

# **Ergopack LLC**

**Financial statements**

**for the year ended 31 December 2022**

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Ref. № 34-3  
as of 03.03.2023

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of the ERGOPACK LLC**

### **Opinion**

We have audited financial statements of the ERGOPACK LLC (further – the Company), which comprise the Statement of financial position as at 31.12.2022, Statement of profit or loss and other comprehensive income, Statement of cash flows, and Statement of changes for the period in company's equity for the year then ended, and Notes to the annual 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, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and meets the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" as of 16.07.1999, No. 996-XIV (further - the Law of Ukraine No. 996-XIV) on the preparation of financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those 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 Code of Ethics for Professional Accountants (including the International Standards of Independence) adopted by the International Ethics Standards Board for Accountants ("IESBA") and the ethical requirements applicable in Ukraine to our audit of the financial reporting, as well as fulfilled other ethical duties in accordance with these requirements and the Code of the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Notes 1 and 2 in the financial statements, which indicates that on February 24, 2022 Russian Federation carried out a full-scale invasion of Ukraine. The course of war may significantly affect the operational environment of the country and the activities of the Company, and the final settlement cannot be predicted with sufficient certainty. Management has analyzed the Company's ability to continue as a going concern as of the date of issuance of these financial statements and has concluded that there is only one significant factor of uncertainty - a further significant escalation of hostilities - which could destabilize the Company's operations, which in turn could cause significant doubts of the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are matters that, in our professional judgment, were most significant during our audit of the financial statements for the current period. In addition to the matter described in the section "Material Uncertainty Relating to Going Concern", we have determined that the matters described below are key audit matters that should be reflected in our report. These matters were considered in the context of our audit of the financial statements as a whole and taken into account in forming an opinion on them, while we do not express a separate opinion on these matters.

We have determined that the matter described below is a key audit matter that should be reflected in our report.

### **1. Revenue recognition**

Revenue is a key indicator of the Company's performance, which creates the risk of its incorrect display in order to achieve the established performance indicators. Therefore, we consider revenue recognition to be a key audit matter.

Information on the accounting policy for revenue recognition is disclosed in Note 3 to the financial statements.

### **How a relevant key matter was addressed during our audit**

We assessed the Company's revenue recognition accounting policy for compliance with IFRS 15 "Revenue from Contracts with Customers", including revenue recognition criteria and sales incentive programs.

We analyzed the terms of the sales contracts for the transfer of risks and ownership rights. On a sample basis, we compared the date of transfer of risks and ownership with the date of revenue recognition.

We sampled and received confirmation of accounts receivable balances from counterparties.

We tested a sample of revenue recognition and return transactions that occurred in the reporting period before the reporting date and in the period after the reporting date and verified that they were recognized in the correct period.

We have performed analytical procedures for revenue recognition, which include monthly analysis of sales transactions for the purpose of identifying unexpected deviations, as well as comparing the results of current activities with indicators for the past period.

### **Other information**

Management is responsible for other information. Other information consists of information contained in the Management Report in accordance with the Law of Ukraine No. 996-XIV, but it is not the financial statements for 2022 and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility to familiarize ourselves with other information and at the same time consider whether there is a material inconsistency between other information and financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated. We have not received the Management Report at the date of this Auditor's Report. If, based on our work performed, we come to the conclusion that there is a material misstatement of this other information, we are required to report this fact.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of 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 Responsibilities 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with the statement that we have met the relevant ethical requirements for independence, and we notify NCEC of all relationships and other issues that might reasonably be considered to affect our independence and, where applicable, regarding appropriate precautionary measures.

From the list of all issues that were given to those charged with governance, we identified the ones that were most significant during the audit of the financial statements of current period, that is, those that are the key issues of the audit

### **Report on the requirements of other legislative and regulatory acts**

*In addition to the requirements of the International Standards on Auditing, in the Independent Auditor's Report we also provide information in accordance with Part 4 of the Article 14 of the Law of Ukraine "On the Audit of Financial Statements and Auditing Activities" as of 21.12.2017 No. 2258-VIII:*

*Appointment of an auditor and overall duration of powers extension*

We were appointed for the fourth time as an auditor to conduct an audit of financial statements of the

Company. By the decision of the Member of the Company as of December 14, 2022, based on the results of the competition for the selection of subjects of audit activity, we were appointed as a subject of audit activity to provide services for the statutory audit of the financial statements of the Company for 2022.

The duration of the going exercises of powers to conduct statutory audit of the financial statements of the Company is 5 years.

*On the agreement of the Independent Auditor's Report with an additional report to the audit committee*

We confirm that this report is consistent with the additional report to the audit committee.

*Provision of non-audit services*

We inform that we did not provide the Company with any services prohibited by law or any non-audit services.

*Provision of other services*

We inform that during 2022 we provided the Company with services of review of the interim financial statements for the 6 months of 2022.

The engagement partner on the audit resulting in this independent auditor's report is Valerii Bondar.

Engagement Partner on the audit



Valerii BONDAR

**HLB UKRAINE LLC**

11/11 Gusovskogo Street, office 3, Kyiv, Ukraine

Registration number in the Register of subjects of audit activity - 0283

March 03, 2023

## Statement of financial position

<i>(in thousands of Ukrainian hryvnias)</i>	Note	As at 31.12.2022	As at 31.12.2021
Tangible Fixed Assets	5	209 227	197 919
Intangible Fixed Assets	6	27 245	28 459
Rights of use	7	21 464	21 257
<b>Non current assets</b>		<b>257 936</b>	<b>247 635</b>
Inventories	8	234 919	178 184
Trade receivables	9_13	258 321	319 994
Other receivables	9_13	20 045	14 543
Cash & cash equivalents	10	132 702	26 396
Prepayments and accrued income		698	342
<b>Current assets</b>		<b>646 685</b>	<b>539 459</b>
<b>Total assets</b>		<b>904 621</b>	<b>787 094</b>
Share capital			
Reserves	11	736 491	736 491
Carried forward Results	12	60 781	40 395
		(57 338)	(138 314)
<b>Equity</b>		<b>739 934</b>	<b>638 572</b>
Long Term Lease Liabilities	7	20 488	19 879
Deferred tax liability	23	6 493	3 892
<b>Non current liabilities</b>		<b>26 981</b>	<b>23 771</b>
Trade payables	14	107 955	105 807
Other payables	14	3 288	3 976
Tax Liabilities	15	2 709	1 855
Short Term Lease Liabilities	7	1 803	1 993
Provision	16	21 951	11 120
<b>Current liabilities</b>		<b>137 706</b>	<b>124 751</b>
<b>Total Equity and Liabilities</b>		<b>904 621</b>	<b>787 094</b>



