"Retems Group" LLC

Consolidated financial statements for the year ended 31 December 2022.

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INDEPENDENT AUDITOR'S REPORT

To the shareholder and management of "Retems Group" LLC and its subsidiaries (the "Group"):

Opinion

We have audited the accompanying financial statements of the Group, which comprise the statement of financial position as of 31 December 2022, and the statements of profit or loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanied consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 is 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.

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

Auditor's Responsibilities for the Audit of the 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 ISA 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 consolidated 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;
- 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.

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.

Davud Mamedov MMC

30 October 2023

Baku, Azerbaijan

	Note	31 December 2022	31 December 2021
Cash and cash equivalents	3	900,942	612,653
Trade receivables	4	10,526,583	4,458,436
Prepayments	5	424,011	149,202
Other assets		55,991	-
TOTAL CURRENT ASSETS		**11,907,527**	**5,220,291**
Property, plant and equipment	6	716,680	801,042
Intangible assets		7,699	7,975
TOTAL NON-CURRENT ASSETS		**724,379**	**809,017**
TOTAL ASSETS		**12,631,906**	**6,029,308**
Trade payables	7	5,168,535	1,136,278
Advances received		-	356,117
Borrowings	8	2,763,662	1,586,419
Other liabilities		-	78,818
TOTAL CURRENT LIABILITIES		**7,932,197**	**3,157,632**
Payable to shareholders		124,056	89,756
TOTAL NON-CURRENT LIABILITIES		**124,056**	**89,756**
TOTAL LIABILITIES		**8,056,253**	**3,247,388**
Charter capital		450,200	450,200
Retained earnings		2,569,456	1,446,263
Non-controlling interests		1,555,997	885,457
TOTAL EQUITY		**4,575,653**	**2,781,920**
TOTAL EQUITY AND LIABILITIES		**12,631,906**	**6,029,308**

On behalf of the Management of the Group:

Azərbaycan Respublikası "RETEMS GROUP" MMC RETEMS GROUP "RETEMS GROUP" LLC Azerbaijan Republic

Orkhan Musayev
Director

Niyaz Kalbiyev
Chief Accountant

The notes on pages 10-36 form an integral part of these consolidated financial statements.

	Note	31 December 2022	31 December 2021
Revenues	9	40,196,759	28,470,740
TOTAL INCOME		**40,196,759**	**28,470,740**
Logistics costs		(35,618,444)	(24,468,139)
Staff costs	10	(1,145,684)	(961,830)
Other operating expenses	11	(510,235)	(568,399)
TOTAL OPERATING EXPENSES		**(37,274,363)**	**(25,998,368)**
NET OPERATING PROFIT		**2,922,396**	**2,472,372**
Forex gain/loss		-	(17,865)
Interest expense		(212,533)	(77,439)
TOTAL NON-OPERATING EXPENSES		**(212,533)**	**(95,304)**
PROFIT BEFORE TAX		**2,709,863**	**2,377,068**
Income tax	12	(697,900)	(515,890)
NET PROFIT		**2,011,963**	**1,861,178**

On behalf of the Management of the Group:

Orkhan Musayev
Director

Niyaz Kalbiyev
Chief Accountant

The notes on pages 10-36 form an integral part of these consolidated financial statements.

	Note	31 December 2022	31 December 2021
Receipts from customers		34,064,639	26,789,938
Payments to suppliers		(32,496,507)	(25,259,146)
Payments to employees		(1,208,555)	(882,748)
Payments to state budget		(846,996)	(774,686)
CASH FLOWS FROM OPERATING ACTIVITIES		**(487,419)**	**(126,642)**
Purchases of PPE		(7,072)	(198,791)
CASH FLOWS FROM INVESTING ACTIVITIES		**(7,072)**	**(198,791)**
Dividends paid		(218,230)	(482,354)
Borrowings received		18,961,464	10,816,838
Borrowings paid		(17,437,339)	(9,698,182)
Interest paid		(212,533)	(68,122)
CASH FLOWS FROM FINANCING ACTIVITIES		**1,093,362**	**568,180**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**598,871**	**242,747**
Effects of foreign exchange on cash		(310,582)	(60,994)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**612,653**	**430,900**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**900,942**	**612,653**

