

**Joint Stock Company Melon Fashion Group**

**International Financial Reporting Standards  
Condensed Consolidated Interim Financial Statements**

**For the nine month ended 30 September 2021**

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### CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders and Board of Directors of Joint Stock Company Melon Fashion Group:

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Joint Stock Company Melon Fashion Group and its subsidiaries (together – the “Group”) as at 30 September 2020 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

AO PricewaterhouseCoopers Audit  
05 November 2021  
Moscow, Russian Federation

**A.S.Zubenko, certified auditor (licence no. 01-000080), AO PricewaterhouseCoopers Audit**

Audited entity: Joint stock company Melon Fashion Group

Independent auditor: AO PricewaterhouseCoopers Audit

Record made in the Unified State Register of Legal Entities on 27 December 2005 under State Registration Number No. 1057813298553

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Taxpayer Identification Number 7839326623

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

190103 Russia, Saint Petersburg, 10th Krasnoarmeiskaya, 22

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

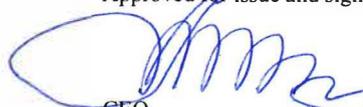
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JSC Melon Fashion Group  
Condensed consolidated Interim Statement of Financial Position

|                                      | Note | 30 September 2021 | 31 December 2020  | 30 September 2021 | 31 December 2020 |
|--------------------------------------|------|-------------------|-------------------|-------------------|------------------|
|                                      |      | RUB thousand      | RUB thousand      | USD thousand      | USD thousand     |
| <b>ASSETS</b>                        |      |                   |                   |                   |                  |
| <b>Non-current assets</b>            |      |                   |                   |                   |                  |
| Property, plant and equipment        | 9    | 1 492 332         | 1 579 146         | 20 510            | 21 376           |
| Investment property                  |      | 11 194            | 11 194            | 154               | 152              |
| Intangible assets                    | 9    | 530 205           | 575 299           | 7 287             | 7 787            |
| Deferred income tax asset            | 12   | 298 901           | 287 492           | 4 108             | 3 892            |
| Non-current secured payments         | 11   | 46 922            | 28 257            | 645               | 382              |
| Right-of-use assets                  | 19   | 5 621 151         | 7 499 431         | 77 255            | 101 514          |
| <b>Total non-current assets</b>      |      | <b>8 000 705</b>  | <b>9 980 819</b>  | <b>109 959</b>    | <b>135 103</b>   |
| <b>Current assets</b>                |      |                   |                   |                   |                  |
| Inventories                          | 10   | 8 392 038         | 7 437 565         | 115 337           | 100 677          |
| Trade and other receivables          | 11   | 711 199           | 645 953           | 9 774             | 8 743            |
| Current income tax overpayment       |      | -                 | 96 218            | -                 | 1 302            |
| Cash and cash equivalents            |      | 5 194 492         | 4 348 502         | 71 391            | 58 862           |
| <b>Total current assets</b>          |      | <b>14 297 729</b> | <b>12 528 238</b> | <b>196 502</b>    | <b>169 584</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>22 298 434</b> | <b>22 509 057</b> | <b>306 461</b>    | <b>304 687</b>   |
| <b>EQUITY</b>                        |      |                   |                   |                   |                  |
| Share capital                        | 18   | 48 062            | 48 062            | 651               | 651              |
| Share premium                        | 18   | 607 186           | 607 186           | 8 219             | 8 219            |
| Revaluation reserve                  |      | 8 513             | 8 513             | 115               | 115              |
| Translation reserve                  |      | 65 066            | 90 928            | (3 104)           | (4 052)          |
| Retained earnings                    |      | 5 693 277         | 3 372 262         | 82 382            | 50 929           |
| <b>TOTAL EQUITY</b>                  |      | <b>6 422 104</b>  | <b>4 126 951</b>  | <b>88 263</b>     | <b>55 862</b>    |
| <b>LIABILITIES</b>                   |      |                   |                   |                   |                  |
| <b>Non-current liabilities</b>       |      |                   |                   |                   |                  |
| Deferred income tax liability        | 12   | 334 834           | 336 064           | 4 602             | 4 549            |
| Non-current lease liabilities        | 19   | 3 461 440         | 4 953 041         | 47 573            | 67 046           |
| Demolition provision - leases        |      | 84 126            | 82 506            | 1 156             | 1 117            |
| <b>Total non-current liabilities</b> |      | <b>3 880 400</b>  | <b>5 371 611</b>  | <b>53 331</b>     | <b>72 712</b>    |
| <b>Current liabilities</b>           |      |                   |                   |                   |                  |
| Trade and other payables             | 13   | 8 462 305         | 7 771 517         | 116 303           | 105 197          |
| Borrowings                           |      | -                 | 1 392 017         | -                 | 18 843           |
| Current income tax payables          |      | 138 986           | -                 | 1 910             | -                |
| Derivative financial instruments     | 17   | 5 628             | -                 | 77                | -                |
| Current lease liabilities            | 19   | 2 820 810         | 3 595 676         | 38 768            | 48 672           |
| Other current liabilities            | 14   | 568 201           | 251 285           | 7 809             | 3 401            |
| <b>Total current liabilities</b>     |      | <b>11 995 930</b> | <b>13 010 495</b> | <b>164 867</b>    | <b>176 113</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>15 876 330</b> | <b>18 382 106</b> | <b>218 198</b>    | <b>248 825</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>22 298 434</b> | <b>22 509 057</b> | <b>306 461</b>    | <b>304 687</b>   |

Approved for issue and signed on the behalf of Board of Directors on 04 November 2021

  
CEO Mikhail Urzhumtsev

  
CFO Natalia Samuticheva

The accompanying notes on pages 7 - 24 form an integral part of these condensed consolidated interim financial statements

JSC Melon Fashion Group  
Condensed consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

|   | Note | Nine months ended    |                      | Nine months ended    |                      |
|---|------|----------------------|----------------------|----------------------|----------------------|
|   |      | 30 September<br>2021 | 30 September<br>2020 | 30 September<br>2021 | 30 September<br>2020 |
|   |      | RUB thousand         | RUB thousand         | USD thousand         | USD thousand         |
| Revenue   | 6    | 28 266 587           | 17 025 775           | 382 173              | 240 138              |
| Cost of sales   | 15   | (14 269 344)         | (8 286 382)          | (192 924)            | (117 186)            |
| <b>Gross profit</b>   |      | <b>13 997 243</b>    | <b>8 739 393</b>     | <b>189 249</b>       | <b>122 952</b>       |
| Distribution costs  | 15   | (9 772 015)          | (8 124 325)          | (132 088)            | (115 080)            |
| General and administrative expenses   | 15   | (679 928)            | (537 853)            | (9 169)              | (7 602)              |
| Net other operating income  | 16   | 730 650              | 305 043              | 9 831                | 3 929                |
| <b>Operating profit</b>   |      | <b>4 275 950</b>     | <b>382 258</b>       | <b>57 823</b>        | <b>4 199</b>         |
| Finance income  |      | 69 822               | 20 268               | 546                  | 283                  |
| Finance costs   |      | (471 380)            | (588 763)            | (5 970)              | (8 328)              |
| <b>Finance costs - net</b>  |      | <b>(401 558)</b>     | <b>(568 495)</b>     | <b>(5 424)</b>       | <b>(8 045)</b>       |
| <b>Profit/(loss) before income tax</b>  |      | <b>3 874 392</b>     | <b>(186 237)</b>     | <b>52 399</b>        | <b>(3 846)</b>       |
| Income tax (expenses)/credit  |      | (693 377)            | 18 244               | (9 380)              | 509                  |
| <b>Profit/(loss) for the period</b>   |      | <b>3 181 015</b>     | <b>(167 993)</b>     | <b>43 019</b>        | <b>(3 337)</b>       |
| <i>Items that may be reclassified subsequently to profit or loss:</i>               |      |                      |                      |                      |                      |
| Translation of financial information of foreign operations to presentation currency |      | (25 862)             | (12 165)             | 948                  | (10 061)             |
| <b>Other comprehensive loss for the period net of tax</b>                           |      | <b>(25 862)</b>      | <b>(12 165)</b>      | <b>948</b>           | <b>(10 061)</b>      |
| <b>Total comprehensive income/(loss) for the period net of tax</b>                  |      | <b>3 155 153</b>     | <b>(180 158)</b>     | <b>43 967</b>        | <b>(13 398)</b>      |
| Earnings / (losses) per ordinary share  |      | 99,3                 | (5,2)                | 1,3                  | (0,1)                |

The accompanying notes on pages 7 - 24 form an integral part of these condensed consolidated interim financial statements

JSC Melon Fashion Group  
Condensed consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

|  | Share capital | Share premium  | Revaluation reserve | Translation reserve | Retained earnings/ (accumulated loss) | Total equity     |
|--|---------------|----------------|---------------------|---------------------|---------------------------------------|------------------|
| <i>In RUB thousand</i>   |               |                |                     |                     |                                       |                  |
| <b>Balance as of 1 January 2020</b>                                    | <b>48 062</b> | <b>607 186</b> | <b>8 513</b>        | <b>83 093</b>       | <b>2 303 155</b>                      | <b>3 050 009</b> |
| <b>Comprehensive loss</b>  |               |                |                     |                     |                                       |                  |
| Loss for the period  | -             | -              | -                   | -                   | (167 993)                             | (167 993)        |
| <b>Other comprehensive loss</b>  |               |                |                     |                     |                                       |                  |
| Translation difference   | -             | -              | -                   | (12 165)            | -                                     | (12 165)         |
| <b>Total comprehensive loss for the period</b>                         | <b>-</b>      | <b>-</b>       | <b>-</b>            | <b>(12 165)</b>     | <b>(167 993)</b>                      | <b>(180 158)</b> |
| <b>Balance as of 30 September 2020</b>                                 | <b>48 062</b> | <b>607 186</b> | <b>8 513</b>        | <b>70 928</b>       | <b>2 135 162</b>                      | <b>2 869 851</b> |
| <b>Balance as of 1 January 2021</b>                                    | <b>48 062</b> | <b>607 186</b> | <b>8 513</b>        | <b>90 928</b>       | <b>3 372 262</b>                      | <b>4 126 951</b> |
| Dividends declared   | -             | -              | -                   | -                   | (860 000)                             | (860 000)        |
| <b>Total contributions by and distributions to owners of the Group</b> | <b>48 062</b> | <b>607 186</b> | <b>8 513</b>        | <b>90 928</b>       | <b>2 512 262</b>                      | <b>3 266 951</b> |
| <b>Comprehensive income</b>  |               |                |                     |                     |                                       |                  |
| Profit for the period  | -             | -              | -                   | -                   | 3 181 015                             | 3 181 015        |
| <b>Other comprehensive loss</b>  |               |                |                     |                     |                                       |                  |
| Translation difference   | -             | -              | -                   | (25 862)            | -                                     | (25 862)         |
| <b>Total comprehensive (loss)/income for the period</b>                | <b>-</b>      | <b>-</b>       | <b>-</b>            | <b>(25 862)</b>     | <b>3 181 015</b>                      | <b>3 155 153</b> |
| <b>Balance as of 30 September 2021</b>                                 | <b>48 062</b> | <b>607 186</b> | <b>8 513</b>        | <b>65 066</b>       | <b>5 693 277</b>                      | <b>6 422 104</b> |

The accompanying notes on pages 7 - 24 form an integral part of these condensed consolidated interim financial statements

JSC Melon Fashion Group  
Condensed consolidated Interim Statement of Changes in Equity

|  | Share capital | Share premium  | Revaluation reserve | Translation reserve | Retained earnings/ (accumulated loss) | Total equity    |
|--|---------------|----------------|---------------------|---------------------|---------------------------------------|-----------------|
| <i>In USD thousand</i>   |               |                |                     |                     |                                       |                 |
| <b>Balance as of 1 January 2020</b>                                    | <b>776</b>    | <b>9 808</b>   | <b>138</b>          | <b>512</b>          | <b>38 035</b>                         | <b>49 269</b>   |
| <b>Comprehensive loss</b>  |               |                |                     |                     |                                       |                 |
| Loss for the period  | -             | -              | -                   | -                   | (3 337)                               | (3 337)         |
| <b>Other comprehensive loss</b>  |               |                |                     |                     |                                       |                 |
| Translation difference   | (173)         | (2 188)        | (31)                | (7 669)             | -                                     | (10 061)        |
| <b>Total comprehensive loss for the period</b>                         | <b>(173)</b>  | <b>(2 188)</b> | <b>(31)</b>         | <b>(7 669)</b>      | <b>(3 337)</b>                        | <b>(13 398)</b> |
| <b>Balance as of 30 September 2020</b>                                 | <b>603</b>    | <b>7 620</b>   | <b>107</b>          | <b>(7 157)</b>      | <b>34 698</b>                         | <b>35 871</b>   |
| <b>Balance as of 1 January 2021</b>                                    | <b>651</b>    | <b>8 219</b>   | <b>115</b>          | <b>(4 052)</b>      | <b>50 929</b>                         | <b>55 862</b>   |
| Dividends declared   | -             | -              | -                   | -                   | (11 566)                              | (11 566)        |
| <b>Total contributions by and distributions to owners of the Group</b> | <b>651</b>    | <b>8 219</b>   | <b>115</b>          | <b>(4 052)</b>      | <b>39 363</b>                         | <b>44 296</b>   |
| <b>Comprehensive income</b>  |               |                |                     |                     |                                       |                 |
| Profit for the period  | -             | -              | -                   | -                   | 43 019                                | 43 019          |
| <b>Other comprehensive income</b>                                      |               |                |                     |                     |                                       |                 |
| Translation difference   | -             | -              | -                   | 948                 | -                                     | 948             |
| <b>Total comprehensive income for the period</b>                       | <b>-</b>      | <b>-</b>       | <b>-</b>            | <b>948</b>          | <b>43 019</b>                         | <b>43 967</b>   |
| <b>Balance as of 30 September 2021</b>                                 | <b>651</b>    | <b>8 219</b>   | <b>115</b>          | <b>(3 104)</b>      | <b>82 382</b>                         | <b>88 263</b>   |

JSC Melon Fashion Group  
Condensed consolidated Interim Statement of Cash Flows

|  | Nine months ended  |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 30 September 2021  | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|  | RUB thousand       | RUB thousand      | USD thousand      | USD thousand      |
| <b>Cash flows from operating activities</b>                      |                    |                   |                   |                   |
| Cash generated from operations                                   | 6 060 072          | 2 820 317         | 82 111            | 38 965            |
| Net interest received/(paid)                                     | 25 402             | (50 117)          | 343               | (699)             |
| Interest paid on lease liability                                 | (426 960)          | (518 378)         | (5 768)           | (7 346)           |
| Income tax paid  | (410 437)          | (130 670)         | (5 550)           | (1 966)           |
| <b>Net cash generated from operating activities</b>              | <b>5 248 077</b>   | <b>2 121 152</b>  | <b>71 136</b>     | <b>28 954</b>     |
| <b>Cash flow from investing activities</b>                       |                    |                   |                   |                   |
| Purchase of property, plant and equipment (PPE)                  | (453 521)          | (266 220)         | (6 124)           | (3 754)           |
| Purchase of intangible assets                                    | (42 978)           | (30 074)          | (581)             | (429)             |
| <b>Net cash used in investing activities</b>                     | <b>(496 499)</b>   | <b>(296 294)</b>  | <b>(6 705)</b>    | <b>(4 183)</b>    |
| <b>Cash flow from financing activities</b>                       |                    |                   |                   |                   |
| Dividends payment  | (860 000)          | -                 | (11 588)          | -                 |
| Principal elements of lease payments                             | (2 055 654)        | (582 020)         | (27 809)          | (9 537)           |
| Proceeds from borrowings   | -                  | 4 280 861         | -                 | 61 012            |
| Repayments of borrowings   | (1 000 000)        | (2 674 116)       | (13 474)          | (37 131)          |
| <b>Net cash generated (used in)/from financing activities</b>    | <b>(3 915 654)</b> | <b>1 024 725</b>  | <b>(52 871)</b>   | <b>14 344</b>     |
| <b>Net increase in cash and cash equivalents</b>                 | <b>835 924</b>     | <b>2 849 583</b>  | <b>11 560</b>     | <b>39 115</b>     |
| Cash and cash equivalents at beginning of period                 | 4 348 502          | 683 793           | 58 862            | 11 046            |
| Effect of changes in currency rates on cash and cash equivalents | 10 066             | 33 289            | 969               | (5 392)           |
| <b>Cash, cash equivalents at the end of the period</b>           | <b>5 194 492</b>   | <b>3 566 665</b>  | <b>71 391</b>     | <b>44 769</b>     |

The accompanying notes on pages 7 - 24 form an integral part of these condensed consolidated interim financial statements

JSC Melon Fashion Group  
Condensed consolidated Interim Statement of Cash Flows

|   | Nine months ended |                   | Nine months ended |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|   | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| Profit/(loss) before income tax   | 3 874 392         | (186 237)         | 52 399            | (3 846)           |
| <i>Adjustments for:</i>   |                   |                   |                   |                   |
| – Depreciation  | 518 491           | 505 530           | 7 000             | 7 152             |
| – Amortisation  | 88 073            | 82 917            | 1 189             | 1 174             |
| – Depreciation of right-of-use assets   | 2 237 713         | 2 422 889         | 30 241            | 34 080            |
| – Finance costs– net  | (25 402)          | 50 117            | (343)             | 699               |
| – Finance costs on lease liability  | 426 960           | 518 378           | 5 768             | 7 346             |
| – (Loss)/gain from foreign exchange difference from lease liabilities   | (16 093)          | 417 054           | (220)             | 6 429             |
| – (Loss)/gain from foreign exchange difference from operating activity  | (10 427)          | 244 683           | (138)             | 3 326             |
| – Write off of property, plant and equipment  | 839               | 1 215             | 11                | 17                |
| – Government support  | (396 937)         | -                 | (5 352)           | -                 |
| – Effect from lease contracts changes   | (498 751)         | -                 | (6 716)           | -                 |
| – Extinguishment of lease liabilities by lease concessions  | (79 220)          | (1 048 612)       | (1 067)           | (13 818)          |
| Other non-cash transactions   | (13 384)          | (73 469)          | (150)             | (1 200)           |
| <i>Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):</i> |                   |                   |                   |                   |
| – Derivative financial instruments  | 5 628             | (53 955)          | 75                | (840)             |
| – Inventories   | (955 168)         | (1 778 521)       | (12 809)          | (24 309)          |
| – Trade and other receivables   | (102 099)         | 87 752            | (1 389)           | 1 168             |
| – Trade and other payables  | 709 554           | 1 820 167         | 9 610             | 24 785            |
| – Other current liabilities   | 295 903           | (189 591)         | 4 002             | (3 198)           |
| <b>Cash generated from operations</b>   | <b>6 060 072</b>  | <b>2 820 317</b>  | <b>82 111</b>     | <b>38 965</b>     |

The accompanying notes on pages 7 - 24 form an integral part of these condensed consolidated interim financial statements

## 1. JSC Melon Fashion Group, its Operations and Economic Environment

These condensed consolidated interim financial statements have been prepared for JSC Melon Fashion Group (the “Company”) and its subsidiaries (the “Group”).

The Company is a joint stock company limited by shares and was set up in accordance with Russian regulations.

**Principal activity.** The Group manufactures, distributes and sells women's and men's clothes through their own retail and franchise stores within the Russian Federation, Ukraine, Kazakhstan, Belarus, Moldova and Armenia. As at 30 September 2021 the Group operates under its own trademarks: "befree", "ZARINA", "SELA" and "LOVE REPUBLIC".

As of 30 September 2021, the Group operated 815 (as of 31 December 2020 - 809) stores across the Russian Federation, Ukraine, Kazakhstan, Belarus, Moldova and Armenia.

The Group's structure as of 30 September 2021 and as of 31 December 2020 is as follows:

| <b>Name of the company</b>   | <b>Parent company or subsidiary</b> | <b>Country of incorporation</b> | <b>% interest held</b> |
|------------------------------|-------------------------------------|---------------------------------|------------------------|
| Melon Fashion Ukraine Ltd    | Subsidiary                          | Ukraine                         | 100%                   |
| Melon Fashion Lithuania LTD  | Subsidiary                          | Lithuania                       | 100%                   |
| Melon Fashion Trading CO LTD | Subsidiary                          | China                           | 100%                   |
| Taxi Style Ltd               | Subsidiary                          | Russian Federation              | 100%                   |

### Operating environment.

In 2021, the COVID-19 global pandemic is continuing to negatively impact global economy, including restrictions and limitations on business activity imposed in some regions in Russia since 30 October 2021. Meantime, the Group’s management believes there is no significant adverse effect on the Group’s operations while additional costs to provide a COVID-19 secure working environment were not significant. The Group also did not request specific COVID-19 Government support in 2021.

## 2. Basis of preparation

These condensed consolidated interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

## 3. Summary of Significant Accounting Policies

### 3(1). Foreign currency translation

The functional currency of each of the Group’s consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Parent company and Taxi Style Ltd is the national currency of the Russian Federation, Russian Rubles (“RUB”), in Melon Fashion Ukraine Ltd is Ukrainian hryvnia (“UAH”) and, in Melon Fashion Trading CO LTD is Chinese Yuan (“CNY”). The Group’s presentation currencies are Russian Rubles and US Dollars (“USD”). The Group agreed presentation in RUB and USD which management believes are the most useful currencies to adopt for shareholders.

Monetary assets and liabilities are translated into each entity’s functional currency at the official

### 3. Summary of Significant Accounting Policies (continued)

#### 3(1). Foreign currency translation (continued)

exchange rate of the Central Bank of the Russian Federation (“CBRF”) at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity’s functional currency at year-end official exchange rates of the CBRF are recognised in profit or loss as finance income or costs. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

The results and financial position of the Group's subsidiary in Ukraine and China are translated into the RUB for the purposes of consolidation as follows:

- i) assets and liabilities presented in the subsidiary's statement of financial position are translated from UAH/CNY to RUB at the closing rate at the corresponding date;
- ii) income and expenses in the subsidiary's statement of recognised income and expenses are translated from UAH/CNY to RUB at quarterly average exchange rates for the corresponding periods, and, thereafter amounts are summed up;
- iii) all translation differences arising between the amounts in the condensed consolidated interim statements of comprehensive income and the amounts in the condensed consolidated interim statement of financial position are recognised in the subsidiary’s statements of financial position as a separate component of equity, referred to as “Translation reserve” and in other comprehensive income in the condensed consolidated interim statement of comprehensive income;
- (iv) the equity is measured at the historical rate;

The following UAH/RUB exchange rates were applied:

30 September 2021: UAH 1 = RUB 2,7382;

Quarter 1 2021 average exchange rate: UAH 1 = RUB 2,6589;

Quarter 2 2021 average exchange rate: UAH 1 = RUB 2,6903;

Quarter 3 2021 average exchange rate: UAH 1 = RUB 2,7312.

31 December 2020: UAH 1 = RUB 2,6174;

Quarter 1 2020 average exchange rate: UAH 1 = RUB 2,6446;

Quarter 2 2020 average exchange rate: UAH 1 = RUB 2,6845;

Quarter 3 2020 average exchange rate: UAH 1 = RUB 2,6650.

The following CNY/RUB exchange rates were applied:

**3. Summary of Significant Accounting Policies (continued)**

**3(1). Foreign currency translation (continued)**

30 September 2021: CNY 1 = RUB 11,2494;

Quarter 1 2021 average exchange rate: CNY 1 = RUB 11,4587;

Quarter 2 2021 average exchange rate: CNY 1 = RUB 11,4854;

Quarter 3 2021 average exchange rate: CNY 1 = RUB 11,3567.

31 December 2020: CNY 1 = RUB 11,3119;

Quarter 1 2020 average exchange rate: CNY 1 = RUB 9,5084;

Quarter 2 2020 average exchange rate: CNY 1 = RUB 10,2104;

Quarter 3 2020 average exchange rate: CNY 1 = RUB 10,6303.

**3(2). Non-functional Currency Presentation**

The results and financial position of the Group are translated into USD as follows:

(i) assets and liabilities for each condensed consolidated interim statement of financial position are translated at the closing rate at the end of the respective reporting period;

(ii) income and expenses in the condensed consolidated interim statement of profit or loss and other comprehensive income are translated at quarterly average exchange rates for the corresponding periods, and, thereafter all amounts are summed up;

(iii) all translation differences arising between the amounts in the condensed consolidated interim statement of comprehensive income and the amounts in the condensed consolidated interim statement of financial position are recognised in the condensed consolidated interim statement of financial position as a separate component of equity, referred to as "Translation reserve" and in other comprehensive income in the condensed consolidated interim statement of comprehensive income.

The following USD/RUB exchange rates were applied:

30 September 2021: USD 1 = RUB 72,7608;

Quarter 1 2021 average exchange rate: USD 1 = RUB 74,3414;

Quarter 2 2021 average exchange rate: USD 1 = RUB 74,2155;

Quarter 3 2021 average exchange rate: USD 1 = RUB 73,4746.

31 December 2020: USD 1 = RUB 73,8757;

Quarter 1 2020 average exchange rate: USD 1 = RUB 66,3818;

Quarter 2 2020 average exchange rate: USD 1 = RUB 72,3611;

Quarter 3 2020 average exchange rate: USD 1 = RUB 73,5598.

#### 4. New accounting pronouncements

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2021 and have not had a material impact on the Group's financial position or operations:

- 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);
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

The Group is considering the implications of the following amendments, their impact on the Group and the timing of their adoption 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);
- IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023);
- 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 2023);
- 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);
- 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);
- 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).

#### 5. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

## 6. Segment Information

The Group does not fall within the scope of IFRS 8 “Operating segments”, but disclose the segment information in accordance with the standard voluntary for the use of shareholders.

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results (including and excluding IFRS 16 influence) are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM analyses operating results with reference to EBITDA taking into account the fact that EBITDA includes IFRS 16 effects: interest expense, depreciation, foreign exchange gains and losses, using for comparison disclosed EBITDA without IFRS 16 effects. The EBITDA without IFRS 16 effect is used for the reporting to the management. The CODM is the person or Group of persons who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the Chief Executive Officer of the Group.

The CODM reviews financial information prepared based on management accounts. The management accounts are prepared according to International Financial Reporting Standards adjusted by the Group’s internal policies applied. Such financial information may to some extent differ from that prepared based on IFRSs. Part of incomes, expenses, assets and liabilities are recognised in management accounts based on the approaches, that exclude IFRS 16 influence: including lease expenses reversal; currency translation difference elimination related to IFRS 16 elimination; extinguishment of lease liabilities by lease concession elimination; lease contracts modification profit and loss effect elimination; right of use and lease liabilities elimination; reversal of accounts receivable and accounts payable elimination.

The principal activity of the Group is comprised of the retail, franchise, on-line distribution of women's, kid's and men's clothing, footwear and accessories through various commercial format stores aimed at different target sectors of the public. The Group defines operating and reportable segment on a brand basis. Four brands of the Group are: ZARINA, befree, LOVE REPUBLIC and SELA. Each brand is managed by different brand director, who has its own supply chain, network of owned and franchised/subfranchised stores. But all the brands have a common corporate policy and support services. Also, the information common to all of the segments is analysed by the CODM.

The internal organisation of the Group, the decision making process and the system for communicating information to the board of directors and Group management is organised according to the commercial format (brand), and by distribution channel.

Apart from EBITDA the Group reports a measure of finished products and goods for resale for each reportable segment. No other segment asset, liability or profit or loss figures are reported to the CODM, therefore the Group does not disclose them in these condensed consolidated interim financial statements.

Segment information provided to the CODM for the periods ended 30 September 2020 and 2021 is as follows:

## 6. Segment Information (continued)

| <i>In RUB thousand</i>                     | <b>befree</b> | <b>ZARINA</b> | <b>LOVE<br/>REPUBLIC</b> | <b>SELA</b>   | <b>Total</b>  |
|--|---------------|---------------|--------------------------|---------------|---------------|
| <b>Nine months ended 30 September 2021</b> |               |               |                          |               |               |
| Total segment revenue                      | 9 807 673     | 8 047 462     | 5 550 030                | 4 861 422     | 28 266 587    |
| EBITDA                                     | 2 554 873     | 2 024 799     | 1 375 247                | 768 371       | 6 723 290     |
| <b>EBITDA margin</b>                       | <b>26,0 %</b> | <b>25,2 %</b> | <b>24,8 %</b>            | <b>15,8 %</b> | <b>23,8 %</b> |
| IFRS 16 influence                          | 1 029 306     | 761 839       | 839 190                  | 446 354       | 3 076 689     |
| EBITDA w/o IFRS 16 influence               | 1 525 567     | 1 262 960     | 536 057                  | 322 017       | 3 646 601     |
| <b>EBITDA margin w/o IFRS 16</b>           | <b>15,6 %</b> | <b>15,7 %</b> | <b>9,7 %</b>             | <b>6,6 %</b>  | <b>12,9 %</b> |
| Depreciation and amortisation-PPE and IA   | 205 702       | 165 606       | 136 416                  | 98 840        | 606 564       |
| Depreciation on right of use assets        | 698 927       | 614 621       | 562 702                  | 361 463       | 2 237 713     |
| Finished products and goods for resale     | 2 661 622     | 1 734 981     | 1 072 552                | 1 448 045     | 6 917 200     |
| Income tax expense                         | (284 114)     | (216 557)     | (122 237)                | (70 469)      | (693 377)     |
| Number of stores at 30 September 2021      | 244           | 239           | 151                      | 181           | 815           |
| <b>Nine months ended 30 September 2020</b> |               |               |                          |               |               |
| Total segment revenue                      | 6 168 531     | 4 828 914     | 3 568 881                | 2 459 449     | 17 025 775    |
| EBITDA                                     | 1 454 711     | 1 191 449     | 566 387                  | 181 047       | 3 393 594     |
| <b>EBITDA margin</b>                       | <b>23,6 %</b> | <b>24,7 %</b> | <b>15,9 %</b>            | <b>7,4 %</b>  | <b>19,9 %</b> |
| IFRS 16 influence                          | 459 638       | 433 738       | 417 381                  | 421 199       | 1 731 956     |
| EBITDA w/o IFRS 16 influence               | 995 073       | 757 711       | 149 006                  | (240 152)     | 1 661 638     |
| <b>EBITDA margin w/o IFRS 16</b>           | <b>16,1 %</b> | <b>15,7 %</b> | <b>4,2 %</b>             | <b>(9,8)%</b> | <b>9,8 %</b>  |
| Depreciation and amortisation - PPE and IA | 195 589       | 154 356       | 151 840                  | 86 662        | 588 447       |
| Depreciation on right of use assets        | 687 496       | 590 812       | 598 799                  | 545 782       | 2 422 889     |
| Finished products and goods for resale     | 2 117 437     | 1 571 642     | 1 304 500                | 909 527       | 5 903 106     |
| Income tax credit/(expense)                | 105 411       | 66 541        | (60 293)                 | (93 415)      | 18 244        |
| Number of stores at 30 September 2020      | 225           | 202           | 149                      | 207           | 783           |

## 6. Segment Information (continued)

| <i>In USD thousand</i>                     | <b>befree</b> | <b>ZARINA</b> | <b>LOVE<br/>REPUBLIC</b> | <b>SELA</b>    | <b>Total</b>  |
|--|---------------|---------------|--------------------------|----------------|---------------|
| <b>Nine months ended 30 September 2021</b> |               |               |                          |                |               |
| Total segment revenue                      | 132 607       | 108 802       | 75 035                   | 65 729         | 382 173       |
| EBITDA                                     | 34 548        | 27 374        | 18 590                   | 10 394         | 90 906        |
| <b>EBITDA margin</b>                       | <b>26,1 %</b> | <b>25,2 %</b> | <b>24,8 %</b>            | <b>15,8 %</b>  | <b>23,8 %</b> |
| IFRS 16 influence                          | 13 905        | 10 293        | 11 331                   | 6 051          | 41 580        |
| EBITDA w/o IFRS 16 influence               | 20 643        | 17 081        | 7 259                    | 4 343          | 49 326        |
| <b>EBITDA margin w/o IFRS 16 influence</b> | <b>15,6 %</b> | <b>15,7 %</b> | <b>9,7 %</b>             | <b>6,6 %</b>   | <b>12,9 %</b> |
| Depreciation and amortisation-PPE and IA   | 2 774         | 2 237         | 1 843                    | 1 335          | 8 189         |
| Depreciation on right of use assets        | 9 411         | 8 317         | 7 614                    | 4 900          | 30 242        |
| Finished products and goods for resale     | 36 581        | 23 845        | 14 741                   | 19 901         | 95 068        |
| Income tax expense                         | (3 844)       | (2 929)       | (1 653)                  | (954)          | (9 380)       |
| Number of stores at 30 September 2021      | 244           | 239           | 151                      | 181            | 815           |
| <b>Nine months ended 30 September 2020</b> |               |               |                          |                |               |
| Total segment revenue                      | 86 809        | 68 021        | 50 661                   | 34 647         | 240 138       |
| EBITDA                                     | 20 058        | 16 609        | 7 749                    | 2 189          | 46 605        |
| <b>EBITDA margin</b>                       | <b>23,1 %</b> | <b>24,4 %</b> | <b>15,3 %</b>            | <b>6,3 %</b>   | <b>19,4 %</b> |
| IFRS 16 influence                          | 6 380         | 6 197         | 5 835                    | 5 860          | 24 272        |
| EBITDA w/o IFRS 16 influence               | 13 678        | 10 412        | 1 914                    | (3 671)        | 22 333        |
| <b>EBITDA margin w/o IFRS 16 influence</b> | <b>15,8 %</b> | <b>15,3 %</b> | <b>3,8 %</b>             | <b>(10,6)%</b> | <b>9,3 %</b>  |
| Depreciation and amortisation - PPE and IA | 2 775         | 2 191         | 2 151                    | 1 209          | 8 326         |
| Depreciation on right of use assets        | 9 662         | 8 344         | 8 395                    | 7 679          | 34 080        |
| Finished products and goods for resale     | 26 573        | 19 723        | 16 371                   | 11 414         | 74 081        |
| Income tax credit/(expense)                | 1 468         | 918           | (739)                    | (1 138)        | 509           |
| Number of stores at 30 September 2020      | 225           | 202           | 149                      | 207            | 783           |

6. **Segment Information** (continued)

Revenue from external parties reported to the CODM is measured in a manner consistent with that applied in the condensed consolidated interim statement of profit or loss and other comprehensive income. The CODM assesses the performance of the operating segments based on a measure of EBITDA. Interest income is not allocated to segments.

EBITDA is non-IFRS measure determined by the Group as profit before tax adjusted for impairment losses, depreciation and amortisation expenses, and interest expenses.

A reconciliation of EBITDA to profit before tax is provided below:

|  | Nine months ended |                   | Nine months ended |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|  | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| EBITDA w/o IFRS 16 influence                             | 3 646 601         | 1 661 638         | 49 326            | 22 333            |
| <b>IFRS 16 influence</b>                                 |                   |                   |                   |                   |
| Lease expenses reversal                                  | 2 482 625         | 1 100 398         | 33 577            | 16 883            |
| Translation difference elimination                       | 16 093            | (417 054)         | 220               | (6 429)           |
| Extinguishment of lease liabilities by lease concessions | 79 220            | 1 048 612         | 1 067             | 13 818            |
| Lease contracts modification                             | 498 751           | -                 | 6 716             | -                 |
| <b>Total EBITDA of the Group</b>                         | <b>6 723 290</b>  | <b>3 393 594</b>  | <b>90 906</b>     | <b>46 605</b>     |
| Government support                                       | 396 937           | -                 | 5 348             | -                 |
| Depreciation and amortisation - PPE and IA               | (606 564)         | (588 447)         | (8 189)           | (8 326)           |
| Depreciation on right of use assets                      | (2 237 713)       | (2 422 889)       | (30 241)          | (34 080)          |
| Interest expense on lease liability                      | (426 960)         | (518 378)         | (5 768)           | (7 346)           |
| Interest expense   | 25 402            | (50 117)          | 343               | (699)             |
| <b>Profit/(loss) before income tax</b>                   | <b>3 874 392</b>  | <b>(186 237)</b>  | <b>52 399</b>     | <b>(3 846)</b>    |

A reconciliation of net profit without IFRS 16 influence is provided below:

|  | Nine months ended |                   | Nine months ended |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|  | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| Net profit w/o IFRS 16 influence                         | 2 791 618         | 841 246           | 37 742            | 10 829            |
| Lease expenses reversal                                  | 2 482 625         | 1 100 398         | 33 577            | 16 883            |
| Translation difference elimination                       | 16 093            | (417 054)         | 220               | (6 429)           |
| Extinguishment of lease liabilities by lease concessions | 79 220            | 1 048 612         | 1 067             | 13 818            |
| Lease contracts modification                             | 498 751           | -                 | 6 716             | -                 |
| Interest expense on lease liability                      | (426 960)         | (518 378)         | (5 768)           | (7 346)           |
| Depreciation on right of use assets                      | (2 237 713)       | (2 422 889)       | (30 241)          | (34 080)          |
| Income tax effect  | (22 619)          | 200 072           | (294)             | 2 988             |
| <b>Net profit</b>  | <b>3 181 015</b>  | <b>(167 993)</b>  | <b>43 019</b>     | <b>(3 337)</b>    |

6. **Segment Information** (continued)

Revenues from external customers are derived from the sales of men's and women's clothes on a franchise and retail basis. The breakdown of retail and franchise revenues is provided below:

|                                    | Nine months ended |                   | Nine months ended |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|                                    | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| Retail sales                       | 17 189 671        | 9 685 542         | 232 423           | 136 767           |
| Franchise sales/ Wholesale         | 2 401 072         | 1 401 044         | 32 476            | 19 868            |
| On-line partners                   | 7 994 827         | 5 461 049         | 108 068           | 76 824            |
| Own on-line stores                 | 681 017           | 478 140           | 9 206             | 6 679             |
| <b>Total consolidated revenues</b> | <b>28 266 587</b> | <b>17 025 775</b> | <b>382 173</b>    | <b>240 138</b>    |

Main financial position statement indicators without IFRS 16 influence are provided below:

|                                    | 30 September 2021 | 31 December 2020  | 30 September 2021 | 31 December 2020 |
|------------------------------------|-------------------|-------------------|-------------------|------------------|
|                                    | RUB thousand      | RUB thousand      | USD thousand      | USD thousand     |
| Total assets w/o IFRS 16 influence | 16 648 877        | 14 997 280        | 228 816           | 203 007          |
| Deferred income tax asset          | 212 633           | 223 058           | 2 922             | 3 020            |
| Non-current secured payments       | (68 620)          | (67 171)          | (943)             | (910)            |
| Right-of-use assets                | 5 621 151         | 7 499 431         | 77 255            | 101 514          |
| Trade and other receivables        | (115 607)         | (143 541)         | (1 589)           | (1 944)          |
| <b>Total assets</b>                | <b>22 298 434</b> | <b>22 509 057</b> | <b>306 461</b>    | <b>304 687</b>   |

|   | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
|---|-------------------|------------------|-------------------|------------------|
|   | RUB thousand      | RUB thousand     | USD thousand      | USD thousand     |
| Total equity w/o IFRS 16 influence          | 7 138 385         | 5 243 621        | 98 108            | 70 979           |
| IFRS 16 profit (loss) impact for the period | 389 397           | (1 009 239)      | 5 277             | (14 166)         |
| Retained earnings                           | (1 105 678)       | (107 431)        | (15 122)          | (951)            |
| <b>Total equity</b>                         | <b>6 422 104</b>  | <b>4 126 951</b> | <b>88 263</b>     | <b>55 862</b>    |

|   | 30 September 2021 | 31 December 2020  | 30 September 2021 | 31 December 2020 |
|---|-------------------|-------------------|-------------------|------------------|
|   | RUB thousand      | RUB thousand      | USD thousand      | USD thousand     |
| Total liabilities w/o IFRS 16 influence | 9 510 492         | 9 736 466         | 130 708           | 131 795          |
| Non-current lease liabilities           | 3 461 440         | 4 953 041         | 47 573            | 67 046           |
| Demolition provision - leases           | 84 126            | 82 506            | 1 156             | 1 117            |
| Trade and other payables                | (538)             | 14 417            | (7)               | 195              |
| Current lease liabilities               | 2 820 810         | 3 595 676         | 38 768            | 48 672           |
| <b>Total liabilities</b>                | <b>15 876 330</b> | <b>18 382 106</b> | <b>218 198</b>    | <b>248 825</b>   |

7. **Fair Value Disclosures****Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

## 7. Fair Value Disclosures (continued)

There have been no changes in the risk management department or in any risk management policies since 2020 year end.

### *Fair value estimation and valuation techniques*

Financial instruments carried at fair value. Fair value of foreign exchange forward contracts disclosed as derivative financial instruments in the condensed consolidated interim statement of financial position and was categorised as Level 2 as at 30 September 2021 and 31 December 2020. The amount of derivative financial instruments disclosed in Note 17.

The fair value of derivative financial instruments is estimated based on the current fair value of similar instruments that are available on active market and adjusted on credit risk of the Group.

### *Assets and liabilities not measured at fair value but for which fair value is disclosed.*

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables;
- Trade and other payables;
- Borrowings.

Principles of fair valuation remain consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

The most important financial and non-financial risks that affect the Group's business and the industry as a whole are described in detail in the Group's annual consolidated financial statements for the year ended 31 December 2020.

The Group has no financial assets and liabilities measured at fair value based on unobservable inputs (Level 3 fair value).

## 8. Balances and Transactions with Related Parties

For the purposes of these condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form of the relationship.

The Group defined the following categories of related parties:

- (i) key management personnel;
- (ii) shareholders;
- (iii) entities controlled by shareholders and key management personnel.

The following transactions were carried out with related parties:

8. **Balances and Transactions with Related Parties** (continued)

## (a) Key management compensation

|   | Nine months ended |                   | Nine months ended |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|   | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| - Salaries and other short-term employee benefits | 25 452            | 17 403            | 345               | 243               |
| - Post-employment benefits                        | 323               | 413               | 4                 | 6                 |
| - Shareholders and BoD members remunerations      | 3 956             | 1 772             | 54                | 24                |
| <b>Total</b>                                      | <b>29 731</b>     | <b>19 588</b>     | <b>403</b>        | <b>273</b>        |

Key management consists of the members of the Board of Directors, the chief executive officer and president of the Company.

9. **Property, Plant and Equipment and Intangible Assets**

| <i>In RUB thousand</i>                              | Property, plant and equipment | Intangible Assets |
|---|-------------------------------|-------------------|
| <b>Opening net book amount as at 1 January 2021</b> | <b>1 579 146</b>              | <b>575 299</b>    |
| Additions   | 432 516                       | 42 979            |
| Disposals   | (839)                         | -                 |
| Depreciation and amortization                       | (518 491)                     | (88 073)          |
| <b>Closing net book amount 30 September 2021</b>    | <b>1 492 332</b>              | <b>530 205</b>    |
| <b>Opening net book amount as at 1 January 2020</b> | <b>1 753 411</b>              | <b>648 912</b>    |
| Additions   | 245 751                       | 30 075            |
| Disposals   | (1 215)                       | -                 |
| Depreciation and amortization                       | (505 530)                     | (82 917)          |
| <b>Closing net book amount 30 September 2020</b>    | <b>1 492 417</b>              | <b>596 070</b>    |

9. **Property, Plant and Equipment and Intangible Assets** (continued)

| <i>In USD thousand</i>                              | <b>Property, plant and<br/>equipment</b> | <b>Intangible Assets</b> |
|---|--|--------------------------|
| <b>Opening net book amount as at 1 January 2021</b> | <b>21 376</b>                            | <b>7 787</b>             |
| Translation difference                              | 201                                      | 108                      |
| Additions   | 5 944                                    | 581                      |
| Disposals   | (11)                                     | -                        |
| Depreciation and amortization                       | (7 000)                                  | (1 189)                  |
| <b>Closing net book amount 30 September 2021</b>    | <b>20 510</b>                            | <b>7 287</b>             |
| <b>Opening net book amount as at 1 January 2020</b> | <b>28 324</b>                            | <b>10 482</b>            |
| Translation difference                              | (5 510)                                  | (2 205)                  |
| Additions   | 3 084                                    | 377                      |
| Disposals   | (17)                                     | -                        |
| Depreciation and amortization                       | (7 152)                                  | (1 174)                  |
| <b>Closing net book amount 30 September 2020</b>    | <b>18 729</b>                            | <b>7 480</b>             |

**10. Inventories**

|  | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
|--|-------------------|------------------|-------------------|------------------|
|  | RUB thousand      | RUB thousand     | USD thousand      | USD thousand     |
| Finished products and goods for resale                       | 7 047 112         | 5 833 779        | 96 853            | 78 969           |
| Provisions for obsolescence and losses during transportation | (129 912)         | (40 451)         | (1 785)           | (548)            |
| <b>Finished goods and goods for resale net of provisions</b> | <b>6 917 200</b>  | <b>5 793 328</b> | <b>95 068</b>     | <b>78 421</b>    |
| Goods-in-transit   | 876 648           | 1 169 274        | 12 048            | 15 827           |
| Design of new collections                                    | 401 920           | 335 638          | 5 524             | 4 543            |
| Other materials  | 196 270           | 139 325          | 2 697             | 1 886            |
| <b>Total inventories</b>                                     | <b>8 392 038</b>  | <b>7 437 565</b> | <b>115 337</b>    | <b>100 677</b>   |

**11. Trade and Other Receivables**

|  | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
|--|-------------------|------------------|-------------------|------------------|
|  | RUB thousand      | RUB thousand     | USD thousand      | USD thousand     |
| Non-current secured payments                                     | 46 922            | 28 257           | 645               | 382              |
| <b>Total non-current receivables</b>                             | <b>46 922</b>     | <b>28 257</b>    | <b>645</b>        | <b>382</b>       |
| Trade receivables  | 340 329           | 227 843          | 4 677             | 3 084            |
| Credit loss allowance  | (46 515)          | (24 346)         | (639)             | (330)            |
| <b>Total financial assets within trade and other receivables</b> | <b>293 814</b>    | <b>203 497</b>   | <b>4 038</b>      | <b>2 754</b>     |
| Advances to suppliers  | 210 222           | 177 796          | 2 889             | 2 407            |
| Other receivables  | 87 899            | 118 568          | 1 208             | 1 604            |
| Current secured payments (prepayments)                           | 119 264           | 146 092          | 1 639             | 1 978            |
| <b>Total current trade and other receivables</b>                 | <b>711 199</b>    | <b>645 953</b>   | <b>9 774</b>      | <b>8 743</b>     |
| <b>Total trade and other receivables</b>                         | <b>758 121</b>    | <b>674 210</b>   | <b>10 419</b>     | <b>9 125</b>     |

**12. Deferred Income Tax**

Taxes on income in the interim periods are accrued using the actual tax rate that would be applicable to the expected total annual profit or loss.

Differences between IFRS and Russian and Ukrainian statutory taxation regulations give rise to temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% and 18% in Russian Federation and Ukraine respectively. (30 September 2020: Russian Federation – 20%, Ukraine – 18%).

The movement in deferred income tax assets and liabilities during the period is as follows:

| <i>In RUB thousand</i>                | Property, plant and equipment |                       |                           |                 | Total            |
|---------------------------------------|-------------------------------|-----------------------|---------------------------|-----------------|------------------|
|                                       | Investment property           | and intangible assets | Design of new collections | Other           |                  |
| <b>At 1 January 2020</b>              | (6 397)                       | (296 754)             | (57 480)                  | 4 159           | (356 472)        |
| Credited/(charged) to profit and loss | (833)                         | 55 582                | 7 780                     | (14 207)        | 48 322           |
| <b>As of 30 September 2020</b>        | <b>(7 230)</b>                | <b>(241 172)</b>      | <b>(49 700)</b>           | <b>(10 048)</b> | <b>(308 150)</b> |
| <b>At 1 January 2021</b>              | <b>(2 239)</b>                | <b>(268 861)</b>      | <b>(63 081)</b>           | <b>(1 883)</b>  | <b>(336 064)</b> |
| (Charged)/credited to profit and loss | -                             | 7 019                 | (14 789)                  | 9 000           | 1 230            |
| <b>As of 30 September 2021</b>        | <b>(2 239)</b>                | <b>(261 842)</b>      | <b>(77 870)</b>           | <b>7 117</b>    | <b>(334 834)</b> |

## 12. Deferred Income Tax (continued)

| <i>In USD thousand</i>                  | Property, plant and equipment |                       |                           |              | Total          |
|---|-------------------------------|-----------------------|---------------------------|--------------|----------------|
|   | Investment property           | and intangible assets | Design of new collections | Other        |                |
| <b>At 1 January 2020</b>                | <b>(103)</b>                  | <b>(4 794)</b>        | <b>(929)</b>              | <b>68</b>    | <b>(5 758)</b> |
| Translation differences                 | 26                            | 919                   | 186                       | 24           | 1 155          |
| Credited/(charged) to profit and loss   | (14)                          | 848                   | 119                       | (217)        | 736            |
| <b>As of 30 September 2020</b>          | <b>(91)</b>                   | <b>(3 027)</b>        | <b>(624)</b>              | <b>(125)</b> | <b>(3 867)</b> |
| <b>At 1 January 2021</b>                | <b>(30)</b>                   | <b>(3 641)</b>        | <b>(854)</b>              | <b>(24)</b>  | <b>(4 549)</b> |
| Translation differences                 | (1)                           | (65)                  | 10                        | (15)         | (71)           |
| (Charged) / credited to profit and loss | -                             | 107                   | (226)                     | 137          | 18             |
| <b>As of 30 September 2021</b>          | <b>(31)</b>                   | <b>(3 599)</b>        | <b>(1 070)</b>            | <b>98</b>    | <b>(4 602)</b> |

| <i>In RUB thousand</i>                | Forward        |              |                |                |               | Total          |
|---------------------------------------|----------------|--------------|----------------|----------------|---------------|----------------|
|                                       | Provisions     | contracts    | Other accruals | Leases         | Other         |                |
| <b>At 1 January 2020</b>              | <b>45 594</b>  | <b>6 922</b> | <b>20 412</b>  | <b>123 485</b> | <b>37 940</b> | <b>234 353</b> |
| Credited/(charged) to profit and loss | 11 482         | (4 998)      | (6 549)        | 165 084        | 10 684        | 175 703        |
| <b>As of 30 September 2020</b>        | <b>57 076</b>  | <b>1 924</b> | <b>13 863</b>  | <b>288 569</b> | <b>48 624</b> | <b>410 056</b> |
| <b>At 1 January 2021</b>              | <b>62 700</b>  | <b>-</b>     | <b>24 615</b>  | <b>182 188</b> | <b>17 989</b> | <b>287 492</b> |
| Credited/(charged) to profit and loss | 48 958         | 1 126        | 713            | (48 018)       | 8 630         | 11 409         |
| <b>As of 30 September 2021</b>        | <b>111 658</b> | <b>1 126</b> | <b>25 328</b>  | <b>134 170</b> | <b>26 619</b> | <b>298 901</b> |

| <i>In USD thousand</i>                | Forward      |            |                |              |            | Total        |
|---------------------------------------|--------------|------------|----------------|--------------|------------|--------------|
|                                       | Provisions   | contracts  | Other accruals | Leases       | Other      |              |
| <b>At 1 January 2020</b>              | <b>737</b>   | <b>112</b> | <b>330</b>     | <b>1 995</b> | <b>613</b> | <b>3 787</b> |
| Translation differences               | (196)        | (12)       | (56)           | (1 171)      | (166)      | (1 601)      |
| Credited/(charged) to profit and loss | 175          | (76)       | (100)          | 2 797        | 163        | 2 959        |
| <b>As of 30 September 2020</b>        | <b>716</b>   | <b>24</b>  | <b>174</b>     | <b>3 621</b> | <b>610</b> | <b>5 145</b> |
| <b>At 1 January 2021</b>              | <b>849</b>   | <b>-</b>   | <b>333</b>     | <b>2 466</b> | <b>244</b> | <b>3 892</b> |
| Translation differences               | 532          | 82         | 103            | 24           | (22)       | 719          |
| Credited/(charged) to profit and loss | 154          | (67)       | (88)           | (646)        | 144        | (503)        |
| <b>As of 30 September 2021</b>        | <b>1 535</b> | <b>15</b>  | <b>348</b>     | <b>1 844</b> | <b>366</b> | <b>4 108</b> |

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

## 13. Trade and Other Payables

|  | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
|--|-------------------|------------------|-------------------|------------------|
|  | RUB thousand      | RUB thousand     | USD thousand      | USD thousand     |
| Trade payables   | 8 029 445         | 7 381 753        | 110 354           | 99 921           |
| Other accounts payable   | 33 545            | 35 889           | 461               | 486              |
| <b>Total financial liabilities within trade and other payables</b> | <b>8 062 990</b>  | <b>7 417 642</b> | <b>110 815</b>    | <b>100 407</b>   |
| Unused vacation provision  | 206 962           | 185 401          | 2 844             | 2 510            |
| Liabilities to personnel   | 106 947           | 99 089           | 1 470             | 1 341            |
| Other accrued liabilities and provisions                           | 41 072            | 55 471           | 564               | 751              |
| Customer loyalty programme provision                               | 11 257            | 5 532            | 155               | 75               |
| Advances from customers  | 33 077            | 8 382            | 455               | 113              |
| <b>Total trade and other payables</b>                              | <b>8 462 305</b>  | <b>7 771 517</b> | <b>116 303</b>    | <b>105 197</b>   |

**14. Other Current Liabilities**

|  | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
|--|-------------------|------------------|-------------------|------------------|
|  | RUB thousand      | RUB thousand     | USD thousand      | USD thousand     |
| VAT payable                            | 456 086           | 180 658          | 6 268             | 2 445            |
| Social security contributions          | 70 716            | 43 259           | 972               | 586              |
| Personal income tax                    | 35 304            | 20 585           | 485               | 279              |
| Other taxes payable                    | 3 007             | 4 237            | 41                | 57               |
| Retirement benefit obligations         | 111               | 471              | 2                 | 6                |
| Dividends payable                      | 2 977             | 2 075            | 41                | 28               |
| <b>Total other current liabilities</b> | <b>568 201</b>    | <b>251 285</b>   | <b>7 809</b>      | <b>3 401</b>     |

**15. Operating Expenses by Nature**

|   | Nine months ended |                   | Nine months ended |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|   | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| Cost of goods sold and materials utilized                                   | 13 881 732        | 8 015 683         | 187 686           | 113 461           |
| Depreciation of right of use assets - shops                                 | 2 237 713         | 2 422 889         | 30 166            | 34 079            |
| Personnel costs   | 2 321 699         | 1 611 461         | 31 378            | 22 890            |
| Commission expenses (on-line partners)                                      | 2 171 673         | 1 437 747         | 28 668            | 20 320            |
| Expenses relating to short-term leases and variable lease payments (stores) | 911 311           | 1 150 739         | 12 317            | 16 652            |
| Social security contributions   | 509 762           | 408 088           | 6 881             | 5 723             |
| Depreciation of property, plant and equipment                               | 518 491           | 505 530           | 7 055             | 7 160             |
| Safekeeping services  | 444 978           | 251 091           | 6 019             | 3 543             |
| Advertising, PR and marketing services                                      | 406 137           | 251 393           | 5 491             | 3 603             |
| Transportation services   | 355 980           | 260 227           | 4 815             | 3 682             |
| Maintenance cost  | 321 989           | 194 177           | 4 354             | 2 771             |
| Amortisation of intangible assets   | 88 073            | 82 917            | 1 189             | 1 174             |
| Inventory shortages   | 75 604            | 72 232            | 1 022             | 1 071             |
| Office materials, internet, phone, postal                                   | 50 864            | 46 904            | 687               | 669               |
| Packaging   | 52 869            | 34 776            | 715               | 493               |
| Travel expenses   | 43 271            | 25 100            | 585               | 361               |
| Increase/(decrease) in provisions for slow moving and obsolete inventories  | 57 971            | (31 072)          | 786               | (473)             |
| Other expenses  | 271 170           | 208 678           | 4 367             | 2 689             |
| <b>Total operating expenses</b>   | <b>24 721 287</b> | <b>16 948 560</b> | <b>334 181</b>    | <b>239 868</b>    |

**16. Net Other Operating Income**

|   | Nine months ended |                   | Nine months ended |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|   | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| Other income  | 29 007            | 22 443            | 390               | 468               |
| Bank services   | (294 395)         | (158 228)         | (3 975)           | (2 224)           |
| Extinguishment of lease liabilities by lease concessions            | 79 220            | 1 048 612         | 1 067             | 13 818            |
| Derivative financial income/(expense)                               | (5 628)           | 53 955            | (77)              | 840               |
| Gain from foreign exchange differences                              | 695 184           | 413 095           | 9 391             | 5 857             |
| Loss from foreign exchange differences                              | (684 759)         | (657 780)         | (9 252)           | (9 006)           |
| Gain/(loss) from foreign exchange difference from lease liabilities | 16 093            | (417 054)         | 220               | (5 824)           |
| Gain from lease agreement modifications                             | 498 991           | -                 | 6 719             | -                 |
| Government support  | 396 937           | -                 | 5 348             | -                 |
| <b>Total net other operating income</b>                             | <b>730 650</b>    | <b>305 043</b>    | <b>9 831</b>      | <b>3 929</b>      |

**16. Net Other Operating Costs** (continued)

31 December 2020 Group had debt received as a government support to mitigate impact COVID 19 loan amounted 396 937 thousand RUB. The debt was written off by creditor on 1 April 2021 as Group met certain criteria's stated by the loan agreement.

Gain from lease agreement adjustments represents net result of lease agreements modification including change of lease agreement currency.

**17. Derivative Financial Instruments**

The table below sets out fair values, at the end of the reporting period, of currencies receivable or payable under foreign exchange forward contracts entered into by the Group. The table reflects the gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the respective end of the reporting period. The contracts are short term in nature.

| <i>In RUB thousand</i>  | 30 September 2021                  |                                    | 31 December 2020                   |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | Contracts with positive fair value | Contracts with negative fair value | Contracts with positive fair value | Contracts with negative fair value |
| <b>Foreign exchange forwards: fair values, at the end of the reporting period, of</b> |                                    |                                    |                                    |                                    |
| - USD receivable on settlement (+)  | -                                  | 584 144                            | -                                  | -                                  |
| - USD payable on settlement (-)   | -                                  | (589 772)                          | -                                  | -                                  |
| <b>Net fair value of foreign exchange forwards</b>                                    | -                                  | <b>(5 628)</b>                     | -                                  | -                                  |

| <i>In USD thousand</i>  | 30 September 2021                  |                                    | 31 December 2020                   |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | Contracts with positive fair value | Contracts with negative fair value | Contracts with positive fair value | Contracts with negative fair value |
| <b>Foreign exchange forwards: fair values, at the end of the reporting period, of</b> |                                    |                                    |                                    |                                    |
| - USD receivable on settlement (+)  | -                                  | 8 029                              | -                                  | -                                  |
| - USD payable on settlement (-)   | -                                  | (8 106)                            | -                                  | -                                  |
| <b>Net fair value of foreign exchange forwards</b>                                    | -                                  | <b>(77)</b>                        | -                                  | -                                  |

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Forward and option contracts are for economic hedges of future outflow related to purchases of goods in USD.

The notional principal amounts of the outstanding forward and options foreign exchange contracts at 30 September 2021 was equal to USD 8 000 thousand (31 December 2020: USD - thousand).

**18. Share Capital and Premium**

|                             | <b>30 September 2021</b> |                                | <b>31 December 2020</b> |                                |
|-----------------------------|--------------------------|--------------------------------|-------------------------|--------------------------------|
|                             | Number of shares         | Percentage of shares and votes | Number of shares        | Percentage of shares and votes |
| Eastnine AB                 | 11 545                   | 36 %                           | 11 545                  | 36 %                           |
| I.G.M. Manufactrust Limited | 11 406                   | 36 %                           | 11 406                  | 36 %                           |
| MFG Intressenter AB         | 3 607                    | 11 %                           | 3 607                   | 11 %                           |
| Urzhumtsev Mikhail          | 1 966                    | 6 %                            | 1 966                   | 6 %                            |
| Others                      | 3 514                    | 11 %                           | 3 514                   | 11 %                           |
| <b>Total</b>                | <b>32 038</b>            | <b>100 %</b>                   | <b>32 038</b>           | <b>100 %</b>                   |

All dividends are declared in Russian Rubles. In accordance with Dividend Policy the Company distributes profits as dividends on the basis of statutory financial statements prepared in accordance with Russian Accounting Rules (RAR). Russian legislation identifies the basis of distribution as the net profit.

**19. Leases**

(i) Amounts recognised in the condensed consolidated interim statement of financial position

The condensed consolidated interim statement of financial position shows the following amounts relating to leases:

|                                  | <b>30 September 2021</b> | <b>31 December 2020</b> | <b>30 September 2021</b> | <b>31 December 2020</b> |
|----------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                                  | <b>RUB thousand</b>      | <b>RUB thousand</b>     | <b>USD thousand</b>      | <b>USD thousand</b>     |
| <b>Right of use assets</b>       |                          |                         |                          |                         |
| Warehouses                       | 306                      | 346                     | 4                        | 5                       |
| Stores                           | 5 318 133                | 7 049 201               | 73 091                   | 95 419                  |
| Office premises                  | 294 938                  | 441 199                 | 4 054                    | 5 972                   |
| Other right of use assets        | 7 774                    | 8 685                   | 106                      | 118                     |
| <b>Total right of use assets</b> | <b>5 621 151</b>         | <b>7 499 431</b>        | <b>77 255</b>            | <b>101 514</b>          |

(ii) Amounts recognised in condensed consolidated interim statement of profit or loss and other comprehensive income

## 19. Leases (continued)

|   | Nine months ended |                   | Nine months ended |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
|   | RUB thousand      | RUB thousand      | USD thousand      | USD thousand      |
| <b>Depreciation charge of right-of-use assets</b>   |                   |                   |                   |                   |
| Warehouses  | 63                | 175               | 1                 | 2                 |
| Stores  | 2 158 568         | 2 338 394         | 29 171            | 32 873            |
| Office premises   | 77 336            | 82 784            | 1 045             | 1 183             |
| Other right of use assets   | 1 746             | 1 536             | 25                | 22                |
| <b>Total depreciation charge of right-of-use assets</b>                                       | <b>2 237 713</b>  | <b>2 422 889</b>  | <b>30 242</b>     | <b>34 080</b>     |
| Expenses relating to short-term leases (included in distribution and administrative expenses) | 211 754           | 54 152            | 2 851             | 781               |
| Expenses relating to variable lease payments not included in lease liabilities                | 699 557           | 1 096 587         | 9 418             | 15 807            |
| Interest expense on lease liabilities   | 426 800           | 518 377           | 5 766             | 7 346             |
| Gain/(loss) from foreign exchange difference from lease liabilities                           | 16                | (417 054)         | 220               | (6 429)           |

The total cash outflow for leases within nine months ended 30 September 2021 was RUB 2 482 614 thousand (USD 33 577 thousand). The total cash outflow for leases within nine months ended 30 September 2020 was RUB 1 100 398 thousand (USD 16 883 thousand).