

UNITSKY STRING TECHNOLOGIES CO.

Financial statements
for the year ended 31 December 2020
prepared in accordance with
International Financial Reporting Standards

April 2021

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Unitsky String Technologies Co.

To the Members of the Board of Directors of Unitsky String Technologies Co.

To the Director General Nadezhda Kosareva

To the Chief Accountant Nadezhda Pinchuk

Ref. No. 04-05/20/2

Date: 30 April 2021

Qualified auditor's opinion

Information about the auditee:

Name: Unitsky String Technologies Co.

Location: Republic of Belarus, 222838, Minsk region, Pukhovichi district, Novoselkovsky village council, 35, Zorny Shlyakh str. district, Maryina Gorka.

Information on state registration: issued on the basis of the decision of the Minsk City Executive Committee dated 12 February 2015 No. 192425076

Payer's identification number: 192425076

We have audited the financial statements of Unitsky String Technologies Co. (hereinafter - the "Company"), which comprise:

- ▶ The statement of financial position as at 31 December 2020
- ▶ The statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2020, and
- ▶ Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Impairment of "Development costs"

In accordance with IAS 36 "Impairment of Assets", irrespective of whether there is any indication of impairment, an entity shall test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

The Company's management did not test "Development costs" for impairment.

The carrying amount of "Development costs" as at 31 December 2020 is 37,422 thousand US dollars (as at 31 December 2019: 32,987 thousand US dollars).

Due to the aforementioned circumstances, we have not been able to reliably estimate the amount of impairment of "Development costs", and therefore determine whether the financial results for 2020, as well as "Development costs" and retained loss as at 31 December 2020, as recorded in the Company's financial statements, may need to be adjusted.

Basis for Qualified Opinion (ending)

We conducted our audit in accordance with International Standards on Auditing (hereinafter - "ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with this Code and the legislation of the Republic of Belarus. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as Management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (ending)

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Engagement Partner



Andrey Misuk
(qualification certificate of the auditor No. 0002095 dated 27 December 2012, registration No. 1918)

Head of the audit group

Ekaterina Sergienko
(qualification certificate of the auditor No. 0002425 dated 13 December 2017, registration No. 2166)

Auditor's report date: 30 April 2021

Place of issue: Minsk, Republic of Belarus

Date of receipt by the auditee: 30 April 2021

Chief Accountant

Unitsky String Technologies Co.

N. Pinchuk

Signature

INFORMATION ABOUT THE AUDITOR:

