

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, 2020*

CONTENTS

| | |
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| CONTENTS | 2 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 3 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 4 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 6 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS..... | 7 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 9 |
| I. General information about the Group | 9 |
| II. Summary of significant accounting policies and new accounting pronouncements..... | 10 |
| Basis of preparation | 10 |
| Significant accounting policies | 10 |
| Impact of effective changes in International Financial Reporting Standards | 11 |
| Application of new and revised International Financial Reporting Standards | 11 |
| III. Relevant disclosures | 12 |
| 1. COVID-19 impact..... | 12 |
| 2. Goodwill..... | 12 |
| 3. Income tax | 12 |
| 4. Related parties | 13 |
| 5. Right-of-use assets and lease obligations..... | 14 |
| 6. Earnings per share | 14 |
| 7. Operating segments | 15 |
| 8. Business combination | 17 |
| 9. Joint venture in the form of joint operation..... | 17 |
| 10. Fair value of financial instruments | 17 |
| 11. Contingencies and Commitments | 19 |
| 12. Subsequent events..... | 19 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2020

(in thousand EURO)

| | Note | Six months ended 30 June 2020 (unaudited) | Six months ended 30 June 2019 (unaudited) |
|---|------|---|---|
| Revenue | | 9 787 | 23 796 |
| Cost of Sales | | (6 504) | (18 684) |
| Gross profit | | 3 283 | 5 112 |
| Selling and marketing expenses | | (587) | (775) |
| Administrative expenses | | (1 998) | (1 506) |
| Other income | | 598 | 713 |
| Other losses | | (854) | (1 152) |
| Impairment of goodwill and right-of-use assets | | (120) | - |
| Operating income | | 322 | 2 392 |
| Financial income | | 344 | 47 |
| Financial expenses | | (2 146) | (1 762) |
| Profit/(Loss) before tax | | (1 480) | 677 |
| Income tax expense | 3 | 375 | (165) |
| Profit/(Loss) for the year from continuing operations | | (1 105) | 512 |
| Net profit/(loss) for the year | | (1 105) | 512 |
| Net profit/(loss) for the year attributable to: | | | |
| Owners of the Group | | (499) | 791 |
| Non-controlling interests | | (606) | (279) |
| Total profit/(loss) for the year | | (1 105) | 512 |
| Basic earnings/(loss) per share from continuing operations, EURO | 6 | (12,48) | 19,78 |
| Other comprehensive income/(loss) for the year | | | |
| Items that may not be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation reserve | | (113) | (194) |
| Comprehensive income attributable to: | | | |
| Owners of the Group | | (550) | 491 |
| Non-controlling interests | | (668) | (173) |
| Total comprehensive income for the year | | (1 218) | 318 |

The notes on pages 9 to 19 are an integral part of these unaudited interim condensed consolidated financial statements. On 25 November 2020 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, 2020 AND 31 DECEMBER, 2019
(in thousand EURO)

| | Note | 30 June 2020 (unaudited) | 31 December 2019 (audited) |
|-------------------------------------|------|-----------------------------|-------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 5 613 | 5 297 |
| Right-of-use assets | 5 | 24 687 | 30 670 |
| Goodwill | 2 | 4 368 | 4 984 |
| Other intangible assets | | 985 | 1 477 |
| Investments in associated companies | | 90 | 99 |
| Loans granted to shareholders | | 2 379 | 3 244 |
| Other non-current assets | | 659 | 708 |
| Deferred tax assets | | 849 | 564 |
| Total non-current assets | | 39 630 | 47 043 |
| Current assets | | | |
| Advances paid | | 4 622 | 5 323 |
| Inventories | | 370 | 393 |
| Other receivables | | 1 303 | 435 |
| Other assets | | 175 | 8 |
| Income tax overpayment | | 141 | 112 |
| Trade receivables | | 1 816 | 1 882 |
| Loans granted to shareholders | | 1 016 | - |
| Loans granted to other parties | | 6 668 | 6 365 |
| Financial assets | | 2 755 | 3 308 |
| Cash | | 2 633 | 2 759 |
| Total current assets | | 21 499 | 20 585 |
| TOTAL ASSETS | | 61 129 | 67 628 |

