

*Intraware Investments Public Ltd*

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

*prepared in accordance with  
International Financial Reporting Standards (IFRS)  
for the period ended 30 June, 2019*

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2019**  
*(in thousand EURO)*

	Note	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)
Revenue		23 796	23 993
Cost of Sales		(18 684)	(17 680)
<b>Gross profit</b>		<b>5 112</b>	<b>6 313</b>
Selling and marketing expenses		(775)	(758)
Administrative expenses		(1 506)	(3 848)
Other income		713	1 133
Other losses		(1 152)	(814)
<b>Operating income</b>		<b>2 392</b>	<b>2 026</b>
Financial income		47	188
Financial expenses		(1 762)	(119)
<b>Profit before tax</b>		<b>677</b>	<b>2 095</b>
Income tax expense		(165)	(256)
<b>Profit/(Loss) for the year from continuing operations</b>		<b>512</b>	<b>1 839</b>
<b>Net profit/(loss) for the year</b>		<b>512</b>	<b>1 839</b>
<b>Net profit/(loss) for the year attributable to:</b>			
Owners of the Group		791	1 826
Non-controlling interests		(279)	13
<b>Total profit/(loss) for the year</b>		<b>512</b>	<b>1 839</b>
Basic earnings per share from continuing operations, EURO		19,78	45,65
<b>Other comprehensive income/(loss) for the year</b>			
<b>Items that may not be reclassified subsequently to profit or loss:</b>			
Foreign currency translation adjustments		(194)	9
<b>Comprehensive income attributable to:</b>			
Owners of the Group		491	1 835
Non-controlling interests		(173)	13
<b>Total comprehensive income for the year</b>		<b>318</b>	<b>1 848</b>

The notes on pages 9 to 21 are an integral part of these consolidated financial statements.

On 26 September 2019 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**OF INTRAWARE GROUP AS AT 30 JUNE, 2019 AND 31 DECEMBER, 2018**  
*(in thousand EURO)*

	Note	30 June 2019 (unaudited)	31 December 2018 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		3 026	2 809
Right-of-use assets	4	26 588	
Goodwill	1	4 812	4 349
Other intangible assets		1 128	1 289
Other non-current assets		1 300	108
Deferred tax assets	2	654	282
<b>Total non-current assets</b>		<b>37 508</b>	<b>8 837</b>
<b>Current assets</b>			
Advances paid		8 061	6 965
Other receivables		1 126	410
Inventories		380	431
Other assets		3 461	38
Trade receivables		562	1 124
Loans granted to shareholders		2 157	2 217
Loans granted to other parties		3 434	2 244
Income tax overpayment		83	55
Cash		2 455	6 092
<b>Total current assets</b>		<b>21 719</b>	<b>19 576</b>
<b>TOTAL ASSETS</b>		<b>59 227</b>	<b>28 413</b>

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**  
**OF INTRAWARE GROUP AS AT 30 JUNE, 2019 AND 31 DECEMBER, 2018**  
*(in thousand EURO)*

	Note	30 June 2019 (unaudited)	31 December 2018 (audited)
<b>Owners' equity</b>			
Share capital		40	40
Accumulated other comprehensive income (loss)		441	635
Additional paid-in capital		222	222
Accumulated profit (loss)		1 096	(2 521)
Current year profit (loss)		791	3 872
<b>Equity attributable to owners of the Group</b>		<b>2 590</b>	<b>2 248</b>
Non-controlling interest		(254)	25
<b>TOTAL EQUITY</b>		<b>2 336</b>	<b>2 273</b>
<b>Non-current liabilities</b>			
Long-term loans and borrowings		2 214	2 161
Long-term lease liabilities	4	21 816	
Deferred tax liabilities	2	83	109
<b>Total non-current liabilities</b>		<b>24 113</b>	<b>2 270</b>
<b>Current liabilities</b>			
Short-term loans and borrowings		1 680	1 349
Short-term lease liabilities	4	5 649	
Short-term payables		7 686	4 373
Other liabilities		1 209	501
Liabilities to owners			1 503
Deferred revenue		16 554	16 144
<b>Total current liabilities</b>		<b>32 778</b>	<b>23 870</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59 227</b>	<b>28 413</b>