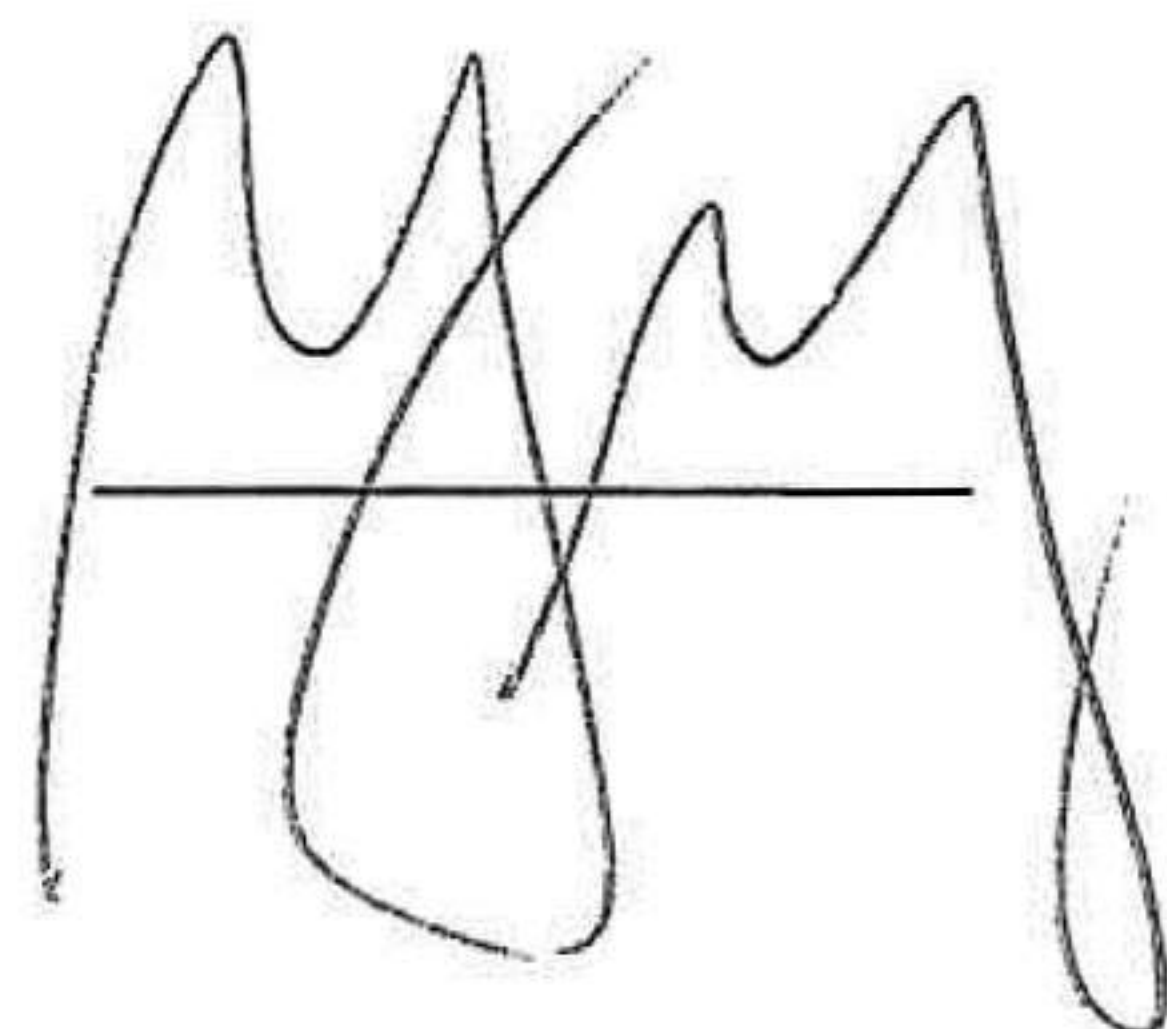
Name:	BDO LLC
Location:	103 Pobediteley ave., floor 8, office 7, Minsk, 220020, Republic of Belarus
Information on the state registration:	Certificate on the state registration was issued by Minsk City Executive Committee dated 15.11.2013
Payer's identification number:	190241132

Statement of comprehensive income

	Note	For the year ended 31 December 2020 USD'000	For the year ended 31 December 2019 USD'000
Revenue	6	2,304	8,261
Cost of sales	7	(2,370)	(7,291)
GROSS PROFIT		(66)	970
Administrative expenses	8	(2,638)	(3,019)
Commercial expenses	9	(12)	(109)
Other operating income	10	269	481
Other operating expenses	11	(1,328)	(805)
Loss from operating activities		(3,775)	(2,482)
Investment income	12	349	644
Finance expenses	13	(650)	(150)
Profit from financing activities		(301)	494
Foreign exchange differences, net		365	624
Share of loss of equity accounted associates	18	(647)	(412)
LOSS BEFORE TAX		(4,358)	(1,776)
Income tax benefit / (expenses)	14	(253)	93
NET LOSS FOR THE YEAR		(4,611)	(1,683)
Other comprehensive income/(expenses):			
<i>Other comprehensive income / (expenses) that may be subsequently reclassified to profit or loss:</i>			
Foreign currency translation differences		(11,679)	849
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(16,290)	(834)

The accompanying notes on pages 13 to 51 form an integral part of these financial statements.

