SSTARTRADE TECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022
(in $000s)
(UNAUDITED)

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

ORGANIZATION: SStarTrade Tech, Inc. (the "Company" or "SSTT") was originally incorporated on December 6, 2005 as Smart Holdings, Inc. (SMHS) under the laws of the State of Nevada. As explained in further detail in Note N, since our inception we have undergone three changes in control and related changes in its business focus and operations. On August 3, 2017, the Company changed its name from Smart Holdings, Inc. to SStarTrade Tech, Inc as a result of a change in control.

Our principal headquarters is located at 3773 Howard Hughes Parkway, South Tower, Suite 500, Las Vegas, NV 89169.

NATURE OF OPERATIONS: SStarTrade Tech, Inc. is a holding company that invests in development stage exploration mining. The Company's primary investment purpose is to evaluate, acquire and explore mineral properties, which, hopefully, will contain gold, silver, copper and other economic minerals. The Company's strategy is to create value by identifying and acquiring high potential gold mining assets.

The Company holds a 74 percent controlling interest in the voting shares of the Swiss corporation, SStarTrade SA, whose business is developing gold deposits in the Russian Federation, one of the most gold rich asset areas in the world. SStarTrade SA has interests in the prospect of gold mining (through the ownership of 100% of the shares in two Russian gold mining companies – SStartrade Gold LLC, SwissStarGold LLC) and the steel business (through the possession of 100% of the shares in the Gaysky Steel Plant LLC located in Russia).

The Company is planning on exiting the steel production business to focus on financing the exploration and extraction of ore gold in the Trans-Baikal Territory of the Russian Federation (project "Kadara").

SStarTrade Tech Inc. is pleased to announce that during April, 2020 the Company received three subsoil use licenses through its subsidiaries SwissStarGold LLC and SStarTrade Gold LLC for Kadarinskoye-1, Kadarinskoye-2 and Bagadginsky perspective gold plots located at Transbaikal Region, Russian Federation. It is three new licenses recently received by SSTT subsidiaries as a part of large Kadara gold field.

The company has opted to suspend all active action in Russia following the facts after February 24th between Russia and the neighbouring country of Ukraine.
The assets controlled will be assisted in order not to jeopardise possibilities of development.
The situation of sanctions deriving from the conflict does not impact our activities in Russia as these are not of strategic interest and of influence on the conflict.

NOTE B - GOING CONCERN

The accompanying financial statements have been prepared assuming that SStartrade Tech, Inc. will continue as a going concern. Although the Company has generated revenues, the Company has a retained deficit. Accordingly, this factor raises substantial doubt about the Company's ability to continue as a going concern. Without realization of additional debt or capital, it would be unlikely for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

PRINCIPLES OF CONSOLIDATION: The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and acquired entities since their respective dates of acquisition. All significant inter-company amounts were eliminated in consolidation.

FUNCTIONAL CURRENCY: The functional currencies of the Company's international subsidiaries are the local currencies of the countries in which the subsidiaries are located. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the consolidated balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of shareholders' equity in accumulated other comprehensive income (loss). Gains and losses from foreign currency transactions, which are included in selling, general and administrative (SG&A) expense, have not been significant.

REVENUE FROM CONTRACTS WITH CUSTOMERS: The Company recognizes revenue in accordance with Accounting Standards Codification No. 605, "Revenue Recognition" ("ASC-605"), ASC-605 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

NET RECEIVABLES: All contract balances represent revenues earned on sales of steel. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within thirty (30) to ninety (90) days. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in uncollected accounts receivable. The Company determines its allowance for doubtful accounts after considering factors that could affect collectability of past due accounts receivable and such factors regularly include the customers' financial condition and credit worthiness, recent payment history, type of customer and the length of time accounts receivable are past due. Upon specific review and its determination that a bad debt reserve may be required, the Company will reserve such amount if it views the account as potentially uncollectable.

Customer accounts receivable balances that remain uncollected for more than 45 days are reviewed for collectability and are considered past due after 90 days unless different contractual repayment terms were extended under a contract with a customer. Customer accounts receivable balances that remain uncollected for more than 120 days and/or that have not been settled in accordance with contractual repayment terms and for which no firm payment commitments exist are placed with a third-party collection agency and a reserve is established for the entire uncollected balance. The Company writes off accounts receivable after 180 days or earlier when they become uncollectible. Payments subsequently received on such receivables are credited to the allowance for doubtful accounts. If the accounts receivable has been written off and no allowance for doubtful accounts exist subsequent payments received are credited to bad debt expense as a recovery.

CASH AND CASH EQUIVALENTS: The Company maintains interest-bearing cash deposits and short-term overnight investments with large financial institutions. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of these consolidated financial statements.

GOODWILL AND OTHER INTANGIBLES: The Company accounts for goodwill and other indefinite-lived intangible assets in accordance with ASC Topic 350 “Intangibles”. Under ASC Topic 350, goodwill and certain indefinite-lived intangible assets are not amortized but are subject to an annual impairment test, and between annual tests if indicators of potential impairment exist.

The Company evaluates goodwill for impairment annually as of December 31st and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below it carrying value. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than it carrying amount as a basis for determining whether it is necessary to perform the two-step quantitative goodwill impairment test or bypass the qualitative assessment for any reporting period and proceed to performing the first step of the two-step goodwill impairment test.

Goodwill impairment testing involves management judgment, requiring an assessment of whether the carrying value of the reporting unit can be supported by its fair value using widely accepted valuation techniques. The quantitative goodwill impairment test utilizes a two-step approach. The first step identifies whether there is potential impairment by comparing the fair value of a reporting unit to the carrying amount, including goodwill. If the fair value of a reporting unit is less than it carrying amount, the second step of the impairment test is required to measure the amount of any impairment loss.

The Company uses a combination of the income approach (discounted cash flow method) and market approach (market multiples). When preparing discounted cash flow models under the income approach, the Company uses internal forecasts to estimate future cash flows expected to be generated by the reporting units. Our internal forecasts are developed using observable (Level 2) and unobservable (Level 3) inputs. Actual results may differ from forecasted results. When preparing the market approach the Company may adjust market multiples to reflect the Company’s risk profile and other factors deemed appropriate to properly apply the market approach.

The Company uses the expected weighted average cost of capital, estimated using a capital asset pricing model, to discount future cash flows for each reporting unit. Our cost of equity estimate is developed using a combination of observable (Level 2) and unobservable (Level 3) inputs with appropriate adjustments that take into consideration our risk profile and other factors deemed appropriate. The Company believes the discount rates used appropriately reflect the risks and uncertainties in the financial markets generally and specifically in the Company’s internally developed forecasts. Further, to assess the reasonableness of the valuations derived from the discounted cash flow models, the Company also analyzes market-based multiples for similar industries of the reporting unit, where available.

INCOME TAXES: The Company accounts for income taxes in accordance with authoritative guidance which requires that deferred tax assets and liabilities be computed based on the difference between the financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. The guidance requires that the net deferred tax asset be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized. The Company created reserves to cover expenses for income tax for this period and are $ 850,000.

(in $000s)

NOTE D – SHORT-TERM INVESTMENTS

Short-term investments are comprised of the following:

	March 31, 2022
	(Unaudited)
State and municipal securities	$3,459
Securities (bills of exchange) of various counterparty enterprises	1,704
Deposits in financial institutions	5,668
Total short-term investments	$ 10,831

NOTE E – NET RECEIVABLES

Net Receivables are comprised of the following:

	March 31, 2022
	(Unaudited)
Trade receivables	$26,859
Tax refunds receivable	1,319
Other receivables	1,224
Gross receivables	29,402
Less: allowance for doubtful accounts	(1,734)
Net receivables	$27,668

During the three-months ended March 31, 2022 the Company recorded allowances for doubtful accounts of $1,738,000. At March 31, 2022 receivables were not pledged as loans and loans granted to the Company.

NOTE F – INVENTORY

Inventory is comprised of the following: Inventory stocks (forgings from special steels and titanium alloys for aircraft manufacturing; hardware products, wire, slings, fasteners) - $8,085.

NOTE G – OTHER CURRENT ASSETS

Other current assets are comprised of the following:

	March 31, 2022
	(Unaudited)
Proceeds from sale of property	$6,625
VAT recovery receivable	2,684
VAT advance payments	513
Total other current assets	$9,822

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment principally relate to our steel manufacturing operation conducted through Gaysky Steel Plant LLC. Property and equipment includes a land plot with engineering systems and communications with a total area of 87 679 sq.m, transformers and power transmission lines, steel processing and manufacturing buildings with a total area of 51 343,4 sq.m, metalworking, metal-cutting machines and mechanisms, hydraulic press and other equipment (turning and milling equipment, forging and pressing equipment, grinding equipment, EDM equipment, heat treatment equipment, sheet processing equipment, gear processing equipment), freight and passenger vehicles, loaders.

During the three months ended March 31, 2022, the Company did not acquire or sell fixed property and equipment.

NOTE I - GOODWILL

There were no changes in goodwill during the three-months ended March 31, 2022. As of March 31, 2022 goodwill was not impaired and there were no accumulated impairment losses.

NOTE J - INTANGIBLE ASSETS

The Company's intangible assets are comprised of a right to use license to conduct gold mine exploration and extraction activities at the Kadara Field. As a rule, the income approach methods are applied for assessing the market value of mineral deposits or subsoil plots (right to use mineral wealth).
The application of the income approach to fields or rights to use them includes:

- timing of income receipt - the term of the field life or the term of the license;
- forecasting future income - the amount of the net operating income by years of the field operation;
- assessment of the risk associated with income generation - similar to other real estate, plus the risk of the failure to prove the reserves and the risk of complexity of the geological structure;
- determination of the discount rate and the capitalization rate - similar to other real estate facilities;
- determination of the amount of the current value - similar to other real estate facilities.

The calculation of the cost of Kadara gold field involved financial calculations and the actual data from the following documents:

- "Business plan of the project of extraction of gold ore in Trans-Baikal region, Russian Federation ("Kadara" investment project)",
- "Report on results of geological exploration and mining of ore gold and associated components of Kadara river basin".

As of March 31, 2022, historical cost basis of right to use licenses were $48,523. The total weighted average remaining life of purchase right to use licenses was approximately 24 years.

(in $000s)

NOTE K – OTHER ASSETS

Other assets are comprised of the following:

	March 31, 2022
	(Unaudited)
Equity investments (1)	$2,638
Loans (2)	2,955
Certificates of deposit (2)	10,634
Total other assets	$16,227

(1) Financial assets measured at fair value through other comprehensive income.
(2) Financial assets measured at amortized cost.

NOTE L – LONG TERM DEBT

Short term obligations consisted of the following:

	March 31, 2022
	(Unaudited)
Short-term financial liabilities (1)	$22,317
Trading obligations	18,807
Advances	11,443
Accrued liabilities	10,452
Other liabilities	19,619
Current portion of long-term debt	12,155
Total short-term obligations	$94,793

Long-term debt and other obligations consisted of the following as of the periods presented below:

	March 31, 2022
	(Unaudited)
Loans	$4,118
Promissory notes	4,653
Deferred tax deductions	1,532
Total long-term obligations	10,303

NOTE M – OTHER LIABILITIES

Other liabilities consisted of the following as of the periods presented below:

(in $000s)

	March 31, 2022
	(Unaudited)
Long term supplier contracts (greater than 12 months)	$17,703
Finance lease	7,235
Employee pension plan	2,624
Long term debt, net of current portion	$27,562

NOTE N – STOCKHOLDERS' EQUITY

Common Stock

As of March 31, 2022, we are authorized to issue up to 1,975,000,000 shares of our common stock with a par value of $0.0001, of which 99,610,855 shares were issued and outstanding as of March 31, 2022.

Preferred Stock

As of March 31, 2022, there were 30,000 authorized shares of preferred stock, of which 10,000 are available for issuance and 20,000 were previously issued and cancelled. Our historical stock transactions are described in further detail below.

On 08 June, 2011, the board of directors authorized the issuance of up to 30,000 preferred stock. On July 19, 2011, we issued 20,000 shares of preferred stock with 10,000 for 1 common voting right. On April 8, 2013, all issued and outstanding shares of preferred stock were transferred to our new owners in connection with the acquisition of AWPC. On June 30, 2017, all issued and outstanding shares of preferred stock were cancelled in connection with a change in control that occurred when our prior shareholder sold us to Mr. Bruno Horn and Mrs. Carla Horn.

NOTE O – RELATED PARTY TRANSACTIONS

In these consolidated financial statements, parties are considered to be related, one of which has the ability to control or exercise significant influence on operational and financial decisions of the other party. As of March 31, 2022, the SSTT Group companies carried out transactions with shareholders and companies controlled by shareholders (including enterprises which are directly or indirectly controlled by the Government of the Russian Federation), associated enterprises, staff, pension funds.

Related parties may carry out transactions that unrelated parties may not conduct. In addition, such transactions may be conducted on terms other than the terms of transactions between unrelated parties.

Transactions with shareholders and companies controlled by shareholders:

Sales revenue and revenues - 24,198 thou USD

- Sales of products - 15,653 thou USD
- Auxiliary services and other sales - 3,821 thou USD
- Financial income - 4,724 thou USD

Costs and expenses - 15,212 thou USD

Transactions with associates

- Sales revenue and revenues - 6,237 thou USD
- Costs and expenses - 4,224 thou USD

Operations with non-state pension funds

- Costs and expenses - 2,413 thou USD

NOTE P - SUBSEQUENT EVENTS

In accordance with SFAS 165 (ASC 855-10) the Company has analyzed its operations subsequent to the issuance of the financial statements, dated March 31, 2022 and has determined that it does not have any material subsequent events to disclose in these financial statements.