Ergopack LLC

Financial statements

for the year ended 31 December 2020

Contents

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05.04.2021

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 31.12.2020, 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, 2020 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

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 Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and 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 the ISAs will always detect a material misstatement when it exists. Misstatements can arise form 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 of the basis of these financial statements.

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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, misinterpretations, 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.

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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Engagement Partner on the audit Kateryna Zolina

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HLB UKRAINE LLC
11/11 Gusovskogo Street, office 3, Kyiv, Ukraine

April 05, 2021

Statement of financial position

(in thousands of Ukrainian hryvnias)	*Note*	As at 31.12.2020	As at 31.12.2019
Tangible Fixed Assets	5	213 043	225 061
Intangible Fixed Assets	6	28 389	16 529
Rights of use	7	22 310	15 806
Deferred Tax Assets	24	-	-
Non current assets		**263 742**	**257 396**
Inventories	8	204 037	162 738
Trade receivables	9_14	267 095	252 821
Other receivables	9_14	26 249	13 982
Cash & cash equivalents	10	32 221	18 795
Prepayments and accrued income		859	139
Current assets		**530 461**	**448 476**
Total assets		**794 203**	**705 871**
Share capital	11	736 491	217 543
Reserves	12	37 549	34 812
Carried forward Results		(169 512)	(194 082)
Equity		**604 527**	**58 272**
Long Term Loans Liabilities	13	-	174 396
Long Term Lease Liabilities	7	20 803	13 222
Deferred tax liability		1 177	3 669
Non current liabilities		**21 981**	**191 286**
Trade payables	15	130 665	157 381
Other payables	15	4 790	5 453
Tax Liabilities	16	5 777	2 761
Short Term Loans Liabilities	13	-	249 271
Short Term Lease Liabilities	7	1 917	2 818
Provision	17	24 545	38 628
Current liabilities		**167 695**	**456 313**
Total Equty and Liabilities		**794 203**	**705 871**

Andriy Dikunov
Director, Ergopack LLC

Tetiana Zolotarevych
Head of finance, Ergopack LLC

Statement of profit or loss and other comprehensive income

(in thousands of Ukrainian hryvnias)	*Note*	As at 31.12.2020	As at 31.12.2019
Revenue	*18*	905 041	841 372
Cost of sales	*19*	(604 625)	(559 604)
Gross operating profit		**300 416**	**281 768**
Other Operating Income		2 155	8 291
Administrative Expenses	*20*	(47 442)	(36 028)
Distribution Expenses	*21*	(204 717)	(193 329)
Operational FX income/(expenses)		11 752	(12 759)
Operating profit (loss)		**62 164**	**47 943**
Financial Income	*23*		86 620
Financial Expenses	*23*	(31 918)	-
Earning (loss) before taxes		**30 246**	**134 564**
Income Tax	*24*	(5 675)	(19 719)
Net profit (loss)		**24 571**	**114 844**
Other comprehensive income (loss)			
Revaluation of land and buildings		5 166	36 964
FX from statute capital gowth		(1 499)	195
Related income tax		(930)	(6 653)
Other comprehensive income		**2 737**	**30 505**
Total comprehensive income (loss)		**27 308**	**145 349**

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Andriy Dikunov
Director, Ergopack LLC

Tetiana Zolotarevych
Head of finance, Ergopack LLC

Statement of cash flows

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Cash flows from Operating Activities		
Profit before Tax	**30 246**	**134 564**
Adjustments:		
Depreciation & amortization	28 365	19 474
Impairment of tangible & Intangible assets	-	326
Foreign exchange differences	27 873	(86 035)
Interest expense and other related expenses	3 876	11 004
Gain/Loss from fixed assets sale	5 789	(255)
Provision for slow-moving items	-	-
Write-down of inventories to net realisable value	-	-
Expected credit losses of trade receivables and contract assets	1 037	(10 910)
Income from write-off of interest liabilities	-	-
Interest income and other related income	(312)	(685)
Operational Inflows before Working Capital	**96 875**	**67 484**
Plus/minus adjustments for changes in working capital accounts		
Decrease / (increase) in inventories	(41 302)	(22 908)
Decrease / (increase) in receivables	(28 285)	(47 165)
(Decrease) / increase in liabilities (other than to banks)	(44 096)	20 981
Interest and other related expenses, paid	(1 852)	(358)
Income Tax Paid	(8 575)	(3 319)
Net inflows / (outflows) from operating activities	**(27 234)**	**14 715**
Cash flows from Investment Activities		
Acquisition of tangible and intangible assets	(22 832)	(70 691)
Revenues from sale of tangible and intangible assets	2 242	435
Interest received	299	685
Net inflows / (outflows) from investment activities	**(20 290)**	**(69 571)**
Cash flows from Financial Activities		
Lease ROU	(3 318)	(2 783)
Loan and interest payments to Related Parties (decrease)	(453 180)	-
Income from share capital increase	517 448	65 769
Net inflows / (outflows) from financial activities	**60 950**	**62 985**
Effect of FX differences on cash	6	-
Net increase / decrease in cash and cash equivalents for the period	**13 431**	**8 130**
Cash and cash equivalents, beginning of the period	**18 795**	**10 665**
Cash and cash equivalents, end of the period	**32 221**	**18 795**

