

ONOMENTO CO LTD

FINANCIAL STATEMENTS
31 March 2021

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FINANCIAL STATEMENTS

31 March 2021

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ONOMENTO CO LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Lakshmanan Krishnakumar
Spyridon Hadjinicolaou
Efthychia Spyrou
Nina Iosif

Company Secretary:

A.T.S. Services Limited

Independent Auditors:

Deloitte Limited
Certified Public Accountants and Registered Auditors
Maximos Plaza, Tower 1, 3rd Floor
213 Arch Makariou III Avenue
CY-3030 Limassol
Cyprus

Registered office:

Arch. Makariou III, 2-4
CAPITAL CENTER, 9th Floor
CY-1065 Nicosia
Cyprus

Bankers:

Hellenic Bank Public Company Limited

Registration number:

HE244475

Independent Auditor's Report

To the Members of Onomento Co Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Onomento Co Ltd (the "Company"), which are presented in pages 5 to 22 and comprise the statement of financial position as at 31 March 2021, 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, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, 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 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 Company in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (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 opinion.



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Independent Auditor's Report (continued)

To the Members of Onomento Co Ltd

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Board of Directors 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.

Independent Auditor's Report (continued)

To the Members of Onomento Co Ltd

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.



.....
Alexis Agathocleous
Certified Public Accountant and Registered Auditor for
and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 4 June 2021

ONOMENTO CO LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 March 2021

| | Note | 2021 US\$ | 2020 US\$ |
|--|------|-------------------------|-----------------|
| Revenue | 7 | 469,926 | 518,725 |
| Net other expenses | 19.2 | <u>(445,013)</u> | - |
| | | 24,913 | 518,725 |
| Other operating income | 8 | - | 3,102 |
| Other operating expenses | 9 | <u>(22,793)</u> | <u>(24,403)</u> |
| Operating profit | | 2,120 | 497,424 |
| Net finance income/(costs) | 10 | <u>10,008</u> | <u>(40,100)</u> |
| Profit before tax | | 12,128 | 457,324 |
| Tax | 11 | <u>(23,734)</u> | - |
| Net (loss)/profit for the year | | <u>(11,606)</u> | <u>457,324</u> |
| Other comprehensive income | | - | - |
| Total comprehensive (loss) /income for the year | | <u>(11,606)</u> | <u>457,324</u> |

The notes on pages 9 to 22 form an integral part of these financial statements.


ONOMENTO CO LTD

STATEMENT OF FINANCIAL POSITION

31 March 2021

| | Note | 2021 US\$ | 2020 US\$ |
|-------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 12 | 1,191,980 | 1,191,980 |
| Investment | 13 | 2 | 2 |
| | | <u>1,191,982</u> | <u>1,191,982</u> |
| Current assets | | | |
| Receivables | 14 | 361,054 | 903,112 |
| Cash and cash equivalents | 15 | 479,471 | 36,755 |
| | | <u>840,525</u> | <u>939,867</u> |
| Total assets | | <u>2,032,507</u> | <u>2,131,849</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 16 | 7,049 | 7,049 |
| Share premium | | 2,000,499 | 2,000,499 |
| Translation reserves | | (1,425,215) | (1,425,215) |
| Retained earnings | | 1,413,609 | 1,425,215 |
| Total equity | | <u>1,995,942</u> | <u>2,007,548</u> |
| Current liabilities | | | |
| Trade and other payables | 17 | 7,681 | 120,065 |
| Current tax liabilities | 18 | 28,884 | 4,236 |
| | | <u>36,565</u> | <u>124,301</u> |
| Total liabilities | | <u>36,565</u> | <u>124,301</u> |
| Total equity and liabilities | | <u>2,032,507</u> | <u>2,131,849</u> |

On 4/6/2021 the Board of Directors of Onomento Co Ltd authorised these financial statements for issue.


Lakshmanan Krishnakumar
Director


Nipar Josif
Director

The notes on pages 9 to 22 form an integral part of these financial statements.

