

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Unitsky String Technologies Inc.

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

To Director General Nadezhda Kosareva

To Chief Accountant Elena Bardier

Ref. number: 04-05/60

Date: 31 May 2023

### Qualified Auditor's Opinion

We have audited the financial statements of Unitsky String Technologies Inc. (hereinafter – “auditee” or “Company”) (location: Republic of Belarus, 222838, Minsk region, Pukhovichi district, Novoselkovsky village council, 35, district of Zorny Shlyakh str., Maryina Gorka, date of state registration: 12.05.2015, registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 192425076), which comprise:

- ▶ The statement of financial position as at 31 December 2022;
- ▶ The statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and
- ▶ Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of the auditee as at 31 December 2022, its financial performance and the changes in its financial position, cash flows for the year then ended in accordance with International Financial Reporting Standards and their Explanations (hereinafter - "IFRSs").

### 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.

Management of the Company did not test "Development costs" for impairment.

The carrying amount of "Development costs" as at 31 December 2022 is 30,840 thousand US dollars (as at 31 December 2021: 36,560 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 2022, as well as "Development costs" and retained loss as at 31 December 2022, as recorded in the auditee's financial statements, may need to be adjusted.

The notes to the financial statements do not disclose information on intangible assets in the form of development costs in accordance with IAS 38 "Intangible Assets".



## Basis for Qualified Opinion (ending)

We conducted our audit in accordance with the requirements of the Law of the Republic of Belarus "On Auditing Activities", the national rules of auditing activity in force in the Republic of Belarus and International Standards on Auditing (hereinafter - "ISAs"). Our responsibilities under those requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We observed the principle of independence in relation to the auditee in accordance with the requirements of the Law of the Republic of Belarus "On Auditing Activities", the National Standards of Auditing Activities and the International Code of Ethics for Professional Accountants adopted by the International Ethics Standards Board for Accountants, and we observed other principles of professional ethics in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Auditee for the Preparation of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Management determines is 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.

Those charged with governance are responsible for overseeing the auditee's financial reporting process.

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

Our objectives are to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud and (or) error, and to issue an auditor's report that includes our opinion expressed in the prescribed form. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the National Standards of Auditing Activities approved by the Ministry of Finance of the Republic of Belarus and 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 the users of these financial statements taken on its basis.

As part of an audit in accordance with the Law of the Republic of Belarus "On Auditing Activities", the National Standards of Auditing Activities approved by the Ministry of Finance of the Republic of Belarus and ISAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud and (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 sophisticated and carefully organized schemes designed to conceal it.



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

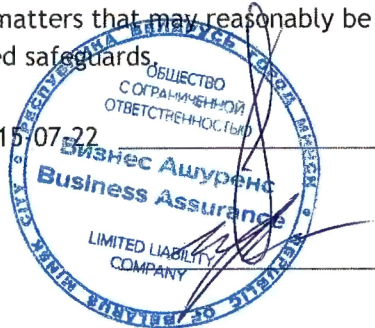
- ▶ Obtain an understanding of the internal control system relevant to the audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system.
- ▶ Evaluate 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 auditee to cease to continue as a going concern.
- ▶ 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.

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  
(Power of Attorney No. 15-07-22 dated 04.07.2022)

Engagement Manager



Andrey Misuk  
(qualification certificate of the auditor No. 0002095)

Inna Mandrik  
(qualification certificate of the auditor No. 0002371)

Auditor's report date: 31 May 2023

Place of issue: Minsk, Republic of Belarus

Date of receipt by the auditee: 31 May 2023

Chief Accountant of Unitsky String Technologies Inc.

Bardier E.

Signature 

**INFORMATION ABOUT THE AUDITOR:**

Name:

Business Assurance LLC

Location:

103 Pobediteley ave., floor 8, office 7, Minsk, 220020, Republic of Belarus

Date of state registration:

Certificate on the state registration issued by Minsk City Executive Committee dated 04.07.2022

Registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs

190241132

Registration number in the register of audit entities

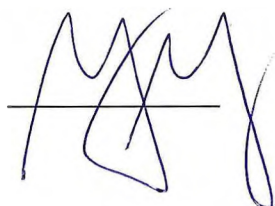
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## Statement of comprehensive income

