

# BST Research

## Human Stem Cells Institute (Ticker: ISKJ)

### Russia Equity Research

01 May 2021

*HSCI Group: diversified healthcare business with assets on high-growth segment; growth boost with development of a novel vaccine against Covid-19, genetic testing, and a novel gene therapy platform in the United States*

#### Investment Rationale

Revenue, 2020 (Rub'M)	<b>1 084</b>
EBITDA, 2020 (Rub'M)	<b>204</b>
Net profit, 6m2020 (Rub'M)	<b>103</b>
Net debt, 6m2020 (Rub'M)	<b>245</b>
EBITDA, %	<b>19%</b>
<hr/>	
Mcap, Rub'M	<b>6 750</b>
Shares outstanding, million	<b>75</b>
New shares to be placed, million	<b>10</b>
Shares outstanding after placement, million	<b>85</b>
Current price, Rub	<b>90</b>
Target price in 1 year, Rub	<b>150</b>
Target price in 4 years, Rub	<b>260</b>

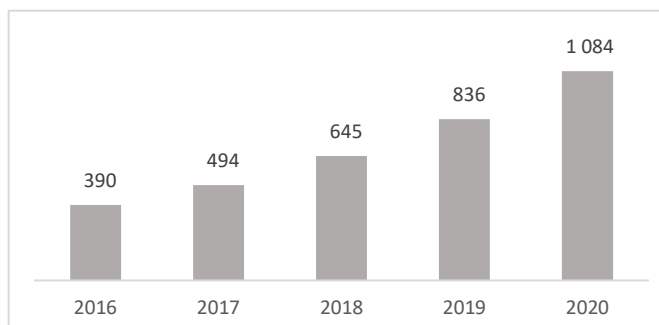
- **Defensive stock:** during the crisis caused by the pandemic, the Company's shares are growing despite the fall in the broad market indices.
- The **Company has a diversified portfolio of products and services at various stages of the life cycle** and different fast-growth segments of healthcare market, which helps diversify risks.
- **Fast growing markets with relatively low penetration and explosive growth potential** when products are included in the Federal Reimbursement Program.

- An **experienced team with competencies in R&D** and launch of innovative products in the field of healthcare.
- **Tax incentives for companies with a medical license / Skolkovo**-registered companies.
- Despite a recent runup in the stock price, HSCI shares are still undervalued: with the **growth of the business from 2009 to 2020 by 7 times**, the price of shares increased only 4 times.
- **Pandemic as a growth driver:** significant upside on a 1-year horizon provided a successful market launch of the COVID-19 vaccine. Long-term driver will be development of vaccines against other infectious diseases on the basis of designed platform.
- More upside on a longer horizon (up to 5 years), including in connection with the **development of a gene therapy platform in the United States**, development of the genetic testing business in Russia and the **expansion of indications for the use of Neovasculgen (first-in-class gene therapy drug to treat PAD<sup>1</sup>)**.

<sup>1</sup> Peripheral Artery Disease

## Company Overview

HSCI Revenue Dynamics, Rub M



Source: HSCI IFRS Reports

According to IFRS reports, the growth rates of HSCI's business remain high. In 2020, consolidated revenue increased by 28% and reached 1,084 million rubles for all companies and projects within the Group. For two years in a row, revenue growth rates remain at the level of 28-30%. All this reflects positively on the Company's stock price that has grown significantly over the last year and brought the company's capitalization to just a shy of 7 billion rubles today as compared to 1 billion rubles at the beginning of 2019.

The Group has created an infrastructure for bringing innovative products to the market, which includes in-house and outsourced contract manufacturing, in-house sales force, medical representatives in the regions, a network of medical centers and partners (600+), a powerful client base (40,000+). Strong expertise in R&D, protection of intellectual property and registration has been accumulated. Over the years, the company has received 57 patents (36 of them abroad), developed 10 test systems and launched a first-in-class gene therapy drug. In 2020 alone, 6 registration certificates were received, and we expect to receive another 4-6 approvals in 2021. Currently, the R&D pipeline includes more than 20 products.

### Role of HSCI PJSC as a Management Company

HSCI PJSC is a diversified company that acts as a strategic investor investing in various businesses and manages assets of different classes (companies and projects). Each of the businesses organized as a separate legal entity has its own separate and independent teams that may avail themselves of the HSCI infrastructure and accelerator services, but can also do business independently. Each company in the Group has its own development plan, including a plan for increasing value and raising capital.

PJSC HSCI is the controlling shareholder in most of its businesses. The strategic goal of HSCI PJSC is to increase shareholder value by maintaining leading positions in existing markets, as well as creating unique and high-tech products and services to win new niches and markets.

HSCI PJSC benefits from an increase in the value of its portfolio companies, receives dividends from profit-generating companies and re-directs the received profits to finance new promising projects. In the long term, when the flow of dividends from subsidiaries exceeds the need for financing new projects, HSCI PJSC will be able to use the received profit to pay dividends to shareholders.

The Group includes 12 legal entities, including PJSC HSCI, which acts as a management company, whose tasks include strategic management of businesses within the group, searching for new projects, conducting R&D, and commercializing new products. The portfolio of HSCI PJSC includes high-quality assets with high growth potential.

The Group's portfolio includes the following lines of business:

- Gemabank (PJSC IMCB) is the largest bank for personal storage of umbilical cord blood stem cells in Russia and the CIS with revenues of Rub 242 million in 2019 and EBITDA of Rub 133 million (<https://gemabank.ru/>). Gemabank is the main generator of the Group's free cash flow today. In

2019, Gemabank successfully placed 15% of the newly increased share capital on the Moscow Exchange (ticker: GEMA). Currently, almost all net profit is distributed to shareholders in the form of dividends, which are paid quarterly.

- Genetico (LLC "CGRM" GENETICO ") is the leader of the Russian market of genetic tests in Russia with revenues of 360 million rubles in 2020, experience in technology transfer, development of proprietary NGS test systems. Genetico conducts business in the market of genetic tests in Russia, which includes preimplantation genetic testing (PGT), non-invasive prenatal testing (NIPT) and NGS sequencing used for the diagnosis and treatment of cancer and other serious diseases, as well as in scientific purposes. The company has 20-40% of the market in the Russian Federation in various sectors of the genetic testing. Currently, it is completing R&D stage for six test systems of our own design. Amid the novel coronavirus infection pandemic, the company's revenue fell by 10% in 2020, compared with a 40% increase in 2019. The company is still in a stage when it is necessary to invest money in the development and expansion of its market presence.
- Neovasculgen (LLC "Nextgen", LLC "Nextgen Pharma") - the world's only registered gene therapy drug for the treatment of PAD. The drug is included in the Government Essential Drugs List, National guidelines for the treatment of PAD patients, Clinical guidelines of the Ministry of Health of the Russian Federation for the treatment of lower limb artery diseases, OMS (Government Reimbursement Program) treatment standards (new clinical and statistical groups have been introduced for therapeutic angiogenesis both on outpatient basis and in hospitals). LLC "Nextgen" owns a package of intellectual property for the drug, including know-how and patents in Russia and other countries for the active ingredient (AI) and dosage formulation. LLC "Nextgen Pharma" is an entity that is responsible for sales and distribution. Currently, these two companies are engaged in R&D and commercialization of novel gene therapy solutions, development and distribution of antibody tests for SARS-CoV-2. The business of selling Neovasculgen demonstrates steady growth: sales revenue in 2020 reached 140 million rubles, which is 87% more than in 2019. It is a profitable business generating growing cash flows to the company. In addition to the sales and distribution of the drug, in 2020 responding to the new challenges of the COVID-19 environment Nextgen Pharma LLC launched sales and distribution of antibody tests for SARS-CoV-2.
- Reprobank (ReproLab LLC) operates on the market of donor reproductive biomaterials (sperm and oocytes) and provides services of personal and donor banking of reproductive cells and tissues, including the procurement and sale of donor reproductive cells (sperm and eggs), cryopreservation of personal reproductive samples, professional long-term storage and transportation of reproductive cells and tissues. The company works in partnership with leading medical centers and IVF clinics in Russia. Revenue in 2020 increased by 98% and reached 178 million rubles, of which 78 million came from sales of tests for Covid-19. Reprobank's business is profitable.
- SPRS-therapy (Vitacel LLC) - skin restoration services based on a patented innovative technology of using autologous dermal fibroblasts to treat age-related and cicatricial skin defects (SPRS-therapy). The business consistently generates revenues to the tune of Rub 40 million per year and a profit margin of up to 20%.

### Impact of External Factors on the Business of the Group

The year of 2020 posed some serious challenges to the Group. As a result of the coronavirus pandemic and the restrictions imposed in connection with it (in particular, restrictions on the operation of IVF clinics and cosmetology centers), there was a slight drop in revenue in the businesses of genetic testing and SPRS therapy. To counter the negative effects of the pandemic on the Group's top line, management launched

new product lines such as antibody tests for SARS-COV-2. This included both development of proprietary tests and distribution of third-party test systems, including those imported from abroad. The contribution of new COVID tests to the Group's top line exceeded Rub 219 million in 2020.

## Strategy

As HSCI has evolved into a strategic investor managing a portfolio of projects in various fast growing fields of healthcare market, the company plans to invest in the following areas over the next five years:

- Development of new lines of business in response to the pandemic challenges – R&D and market launch of a new vaccine against COVID-19.
- Development of gene therapy: expansion of indications for the use of Neovasculgen in Russia (Diabetic Foot Syndrome) and development of the ART-101 drug candidate (a Neovasculgen-based molecule) in the USA; research in the areas of muscular dystrophy; launch of a line of osteoplastic materials based on gene-therapy for bone reconstruction and maxillo-facial surgery.
- Development of drugs against atherosclerosis based on shark antibodies.
- Development of the GENETICO project, including the expansion of the distribution network, commercialization of proprietary test systems, and the development of oncogenetics.
- Modernization and development of IT infrastructure, including the use of artificial intelligence for the analysis and processing of Big Data.
- R&D Center in Skolkovo.

These areas provide for the development of products and services in large and growing markets.

- Vaccine against Covid-19 - the market is up to Rub 170 billion per year in Russia. Potential market in the Russian Federation is 50% of the population, i.e. 75 million people, or 225 million doses. HSCI's target is 5-10% of the potential market. At the price per dose of Rub 750, the potential niche of HSCI is from Rub 9 to 18 billion.
- Neovasculgen - the market in Russia is up to 7 Rub billion rubles per year, including the use of the drug for the treatment of DFS.
- Genetico - the market in Russia is up to Rub 10 billion per year. Key growth driver will be inclusion of Genetico products into standards of care and reimbursement.
- ArtGen - development of ART-101 drug candidate (based on the Neovasculgen drug) in the USA - \$2.6 billion. DE-risked project since Neovasculgen is successfully sold in Russia (sales grow at 60-70% CAGR).

In addition, the pipeline of products at the R&D stage includes innovative gene therapy drugs for the treatment of muscular dystrophy, atherosclerosis, the development and commercialization of a line of osteoplastic materials based on gene-therapy for bone reconstruction and maxillo-facial surgery.

## **Vaccine. Project BetuVax**

One of the most promising fields in vaccine development is virus-like particles. Such particles are developed on the basis of viruses, which are inserted in the genetic material of other viral antigens or on the basis of nanoparticles (corpuscles), on the surface of which viral antigens are located. The second option is preferable, as in this case there is no induction of viruses-related genetic material into the body. In the light of the above, new opportunities arise for the development of new adjuvants and the design of adjuvant-based recombinant vaccines.

BetuVax is a project of the development of vaccines against various infectious diseases based on a unique platform that could be used for designing different types of vaccines (hepatitis, cancer vaccines, papilloma, etc.). The first vaccine is against SARS-COV-2.

As of the date of writing this report, the company has successfully completed pre-clinical trials of the vaccine and submitted application to the Russian regulatory authority for permission to start Phase 1-2 clinical trials.

Key advantage of BetuVax is that it is a safe and potentially effective new generation vaccine that does not carry genetic material, does not use virus vectors, does not get incorporated into cells, produces high levels of neutralizing antibodies, is affordable in terms of production scaling and the final price.

## **Neovasculgen – Expanding Indications**

Currently, the drug is registered in Russia and indicated for the treatment of PAD - a disease caused by a reduction in blood flow to the lower limbs caused by atherosclerosis. The company plans to expand the potential market for the drug to include patients with Diabetic Foot Syndrome (DFS).

Considering that 10-15% of patients with diabetes in Russia have symptoms of DFS, the total available market (TAM) for this nosology is 350-400 thousand patients per year, or Rub 12-14 billion. The realistically achievable market is about Rub 3.5 billion per year. The company plans to complete a Phase 2 clinical trial which is currently under way, as well as complete a Phase 3 trial and register a drug for the treatment of DFS. The term of patent protection (monopoly) is up to 2035.

## **ArtGen – Development of ART-101 Drug Candidate (Based on the Neovasculgen Drug) in the USA**

As part of this strategy, NextGen LLC entered into a licensing agreement with the American company ArtGen to transfer the rights to develop and commercialize a drug based on the active substance Neovasculgen for the treatment of PAD, DFS and Ischemic Heart Disease. The process of preparing a pre-IND is currently underway. The US patent provides protection and monopoly until 2038. A similar company AnGes, which conducts Phase 3 clinical trials, is worth \$1.7 billion. The target market in the United States (only for PAD) exceeds 7 million patients or \$2.6 billion.

## **Genetico**

As part of the expansion of Genetico's business, management plans to expand the geography of distribution of the company's products and services, as well as to increase investments in marketing, advertising, sales-force to promote the Genetico brand. The objective is to attract new prescribers (doctors who will recommend Genetico products and services to patients), increase brand awareness and doctors' awareness

of the company's services. This investment should result in a significant increase in revenue for Genetico's products and services.

The second component of the project is the development of oncogenetics. Oncogenetics is one of the most promising and actively developing sectors of the genetic testing market. In Russia, as in the whole world, there has been an annual increase in patients with diagnosed tumor diseases. Given this backdrop, the value of information about the genetic characteristics of the neoplasm, as well as about the patient's predisposition to certain types of cancer, becomes of great importance. The oncogenetic test determines the sensitivity of cancer cells and tumors to various drugs, which allows the doctor to choose the best therapy for the patient. With the help of NGS testing, among other things, it is possible to detect mutations that are not determined by standard diagnostic methods. Based on the results of the test, the attending physician can identify the most effective treatment, focusing on the molecular characteristics of the tumor.

The third component of the project is proprietary tests for non-invasive prenatal diagnostics (NIPT). Genetico is currently at the final stage of developing its own test-systems for NIPT. The next steps would be to obtain marketing authorization for the tests (consumables used in these tests), and to bring this product to the market.

## Key Financials

### Revenue and EBITDA 2015-2020, in Rub' K under IFRS

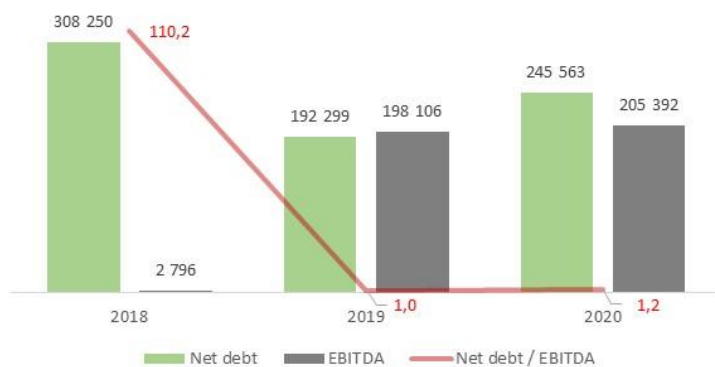
HSCI consolidated revenue and EBITDA under IFRS, Rub'K



The Group's financial performance has improved significantly over the past few years. Consolidated revenue is growing at a CAGR of 28%. In 2020, revenue grew by 28% despite the crisis in the economy caused by the coronavirus pandemic. Management measures aimed at minimizing the impact of the drop in consumer spending due to the pandemic had a positive effect.

Source: HSCI IRFS Reports

Net debt/EBITDA, Rub'K



Net debt to EBITDA ratio has generally decreased over the past 2 years and amounted to 1.2x EBITDA at the end of 6 months of 2020. At the end of the year, it is expected to increase due to the placement of bonds by HSCI in the amount of Rub 300 million maturing in 5 years. But the effect will be mitigated by the discharge of debt owed to the Russian Industrial Development Fund

Source: HSCI IRFS Reports, BST Research estimates

## Key Consolidated Figures for HSCI:

Rub'K	2016	2017	2018	2019	2020
Revenue	390 356	494 441	644 688	835 575	1 084 023
Operating profit	(143 671)	(58 143)	117 391	180 522	197 966
Net profit / (loss)	(130 968)	(111 975)	(18 243)	111 335	104 235
Assets	1 039 191	1 053 221	1 096 856	1 399 042	1 512 095
Equity	238 631	128 556	121 754	370 729	415 000
Unearned revenue	346 708	427 979	495 491	516 258	500 581
Net debt	60 706	304 195	308 250	192 299	245 563
EBITDA	(102 557)	(68 147)	2 796	198 106	205 392
Net debt / EBITDA	н.п.	н.п.	110,2	1,0	1,2
Intangible assets	59 151	73 458	288 531	419 863	459 047

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Unearned revenue is an important source of funding for HSCI projects, and it is mainly represented by advance payments of customers under long-term agreements for storage of biological samples in Gemabank. In fact, this is an income, prepaid by customers, for which Gemabank is obliged to provide storage services. This money can be considered as quasi-equity since refund is only possible if the storage service is not provided, which has never been the case in the business of Gemabank.

## Financial Targets of HSCI

Market cap targets for HSCI broken down by project using the multiples of comparable publicly traded companies are provided in the table below:

Comparables-based valuation	Fair value					Upside by 2025
	EV	% HSCI	Debt	Mcap	Method	
<b>Company</b>						<b>Mcap</b>
Gemabank	1 318 229	87%	30 000	1 288 229	xEBITDA	1 504 994
Genetico	2 500 000	92%	145 000	2 355 000	xSales	3 500 000
Reprobank	826 000	92%	0	826 000	xEBITDA	1 300 000
Nextgene	834 000	90%	0	834 000	xEBITDA	2 483 153
SPRS	75 643	60%	0	75 643	xSales	100 000
Betuvax	990 000	80%	36 000	954 200	Vaccitech	10 000 000
Artgen	750 000	90%	0	750 000	gene-therapy co's	7 000 000
<b>EV</b>	<b>7 293 872</b>			<b>7 083 072</b>		<b>25 888 147</b>
net debt			211 000			
<b>Mcap</b>				<b>6 872 072</b>		<b>25 888 147</b>
# of shares				75 000		100 000
<b>Price per share</b>				<b>91</b>		<b>260</b>

Source: BST Research estimates

A significant portion of HSCI's revenue and operating profit might come from the COVID-19 vaccine project although in the above scenario vaccine revenues could be grossly underestimated. This table does not show the contribution from the ArtGen project in the United States, related to the development of the drug Neovasculgen in the United States. We believe that on the horizon of 2021-2025, this project will still be in

the clinical trials phase and will not generate revenue. However, its contribution to the capitalization of HSCI Group will be significant.

The targets for market cap of the American company Artgen are based on the assumption that HSCI will have a 50% stake in the company, and the capitalization of the company at the stage of completion of Phase 2 - the beginning of Phase 3 CI will be at least \$ 200 million.

We conducted analysis of M&A transactions in Russia and also put together EV/Sales and EV/EBITDA multiples analysis for comparable publicly traded companies by the Group's business lines.

## Genetico

### M&A Transaction Genetic Testing in Russia

Target	Buyer	Amount, Rub'M	Share	Valuation	Revenue of target in the year prior to deal	Revenue of target in the year of deal	Multiple EV/Sales
Genotek	Pharmstandart	60	17,50%	343	85	72	4,0
Onkodiagnostika Atlas	Primer Capital	5	5%	100	7	1	14,3

### Labs, Test Developers, Testing Service Providers

million units

Name of company	Country	Ticker	Currency	Mcap	EV	Sales 12m,ttm	EBITDA 12m, ttm	EV/Sales, 12m ttm	EV/EBITDA 12m ttm
Invitae Corporation (NVTA)	USA	NVTA	USD	8 990	9 290	240	-300	39	na
Myriad Genetics	USA	MYGN	USD	1 290	1 430	600	-162	2	na
LabCorp	USA	LH	USD	19 750	25 760	12 442	2 089	2	12,3
Quest Diagnostics	USA	DGX	USD	13 770	18 200	7 540	1 500	2	12,1
Guardant Health	USA	GH	USD	11 410	10 440	214	-55	49	na
<b>Average</b>								<b>18,9</b>	<b>12,2</b>
<b>Median</b>								<b>2,4</b>	<b>12,2</b>

### TOTALs

Average	Median	EV/Sales, 12m ttm	EV/EBITDA 12m ttm
		<b>16,1</b>	<b>12,2</b>
<b>Average</b>		<b>4,0</b>	<b>12,2</b>
<b>Median</b>		<b>4,0</b>	<b>12,2</b>

GENETICO	Rub'M	5 591	5 892	366	16,1
	Rub'M	<b>1 176</b>	1 476		4,0

Source: BST Research estimates

## Gemabank

### Biobanking

million units

Name of company	Country	Ticker	Currency	Mcap	EV	Sales 12m,ttm	EBITDA 12m, ttm	EV/Sales, 12m ttm	EV/EBITDA 12m ttm
VITA 34 AG	Germany	NVTA	USD	61	53	24	5	2,2	11,0
PBKM	Poland	MYGN	USD	199	159	54	6	2,9	26,4
Cryosite	Australia	LH	USD	10	8	7	2	1,2	5,0
Cryo Cell	USA	CCEL	USD	57	56	32	7	1,8	8,5
Cordlife Ltd	Malaysia	GH	USD	101	56	58	6	1,0	9,3
<b>Average</b>								<b>1,8</b>	<b>12,0</b>
<b>Median</b>								<b>1,8</b>	<b>9,3</b>

GEMABANK	EV/EBITDA	Rub'M	1 635	1 665	138	1,8	12,0
	EV/EBITDA	Rub'M	<b>1 261</b>	1 291		1,8	9,3

Source: BST Research estimates

## Reprobank



**ART services (assisted reproductive technologies)**

в млн. единиц

Name of company	Country	Ticker	Currency	Mcap	EV	Sales 12m,ttm	EBITDA 12m, ttm	EV/Sales, 12m ttm	EV/EBITDA 12m ttm
Monash IVF Group	Australia	MVF	USD	226	256	107	24	2,4	10,5
Virtus Health	Australia	VRT	USD	329	491	192	23	2,6	21,4
<b>Average</b>								<b>2,5</b>	<b>15,9</b>
<b>Median</b>								<b>2,5</b>	<b>15,9</b>
<b>REPROBANK</b>		EV/Sales	Rub'M	<b>377</b>	377	153	52	2,5	15,9
		EV/Sales	Rub'M	<b>377</b>	377			2,5	15,9
<b>REPROBANK</b>		EV/EBITDA	Rub'M	<b>826</b>	826	52		2,5	15,9
		EV/EBITDA	Rub'M	<b>826</b>	826			2,5	15,9

Source: BST Research estimates

**SPRS-Therapy**
**Cell technology - comparables for SPRS-therapy**

Target	Buyer	Сумма, \$ млн	Share	Valuation	Revenue of target in the year prior to deal	Revenue of target in the year of deal	Multiple EV/Sales
	Castle Creek						
Fibrocell Science, Inc	Pharmaceutical	63	100,00%	63		25	2,5
<b>SPRS-therapy</b>		EV/Sales	Rub'M	<b>76</b>		30	2,5

Source: BST Research estimates

**Nextgen**
**Pharmaceuticals**

in million units

Name of company	Country	Ticker	Currency	Mcap	EV	Sales 12m,ttm	EBITDA 12m, ttm	EV/Sales, 12m ttm	EV/EBITDA 12m ttm
Novartis	USA	NVS	USD	199	226	50	17	4,5	13,3
Pfizer	USA	PFE	USD	202	253	49	15	5,2	16,6
Merck	USA	MRK	USD	203	224	47	18	4,7	12,4
Ionis Pharmaceuticals	USA	IONS	USD	7	5	0,9	0,2	5,8	34,5
Sanofi	France	SNY	USD	128	139	38	18	3,7	7,8
Amgen	USA	AMGN	USD	138	160	25,0	12,9	6,4	12,4
Uniqure	The Netherlands	QURE	USD	2,1	1,8	0	-0,1	306,7	нп
Selecta Biosciences	USA	SELB	USD	0,4	0,2	0,01	-0,1	21,2	нп
Regenxbio	USA	RGNX	USD	1,4	1,2	0,1	-0,1	8,2	нп
Sarepta Therapeutics	USA	SRPT	USD	10,4	9,3	0,5	-0,6	18,8	нп
Regenxbio	USA	RGNX	USD	1,3	1,2	0,1	-0,1	8,2	нп
Bluebird Bio	USA	BLUE	USD	2,9	1,9	0,3	-0,6	7,6	нп
<b>Average</b>								<b>4,3</b>	<b>16,2</b>
<b>Median</b>								<b>7,0</b>	<b>12,9</b>
<b>Nextgen (+DFS)</b>		EV/Sales	Rub'M	<b>515</b>	515	119		4,3	
		EV/Sales	Rub'M	<b>834</b>	834			7,0	

Source: BST Research estimates

**Risks: success of clinical trials, competition among vaccines / gene therapy drugs, rapid end of the pandemic**

Clinical trials of the BetuVax vaccine are expected to begin in January 2021. If Phase 1-2 is successful, the company can obtain marketing authorization and start commercial sales while simultaneously conducting Phase 3 clinical trials. Delays or failure to meet this timeline and / or achieve the required efficacy indicators, as well as the rapid vaccination of the population with competitive vaccines against Covid-19 or the rapid end of the pandemic, may lead to a decrease or lack of demand for the company's products. Clinical trials of a gene therapy platform in the United States will also require a significant amount of time

and money, and delays in bringing the drug to market, as well as competition in the gene therapy market, may also lead to reduced or no demand for the company's products.

## Disclaimer

This is not an investment recommendation.

Certain statements in this presentation are forward-looking statements within the meaning of the U.S. federal securities laws and are intended to be covered by the safe harbors created thereby.

Those forward-looking statements include, but are not limited to:

- management's assessment of the Company's future results, including revenue, net profit(loss), profit(loss) per share, dividends, investments, capital structure, margins and other operating and financial results;
- forecasts of the present value of future cash flows and related factors;
- the Company's plans, goals and tasks relating, among other things, to its products and services development;
- the Company's expectations with respect to improving its corporate governance practices;
- the Company's market position – as anticipated;
- economic outlook and industry trends;
- the Company's expectations as to the sector regulation and assessment of impact of regulatory initiatives on the Company's activity;
- assumptions and prerequisites under the statements.

Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

These risks include the risk of changes in political, economic and social conditions in Russia as well as changes in global economic environment, the risks relating to changes in industry regulation and the Russian legislation, the risk of changes in the Company's operations and business prospects, the competition and other risks.

For a more detailed discussion of these and other factors, see the Company's Annual Report and other public filings.

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