

EARL MANAGEMENT LIMITED

FINANCIAL STATEMENTS

31 December 2020

Πιστοποιημένο ακριβές αντίγραφο των πρωτότυπων
Οικονομικών Καταστάσεων και Εκθέσεων του
Διοικητικού Συμβουλίου και των Ελεγκτών όπως
παρουσιάστηκαν στην Ετήσια Γενική Συνέλευση.

.....
Σύμβουλος

.....
Γραμματέας

SEMPERICS-WORLDWIDE CORPORATE
SECRETARIAL LIMITED

Not for Official Use

EARL MANAGEMENT LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2020

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EARL MANAGEMENT LIMITED

SOLE DIRECTOR AND OTHER OFFICERS

sole Director :	Michailina Zinonos
Company Secretary:	WCS-Worldwide Corporate Secretarial Limited
Independent Auditors:	LIS Primus Audit and Tax Ltd Certified Public Accountants and Registered Auditors 205 Arch. Makarios III Ave. Victory House 4th Floor 3030 Limassol
Registered office:	32 Kritis Papachristoforou Building, 4th floor 3087 Limassol Cyprus
Bankers:	Deutsche Bank Bank of Cyprus Public Company Ltd
Registration number:	HE141590



Independent Auditor's Report

To the Members of Earl Management Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Earl Management Limited (the "Company"), which are presented in pages 5 to 29 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

Out of the Company's total loans receivable, presented in Note 13 at a carrying amount of RR 282,649,814, we have identified loans of a total carrying amount of RR 156,468,803 for which there were factors indicating a significant increase in credit risk since the financial asset's initial recognition. Despite the existence of these factors, the audit evidence we had available was limited because, no exercise of deriving the amount of lifetime expected credit losses, as required by IFRS 9 "Financial instruments", has been carried out. Consequently, we were unable to determine whether any allowance for expected credit losses would have been necessary.

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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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 qualified opinion.

Other information

The sole Director is responsible for the other information. The other information comprises the information included in additional information to the statement of profit or loss and other comprehensive income in page 30, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Independent Auditor's Report (continued)

To the Members of Earl Management Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient and appropriate audit evidence to enable us to conclude that the cost of investment remains the best estimate of these financial assets' fair value, as at 31/12/2020. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the sole Director for the Financial Statements

The sole Director is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the sole Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the sole Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The sole Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole Director .



Independent Auditor's Report (continued)

To the Members of Earl Management Limited

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

- Conclude on the appropriateness of the sole Director ' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the sole Director 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



George Lakkotripis

Certified Public Accountant and Registered Auditor
for and on behalf of

LIS Primus Audit and Tax Ltd

Certified Public Accountants and Registered Auditors

Limassol, 15 April 2022

EARL MANAGEMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2020

	Note	2020 RR	2019 RR
Loan interest income	13	22,076,485	28,137,075
Loan interest expense	18	(23,314,100)	(26,345,027)
Net result from financing		(1,237,615)	1,792,048
Gain on waiver of borrowings	18	759,830	-
Loss on write off of loans receivable	13	(167,519)	-
Dividend income	15	756,189	2,136,348
Other investment income	15	770,709	361,131
Net fair value loss on financial assets at fair value through profit or loss	15	-	(5,500,457)
Gain on sale of financial assets at fair value through profit or loss	15	33,508,036	66,567
Net foreign exchange (loss)/gain		(50,398,430)	18,309,101
Administration expenses	8	(7,196,623)	(5,086,000)
Operating (loss)/profit		(23,205,423)	12,078,738
Finance income	9	-	115,673
Finance costs	9	(1,195,022)	(300,300)
(Loss)/profit before tax		(24,400,445)	11,894,111
Tax	10	-	-
Net (loss)/profit for the year		(24,400,445)	11,894,111
Other comprehensive income		-	-
Total comprehensive income for the year		(24,400,445)	11,894,111

The notes on pages 9 to 29 form an integral part of these financial statements.