Tetiana Zolotarevych  
Head of finance, Ergopack LLC

## Statement of profit or loss and other comprehensive income

<i>(in thousands of Ukrainian hryvnias)</i>	Note	As at 31.12.2022	As at 31.12.2021
Revenue	17	806 010	939 427
Cost of sales	18	(540 849)	(672 351)
<b>Gross operating profit</b>		<b>265 161</b>	<b>267 076</b>
Other Operating Income		318	475
Administrative Expenses	19	(33 658)	(47 789)
Distribution Expenses	20	(175 687)	(181 301)
Operational FX income/(expenses)		46 326	747
<b>Operating profit (loss)</b>		<b>102 461</b>	<b>39 208</b>
Financial Expenses	22	(1 645)	(2 367)
<b>Earning (loss) before taxes</b>		<b>100 816</b>	<b>36 840</b>
Income Tax	23	(19 840)	(5 642)
<b>Net profit (loss)</b>		<b>80 976</b>	<b>31 198</b>
<b>Other net comprehensive income (loss) that will not be reclassified to profit (loss) in subsequent periods</b>			
Revaluation of land and buildings		24 861	3 471
Related income tax		(4 475)	(625)
<b>Other comprehensive income</b>		<b>20 386</b>	<b>2 846</b>
<b>Total comprehensive income (loss)</b>		<b>101 362</b>	<b>34 044</b>

Tetiana Zolotarevych  
Head of finance, Ergopack LLC





## Statement of cash flows

(in thousands of Ukrainian hryvnias)

	As at 31.12.2022	As at 31.12.2021
<b>Cash flows from Operating Activities</b>		
Profit before Tax	100 816	36 840
Adjustments:		
Depreciation & amortization	26 144	30 289
Impairment of tangible & Intangible assets	-	-
Foreign exchange differences	-	-
Interest expense and other related expenses	1 407	2 047
Gain/Loss from fixed assets sale	(35)	(50)
Provision for slow-moving items	-	-
Write-down of inventories to net realisable value	-	-
Expected credit losses of trade receivables and contract assets	-	-
Income from write-off of interest liabilities	8 896	(87)
Interest income and other related income	-	-
<b>Operational Inflows before Working Capital</b>	<b>(787)</b>	<b>(158)</b>
<b>Plus/minus adjustments for changes in working capital accounts</b>	<b>136 440</b>	<b>68 881</b>
Decrease / (increase) in inventories	(56 735)	25 853
Decrease / (increase) in receivables	46 919	(40 588)
(Decrease) / increase in liabilities (other than to banks)	14 083	(41 133)
Interest and other related expenses, paid	(841)	(1 491)
Income Tax Paid	(22 687)	(4 968)
<b>Net inflows / (outflows) from operating activities</b>	<b>117 180</b>	<b>6 554</b>
<b>Cash flows from Investment Activities</b>		
Acquisition of tangible and intangible assets	(12 130)	(9 046)
Revenues from sale of tangible and intangible assets	125	50
Interest received	774	147
<b>Net inflows / (outflows) from investment activities</b>	<b>(11 231)</b>	<b>(8 849)</b>
<b>Cash flows from Financial Activities</b>		
Lease ROU		
Loan and interest payments to Related Parties (decrease)	(3 105)	(3 529)
Income from share capital increase	-	-
<b>Net inflows / (outflows) from financial activities</b>	<b>(3 105)</b>	<b>(3 529)</b>
Effect of FX differences on cash	3 461	(3)
<b>Net increase / decrease in cash and cash equivalents for the period</b>	<b>106 305</b>	<b>(5 828)</b>
Cash and cash equivalents, beginning of the period	26 396	32 221
Cash and cash equivalents, end of the period	132 702	26 396

Tetiana Zolotarevych  
Head of finance, Ergopack LLC



## Statement of changes for the period in company's equity

(in thousands of Ukrainian hryvnias)

	Share capital	Reserves	Carried forward Results	Total
Balances as at 31 December 2020	736 491	37 549	(169 512)	604 527
<b>Comprehensive income (loss)</b>				
Net profit for the year	-	-	31 198	31 198
<b>Other comprehensive income (loss)</b>				
Revaluation of land and buildings	-	-	-	-
Related income tax	-	3 471	-	3 471
<b>Total comprehensive income (loss) for the year</b>	-	(625)	-	(625)
<b>Transactions with shareholders</b>				
Share capital increase	-	2 846	31 198	34 044
<b>Total transactions with shareholders</b>	-	-	-	-
Balances as at 31 December 2021	736 491	40 395	(138 314)	638 572
Balances as at 31 December 2021	736 491	40 395	(138 314)	638 572
<b>Comprehensive income (loss)</b>				
Net profit for the year	-	-	80 976	80 976
<b>Other comprehensive income (loss)</b>				
Revaluation of land and buildings	-	-	-	-
Related income tax	-	24 861	-	24 861
<b>Total comprehensive income (loss) for the year</b>	-	(4 475)	-	(4 475)
<b>Transactions with shareholders</b>				
Share capital increase	-	20 386	80 976	101 362
<b>Total transactions with shareholders</b>	-	-	-	-
Balances as at 31 December 2022	736 491	60 781	(57 338)	739 933

  
 Tetiana Zolotarevych  
 Head of finance, Ergopack LLC



## Notes on the financial statements

### 1 Background

#### (a) Organisation and operations

These financial statements are prepared by Ergopack LLC involved in the production and trading of household goods.

Ergopack LLC was incorporated in Ukraine on 20 February 2001 as a limited liability company. The head office is located at 36, the Sobornosti str. Boyarka town, 08154, Kiyv region, Ukraine

Ivybridge Ventures Limited (Cyprus) owns 100% of share capital of Ergopack LLC.

GR SARANTIS CYPRUS LTD was absorbed by the parent company GR. SARANTIS SA on December 30, 2019

Gr.Sarantis SA Company owns 100% of share capital of Ivybridge Ventures Limited (Cyprus).

Gr. Sarantis SA has the legal form of a société anonyme and is the parent company of the Gr.Sarantis SA Company.

The Gr. Sarantis SA domicile is located at 26 Amarousiou – Chalandriou Street, Marousi Greece, The Company's central offices are also located at the same address. The shares of Gr. Sarantis SA are listed on the main market of the Athens Exchange.

Ergopack LLC principal activity is production of household consumer products at a plant located in Kaniv, Ukraine, and their distribution. These products are sold in Ukraine and abroad. Raw materials are supplied both by domestic companies and by foreign companies. Major customers are supermarkets, wholesale traders, private entrepreneurs.

The number of employees as at 31 December 2022 and 2021 is 487 and 500 respectively.

#### (b) Ukrainian business environment

The Company operates in Ukraine, whose economy belongs to developing countries. The Government of Ukraine does not abandon attempts to carry out comprehensive structural reforms aimed at eliminating existing imbalances in the economy, public finances and governance, combating corruption, improving the judicial system, etc. and, ultimately, creating conditions for economic growth in the country.

