



Independent Auditor's Report

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

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "Lu-Mun Holding" LLC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2020, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, 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 financial statements 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 consolidated financial statements

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

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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We 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.

PricewaterhouseCoopers Audit Azerbaijan LLC

22 April 2022

Baku, the Republic of Azerbaijan

"Lu-Mun Holding" LLC
Consolidated Statement of Financial Position

<i>In Azerbaijani Manats</i>	Note	31 December 2020	31 December 2019	1 January 2019
Assets				
Non-current assets				
Property, plant and equipment	8	89,903,688	74,480,993	42,395,021
Intangible assets		123,481	104,878	116,031
Long-term biological assets	16	1,112,498	175,179	-
Prepayments	10	3,780,323	15,595,774	11,782,535
Loans issued	11	7,238,058	6,046,740	2,374,363
Investment in associate	9	-	1,042,080	776,586
Deferred tax assets		222,668	-	-
Total non-current assets		102,380,716	97,445,644	57,444,536
Current assets				
Cash and cash equivalents	12	12,681,645	13,949,645	37,905,740
Trade and other receivables	14	13,171,458	8,676,353	3,496,658
Inventories	15	6,462,845	4,832,951	2,098,603
Biological assets	16	3,038,031	1,353,954	1,431,603
Other assets		823,066	-	-
Total current assets		36,177,043	28,812,903	44,932,602
TOTAL ASSETS		138,557,759	126,258,547	102,377,138
EQUITY				
Share capital	17	105,520,800	89,932,500	68,140,000
Additional paid-in capital	18	26,910,320	21,075,832	17,488,606
Accumulated deficit		(45,793,192)	(17,815,015)	(7,383,115)
TOTAL EQUITY		86,637,928	93,193,317	78,245,491
LIABILITIES				
Non-current liabilities				
Long-term borrowings	19	972,694	1,240,821	506,668
Loans from shareholders	20	39,905,222	25,028,010	15,725,736
Long-term payables		-	16,989	17,376
Lease liability	21	789,934	783,666	180,958
Deferred revenue		1,080,048	-	-
Deferred tax liabilities		1,461	-	-
Total non-current liabilities		42,748,359	27,069,486	16,430,738
Current liabilities				
Trade and other payables	22	8,007,765	5,248,761	3,617,523
Current portion of long-term and short-term borrowings	19	1,162,707	746,983	4,083,366
Total current liabilities		9,170,472	6,995,744	7,700,909
TOTAL LIABILITIES		51,919,831	33,065,230	24,131,647
TOTAL LIABILITIES AND EQUITY		138,557,759	126,258,547	102,377,138

Approved for issue and signed on behalf of the Management on 21 April 2022.


Rufat Tabasaranskiy
Chairman of Management Board




Samir Mirzayev
Chief Financial Officer

"Lu-Mun Holding" LLC**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<i>In Azerbaijani Manats</i>	Note	2020	2019
Revenue	23	42,775,985	31,588,330
Cost of sales	24	(39,722,617)	(29,793,551)
Net change in fair value of biological assets	16	4,288,973	1,287,803
Gross profit		7,322,341	3,082,582
Other income	25	502,635	1,022,590
General and administrative expenses	26	(11,095,939)	(9,029,799)
Sales and Marketing expenses	27	(6,554,851)	(5,240,848)
Share of associate loss	9	(984,657)	(688,776)
Loss on impairment of non-current assets	8,10	(16,860,893)	-
Other expense		(137,405)	-
Operating loss		(27,808,769)	(10,854,251)
Net finance income costs	28	(3,462,030)	(1,447,192)
Loss before income tax		(31,270,799)	(12,301,443)
Income tax benefit		30,547	-
LOSS FOR THE YEAR		(31,240,252)	(12,301,443)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(31,240,252)	(12,301,443)

"Lu-Mun Holding" LLC
Consolidated Statement of Changes in Equity

<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	-	5,458,769	-	5,458,769
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
Total comprehensive loss for 2020	-	-	(31,240,252)	(31,240,252)
Contributions to charter capital	15,588,300	-	-	15,588,300
Fair value gain on loans from shareholders	-	10,581,143	-	10,581,143
Realisation of fair value gain on loans from shareholders	-	(4,746,655)	3,262,076	(1,484,580)
Balance at 31 December 2020	105,520,800	26,910,320	(45,793,192)	86,637,928

"Lu-Mun Holding" LLC
Consolidated Statement of Cash Flows

<i>In Azerbaijani Manats</i>	2020	2019
Cash flows from operating activities		
Cash receipts from customers	41,245,649	29,571,206
Other operating income received	128,609	75,048
Cash paid to vendors and suppliers	(39,514,888)	(32,791,364)
Cash paid to employees	(9,124,728)	(6,553,246)
Cash paid to accountable persons	(215,250)	(530,472)
Personal income tax and other taxes paid	(502,146)	(1,476,140)
State social pension fund payments	(2,549,788)	(1,791,240)
Other cash outflows	(195,739)	-
Net cash used in operating activities	(10,728,281)	(13,496,208)
Cash flows from Investing activities		
Purchases of property, plant and equipment	(25,258,778)	(38,401,541)
Government grant received	1,008,243	-
Purchase of biological Assets	(367,603)	-
Borrowings to third parties	(269,781)	(74,880)
Proceeds from interest on short-term deposit and REPO operations	(1,024,996)	329,256
Borrowings to associate	(1,020,000)	(4,326,500)
Other cash inflows	(46,970)	-
Net cash used in Investing activities	(26,979,885)	(42,473,665)
Cash flows from financing activities		
Proceeds of charter capital	15,588,300	21,792,500
Proceeds of borrowings from shareholder	25,000,000	12,889,500
Proceeds from bank loans	2,392,400	1,500,000
Repayment of bank loans	(6,533,103)	(4,102,250)
Interest payments	(193,633)	(13,750)
Other cash inflows	199,212	-
Net cash from financing activities	36,453,176	32,066,000
Effect of exchange rate changes on cash and cash equivalents	(13,010)	(52,222)
Net decrease in cash and cash equivalents	(1,288,000)	(23,956,095)
Cash and cash equivalents at the beginning of the year	13,949,645	37,905,740
Cash and cash equivalents at the end of the year	12,661,645	13,949,645