ONOMENTO CO LTD

STATEMENT OF CHANGES IN EQUITY

31 March 2021

| | Share capital US\$ | Share premium US\$ | Translation reserve US\$ | Retained earnings US\$ | Total US\$ |
|--|--------------------------|--------------------------|--------------------------------|------------------------------|------------------|
| Balance at 1 April 2019 | 7,049 | 2,000,499 | (1,425,215) | 1,356,238 | 1,938,571 |
| Comprehensive income | | | | | |
| Net profit for the year | - | - | - | 457,324 | 457,324 |
| Total comprehensive income for the year | - | - | - | 457,324 | 457,324 |
| Transactions with owners | | | | | |
| Dividends | - | - | - | (388,347) | (388,347) |
| Total transactions with owners | - | - | - | (388,347) | (388,347) |
| | - | - | - | - | - |
| Balance at 31 March 2020/1 April 2020 | 7,049 | 2,000,499 | (1,425,215) | 1,425,215 | 2,007,548 |
| Comprehensive income | | | | | |
| Net loss for the year | - | - | - | (11,606) | (11,606) |
| Total comprehensive expense for the year | - | - | - | (11,606) | (11,606) |
| Balance at 31 March 2021 | 7,049 | 2,000,499 | (1,425,215) | 1,413,609 | 1,995,942 |

The translation reserve and the share premium are not available for distribution.

The notes on pages 9 to 22 form an integral part of these financial statements.

ONOMENTO CO LTD

STATEMENT OF CASH FLOWS

31 March 2021

| | Note | 2021 US\$ | 2020 US\$ |
|---|------|-----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 12,128 | 457,324 |
| Adjustments for: | | | |
| Receivable balances waived | | 570,892 | - |
| Payables to related parties waived | | (125,879) | - |
| | | <u>457,141</u> | <u>457,324</u> |
| Changes in working capital: | | | |
| Increase in receivables | | (28,834) | (478,966) |
| Increase/(Decrease) in trade and other payables | | 13,495 | (7,323) |
| | | <u>441,802</u> | <u>(28,965)</u> |
| Cash generated from/(used in) operations | | 441,802 | (28,965) |
| Tax refunded/(paid) | | 914 | (5,365) |
| | | <u>442,716</u> | <u>(34,330)</u> |
| Net cash generated from/(used in) operating activities | | 442,716 | (34,330) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | - | (388,347) |
| | | <u>-</u> | <u>(388,347)</u> |
| Net cash used in financing activities | | - | (388,347) |
| Net increase/(decrease) in cash and cash equivalents | | 442,716 | (422,677) |
| Cash and cash equivalents at beginning of the year | | 36,755 | 459,432 |
| | | <u>36,755</u> | <u>459,432</u> |
| Cash and cash equivalents at end of the year | 15 | <u>479,471</u> | <u>36,755</u> |

The notes on pages 9 to 22 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

1. Incorporation and principal activities

Country of incorporation

Onomento Co Ltd (the "Company") was incorporated in Cyprus on 31 December 2008 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 2-4, CAPITAL CENTER, 9th Floor, CY-1065 Nicosia, Cyprus.

Principal activity

The principal activities of the Company, which are unchanged from last year, is the holding and assignment of trademarks.

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.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2020 and relevant to the Company have been adopted by the EU through the endorsement procedure established by the European Commission.

The financial statements have been prepared under the historical cost convention.

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. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

With the recent and rapid development of the Coronavirus (COVID-19) outbreak the world economy entered a period of health care crisis that has already caused and is expected to continue to cause a major global disruption not only in business activity but in everyday life as well. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year. Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures.

Considering the above unfortunate circumstances, the pace at which the outbreak expands and because of the high level of uncertainties due to the unpredictable outcome of this outbreak, the financial effect the current crisis could have on the global economy and the overall business activities going forward is not possible to be estimated with reasonable certainty at this stage.

The Company has evaluated the results of its Russian operations during the year ended 31 March 2021 which have shown an upward trend in sales. The Directors of the Company do not expect a significant impact of coronavirus infection on the going concern status of the Company for the forthcoming twelve-month period.

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 or after 1 April 2020.

This adoption did not have a material effect on the accounting policies of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. 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.

Going concern basis

The Company incurred a loss of US\$11,606 for the year ended 31 March 2021, while as of that date the Company's assets exceeded its liability by US\$1,995,942.

Revenue

- **Royalty income**

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

On 1 April 2018, the Company changed its functional currency from Russian Rouble (RUB) to US Dollar. The change in the functional currency was made to reflect that the underlying transaction events and conditions that are relevant to the entity are carried out in US\$. The Company applied the translation procedures applicable to the new functional currency prospectively from the date of change, as per the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

There was no change in the presentation currency compared to prior year.

(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 financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on debt securities at fair value through other comprehensive income are recognised in profit or loss.

Tax

Current tax liabilities and assets for the current period 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 declared, or substantively enacted, by the date of the Statement of Financial Position in the country where the entity operates and generates taxable income.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

Tax (continued)

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost. These patents and trademarks are considered to have an indefinite useful life, and are tested annually for impairment.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting.

Financial assets - Classification

From 1 April 2019, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- 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 Fair Value through Other Comprehensive Income (FVOCI), or at Fair Value Through Profit or Loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Recognition and derecognition

Purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

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. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI criterion) are measured at amortised cost. Interest income from these financial assets is included in 'other income'. 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, trade and other receivables.

Financial assets - Impairment - credit loss allowance for Expected Credit Loss (ECL)

From 1 April 2019, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. 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 within "net impairment losses on financial and contract assets".

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

For all other financial assets that are subject to impairment under IFRS 9, the Company applies the general approach - 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").

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.

NOTES TO THE FINANCIAL STATEMENTS**31 March 2021****4. Significant accounting policies (continued)****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 others, 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 Significant Increase in Credit Risk (SICR) has occurred. The Company also assesses whether the new loan or debt instrument meets the Solely Payments of Principal and Interest 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 assess 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

Cash and cash equivalents comprise cash at bank, with original maturity of three months or less.

Financial assets at amortised cost

These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

4. Significant accounting policies (continued)

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate 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.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss.

Share capital

Ordinary shares are classified as equity.

Share Premium is the difference between the fair value of the consideration received for the issue of shares and the nominal value of the shares. Share Premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5. Financial risk management objectives and policies

Financial risk factors

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and capital risk management. The Company's Management does not have a formal policy to manage these risks at the entity level.

5.1 Credit risk

Credit risk arises mainly from outstanding trade and other receivables and from cash at bank.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

5. Financial risk management objectives and policies (continued)

5.1 Credit risk (continued)

The maximum amount of credit risk to which the company is exposed to at the date of the statement of financial position is US\$840,525 (2020: US\$939,867). Part of this balance relates to the receivable balances of US\$348,728 (2020: US\$332,577) for which sufficient security has been provided to the Company in the form of an irrecoverable Standby Letter of Credit, and US\$Nil (2020: US\$562,738), which was due by related parties and from which a letter of financial support has been obtained by Tata Consumer Products UK Group Limited in previous year. As a result, the Company does not face any significant credit risk in relation to the above mentioned receivable balances.

The cash and cash equivalent balances are maintained with creditworthy institutions only. Management did not expect any losses from non-performance of these counterparties.

(i) Risk management

Management assesses the credit quality of the counterparty, 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:

- trade and other receivables
- cash and cash equivalents

Financial assets

Financial assets at amortised cost

Financial assets at amortised cost include trade and other receivables and cash and cash equivalents.

The Company considers the probability of default upon initial recognition of an 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 asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated (where applicable):

- 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 borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- 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 borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where trade and other receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses three categories for trade and other receivables and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories.

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5. Financial risk management objectives and policies (continued)**5.1 Credit risk (continued)***(ii) Impairment of financial assets (continued)*

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

| Category | Basis for recognition of expected credit loss provision | Basis for calculation of interest revenue |
|-----------------|---|--|
| Performing | 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 | Stage 2: Lifetime expected losses | Gross carrying amount |
| Non-performing | Stage 3: Lifetime expected losses | Amortised cost carrying amount (net of credit allowance) |
| Write-off | Asset is written off | None |

Over the term of the loans, receivables and other receivables, and debt securities the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

Where the impairment is immaterial, no provision for impairment is recorded.

For the current year, no provision for impairment was recognised in relation to the cash and cash equivalents and other receivables.

5.2 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. At the date of the statement of financial position the Company has trade and other payables of US\$580 (2020: US\$113,838) payable within 3 months from the date of the statement of financial position. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

5.3 Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. As at 31 March 2020 and 2019 the Company had no borrowings.

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5. Financial risk management objectives and policies (continued)**5.4 Fair values**

The carrying value of trade receivables and payables are assumed to approximate their fair values.

Offsetting financial assets and liabilities

The Company does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

6. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 based on estimates. 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.

- **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 5, Credit risk section.

- **Patents and trademarks - useful life**

Despite the fact that the Company's patents and trademarks have various expiration dates, they have been considered by the management to have an indefinite useful life. This is based on the fact that the expiration dates can be extended / renewed by the Company and:

(a) based on management's experience and expectations, the registration of these trademarks will be renewed;

(b) there are no specific conditions necessary to obtain the renewal; and

(c) the cost to the Company for renewal is not significant when compared with the future economic benefits expected to flow to the Company from renewal.

7. Revenue

| | 2021 | 2020 |
|----------------------|-----------------------|-----------------------|
| | US\$ | US\$ |
| Royalty fee income | <u>469,926</u> | <u>518,725</u> |
| Total revenue | <u>469,926</u> | <u>518,725</u> |

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8. Other operating income

| | 2021 US\$ | 2020 US\$ |
|---|--------------|--------------|
| Interest income on tax | - | 17 |
| Other income - assignment of trademarks | - | 2,271 |
| Sundry operating income | - | 814 |
| | <u>-</u> | <u>3,102</u> |

9. Expenses by nature

| | 2021 US\$ | 2020 US\$ |
|-----------------------|---------------|---------------|
| Accounting fees | 10,787 | 9,804 |
| Audit fees | 4,569 | 4,208 |
| Professional fees | 5,731 | 8,229 |
| Disbursements | 128 | 494 |
| Government Levy | 415 | 378 |
| Other expenses | 1,163 | 1,290 |
| Total expenses | <u>22,793</u> | <u>24,403</u> |

10. Net finance income/(costs)

| | 2021 US\$ | 2020 US\$ |
|-----------------------------------|---------------|-----------------|
| Realised exchange profit/(loss) | 17 | (42) |
| Unrealised exchange profit/(loss) | 9,991 | (40,058) |
| | <u>10,008</u> | <u>(40,100)</u> |

11. Tax

| | 2021 US\$ | 2020 US\$ |
|----------------------------|---------------|--------------|
| Corporation tax | 23,734 | - |
| Charge for the year | <u>23,734</u> | <u>-</u> |

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

| | 2021 US\$ | 2020 US\$ |
|--|---------------|--------------|
| Profit before tax | 12,128 | 457,324 |
| Tax calculated at the applicable tax rates | 1,516 | 57,166 |
| Tax effect of expenses not deductible for tax purposes | 55,627 | 5,013 |
| Tax effect of allowances and income not subject to tax | (45,965) | (49,744) |
| Tax over/underprovision | 12,556 | (12,435) |
| Tax charge | <u>23,734</u> | <u>-</u> |

In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 17% for 2014 and thereafter. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

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11. Tax (continued)

Under certain conditions interest income may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

12. Intangible assets

| | Patents and trademarks US\$ |
|---|-----------------------------------|
| Cost | |
| Balance at 1 April 2019 | 1,191,980 |
| Balance at 31 March 2020/ 1 April 2020 | 1,191,980 |
| Balance at 31 March 2021 | 1,191,980 |
| Net book amount | |
| Balance at 31 March 2021 | 1,191,980 |
| Balance at 31 March 2020 | 1,191,980 |

The recoverable amount was estimated based on value in use estimates. The management has based its cash flow projections on the expected royalty income to be generated.

13. Investment

| | 2021 US\$ | 2020 US\$ |
|----------------------------|--------------|--------------|
| Balance at 1 April | 2 | 2 |
| Balance at 31 March | 2 | 2 |

In August 2017, the Company and Suntyco Holding Ltd (the parent), incorporated Coffeetrade LLC. The authorised share capital of Coffeetrade LLC is RUB10.000. The share of nominal value of RUB9.900, which represents 99% of the share capital, is owned by Suntyco Holding Ltd and the share with a nominal value of RUB100, which represents 1% of the share capital, is owned by the Company.

On 2 April 2019, the process of voluntary liquidation was initiated for LLC Coffeetrade.

Coffee Trade LLC is voluntarily liquidated on April 09, 2020.

14. Receivables

| | 2021 US\$ | 2020 US\$ |
|--|----------------|----------------|
| Receivables from related parties (Note 19.1) | - | 11,790 |
| Receivables from parent (Note 19.1) | - | 550,948 |
| Deposits and prepayments | 1,778 | 1,620 |
| Other receivables | 348,728 | 332,577 |
| Refundable VAT | 10,548 | 6,177 |
| | 361,054 | 903,112 |

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14. Receivables (continued)

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company holds collateral as security (refer Note 5.1).

The Company's trade and other receivables are denominated to the following currencies:

| | 2021 US\$ | 2020 US\$ |
|----------------------|----------------|----------------|
| Russian Rouble | 348,728 | 332,577 |
| Euro | 10,548 | 27,705 |
| United States Dollar | 1,778 | 542,830 |
| | <u>361,054</u> | <u>903,112</u> |

15. Cash and cash equivalents

Cash balances are analysed as follows:

| | 2021 US\$ | 2020 US\$ |
|--|----------------|---------------|
| Cash at bank (Credit rating Caa1 (2020: Caa1)) | <u>479,471</u> | <u>36,755</u> |
| | <u>479,471</u> | <u>36,755</u> |

Cash and cash equivalents by currency:

| | 2021 US\$ | 2020 US\$ |
|-----------------------|----------------|---------------|
| United States Dollars | 470,224 | 26,803 |
| Euro | <u>9,247</u> | <u>9,952</u> |
| | <u>479,471</u> | <u>36,755</u> |

16. Share capital

| | 2021 Number of shares | 2021 US\$ | 2020 Number of shares | 2020 US\$ |
|------------------------------|-----------------------------|--------------|-----------------------------|--------------|
| Authorised | | | | |
| Ordinary shares of €1 each | <u>6,000</u> | - | <u>6,000</u> | - |
| | | US\$ | | US\$ |
| Issued and fully paid | | | | |
| Balance at 1 April | <u>5,001</u> | <u>7,049</u> | <u>5,001</u> | <u>7,049</u> |
| Balance at 31 March | <u>5,001</u> | <u>7,049</u> | <u>5,001</u> | <u>7,049</u> |

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31 March 2021

17. Trade and other payables

| | 2021 US\$ | 2020 US\$ |
|---|--------------|----------------|
| Accruals | 7,101 | 6,227 |
| Other creditors | 580 | 4,841 |
| Payables to related parties (Note 19.3) | - | 108,997 |
| | <u>7,681</u> | <u>120,065</u> |

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

Trade and other payables are denominated in the following currencies:

| | 2021 US\$ | 2020 US\$ |
|-----------------------|--------------|----------------|
| United States Dollars | - | 47,887 |
| Euro | 7,681 | 72,178 |
| | <u>7,681</u> | <u>120,065</u> |

18. Current tax (liabilities)

| | 2021 US\$ | 2020 US\$ |
|-----------------|-----------------|----------------|
| Corporation tax | (28,884) | (4,236) |
| | <u>(28,884)</u> | <u>(4,236)</u> |

19. Related party transactions

As from 11 March 2021, the shareholder of the company is Tata Consumer Products Group Limited.

The following transactions were carried out with related parties:

19.1 Receivables from related parties (Note 14)

| Name | 2021 US\$ | 2020 US\$ |
|--------------------------|--------------|----------------|
| Suntyco Holdings Ltd | - | 536,653 |
| Campestres Holdings Ltd | - | 11,790 |
| Suntyco Holdings Limited | - | 14,295 |
| | <u>-</u> | <u>562,738</u> |

The above balance is of a trading nature, does not bear any interest, is unsecured and is repayable on demand.

The amount of US\$536,653 represents an excess amount of the dividend declared as per resolutions dated on 18th June 2019 and for the amount of US\$400,000 for US\$525,000 respectively.

The outstanding balance due from related parties of US\$570,892 was waived.

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31 March 2021

19. Related party transactions (continued)

19.2 Net other expense (waived balances)

| | Terms | 2021 US\$ | 2020 US\$ |
|------------------------------------|------------------------------|------------------|--------------|
| Tata Global Beverages Services Ltd | Current account - Payable | 84,525 | - |
| Suntyno Holding Ltd | Current account receivable | (554,121) | - |
| Campestres Holdings Ltd | Current account - receivable | (16,771) | - |
| Kahutara Holdings Ltd | Current account - Payable | 41,354 | - |
| | | <u>(445,013)</u> | <u>-</u> |

19.3 Payables to related parties (Note 17)

| Name | 2021 US\$ | 2020 US\$ |
|--|--------------|----------------|
| Kahutara Holdings Limited | - | 47,887 |
| Tata Global Beverages Services Limited | - | 61,110 |
| | <u>-</u> | <u>108,997</u> |

Payables to related parties beared no interest, were unsecured and were repayable on demand.

The payable balances due to related parties with an outstanding balance of US\$125,879 were waived.

20. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2021.

21. Significant events after the end of the financial year

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