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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2019

<i>(in thousand EURO)</i>	Share capital	Additional capital	Accumulated other comprehensive income (loss)	Accumulated profit (loss)	Non-controlling interests	Total
As at 1 January 2018 (audited)	40	222	142	(1 019)	29	(585)
Dividends	-	-	-	(60)	-	(60)
Current year profit	-	-	-	1 826	13	1 839
Foreign currency translation adjustments	-	-	9	-	-	9
As at 30 June 2018 (unaudited)	40	222	151	747	42	1 203

	Share capital	Additional capital	Accumulated other comprehensive income (loss)	Accumulated profit (loss)	Non-controlling interests	Total
As at 1 January 2019 (audited)	40	222	635	1 096	25	2 018
Current year profit	-	-	-	791	(279)	512
Foreign currency translation adjustments	-	-	(194)	-	-	(194)
As at 30 June 2019 (unaudited)	40	222	441	1 887	(254)	2 336

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2019**  
*(in thousand EURO)*

	Note	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		677	2 095
Amortisation and impairment of intangible assets		278	529
Depreciation and impairment of property, plant and equipment		2 105	201
Interest expense		200	119
(Interest income)		(53)	(0)
Foreign exchange differences (net)		51	(137)
Other non-cash expenses/(income) net		348	(1 802)
<b>Operating cash flows before working capital changes</b>		3 606	1 006
(Increase)/decrease in trade and other receivables		(1 283)	2 025
(Increase)/decrease in inventories		51	7
(Increase)/decrease in other assets		(3 417)	(45)
Increase/(decrease) in trade and other payables		3 468	1 871
Increase/(decrease) in deferred revenue		410	(2 977)
Increase/(decrease) in provisions		280	(93)
<b>Cash generated from operating activities</b>		3 116	1 793
Income tax paid		(184)	(462)
Interest paid		(1 626)	(63)
<b>Net cash from operating activities</b>		1 306	1 267
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment including PPE not ready for use		(970)	(406)
		(376)	-
Payment for other investments			
Payment for purchase of investments in associated undertakings		(90)	-
Loans issued		(1 768)	(2 035)
Loans and interest received		785	248
<b>Net cash used in investing activities</b>		(2 420)	(2 193)

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2019**  
*(in thousand EURO)*

	Note	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)
<b>Cash flows from financing activities</b>			
Proceeds of loans and borrowings		115	408
Repayment of finance lease payables		(2 492)	-
Dividends paid to company's shareholders		-	(60)
Repayment of loans and borrowings		(70)	-
<b>Net cash from financing activities</b>		<b>(2 448)</b>	<b>347</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6 092</b>	<b>3 702</b>
Increase (decrease) of cash and cash equivalents		(3 562)	(518)
Translation differences		(75)	(133)
<b>Cash and cash equivalents at the end of the year</b>		<b>2 455</b>	<b>3 052</b>

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Director



Myrianthi Petrou

Director



Andreas Christofi



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### I. GENERAL INFORMATION ABOUT THE GROUP

Intraware Investments Public Ltd (the "Company") and its subsidiaries (together with the Company, the "Group") is one of the largest chains of fitness clubs in Russian market of fitness services. Key activities of the Group are fitness clubs services to population, services of management of fitness clubs and additional activities (catering, retail of sport goods).

