

# IT SMART FINANCE

GROUP OF COMPANIES

## FINANCIAL RESULTS FOR 2020

REPORTING PERIOD 01.01.2020 – 31.12.2020



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# Management report



## HELLO!

My name is Maxim Pashchenko.  
I am a founder of IT Smart Finance group of companies.  
I would like to tell you about the Group's results for 2020 and plans for 2021.

In 2020, we focused our efforts on improving existing products and achieved significant performance indicators in Joymoney.ru, Joymoney.es and Nibble. We also paid special attention to cost minimization and work efficiency of the collection. We did not take the path of business expansion and developing new projects, because the COVID-19 pandemic led to difficulties which slowed down the global economy and made it impossible to move around the world. In this regard, Joymoney Mexico project was suspended but in the future when the situation improves, we will definitely return to this project.

At the beginning of the year, we launched nibble.finance, an international crowdfunding platform. Nibble performed well in 2020. But frankly speaking, the time of our platform release was not the best. We made a lot of efforts to achieve these performance indicators: more than 1,500 users registered, more than 600 users invested in our platform, the total sum of paid interest was more than 50,000 euros, the total investment in the platform was almost half a million euros.

We developed a new product, Flexible Investment, to help you diversify your portfolio. It involves three investment strategies with annual interest rate from 9.7% to 19%. We made it as transparent as possible for our investors by describing all the risks that an investor may face.

At the end of each month the Risk Committee analyzes the issued loans, calibrates the scoring model and makes forecasts on interest rate for the next periods.

The reserve fund was formed by the group of companies in which the funds were invested. By virtue of this fund, Nibble offers investors a strategy with buyback guarantee. You can find detailed information on our website nibble.finance.

Currently, we are undergoing the process of obtaining an Anti-Money Laundering (AML) License and an Estonian Financial Supervision Authority (FSA) Credit Provider License. Although they are not required by law, we are obtaining them to make investors feel as secure as possible investing with Nibble. We believe that the company's open attitude towards the risk policy has fortified investors' confidence in our platform.

We aim to get into the Top 3 investment platforms in Europe, we plan to increase investment volumes and expand the product line in 2021.

New regulating authorities' restrictions led to the necessary optimization of all the processes in Joymoney.ru. After the company had showed the same performance indicators in the first half of the year as in 2019, it began to explore its points of growth and hidden potential.

In 2020, the company adopted strategies of customer service improvement, strong analysis of all the performance indicators and regular coordination of actions. We refactored the top management, relied on the development and strengthening of the team and the security of these processes. As a result, we got a 70% increase in turnover in the second half of the year. The total volume of issued microloans amounted to almost 1.5 billion rubles, 150,000 contracts were concluded. The total volume of all payments amounted to almost 2 billion rubles.

The changes also affected the process of decision-making about customer application – scoring system. By implementing changes, reconsider stop factors, we achieved improvements in the level of

approval and the quality of applications. The portfolio structure became more homogeneous and diversifies risks better. Now 86% - the maximum share, is accounted for by repeat loans. If we talk about the portfolio in general, it grew by 2.5 times in 2020. Of course, all of these changes had a positive effect on the company's net profit - it increased by 1.5 times in comparison with 2019.

It is important to note that we achieved these results with the continued restrictions of the regulating authorities on possible income. In 2021, the company plans to increase the volume of loans by 3 times in comparison with 2020. Joymoney.es, a microfinance organization, demonstrated the same stable performance indicators as in the previous year. Moreover, we are actively developing judicial debt collection in Spain. In 2021, we plan to launch a new risk underwriting service named Boost, which will allow us to increase the volume of litigation contract. In March, we will publish IT Smart Finance annual report for 2020.