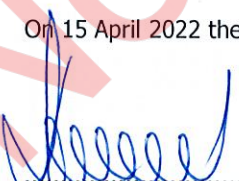
EARL MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2020

	Note	2020 RR	2019 RR
ASSETS			
Non-current assets			
Financial assets at fair value through other comprehensive income	12	6,009,028	6,009,028
Loans receivable	13	244,305,819	184,743,614
		<u>250,314,847</u>	<u>190,752,642</u>
Current assets			
Receivables	14	170,197,041	-
Loans receivable	13	38,343,995	20,305,814
Financial assets at fair value through profit or loss	15	-	146,353,211
Refundable taxes	20	89,536	68,464
Cash and cash equivalents	16	2,308,701	7,484,019
		<u>210,939,273</u>	<u>174,211,508</u>
Total assets		<u>461,254,120</u>	<u>364,964,150</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	121,673	121,673
Share premium		283,690,334	283,690,334
Shareholder's non-refundable contribution		148,697,064	-
Accumulated losses		(264,596,457)	(240,196,012)
Total equity		<u>167,912,614</u>	<u>43,615,995</u>
Non-current liabilities			
Borrowings	18	273,290,268	240,364,841
		<u>273,290,268</u>	<u>240,364,841</u>
Current liabilities			
Trade and other payables	19	3,663,515	10,647,918
Borrowings	18	16,387,723	70,335,396
		<u>20,051,238</u>	<u>80,983,314</u>
Total liabilities		<u>293,341,506</u>	<u>321,348,155</u>
Total equity and liabilities		<u>461,254,120</u>	<u>364,964,150</u>

On 15 April 2022 the sole Director of Earl Management Limited authorised these financial statements for issue.


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Michajilina Zinonos
Director

The notes on pages 9 to 29 form an integral part of these financial statements.

EARL MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital RR	Share premium RR	Non-refundable advances RR	Accumulated losses RR	Total RR
Balance at 1 January 2019	121,673	283,690,334	-	(252,090,123)	31,721,884
Comprehensive income					
Net profit for the year	-	-	-	11,894,111	11,894,111
Balance at 31 December 2019/ 1 January 2020	121,673	283,690,334	-	(240,196,012)	43,615,995
Transactions with owners					
Shareholder's non-refundable contribution	-	-	148,697,064	-	148,697,064
Comprehensive income					
Net loss for the year	-	-	-	(24,400,445)	(24,400,445)
Balance at 31 December 2020	121,673	283,690,334	148,697,064	(264,596,457)	167,912,614

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Share premium can only be resorted to for limited purposes which do not include the distribution of dividends and otherwise subject to the provisions of the Cyprus Company Law on reduction of capital.

The non-refundable advances is made available to the sole Director for future increases of the share capital of the Company.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (31.12.2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 9 to 29 form an integral part of these financial statements.

EARL MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 RR	2019 RR
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(24,400,445)	11,894,111
Adjustments for:			
Amortisation of computer software	11	-	105,799
Fair value losses on financial assets at fair value through profit or loss	15	-	5,500,457
Gain on waiver of borrowings	13	(759,830)	-
Loss on write off of loans receivable		167,519	-
Loan interest income	13	(21,305,776)	(27,775,944)
Loan interest expense	18	23,314,100	26,345,027
Dividend income	15	(756,189)	(2,136,348)
Exchange difference on loans receivable and borrowings	13&18	43,082,756	(28,601,532)
		19,342,135	(14,668,430)
Changes in working capital:			
Decrease in receivables		106,330,370	111,394,141
Increase in financial assets at fair value through profit or loss		(64,086,066)	(37,219,199)
Increase in trade and other payables		141,691,589	9,060,710
Cash generated from operations		203,278,028	68,567,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted	13	(288,817,818)	(99,320,880)
Loans repayments received	13	139,830,508	113,202,224
Dividends received and other investment income	15	1,526,898	2,497,479
Payment for purchase of financial assets at fair value through other comprehensive income	12	-	(3,009,028)
Net cash (used in)/generated from investing activities		(147,460,412)	13,369,795
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings	18	(847,492,934)	(1,481,370,974)
Proceeds from borrowings	18	786,500,000	1,225,663,465
Net cash used in financing activities		(60,992,934)	(255,707,509)
Net decrease in cash and cash equivalents		(5,175,318)	(173,770,492)
Cash and cash equivalents at beginning of the year		7,484,019	181,254,511
Cash and cash equivalents at end of the year	16	2,308,701	7,484,019

The notes on pages 9 to 29 form an integral part of these financial statements.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation

Earl Management Limited (the "Company") was incorporated in Cyprus on 29 September 2003 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is located at 32 Kritis, Papachristoforou Building, 4th floor, 3087 Limassol, Cyprus.

Principal activities

The principal activities of the Company, which have remained unchanged from previous year, are the holding of investments in financial instruments and group financing.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the measurement of financial assets at fair value through profit or loss and other comprehensive income.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Russian Rubles (RR), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Classification (continued)

- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company's debt instruments are classified as financial assets at amortised cost, as explained below:

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Measurement (continued)

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is presented on the face of profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents and loans and other receivables.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are presented on the face of profit or loss.