N. Kosareva
 Director General



30 April 2021

N. Pinchuk
 Chief Accountant



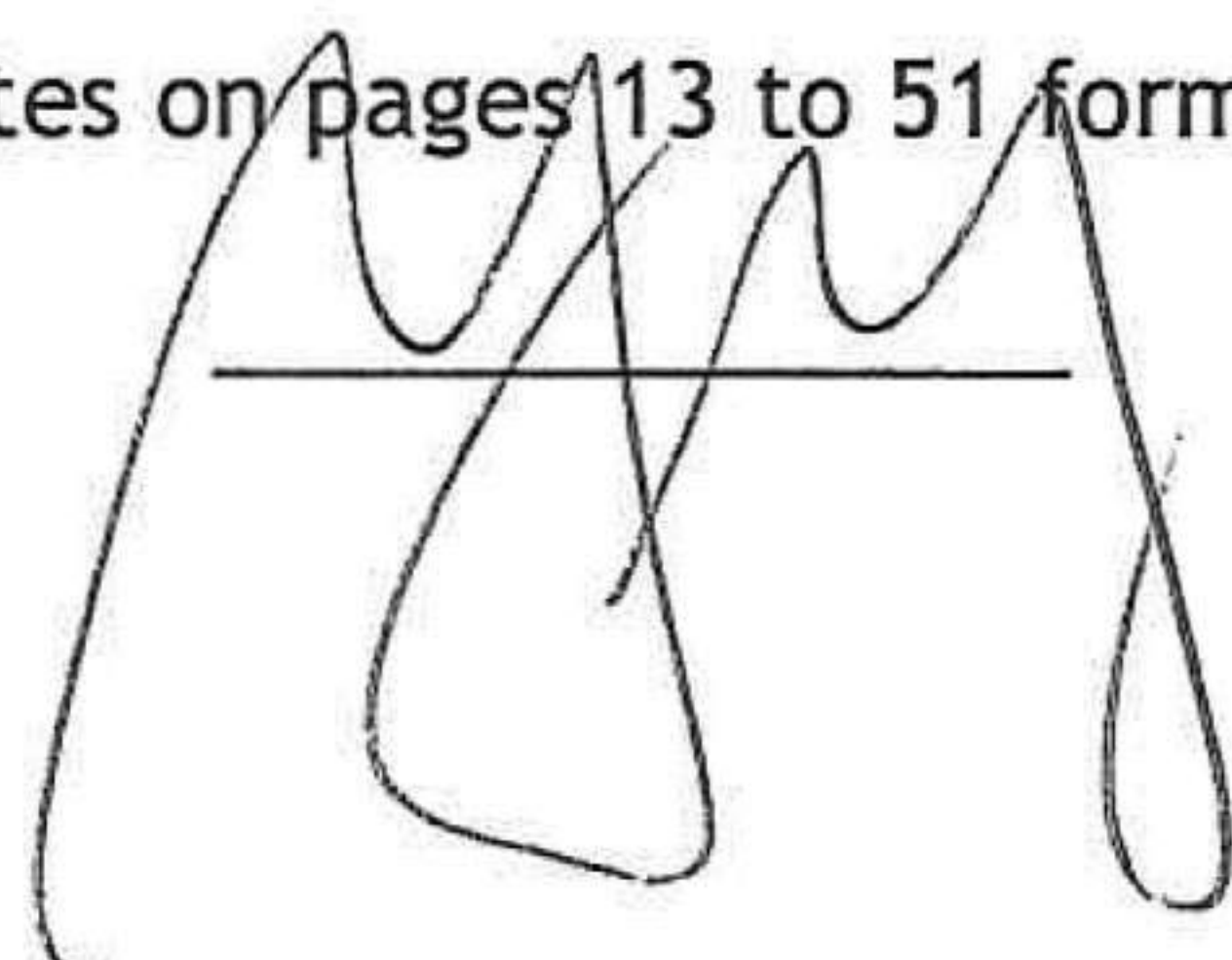
Statement of financial position

	Note	31 December 2020 USD'000	31 December 2019 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	7,284	7,833
Development costs		37,422	32,987
Intangible assets	16	3,785	4,182
Right-of-use assets	17	2,446	1,382
Investments in associates	18	990	1,156
Other financial assets	21	245	-
Deferred tax assets	14	-	293
Total non-current assets		52,172	47,833
Current assets			
Biological assets		-	1
Inventories	19	5,936	5,619
Trade and other receivables	20	1,759	2,295
Current income tax advances		10	12
Other financial assets	21	244	8,361
Other non-financial assets	22	3,206	3,741
Cash and cash equivalents	23	1,709	1,177
Total current assets		12,864	21,206
TOTAL ASSETS		65,036	69,039
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Authorized capital	24	81,267	69,167
Unregistered part of authorized capital	24	-	-
Foreign currency translation reserve		(12,469)	(790)
Retained loss		(9,476)	(4,865)
Total equity and reserves		59,322	63,512