Thanks to the highly qualified team and timely action, we adapted to the pandemic, got out of the crisis with optimized costs, improved portfolio quality, and high performance indicators. We have developed a well-balanced business model. We continue to develop new high-tech software solutions, use big data analysis, and work on improving the scoring model. Our doors are always open for both experienced and young professionals. In 2020, we significantly expanded our staff and continue to expand it due to the growth of the company and new projects that we will start implementing as soon as the situation in the world become stable.

**Maxim Pashchenko**

Founder of IT Smart Finance  
group of companies



# Financial Statements

## Statement of Financial Position

Line N°	Description of indicator	Notes to the lines	As of December 31, 2020 EUR'000	As of December 31, 2019 EUR'000
<b>SECTION I. ASSETS</b>				
1	Monetary assets	5	158	99
2	Financial assets at fair value through profit or loss		–	–
3	Financial assets at fair value through other comprehensive income		–	–
4	Financial assets at amortized cost	8	2918	2582
5	Assets (assets of disposal groups) classified as held for sale		–	–
6	Investments in the associated entities	10	-	-
7	Investments in the jointly controlled entities		–	–
8	Investments in the affiliated companies		1,3	1,3
9	Investment property		–	–
10	Intangible assets	14	0,8	0,9
11	Fixed assets	15	23	48
12	Claims for current income tax		–	–
13	Deferred tax assets		37	48,8
14	Other assets	17	11	73
<b>15</b>	<b>Total assets</b>		<b>3149</b>	<b>2853</b>
<b>SECTION II. LIABILITIES</b>				
16	Financial liabilities at fair value through profit or loss		–	–
17	Financial liabilities at amortized cost	19	988	925
18	Liabilities of disposal groups classified as held for sale		–	–
19	Liabilities for current income tax		17	35
20	Deferred tax liabilities		4,4	4
21	Reserves – estimated liabilities	20	2,5	2
22	Other liabilities	21	8	86
<b>23</b>	<b>Total liabilities</b>		<b>1020</b>	<b>1052</b>

Line N°	Description of indicator	Notes to the lines	As of December 31, 2020 EUR'000	As of December 31, 2019 EUR'000
<b>SECTION III. CAPITAL</b>				
24	Authorized (joint-stock) capital		308	308
25	Added capital		555	555
26	Reserve capital		–	–
27	Own shares (stocks) redeemed from the shareholders (participants)		–	–
28	Reserves		–	–
29	Undistributed profits (outstanding loss)		1267	938
<b>30</b>	<b>TOTAL CAPITAL</b>		<b>2129</b>	<b>1801</b>
<b>31</b>	<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>3149</b>	<b>2853</b>

## Profit and Loss Statement

Line N°	Description of indicator	Notes to the lines	For 2020 EUR'000	For 2019 EUR'000
<b>SECTION I. NET INTEREST INCOME (NET INTEREST EXPENSES) UPON FORMATION OF THE ALLOWANCE FOR EXPECTED CREDIT LOSSES UNDER THE FINANCIAL ASSETS</b>				
1	Interest income	25	8394	11068
2	Interest expenses	26	(134)	(135)
3	Net interest income (net interest expenses)		8259	10933
4	Gains less losses (losses less gains) for recovery (formation) of the allowance for expected credit losses under the financial assets, including:		(4853)	(7129)
5	Gains less losses (losses less gains) for recovery (formation) of the allowance for expected credit losses under the financial assets at amortized cost		(4853)	(7129)
6	Gains less losses (losses less gains) for recovery (formation) of the allowance for expected credit losses under the debt instruments at fair value through other comprehensive income		–	–
7	Net interest income (net interest expenses) upon formation of the allowance for expected credit losses under the financial assets		3407	3803