Andriy Dikunov
Director, Ergopack LLC

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 2018	151 969	4 307	(308 927)	(152 651)
Comprehensive income (loss)				
Net profit for the year	-	-	114 844	114 844
Other comprehensive income (loss)	-	-	-	-
Revaluation of land and buildings		36 964		36 964
Related income tax		(6 653)		(6 653)
Total comprehensive income (loss) for the year	-	30 311	114 844	145 155
Transactions with shareholders				
Share capital increase	65 574	194	-	65 768
Total transactions with shareholders	65 574	194	-	65 768
Balances as at 31 December 2019	217 543	34 812	(194 083)	58 272
Balances as at 31 December 2019	217 543	34 812	(194 082)	58 272
Comprehensive income (loss)				
Net profit for the year	-	-	24 571	24 571
Other comprehensive income (loss)	-	-	-	-
Revaluation of land and buildings	-	5 166	-	5 166
Related income tax	-	(930)	-	(930)
Total comprehensive income (loss) for the year	-	4 236	24 571	28 807
Transactions with shareholders				
Share capital increase	518 948	(1 499)	-	517 449
Total transactions with shareholders	518 948	(1 499)	-	517 449
Balances as at 31 December 2020	736 491	37 549	(169 512)	604 528

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Andriy Dikunov
Director, Ergopack LLC

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) owned 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 90% 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 2020 and 2019 is 626 and 860 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 selfproclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

During 2020, there is a significant shock to the world market caused by an outbreak of coronavirus. Combined with factors such as a sharp decline in stock indices, declining demand and business activity and decrease investor interest in risky assets, led to an outflow of capital, as well as a devaluation of currencies against the dollar of developing countries.

In order to protect the population of Ukraine from the potential serious threat of coronavirus, in March 2021 the Government introduced quarantine till 09.04.2021, with a possible extension if necessary. At the same time, the Government has introduced a state of emergency - measures have been taken to restrict the movement of people within Ukraine and between cities in the most affected regions, suspend transport links with Ukraine and restrict entry to Ukraine. Some companies have also instructed employees to stay at home and reduce or suspend business operations.

The broader economic implications of these events include:

- undermining business and economic activities in Ukraine that affect travel and tourism, entertainment, construction, retail, insurance and education;
- growing economic uncertainty, reflected to exchange rates.

The International Monetary Fund has reached an agreement with the Ukrainian government on a new three-year program of expanded financing EFF for 4 billion special drawing rights (SDR) - about 5.5 billion USD. To sign the agreement, it is necessary to perform two prior actions: to adopt a law on the land market and a law on ex-owners of bankrupt banks.

In March, the international rating agency Fitch Ratings reaffirmed the long-term default ratings of the Ukrainian issuer in foreign and national currency at "B", the forecast is positive. The positive outlook reflects Fitch's expectation that continued engagement with the IMF under the new multiannual program will help sustain a reduction in refinancing risks by facilitating access to additional external financing, strengthening macro-financial stability and fiscal stability, and reducing reform opportunities.
Although the management staff believes that it takes appropriate measures necessary under existing circumstances to maintain the Company's stable activity, further instability of the general conditions for conducting business in Ukraine may adversely affect the results of activity and the financial position of the Company, the nature and consequences of which at the moment cannot be determined. These financial statements reflect the current evaluation of management personnel on the impact of the conditions of operations in Ukraine on the operating activities and financial position of the Company. Future business conditions may differ from management evaluations.