	Note	31 December 2020 USD'000	31 December 2019 USD'000
LIABILITIES			
Long-term liabilities			
Lease liabilities		1,764	934
Total long-term liabilities		1,764	934
Short-term liabilities			
Loans and borrowings	25	710	655
Lease liabilities		826	490
Trade and other payables	26	325	1,299
Contract liabilities	6	1,132	670
Other non-financial liabilities	27	957	1,479
Total short-term liabilities		3,950	4,593
TOTAL LIABILITIES		5,714	5,527
TOTAL EQUITY AND LIABILITIES		65,036	69,039

The accompanying notes on pages 13 to 51 form an integral part of these financial statements.

N. Kosareva
 Director General
 30 April 2021



N. Pinchuk
 Chief Accountant



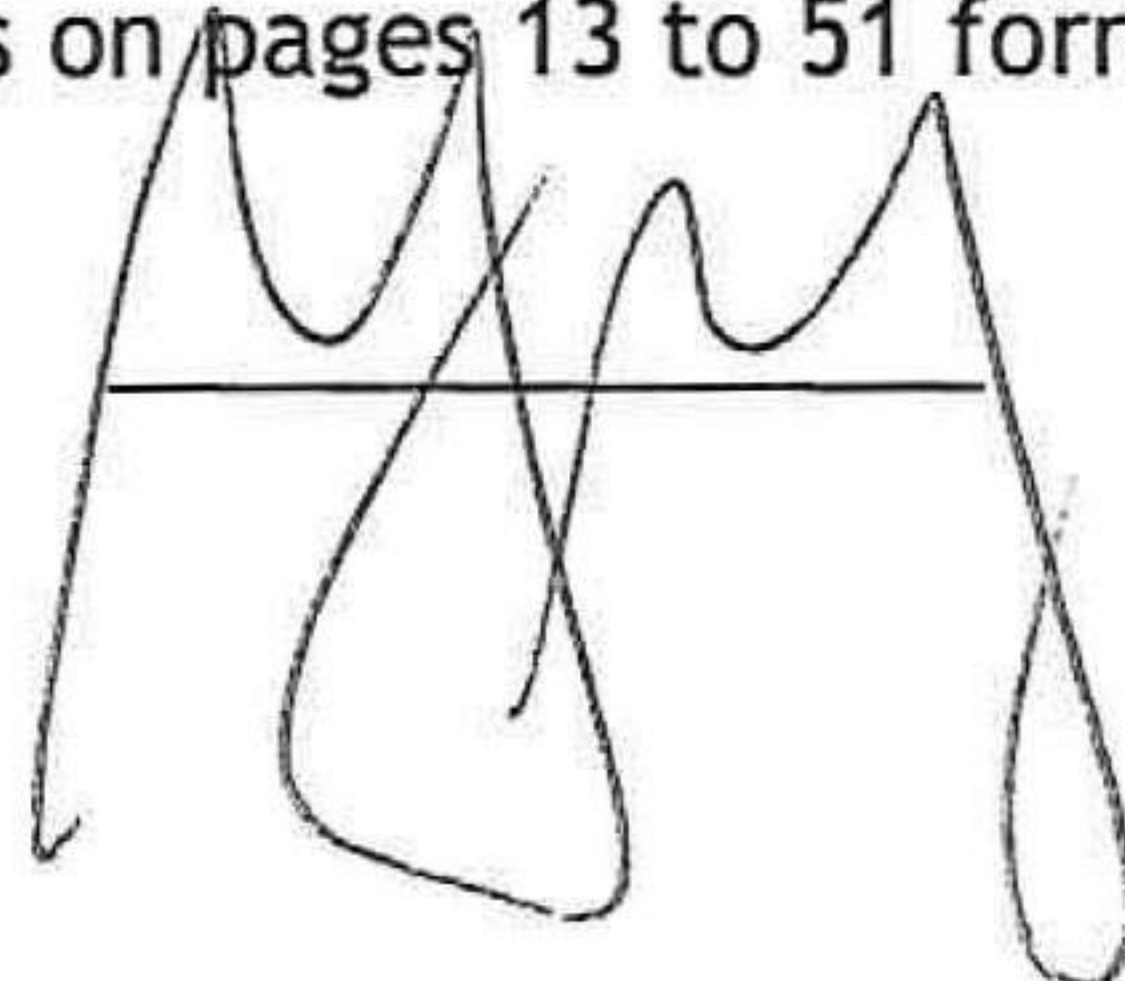
Statement of changes in equity

	Note	Share capital USD'000	Unregistered part of authorized capital USD'000	Foreign currency translation reserve USD'000	Retained earnings USD'000	Total equity USD'000
31 December 2018		45,850	30	(1,639)	(3,182)	41,059
Net loss for the year		-	-	-	(1,683)	(1,683)
Contributions of shareholders		23,317	(30)	-	-	23,287
Other comprehensive income	24	-	-	849	-	849
31 December 2019		69,167	-	(790)	(4,865)	63,512
Net loss for the year		-	-	-	(4,611)	(4,611)
Contributions of shareholders		12,100	-	-	-	12,100
Other comprehensive income		-	-	(11,679)	-	(11,679)
31 December 2020		81,267	-	(12,469)	(9,476)	59,322

The accompanying notes on pages 13 to 51 form an integral part of these financial statements.