On behalf of the Management of the Group:

Azərbaycan Respublikası "RETEMS GROUP" MMC
RETEMS GROUP
"RETEMS GROUP" LLC Azerbaijan Republic

Orkhan Musayev
Director

Niyaz Kalbiyev
Chief Accountant

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"Retems Group" LLC
Consolidated statement of changes in equity for the year ended 31 December 2022
(in Azerbaijani manats)

	Charter capital	Retained earnings	Non-controlling interests	TOTAL
Balances as at 31-Dec-2020	**450,200**	**875,658**	**77,238**	**1,403,096**
Dividends	-	(482,354)	-	(482,354)
Profit for the year	-	1,052,959	808,219	1,861,178
Balances as at 31-Dec-2021	**450,200**	**1,446,263**	**885,457**	**2,781,920**
Dividends	-	(111,297)	(106,933)	(218,230)
Profit for the year	-	1,234,490	777,473	2,011,963
Balances as at 31-Dec-2022	**450,200**	**2,569,456**	**1,555,997**	**4,575,653**

On behalf of the Management of the Group:

Azərbaycan Respublikası "RETEMS GROUP" MMC RETEMS GROUP "RETEMS GROUP" LLC Azerbaijan Republic

Orkhan Musayev
Director

Niyaz Kalbiyev
Chief Accountant

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1. General

The consolidated financial statements of "Retems Group" LLC and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the director on 30 October 2023.

"Retems Group" LLC is a limited liability company (the "Parent") incorporated on 3 July 2012 in accordance with legislation of Azerbaijan Republic.

The Group's principal subsidiaries as at 31 December 2022 and 2021 are set out below. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the Group	Ownership interest held by non-controlling interests	Ownership interest held by the Group	Ownership interest held by non-controlling interests
		2022		2021	
Retems Logistics LLC	Azerbaijan	51%	49%	51%	49%
Aqro Retems LLC	Azerbaijan	50%	50%	-	-
OOO Retems Group	Russia	50%	50%	50%	50%

Retems Logistics LLC is highly reputable business partner of CEVA in Azerbaijan committed to offer a high level of services to the customers and is member and accredited agent of FIATA.

In addition, Retems Group LLC has the Russian subsidiary which represents the Group in Russia and helps to access Russian logistics and trade market.

The Group with all of its divisions and subsidiaries provide following services:

- Air freight;
- Ocean freight;
- Rail freight;
- Ground;

- Warehousing;
- 3pl;
- Custom clearance;
- Project management;
- Hl and shl shipment handling and transportation;
- Inland haulage;
- Sales and distribution of agricultural products.

Retems Logistics has networks in following regions, mainly because of partnership with CEVA and other international logistic organizations and companies:

- Europe,
- Middle East,
- Asia Pacific,
- Australia and New Zealand,
- Central America,
- North America

Retems Group LLC's registered address: Baku, Azerbaijan, Khan Shushinski street, building 66.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Azerbaijani manats and all values are rounded to the nearest manat, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent controls an investee if, and only if, the Parent has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent has less than a majority of the voting or similar rights of an investee, the Parent considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent's voting rights and potential voting rights

The Parent re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent gains control until the date the Parent ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Parent loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Going concern

The management has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus going concern basis of accounting was adopted in preparing these consolidated financial statements.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classfied as non-current.
A liability is current when it is:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.

Revenue recognition

SERVICES.
Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. The Group uses an input method in measuring progress of the services because there is a direct relationship between the Group's effort and the transfer of service to the customer.

Foreign currencies

FUNCTIONAL AND PRESENTATION CURRENCY.

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Azerbaijani manat, which is Group's functional and presentation currency.

TRANSACTIONS AND BALANCES.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the official exchange rates determined by Central Bank of Azerbaijan on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated using official exchange rates at reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within foreign exchange gains/(losses).