In March 2014, various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between supporters of the self-declared republics of the Donetsk and Lugansk regions and the Ukrainian forces, which continued till the date of these financial statements. As a result of this conflict, part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

24.02.2022 the wide invasion was done to Ukraine by russia. That has affected all Ukrainians as well as businesses. The loss of human capital and the destruction of infrastructure, in particular energy, as a result of further russian terrorist attacks and hostilities lead to a deep fall in the economy in 2022 and restrain its fast recovery in the next.

At the reporting date, hostilities are taking place in Kharkiv, Kherson, Zaporizhia, Donetsk, Luhansk and other regions, and part of Donetsk and Luhansk regions remains under control of the self-proclaimed republics. Martial law has been imposed throughout Ukraine so far, with the relevant prohibitions and restrictions on wartime provided by law. Many regulations have been amended, including tax and accounting legislation.

The economic situation in Ukraine has deteriorated significantly since the start of the large-scale invasion. The war had a negative impact on all spheres of life, both the state as a whole and the population of the country and businesses. Military action leads to significant casualties, migration, damage to infrastructure and disruption of economic activity in Ukraine. It should be noted that the events of the war are taking place in a period of significant economic uncertainty and instability in the world, so the consequences are likely to interact with and exacerbate the effects of current market conditions. There have been significant increases in raw material prices, energy resources, growing consumer demand as the COVID-19 pandemic weakens, supply chain problems due to labour shortages, economic sanctions and changes in markets. These conditions could be significantly extended by the wider effects of the war in Ukraine, rising inflationary pressures and weakening global recovery from the pandemic.

In the second half of the year, Ukraine's economy began slowly recover from the decline caused by the full-scale war, but GDP fell by about a third, and the next will grow more slowly than predicted before the massive missile attacks.

International support for Ukraine is only growing, becoming more systematic and regular. In 2022, more than half of the needs of the state budget were financed with the help of partners, and a similar situation will continue next year. External grants and loans also supported the balance of payments and international reserves. In the second half of the year, the pressure on the foreign exchange market eased significantly thanks to the summer adjustment of the exchange rate and a number of currency restrictions. Significant government spending on payments to military personnel and war victims supported the incomes of the population and compensated for their significant reduction in the private sector.

The company operates in Ukraine. Starting 24 02 2022 the company stopped export to Russia and Belarus. The company's representative office in Belarus was closed in 2022 due to the circumstances.

Immediately after February 24, 2022, the Company's management decided to set up the adapted work processes using remote work. To maintain the safety of life and health of the Company's employees and to ensure the continuous conduct of all business processes of the Company, the Company's employees have the opportunity to perform their functional duties remotely. By the reporting date, all company processes have been working properly despite any energetic or other issues.

The duration and impact of large-scale military action of russia in Ukraine remains uncertain, which does not allow to assess with sufficient reliability the scope, duration and severity of the consequences, as well as their impact on the financial condition and performance of the Company in future periods. Management estimates that the negative impact of military aggression on the country's economy and uncertainty about further economic growth may adversely affect the Company's financial position and financial performance. The Company's management closely monitors the situation and implements measures to reduce the negative impact of these events on the Company's results.

These financial statements reflect current management's assessment of impact of the Ukrainian business environment on the Company's operations and financial condition. The future state of the business environment may differ from management's assessment.

## 2 Basis of preparation

### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are not the Company's statutory financial statements

### (b) Basis of measurement

The financial statements are prepared on the historical cost basis.

### (c) Going concern

These financial statements were prepared on the going concern basis, which involves the sale of assets and repayment of obligations in the course of operating activities.

The Company continues to operate continuously and does not intend to announce plans to discontinue operations or dispose of assets. Management staff assesses and analyses possible development of events and forecast situational models for the future prospects of the Company. According to all assumptions, the Management staff has no reasonable grounds to terminate the Company's activities.

After February 24, 2022, from the date of the beginning of the large-scale military aggression of the Russian Federation against Ukraine, the Company assets haven't been damaged, none of fixed assets are located in the temporarily occupied territories of Ukraine.

At present, in accordance with the requirements of paragraph 9 and paragraph 12 of International Accounting Standard 36 (IAS 36) "Impairment of Assets", an entity shall, at the end of each reporting period, assess whether there is any indication of impairment of assets. As of December 31, 2022, the company had had the land plots and buildings evaluated by an independent appraisal company and due to their report, there is no indication of significant impairment.

In addition, as of December 31, 2022: restriction of access to the Company's funds did not occur; there was no seizure of the Company's assets; there are no assets or subsidiaries in the territory of the Russian Federation; the company has not been suspended or disrupted due to disruption of supply links, cessation of operations, loss of production facilities or commercial facilities, restrictions on movement and disruption of logistics; the company has not faced cases of inability to repay accounts payable on a timely basis.

As at 31.12.2022, the Company is at a sufficient level of liquidity and financial stability. Management staff notes that all payments to employees are made by the Company in full and within the timeframe provided by law.

The management is strongly sure that the Company will continue to receive revenue from production and sales of goods provided by the company, as there is already obvious progress.

The company has no plans to announce plans to discontinue or dispose of its underlying assets. To date, the Company's management evaluates scenarios of possible developments and analyses their impact on the market and the company's operations. In all scenarios, the Company must operate continuously, the scenarios of suspension of activities are not justified and not appropriate in the established model of the company.

Although the Company's management believes that it is taking all necessary measures to maintain the stability of the Company's business in a state of war, the unpredictability of further development of hostilities and their impact on the business environment, together with risks of destruction and damage due to hostilities, may impact on the results and financial condition of the Company in a way that is currently unpredictable.

### (d) Functional and presentation currency

Management determined the functional currency to be the Ukrainian Hryvnia (UAH) as it reflects the economic substance of the underlying events and circumstances.

Management elected to use the Ukrainian Hryvnia (UAH) as the reporting currency in these financial statements for the convenience of users of the financial statements.

## 3 Significant accounting policies

### 3.1 Foreign currency translation

Transactions in foreign currency are translated to the operating currency using exchange rates in effect during the date of the transactions.

Profit and losses from foreign exchange difference, which arise from the settlement of such transactions during the period and from the conversion of monetary items expressed in foreign currency with the effective exchange rates during the balance sheet date, are registered in the results.

Foreign exchange differences from non-monetary items valued at fair value, are considered as part of the fair value and thus are registered accordingly as fair value differences.

### 3.2 Intangible assets

Intangible assets of the Company are initially recognized at acquisition cost. Following the initial recognition, intangible assets are calculated at cost minus accumulated amortization and any impairment loss that may have emerged.