N. Kosareva
 Director General

30 April 2021



N. Pinchuk
 Chief Accountant



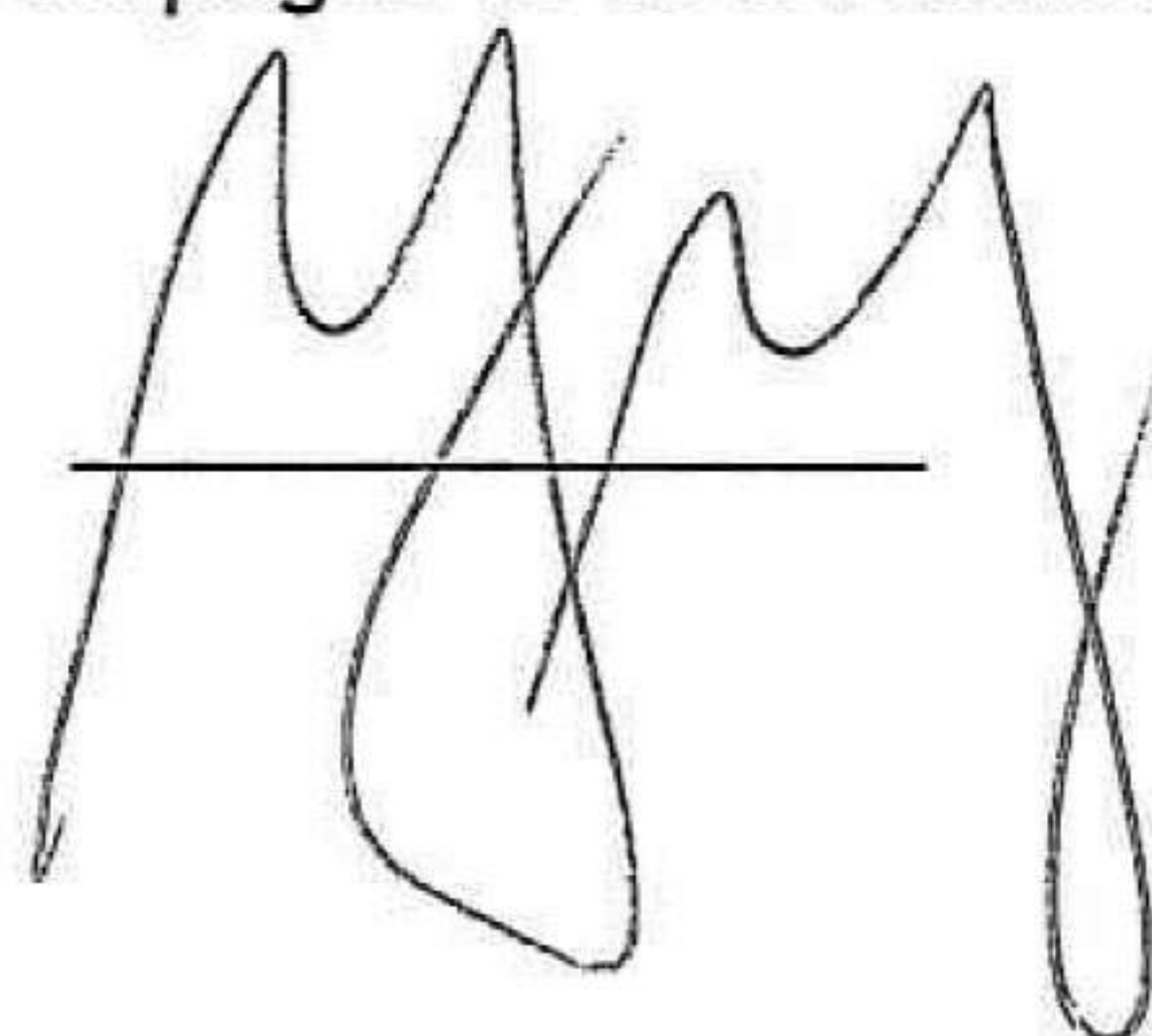
Statement of cash flows

	Note	For the year ended 31 December 2020 USD'000	For the year ended 31 December 2019 USD'000
Net loss for the period		(4,358)	(1,776)
<i>Adjustments for reconciliation of net profit with cash flows from operating activities:</i>			
Depreciation of property, plant and equipment and amortization of intangible assets		1,505	1,390
Amortization of right-of-use asset	17	620	318
Investment income	12	(349)	(644)
Finance expenses	13	650	150
Gain on disposal of property, plant and equipment		(226)	(77)
Change in allowances for impairment of trade and other receivables	11	295	136
Share of loss of equity accounted associates		647	412
Foreign exchange differences attributable to non-operating activities		(365)	(624)
Operating cash flows before changes in operating assets and liabilities and before interest and tax payments		(1,581)	(715)
<i>Changes in operating assets and liabilities</i>			
Inventories		(1,430)	(2,103)
Trade and other receivables		(176)	(2,240)
Trade and other payables		(724)	1,218
Contract liabilities		619	(1,358)
Lease liabilities		(503)	(277)
Other non-financial assets		(568)	(430)
Other non-financial liabilities		(264)	257
Cash flows before interest and tax payments		(4,627)	(5,648)