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Director



Myrianthi Petrou

Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
OF INTRAWARE GROUP AS AT 30 JUNE, 2020 AND 31 DECEMBER, 2019
(in thousand EURO)

| | Note | 30 June 2020 (unaudited) | 31 December 2019 (audited) |
|---|------|-----------------------------|-------------------------------|
| Owners' equity | | | |
| Share capital | | 40 | 40 |
| Foreign currency translation reserve | | (478) | (365) |
| Additional paid-in capital | | 222 | 222 |
| Accumulated profit (loss) | | 5 602 | 853 |
| Current year profit (loss) | | (499) | 5 506 |
| Equity attributable to owners of the Group | | 4 887 | 6 256 |
| Non-controlling interest | | 312 | 918 |
| TOTAL EQUITY | | 5 199 | 7 174 |
| Non-current liabilities | | | |
| Long-term loans and borrowings | | - | - |
| Long-term lease liabilities | | 20 827 | 25 165 |
| Deferred tax liabilities | | 311 | 390 |
| Total non-current liabilities | | 21 138 | 25 555 |
| Current liabilities | | | |
| Short-term loans and borrowings | | 3 071 | 3 423 |
| Short-term lease liabilities | | 6 249 | 7 256 |
| Short-term payables | | 5 410 | 4 872 |
| Other liabilities | | 773 | 766 |
| Liabilities to owners | | 392 | 463 |
| Deferred revenue | | 18 897 | 18 119 |
| Total current liabilities | | 34 792 | 34 899 |
| TOTAL EQUITY AND LIABILITIES | | 61 129 | 67 628 |


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Director



Myrianthi Petrou

Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2020

| (in thousand EURO) | 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/ (loss) | - | - | - | 791 | (279) | 512 |
| Foreign currency translation adjustments | - | - | (194) | - | - | (194) |
| As at 30 June 2019 (unaudited) | 40 | 222 | 441 | 1 887 | (254) | 2 336 |

| | Share capital | Additional capital | Accumulated other comprehensive income (loss) | Accumulated profit (loss) | Non-controlling interests | Total |
|--|---------------|--------------------|---|---------------------------|---------------------------|-------|
| As at 1 January 2020 (audited) | 40 | 222 | (365) | 6 359 | 918 | 7 174 |
| Dividends | - | - | - | (757) | - | (757) |
| Current year profit/ (loss) | - | - | - | (499) | - | (499) |
| Non-controlling interests | - | - | - | - | (606) | (606) |
| Foreign currency translation adjustments | - | - | (113) | - | - | (113) |
| As at 30 June 2020 (unaudited) | 40 | 222 | (478) | 5 103 | 312 | 5 199 |

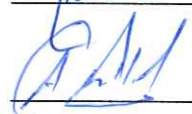
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Director



Myrianthi Petrou

Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2020
(in thousand EURO)

| Note | For the six months ended 30 June 2020 (unaudited) | For the six months ended 30 June 2019 (unaudited) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before tax | (1 480) | 677 |
| Amortisation and impairment of intangible assets | 332 | 278 |
| Depreciation and impairment of property, plant and equipment | 2 187 | 2 105 |
| Impairment of goodwill and right-of-use assets | 120 | - |
| Interest expense | 2 113 | 200 |
| (Interest income) | (4) | (53) |
| Foreign exchange differences (net) | 33 | 51 |
| Other non-cash expenses/(income) net | 643 | 348 |
| Operating cash flows before working capital changes | 3 944 | 3 606 |
| (Increase)/decrease in trade and other receivables | (101) | (1 283) |
| (Increase)/decrease in inventories | 23 | 51 |
| (Increase)/decrease in other assets | (167) | (3 417) |
| Increase/(decrease) in trade and other payables | 545 | 3 468 |
| Increase/(decrease) in deferred revenue | 778 | 410 |
| Increase/(decrease) in provisions | (24) | 280 |
| Cash generated from operating activities | 4 998 | 3 116 |
| Income tax paid | (39) | (184) |
| Interest paid | (2 095) | (1 626) |
| Net cash from operating activities | 2 864 | 1 306 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment including PPE not ready for use | (257) | (970) |
| Payment for other investments | - | (376) |
| Payment for purchase of investments in associated undertakings | - | (90) |
| Loans issued | (1 319) | (1 768) |
| Loans and interest received | 865 | 785 |
| Net cash used in investing activities | (711) | (2 420) |