The useful economic life and depreciation method are reviewed at least at the end of each financial period. If the estimated useful life or expected burn-up rate of future economic benefits incorporated in another intangible asset have changed, the changes are accounted for as changes in accounting estimations.

The amortization of intangible assets is based on the straight line method during their useful life, which is estimated depending on their usage. Intangible assets mainly include the acquired software used in production or management, as well as trademarks

### 3.3 Tangible assets

Land-plots and buildings are presented in the financial statements at readjusted values minus accumulated depreciations.

The fair value of land-plots and buildings is defined periodically by an independent evaluator. The mechanical equipment and other tangible fixed assets are presented at acquisition cost minus accumulated depreciations and possible impairment losses. The revaluation surplus included in equity in respect of an item of property, plant and equipment transfer directly to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed of.

The acquisition cost of fixed assets includes all expenses directly attributed to the acquisition of the assets. Subsequent expenses are registered as an increase of the tangible assets' book value or as a separate fixed asset, only to the extent where such expenses increase the future economic benefits expected to arise from the use of the fixed assets, and the cost of such may be reliably calculated. The cost of repairs and maintenance is registered in the results of the period where such are realized.

Self-produced tangible assets constitute an addition to the acquisition cost of tangible assets at values that include the direct payroll cost for staff that participates in the construction, the cost of used materials and other general costs.

The depreciations of tangible fixed assets are calculated with the straight line method during their useful life, which is as follows:

Buildings	from 20 to 60 years
Mechanical Equipment	from 5 to 10 years
Vehicles	from 5 to 9 years
Other Equipment	from 4 to 20 years

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the residuals values, the expected useful life or expected burn-up rate of future economic benefits incorporated in an asset have changed, the changes are accounted for as changes in accounting estimations.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results.

The book value of tangible fixed assets is examined for impairment when there are indications, namely events or changes in circumstances, that the book value may not be recoverable. If there is such an indication and the book value exceeds the estimated recoverable amount, the assets or cash flow creation units are impaired to the recoverable amount. The recoverable amount of property, facilities and equipment is the largest between their net sales price and their value in use. For the calculation of the value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects the market's current expectations for the time value of money and related risks as regards to the asset. When the book values of tangible assets exceed their recoverable value, the difference (impairment) is registered initially as a reduction of the created fair value reserve (if there is such for the relevant fixed asset), which is presented in equity accounts. Any impairment loss that emerges over the created reserve for the specific fixed asset, is recognized directly as an expense in the profit and loss account.

### 3.4 Investments in Property

The investments in property include privately owned land plots and buildings, which are possessed by the Company with the objective to receive lease payments or / and to generate capital gains. The investments in property are initially recorded at their acquisition cost, which also includes the transaction costs. In a following stage, the investments in property are recorded at fair value.

### 3.5 Impairment of non financial assets

Assets with an indefinite useful economic life are not depreciated and are subject to impairment reviews annually and also when several events or changes in conditions indicate that the book value may not be recoverable. The assets depreciated are subject to impairment review when there are indications that their book value will not be recovered. Impairment losses are recognized for the amount for which the book value of the fixed asset exceeds its recoverable value. The recoverable value is the largest between fair value less the relevant cost required for the sale and value in use (present value of cash flows expected to be generated according to management's estimation on the future financial and operating conditions). To estimate impairment losses, assets are classified in the smallest possible cash flow generating units. Non-financial assets apart from goodwill that have suffered impairment are re-assessed for possible reversal of the impairment during each balance sheet date.

### 3.6 Inventories

The cost of inventories is defined using the WAC (weighted average cost) method, and includes all the expenses realized in order to render inventories to their current position and condition and which are directly attributable to the production process, as well as part of general expenses related to the production. During the Balance Sheet date, inventories are presented at the lowest price between WAC cost and net realizable value.

Net realizable value is the estimated sales price during the normal conduct of the company's activities, minus the estimated cost necessary to realize the sale.

### 3.7 Financial assets

#### 3.7.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### 3.7.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### 3.7.3 Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### 3.7.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 3.8 Cash & cash equivalents

Cash & cash equivalents include cash in banks and in hand, as well as short-term highly liquid investments such as repos and bank deposits with a maturity less than three months.

## 3.9 Share capital

The share capital includes the Company's common shares. Direct expenses realized for the issue of shares are presented after the deduction of the relevant income tax, and reduce the product of the issue.

## 3.10 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, Company as a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost. The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Company interest rate.

After the commencement date, Company as a lessee measures the right-of-use asset applying a cost model. After the commencement date, Company as a lessee measures the lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

## 3.11 Employee benefits

Short-term employee benefits (apart from employment termination benefits) in money and in kind, are recognized as an expense on an accrual basis.

## 3.12 Revenues

According to the IFRS 15, the revenues are being recognized at the amount which an economic entity expects to fairly receive or be entitled to in exchange for the transfer of goods or services to a customer.

Revenue is defined the amount which an economic entity expected to receive in exchange for the goods or services which were transferred to a customer unless the amounts which are being received for the account of third parties (value added tax, other taxes on the sales). The variable amounts are included in the transaction price and are being estimated by utilizing either the "expected value" method, or the "most likely amount" method.

An economic entity recognizes revenues when (or as) a contractual obligation is satisfied by transferring the control of a promised good or service to the customer. The customer obtains control of a good or service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Control is transferred over time or at a point in time.

The revenue from the sale of goods is recognized when control of the good is transferred to the customer, usually upon delivery and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The main products of the Company are food packaging products, plastic garbage bags and household cleaning products.

A trade receivable is recognized when there is an unconditional right possessed from an economic entity to receive a price consideration for the execution of contractual obligations towards the customer. The contractual asset is being recognized when the Company has satisfied all its obligations towards the customer, before the customer receives payment or before the payment is due, for example when goods or services are transferred to the customer before the Company has the right to invoice these goods or services.

A contractual obligation is recognized when there is an obligation to transfer goods or services to a customer for which the Company has received consideration from the customer (prepayment), or when there is an unconditional right possessed by the Company to receive consideration prior to the transfer of the good or service (deferred income). The contractual liability is derecognized when the related obligation is fulfilled and the revenue is recorded in the income statement.

From 1st January 2018, the obligation for execution of contracts with customers is depicted as a deduction from the turnover thus affecting the gross profit margin and the distribution expenses, without however affecting the net profit.

## 3.13 Contingent Liabilities and Provisions

Provisions are booked when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. The provisions are reviewed at every balance sheet date and are adjusted so as to reflect the present value of the expense deemed necessary to settle the liability. Contingent liabilities are not recorded in the financial statements but are disclosed, except if the probability of an outflow of resources that embody economic benefits is very small. Contingent assets are not recorded in the financial statements but are disclosed if the inflow of economic benefits is probable.