|   | Note | For the year<br>ended 31<br>December 2022<br>USD'000 | For the year<br>ended 31<br>December 2021<br>USD'000 |
|---|------|--|--|
| Revenue   | 6    | 17,229   | 12,009   |
| Cost of sales   | 7    | (7,238)  | (7,254)  |
| <b>GROSS PROFIT</b>   |      | <b>9,991</b>   | <b>4,755</b>   |
| Administrative expenses   | 8    | (5,578)  | (2,921)  |
| Commercial expenses   | 9    | (1,181)  | (1,463)  |
| Other operating income  | 10   | 861  | 290  |
| Other operating expenses  | 11   | (2,719)  | (1,958)  |
| <b>Profit (Loss) from operating activities</b>  |      | <b>1,374</b>   | <b>(1,297)</b>                                       |
| Investment and finance income   | 12   | 209  | 40   |
| Finance expenses  | 13   | (142)  | (272)  |
| <b>Profit (loss) from investment and financing activities</b>   |      | <b>67</b>  | <b>(232)</b>   |
| Foreign exchange differences, net   |      | (243)  | 399  |
| Share of profit (loss) of equity accounted associates   | 18   | (103)  | 319  |
| <b>PROFIT (LOSS) BEFORE TAX</b>   |      | <b>1,095</b>   | <b>(811)</b>   |
| Income tax benefit / (expenses)   | 14   | -  | 40   |
| <b>NET PROFIT (LOSS) FOR THE YEAR</b>   |      | <b>1,095</b>   | <b>(771)</b>   |
| <b>Other comprehensive income/(expenses):</b>   |      |  |  |
| <i>Other comprehensive income / (expenses) that may be subsequently reclassified to profit or loss:</i> |      |  |  |
| Foreign currency translation differences  |      | (4,203)  | 719  |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>  |      | <b>(3,108)</b>                                       | <b>(52)</b>  |

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

N. Kosareva  
 Director General



E. Bardier  
 Chief Accountant



31 May 2023



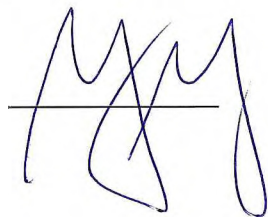
## Statement of financial position

|                                      | No<br>te | 31 December<br>2022<br>USD'000 | 31 December<br>2021<br>USD'000 |
|--------------------------------------|----------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                        |          |                                |                                |
| <b>Non-current assets</b>            |          |                                |                                |
| Property, plant and equipment        | 15       | 3,623                          | 4,434                          |
| Development costs                    | 16       | 30,840                         | 36,560                         |
| Intangible assets                    | 16       | 4,975                          | 4,195                          |
| Right-of-use assets                  | 17       | 1,135                          | 1,412                          |
| Investments in associates            | 18       | 4,419                          | 4,853                          |
| Other financial assets               | 21       | 536                            | 186                            |
| <b>Total non-current assets</b>      |          | <b>45,528</b>                  | <b>51,640</b>                  |
| <b>Current assets</b>                |          |                                |                                |
| Inventories                          | 19       | 5,551                          | 6,801                          |
| Trade and other receivables          | 20       | 7,818                          | 3,224                          |
| Current income tax advances          |          | 257                            | 10                             |
| Other financial assets               | 21       | 351                            | 991                            |
| Other non-financial assets           | 22       | 2,441                          | 3,047                          |
| Cash and cash equivalents            | 23       | 491                            | 2,019                          |
| <b>Total current assets</b>          |          | <b>16,909</b>                  | <b>16,092</b>                  |
| <b>TOTAL ASSETS</b>                  |          | <b>62,437</b>                  | <b>67,732</b>                  |
| <b>EQUITY AND LIABILITIES</b>        |          |                                |                                |
| <b>EQUITY AND RESERVES</b>           |          |                                |                                |
| Authorized capital                   | 24       | 82,516                         | 82,516                         |
| Foreign currency translation reserve |          | (15,953)                       | (11,750)                       |
| Retained loss                        |          | (9,152)                        | (10,247)                       |
| <b>Total equity and reserves</b>     |          | <b>57,411</b>                  | <b>60,519</b>                  |

|                                     | No<br>te | 31 December<br>2022<br>USD'000 | 31 December<br>2021<br>USD'000 |
|-------------------------------------|----------|--------------------------------|--------------------------------|
| <b>LIABILITIES</b>                  |          |                                |                                |
| <b>Long-term liabilities</b>        |          |                                |                                |
| Loans and borrowings                | 25       | 581                            | -                              |
| Lease liabilities                   | 28       | 779                            | 1,120                          |
| <b>Total long-term liabilities</b>  |          | <u>1,360</u>                   | <u>1,120</u>                   |
| <b>Short-term liabilities</b>       |          |                                |                                |
| Loans and borrowings                | 25       | 869                            | 620                            |
| Lease liabilities                   | 28       | 765                            | 790                            |
| Trade and other payables            | 26       | 72                             | 840                            |
| Contract liabilities                | 6        | 883                            | 2,788                          |
| Other non-financial liabilities     | 27       | 1,077                          | 1,055                          |
| <b>Total short-term liabilities</b> |          | <u>3,666</u>                   | <u>6,093</u>                   |
| <b>TOTAL LIABILITIES</b>            |          | <u>5,026</u>                   | <u>7,213</u>                   |
| <b>TOTAL EQUITY AND LIABILITIES</b> |          | <u>62,437</u>                  | <u>67,732</u>                  |