Financial assets - impairment - allowance for expected credit losses (ECL)

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income with "net impairment losses on financial assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

Expected losses are recognized and measured according to general approach. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI), and (ii) they are not designated at FVTPL.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets.

Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Receivables (continued)

Receivables are also subject to the impairment requirements of IFRS 9, under the general approach and are written off when there is no reasonable expectation of recovery.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. 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 interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Borrowings (continued)

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when they will result in future economic benefits to the Company and the costs can be measured reliably.

Payables

Payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects 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.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The sole Director expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss and other comprehensive income are susceptible to market price risk arising from uncertainties about future prices of the investments.

6.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Interest bearing assets and borrowings issued at variable rates expose the Company to cash flow interest rate risk. Interest bearing assets and borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2020 RR	2019 RR
Fixed rate instruments		
Financial assets	282,649,814	205,049,428
Financial liabilities	<u>(289,677,992)</u>	<u>(310,700,237)</u>
	<u>(7,028,178)</u>	<u>(105,650,809)</u>

6.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments carried at amortised cost.

(i) Risk management

For banks and financial institutions, only independently rated parties with a minimum rating of 'Caa' are accepted. If debtors / borrowers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the debtor / borrower, taking into account its financial position, past experience and other factors.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- financial assets at amortised cost
- cash and cash equivalents

Debt investments

Financial assets at amortised cost

Financial assets at amortised cost include loans to related parties and other receivables.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Loans to related parties and other receivables

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's/borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor/borrower
- significant increases in credit risk on other financial instruments of the same debtor/borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor/borrower, including changes in the payment status of counterparty in the Company and changes in the operating results of the debtor/borrower.

Macroeconomic information is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtor/borrower to settle the receivables.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor/borrower is more than 30 days past due in making a contractual payment.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

6.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.4 Liquidity risk (continued)

31 December 2020	Carrying amounts RR	Contractual cash flows RR	3 months or less RR	3-12 months RR	1-2 years RR	2-5 years RR
Other loans	4,060,023	4,060,023	4,060,023	-	-	-
Trade and other payables	183,376	183,376	183,376	-	-	-
Payables to related parties	12,327,700	12,327,700	12,327,700	-	-	-
Payables to related parties	273,290,268	320,025,025	-	-	17,214,099	302,810,926
	289,861,367	336,596,124	16,571,099	-	17,214,099	302,810,926

31 December 2019	Carrying amounts RR	Contractual cash flows RR	3 months or less RR	3-12 months RR	1-2 years RR	2-5 years RR
Bank loans	56,370,688	56,370,688	-	-	56,370,688	-
Other loans	254,313,448	297,486,063	13,948,608	-	25,796,518	257,740,937
Trade and other payables	2,152,332	120,573,789	120,573,789	-	-	-
Payables to related parties	7,993,557	7,993,557	7,993,557	-	-	-
	320,830,025	482,424,097	142,515,954	-	82,167,206	257,740,937

6.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Euro and the Swiss Franc. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2020 RR	2019 RR	2020 RR	2019 RR
United States Dollars	276,048,904	215,439,893	161,691,187	143,819,670
Euro	726,366	2,652,278	-	22,746,988
Swiss Franc	12,327,700	9,130,523	197,640	15,068
	289,102,970	227,222,694	161,888,827	166,581,726

6.6 Capital risk management

Capital includes equity shares, share premium, non-refundable advances and borrowings.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2020

	Level 1 RR	Level 2 RR	Level 3 RR	Total RR
Financial assets				
Financial assets at fair value through other comprehensive income	-	-	6,009,028	6,009,028
Total	-	-	6,009,028	6,009,028

31 December 2019

	Level 1 RR	Level 2 RR	Level 3 RR	Total RR
Financial assets				
Financial assets at fair value through profit or loss	146,353,211	-	-	146,353,211
Financial assets at fair value through other comprehensive income	-	-	6,009,028	6,009,028
Total	146,353,211	-	6,009,028	152,362,239

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

7. Critical accounting estimates and judgments (continued)

• Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

8. Administration expenses

	2020 RR	2019 RR
Annual levy	24,282	26,036
Courier expenses	52,742	64,329
Auditors' remuneration - current year	380,413	290,884
Auditors' remuneration - prior years	-	(40,432)
Accounting fees	427,501	375,871
Other professional fees	5,445,206	2,898,167
Fines	-	32,683
Management fees	504,324	412,640
Custody fees	362,155	920,022
Amortisation of computer software (Note 11)	-	105,800
	<u>7,196,623</u>	<u>5,086,000</u>