### 3.14 Dividend distribution

Dividend distribution to shareholders of the parent from the period's profit, are recognized as a liability in the financial statements on the date when the distribution is approved by the General Shareholders' Meeting.

### 3.15 Current and deferred taxation

The period's charge with income tax consists of current taxes and deferred taxes. Tax is recognized in the "Statement of comprehensive income", unless it is related to amounts recognized directly in "Equity". In the latter case tax is also recognized in Equity. Income tax on earnings, is calculated based on the tax law in effect during the balance sheet date in countries where the Company's activities are carried out and is recognized as an expense during the period when earnings are gained. Management periodically reviews cases where the relevant tax law needs clarifications when interpreted. When deemed necessary provisions are made on the amounts expected to be paid to the tax authorities. Deferred income tax is calculated according to the liability method which results from the temporary differences between the book value of assets or liabilities in the financial statements with their respective tax base. Deferred income tax is not recorded if such results from the initial recognition of an asset or liability in a transaction, apart from a business combination, which did not affect the accounting or the tax profit or loss when realized. Deferred tax is defined according to the tax rates and laws in effect during the balance sheet date and those expected to be effective when the deferred tax assets will be realized or the deferred tax liabilities repaid.

Deferred tax assets are recognized to the extent that there will be future taxable profit for the use of the temporary difference that creates the deferred tax asset. Deferred tax assets and liabilities are offset only when the law permits the offsetting of tax assets and liabilities and given that the deferred tax assets and liabilities arise from the same tax authority on one entity that is taxed or on different entities when the settlement is intended to take place through offsetting.

### 3.16 Noncurrent assets held for sale and discontinued operations

Assets held for sale include tangible fixed assets that the Company intends to sell within one year from their classification as "held for sale". Assets classified as "held for sale" are valued at the lowest between their book value directly prior to their classification as held for sale, and their fair value less any sale cost. Assets classified as "held for sale" are not subject to depreciation. The profit or loss that results from the sale and revaluation of assets "held for sale" is included in the results.

The Company has not classified noncurrent assets as held for sale.

## 4 New standards, interpretations and amendments adopted by the Company

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). Except as noted below, the basis for the preparation of information and accounting policies are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2021.

The nature and impact of new and revised standards and interpretations applied by the Company are given below. Although, certain new standards and interpretations became obligatory for the application in 2022, they had no significant impact on the Company's annual financial statements. The nature and impact of each (new) standard (interpretation) are described below:

#### *Amendments to IFRS 3: Definition of a Business*

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the financial statements of the Company as there were no contingent assets and contingent liabilities within the scope of these amendments arisen during the period.

#### *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

#### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the financial statements of the Company. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

#### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

#### **NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE YET**

A number of new standards, interpretations and amendments to the standards are effective for annual periods beginning on or after 1 January 2023. In particular, the Company did not apply such standards and interpretations of changes early. It is envisaged that the following amendments will have no significant impact on the Company's financial statements:

- IFRS 17 «Insurance Contracts». IFRS 17 is effective for annual periods beginning on or after 1 January 2023, with comparative information disclosed;
- Amendments to IAS 1 – «Classification of Liabilities as Short-Term or Long-Term». These amendments shall enter into force for annual periods beginning on or after 1 January 2023 and shall apply retrospectively;
- Amendments to IAS 8 – «Definition of Accounting Estimates». The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed;
- Amendments to IAS 1 and IFRS Practice Statement 2 – «Disclosure of Accounting Policies». The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary;
- Amendments to IAS 12 – «Deferred Tax related to Assets and Liabilities arising from a Single Transaction». The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.



## 5 Property, plant and equipment

Movements in property, plant and equipment for the period ended 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Land	Buildings - Technical Works	Equipment & Other Equipment	Means of Transportation	Furnitures	Fixed Assets under construction and prepayments	Total
<b>Cost</b>							
As at 1 January 2021	2 866	142 037	209 299	7 474	734	8 832	371 242
Additions	-	-	-	-	-	9 531	9 531
Disposals	-	-	(657)	(73)	(7)	(2 311)	(3 048)
Revaluation	179	5 778	-	-	-	-	5 957
Reclassifications	-	10 287	3 271	-	-	-	13 558
<b>As at 31 December 2021</b>	<b>3 045</b>	<b>158 102</b>	<b>211 913</b>	<b>9 795</b>	<b>748</b>	<b>(15 974)</b>	<b>383 682</b>
<b>Depreciation</b>							
As at 1 January 2021	-	57 981	94 172	5 748	299	-	158 199
Depreciation charge	-	1 580	22 927	1 085	152	-	25 745
Disposals	-	-	(587)	(73)	(7)	-	(667)
Revaluation	-	2 486	-	-	-	-	2 486
<b>As at 31 December 2021</b>	<b>-</b>	<b>62 048</b>	<b>116 512</b>	<b>6 759</b>	<b>444</b>	<b>-</b>	<b>185 763</b>
<b>Net book value</b>							
As at 31 December 2021	3 045	96 055	95 401	3 036	304	78	197 919

Movements in property, plant and equipment for the ended 31 December 2022 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Land	Buildings - Technical Works	Equipment & Other Equipment	Means of Transportation	Furnitures	Fixed Assets under construction and prepayments	Total
<b>Cost</b>							
As at 1 January 2022	3 045	158 102	211 913	9 795	748	78	383 682
Additions	-	-	-	-	-	7 925	7 925
Disposals	-	-	(950)	-	-	639	(310)
Revaluation	1 043	38 984	-	-	-	-	40 027
Reclassifications	-	1 240	6 684	-	-	-	8 924
<b>As at 31 December 2022</b>	<b>4 088</b>	<b>198 327</b>	<b>217 648</b>	<b>9 795</b>	<b>748</b>	<b>(7 925)</b>	<b>431 323</b>
<b>Depreciation</b>							
As at 1 January 2022	-	62 048	116 512	6 759	444	-	185 763
Depreciation charge	-	1 752	19 040	1 083	152	-	22 027
Disposals	-	-	(860)	-	-	-	(860)
Revaluation	-	15 166	-	-	-	-	15 166
<b>As at 31 December 2022</b>	<b>-</b>	<b>78 966</b>	<b>134 693</b>	<b>7 842</b>	<b>596</b>	<b>-</b>	<b>222 096</b>
<b>Net book value</b>							
As at 31 December 2022	4 088	119 361	82 955	1 954	152	717	209 227

As at 31 December 2022 and 2021, the Company's land and buildings were revalued by an independent appraiser in order to determine their fair value which was determined using depreciated replacement cost method

### Depreciation

The total depreciation charge for the year ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Cost of sales	19 895	23 120
Administrative Expenses	653	2 012
Distribution Expenses	1 478	612
<b>Total depreciation charge</b>	<b>22 026</b>	<b>25 745</b>

## 6 Intangible Fixed Assets

The company has created the new Intangible Fixed Asset - software of SAP (Systems Applications and Products in Data Processing) in 2020. This is accounting system that covers all company's accounting needs.