The notes on pages 9 to 19 are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2020
(in thousand EURO)

| Note | Six months ended 30 June 2020 (unaudited) | Six months ended 30 June 2019 (unaudited) |
|---|--|--|
| Cash flows from financing activities | | |
| Proceeds of loans and borrowings | - | 115 |
| Repayment of finance lease payables | (1 190) | (2 492) |
| Dividends paid to company's shareholders | (757) | - |
| Repayment of loans and borrowings | (352) | (70) |
| Net cash from financing activities | (2 298) | (2 448) |
| Cash and cash equivalents at the beginning of the year | 2 759 | 6 092 |
| Increase (decrease) of cash and cash equivalents | (145) | (3 562) |
| Translation differences | 19 | (75) |
| Cash and cash equivalents at the end of the year | 2 633 | 2 455 |


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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 are as follows:

| # | Name of the subsidiary | Russian City | Ownership interest as at 30.06.2020 | Ownership interest as at 31.12.2019 |
|-----|--------------------------|---------------|--|--|
| 1. | FOK "Altufevo Sport" LLC | Moscow | 98% | 98% |
| 2. | FOK "AK-Bars" LLC | Kazan | 98% | 98% |
| 3. | FOK "Volga-Fitnes" LLC | Volgograd | 98% | 98% |
| 4. | FOK "Zchemchuzhina" LLC | Perm | 98% | 98% |
| 5. | FOK "Marino" LLC | Moscow | 98% | 98% |
| 6. | FOK "Monarh" LLC | Moscow | 98% | 98% |
| 7. | FOK "Nagatinskaia" LLC | Moscow | 98% | 98% |
| 8. | FOK "Olimp" LLC | Voronezh | 98% | 98% |
| 9. | FOK "Park Pobedy" LLC | Moscow | 98% | 98% |
| 10. | FOK "Planeta" LLC | Moscow | 98% | 98% |
| 11. | FOK "Platinum" LLC | Voronezh | 98% | 98% |
| 12. | FOK "Rost Fitnes" LLC | Rostov-on-Don | 98% | 98% |
| 13. | FOK "Sam-Fitnes" LLC | Samara | 98% | 98% |
| 14. | FOK "Sun-City" LLC | Novosibirsk | 98% | 98% |
| 15. | FOK "Senator" LLC | Moscow | 98% | 98% |
| 16. | FOK "Arena" LLC | Kazan | 98% | 98% |
| 17. | FOK "Fusion" LLC | Moscow | 98% | 98% |
| 18. | FOK "Chistye Prudy" LLC | Moscow | 98% | 98% |
| 19. | FOK "Mosfilmovskiy" LLC | Moscow | 98% | 98% |
| 20. | "RTI-Finance" LLC | Moscow | 49% | 49% |
| 21. | "Sport Center" LLC* | Moscow | 0% | 0% |
| 22. | FOK "Oktyabrskiy" LLC* | Novosibirsk | 0% | 0% |
| 23. | Bladesteel Ltd* | Cyprus | 100% | 100% |

All above listed subsidiaries are fitness clubs except for «Sport Center» LLC (a management company) and «Bladesteel» Ltd (real estate).

Although the Group has less than 51% of charter capital of «RTI-Finance» LLC, FOK "Oktyabrskiy" LLC and «Sport Center» LLC, the Group has control over these entities through the appointment, based on agreement with existing shareholders, of directors having unlimited and full rights as to the operating, investment and financing activities of the Companies. All significant actions of these entities are executed at the discretion of Company's Governing bodies.

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 2020 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 2019.

The Group omitted disclosures which would substantially duplicate the information contained in its 2019 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, 2019.

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, 2019 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, 2020 are not necessarily indicative of the results that may be expected for the year ended December 31, 2020.

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 functional currency of Russian subsidiaries is Russian ruble. The functional currency of Cyprus entities of the Group is Euro.

