

**PRIVATE JOINT-STOCK COMPANY
"INSURANCE COMPANY "BUSIN"**

FINANCIAL STATEMENTS

For the year ended December 31, 2017
Together with the Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Private Joint-Stock Company
“Insurance Company “Busin”

Opinion

We have audited the financial statements of private joint-stock company “Insurance Company “Busin” (Company), which comprise:

- statement of financial position as at December 31, 2017;
- statement of comprehensive income for 2017;
- statement of changes in equity for 2017;
- statement of cash flows for 2017; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these 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), and ethical requirements applied in Ukraine to our audit of financial statements 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.

Other matters

Audit of these financial statements is not a statutory audit in accordance with the definition of “statutory audit”, given in paragraph 16, Article 1, Section I of the Law of Ukraine “On Audit of Financial Statements and Audit Activity” No. 2258-VIII of 21.12.2017. Statutory audit for 2017 was performed by another auditor, who expressed unqualified opinion on the financial statements.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 skepticism 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 fair presentation;

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

The audit was performed under the supervision of the Head of Audit department Malashchuk Oleh Volodymyrovych.

Head of Audit department

O. V. Malashchuk

Registration number in the Register of Auditors
and Audit Entities: 101134

On behalf of BDO LLC

Director, Key Audit Partner

S. O. Balchenko

Registration number in the Register of Auditors
and Audit Entities: 101086

Kyiv, June 16, 2021

Limited Liability Company BDO. Identification code under EDRPOU: 20197074.

Registration Number in the Register of Auditors and Audit Entities: 2868. Legal address: 4, Andriia Fabra
Street, Dnipro, tel. 044 393-26-87.

Statement of management's responsibility for the preparation and approval of the financial statements

The following statement, which should be read in conjunction with the independent auditor's responsibilities disclosed in the Independent Auditor's Report, is made with a view to distinguishing the respective responsibilities of Management and those of the independent auditors in relation to the financial statements of the Private Joint-Stock Company "Insurance Company "Busin" (hereinafter — the Company).

The Company's management is responsible for the preparation of the financial statements, that present fairly, in all material respects, the financial position of the Company as of December 31, 2017, comprehensive profit and loss, and cash flows and changes in equity for the year then ended, in accordance with the International Financial Reporting Standards (further — IFRS).

In preparing the financial statements, Management is responsible for:

- Selecting appropriate accounting principles and applying them consistently;
- Making reasonable assumptions and estimates;
- Compliance with relevant IFRS and disclosure of all material departures in the Notes to the financial statements;
- Preparing the financial statements on a going concern basis, unless it is Company will continue to operate for the foreseeable future, unless it is inappropriate to presume that.

Management is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with the requirements of IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company;
- Preventing and detecting fraud and other irregularities.

The Company's financial statements for the year ended December 31, 2017 were approved by the Company's management on June 16, 2021.

Chairman of the Board

_____ D. O. Ovchynnykov

Chief Accountant

_____ S.A. Yefymenko

Statement of financial position as of December 31, 2017

	Notes	31 December 2017	31 December 2016
Assets			
Cash and cash equivalents	6	122 679	91 886
Accounts receivable	7	105 704	106 063
Other receivables	8	225	481
Investments		138	299
Reinsurers' share in unearned premiums reserve	13	54 779	60 328
Reinsurers' share in provision other than unearned premiums reserve	13	13 250	-
Deferred acquisition costs on reinsurance		234	217
Long-term accounts receivable	9	-	34
Income tax prepaid		-	1 395
Deferred tax assets	10	3 222	2 646
Property, plant and equipment	11	1 924	2 404
Intangible assets		49	14
Other current assets	12	1 204	997
		303 408	266 764
Liabilities and equity			
Liabilities			
Unearned premiums reserve	13	102 502	88 189
Provision other than unearned premiums reserves	13	28 453	2 548
Income tax payable		3 782	-
Accounts payable	14	69 328	60 113
Other short-term liabilities	15	4 708	4 225
		208 773	155 075
Equity			
Share capital	16	73 200	49 159
Capital reserves	16	13 400	13 400
Retained earnings	16	8 035	49 130
		94 635	111 689
		303 408	266 764

Chairman of the Board

D. O. Ovchynnykov

Chief Accountant

S. A. Yefymenko

Statement of comprehensive income for 2017

	Notes	2017	2016
Gross amount of written premiums	17	188 421	162 966
Reinsurance-ceded premiums	18	(103 621)	(95 651)
Earned premiums		84 800	67 315
Changes in unearned premium reserve	13, 30	(14 313)	(6 292)
Changes in reinsure's share in unearned premiums reserves	13, 30	(5 549)	14 340
		(19 862)	8 048
Net earned premiums		64 938	75 363
Insurance payments and insurance indemnity	19	(11 954)	(4 273)
Change of reserves other than unearned premiums reserve	13	(25 905)	326
Changes in reinsurers' share in reserves other than unearned premiums reserves	13	13 250	-
Result from insurance activities before deduction of administrative and other expenses		40 329	71 416
Administrative expenses	20	(13 821)	(15 666)
Distribution costs	21	(4 959)	(5 710)
Change in provision for doubtful debts on accounts receivable	7	(205)	(764)
Other income	22	-	13 284
Other expenses	23	(7 280)	(586)
Financial income	24	1 528	2 704
Profit before tax		15 592	64 678
Income tax expense	25	(9 603)	(15 060)
Profit for year		5 989	49 618
Other comprehensive income		-	-
Comprehensive income for year		5 989	49 618

Chairman of the Board

D. O. Ovchynnykov

Chief Accountant

S. A. Yefymenko

Statement of changes in equity for 2017

	Share capital	Capital reserves	Retained profit	Total
Balance as of January 01, 2016	49 159	9 500	23 664	82 323
Profit for year	-	-	49 618	49 618
Total comprehensive income for year	-	-	49 618	49 618
Increase in capital reserves	-	3 900	(3 900)	-
Dividend announcements to shareholders	-	-	(20 252)	(20 252)
Balance as at December 31, 2016	49 159	13 400	49 130	111 689
Profit for year	-	-	5 989	5 989
Total comprehensive income for year	-	-	5 989	5 989
Increase in share capital	24 041	-	(24 041)	-
Dividend announcements to shareholders	-	-	(23 043)	(23 043)
Balance as at December 31, 2017	73 200	13 400	8 035	94 635

Chairman of the Board

D. O. Ovchynnykov

Chief Accountant

S. A. Yefymenko

Statement of cash flows for 2017

	Notes	2017	2016
Cash flow from operating activities			
Net profit before tax		15 595	64 678
Adjustments to:			
Depreciation of PPE and intangible assets	11	556	434
Changes in insurance reserves	13	40 218	5 966
Change in reinsurers' share of in insurance reserves	13	(7 701)	(14 340)
Recognition of deferred acquisition costs		(17)	102
Change of provision for doubtful debts	7	205	764
The result of transactions with investments	23	137	(104)
Result from sale of fixed assets		-	(610)
Change of leave provision		482	1 439
Financial income	24	(1 528)	(2 704)
Cash flows before changes in operating assets and liabilities		47 947	55 625
Changes in:			
Accounts receivable		154	(7 504)
Other accounts receivable		88	606
Other current assets		(173)	32
Accounts payable		9 215	1 120
Other liabilities		2	(100)
Cash flows from operating activities		57 233	49 779
Interest earned on deposits		1 586	2 444
Income tax paid		(5 007)	(28 644)
Net cash flow from operating activities		53 812	23 579
Investing cash flow			
Acquisition of property, plant and equipment	11	(110)	(2 611)
Loans issued		-	(200)
Loans repayment		144	2 880
Proceeds from disposal of property, plant and equipment		-	610
Disposals of investment		24	-
Net investing cash flow		58	679
Financing cash flow			
Dividends distribution	16	(23 077)	(20 252)
Net cash flow used in financial activities		(23 077)	(20 252)
Net cash flow for the reporting period		30 793	4 006
Cash and cash equivalents at the beginning of the year	6	91 886	87 880
Cash and cash equivalents at the end of the year	6	122 679	91 886

Chairman of the Board

D. O. Ovchynnykov

Chief Accountant

S. A. Yefymenko