The subsidiaries as at 30 June 2019 are as follows:

Name of the subsidiary	Russian City	Ownership interest 30 June 2019	Ownership interest 31 December 2018
FOK "Altufeyvo Sport" LLC	Moscow	98%	98%
FOK "AK-Bars" LLC	Kazan	98%	98%
FOK "Volga-Fitnes" LLC	Volgograd	98%	98%
FOK "Zchemchuzhina" LLC	Perm	98%	98%
FOK "Marino" LLC	Moscow	98%	98%
FOK "Monarh" LLC	Moscow	98%	98%
FOK "Nagatinskaia" LLC	Moscow	98%	98%
FOK "Olimp" LLC	Voronezh	98%	98%
FOK "Park Pobedy" LLC	Moscow	98%	98%
FOK "Planeta" LLC	Moscow	98%	98%
FOK "Platinum" LLC	Voronezh	98%	98%
FOK "Rost Fitnes" LLC	Rostov-on-Don	98%	98%
FOK "Sam-Fitnes" LLC	Samara	98%	98%
FOK "Sun-City" LLC	Novosibirsk	98%	98%
FOK "Senator" LLC	Moscow	98%	98%
FOK "Arena" LLC	Kazan	98%	98%
FOK "Fusion" LLC	Moscow	98%	98%
FOK "Chistye Prudy" LLC	Moscow	98%	98%
FOK "Mosfilmovskiy" LLC	Moscow	98%	98%
"RTI-Finance" LLC	Moscow	49%	49%
"Sport Center" LLC ("XFIT Service" LLC)	Moscow	98%	98%
FOK "Pozitiv" LLC	Moscow	0%	-
FOK "Trud" LLC	Moscow	0%	-
FOK "Chernavskiy" LLC	Voronezh	0%	-

All above listed subsidiaries are fitness clubs except «Sport Center» LLC which is a management company.

Although the Group has 49% of charter capital of «RTI-Finance» LLC, 0% of charter capitals of fitness clubs FOK "Pozitiv" LLC, FOK "Chernavskiy" LLC and FOK "Trud" LLC, the Group has control over 4 mentioned companies through the appointment of General directors to those companies as a fully authorized representative of the Group. Those General directors have unlimited and full rights as to the activities of the Company, its investments, its financing, any amendments to its corporate structure, any new business or activities introduced to the Company,

approval of financial transactions and any other actions on which the decision are made by Company's Governing bodies. The Group expressed its intention to acquire 98% of the share capital of FOK "Pozitiv" LLC, FOK "Chernavskiy" LLC and FOK "Trud" LLC to become the majority shareholder. The shareholders of the companies accepted the letter of intent by resolution and notified the Group by a letter of acceptance.

Whilst the Group does not view its business as highly seasonal as defined by IAS 34, Interim Financial Reporting, its financial results are impacted by seasonality through the calendar year.

Since January 2016 the Company is listed on the Cyprus Stock Exchange (Emerging Companies Market).

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

### Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

The Group omitted disclosures which would substantially duplicate the information contained in its 2018 audited consolidated financial statements, such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequently to the issuance of its annual consolidated statements of the Group for the year ended December 31, 2018.

Management of the Group believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the presented information not misleading if these interim condensed consolidated financial statements are read in conjunction with the annual consolidated statements of the Group for the year ended December 31, 2018 and the notes related thereto. In the opinion of management, the financial statements reflect all adjustments necessary to present fairly the Group's financial position, financial performance and cash flows for the interim reporting period in accordance with IAS 34, Interim Financial Reporting. Results for the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ended December 31, 2019.

The consolidated financial statements have been prepared on a historical cost basis except when IFRS require the application of other basis of valuation, in particular, financial instruments that have been measured initially at fair value and then at amortized cost, and identifiable assets and liabilities acquired in the course of a business combination.

The financial statements are presented in thousands of Euros, unless otherwise stated, which is the Company's presentation currency. The functional currency is the currency of the primary economic environment in which a company operates. The Group's functional currency is the national currency of the Russian Federation, the Russian rubles.

The Group has prepared these interim condensed consolidated financial statements based on the going concern assumption.



## Significant accounting policies

Significant accounting policies and estimates adopted in the preparation of the interim consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards.