Interest paid		(262)	(231)
Income tax paid		-	-
Net cash flows used in operating activities		(4,889)	(5,879)
Investment operations			
Acquisition of property, plant and equipment and intangible assets		(3,001)	(6,757)
Development costs		(10,918)	(11,118)
Proceeds from disposal of property, plant and equipment		899	270
Withdrawals from bank deposits		13,979	3,045
Placement to bank deposits		(7,040)	(7,495)
Issue of loans		(923)	(669)
Loans repaid		390	215
Sale of debt securities held for sale		-	3,148

	<u>Note</u>	For the year ended 31 December 2020 USD'000	For the year ended 31 December 2019 USD'000
Acquisition of associates		(697)	(478)
Interest received		341	373
Net cash used in investing activities		<u>(6,970)</u>	<u>(19,466)</u>
Financial operations			
Repayment of loans		(196)	(658)
Contributions of the founders		12,100	23,287
Net cash flows generated from financing activities		<u>12,191</u>	<u>22,629</u>
Effect of exchange rate changes on cash and cash equivalents		200	83
Net change in cash and cash equivalents		532	(2,633)
Cash and cash equivalents at the beginning of the year		<u>1,177</u>	<u>3,810</u>
Cash and cash equivalents at the end of the year		<u>1,709</u>	<u>1,177</u>

The accompanying notes on pages 13 to 51 form an integral part of these financial statements.

N. Kosareva
 Director General



30 April 2021

N. Pinchuk
 Chief Accountant