The Company's management monitors the development of the current situation and takes measures, if necessary, to minimize any negative consequences as much as possible. Further negative developments in political, macroeconomic and/or foreign trade conditions may adversely affect the financial condition and results of the activity of the Company in a way that cannot be determined yet.

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

The financial statements have been prepared on a going concern basis, which contemplates realisation of assets and the satisfaction of liabilities in the normal course of business and management's assessment did not indicate that there is any doubt about the entity's ability to continue as a going concern. Management's position is based on the fact that losses incurred during recent years were caused by significant foreign currency exchange losses due to dramatic Ukrainian hryvnia devaluation, as the Company has significant loans and borrowings denominated in US dollars. At the same time, the Company generated operating profit and positive operating cash flows.

(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 in 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 and 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 FIFO 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 acquisition 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 Loans

Loans are initially registered at fair value, minus any direct expenses realized for the transaction. Subsequently loans are valued at net book cost. Any difference between the received amount (net of relevant expenses) and the repayment value is recognized in the results during the borrowing term according to the effective interest rate method. Loans are characterized as short-term liabilities unless the Company has the final right to postpone payment for at least 12 months following the balance sheet date.

3.11 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.

3.12 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.

3.13 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.

3.14 Government grants

The Company recognizes the government grants that cumulatively satisfy the following criteria:

- There is reasonable certainty that the company has complied or will comply to the conditions of the grant and
- It is probable that the amount of the grant will be received.

Government grants that relate to acquisition of fixed assets are presented as a deferred income in liabilities and recognized in the results during the useful life of the fixed assets such refer to.

3.15 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.

3.16 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.

3.17 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.

3.18 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

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IAS 1 and IAS 8 Definition of Material,

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
IFRS 17 Insurance Contracts
Reference to the Conceptual Framework – Amendments to IFRS 3
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
IAS 41 Agriculture – Taxation in fair value measurements

5 Property, plant and equipment

Movements in property, plant and equipment for the period ended 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	Land	Buildings - Technical Works	Equipment & Other Equipment	Means of Transportation	Furnitures	Fixed Assets under construction and prepayments	Total
Cost							
As at 1 January 2019	1 459	65 878	123 981	6 876	6 039	52 602	256 835
Additions	-	-	-	-	-	53 995	53 995
Disposals	-	(15)	(4 438)	(987)	(721)		(6 161)
Reclassifications		3 392	72 314	446	1 242	(77 395)	-
Revaluation	1 350	64 469					65 819
As at 31 Devember 2019	**2 809**	**133 724**	**191 857**	**6 335**	**6 560**	**29 202**	**370 488**
Depreciation							
As at 1 January 2019	-	23 923	72 971	4 202	5 317	-	106 412
Depreciation charge	-	869	14 131	748	378	-	16 126
Disposals	-	-	(4 377)	(869)	(720)	-	(5 966)
Revaluation		28 855					28 855
As at 31 December 2019	**-**	**53 647**	**82 724**	**4 081**	**4 975**	**-**	**145 427**

Movements in property, plant and equipment for the ended 31 December 2020 are as follows:

(in thousands of Ukrainian hryvnias)	Land	Buildings - Technical Works	Equipment & Other Equipment	Means of Transportation	Furnitures	Fixed Assets under construction and prepayments	Total
Cost							
As at 1 January 2020	2 810	133 724	191 857	6 335	6 560	29 202	370 488
Additions	-	-	6 -	-	-	16 900	16 906
Disposals	-	-	(22 286)	-	-	(2 130)	(24 416)
Revaluation	56	8 210	-	-	-	-	8 266
Reclassifications	-	104	39 722	1 139	(5 826)	(35 139)	(0)
As at 31 December 2020	**2 866**	**142 037**	**209 300**	**7 474**	**734**	**8 832**	**371 243**
Depreciation							
As at 1 January 2020	-	53 647	82 724	4 081	4 975	-	145 427
Depreciation charge	-	1 325	22 108	628	161	-	24 222
Disposals	-	-	(14 549)	-	-	-	(14 549)
Revaluation	-	3 099	-	-	-	-	3 099
Reclassifications	-	(90)	3 889	1 038	(4 836)		-
As at 31 December 2020	**-**	**57 981**	**94 172**	**5 748**	**299**	**-**	**158 199**
Net book value							
As at 31 December 2019	**2 809**	**80 077**	**109 132**	**2 254**	**1 586**	**29 202**	**225 061**
As at 31 December 2020	**2 866**	**84 056**	**115 128**	**1 726**	**436**	**8 832**	**213 044**

As at 31 December 2020 and 2019, 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:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Cost of sales	21 192	14 292
Administrative Expenses	2 498	1 579
Distribution Expenses	532	255
Total depreciation charge	24 222	16 126

6 Intangible Fixed Assets

The company has created the new Intangible Fixed Asset - software of SAP (Systems Applications and Products in Data Processing).