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, 2019, 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 2020 and are relevant to the operations of the Group. Below is a list of new standards/interpretations that became effective for the Company from 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 materiality.
- 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).
- Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The Company has reviewed these interpretations and amendments to standards while preparing these financial statements. The interpretations and amendments to standards have no significant impact on the Company's financial statements.

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 2020, but will be effective for later periods, the Group didn't choose to apply them earlier:

- 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 2021).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Annual Improvements to IFRSs 2018-2020 cycle - Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 and narrow scope amendments to IAS 16, IAS 37 and IFRS 3 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- 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).

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. COVID-19 impact

Coronavirus pandemic COVID-19 negatively affected the Group's financial results. The Russian government introduced certain restrictive measures, including suspension of sport clubs work in Moscow and other Russian regions for about 3 months. The Group downgraded forecast for 2020 year. Due to this impairment factors the Group performed the impairment test as at June 30, 2020 and booked resulted impairment loss.

The currently known impacts of the virus on the Group are:

- A decline in revenues for 6 months 2020 compared to the same period in 2019 of 59%.
- Impairments of goodwill and right-of-use assets in the amount of EUR 1 326 thousand and EUR 2 031 thousand respectively.

The Management takes possible measures to minimize the negative influence of the coronavirus pandemic and expects to reach its pre-COVID 2020 year forecast in 2022 year.

2. Goodwill

| <i>In thousand EUR</i> | Net book value as at 31.12.2019 | Impairment | Translation differences | Net book value as at 30.06.2020 |
|----------------------------|------------------------------------|-------------|----------------------------|------------------------------------|
| Goodwill | 4 984 | (25) | (591) | 4 368 |
| Total | 4 984 | (25) | (591) | 4 368 |

Management uses 21 operating cash generating units (CGU) for impairment test. The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budget for the subsequent year approved by management. Cash flows beyond the subsequent years are extrapolated using the estimated growth rates stated below.

The cash flows are discounted at pre-tax rate of 14,7% (13,9% for 2019 year impairment test). The rate is derived from the Group's weighted average cost of capital (WACC) calculated by management.

The Group performs its annual impairment test in December and when circumstances indicate the carrying value may be impaired. As at 30 June, 2020 indicators of impairment were observed and the test was performed.

3. 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> | 6m2020 | 6m2019 |
|-----------------------------|--------------|------------|
| Current income tax (12,5%) | 19 | 325 |
| Deferred income tax (12,5%) | (2) | - |
| Current income tax (20%) | 19 | 208 |
| Deferred income tax (20%) | (412) | (369) |
| Total tax expense | (375) | 165 |

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 2020 was calculated at the 20% rate.

4. 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 2020 | 30 June 2019 |
| Loans received for the period | 152 | 1017 |
| Interest accrued on loans | 8 | 55 |

Settlement of account balances with related parties:

| <i>In thousand EURO</i> | Other related parties | |
|--------------------------|-----------------------|------------------|
| | 30 June 2020 | 31 December 2019 |
| Loan receivables | 3 395 | 3 244 |
| Total assets | 3 395 | 3 244 |
| Loans payable | 2 049 | 2 306 |
| Total liabilities | 2 049 | 2 306 |

Key management personnel expenses (3 employees):

| <i>In thousand EURO</i> | Rewards as at | Rewards as at |
|---------------------------------|---------------|---------------|
| | 30 June 2020 | 30 June 2019 |
| Short-term rewards to personnel | 25 | 24 |
| Social security contributions | 7 | 7 |
| Total | 32 | 31 |

There are no settlements of account balances with key management personnel as at the reporting dates.

Ultimate controlling party

As at 30 June 2020 and comparative balance sheet dates Intraware Investments Public Ltd does not have a single ultimate controlling party.

The major shareholders of Intraware Investments Public Ltd.:

| Shareholders | The number of shares | Percentage of the total number of shares |
|------------------------|----------------------|--|
| Transpay Holdings Ltd. | 16 000 | 40% |
| Brigidi Holdings Ltd. | 7 100 | 17,75% |
| Farnon Management Ltd. | 3 600 | 9% |
| TOTAL | 26 700 | 66,75% |

In addition, several members of the Board control some insignificant shares: Myrianthi Petrou is a Chairwoman of the Board who controls 0,0025% (1 share) and Andreas Christofi is a member of the Board who controls 0,0025% (1 share).