9. Finance income/(costs)

	2020 RR	2019 RR
Bank interest income	-	115,673
Finance income	<u>-</u>	<u>115,673</u>
Bank charges	<u>(1,195,022)</u>	<u>(300,300)</u>
Finance costs	<u>(1,195,022)</u>	<u>(300,300)</u>
Net finance costs	<u>(1,195,022)</u>	<u>(184,627)</u>

10. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2020 RR	2019 RR
(Loss)/profit before tax	<u>(24,400,445)</u>	<u>11,894,111</u>
Tax calculated at the applicable tax rates	<u>(3,050,056)</u>	1,486,764
Tax effect of expenses not deductible for tax purposes	<u>11,057,366</u>	1,611,193
Tax effect of allowances and income not subject to tax	<u>(7,688,313)</u>	(2,992,352)
Tax effect of tax losses brought forward	<u>(318,997)</u>	(105,605)
Tax charge	<u>-</u>	<u>-</u>

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10. Tax (continued)

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

The Company's chargeable income for the year amounted to RR2,551,974 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

11. Intangible assets

	Computer software RR
Cost	
Balance at 1 January 2019	317,399
Balance at 31 December 2019/ 1 January 2020	317,399
Balance at 31 December 2020	317,399
Amortisation	
Balance at 1 January 2019	211,600
Amortisation for the year	105,799
Balance at 31 December 2019/ 1 January 2020	317,399
Balance at 31 December 2020	317,399
Net book amount	
Balance at 31 December 2020	-

12. Financial assets at fair value through other comprehensive income

	2020 RR	2019 RR
Balance at 1 January	6,009,028	3,000,000
Additions	-	3,009,028
Balance at 31 December	6,009,028	6,009,028

The financial assets at fair value through other comprehensive income are maintained at cost due to the absence of more recent information to estimate fair value.

Financial assets at fair value through other comprehensive income represent a 5% ownership interest in Unika Credit LLC, a 5% ownership interest in Funt MCC LLC and a 10% ownership interest in Gulden MCC LLC.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

13. Loans receivable

	2020 RR	2019 RR
Balance at 1 January	205,049,428	266,528,584
New loans granted	288,817,819	99,320,880
Repayments	(139,830,508)	(113,202,224)
Loan interest income	22,076,485	28,137,075
Write-off of loans	(167,519)	-
Assignment of loans	(94,564,133)	(75,777,431)
Exchange difference	1,268,242	42,544
Balance at 31 December	282,649,814	205,049,428

	2020 RR	2019 RR
Other loans	-	201,726
Loans to related parties (Note 22.1)	282,649,814	204,847,702
	282,649,814	205,049,428
Less current portion	(38,343,995)	(20,305,814)
Non-current portion	244,305,819	184,743,614

The loans are repayable as follows:

	2020 RR	2019 RR
Within one year	38,343,995	20,305,814
Between one and five years	244,305,819	110,620,842
After five years	-	74,122,772
	282,649,814	205,049,428

The Company's loans receivable are denominated in the following currencies:

	2020 RR	2019 RR
Russian Ruble	120,938,807	185,218,023
United States Dollars	161,691,188	19,816,337
Swiss Franc	19,819	15,068
	282,649,814	205,049,428

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The terms and conditions on other loans were as follows:

Terms	2020 RR	2019 RR
Loan 1 Carries interest at 22% per annum, is repayable by 16 October 2020	-	190,219
Loan 2 Carries interest at 21% per annum, is repayable by 25 April 2019	-	11,507
	-	201,726

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

14. Receivables

	2020 RR	2019 RR
Other receivables	<u>170,197,041</u>	-
	<u>170,197,041</u>	-

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 6 of the financial statements.

A receivable with a carrying amount of RR 68,581,573 represents the consideration for the assignment of two loans receivable to a related party (Note 22.1).

The additional carrying amount of the receivable, being RR 101,615,468 represents the outstanding balance of a receivable assigned to the Company by its shareholder, with an original carrying amount of RR 148,697,067. The shareholder has assigned this receivable in the form of a non-refundable contribution.