This is accounting system that covers all company's accounting needs.

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

(in thousands of Ukrainian hryvnias)	Property Rights	Accounting system (SAP)	Other formation expenses (SAP)	Advances for Intangible Assets	Other Intangible Assets	Total
Cost						
As at 1 January 2020	-	-	15 340	-	5 673	21 012
Additions	-	13 497	-	-	-	13 497
Disposals	-		-	-	(409)	(409)
Revaluation	-		-	-	-	-
Reclassifications	244	15 096	(15 340)	-	-	-
As at 31 December 2020	244	28 592	-	-	5 264	34 100
Amortization						
As at 1 January 2020	-	-	-	-	4 483	4 483
Depreciation charge	-	678	-	-	735	1 413
Disposals	-		-	-	(185)	(185)
Revaluation	-		-	-		-
Reclassifications	244		-	-	(244)	(0)
As at 31 December 2020	244	678	-	-	4 789	5 711
Net book value						
As at 31 December 2019	-	-	15 340	-	1 190	16 529
As at 31 December 2020	-	27 915	-	-	474	28 389

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:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Rights of use	22 310	15 806
Total assets	22 310	15 806
Long Term Lease Liabilities	20 803	13 222
Short Term Lease Liabilities	1 917	2 818
Total Liabilities	22 721	16 040

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 2019 and 2020 are as follows:

(in thousands of Ukrainian hryvnias)	Land-Fields	Rights of use Buildings	Total	Lease liabilities
As at 31 December 2018	7 810	9 540	17 350	17 350
Additions	-	788	788	-
Depreciations	(283)	(2 050)	(2 333)	-
Interest expenses	-	-	-	392
Payments	-	-	-	(1 702)
As at 31 December 2019	7 527	8 279	15 806	16 040

(in thousands of Ukrainian hryvnias)	Land-Fields	Rights of use Buildings	Total	Lease liabilities
As at 31 December 2019	7 527	8 279	15 806	16 040
Additions	(33)	9 266	9 234	9 614
Depreciations	(282)	(2 448)	(2 729)	-
Interest expenses	-	-	-	384
Payments	-	-	-	(3 318)
As at 31 December 2020	7 212	15 098	22 310	22 721

8 Inventories

Inventories as at 31 December 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Finished Goods	121 429	92 328
Raw Materials	52 916	50 069
Packaging & Other Auxiliary Materials	5 747	3 434
Work in Process Semifinished Goods	11 240	5 498
Advances to Third Party Suppliers	6 556	4 259
Goods in transit	6 149	7 151
Total	204 037	162 738

The results of provision for impairment of slow-moving items are as follows :

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Finished Goods - Book Value	(1 298)	(1 476)
Raw Materials - Book Value	(891)	(2 713)
Packaging & Other Auxiliary Materials - Book Value	(3 730)	(2 714)
Work in Process Semifinished Goods - Book Value	-	(104)
	(5 919)	(7 007)

9 Trade and other receivables

Trade and other receivables as at 31 December 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Trade receivables - Third Party	284 750	267 032
Trade receivables - Related Parties	7 013	9 045
Allowance for expected credit losses for Receivables from Customers	(24 667)	(23 257)
Doubtfull Debts -Gross Book Value	-	397
Allowance for expected credit losses for Doubtfull Debts	-	(397)
Advances / Sundry Debtors - Third Party	26 249	14 905
Advance payment of Income Tax	-	(923)
	293 344	266 803

10 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Balances in UAH	8 994	4 052
Balances in other currencies	23 227	14 743
	32 221	18 795

11 Equity

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 equvivalent 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 till 31 December 2020 Ivybridge Ventures Limited owned 100% of share capital of Ergopack LLC.