The total Intangible FA for the period ended 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Property Rights	Accounting system (SAP)	Other formation expenses (SAP)	Advances for Intangible Assets	Other Intangible Assets	Total
<b>Cost</b>						
As at 1 January 2021	244	28 592	-	-	5 264	34 100
Additions	-	769	-	-	1 039	1 808
Disposals	-	-	-	-	(1 781)	(1 781)
<b>As at 31 December 2021</b>	<b>244</b>	<b>29 361</b>	<b>-</b>	<b>-</b>	<b>4 522</b>	<b>34 127</b>
<b>Amortization</b>						
As at 1 January 2021	244	678	-	-	4 789	5 711
Depreciation charge	-	1 318	-	-	420	1 738
Disposals	-	-	-	-	(1 781)	(1 781)
<b>As at 31 December 2021</b>	<b>244</b>	<b>1 996</b>	<b>-</b>	<b>-</b>	<b>3 429</b>	<b>5 668</b>
<b>Net book value</b>						
As at 31 December 2021	-	27 365	-	-	1 093	28 459

The total Intangible FA for the period ended 31 December 2022 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Property Rights	Accounting system (SAP)	Other formation expenses (SAP)	Advances for Intangible Assets	Other Intangible Assets	Total
<b>Cost</b>						
As at 1 January 2022	244	29 361	-	-	4 522	34 127
Additions	-	-	-	-	414	414
<b>As at 31 December 2022</b>	<b>244</b>	<b>29 361</b>	<b>-</b>	<b>-</b>	<b>4 936</b>	<b>34 541</b>
<b>Amortization</b>						
As at 1 January 2022	244	1 996	-	-	3 429	5 668
Depreciation charge	-	1 335	-	-	293	1 628
<b>As at 31 December 2022</b>	<b>244</b>	<b>3 330</b>	<b>-</b>	<b>-</b>	<b>3 722</b>	<b>7 296</b>
<b>Net book value</b>						
As at 31 December 2022	-	26 031	-	-	1 214	27 245

Amortization of intangible assets (incl IT software) includes into Administrative and Distributional expenses

## 7 Lease agreements

The Company first applied IFRS 16 using a modified retrospective application method on January 1, 2019. According to this method, the standard is applied retrospectively with the cumulative effect of its initial application at the date of initial application. The Company decided to use practical simplification that allows the standard to be applied to contracts that were previously identified as leases using IAS 17 and IFRIC 4 at the date of initial application. The Company also decided to use recognition exemptions for leases for which the lease term at the start date of the lease is no more than 12 months and which do not contain an option to purchase (short-term leases), as well as for leases in which asset is a low-value.

The impact of the application of IFRS 16 is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Rights of use	21 464	21 257
<b>Total assets</b>	<b>21 464</b>	<b>21 257</b>
Long Term Lease Liabilities	20 488	19 879
Short Term Lease Liabilities	1 803	1 993
<b>Total Liabilities</b>	<b>22 291</b>	<b>21 872</b>

For implementation IFRS 16 Company used discount rate determined by Sarantis Company as 2.5% annual. Movements in right of use and lease liabilities for the 2021 and 2022 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	Rights of use		Total	Lease liabilities
	Land-Fields	Buildings		
As at 31 December 2020	7 212	15 098	22 310	22 721
Additions	-	1 753	1 753	2 125
Depreciations	(281)	(2 524)	(2 806)	-
Interest expenses	-	-	-	557
Payments	-	-	-	(3 529)
As at 31 December 2021	6 931	14 326	21 257	21 872
<i>(in thousands of Ukrainian hryvnias)</i>	Rights of use		Total	Lease liabilities
	Land-Fields	Buildings		
As at 31 December 2021	6 931	14 326	21 257	21 872
Additions	719	1 977	2 696	2 959
Depreciations	(311)	(2 179)	(2 489)	-
Interest expenses	-	-	-	565
Payments	-	-	-	(3 105)
As at 31 December 2022	7 340	14 124	21 464	22 291

## 8 Inventories

Inventories as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Finished Goods	99 505	102 603
Raw Materials	95 091	44 537
Packaging & Other Auxiliary Materials	3 172	5 734
Work in Process Semifinished Goods	10 836	8 195
Advances to Third Party Suppliers	16 637	11 862
Goods in transit	9 679	5 254
<b>Total</b>	<b>234 919</b>	<b>178 184</b>

The results of provision for impairment of stock items are as follows :

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Finished Goods - Book Value	(847)	(1 115)
Raw Materials - Book Value	(130)	(890)
Packaging & Other Auxiliary Materials - Book Value	(3 901)	(3 155)
Work in Process Semifinished Goods - Book Value	-	-
	<b>(4 877)</b>	<b>(5 160)</b>

## 9 Trade and other receivables

Trade and other receivables as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Trade receivables - Third Party	262 001	330 737
Trade receivables - Related Parties	23 057	13 478
Allowance for expected credit losses for Receivables from Customers	(26 736)	(24 221)
Doubtfull Debts -Gross Book Value	-	-
Allowance for expected credit losses for Doubtfull Debts	-	-
Advances / Sundry Debtors - Third Party	20 045	14 543
Advance payment of Income Tax	-	-
	<b>278 366</b>	<b>334 537</b>

## 10 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Balances in UAH	30 027	12 555
Balances in other currencies	101 326	13 841
Cash in transit	1 348	-
	<b>132 702</b>	<b>26 396</b>

The cash & equivalents presented in the table is the cash located in the current bank accounts

The company did not recognize expected credit losses for cash and cash equivalent, since it was recognized that the effect of such losses is not material at the reporting date. The cash is placed in 2 of 10 the biggest banks in Ukraine, both are the members of european bank groups

## 11 Equity

Company carries out capital management in order to ensure the going concern. The Company's capital structure is represented by share capital, revaluation reserve, legal reserve and retained earnings.

As at 31 December 2018 the share capital of Ergopack LLC was 151 969 009 Ukrainian hryvnias.

As at 11 June 2019 the share capital was increased by the 65 574 106 Ukrainian hryvnias (the equivalent of 2 200 000 Euro). The additional growth of share capital was full paid as at 13 June 2019 .

The differences of amount in Ukrainian hryvnias were recognized as reserve in the Equity. The additional growth of share capital was full paid as at 13 June 2019 .

As at 04 February 2020 the share capital was increased of 518 947 440 Ukrainian hryvnias (the equivalent of 18 700 000 Euro)

The additional growth of share capital was full paid as at 23 March 2020. The differences of amount in Ukrainian hryvnias were recognized as reserve in the Equity.

