

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

**FINANCIAL STATEMENTS**

For the year ended December 31, 2018  
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, 2018;
- statement of comprehensive income for 2018;
- statement of changes in equity for 2018;
- statement of cash flows for 2018; 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, 2018, 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 2018 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, 2018, 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, 2018 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, 2018

|   | Notes | 31 December<br>2018 | 31 December<br>2017 |
|---|-------|---------------------|---------------------|
| <b>Assets</b>   |       |                     |                     |
| Cash and cash equivalents   | 6     | 88 300              | 122 679             |
| Accounts receivable   | 7     | 135 334             | 105 704             |
| Other receivables   | 8     | 231                 | 225                 |
| Investments   |       | 67                  | 138                 |
| Reinsurers' share in unearned premiums reserve                      | 12    | 56 183              | 54 779              |
| Reinsurers' share in provision other than unearned premiums reserve | 12    | -                   | 13 250              |
| Deferred acquisition costs on reinsurance                           |       | 224                 | 234                 |
| Deferred tax assets   | 9     | 3 837               | 3 222               |
| Property, plant and equipment                                       | 10    | 1 477               | 1 924               |
| Intangible assets   |       | 27                  | 49                  |
| Other current assets  | 11    | 864                 | 1 204               |
|   |       | <b>286 544</b>      | <b>303 408</b>      |
| <b>Liabilities and equity</b>                                       |       |                     |                     |
| <b>Liabilities</b>  |       |                     |                     |
| Unearned premiums reserve   | 12    | 117 662             | 102 502             |
| Provision other than unearned premiums reserves                     | 12    | 960                 | 28 453              |
| Income tax payable  |       | 6 043               | 3 782               |
| Accounts payable  | 13    | 64 141              | 69 328              |
| Other short-term liabilities  | 14    | 6 021               | 4 708               |
|   |       | <b>194 827</b>      | <b>208 773</b>      |
| <b>Equity</b>   |       |                     |                     |
| Share capital   | 15    | 73 200              | 73 200              |
| Capital reserves  | 15    | 13 400              | 13 400              |
| Retained earnings   | 15    | 5 117               | 8 035               |
|   |       | <b>91 117</b>       | <b>94 635</b>       |
|   |       | <b>286 544</b>      | <b>303 408</b>      |

Chairman of the Board

D. O. Ovchynnykov

Chief Accountant

S. A. Yefymenko

## Statement of comprehensive income for 2018

|   | Notes  | 2018          | 2017          |
|---|--------|---------------|---------------|
| Gross amount of written premiums  | 16     | 190 274       | 188 421       |
| Reinsurance-ceded premiums  | 17     | (110 892)     | (103 621)     |
| <b>Earned premiums</b>  |        | <b>79 382</b> | <b>84 800</b> |
| Changes in unearned premium reserve   | 12, 29 | (15 160)      | (14 313)      |
| Changes in reinsure's share in unearned premiums reserves                                     | 12, 29 | 1 404         | (5 549)       |
|   |        | (13 756)      | (19 862)      |
| <b>Net earned premiums</b>  |        | <b>65 626</b> | <b>64 938</b> |
| Insurance payments and insurance indemnity  | 18     | (27 688)      | (11 954)      |
| Change of reserves other than unearned premiums reserve                                       | 12     | 27 493        | (25 905)      |
| Changes in reinsurers' share in reserves other than unearned premiums reserves                | 12     | (13 250)      | 13 250        |
| <b>Result from insurance activities before deduction of administrative and other expenses</b> |        | <b>52 181</b> | <b>40 329</b> |
| Administrative expenses   | 19     | (16 367)      | (13 821)      |
| Distribution costs  | 20     | (6 586)       | (4 959)       |
| Change in provision for doubtful debts on accounts receivable                                 | 7      | (893)         | (205)         |
| Other income  | 21     | 19            | -             |
| Other expenses  | 22     | (12 113)      | (7 280)       |
| Financial income  | 23     | 893           | 1 528         |
| <b>Profit before tax</b>  |        | <b>17 134</b> | <b>15 592</b> |
| Income tax expense  | 24     | (7 989)       | (9 603)       |
| <b>Profit for year</b>  |        | <b>9 145</b>  | <b>5 989</b>  |
| Other comprehensive income  |        | -             | -             |
| <b>Comprehensive income for year</b>  |        | <b>9 145</b>  | <b>5 989</b>  |

Chairman of the Board

D. O. Ovchynnykov

Chief Accountant

S. A. Yefymenko



# Statement of changes in equity for 2018

|  | Share capital | Capital reserves | Retained profit | Total           |
|--|---------------|------------------|-----------------|-----------------|
| <b>Balance as of January 01, 2017</b>  | <b>49 159</b> | <b>13 400</b>    | <b>49 130</b>   | <b>111 689</b>  |
| Profit for year                        | -             | -                | 5 989           | <b>5 989</b>    |
| Total comprehensive income for year    | -             | -                | 5 989           | <b>5 989</b>    |
| Increase in capital reserves           | 24 041        | -                | (24 041)        | -               |
| Dividend announcements to shareholders | -             | -                | (23 043)        | <b>(23 043)</b> |
| <b>Balance as at December 31, 2017</b> | <b>73 200</b> | <b>13 400</b>    | <b>8 035</b>    | <b>94 635</b>   |
| Profit for year                        | -             | -                | 9 145           | <b>9 145</b>    |
| Total comprehensive income for year    | -             | -                | 9 145           | <b>9 145</b>    |
| Increase in share capital              | -             | -                | -               | -               |
| Dividend announcements to shareholders | -             | -                | (12 063)        | <b>(12 063)</b> |
| <b>Balance as at December 31, 2018</b> | <b>73 200</b> | <b>13 400</b>    | <b>5 117</b>    | <b>91 717</b>   |

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## Statement of cash flows for 2018

|  | Notes  | 2018            | 2017            |
|--|--------|-----------------|-----------------|
| <b>Cash flow from operating activities</b>                           |        |                 |                 |
| Net profit before tax  |        | 17 134          | 15 595          |
| Adjustments to:  |        |                 |                 |
| Depreciation of PPE and intangible assets                            | 10     | 608             | 556             |
| Changes in insurance reserves  | 12     | (12 333)        | 40 218          |
| Change in reinsurers' share of in insurance reserves                 | 12     | 11 846          | (7 701)         |
| Recognition of deferred acquisition costs                            |        | 10              | (17)            |
| Change of provision for doubtful debts                               | 7      | 893             | 205             |
| The result of transactions with investments                          | 21, 22 | (19)            | 137             |
| Change of leave provision  |        | 1 310           | 482             |
| Financial income   | 23     | (893)           | (1 528)         |
| <b>Cash flows before changes in operating assets and liabilities</b> |        | <b>18 556</b>   | <b>47 947</b>   |
| <b>Changes in:</b>   |        |                 |                 |
| Accounts receivable  |        | (30 523)        | 154             |
| Other accounts receivable  |        | (86)            | 88              |
| Other current assets   |        | 306             | (173)           |
| Accounts payable   |        | (5 187)         | 9 215           |
| Other liabilities  |        | 3               | 2               |
| <b>Cash flows from operating activities</b>                          |        | <b>(16 931)</b> | <b>57 233</b>   |
| Interest earned on deposits  |        | 922             | 1 586           |
| Income tax paid  |        | (6 343)         | (5 007)         |
| <b>Net cash flow from operating activities</b>                       |        | <b>(22 352)</b> | <b>53 812</b>   |
| <b>Investing cash flow</b>   |        |                 |                 |
| Acquisition of property, plant and equipment                         | 6      | (139)           | (110)           |
| Loans repayment  |        | 51              | 144             |
| Disposals of investment  |        | 90              | 24              |
| <b>Net investing cash flow</b>                                       |        | <b>2</b>        | <b>58</b>       |
| <b>Financing cash flow</b>   |        |                 |                 |
| Dividends distribution   | 15     | (12 029)        | (23 077)        |
| <b>Net cash flow used in financial activities</b>                    |        | <b>(12 029)</b> | <b>(23 077)</b> |
| <b>Net cash flow for the reporting period</b>                        |        | <b>(34 379)</b> | <b>30 793</b>   |
| Cash and cash equivalents at the beginning of the year               | 6      | 122 679         | 91 886          |
| <b>Cash and cash equivalents at the end of the year</b>              | 6      | <b>88 300</b>   | <b>122 679</b>  |

Chairman of the Board

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