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

N. Kosareva  
 Director General



E. Bardier  
 Chief Accountant



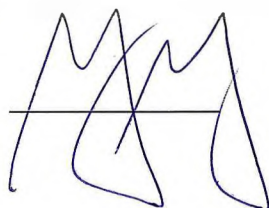
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**Statement of changes in equity**

|                               | Note      | Authorized<br>capital<br>USD'000 | Foreign<br>currency<br>translation<br>reserve<br>USD'000 | Retained<br>earnings<br>USD'000 | Total equity<br>USD'000 |
|-------------------------------|-----------|----------------------------------|--|---------------------------------|-------------------------|
| <b>1 January 2021</b>         |           | <b>81,267</b>                    | <b>(12,469)</b>  | <b>(9,476)</b>                  | <b>59,322</b>           |
| Net loss for the year         |           | -                                | -  | (771)                           | (771)                   |
| Contributions of shareholders |           | 1,249                            | -  | -                               | 1,249                   |
| Other comprehensive<br>income |           | -                                | 719  | -                               | 719                     |
| <b>31 December 2021</b>       | <b>24</b> | <b>82,516</b>                    | <b>(11,750)</b>  | <b>(10,247)</b>                 | <b>60,519</b>           |
| Net profit for the year       |           | -                                | -  | 1,095                           | 1,095                   |
| Contributions of shareholders |           | -                                | -  | -                               | -                       |
| Other comprehensive<br>income |           | -                                | (4,203)  | -                               | (4,203)                 |
| <b>31 December 2022</b>       | <b>24</b> | <b>82,516</b>                    | <b>(15,953)</b>  | <b>(9,152)</b>                  | <b>57,411</b>           |

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

N. Kosareva  
 Director General



31 May 2023

E. Bardier  
 Chief Accountant





## Statement of cash flows

|   | Note | For the year ended<br>31 December 2022<br>USD'000 | For the year ended<br>31 December 2021<br>USD'000 |
|---|------|---|---|
| <b>Net profit (loss) for the period</b>   |      | <b>1,095</b>                                      | <b>(811)</b>                                      |
| <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                                 |      | 1,279   | 1,285   |
| Depreciation of right-of-use asset  | 17   | 635   | 626   |
| Interest income   | 12   | (86)  | (40)  |
| Finance expenses  | 13   | 142   | 272   |
| Loss from disposal of inventory   |      | 521   | (137)   |
| Change in allowances for impairment of trade and other receivables  | 11   | 1,128   | 134   |
| Effect of an initial recognition of loans received and granted on non-market terms                                  |      | (123)   | -   |
| Share of profit (loss) of equity accounted associates   |      | 103   | (319)   |
| Foreign exchange differences  |      | 243   | (399)   |
| <b>Operating cash flows before changes in operating assets and liabilities and before interest and tax payments</b> |      | <b>4,937</b>                                      | <b>611</b>  |
| <i>Changes in operating assets and liabilities</i>  |      |   |   |
| Inventories   |      | 729   | (795)   |
| Trade and other receivables   |      | (6,595)   | (1,584)   |
| Trade and other payables  |      | (924)   | 838   |
| Contract liabilities  |      | (1,905)   | 1,648   |
| Lease liabilities   | 28   | (694)   | (271)   |
| Other non-financial assets  |      | 413   | 87  |
| Other non-financial liabilities   |      | 22  | 87  |
| <b>Cash flows before interest and tax payments</b>  |      | <b>(4,017)</b>                                    | <b>621</b>  |
| Interest paid   |      | (129)   | (271)   |
| Income tax paid   |      | (257)   | 40  |
| <b>Net cash flows used in operating activities</b>  |      | <b>(4,403)</b>                                    | <b>390</b>  |
| <b>Investment operations</b>  |      |   |   |
| Acquisition of property, plant and equipment and intangible assets  |      | (437)   | (2,346)   |
| Development costs   |      | 1,490   | 1,341   |
| Proceeds from disposal of property, plant and equipment   |      | 638   | 3,901   |
| Issue of loans  |      | (563)   | (1,247)   |
| Loans repaid  |      | 839   | 595   |

**Unitsky String Technologies Inc.**

Financial statements for the year  
ended 31 December 2022

|   | <u>Note</u> | <u>For the year ended<br/>31 December 2022<br/>USD'000</u> | <u>For the year ended<br/>31 December 2021<br/>USD'000</u> |
|---|-------------|--|--|
| Acquisition of associates/ Contributions to associates        |             | -  | (3,545)  |
| Interest received   |             | 75   | 4  |
| <b>Net cash used in investing activities</b>                  |             | <u>2,042</u>   | <u>(1,297)</u>   |
| <b>Financial operations</b>                                   |             |  |  |
| Repayment of loans  |             | -  | (82)   |
| Loans received  |             | 901  | 21   |
| Contributions of the founders                                 |             | -  | 1,249  |
| <b>Net cash flows generated from financing activities</b>     |             | <u>901</u>   | <u>1,188</u>   |
| Effect of exchange rate changes on cash and cash equivalents  |             | (68)   | 30   |
| <b>Net change in cash and cash equivalents</b>                |             | <u>(1,528)</u>   | <u>310</u>   |
| <b>Cash and cash equivalents at the beginning of the year</b> |             | <u>2,019</u>   | <u>1,709</u>   |
| <b>Cash and cash equivalents at the end of the year</b>       |             | <u>491</u>   | <u>2,019</u>   |

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

N. Kosareva  
Director General



31 May 2023

E. Bardier  
Chief Accountant