15. Financial assets at fair value through profit or loss

	2020 RR	2019 RR
Balance at 1 January	146,353,211	86,755,199
Additions	58,320,310	65,098,469
Disposals	(204,673,521)	-
Change in fair value	-	(5,500,457)
Balance at 31 December	<u>-</u>	<u>146,353,211</u>

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

During the current year, the Company received dividends amounting to RR 756,189 (2019: RR 2,136,348) and other investment income amounting to RR 770,709 (2019: RR 361,131). Out of the disposal of its entire investment portfolio, the Company generated a total gain of RUR33,508,036.

16. Cash and cash equivalents

Bank balances are analysed as follows:

	2020 RR	2019 RR
Bank current accounts	<u>2,308,701</u>	<u>7,484,019</u>
	<u>2,308,701</u>	<u>7,484,019</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

17. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €1.71 each	6,000	10,260	6,000	10,260
		RR		RR
Issued and fully paid				
Balance at 1 January	1,110	121,673	1,110	121,673
Balance at 31 December	1,110	121,673	1,110	121,673

18. Borrowings

	2020 RR	2019 RR
Balance at 1 January	310,700,237	568,521,677
Additions	786,499,999	1,225,663,465
Repayments	(847,492,933)	(1,481,270,974)
Loan interest expense	22,362,080	26,345,027
Waiver	(759,830)	-
Assignment (Note 22.1)	(25,982,560)	-
Exchange difference	44,350,998	(28,558,958)
Balance at 31 December	289,677,991	310,700,237
	2020 RR	2019 RR
Current borrowings		
Bank loans	-	56,370,688
Other loans	4,060,023	13,948,607
Loans from related parties (Note 22.2)	12,327,700	16,101
	16,387,723	70,335,396
Non-current borrowings		
Other loans	-	240,364,841
Loans from related parties (Note 22.2)	273,290,268	-
Total	289,677,991	310,700,237

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

18. Borrowings (continued)

The terms and conditions of outstanding loans are as follows:

	Currency	Interest rate	Maturity date	2020 RR	2019 RR
Bank loan 1	RUR	8.10%	27/01/2020	-	56,370,688
Other loan 1	CHF	3.00%	2/2/2018	-	539,479
Other loan 3	USD	8.00%	15/1/2020	7,589	6,359
Other loan 4	USD	8.00%	24/1/2020	4,052,435	4,051,895
Other loan 5	USD	8.00%	4/12/2022	-	4,930,475
Other loan 6	USD	8.00%	4/12/2022	-	36,088,479
Other loan 7	USD	8.00%	4/12/2022	-	36,088,479
Other loan 8	USD	8.00%	4/12/2022	-	36,088,479
Other loan 9	USD	8.00%	4/12/2022	-	36,088,479
Other loan 10	USD	8.00%	4/12/2022	-	36,088,479
Other loan 11	USD	8.00%	4/12/2022	-	29,211,555
Other loan 12	CHF	3.00%	18/2/2018	-	9,114,422
Other loan 13	USD	3.00%	14/1/2022	-	25,796,518
Other loan 14	RUB	7.00%	17/4/2020	-	110,175
Other loan 15	RUB	7.00%	17/4/2020	-	110,175
				4,060,024	310,684,136

Loans with a total carrying amount of RR 285,596,828 were assigned to a related party, for a consideration equal to the loans' carrying amount (Note 22.2).

19. Trade and other payables

	2020 RR	2019 RR
Ultimate shareholder's current account - credit balance (Note 22.3)	2,751,047	7,993,559
Accruals	729,092	502,027
Other creditors	183,376	2,152,332
	3,663,515	10,647,918

For a summary of key terms and conditions relating to the ultimate shareholder's current account, refer to note 22 of the financial statements.

20. (Refundable) taxes/current tax liabilities

	2020 RR	2019 RR
Corporation tax	(89,536)	(68,464)
	(89,536)	(68,464)

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

21. Operating environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies, both in Cyprus and globally, with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The high degree of surrounding uncertainty, currently does not allow a reliable estimate to be derived in relation to the potential financial consequences to the Company's operations.

22. Related party balances and transactions

The Company is controlled by WCN-Worldwide Corporate Nominees Ltd, a company incorporated in Cyprus, which owns 100% of the Company's shares, in its capacity as nominee shareholder. The Company is ultimately controlled by a Russian individual.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

22. Related party balances and transactions (continued)

The related party balances and transactions are as follows:

22.1 Loans to related parties (Note 13)

		2020 RR	2019 RR
Loan 1	<u>Terms</u> Carries interest at 3% per annum, is repayable on demand	24,359,146	19,816,337
Loan 2	Carries interest at 6,4% until 30/04/2020 and 14% as from 01/05/2020 per annum, is repayable by 27 June 2025	72,717,016	12,497,685
Loan 3	Carries interest from 33.6% to 14% per annum, is repayable by 22 September 2021	-	12,464,726
Loan 4	Carries interest at 8% per annum, is repayable by 6 November 2021	23,820	23,820
Loan 5	Carries interest at 16.5% per annum, is repayable by 23 November 2020	297,136	297,136
Loan 6	Carries interest at 8% per annum, is repayable by 6 November 2021	19,819	15,068
Loan 7	Carries interest at 9% per annum, is repayable by 29 May 2025	34,256,761	61,625,087
Loan 8	Carries interest at 3% per annum, is repayable by 17 December 2025	126,181,011	-
Loan 9	Carries interest at 8.9% per annum, is repayable by 7 April 2021	1,273,965	-
Loan 10	Carries interest at 6.5% per annum, is repayable by 28 February 2021.	12,370,109	-
Loan 11	Carries interest at 11% per annum, is repayable by 27 December 2021	-	20,098,171
Loan 12	Carries interest at 11% per annum, is repayable by 27 December 2021	-	48,005,152
Loan 13	Carries interest at 11% per annum, is repayable by 7 August 2022	-	30,004,520
Loan 14	Carries interest at 1.5% per annum, is repayable by 29 Jannurary 2022	11,151,031	-
Closing balance		<u>282,649,814</u>	<u>204,847,702</u>

During the current year, the Company assigned loans with a total carrying amount of RR 94,564,133 for a consideration equal to the loans' carrying amount. The loans' assignments are analysed as follows:

- a loan with a carrying amount of RR 25,982,560 was assigned to an existing lender (Note 18).
- two loans with a total carrying amount of RR 68,581,573 were assigned to a related party (Note 14).

Loans 1-13 are with companies under common control while loan 14 is with the Company's ultimate shareholder.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

22. Related party balances and transactions (continued)

22.2 Loans from related parties (Note 18)

		2020 RR	2019 RR
Loan 1	Terms Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	5,883,825	-
Loan 2	Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	46,029,621	-
Loan 3	Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	46,029,621	-
Loan 4	Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	46,029,621	-
Loan 5	Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	46,029,621	-
Loan 6	Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	46,029,621	-
Loan 7	Carries interest at 8% per annum, is repayable by 4/12/2022 and denominated in USD	37,258,339	-
Loan 8	Carries interest at 3% per annum, is repayable by 18/2/2018 and denominated in CHF	12,306,559	-
Loan 9	Interest free, no specified repayment date and denominated in CHF	<u>21,141</u>	16,101
		<u>285,617,969</u>	<u>16,101</u>

Loans 1-8 are with a company under common control while loan 9 is with the Company's ultimate shareholder.

22.3 Ultimate shareholder's current account - credit balance (Note 19)

	2020 RR	2019 RR
Opening balance	7,993,557	-
Expenses paid on behalf of the Company	2,599,810	-
Withdrawals	(7,911,803)	-
Transfer of funds	-	8,022,542
Exchange difference	<u>69,483</u>	(28,983)
Closing balance	<u>2,751,047</u>	<u>7,993,559</u>

The ultimate shareholder's current account is interest free, has no specified repayment date and is denominated in US Dollars.

23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

24. Commitments

The Company had no capital or other commitments as at 31 December 2020.

EARL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

25. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 4

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EARL MANAGEMENT LIMITED

COMPUTATION OF CORPORATION TAX

For the year ended 31 December 2020

	Page 5	RR	RR
Net loss per income statement			(24,400,445)
<u>Add:</u>			
Loss on write off of loans receivable		167,519	
Loan interest expense		23,314,100	
Notional interest on B2B loans		4,829,191	
Notional interest on other receivables		1,701,970	
Net foreign exchange loss		50,398,430	
Annual levy		24,282	
Custody fees		362,155	
Other professional services		5,445,206	
Administration expenses and bank charges		<u>2,216,068</u>	
			<u>88,458,921</u>
			64,058,476
<u>Less:</u>			
Gain on sale of financial assets at fair value through profit or loss		33,508,036	
Dividend income		756,189	
Gain on waiver of borrowings		759,830	
Loan interest income		22,076,485	
NID		<u>4,405,962</u>	
			<u>(61,506,502)</u>
Chargeable income for the year			<u>2,551,974</u>
			€
Converted into € at RR 91.467100 = €1			27,900
Loss brought forward			<u>(58,586)</u>
Loss carried forward			<u>(30,686)</u>

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