

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Unitsky String Technologies Co.

To the Director General Nadezhda Kosareva

To the Chief Accountant Nadezhda Pinchuk

Ref. number: 04-05/60/1

Date: 30 April 2020

### Qualified opinion

**Information about the auditee:**

**Name:** Unitsky String Technologies Co.

**Location:** Republic of Belarus, 222838, Minsk region, Pukhovichi district, Novoselkovsky village council, 35 district, Zorny Shlyakh str., 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 consolidated financial statements of Unitsky String Technologies Co. and its subsidiary (hereinafter - the "Group"), which comprise:

- ▶ The consolidated statement of financial position as at 31 December 2019, 31 December 2018 and 1 January 2018;
- ▶ The consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the years ended 31 December 2019 and 31 December 2018; and
- ▶ Notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for qualified opinion section, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, 31 December 2018 and 1 January 2018 and its financial performance and cash flows for the years ended 31 December 2019 and 31 December 2018 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 Group's Management did not test "Development costs" for impairment.

The book value of "Development costs" as at 31 December 2019 is 32,987 thousand US dollars, as at 31 December 2018 is 21,133 thousand US dollars, and as at 1 January 2018 is 12,352 thousand US dollars.

## Basis for Qualified Opinion (ending)

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 consolidated financial results for 2019 and 2018, as well as "Development costs" and retained loss as at 31 December 2019, 31 December 2018, and 1 January 2018, as recorded in the Group's accompanying consolidated financial statements, may need to be adjusted.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Preparation of the Consolidated Financial Statements

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

In preparing the consolidated financial statements, Management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group's internal control.

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

- ▶ 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit.

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.

Director /  
Managing partner  
BDO in Belarus

Auditor-in-charge

Alexander Shkodin  
(qualification certificate of the auditor  
No. 0000657 dated  
10 March 2003, registration No. 650)

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

Auditor's report date: 30 April 2020

Place of issue: Minsk, Republic of Belarus

Date of receipt by the auditee: 30 April 2020

Chief Accountant  
Unitsky String Technologies Co.  
N. Pinchuk

Signature

### INFORMATION ABOUT THE AUDITOR:

Name:  
Location:  
Information on the state  
registration:  
Payer's identification  
number:

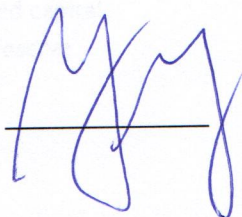
BDO LLC  
103 Pobediteley ave., floor 8, office 7, Minsk, 220020, Republic of Belarus  
Certificate on the state registration was issued by Minsk City Executive  
Committee dated 15.11.2013  
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## Consolidated Statement of Comprehensive Income

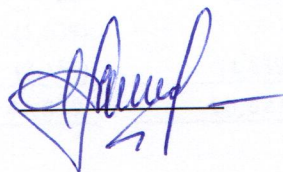
	Note	For the year ended 31 December 2019 USD'000	For the year ended 31 December 2018 USD'000
Revenue	6	8,261	6,824
Cost of sales	7	(7,291)	(4,812)
<b>GROSS PROFIT</b>		<b>970</b>	<b>2,012</b>
Administrative expenses	8	(3,019)	(2,358)
Commercial expenses	9	(109)	(354)
Other operating income	10	481	260
Other operating expenses	11	(805)	(344)
<b>Loss from operating activities</b>		<b>(2,482)</b>	<b>(784)</b>
Investment income	12	644	174
Finance expenses	13	(150)	(54)
<b>Profit from financing activities</b>		<b>494</b>	<b>120</b>
Foreign exchange differences, net		624	(383)
Share of loss of equity accounted associates	18	(412)	(513)
<b>LOSS BEFORE TAX</b>		<b>(1,776)</b>	<b>(1,560)</b>
Income tax benefit	14	93	17
<b>NET LOSS FOR THE YEAR</b>		<b>(1,683)</b>	<b>(1,543)</b>
<b>Other comprehensive income/(loss):</b>			
<i>Other comprehensive income/(loss) that may be subsequently reclassified to profit or loss:</i>			
Foreign currency translation differences		849	(1,639)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(834)</b>	<b>(3,182)</b>

The accompanying notes on pages 13 to 54 form an integral part of these consolidated financial statements.

N. Kosareva  
Director General



N. Pinchuk  
Chief Accountant



30 April 2020

## Consolidated Statement of Financial Position

	Note	31 December 2019 USD'000	31 December 2018 USD'000	1 January 2018 USD'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15	7,833	4,859	4,570
Development costs		32,987	21,331	12,352
Intangible assets	16	4,182	1,833	755
Right-of-use assets	17	1,382		
Investments in associates	18	1,156	1,061	129
Deferred tax assets	14	293	195	196
<b>Total non-current assets</b>		<b>47,833</b>	<b>29,279</b>	<b>18,002</b>
<b>Current assets</b>				
Biological assets		1	1	1
Inventories	19	5,619	3,437	2,484
Trade and other receivables	20	2,295	198	49
Current income tax advances		12	12	-
Other financial assets	21	8,361	5,785	641
Other non-financial assets	22	3,741	3,226	2,537
Cash and cash equivalents	23	1,177	3,810	2,030
<b>Total current assets</b>		<b>21,206</b>	<b>16,469</b>	<b>7,742</b>
<b>TOTAL ASSETS</b>		<b>69,039</b>	<b>45,748</b>	<b>25,744</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY AND RESERVES</b>				
Authorized capital	24	69,167	45,850	20,277
Unregistered part of authorized capital	24	-	30	2,185
Foreign currency translation reserve		(790)	(1,639)	-
Retained loss		(4,865)	(3,182)	(1,639)
<b>Total equity and reserves</b>		<b>63,512</b>	<b>41,059</b>	<b>20,823</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Loans and borrowings	25	-	639	1,454
Lease liabilities		934	-	-
<b>Total long-term liabilities</b>		<b>934</b>	<b>639</b>	<b>1,454</b>
<b>Short-term liabilities</b>				
Loans and borrowings	25	655	804	-
Lease liabilities		490	-	-
Trade and other payables	26	1,299	86	168

**Unitsky String Technologies Co.**

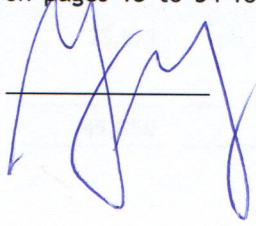
Consolidated financial statements for the year  
ended 31 December 2019

		31 December 2019 USD'000	31 December 2018 USD'000	1 January 2018 USD'000
	Note			
Contract liabilities	6	670	1,968	2,569
Other non-financial liabilities	27	1,479	1,192	730
Total short-term liabilities		4,593	4,050	3,467
TOTAL LIABILITIES		5,527	4,689	4,921
TOTAL EQUITY AND LIABILITIES		69,039	45,748	25,744

The accompanying notes on pages 13 to 54 form an integral part of these consolidated financial statements.

N. Kosareva  
Director General

30 April 2020



N. Pinchuk  
Chief Accountant