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT INCOME TAX.

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated in accordance with the requirements of tax code of Azerbaijan.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense

categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Financial assets

INITIAL RECOGNITION AND MEASUREMENT.

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets and at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

CLASSIFICATION OF FINANCIAL ASSETS.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see "Financial assets at FVTPL" below).

AMORTISED COST AND EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

FINANCIAL ASSETS AT FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

FOREIGN EXCHANGE GAIN AND LOSSES

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. As the foreign currency element recognised in profit or loss is the same as if it was
measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated

hedging relationship, exchange differences are recognised in profit or loss as part of the fair value gain or loss; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forwardlooking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

• an actual or expected significant deterioration in the operating results of the debtor;

• significant increases in credit risk on other financial instruments of the same debtor; and

• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1) the financial instrument has a low risk of default;

2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal

rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Write-off policy

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

COMPOUND INSTRUMENTS

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

FINANCIAL LIABILITIES

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair valueof liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

FINANCIAL LIABILITIES MEASURED SUBSEQUENTLY AT AMORTISED COST

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-fortrading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

FINANCIAL GUARANTEE CONTRACT LIABILITIES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

FOREIGN EXCHANGE GAINS AND LOSSES

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Cash and cash equivalents

The breakdown of cash and cash equivalents by account as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Cash in bank accounts	892,970	460,901
Cash in hand	-	138,680
VAT deposit	7,972	13,072
TOTAL CASH AND CASH EQUIVALENTS	**900,942**	**612,653**

4. Trade receivables

The breakdown of trade receivables by counterparty origin as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Foreign entities	9,040,348	4,418,422
Local entities	1,486,235	40,014
TOTAL TRADE RECEIVABLES	**10,526,583**	**4,458,436**

5. Prepayments

The breakdown of prepayments by counterparty origin as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Foreign entities	-	135,959
Local entities	424,011	13,243
TOTAL PREPAYMENTS	**424,011**	**149,202**

6. Property, plant and equipment

The movemement of property, plant and equipment for the years ended 31 December 2022 and 2021 is as follows:

	Buildings and constructions	Computers and office equipment	Land	Other fixed assets	Vehicles	TOTAL
Cost as at 31-Dec-2020	350,000	32,654	100,700	42,155	245,842	771,351
Additions 2021	-	1,123	-	3,931	181,483	186,537
Cost as at 31-Dec-2021	350,000	33,777	100,700	46,086	427,325	957,888
Additions 2022	-	7,072	-	-	-	7,072
Cost as at 31-Dec-2022	350,000	40,849	100,700	46,086	427,325	964,960
Acc. depreciation as at 31-Dec-2020	(5,878)	(10,109)	-	(13,853)	(37,131)	(66,971)
Depreciation charge 2021	(11,659)	(6,611)	-	(8,600)	(63,005)	(89,875)
Acc. depreciation as at 31-Dec-2021	(17,537)	(16,720)	-	(22,453)	(100,136)	(156,846)
Depreciation charge 2022	(11,659)	(8,170)	-	(8,600)	(63,005)	(91,434)
Acc. depreciation as at 31-Dec-2022	(29,196)	(24,890)	-	(31,053)	(163,141)	(248,280)
NBV as at 31-Dec-2021	332,463	17,057	100,700	23,633	327,189	801,042
NBV as at 31-Dec-2022	320,804	15,959	100,700	15,033	264,184	716,680

7. Trade payables

The breakdown of trade payables by counterparty origin as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Foreign entities	4,338,860	828,096
Local entities	829,675	308,182
TOTAL TRADE PAYABLES	5,168,535	1,136,278

8. Borrowings

Borrowings represent short-term loans received from KapitalBank in USD and AZN with interest rates of 7% and 17%, accordingly.

9. Revenues

The breakdown of revenues by nature for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
International sales	32,012,567	16,310,320
Domestic sales	8,184,192	12,148,834
Other income	-	11,586
TOTAL REVENUES	**40,196,759**	**28,470,740**

10. Staff costs

The breakdown of staff costs by account for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Salaries and other payments	956,857	829,267
Social security costs	188,827	132,563
TOTAL STAFF COSTS	**1,145,684**	**961,830**

11. Other operating expenses

The breakdown of other operating expenses by nature for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Bank commissions	118,487	143,724
Rent	65,274	110,487
Depreciation	91,434	89,876
Cash withdrawal tax	70,837	88,103
Insurance	54,176	50,291
Communication	17,688	22,982
Other tax and duties	18,626	14,469
Professional services	3,500	14,299
Business trips	19,434	8,466
Certification	8,407	7,887
Repair and maintenance	9,587	6,873
Office supplies	5,704	1,998
Amortization of intangible assets	276	276
Other expenses	26,805	8,668
TOTAL OTHER OPERATING EXPENSES	**510,235**	**568,399**

12. Income tax

The reconciliation of income tax expense to accounting profits for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Profit before tax	2,709,863	2,377,068
Income tax at statutory rate of 20%	541,973	475,414
Effect of permanent differences	155,927	40,476
TOTAL INCOME TAX	**697,900**	**515,890**

16. Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk. The Group's risk management is predominantly controlled by a finance department under policies approved by the management. Finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include cash and cash equivalents, trade receivables, loans receivable, trade payables and borrowings.

FOREIGN EXCHANGE RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group's exposure to foreign currency risk as at 31 December 2022 and 2021 expressed in functional currency units, was as follows:

	EUR	RUB	USD
Cash and cash equivalents	-	27,308	170,087
Trade receivables	-	-	9,040,348
Trade payables	-	-	(4,338,860)
Borrowings	-	-	(2,763,662)
NET EXPOSURE 2022	**-**	**27,308**	**2,107,913**
Cash and cash equivalents	(166)	3,680	113,126
Trade receivables	-	19,727	4,382,974
Trade payables	(269,980)	(38,239)	(436,099)
Borrowings	-	-	(1,291,947)
NET EXPOSURE 2021	**(270,146)**	**(14,832)**	**2,768,054**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on contractual undiscounted payments as at 31 December 2022 and 2021:

	less than 3 months	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**	**over 5 years**	**TOTAL**
Trade payables	5,168,535	-	-	-	-	5,168,535
Borrowings	-	2,957,118	-	-	-	2,957,118
TOTAL FINANCIAL LIABILITIES 2021	**5,168,535**	**2,957,118**	**-**	**-**	**-**	**8,125,653**
Trade payables	1,136,278	-	-	-	-	1,136,278
Borrowings	444,625	1,333,875	-	-	-	1,778,500
TOTAL FINANCIAL LIABILITIES 2021	**1,580,903**	**1,333,875**	**-**	**-**	**-**	**2,914,778**

FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair valueof liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

FINANCIAL LIABILITIES MEASURED SUBSEQUENTLY AT AMORTISED COST

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-fortrading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

FINANCIAL GUARANTEE CONTRACT LIABILITIES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

FOREIGN EXCHANGE GAINS AND LOSSES

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Cash and cash equivalents

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TOTAL PREPAYMENTS	**424,011**	**149,202**

6. Property, plant and equipment

The movemement of property, plant and equipment for the years ended 31 December 2022 and 2021 is as follows:

	Buildings and constructions	Computers and office equipment	Land	Other fixed assets	Vehicles	TOTAL
Cost as at 31-Dec-2020	**350,000**	**32,654**	**100,700**	**42,155**	**245,842**	**771,351**
Additions 2021	-	1,123	-	3,931	181,483	186,537
Cost as at 31-Dec-2021	**350,000**	**33,777**	**100,700**	**46,086**	**427,325**	**957,888**
Additions 2022	-	7,072	-	-	-	7,072
Cost as at 31-Dec-2022	**350,000**	**40,849**	**100,700**	**46,086**	**427,325**	**964,960**
Acc. depreciation as at 31-Dec-2020	**(5,878)**	**(10,109)**	-	**(13,853)**	**(37,131)**	**(66,971)**
Depreciation charge 2021	(11,659)	(6,611)	-	(8,600)	(63,005)	(89,875)
Acc. depreciation as at 31-Dec-2021	**(17,537)**	**(16,720)**	-	**(22,453)**	**(100,136)**	**(156,846)**
Depreciation charge 2022	(11,659)	(8,170)	-	(8,600)	(63,005)	(91,434)
Acc. depreciation as at 31-Dec-2022	**(29,196)**	**(24,890)**	-	**(31,053)**	**(163,141)**	**(248,280)**
NBV as at 31-Dec-2021	332,463	17,057	100,700	23,633	327,189	801,042
NBV as at 31-Dec-2022	320,804	15,959	100,700	15,033	264,184	716,680