From 31 December 2018 Ivybridge Ventures Limited owns 100% of the share capital of Ergopack LLC.

## 12 Reserves

Reserves as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Property Revaluation	57 779	37 393
Legal Reserves	2 994	2 994
Extraordinary Reserves	8	8
	<u>60 781</u>	<u>40 395</u>

## 13 Allowance for expected credit losses of trade and other receivables

Changes in Allowance for expected credit losses of trade and other receivables during 2022 and 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Balance as at 1 January	24 221	24 667
Expected credit losses (incomes) recognised on trade and other receivables	8 896	(87)
Amounts written off against provision	(6 381)	(359)
Balance as at 31 December	<u>26 736</u>	<u>24 221</u>

## 14 Trade and other payables

Trade and other payables as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Suppliers (Goods, Raw Mat, Pack,FA) - Third Party	46 326	56 676
Suppliers (Goods, Raw Mat, Pack,FA) - Related Parties	37 930	27 575
Suppliers (Services, Consum, other) - Third Party	13 986	14 239
Suppliers (Services, Consum, other) - Related Parties	9 748	7 317
Customer Advances - Third Party	150	1
Social Security	214	485
Sundry Creditors - Third Party	2 889	3 490
	<u>111 243</u>	<u>109 783</u>

## 15 Tax Liabilities

Tax liabilities as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Personal income tax	563	652
Other taxes	96	76
Corporate income tax incl accruals	2 050	1 127
	<u>2 709</u>	<u>1 855</u>

## 16 Provisions

As at 31 December 2022 and 31 December 2021 presented as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Provision unused vacation	6 054	4 832
Provision Other	15 897	6 288
	<u>21 951</u>	<u>11 120</u>

Provision Other consists of other operational accruals as electricity, IT software, commercial services, incl for 2022: 8,0 mln UAH transportation services, 4,6 mln UAH A&P services. Due to circumstances happened in 2022 time-period of documents turnover was increased that led to Provision (accruals) increasing in 2022.

## 17 Revenue

Revenue is presented net of sales incentives, including bonuses for volume of purchases and early payment discounts, which are paid to customers.

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Gross revenue (Net billings)	924 085	1 146 430
Sales incentives	(118 075)	(207 003)
<b>Net revenue</b>	<b>806 010</b>	<b>939 427</b>

## 18 Cost of sales

Cost of sales for the periods ended 31 December is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Cost of goods	435 214	530 013
Employee expenses	50 716	63 040
Third-party fees	320	971
Third-party benefits	33 706	53 976
Taxes – duties	194	153
Sundry expenses	2 347	3 807
Fixed asset and ROU depreciation	21 306	25 074
Own inventory use	(2 953)	(4 684)
	<b>540 849</b>	<b>672 351</b>

## 19 Administrative expenses

Administrative expenses for the periods ended 31 December are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Employee expenses	22 512	29 411
Third - Party fees	2 483	3 689
Third - Party Benefits	5 767	9 998
Taxes - Duties	(46)	244
Sundry Expenses	703	481
Depreciation	2 239	3 965
	<b>33 658</b>	<b>47 789</b>

## 20 Distribution expenses

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Employee expenses	37 089	52 067
Third - Party fees	2 248	2 548
Third - Party Benefits	20 532	30 358
Taxes - Duties	477	260
Sundry Expenses:	112 742	94 820
Overhead Expenses: 3d party transportation services	67 663	47 382
Overhead Expenses: merchandising services	17 426	32 554
Overhead Expenses: other	27 653	14 884
Depreciation	2 599	1 249
	<b>175 687</b>	<b>181 301</b>

## 21 Employee costs

Employee costs, the majority of which are included in cost of sales and distribution expenses are as follows:

<u>(in thousands of Ukrainian hryvnias)</u>	<u>As at 31.12.2022</u>	<u>As at 31.12.2021</u>
Wages, salaries and bonuses	83 612	109 091
Salary related charges (social securities)	18 396	22 575
Provision for unused vacations	8 214	12 852
	<u>110 222</u>	<u>144 518</u>

## 22 Finance income and expenses

Finance income and expenses for the periods ended 31 December are as follows:

<u>(in thousands of Ukrainian hryvnias)</u>	<u>As at 31.12.2022</u>	<u>As at 31.12.2021</u>
Interest income	787	158
	<u>787</u>	<u>158</u>
Non-Operational Forex expense	(1 058)	(478)
Interest expense	(1)	-
Interest on Leasing	(565)	(557)
Bank charges	(809)	(1 491)
	<u>(2 432)</u>	<u>(2 526)</u>
	<u>(1 645)</u>	<u>(2 367)</u>

## 23

## Income tax expenses

The corporate income tax rate was 18% for 2022 and 2021.  
Income tax expense for the periods ended 31 December was as follows:

	As at 31.12.2022	As at 31.12.2021
<i>(in thousands of Ukrainian hryvnias)</i>		
Current tax expense	21 714	3 552
Deferred tax income	(1 874)	2 090
	<u>19 840</u>	<u>5 642</u>

Movements in deferred tax assets for the years ended 31 December are as follows:

	Balance as at 1 January 2021	Recognised in Equity	Recognised in profit or loss	Balance as at 31.12.2021	Recognised in Equity	Recognised in profit or loss	Balance as at 31.12.2022
<i>(in thousands of Ukrainian hryvnias)</i>							
Revaluation of Fixed assets	(7 583)	(625)	-	(8 208)	(4 475)	-	(12 683)
Difference in Tax and Balance value of Tangible	(4 526)	-	(198)	(4 724)	-	532	(1 192)
Accruals for trade expenses and other services	234	-	(21)	214	-	(48)	166
Provision for stock	7 697	-	(2 800)	4 898	-	1 441	6 339
	<u>(1 177)</u>	<u>(625)</u>	<u>(2 090)</u>	<u>(3 892)</u>	<u>(4 475)</u>	<u>1 874</u>	<u>(6 493)</u>



Exposure to credit, interest rate and currency risks arises in the normal course of business. Ergopack LLC does not hedge its exposure to such risks.

### (a) Overview

Ergopack LLC has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Management has overall responsibility for the establishment and oversight of the risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Ergopack LLC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Ergopack LLC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The shareholders oversee how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

#### (i) Trade and other receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base has less of an influence on credit risk.

Management established a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring additional approval from management. These limits are reviewed on a monthly / quarterly basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, whether they are wholesale or retail, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to wholesale customers.

Ergopack LLC does not require collateral in respect of trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company establishes an allowance for expected credit losses of trade receivables and contract assets that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this provision are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective impairment provision is determined based on historical data of payment statistics for similar financial assets.