## Impact of effective changes in International Financial Reporting Standards

The Group has adopted all new standards, interpretations and amendments, effective from 1 January 2019 and are relevant to the operations of the Group, including IFRS 16, Leases.

**IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019).**

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

On adoption of IFRS 16, Leases, as at 1 January 2019 the Group recognized lease liabilities in relation to leases which had previously been classified as operating leases in accordance with IAS 17, Leases. The Group applied transition requirements and practical expedients, which has been provided for in the standard.

The Group applied the modified retrospective method without restatement of comparatives which presumes recognition of cumulative effect of initial application at the date of the initial application. Lease liabilities were measured at the present value of the remaining lease payments, discounted as at 1 January 2019 using the lessee's incremental borrowing rate, that was 15,45 percent. The Group applied unified approach to all classes of lease contracts excluding short-term leases and leases of low-value assets.

Right-of-use assets were recognized in an amount equal to the lease liability, adjusted by the amount of lease payments made or accrued in advance in connection with such lease, which is recognized in the statement of financial position immediately prior to the date of initial application.

The effects of new standard adoption on the Group's consolidated statement of financial position are presented below:

<i>in thousand EURO</i>	01.01.2019 (unaudited)
Right-of-use assets	21 444
<b>Total assets</b>	<b>21 444</b>
Lease liabilities	(21 444)
<b>Total liabilities</b>	<b>(21 444)</b>



<i>in thousand EURO</i>	<b>01.01.2019 (unaudited)</b>
Lease payments under non-cancellable operating leases disclosed as at 31 December 2018	996
Discounted future lease payments using the borrowing rate as at 1 January 2019	21 444
<b>Lease liabilities as at 01 January 2019</b>	<b>21 444</b>

As a result of IFRS 16 adoption regarding lease agreements, which were previously classified as operating lease, the Group has recognized right-of-use assets in the amount of 21 444 thousand EURO and lease liabilities in the amount of 21 444 thousand EURO as at 1 January 2019.

The Group has also recognized depreciation and interest expenses, but not operating lease expenses under lease agreements according to IFRS 16 requirements. During 6 months ended 30 June 2019 the Group has recognized depreciation expenses in the amount of 1 783 thousand EURO and interest expenses in the amount of 1 562 thousand EURO.

Other new amendments and improvements to standards set out below became effective since 1 January 2019 and did not have any impact or did not have a material impact on the Group's interim consolidated financial statements:

- IFRIC 23 – Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

#### **Application of new and revised International Financial Reporting Standards**

Below is a list of standards/interpretations that have been issued and are not effective for periods starting on 1 January 2019, but will be effective for later periods, the Group didn't choose to apply them earlier:

- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Annual Improvements to IFRSs 2015-2017 cycle - Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2020).
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (issued on October 2018 and effective for annual periods beginning on or after January 1, 2020; earlier application is permitted). The amendments to IAS 1 and IAS 8 introduce new definition of material.



- Amendments to IFRS 3, Definition of a Business (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020).

Unless otherwise described above, the new standards, amendments to standards and interpretations are expected to have no impact or to have a non-material impact on the Group's interim consolidated financial statements.

### III. RELEVANT DISCLOSURES

#### 1. Goodwill

The Group performs its annual impairment test in December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2018. As at 30 June 2019 no indicators of impairment were observed.

#### 2. Income tax

Income tax in the Statement of Comprehensive Income in profit and losses includes:

##### Components of income tax expense:

<i>In thousand EURO</i>	6m2019	6m2018
Current income tax (12,5%)	325	62
Deferred income tax (12,5%)	-	-
Current income tax	208	256
Deferred income tax	-	369
<b>Total tax expense</b>	<b>165</b>	<b>256</b>

Tax rate is 12,5% for parent company in Cyprus and 20% for its subsidiaries in Russia.

The deferred tax in Russian subsidiaries as at 30 June 2019 was calculated at the 20% rate.

Reconciliation between the expected and the actual tax charge is provided below:

<i>In thousand EURO</i>	6m2019	6m2018
Profit before tax	(1 688)	2 365
<b>Tax rates</b>	<b>20,00%</b>	<b>12,50%</b>
Tax income (expense) calculated at the applicable tax rates	338	(296)
Tax effect of expenses not deductible for tax purposes	(177)	(30)
<b>Tax income (expense)</b>	<b>161</b>	<b>(325)</b>

The basis of temporary differences between the value of assets and liabilities in the Statement of financial position and their tax bases are the differences between IFRS and the legislation on taxes and duties of countries in which the Group companies are operating. The sources of the appearance and the tax effect of the change in temporary differences are presented in the table below.

Deferred tax assets (liabilities) classified by types of assets and liabilities which formed differences (net):

<i>In thousand EURO</i>	As at 01 January 2019	Recognized in the Statement of Comprehensive Income in profit and losses	Translation differences	As at 30 June 2019
Property, plant and equipment and construction in progress	58	9	16	83
Intangible assets	(240)	(174)	209	(205)
Receivables	222	190	(160)	252
Deferred income (Sport offers prepaid)	70	8	16	94
Deferred tax losses for the future	85	186	(42)	229
Financial and lease liabilities	(16)	180	(15)	149
Other	(6)	(29)	5	(30)
<b>Net deferred tax asset (liability)</b>	<b>173</b>	<b>369</b>	<b>29</b>	<b>571</b>
<i>Recognised in the Statement of Financial Position:</i>				
Deferred tax asset	282			654
Deferred tax liability	(109)			(83)

<i>In thousand EURO</i>	As at 01 January 2018	Recognized in the Statement of Comprehen sive Income in profit and losses	Disposal due to LLC "XFIT Service" reorganisati on	Translation differences	As at 30 June 2018
Property, plant and equipment and construction in progress	(214)	49	169	(13)	(9)
Intangible assets	(512)	94	-	27	(391)
Receivables	233	(56)	(112)	(10)	55
Deferred income	113	29	-	(6)	136
Other	46	(54)	19	(2)	9
<b>Net deferred tax asset (liability)</b>	<b>(334)</b>	<b>62</b>	<b>76</b>	<b>(4)</b>	<b>(199)</b>
<i>Recognized in the Statement of Financial Position:</i>					
Deferred tax asset	215				86
Deferred tax liability	(548)				(286)



### 3. Related parties

#### Transaction balances and transactions with related parties

Term "related party" is defined in IAS 24 "Related Party Disclosures". Parties are usually considered related if they are under common control, one of them has control, significant influence or joint control over the other in financial or operating decision making. In relations of parties which can be related it is important to take into account substance of relations, but not their legal form.

Turnover and balance disclosures with related parties under transactions performed by the Group in the reporting period are presented in the following tables. Transactions refer to settlement of accounts with related parties in the category "Other related parties" which includes companies under common control of the Group's owner.

#### Settlement of accounts with related parties:

<i>In thousand EURO</i>	Other related parties	
	30 June 2019	30 June 2018
Loans received for the period	1017	786
Interest accrued on loans	55	42

#### Settlement of account balances with related parties:

<i>In thousand EURO</i>	Other related parties	
	30 June 2019	31 December 2018
Loan receivables	3 234	2 217
Other receivable	373	-
<b>Total assets</b>	<b>3 607</b>	<b>2 217</b>
Loans payable	1 935	1 829
Other payables	376	-
<b>Total liabilities</b>	<b>2 311</b>	<b>1 829</b>

#### Key management personnel expenses (3 employees):

<i>In thousand EURO</i>	Rewards as at 30 June 2019	Rewards as at 30 June 2018
Short-term rewards to personnel	24	25
Social security contributions	7	7
<b>Total</b>	<b>31</b>	<b>32</b>

### 4. Right-of-use assets and lease obligations

The Group applied IFRS 16 in 01 January 2019, due to this fact, assets received under the lease agreements were presented as right-of-use assets.

<i>in thousand EURO</i>	Property	Total
<b>Initial value as at 01.01.2019</b>	<b>21 444</b>	<b>21 444</b>
Additions during 6 months 2019	6 977	6 977
Depreciation accrued during 6 months 2019	(1 783)	(1 783)
Translation reserve	(50)	(50)

Initial value as at 30.06.2019	28 421	28 421
Accumulated depreciation as at 30.06.2019	(1 833)	(1 833)
<b>Carrying amount as at 30.06.2019</b>	<b>26 588</b>	<b>26 588</b>

## 5. Earnings per share

<i>thousand EURO per share</i>	6m2019	6m2018
<b>Basic earnings per share</b>		
From continuing operations	19,78	45,65
From discontinued operations	-	-
<b>Total basic earnings per share</b>	<b>19,78</b>	<b>45,65</b>

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Group has no dilutive securities such as convertible securities, options and warrants on shares and other rights, as well as contractual obligations for shares issue in future.

The following table reflects the income and share data used in the basic EPS computations:

	6m2019	6m2018
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	791	1 826
Discontinued operations	-	-
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>791</b>	<b>1 826</b>
 Weighted average number of ordinary shares for basic EPS	 40 000	 40 000

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

## 6. Operating segments

Management of the Group has chosen to operate each of the fitness clubs by separate legal entities that consolidate all the cash flows that are relevant for that component. Operating segments of the Group are the fitness clubs operated by the Group and correspond to 21 FOK entities in 2018 (20 in 2017). All these entities and segments are engaged in similar activities and are all located in Russian Federation.

All the operating segments (fitness clubs) of the Group exhibit similar long-term financial performance as they have similar economic characteristics. Therefore for the purposes of segment information disclosure the Group has aggregated all the operating segments being similar in each of the following respects:

- (a) the nature of the products and services;
- (b) the nature of the production processes;
- (c) the type or class of customer for their products and services;
- (d) the methods used to distribute their products or provide their services;



(e) and the nature of the regulatory environment.

The Group has designated the aggregated operating segments in Moscow (12 legal entities or 12 fitness clubs aggregated to a segment 'Fitness clubs in Moscow') and other regions of Russia (9 legal entities or 9 fitness clubs aggregated to a segment 'Fitness clubs in other regions') as separate reporting segments given that, according to perception of the management, these regions demonstrate different stages of economic development and therefore their economic performance may be different in the future.

Transactions between reportable segments and with other operating segments of the Group (primarily lease) are normally conducted under arm's length basis.

The following tables represent the financial information for the segments of the Group in respect of the period from acquisition of corresponding entities to the reporting date.

**Financial information in respect of operating segments for the period ended 30 June 2019:**

<i>In thousand EURO</i>	<b>Fitness clubs in Moscow</b>	<b>Fitness clubs in other regions</b>	<b>Other minor segments</b>	<b>Total according to financial statements of the Group</b>
Revenues from external customers, including:	16 243	6 878	676	23 796
Revenue from club cards sales	9 663	4 779	59	14 501
Revenue from related services and retail	6 521	2 091	(0)	8 612
Other revenue (operating lease and franchising)	59	8	617	683
Revenues from transactions with other operating segments of the Group	354	25	3 708	4 088
Costs from transactions with other operating segments of the Group	(1 433)	(254)	(2 401)	(4 088)
Cost of goods sold, selling and marketing and other administrative expenses	(14 227)	(6 496)	(242)	(20 965)
Depreciation and amortisation	(1 288)	(586)	(510)	(2 383)
Financial income (expenses)	(688)	(15)	(1 013)	(1 716)
Income tax gains (expenses)	(53)	5	(117)	(165)
<b>Profit or loss for the segment</b>	<b>950</b>	<b>(300)</b>	<b>(138)</b>	<b>512</b>
Tangible fixed assets of the segment	1 454	473	1 098	3 026
Goodwill allocated to the segment	3 030	1 782	146	4 957
Other intangible assets recognized at fair value on acquisition of the entities	697	422	(44)	1 075
Cash of the segment	866	417	1 172	2 455
<b>Total assets of the reportable segment</b>	<b>18 279</b>	<b>6 798</b>	<b>34 150</b>	<b>59 227</b>
<b>Total liabilities of the reportable segment</b>	<b>19 326</b>	<b>7 370</b>	<b>30 195</b>	<b>56 891</b>



**Financial information in respect of operating segments for the period ended 30 June 2018:**

<i>In thousand EURO</i>	<b>Fitness clubs in Moscow</b>	<b>Fitness clubs in other regions</b>	<b>Other minor segments</b>	<b>Total according to financial statements of the Group</b>
Revenues from external customers, including:	16 312	6 915	766	23 993
Revenue from club cards sales	9 949	4 698	217	14 865
Revenue from related services and retail	6 292	2 217	-	8 509
Other revenue (operating lease and franchising)	71	-	549	620
Revenues from transactions with other operating segments of the Group	562	6	18 915	19 483
Costs from transactions with other operating segments of the Group	(10 311)	(3 343)	(5 830)	(19 483)
Cost of goods sold, selling and marketing and other administrative expenses	(13 251)	(5 962)	(3 073)	(22 287)
Depreciation and amortization	(404)	(172)	(104)	(680)
Financial income (expenses)	12	9	48	68
Income tax gains (expenses)	(123)	(57)	(76)	(256)
<b>Profit or loss for the segment</b>	<b>1 654</b>	<b>(145)</b>	<b>330</b>	<b>1 839</b>
Tangible fixed assets of the segment	1 702	333	1 131	3 166
Goodwill allocated to the segment	2 771	2 111	288	4 878
Other intangible assets recognized at fair value on acquisition of the entities	1 147	739	67	1 953
Cash of the segment	539	513	1 999	3 052
<b>Total assets of the reportable segment</b>	<b>16 695</b>	<b>10 790</b>	<b>7 759</b>	<b>35 243</b>
<b>Total liabilities of the reportable segment</b>	<b>17 645</b>	<b>10 712</b>	<b>5 684</b>	<b>34 041</b>

**7. Business combination**

The Group didn't acquire subsidiaries during 6 months of 2019 year.

During 6 months of 2018 the Group obtained control over 3 fitness clubs: FOK "Pozitiv" LLC, FOK "Chernavskiy" LLC and FOK "Trud" LLC.

The assets and liabilities recognized as a result of the obtained control over 3 mentioned fitness clubs are as follows:

<i>in thousand EURO</i>	<b>2018</b>
Property, plant and equipment	72
Deferred tax assets	31
Accounts receivable	18
Cash	28
Deferred tax liabilities	(1)
Accounts payable	(10)
Deferred revenue	(16)

<b>Net identifiable assets</b>	<b>122</b>
Add: liabilities to the Group existing prior to the acquisition	224
Less: non-controlling interests	(346)
<b>Net identifiable assets acquired</b>	<b>-</b>
<b>Consideration paid</b>	<b>-</b>
<b>Goodwill</b>	<b>-</b>

The businesses acquired in 2018 contributed in 2018 revenues of EUR 256 thousand and financial result of EUR 0 thousand to the Group because NCI have 100% share of financial result.

#### 8. Joint venture in the form of joint operation

In accordance with IFRS 11 the club "Ak-Bars" in Kazan was classified by the Group as a joint operation. The club operates in the building and uses equipment owned by the partner in joint venture. The Group has the full right to all assets and bears full responsibility for all liabilities presented in the financial statements. Under the agreement, the Group's share in the financial result of the club is 22%. Therefore, profits and losses in the statement of comprehensive income are presented in the amount of 22%.

#### 9. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to asset sell or liability transfer occurs:

- either on the main market for the asset or liability;
- or on the most advantageous market for the asset or liability in case of absence of the main market.

Financial assets and liabilities of the Group are not traded on active markets. Therefore the fair value of financial assets and liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices that are used in existing transactions on the current market.

Assets and liabilities whose fair value is estimated or disclosed in the financial statements are classified as described below under the fair value hierarchy based on the data of the lowest level input that is significant to the fair value measurement in general:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (without any adjustment);
- Level 2 - measurement models, which are essential for data fair value assessment of the lowest level of the hierarchy, are directly or indirectly observable on the market;
- Level 3 - measurement models, which are essential for data fair value assessment of the lowest level of the hierarchy, are not observable on the market.

Classifying financial instrument to any of the category of the fair value hierarchy, Group use an appropriate judgment. If observable data that require significant adjustment is used in fair value measurement, the financial instrument needs to be classified to Level 3. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or



reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The tables below shows the hierarchy of the data sources used for the recognition or disclosure of assets and liabilities fair value of the Group in the reporting period.

**(i) Multiple and single estimates of fair value.**

Multiple estimates of fair value are estimates required or permitted by IFRS in the statement of financial position at the end of each reporting period. Single estimates of fair value are estimates required or permitted by IFRS in the statement of financial position at the end of the period under certain conditions. As at the reporting date the Group had no financial assets and liabilities that require multiple and single estimates of fair value as at the reporting date.

**(ii) Assets and liabilities that are not measured at fair value but disclosed at fair value.**

At the Level 2 and Level 3 of the fair value hierarchy its estimation has been performed using method of discounted cash flows. Fair value of unquoted financial instruments with floating interest rate was assumed equal to the book value. The fair value of unquoted instruments with fixed interest rate is based on the method of discounted cash flows using current market interest rates for new instruments with similar credit risk and maturity.

**Financial instruments carried at fair value.** Cash and cash equivalents are carried at cost which approximates the current fair value.

**Financial assets carried at amortized cost.** The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty.

**Liabilities carried at amortized cost.** Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities was estimated based on expected cash flows discounted at current interest rates for instruments with similar credit risk and remaining maturity.

The Group has the following categories of financial instruments:

in thousand EURO	Carrying amount		Fair value		Level	Initial data	Valuation method
	30 June 2019	31 December 2018	30 June 2019	31 December 2018			
Financial assets, liabilities and accounts receivable							
Long-term loans advanced	1 077	-	1 077	-	Level 3	Market loan rates	DCF
Short-term accounts receivable	1 386	1 439	1 386	1 439	Level 3	Market loan rates	DCF
Short-term loans advanced	5 591	4 461	5 591	4 461	Level 3	Market loan rates	DCF
Cash	2 455	6 092	2 455	6 092	Level 1	-	-
Total financial assets, liabilities and accounts receivable	10 508	11 992	10 508	11 992	-	-	-



Long-term loans and borrowings received	(2 214)	(2 130)	(2 214)	(2 130)	Level 3	Market loan rates	DCF
Long-term accounts payable	(21 816)	-	(21 816)	-	Level 3	Market loan rates	DCF
Short-term loans and borrowings received	(1 680)	(20 730)	(1 680)	(20 730)	Level 3	Market loan rates	DCF
Short-term accounts payable	(13 467)	(3 088)	(13 467)	(3 088)	Level 3	Market loan rates	DCF
<b>Total financial liabilities at amortised cost</b>	<b>(39 178)</b>	<b>(25 948)</b>	<b>(39 178)</b>	<b>(25 948)</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 10. Contingencies and Commitments

Group had no other commitments and contingencies as at 30 June 2019, other than those disclosed in the annual consolidated financial statements for the year ended December 31, 2018.

#### 11. Subsequent events

There were no material subsequent events after the reporting period that require disclosure in these interim condensed consolidated financial statements.

On 26 September 2019 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi