

Information memorandum

Full and brief name of the company: PROMSVYAZ Open Joint-Stock Company, PROMSVYAZ JSC	
Address (location)	18, P. Brovki str, Minsk, 220013
Web-site	www.promsvyaz.by
Data on the state registration	The company was registered by the Decision of Minsk State Executive Committee, dated 23.01.2009 in the Single State Register of Legal Entities and Individual Entrepreneurs by No. 100299757.
Information on the company's management, contact telephone numbers	Director Andrei Y. Younitsin +375 17 343 71 62

I. General information on the company

1) History of the company establishment

On September 13, 1931 in Minsk an electric and mechanical workshop for repair of telegraph equipment and telephone switchboards was established under the communications division of Belarus.

In May 1939 successful work of the company made it possible to transform the electric and mechanical workshop to Repair Plant No. 22 for repair and output of communications equipment in the department of the People's Commissariat of communication in the USSR.

On February 10, 1966 by order of the Minister of Communication of the USSR No.11 Plant No. 22 was transformed into the Minsk Union Plant "PROMSVYAZ", and on December 27, 1973 by order of the Minister of Communication of the USSR No.690 it was renamed into Minsk Pilot Plant "PROMSVYAZ".

Over the period of 1975-1980 the plant was three times awarded the Diploma of VCSPS and the State Standardization Committee of the USSR "For the achievement of the best results in output of products with the State Quality Mark". In 1978 for output of products with the quality mark the plant was approved as a participant of exhibition of national economy achievements of the USSR, it was presented in the exposition "Working experience of advanced enterprises of communications" and awarded with the First Degree Diploma of the Exhibition of Achievements of the National Economy of the USSR. The company was 6 times awarded with the transferred Red Banner for the first prizes among related enterprises.

After the break-up of the USSR on January 28, 1992 by Order No. 11 of the Minister of Communications of the Republic of Belarus the company was renamed into Minsk State Association PROMSVYAZ of the Ministry of Communications of the Republic of Belarus.

On May 07, 2001, when the Civil Code of the Republic of Belarus entered into effect, the state association was transformed into the Production Republican Unitary Enterprise "PROMSVYAZ". "PROMSVYAZ" Open Joint-Stock Company was established by transforming the "PROMSVYAZ" Open Joint-Stock Company on 23.01.2009.

2) The major activity and other activities

- 26300 – manufacture of communication equipment (in accordance with the General State Classifier of the Republic of Belarus GCRB 005, 2011 "Types of economic activity"). The share of this type of activity in the total earnings volume is equal to 98.0%;

- 68200 – property lease out – a share exceeds 1%.

3) Production capacities of the company, its market share;

Products, works, services (by types)	Year					
	2018		2019		2020	
	thsnd. rubles	specific weight, %	thsnd. rubles	specific weight, %	thsnd. rubles	specific weight, %
Optical equipment xPON	11 754.2	49.7	12425.4	5.6	7412.1	8.8
Equipment of digital transmission systems	2 888.8	12.3	7193.5	20.7	1829.0	9.6
Banking equipment	0	0	0	0	2220.6	11.6
Telecommunication equipment	7 159.7	30.3	14079.0	40.4	4573.2	24.0
Equipment of contracted manufacture	60.4	0.2	56.0	0.2	61.4	0.3
Signaling and communication devices	0	0	0	0	0	0
Consumer products	473.4	2.0	426.3	1.2	1963.5	10.3
Other products	1 278.5	5.5	644.8	1.9	1039.2	5.4
Total:	23 615		34825.0		19099.0	

4) Company's advantages

- convenient location of the company which makes it possible to arrange any logistics for delivery of materials and components of the supplier.
- convenient logistics of storage premises and precise organization of accounting, storing and movement of materials and components;

- availability of the own transport resources;
 - availability of the internal network and the electronic documents circulation system among company's divisions;
 - warranty and post-warranty repairs during maximum short periods;
 - availability of the QMS certificate for development, production and servicing of articles;
 - expansion of the consumer market due to the promotion of a new promising product – CY-1 universal reader unit;
- 5) Availability of licenses, patents, ISO certificates.

Ref. No	Description	Registration number and date
1	R&D "Development of equipment for transfer of data by Gigabit Ethernet protocol"	No. 20092434, dated 09.09.2009
2	R&D "Development and assimilation of serial production of small capacity wired broadcasting stations and power amplifiers of sound frequencies of class D"	No. 2007653, dated 17.03.2007
3	R&D "Development of VoIP-telephone, VoIP-gateway, VoIP-converter"	No. 20092431, dated 09.09.2009
4	R&D "Development and organization in "Promsvyaz" UE of sirens launcher on the basis of equipment "Response" (P-164A) and electronic module UZS-1 for equipping the modernized Automatic Central Announcement System"	No. 20081908, sated 06.08.2008
5	R&D "Development and creation of a pilot specimen of the special finite subscriber unit, which makes it possible to transmit (receive) information to emergency services from acoustically handicapped"	No. 20082822, dated 29.09.2008
6	R&D "Development and organization of announcing complex P-264 production"	No. 20092435, dated 09.09.2009
7	R&D "Development and manufacturing of accessories for output of ADSL modems and WLL terminals"	No. 20092433, dated 09.09.2009
8	R&D "Development of a single program very high frequency radio set with analog-digital procession of the received signal"	No. 20130952, dated 12.06.2013
9	R&D "Development and manufacturing of a pilot specimen of equipment for remote monitoring of digital TV signals receiving in interference zones of single-frequency networks"	No. 20112735, dated 17.08.2011

10.	R&D "Development and creation of pilot specimens of containers modifications for postal items transfer inside shops"	No. 20110001, dated 14.01.2011
11.	R&D "Development of equipment for construction of passive optical networks"	No. 20092432, dated 09.09.2009
12.	R&D "Development and commissioning of telephone line switch KLT-FM, included in the automated system of the security and fire alarm system ASOS "ALESYA"	No. 20063011, dated 17.11.2006
13.	R&D "Development and assimilation of serial output of transmission systems 8-32 of digital streams EI having access function to channel intervals"	No. 20072969, dated 16.10.2007
14.	R&D "Development and assimilation of serial output of reading units of bank plastic cards of PIN-PAD terminals"	No. 20072970, dated 16.10.2007
15.	R&D "Development and assimilation of serial output of the payment terminal"	No 20072971, dated 16.10.2007
16.	R&D "Development and assimilation of serial output of bank electronic plastic cards consistent with requirements of payment systems of the Republic of Belarus"	No. 20072972, dated 16.10.2007
17.	R&D "Development and manufacturing of a pilot specimen of the specialized postal payment and reference terminal based on the payment terminal PROMSVYAZ UE"	No. 20081909, dated 06.08.2008
18.	R&D "Modernization of payment and reference terminals and modification of software "Interface module - reception of payments" of payment and reference terminals for receiving the payment by means of the Unified Payment and Information Space and currency units of 2009 in the form of banknotes and coins"	No. 20160462, dated 22.03.2016
19.	R&D "Development of information reading devices (card readers) by contact and non-contact method from biometric documents developed within the frameworks of implementation of "Complex of measures for introducing of biometric documents in the Republic of Belarus"	No. 20171984, dated 04.12.2017
20.	Certificate for trade mark	No.5 4807, dated 09.06.2015
21.	Registration certificate of computer program "Software of payment and reference terminals"	No.7 43, dated 10.03.2015

22.	License for carrying out the activity in the field of industrial safety No. 33133/3659-1	No. 3659-1, dated 27.06.2016 in the register of Gospromnadzor of the Ministry of Emergency Situations of RB
23.	License for carrying out the activity in the field of technical and (or) cryptographic protection of information No. 1019/338	No. 338, dated 16.03.2016 of the register of the Information Centre under the President of RB
24.	Patent for the industrial specimen "Container for waste paper collection"	No. 4177, dated 01.04.2019
25.	Patent for the industrial specimen «Foldable container for shifts between shops»	No. 4261, dated 28.06.2019
26.	Patent for the industrial specimen "Reader of contact cards"	No. 4264, dated 28.06.2019
27.	Patent for the industrial specimen "Universal reader of contact and contactless cards"	No. 4265, dated 28.06.2019

II. Financial indicators of the company's economic activity, thousand rubles.

Indicator	2018	2019	2020
Value of net assets	32631	34211	37050
Proceeds from sales of products, works, services	25872	36864	20579
Total profit (page. 090 of the Profit and loss statement)	-38	312	607
Profit from sales of products, works, services (page. 060 of the Report on profit and losses)	483	1086	607
Net profit (page. 210 of the Profit and loss statement)	752	757	2182
Profitability of sold products, works, services, %	1,9	3,0	3,0
Accounts receivable	12776	16197	12223
Accounts payable	14701	17843	9801
Average wages, rubles	898	1004,0	1025,50
Dividends for shares of the Republic of Belarus	277	226	475
Average headcount of employees, persons	195	178	160

III. Aggregate nomenclature of products, works, services.

Description of products (works, services)	2018 thsnd. rubles	2019 thsnd. rubles	Prognosis 2020 thsnd. rubles
Internal market			
Equipment of digital transfer systems	3 466,6	7 154,1	1829,0

xPON equipment	14 105,0	11 661,0	7412,1
Telecommunication equipment	972,8	1 992,8	4217,2
Bank guarding equipment	0	0	2220,6
Consumer goods	568,0	422,8	616,2
"Smart Home" system	7 328,0	12 095,3	356,0
Information reading device	0	0	1347,3
Other products	1 534,2	674,0	735,2
Contracted production	72,5	56,0	61,4
TOTAL:	28 047,1	34 056,0	18795,0
External market			
Equipment of digital transfer systems			
xPON equipment	0	0	
Telecommunication equipment			
Consumer goods			
Other equipment			
Contracted production			
TOTAL	262,4	44,44	304,0

Information on the output products, performed works, rendered services:

Products, works, services (by types)	Output volume	Year		
		2018	2019	2020
Procession of metalware with the use of main technological processes of machine engineering	thousand rubles	328	478	338
Manufacture of metal civil structures and their parts	thousand rubles	202	101	392
Manufacture of other finished metal articles not included in other groups	thousand rubles	0	4	0
Manufacture of computers and periphery equipment	thousand rubles	349	178	2536
Manufacture of communication equipment	thousand rubles	20708	32080	12004
Manufacture of electronic household equipment	q	1708	1883	974
Manufacture of tools and devices for testing and navigation measurements	thousand rubles	0	2	1419
Manufacture of electric motors of generators and transformers	thousand rubles	52	4	41
Manufacture of electric distributing and adjusting equipment	thousand rubles	48	0	0

Manufacture of electric installation devices	thousand rubles	120	18	8
Manufacture of office devices and equipment (except for computers and periphery equipment)	thousand rubles	0	1	1301
Manufacture of stationaries	thousand rubles	1	0	1
Manufacture of other finished articles not included in other groups	thousand rubles	0	0	0
Repair of electronic and optical equipment	thousand rubles	15	20	0
Repair of general purpose and special machines and equipment	thousand rubles	15	0	0
Manufacture of other plastic articles	thousand rubles	64	56	85

IV. Investment projects (or implemented during last 3 years) **in progress** along with indication of their value, volumes of disbursed investments, information on introduced new technologies, equipment, increased production volumes, expanded assortment, etc., secured by introduction of new technologies and equipment.

Investment measures planned for implementation

Main directions of investments include both upgrading of the existing and introduction of new technological processes for reduction of self-cost of the output products, expansion of production and technical capacities of the enterprise, growth of labour productivity and improvement of technical and economic indicators of the production activity, improvement of products quality and competitiveness.

The investment plan for 2021 is aimed at further upgrading of production capacities.

The own funds of the company will be the source of financing of the investment program in 2021.

Main areas of investments by "PROMSVYAZ" JSC in 2021:

Investment directions	Number of measures, pcs	Financing volume, thousand rubles
Upgrading of assembly and installation production	2	10,0
Upgrading of engineering infrastructure	1	100,0
Upgrading of the material base for working out new articles	7	34
Upgrading of the marketing infrastructure	1	6,0
Total without VAT	11	150,0

The main volume of investments will be aimed at purchase of equipment (machines and mechanisms) of the main production directly participating in the manufacture of products.

The total amount of expenditures for investments is planned in the amount of approximately 150 thousand rubles.

Upgrading of assembly and installation production

Currently, assembly of a large nomenclature of big-size steel structures as waste paper collecting containers, casings of information kiosks and automated parcel terminals, cages of various cabinets, etc. Internal threaded steel rivets, which are mounted according to the existing technology is carried out in these articles with the use of manual rivet guns. Performance of this operation requires great physical efforts (especially big-sized rivets M5-M10), otherwise, a non-reliable connection is formed, and during subsequent screws turning on a rivet is rotated. Acquisition of pneumatic and hydraulic rivet guns for installation of internally threaded rivets will make it possible not only to mechanize the operation, but also to reduce labour intensity of product manufacturing.

Marketing infrastructure upgrading

In 2021 location of a LD screen (ticker bar) is planned at the building façade from the side of Platonova street for the use for advertising purposes.. The ticker bar may serve for stimulation of sales (advertisement of sales and services), as well as for image purposes. The ticker bar may also show information on provision of company sites for leasing. The ticker bar makes it possible to show information in a bright dynamic form by using various special effects and attracting big attention of consumers. Several lines can be printed out in succession. Operation of a ticker bar is rather simple and cheap, including also because a LD table has a very low power consumption.

Table 5.4.1 – List of equipment of technical refurbishment for 2021

Project (production) name	Equipment description	Qty, pcs	Approximate value, rubles, without VAT
Upgrading of assembly and installation production	Pneumatic and hydraulic rivet gun for installation of internally threaded rivets M4-M10	2	10 000
Total for assembly and installation production		2	10 000
Engineering infrastructure upgrading	Change of a cargo elevator having load lifting capacity of 1,0Tf with the expired operation period	1	100 000
Total for engineering infrastructure		1	100 000

Upgrading of the material base for development of new articles	Personal computers instead of morally and physically obsolete ones	7	34 000
Total for the material base for development of new articles		7	34 000
Marketing infrastructure upgrading	External LD	1	6 000
Total for marketing infrastructure		1	6 000
Total for equipment		1	150 000

5.5 Logistic support of production

Logistic support of production is provided on the basis of the annual nomenclature plan, quarterly and monthly nomenclature plans. For justifying of production requirements in material resources and components are calculated, they are determined by proceeding from the standards established in accordance with the design documentation and technological process.

Materials and components for PROMSVYAZ JSC are supplied by state and private companies of the Republic of Belarus, the Russian Federation, CPR.

The nomenclature of supplied components and materials occupies about 4 thousand positions, including over 30 enlarged positions of metal rolled stock. Purchase of components, materials, printed out products, packages is carried out on the concourse basis (located at www.icetrade.by site). Paper, ferrous and non-ferrous metal rolled stock is purchased via the Belarusian universal stock exchange market. When material resources are purchased, specialists of the logistic department ensure fulfillment of all requirements of the legislation of the Republic of Belarus, orders by the director of the company, QMS, as well as the internal provision on the purchases referring to assessment and selection of potential suppliers;

study of the financial standing of potential suppliers by means of book accounting and financial reporting;

determination of requirements for the quality management system of suppliers;

monitoring of activities and development of suppliers;

registration of the required records on quality

Contracts with business entities, legal entities and natural persons are concluded in writing; contractual terms in each specific case are individually agreed with each potential counteragent.

The company's policy in the purchase of materials, works and services determines reduction of self-cost of products from entry prices, new technologies and materials.

V. Structure of works (services) implementation:






Structure (in %)	2018	2019	2020
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Internal market	98,9	99,9	98,2
External market	1,1	0,1	1,8
Total	100	100	100



Main sales markets of products: Republic of Belarus, Russian Federation.

VI. Information on used, leased land plots:

Section location	Right for using the land plot (permanent, temporary and leasing – by mentioning the period)	State act or state registration certificate for the land plot (date and document No.)	Land plot area (ha), cadaster No.
16,169,18, P. Brovki St. and 45, Platonova St., Minsk	Permanent use	No. 500/1028-910, dated 17.04.2009	2,9403
41,43,45, Platonova St., Minsk	leasing	No.500/1028-1373, dated 09.09.09	0,0118 Cad No. 5000000000080 05001
41,43,45, Platonova St., Minsk	leasing	No. 500/1028-1374, dated 09.09.09	0,0125 Cad. No.5000000000 08005003
41,43,45, Platonova St., Minsk	leasing	No. 500/1028-1372, dated 09.09.09	0,0282 Cad. No.5000000000 08001453
Near Shehomyslitsa village, Shehomyslitsa rural council, Minsk district	leasing	No. 600/1077-525, dated 11.09.2019	0,0863 Cad. No.6236880000 01001098
Near Shehomyslitsa village, Shehomyslitsa rural council, Minsk district	Permanent use	No. 600/1430-1190, dated 16.10.2013	0,1655 Cad. No.62368800 9101000905

Photo	Description (purpose), location, registration certificate (No., date)	Year of construction	Store ys	Area, m2	Area in leasing, m2, Leasing agreement duration	General state
	Administrative building No. 2; 18, P. Brovki St., No.500/1028-1567, dated 11.12.09	1976	6	5641.9	664.9 m ² 2012-2021	
	Production building No. 1 (specialized building). 45, Platonova St., No.500/1028-853, dated 25.03.09	1961	4	5535.0	36.8 m ² , No. 384/12 04.11.2019	
	Production and household building No. 8 (specialized building for manufacturing of electrotechnical, electrical and optical equipment). 45, Platonova St., No.500/1028-850, dated 25.03.09	1984	4-6	6717.1	275.95 m ² 2014-2020	
	Administrative, household and production building No. 3 (specialized building for manufacturing of electrotechnical, electrical and optical equipment). 16a, P. Brovki St., No.500/1028-856, dated 25.03.09	1989	3-4	9525.4	5019.0 m ² 2012-2021	
	Production building No. 2 (for unidentified purpose), 18, P. Brovki St., No. 500/1028-852, dated 25.03.09	1973	2-3	5439.0	699.8 m ² 2012-2021	

	Building for galvanic coatings (for unidentified purpose). 18, P. Brovki St., No.500/1028-943, dated 29.04.09	1979	2	1444.0	14.79 m ² 2019-2021	
	Building of the foundry section and a garage (multifunctional building). 18, P. Brovki St., No. 500/1028-854, dated 25.03.09	1980	2	754.0	133.4 m ² 2015-2021	
	Building of neutralization (non-residential building). 18, P. Brovki St., No.500/1028-855, dated 25.03.09	1979	3-4	930.0	8 m ² 2014-2020	
	Multifunctional building. 16, P. Brovki St., No. 500/1028-854, dated 25.03.09	1962	3	1069.9	438.9 m ² 2011-2020	
	Warehouse GI/K (building of specialized warehouses, trade bases, bases of material and technical supply, storages). 18, P.Brovki St., No.500/1028-846, dated 23.03.09	1973	1	521.4		
	Building GI/K (building of specialized warehouses, trade bases, bases of material and technical supply, storages). 18, P.Brovki St., No.500/1028-838, dated 19.03.09	1993	1	144.6	107.8 m ² 2012-2020	
	Warehouse II/K (building of specialized warehouses, trade bases, bases of material and technical supply, storages). 18, P.Brovki St., No. 500/938-1780, dated 27.03.09	1987	1	162.7		
	Circulation water supply system with a cold water pump house (specialized hydroeconomic structure). 18, P. Brovki St., No.500/1028-836, dated 19.03.09	1996		56.6		

	Deepened station for pumping of chemically contaminated runoffs (specialized structure of communal facilities). 18, P. Brovki, No. 500/1028-905, dated 15.04.09	1994		104.7		
Shehomyslitsa						
	Pump station building (non-residential building). Shehomyslitsa village, Minsk region, No. 600/806-2575, dated 17.03.09	1957	1	16.9		

Director



A.Y. Yunitsin

Chief Accountant



I.V. Sadovskaya

Responsible person

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