7. Trade payables

The breakdown of trade payables by counterparty origin as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Foreign entities	4,338,860	828,096
Local entities	829,675	308,182
TOTAL TRADE PAYABLES	5,168,535	1,136,278

8. Borrowings

Borrowings represent short-term loans received from KapitalBank in USD and AZN with interest rates of 7% and 17%, accordingly.

9. Revenues

The breakdown of revenues by nature for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
International sales	32,012,567	16,310,320
Domestic sales	8,184,192	12,148,834
Other income	-	11,586
TOTAL REVENUES	**40,196,759**	**28,470,740**

10. Staff costs

The breakdown of staff costs by account for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Salaries and other payments	956,857	829,267
Social security costs	188,827	132,563
TOTAL STAFF COSTS	**1,145,684**	**961,830**

11. Other operating expenses

The breakdown of other operating expenses by nature for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Bank commissions	118,487	143,724
Rent	65,274	110,487
Depreciation	91,434	89,876
Cash withdrawal tax	70,837	88,103
Insurance	54,176	50,291
Communication	17,688	22,982
Other tax and duties	18,626	14,469
Professional services	3,500	14,299
Business trips	19,434	8,466
Certification	8,407	7,887
Repair and maintenance	9,587	6,873
Office supplies	5,704	1,998
Amortization of intangible assets	276	276
Other expenses	26,805	8,668
TOTAL OTHER OPERATING EXPENSES	**510,235**	**568,399**

12. Income tax

The reconciliation of income tax expense to accounting profits for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Profit before tax	2,709,863	2,377,068
Income tax at statutory rate of 20%	541,973	475,414
Effect of permanent differences	155,927	40,476
TOTAL INCOME TAX	**697,900**	**515,890**

16. Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk. The Group's risk management is predominantly controlled by a finance department under policies approved by the management. Finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include cash and cash equivalents, trade receivables, loans receivable, trade payables and borrowings.

FOREIGN EXCHANGE RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group's exposure to foreign currency risk as at 31 December 2022 and 2021 expressed in functional currency units, was as follows:

	EUR	RUB	USD
Cash and cash equivalents	-	27,308	170,087
Trade receivables	-	-	9,040,348
Trade payables	-	-	(4,338,860)
Borrowings	-	-	(2,763,662)
NET EXPOSURE 2022	**-**	**27,308**	**2,107,913**
Cash and cash equivalents	(166)	3,680	113,126
Trade receivables	-	19,727	4,382,974
Trade payables	(269,980)	(38,239)	(436,099)
Borrowings	-	-	(1,291,947)
NET EXPOSURE 2021	**(270,146)**	**(14,832)**	**2,768,054**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on contractual undiscounted payments as at 31 December 2022 and 2021:

	less than 3 months	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**	**over 5 years**	**TOTAL**
Trade payables	5,168,535	-	-	-	-	5,168,535
Borrowings	-	2,957,118	-	-	-	2,957,118
TOTAL FINANCIAL LIABILITIES 2021	**5,168,535**	**2,957,118**	**-**	**-**	**-**	**8,125,653**
Trade payables	1,136,278	-	-	-	-	1,136,278
Borrowings	444,625	1,333,875	-	-	-	1,778,500
TOTAL FINANCIAL LIABILITIES 2021	**1,580,903**	**1,333,875**	**-**	**-**	**-**	**2,914,778**