5. Right-of-use assets and lease obligations

The Group mainly leases buildings and other non-residential real estate.

The right-of-use assets:

| <i>in thousand EURO</i> | Property | Total |
|---|---------------|---------------|
| Initial value as at 01.01.2019 | 21 444 | 21 444 |
| 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) |
| Carrying amount as at 30.06.2019 | 26 588 | 26 588 |

| <i>in thousand EURO</i> | Property | Total |
|---|---------------|---------------|
| Initial value as at 01.01.2020 | 35 498 | 35 498 |
| Disposals during 6 months 2020 | (165) | (165) |
| Depreciation accrued during 6 months 2020 | (2 316) | (2 316) |
| Impairment accrued during 6 months 2020 | (95) | (95) |
| Translation reserve | (4 209) | (4 209) |
| Initial value as at 30.06.2020 | 31 124 | 31 124 |
| Accumulated depreciation as at 30.06.2020 | (6 342) | (6 342) |
| Accumulated impairment as at 30.06.2020 | (95) | (95) |
| Carrying amount as at 30.06.2020 | 24 687 | 24 687 |

6. Earnings per share

| <i>thousand EURO per share</i> | 6m2020 | 6m2019 |
|---------------------------------------|----------------|--------------|
| Basic earnings per share | | |
| From continuing operations | (12,48) | 19,78 |
| From discontinued operations | - | - |
| Total basic earnings per share | (12,48) | 19,78 |

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:

| | 6m2020 | 6m2019 |
|--|--------------|------------|
| Profit attributable to ordinary equity holders of the parent: | | |
| Continuing operations | (499) | 791 |
| Discontinued operations | - | - |
| Profit attributable to ordinary equity holders of the parent for basic earnings | (499) | 791 |
| 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.

7. 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. 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 (11 legal entities or 11 fitness clubs aggregated to a segment 'Fitness clubs in Moscow') and other regions of Russia (10 legal entities or 10 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.

Financial information in respect of operating segments for the period ended 30 June 2020:

| <i>In thousand EURO</i> | Fitness clubs in Moscow | Fitness clubs in other regions | Other minor segments | Total according to financial statements of the Group |
|--|-------------------------|--------------------------------|----------------------|--|
| Revenues from external customers, including: | 6 368 | 3 236 | 183 | 9 787 |
| Revenue from club cards sales | 3 572 | 2 204 | 5 | 5 782 |
| Revenue from related services and retail | 2 762 | 1 029 | 22 | 3 813 |
| Other revenue (operating lease and | 33 | 3 | 157 | 193 |

franchising)

| | | | | |
|---|--------------|--------------|-----------|----------------|
| Revenues from transactions with other operating segments of the Group | 561 | 17 | 764 | 1 342 |
| Costs from transactions with other operating segments of the Group | (1 234) | (93) | (15) | (1 342) |
| Cost of goods sold, selling and marketing and other administrative expenses | (4 187) | (2 020) | (363) | (6 571) |
| Depreciation and amortisation | (840) | (443) | (1 235) | (2 518) |
| Other income (expenses) | (224) | (54) | (98) | (376) |
| Financial income (expenses) | (1 075) | (260) | (468) | (1 803) |
| Income tax gains (expenses) | 200 | 129 | 45 | 375 |
| Profit or loss for the segment | (723) | (467) | 85 | (1 105) |

| | | | | |
|--|---------------|---------------|--------------|---------------|
| Total assets of the reportable segment | 37 279 | 17 560 | 6 289 | 61 129 |
| Total liabilities of the reportable segment | 33 596 | 15 078 | 7 255 | 55 930 |

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

| <i>In thousand EURO</i> | Fitness clubs in Moscow | Fitness clubs in other regions | Other minor segments | Total according to financial statements of the Group |
|---|--------------------------------|---------------------------------------|-----------------------------|---|
| 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 | (12 610) | (5 758) | (214) | (18 582) |
| Depreciation and amortisation | (1 288) | (586) | (510) | (2 383) |
| Other income (expenses) | (237) | (108) | (94) | (439) |
| Financial income (expenses) | (688) | (15) | (1 012) | (1 715) |
| Income tax gains (expenses) | (53) | 5 | (117) | (165) |
| Profit or loss for the segment | 950 | (300) | (138) | 512 |
| Total assets of the reportable segment | 41 243 | 19 427 | 6 958 | 67 628 |
| Total liabilities of the reportable segment | 36 314 | 16 298 | 7 842 | 60 454 |

8. Business combination

The Group didn't acquire subsidiaries during 6 months of 2020 year.

