-term share-based compensation), respectively.

18. COMMITMENTS AND CONTINGENCIES

Contractual commitments

At 30 June 2021 the Group has entered into contractual commitments for the acquisition of property, plant and equipment and intangible assets amounting to RUB 1,519 million, which mainly comprise the amount of 1,188 million for the construction and equipping of the new distribution center (31 December 2020: RUB 1,926 million, which mainly comprise the amount of 1,854 million for the construction of the new distribution center).

Taxation and legal proceedings

The Group is subject to income taxes and other taxes. Significant judgment is required in determining the provision for income tax and other taxes as there are a number of transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of various matters is different from the amounts that were recorded, such difference have an impact on the amounts of current and deferred income tax in the period in which such determination is made.

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

In the ordinary course of business, the Group may be a party to various tax and legal proceedings, and be subject to claims. In the opinion of management, the Group's liability if any, all pending litigation, other legal proceedings or other matters, will not have a material effect on the consolidated financial position, consolidated results of operations or liquidity of the Group: exposure of possible contingent liabilities identified by the Group will not exceed 1.3% of the Group's revenue.

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The Group sells products that are sensitive to changes in general economic conditions that impact consumer spending. Future economic conditions and other factors, including outbreak of coronavirus disease (COVID-19), sanctions imposed, consumer confidence, employment levels, interest rates, consumer debt levels and availability of consumer credit could reduce consumer spending or change consumer purchasing habits. A general slowdown in the Russian economy or in the global economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group's operating results.

Furthermore, the Russian economy is still being negatively impacted by the Russian Ruble depreciation against USD and sanctions imposed on Russia by a number of countries, international rating agency Fitch has raised its forecast for Russia's economic growth for 2021 from 3.3% to 3.7%, stating GDP growth will accelerate to 5.5% in the second half of 2021.

The combination of the negative factors affecting the Russian economy resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management of the Group is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

19. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Group has evaluated subsequent events through 24 August 2021, the date on which the interim condensed consolidated financial information was approved.

The dividends declared on 30 June 2021 were fully paid on 19 July 2021.

SUPPLEMENTARY INFORMATION: NON-IFRS MEASURES

In this note, additional information is disclosed, which was not subject to review procedures, performed by the independent auditor. In order to maintain comparability of interim condensed consolidated financial results, interim condensed consolidated financial position and interim condensed consolidated cash flows of the Group for the recent years and provide comfort on key performance measures used to assess the Group's financial performance, the Group decided to disclose supplementary information for the half-year ended 30 June 2021, prepared according to IAS 17 "Leases" instead of IFRS 16 "Leases", including comparatives. The information set out below is not IFRS information and should be considered and read in addition to, but not as a substitute for, the information contained in the interim condensed consolidated financial information.

Starting 1 January 2018, the Group has been applying requirements of IFRS 16 with respect to lease agreements. Comparing to previously effective IAS 17, IFRS 16 introduced significant changes to the lessee accounting.

According to IAS 17, until 1 January 2018 the Group had recognized operating lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed. Contingent rentals arising under operating leases used to be recognized as an expense in the period in which they were activated.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
(b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

(in millions of Russian Rubles)

Had the Group continued applying IAS 17 instead of IFRS 16, the Group's interim condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2021 would have been as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020**
As if IAS 17 "Leases" was applied		
Revenue	73,067	59,856
Cost of sales	(50,592)	(41,890)
GROSS PROFIT	**22,475**	**17,966**
Selling, general and administrative expenses	(16,807)	(13,938)
Forgivable loan	1,255	-
Other operating income, net	99	7
OPERATING PROFIT	**7,022**	**4,035**
Finance income	4	66
Finance expenses	(867)	(1,250)
Foreign exchange gain/(loss), net	58	(1,471)
PROFIT BEFORE INCOME TAX	6,217	1,380
Income tax expense	(1,044)	(278)
PROFIT FOR THE PERIOD	**5,173**	**1,102**
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss		
Effect of translation to presentation currency	(14)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**5,159**	**1,099**
Earnings per share		
Weighted average number of shares outstanding, basic and diluted:	734,973,070	734,819,613
Earnings per share, basic and diluted (in Russian Rubles per share)	7.04	1.50

SUPPLEMENTARY INFORMATION: NON-IFRS MEASURES
(in millions of Russian Rubles)

Had the Group continued applying IAS 17 instead of IFRS 16, the Group's interim condensed consolidated statement of financial position as at 30 June 2021 would have been as follows:

	30 June 2021	31 December 2020
As if IAS 17 "Leases" was applied		
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	10,074	9,274
Intangible assets	1,369	1,524
Deferred tax assets	1,858	2,140
Other non-current assets	229	219
Total non-current assets	**13,530**	**13,157**
CURRENT ASSETS:		
Inventories	48,163	42,494
Trade receivables	2,990	3,670
Advances paid and other receivables	2,087	1,812
Prepaid income tax	25	10
Cash and cash equivalents	820	1,826
Total current assets	**54,085**	**49,812**
TOTAL ASSETS	**67,615**	**62,969**
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	1	1
Treasury shares	(323)	(407)
Additional paid-in capital	5,793	5,793
Accumulated deficit	(4,799)	(5,462)
Currency translation reserve	114	127
Total equity	**786**	**52**
NON-CURRENT LIABILITIES:		
Long-term loans and borrowings	15,110	12,200
Deferred tax liabilities	101	92
Total non-current liabilities	**15,211**	**12,292**
CURRENT LIABILITIES:		
Trade payables	31,103	35,770
Short-term loans and borrowings and current portion of long-term loans and borrowings	9,382	7,582
Advances received, other payables and accrued expenses	10,634	6,112
Deferred revenue	481	527
Income tax payable	18	634
Total current liabilities	**51,618**	**50,625**
Total liabilities	**66,829**	**62,917**
TOTAL EQUITY DEFICIT AND LIABILITIES	**67,615**	**62,969**

(in millions of Russian Rubles)

Had the Group continued applying IAS 17 instead of IFRS 16, the Group's interim condensed consolidated statement of cash flows for the half-year ended 30 June 2021 would have been as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020 (restated)[2]**
As if IAS 17 "Leases" was applied		
OPERATING ACTIVITIES:		
Profit for the period	5,173	1,102
Adjustments for:		
Depreciation and amortization expense	1,265	1,401
Write-offs of merchandise inventories relating to shrinkage and write-down to net realizable value	1,066	799
Income tax expense recognized in profit or loss	1,044	278
Finance expenses	867	1,250
Expense on equity-settled share-based compensation	153	22
Finance income	(4)	(66)
Gain on settlement of equity-settled share-based compensation	(52)	-
Foreign exchange (gain)/loss, net	(58)	1,471
Change in estimated breakage of bonus points under loyalty program	(97)	(36)
Forgivable loan	(1,255)	-
Other	(35)	-
Changes in working capital:		
Decrease in trade receivables	680	2,287
(Increase)/decrease in advances paid and other receivables	(300)	625
Increase in inventories	(6,695)	(4,150)
Decrease in trade payables	(4,500)	(8,671)
Decrease in advances received, other payables and accrued expenses	(37)	(914)
Increase in deferred revenue	51	76
Cash used in operations	**(2,734)**	**(4,526)**
Interest paid	(768)	(1,158)
Interest received	4	52
Income tax paid	(1,367)	(712)
Net cash used in operating activities	**(4,865)**	**(6,344)**
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(1,756)	(576)
Payments for intangible assets	(189)	(93)
Proceeds from disposal of property, plant and equipment	11	21
Net cash used in investing activities	**(1,934)**	**(648)**
FINANCING ACTIVITIES:		
Purchase of treasury shares	-	(90)
Proceeds from loans and borrowings	30,987	49,800
Repayment of loans and borrowings	(25,041)	(41,211)
Net cash generated by financing activities	**5,946**	**8,499**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(853)**	**1,507**
CASH AND CASH EQUIVALENTS, beginning of the period	**1,826**	**1,769**
Effect of changes in foreign exchange rates	(153)	(345)
CASH AND CASH EQUIVALENTS, end of the period	**820**	**2,931**

[2] In order to improve the presentation of certain lines in the interim condensed consolidated statement of cash flows the Group made the following presentation changes:
1) Separation of the effect of changes in foreign exchange rates for the half-year ended 30 June 2020: "Decrease in trade payables" line was increased by RUB 345 million, whereas "Effect of changes in foreign exchange rates" line was changed for the respective amount.
2) Separation of the change in estimated breakage of bonus points under loyalty program for the half-year ended 30 June 2020: "Increase in deferred revenue" line was increased by RUB 36 million, whereas "Change in estimated breakage of bonus points under loyalty program" line was changed for the respective amount.

(in millions of Russian Rubles)

Had the Group continued applying IAS 17 instead of IFRS 16, reconciliation of adjusted EBITDA as defined in Note 3 to IFRS profit of the half-year would have been as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020**
PROFIT FOR THE PERIOD	**5,173**	**1,102**
Finance income	(4)	(66)
Finance expenses	867	1,250
Income tax expense	1,044	278
Depreciation and amortization	1,265	1,401
Foreign exchange (gain)/loss, net	(58)	1,471
Expense on share-based compensation	493	384
Forgivable loan (one-off income item)	(1,255)	-
Adjusted EBITDA	**7,525**	**5,820**

Had the Group continued applying IAS 17 instead of IFRS 16, the Group's selling, general and administrative expenses for the half-year ended 30 June 2021 would have been as follows:

	For the half-year ended	
	30 June 2021	**30 June 2020**
As if IAS 17 "Leases" was applied		
Payroll and other personnel expenses	6,455	5,198
Rent and utilities	6,064	4,888
Depreciation and amortization	1,265	1,401
Banking services	814	623
Advertising and marketing expenses	393	427
Repair and maintenance	375	269
Promotional materials	261	202
Software maintenance	248	215
Security expenses	230	176
Consulting services	148	122
Office equipment	92	64
Taxes (other than income tax)	70	69
Communication expenses	66	72
Travel expenses	49	27
Stationery and other materials	32	19
Other	245	166
Total	**16,807**	**13,938**