Line N°	Description of indicator	Notes to the lines	For 2020 EUR'000	For 2019 EUR'000
SECTION II. OPERATING INCOME LESS THE OPERATING EXPENSES				
8	Gains less losses (losses less gains) for transactions with the financial instruments at fair value through profit or loss		–	–
9	Gains less losses (losses less gains) for transactions with the financial assets at fair value through other comprehensive income		–	–
10	Gains less losses (losses less gains) for transactions with the financial instruments at amortized cost	31	334	620
11	Gains less losses (losses less gains) for transactions with the investment property		–	–
12	Gains less losses (losses less gains) for transactions with the foreign currency and revaluation of funds in foreign currency		0,03	(0,11)
13	General and administrative expenses	33	(3863)	(4643)
14	Gains less losses (losses less gains) for revaluation and disposal of assets (disposal groups) classified as held for sale		–	–
15	Other income	34	550	524
16	Other expenses	34	(17)	(69)
17	Total operating income (expenses)		(2996)	(3568)
18	Income (expenses) before tax		411	235
19	Income tax profit (loss), including:		(82)	(47)
20	Current income tax loss		(70)	(71)
21	Deferred income tax profit (loss)		(12)	24
22	Profit (loss) from the discontinued operations, revaluation and disposal of assets (disposal groups) classified as held for sale, representing the discontinued operations, after taxation		–	–
23	Income (expenses) after tax		328	188
SECTION III. OTHER COMPREHENSIVE INCOME				
	TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE REPORTING PERIOD		328	188

## Cash Flow Statement

Line N°	Description of indicator	Notes to the lines	For 2020 EUR'000	For 2019 EUR'000
<b>SECTION I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
1	Received interest		5819	6649
2	Paid interest		(121)	(138)
3	Payments related to the payment of direct operating expenses		–	–
4	Payments related to the payment of general and administrative expenses		(3314)	(4528)
5	Revenues less payments (payments less revenues) due to the sale (redeem) of financial assets and placement (liquidation) of financial liabilities obligatorily classified as assessed at fair value through profit or loss		–	–
6	Receipt of dividends and other similar payments from the affiliated, jointly controlled and associated entities		–	–
7	Paid income tax		(88)	(71)
7.1	Proceeds from the repayment and sale of financial assets at amortized cost		16005	13185
7.2	Payments related to the placement and acquisition of financial assets at amortized cost		(18383)	(15731)
8	Other revenues from operating activities		936	1042
9	Other payments due to operating activities		(684)	(125)
<b>10</b>	<b>Balance of cash flows from operating activities</b>		<b>369</b>	<b>283</b>
<b>SECTION II. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
11	Revenues due to the sale of fixed assets and intangible assets		–	–
12	Revenues due to the sale of investment property		–	–
13	Payments related to the redeem, formation, modernization, preparation for use of the fixed assets		–	–
14	Payments related to the redeem, formation of the intangible assets		–	–
15	Revenues due to the sale of shares and participation interest of the affiliated, jointly controlled and associated entities		–	–
16	Payments related to the investments in the shares and participation interest of the affiliated, jointly controlled and associated entities		–	–

Line N°	Description of indicator	Notes to the lines	For 2020 EUR'000	For 2019 EUR'000
17	Revenues due to the sale and retirement of the financial assets classified as assessed at fair value through profit or loss at the discretion of non-bank institution		–	–
18	Payments due to redeem of the financial assets classified as assessed at fair value through profit or loss at the discretion of non-bank institution		–	–
19	Revenues related to the sale and retirement of the financial assets at fair value through other comprehensive income		–	–
20	Payments related to the redeem of the financial assets at fair value through other comprehensive income		–	–
21	Revenues due to the sale of the financial assets at amortized cost		–	–
22	Payments due to the redeem of the financial assets at amortized cost		–	–
23	Revenues due to the lease of investment property		–	–
24	Other revenues from investment activities		–	–
25	Other payments due to investment activities		–	–
26	Balance of cash flows from investment activities		–	–
<b>SECTION III. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>				
27	Revenues due to the attraction of credits and loans		269	267
28	Credit and loan repayment		(588)	(670)
28.1	payments towards the repayment of obligations under lease agreements		(80)	(92)
29	Revenues due to the issue of shares (additional contributions of the founders, additional contributions of the partners)		–	
30	Revenues due to the sale of own shares		–	
31	Redeem of own shares (stocks) from the shareholders (participants, partners)		–	
32	Paid dividends and other similar payments		–	
33	Revenue due to the issue of debt securities		–	
34	Payments for repayment of debt securities		–	
35	Other revenues from financial activities		9	9
36	Other payments due to financial activities		–	–
37	Balance of cash flows from financial activities		(309)	(394)

Line N°	Description of indicator	Notes to the lines	For 2020 EUR'000	For 2019 EUR'000
38	Balance of cash flows for the reporting period		60	(111)
39	Effect of exchange rate changes in relation to ruble on cash and cash equivalents		0,03	(0,1)
40	Opening balance of cash and cash equivalents		100	211
41	Closing balance of cash and cash equivalents		160	100

## Statement of Changes in Shareholders' Equity

Description of indicator	Authorized (joint-stock) capital EUR'000	Added capital EUR'000	Undistributed profits (outstanding loss) EUR'000	Total capital EUR'000
<b>Balance as of January 01, 2019</b>	157	555	901	1612
Changes due to the changes in accounting policies	-	-	-	-
<b>Reviewed balance as of January 01, 2019</b>	157	555	901	1612
Profit (loss) after tax	X	X	188	188
Other comprehensive income (loss)	X	X	X	-
Additional issue of shares (additional contributions of the founders, additional contributions of the partners)	151	-	(151)	-
Redemption (sale) from shareholders (participants, partners) of own shares	-	-	-	-
Dividends and other similar payments for the benefit of the shareholders (participants, partners)	X	X	-	-
<b>Balance as of December 31, 2019</b>	308	555	938	1801
Changes due to the changes in accounting policies	-	-	-	-
<b>Reviewed balance as of December 31, 2019</b>	308	555	938	1801
Profit (loss) after tax	X	X	328	328
Other comprehensive income (loss)	X	X	X	-
Additional issue of shares (additional contributions of the founders, additional contributions of the partners)	-	-	-	-
Redemption (sale) from shareholders (participants, partners) of own shares	-	-	-	-
<b>Balance as of December 31, 2020</b>	308	555	1267	2129

# Notes to the Financial Statements for 2020

To demonstrate an objective picture of the changes, all figures are given according to the exchange rate as of 31.12.2018, since this is the first of the reporting periods presented in the reports on the website.

## Basics of Accounting (Financial) Statements

The Financial Statements have been prepared in accordance with Industry Accounting Standards (IAS). The accounting policies used in the preparation of the Financial Statements have been applied consistently to all periods presented in these Statements.

Financial instruments are carried at amortized cost. Amortized cost can be calculated using the effective interest method (ESP) or the linear method.

According to the ESP method, amortized cost means the amount in which the money provided (placed) under a loan agreement is measured at initial recognition, net of payments intended to cover the principal amount of the loan, reduced or increased by the amount of the accumulated difference between the original value and amount of repayment calculated using the ESP depreciation method, as well as net of the amount of the provision for impairment. The linear method is applied to loan agreements whose validity is less than one year at their initial recognition, if the difference between the amortized cost calculated using the ESP method and the amortized cost calculated using the linear method of recognizing interest income is not material.

During the reporting period no reclassification was implemented.

## A short summary of accounting policies, important estimates and professional judgments in the application of accounting policies

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities using professional judgments. Evaluations and professional judgments are constantly analyzed based on experience and other factors. Management reviews its loan portfolio for impairment on a regular basis. In determining whether a depreciation loss should be recognized in the Profit or Loss accounts, management uses professional judgment about the existence of objective evidence of a decrease in estimated future changes for the loan portfolio. Such signs may include evidence of a negative change in the payment status of borrowers in the Group or in local economic conditions. Management uses estimates based on historical loss data for assets with credit risk characteristics and objective evidence of impairment.

In some cases, management accounting systems do not allow to collect the necessary statistical information on the history of losses in full for some types of loans. In such cases, professional judgment and statistical information on the history of losses on loans with a similar level of credit risk are used. The methodology and professional judgment used in estimating the amounts and timing of future cash flows are reviewed regularly to reduce any discrepancy between estimated and actual losses.

The greatest impact on the items “financial assets”, “financial liabilities”, and “other assets” - had the following estimates and assumptions: an estimate of the probability of non-return of a financial asset on time, with the subsequent creation of a reserve.

Financial instruments are carried at initial and amortized cost.

**The significant effect of the retrospective application of accounting policies on data at the beginning of the previous reporting period, the significant effect of the retrospective recalculation or the reclassification of balance on data at the beginning of the previous reporting period due to the correction of errors**

The significant effect of the retrospective application of accounting policies on data at the beginning of the previous reporting period, as well as on the comparable reporting period of the previous year, was expressed in the application of the same standards for calculating the reserve for depreciation of financial instruments. Due to the identified errors of the previous reporting period, corrections were made to the accounting indicators, which resulted in a change in the grouping of accounts by lines of Accounting Statements.

Account 47423 as of 31.12.2019 was moved from the line 14 to the line 4 of the Financial Position, therefore the line 14 decreased and the line 4 increased by 615 thousand euro.

As for the line 21, all created reserves were reflected; after reclassification of the amounts, the line 21 of the Financial Position as of 31.12.2019 decreased by 27 thousand euro, the line 17 increased by 4 thousand euro, the line 22 increased by 23 thousand euro. In the Statement of Changes in equity, the amount of 151 thousand euro was transferred from the line 11 to the line 9 (17), with regard to the fact that according to the Profit Distribution Protocol, the amount was used to increase the authorized capital, and the dividends for the specified period were not distributed.

In regard to the Cash Flow Statement as of 31.12.2019, the following lines were changed: the line 4 decreased by the amount of rent in the amount of 92 thousand euro, the lines 28 and 28.1 increased by the same amount. From the lines 8 and 9, the amounts related to the issuance and repayment of microloans were transferred to the lines 7.1 in the amount of 13 185 thousand euro, 7.2 – 15 731 thousand euro. Due to the movement of these amounts, the final figures for the lines 10 and 37 as of 31.12.2019 have changed.

Otherwise, the accounting policies used in the preparation of the Financial Statements were applied consistently to all periods presented in these Statements or their retrospective restatement did not have a significant impact on the Financial Statements.

### **The procedure for recognition and subsequent accounting of finances**

Finances are carried in the Financial Statements with allowance for impairment losses. Reservation is carried out for each current account in the context of the types of currencies in accordance with internal regulatory documents.

### **The procedure for recognition and subsequent accounting of financial liabilities measured at amortized cost**

Initial recognition of financial liabilities is carried at amortized cost. Subsequent accounting for financial liabilities: carried at amortized cost. Amortized cost can be calculated using the effective interest method (ESP) or the linear method.

### **Criteria used by the organization to distinguish between investment property and property held by a non-credit financial institution, and property held for sale in the ordinary course of business**

A fixed asset is an object having a tangible form intended for use by the Company in the provision of services or for administrative purposes for more than 12 months, the subsequent resale of which is not supposed by the organization, while fulfilling the following conditions: the object is capable of bringing economic benefits to the organization in the future; the initial value of the object can be reliably determined. The company does not have investment property, as well as property intended for sale. But there are criteria for classifying property as investment property: The Company classifies property as investment property under the following conditions:

- the property is owned by the Company
- is not used in the process of operating activities
- is intended to receive rental payments (excluding payments under financial lease (leasing) agreements, income from the increase in the value of this property, or both
- sale of property within 12 months from the date of classification as an investment property, is not planned.