During 6 months of 2019 the Group obtained control over fitness club FOK "Oktyabrskiy" LLC (Russia).

The assets and liabilities recognized as a result of the control obtained over the company are as follows:

| <i>in thousand EURO</i> | 2019 |
|---|-------------|
| Property, plant and equipment | 73 |
| Intangible assets | 708 |
| Deferred tax assets | 11 |
| Inventories | 16 |
| Accounts receivable | 181 |
| Other assets | 957 |
| Deferred tax liabilities | (110) |
| Loans and borrowings | (19) |
| Accounts payable | (82) |
| Deferred revenue | (1 338) |
| Net identifiable assets | 397 |
| Less: net assets of the Group existing prior to the acquisition | (770) |
| Less: non-controlling interests | 373 |
| Net identifiable assets acquired | - |
| Consideration paid | - |
| Goodwill | - |

The business of FOK "Oktyabrskiy" LLC contributed in 2019 revenues of EUR 3 060 thousand and financial result of EUR 0 thousand to the Group because NCI have 100% share of financial result.

9. 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%.

10. 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 |
|---|-----------------|------------|------------|------------|---------|-------------------|-----------------------|
| | 30.06.2020 | 31.12.2019 | 30.06.2020 | 31.12.2019 | | | |
| Financial assets | | | | | | | |
| Long-term loans issued | 2 379 | 3 244 | 2 379 | 3 244 | Level 3 | Market loan rates | Discounted Cash Flows |
| Short-term accounts receivable | 3 119 | 2 234 | 3 119 | 2 234 | Level 3 | Market loan rates | Discounted Cash Flows |
| Short-term loans issued | 6 668 | 6 365 | 6 668 | 6 365 | Level 3 | Market loan rates | Discounted Cash Flows |
| Trade financial instruments | 2 755 | 3 308 | 2 755 | 3 308 | Level 1 | - | - |
| Cash | 2 633 | 2 759 | 2 633 | 2 759 | Level 1 | - | - |
| Total financial assets | 17 554 | 17 909 | 17 554 | 17 909 | - | - | - |
| Financial liabilities at amortized cost | | | | | | | |
| Long-term loans and borrowings received | - | - | - | - | Level 3 | Market loan rates | Discounted Cash Flows |
| Long-term accounts payable | (20 827) | (25 165) | (20 827) | (25 165) | Level 3 | Market loan rates | Discounted Cash Flows |
| Short-term loans and borrowings received | (3 071) | (3 423) | (3 071) | (3 423) | Level 3 | Market loan rates | Discounted Cash Flows |
| Short-term accounts payable | (11 659) | (12 299) | (11 659) | (12 299) | Level 3 | Market loan rates | Discounted Cash Flows |
| Total financial liabilities at amortised cost | (35 557) | (40 887) | (35 557) | (40 887) | - | - | - |

11. Contingencies and Commitments

Group had no other commitments and contingencies as at 30 June 2020, other than those disclosed in the annual consolidated financial statements for the year ended December 31, 2019.

12. Subsequent events

At the beginning of autumn 2020 year the second wave of the coronavirus pandemic COVID-19 started. Russia and other countries in the world began returning restrictive measures over the economy, including lockdown etc. It might have further negative impact on the Group. It is difficult to evaluate the nature and scale of the possible negative impact on the Group's business, however, the Group's management has been taking all possible measures to minimize pandemic impact.

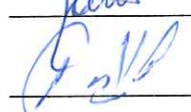
On 25 November 2020 the Board of Directors of Intraware Investments Public Ltd authorized these unaudited interim condensed financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi