



Independent Auditor's Report on Consolidated Preliminary IFRS Special Purpose Financial Information

To the Shareholders and Management of Lu-Mun Holding LLC:

Our opinion

In our opinion, the accompanying consolidated preliminary IFRS special purpose financial information of Lu-Mun Holding LLC (the "Company") and its subsidiaries (together – the "Group") for the year ended 31 December 2019 (hereinafter, the "consolidated preliminary special purpose financial information"), is prepared, in all material respects, in accordance with the basis set out in Note 3 to the consolidated preliminary special purpose financial information, which describes the accounting policies of the Group based on International Financial Reporting Standards (IFRS) applied under IFRS 1 "First-time Adoption of International Financial Reporting Standards", including the assumptions management has made about the standards and interpretations expected to be effective, and the policies expected to be adopted when the Group prepares its first complete set of IFRS financial statements as at 31 December 2020.

What we have audited

The Group's consolidated preliminary special purpose financial information comprises:

- the preliminary consolidated special purpose statement of financial position as at 31 December 2019;
- the preliminary consolidated special purpose statement of profit or loss and other comprehensive income for the year then ended;
- the preliminary consolidated special purpose statement of changes in equity for the year ended;
- the preliminary consolidated special purpose statement of cash flows for the year then ended; and
- the notes to the consolidated preliminary special purpose financial information, which include significant accounting policies and other explanatory information.

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 consolidated preliminary special purpose financial information* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter – Basis of accounting and restriction on distribution and use

We draw attention to the fact that Note 3 explains why there is a possibility that the accompanying consolidated preliminary special purpose financial information may require adjustment before constituting the final comparative information in the Group's first complete set of IFRS financial statements as at 31 December 2020. Moreover, we draw attention to the fact that financial information without comparative information in respect of the previous period does not comprise a full set of financial statements prepared in accordance with IFRS.

This report is intended solely for the information and use of the shareholders and management of Lu-Mun Holding LLC in connection with the conversion of the basis of preparation of the Group's consolidated financial statements to IFRS. It should not be used for any other purpose or provided to other parties. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated preliminary special purpose financial information

Management is responsible for the preparation of this consolidated preliminary special purpose financial information in accordance with the basis set out in Note 3, as part of the Group's conversion to IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated preliminary special purpose financial information that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated preliminary special purpose financial information, 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 consolidated preliminary special purpose financial information

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

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

- Identify and assess the risks of material misstatement of the consolidated preliminary special purpose financial information, 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 preliminary special purpose financial information 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.

• Obtain sufficient appropriate audit evidence regarding the consolidated preliminary special purpose financial information of the entities or business activities within the Group to express an opinion on the consolidated preliminary special purpose financial information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Price waterhouseCoopers Audit Azerbaijan LLC

2 November 2020

Baku, the Republic of Azerbaijan

Lu-Mun Holding" LLC
Preliminary Consolidated Special Purpose Statement of Financial Position – 31 December 2019

<i>In Azerbaijani Manats</i>	Note	31 December 2019	1 January 2019
Assets			
Non-current assets			
Property, plant and equipment	8	74,480,993	42,395,021
Intangible assets		104,878	116,031
Long-term biological assets	16	175,179	-
Prepayments	10	15,595,774	11,782,535
Loans issued	11	6,046,740	2,374,363
Investment in associate	9	1,042,080	776,586
Total non-current assets		97,445,644	57,444,536
Current assets			
Cash and cash equivalents	12	13,949,645	37,905,740
Trade and other receivables	14	8,676,353	3,496,656
Inventories	15	4,832,951	2,098,603
Biological assets	16	1,353,954	1,431,603
Total current assets		28,812,903	44,932,602
TOTAL ASSETS		126,258,547	102,377,138
EQUITY			
Share capital	17	89,932,500	68,140,000
Additional paid-in capital	18	21,075,832	17,488,606
Accumulated deficit		(17,815,015)	(7,383,115)
TOTAL EQUITY		93,193,317	78,245,491
LIABILITIES			
Non-current liabilities			
Long-term borrowings	19	1,240,821	506,668
Loans from shareholders	20	25,028,010	15,725,736
Long-term payables		1,422,519	17,377
Lease liability	21	783,666	180,957
Total non-current liabilities		28,475,016	16,430,738
Current liabilities			
Trade and other payables	22	3,843,231	3,617,523
Current portion of long-term borrowings	19	746,983	4,083,386
Total current liabilities		4,590,214	7,700,909
TOTAL LIABILITIES		33,065,230	24,131,647
TOTAL LIABILITIES AND EQUITY		126,258,547	102,377,138

Approved for issue and signed on behalf of the Management on 2 November 2020.


Rufat Tabasaranov
Chairman of Management Board


Samir Mirzayev
Chief Financial Officer



The accompanying notes on pages 5 to 28 are an integral part of this consolidated preliminary special purpose financial information.

"Lu-Mun Holding" LLC
Preliminary Consolidated Special Purpose Statement of Profit or Loss and Other Comprehensive
Income – 31 December 2019

<i>In Azerbaijani Manats</i>	Note	2019
Revenue	23	31,588,330
Cost of sales	24	(29,793,551)
Net change in fair value of biological assets	16	1,287,803
Gross profit		3,082,582
Other income	25	1,022,590
General and administrative expenses	26	(9,029,799)
Sales and Marketing expenses	27	(5,240,848)
Share of associate loss	9	(688,776)
Operating loss		(10,854,251)
Net finance income costs	28	(1,447,192)
Loss before income tax		(12,301,443)
LOSS FOR THE YEAR		(12,301,443)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(12,301,443)

The accompanying notes on pages 5 to 28 are an integral part of this consolidated preliminary special purpose financial information.

"Lu-Mun Holding" LLC**Preliminary Consolidated Special Purpose Statement of Changes in Equity – 31 December 2019**

<i>In Azerbaijani Manats</i>	Charter capital	Additional paid-in capital	Accumulated deficit	Total equity
Balance at 1 January 2019	68,140,000	17,488,606	(7,383,115)	78,245,491
Total comprehensive loss for 2019	-	-	(12,301,443)	(12,301,443)
Contributions to charter capital	21,792,500	-	-	21,792,500
Fair value gain on loans from shareholders	-	5,456,769	-	5,456,769
Realisation of fair value gain on loans from shareholders	-	(1,869,543)	1,869,543	-
Balance at 31 December 2019	89,932,500	21,075,832	(17,815,015)	93,193,317

The accompanying notes on pages 5 to 28 are an integral part of this consolidated preliminary special purpose financial information.

"Lu-Mun Holding" LLC**Preliminary Consolidated Special Purpose Statement of Cash Flows – 31 December 2019***In Azerbaijani Manats***2019****Cash flows from operating activities**

Cash receipts from customers	29,571,206
Other operating income received	75,048
Cash paid to vendors and suppliers	(32,791,364)
Cash paid to employees	(6,553,246)
Cash paid to accountable persons	(530,472)
Personal income tax and other taxes paid	(1,476,140)
State social pension fund payments	(1,791,240)

Net cash used in operating activities (13,496,208)

Cash flows from investing activities

Purchases of property, plant and equipment	(38,401,541)
Borrowings to third parties	(74,880)
Proceeds from interest on short-term deposit and REPO operations	329,256
Borrowings to associate	(4,326,500)

Net cash used in investing activities (42,473,665)

Cash flows from financing activities

Proceeds of charter capital	21,792,500
Proceeds of borrowings from shareholder	12,889,500
Proceeds from bank loans	1,500,000
Repayment of bank loans	(4,102,250)
Interest payments	(13,750)

Net cash from financing activities 32,066,000

Effect of exchange rate changes on cash and cash equivalents (52,222)

Net decrease in cash and cash equivalents (23,956,095)

Cash and cash equivalents at the beginning of the year 37,905,740

Cash and cash equivalents at the end of the year 13,949,645

The accompanying notes on pages 5 to 28 are an integral part of this consolidated preliminary special purpose financial information.