Property is classified as investment property if more than 60% of the total area is intended to receive rental payments (excluding payments under finance lease (leasing) agreements).

### **The procedure for recognition and subsequent accounting of reserves – the estimated liabilities**

Recognition (derecognition or adjustment) of the reserve – the estimated liability is based on the professional judgment, which indicates the amount of the reserve – estimated liability, representing the best estimate of the costs required to settle an existing obligation. Reserve – the estimated liability is reviewed by the Company once a quarter at the end of the quarter.

**The procedure for recognition, assessment, subsequent accounting, derecognition of a deferred tax asset and a deferred tax liability**

Deferred income tax is calculated using the Financial Position liability method related to the deferred tax losses and temporary differences between the tax base of assets and liabilities and their book value. Deferred tax assets and liabilities are determined using tax rates, which are effective or substantially effective at the end of the reporting period and which are expected to be applied at a time when the temporary differences or the deferred tax losses are implemented.

**The procedure for recognition and assessment of authorized capital, share premium, proprietary funds**

The authorized capital of the Company is made up of the contributions of its participants.

**The procedure for reflecting dividends**

Dividends (paid) are reflected at the moment of payment to a member of the Company with a simultaneous decrease in "Capital".



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# AUDITOR'S REPORT

To the sole participant of the Limited Liability Company  
MICROFINANCE COMPANY JOYMONEY

## Opinion

We have audited the attached Annual Accounting (Financial) Statements of the Limited Liability Company Microfinance Company Joy Money (OGRN (Principal State Registration Number) 1145476064711, 12 Sovetskaya Street (4th floor), Novosibirsk, 630099, Novosibirsk Region, Russian Federation), consisting of the Financial Position of a microfinance organization in the form of business entity or partnership, pawnshop as of 31 December 2020, Profit and Loss Statement of a microfinance organization in the form of business entity or partnership, pawnshop for 2020, appendices to the Financial Position and the Profit and Loss Statement, including the Statement of Changes in Equity and the Cash Flow Statement for 2020, notes to the Financial Position and the Profit and Loss Statement, including the main provisions of accounting policies.

In our opinion, the accompanying Annual Accounting (Financial) Statements accurately reflect, in all material respects, the financial position of the audited entity as of 31 December 2020, its financial performance and cash flows for 2020 in accordance with the rules established in the Russian Federation for preparing accounting (financial) statements of microfinance organizations in the form of a business entity.

## Basis for Expression of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are disclosed in the Auditor's Responsibilities for the Audit of the Annual Accounting (Financial) Statements section of this report. We are independent with respect to the audited entity in accordance with the Rules of Independence of Auditors and Auditing Organizations and the Code of Professional Ethics for Auditors, that are relevant to the International Code of Ethics for Professional Accountants developed by the International Ethics Standards Council for Professional Accountants. We have performed other duties in accordance with these requirements of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Important Circumstances

We draw your attention to Note 3 to the Accounting (Financial) Statements, which provide for the basics of preparing accounting (financial) statements: the Accounting (Financial) Statements have been prepared in accordance with industry accounting standards. We do not express a modified opinion in connection with this issue.

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e-mail: [escort@audit-escort.ru](mailto:escort@audit-escort.ru)[www.audit-escort.ru](http://www.audit-escort.ru)**Other Data**

The audit of the Accounting (Financial) Statements of the audited entity for the year ended 31 December 2019 was carried out by another auditor, LLC "Audit. Accounting. Consulting" (ORNZ (Principal Number of Registration Entry) 11006021103), which expressed an unmodified opinion on the specified Accounting (Financial) Statements in the auditor's report dated 26.03.2020.

**Other Information**

The management shall be responsible for other information. Other information includes information contained in the Organization's Annual Report for 2020, but does not include the Financial Statements and our Audit Report thereon.

Our opinion on the Financial Statements does not extend to other information, and we do not present an assurance conclusion in any form with respect to that information.

In connection with our audit of the Financial Statements, our responsibility is to review the other information and consider whether there is a material inconsistency between the other information and the Financial Statements, or our knowledge obtained during the audit, and whether the other information contains other possible material misstatement. If, based on our work, we conclude that such other information contains a material misstatement, we are required to report this fact. We have not identified any facts that we need to specify in our opinion.

**Responsibility of the Management and the Sole Participant of the Audited Entity for the Annual Accounting (Financial) Statements**

The management shall be responsible for the preparation and fair presentation of the said Annual Accounting (Financial) Statements in accordance with the rules for drawing up accounting (financial) statements established in the Russian Federation, and for the internal control system that management considers necessary for the preparation of the Accounting (Financial) Statements, free of material misstatement due to fraud or error.

While preparing the Annual Accounting (Financial) Statements, the management shall be responsible for assessing the Organization's ability to continue as a going concern, for disclosing going concern information, as appropriate, and for reporting on a going concern basis, unless the management intends to liquidate the Organization, terminate its activities or when it has no other real alternative other than liquidation or termination of activities.

The sole member of the Limited Liability Company Joy Money Microfinance Company shall be responsible for overseeing the preparation of the Annual Accounting (Financial) Statements of the audited entity.



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## The Auditor's Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our objective is to obtain reasonable assurance that the Annual Accounting (Financial) Statements are free of material misstatement due to fraud or error, and to draw up an audit report containing our opinion.

Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with ISA shall always detect material misstatements, if any. Misstatements can arise from fraud or error and are considered material if, separately or collectively, they could reasonably be expected to influence the economic decisions of users based on the Annual Accounting (Financial) Statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticisms throughout the audit. Moreover, we:

- a. Identify and assess the risks of material misstatement of the Annual Accounting (Financial) Statements due to fraud or errors; develop and conduct audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than the risk of not detecting material misstatement due to error, as fraud can include collusion, forgery, wilful omission, misrepresentation, or bypassing internal control system
- b. Obtain an understanding of the internal control system relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control system
- c. Assess the appropriateness of the accounting policies used, the reasonableness of the estimates calculated by the management of the audited entity and the corresponding disclosures
- d. Conclude on the appropriateness of the going concern assumption by the management of the Organization, and, based on the audit evidence obtained, conclude whether there is a material uncertainty in connection with events or conditions as a result of which significant doubts may arise with regards to the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we shall draw attention in our audit report to the corresponding disclosures in the Annual Accounting (Financial) Statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on audit evidence obtained prior to the date of our audit report. However, future events or conditions may cause the Organization to lose its ability to continue as a going concern
- e. Assess the presentation of the Annual Accounting (Financial) Statements in general, their structure and content, including disclosure of information, as well as whether the Annual Accounting (Financial) Statements present the underlying operations and events in such a way as to ensure their reliable presentation



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**We carry out information interaction with the only participant of the audited entity, bringing to its attention, among other things, information about the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify in the process of audit.**

**I.A. Alferova**

Head of the Audit Assignment,  
based on the results of which the Audit Report was drawn



Head of audits of the highest category of AUDIT-ESCORT LLC  
Qualification certificate (single) No. 03-000691 as of 08.10.2014 (unlimited)  
Member of the Self-Regulatory Organization of Auditors of the "Sodruzhestvo" Association  
with the ORNZ (Main Registration Record Number): 22006008990  
under Power of Attorney No 10 dated 17 January 2020

Auditing organization:  
AUDIT-ESCORT LLC  
OGRN (Principal State Registration Number) 1027700309669  
Office XVIII  
Apt 151 58 Kantemirovskaya Street (3rd floor)  
Moscow 115477  
Member of the Self-Regulatory Organization of Auditors of the "Sodruzhestvo" Association  
ORNZ (Main Registration Record Number) 11606054905

30 March 2021