The ageing analysis of trade and other receivables as at 31 December 2022 and 31 December 2021 are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31 December 2022		As at 31 December 2021	
	total	Provision	total	Provision
Not due	257 009	(5 356)	310 937	(6 735)
Due from 1 to 30	4 648	(252)	15 407	(797)
Due from 31 to 60	905	(181)	2 472	(374)
Due from 61 to 90	52	(26)	2 216	(146)
Due more than 90	22 443	(20 921)	13 182	(16 170)
	<u>285 058</u>	<u>(26 736)</u>	<u>344 214</u>	<u>(24 221)</u>

#### (ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Trade receivables	258 321	319 994
Other receivables	20 045	14 543
Cash & cash equivalents	132 702	26 396
	<u>411 068</u>	<u>360 933</u>

The Company is also exposed to the risk of non-recovery in respect of prepayments to suppliers. The carrying amount of prepayments to suppliers represents the maximum exposure and is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Prepayments and accrued income	698	342
	<u>698</u>	<u>342</u>

### (c) Liquidity risk

Liquidity risk is the risk that Ergopack LLC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The contractual maturities of non-derivative financial liabilities including interest payments (undiscounted cash flows) are as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	<1 year	1-4 year	>4 years	Total
<b>As at 31 December 2021</b>				
Lease Liabilities	1 993	741	19 139	21 872
Trade payables	105 807	-	-	105 807
Other payables	3 976	-	-	3 976
Tax Liabilities	1 855	-	-	1 855
Liabilities on transitional accounts	11 120	-	-	11 120
	<u>124 751</u>	<u>741</u>	<u>19 139</u>	<u>144 630</u>
<b>As at 31 December 2022</b>				
Lease Liabilities	1 803	13 745	6 743	22 290
Trade payables	107 955	-	-	107 955
Other payables	3 288	-	-	3 288
Tax Liabilities	2 709	-	-	2 709
Provision	21 951	-	-	21 951
	<u>137 706</u>	<u>13 745</u>	<u>6 743</u>	<u>158 194</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts

### (d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by management

#### (i) Currency risk

Ergopack LLC is exposed to currency risk on sales, purchases, bank balances and loans and borrowings that are denominated in a currency other than the respective functional currency of Company (Ukrainian hryvnia (UAH)). The currencies in which these transactions primarily are denominated are US dollars, Euro (EUR) and Russian Rouble (RUB).

In respect of monetary assets and liabilities denominated in foreign currencies, Ergopack LLC ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The exposure to foreign currency risk is as follows:

<i>(in thousands of Ukrainian hryvnias)</i>	USD	EUR	RUB
<b>As at 31 December 2021</b>			
Trade and other receivables	87 490	22 051	4 318
Cash & cash equivalents	7 676	4 275	1 890
Trade and other payables	(1 865)	(47 074)	-
<b>Net (short) long position</b>	<b>93 301</b>	<b>(20 748)</b>	<b>6 208</b>
<b>As at 31 December 2022</b>			
Trade and other receivables	44 610	28 940	5 499
Cash & cash equivalents	89 563	11 763	-
Trade and other payables	(7 745)	(60 204)	-
<b>Net (short) long position</b>	<b>126 427</b>	<b>(19 501)</b>	<b>5 499</b>

The exposure to the variable USD X-rate as of December 31, 2022 is presented below:

Currency	Rate	Profit
USD	+10%	12 643
	+5%	6 321
	-5%	- 6 321
	-10%	- 12 643
EUR	+10%	- 1 950
	+5%	- 975
	-5%	975
	-10%	1 950

## (ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. However, at the time of obtaining new financing management uses its judgment to decide whether a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

## 25 Fair value assessment

The fair value of financial instruments is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in an ordinary transaction between market participants on the valuation date.

To determine the fair value of financial instruments, management applied all available market information.

Book value of fixed assets as of 31/12/2022 and 31/12/2021: buildings and land plots are accounted for at fair value, which was determined by an independent appraiser as of the indicated dates using the following levels of the fair value hierarchy:

- Level 2: Inputs other than price quotations included in Level 1 that are available to the asset or liability directly (ie prices) or indirectly (ie derived from prices);
- Level 3 – inputs used to value the asset or liability that are not based on inputs available in the market (inputs that cannot be obtained from market sources).

## 26 Related party transactions

Ergopack LLC performs transactions with related parties in the ordinary course of business. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial and operational decisions. Related parties comprise shareholders of the Parent Company, key management personnel and their close family members, and companies that are controlled or significantly influenced by these parties. Prices for related party transactions are determined on an ongoing basis.

### (a) Transactions with Key management

Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Company. Key management (6 positions) received the following remuneration during the 2022:

<i>(in thousands of Ukrainian hryvnias)</i>	As at 31.12.2022	As at 31.12.2021
Quantity of employees	6	7
Salaries and bonuses	12 932	14 462
	<b>12 932</b>	<b>14 462</b>

## (b) Balances and transactions with Related Parties

Outstanding balances with Related Parties are as follows:

*(in thousands of Ukrainian hryvnias)*

	As at 31.12.2022	As at 31.12.2021
Trade receivables - Hoztorg LLC	6 285	6 879
Trade receivables - Sarantis Bulgaria Ltd	305	38
Trade receivables - Sarantis Polska SA	719	419
Trade receivables - SARANTIS HUNGARY	653	1 158
Trade receivables - Sarantis Serbia	14 705	4 304
Trade receivables - Sarantis Bosnia	213	521
Trade receivables - Sarantis Skopje	176	157
	<b>23 057</b>	<b>13 478</b>
Suppliers (Goods, Raw Mat, Pack,FA) - GR. SARANTIS AVEE (GR. SARANTIS S.A.)	(28 830)	(20 642)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Polska SA	(9 100)	(6 604)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Romania	-	(31)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Czech	-	(140)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Hungary	-	(189)
Suppliers (Sevices, Consum, other) - Ivybridge Ventures Limited	(3 016)	(1 607)
Suppliers (Sevices, Consum, other) - GR. SARANTIS AVEE (GR. SARANTIS S.A.)	(6 732)	(5 710)
	<b>(47 678)</b>	<b>(34 923)</b>

Revenue and expenses incurred from transactions with Related Parties as at follows:

*(in thousands of Ukrainian hryvnias)*

	As at 31.12.2022	As at 31.12.2021
Revenue	41 901	97 402
Royalty expenses	(1 205)	(3 250)
Interest expenses	(1)	-
Expenses: goods	(45 847)	(41 849)
Expenses: services	(3 023)	(1 645)
Formation expenses of non-current asset	-	(1 291)

Hoztorg LLC was excluded from Related Parties as since 01.10.2022 the Sarantis group lost control of it.

## 27 Subsequent events

The company continues working in the current environment and doesn't determine any new/additional important subsequent events that has to be included to this financial statement.

Tetiana Zolotarevych  
Head of finance, Ergopack LLC