12 Reserves

Reserves as at 31 December 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Property Revaluation	34 547	30 311
Legal Reserves	2 994	2 994
Extraordinary Reserves	8	1 507
	37 549	34 812

13 Loans and borrowings

This note provides information about the contractual terms of loans and borrowings.

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Long Term Liabilities		
Loan from GR Sarantis Cyprus Limited	-	174 396
	-	174 396
Short Term Liabilities		
Loan from GR Sarantis Cyprus Limited	-	14 023
Loans from Ivybridge Ventures Limited	-	235 247
	-	249 271
	-	423 666

As at 31 December 2019, the terms and debt repayment schedule of the outstanding loans are as follows:

(in thousands of Ukrainian hryvnias)	Currency	Interest rate	Maturity	Face value in currency	Face value in KUAH	Carrying amount in KUAH
Loan from GR Sarantis Cyprus Limited	EUR	4,00%	31.12.2022	6 600 384	174 395	188 419
Loan from Ivybridge Ventures Limited #1	EUR	0,50%	31.03.2019	2 617 550	69 161	74 806
Loan from Ivybridge Ventures Limited #2	EUR	0,50%	31.03.2019	593 886	15 692	23 561
Loan from Ivybridge Ventures Limited #3	EUR	0,50%	31.03.2019	467 249	12 346	14 009
Loan from Ivybridge Ventures Limited #4	EUR	0,50%	31.03.2019	2 092 130	55 278	60 506
Loan from Ivybridge Ventures Limited #5	EUR	0,50%	31.03.2019	1 938 532	51 220	62 365

Changes in liabilities, cash flows and financial results due to debt for 2020 were presented as follows: agreements carried currency EUR

(in thousands of Ukrainian hryvnias)	Interest rate	Maturity	Face value in currency, 01.01.2020	Face value in KUAH, 01.01.2020	Carrying amount in KUAH, 01.01.2020	Interest amount in KUAH, in 2020	Payments, in KUAH (-)	incl Forex in KUAH, 2020 (expenses)	Carrying amount in KUAH, 31.12.2020
GR. SARANTIS	4,00%	31.12.2022	6 600 384	174 395	188 419	1 491	(213 941)	24 031	0
Loan from Ivybridge Ventures Limited #1	0,50%	31.03.2020	2 617 550	69 161	74 806	50	(75 304)	448	(0)
Loan from Ivybridge Ventures Limited #2	0,50%	31.03.2020	593 886	15 692	23 561	40	(24 974)	1 374	(0)
Loan from Ivybridge Ventures Limited #3	0,50%	31.03.2020	467 249	12 346	14 009	35	(14 775)	731	(0)
Loan from Ivybridge Ventures Limited #4	0,50%	31.03.2020	2 092 130	55 278	60 506	11	(60 929)	412	0
Loan from Ivybridge Ventures Limited #5	0,50%	31.03.2020	1 938 532	51 220	62 365	13	(63 256)	878	0
Total			14 309 732	378 092	423 666	1 640	(453 179)	27 873	(0)

At the first part of 2020 Ergopack LLC paid off the loans.

14 Allowance for expected credit losses of trade and other receivables

Changes in Allowance for expected credit losses of trade and other receivables during 2020 and 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Balance as at 1 January	23 654	35 001
Expected credit losses (incomes) recognised on trade and other receivables	1 037	(10 910)
Amounts written off against provision	(24)	(437)
Balance as at 31 December	24 667	23 654

15 Trade and other payables

Trade and other payables as at 31 December 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Suppliers (Goods, Raw Mat, Pack,FA) - Third Party	62 784	59 498
Suppliers (Goods, Raw Mat, Pack,FA) - Related Parties	41 002	6 523
Suppliers (Services, Consum, other) - Third Party	22 855	21 031
Suppliers (Sevices, Consum, other) - Related Parties	4 025	70 329
Customer Advances - Third Party	3	6
Social Security	678	723
Sundry Creditors - Third Party	4 110	4 725
	135 455	162 835

16 Tax Liabilities

Tax liabilities as at 31 December 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Personal income tax	769	416
Other taxes	2 192	50
Corporate income tax incl acccruals	2 816	923
Price Transferring provisions	-	1 372
	5 777	2 761

17 Provisions

As at 31 December 2020 and 31 December 2019 presented as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Provision for Returns	5 986	7 987
Provision for Fines	3 811	9 910
Provision unused vacation	5 484	6 321
Provision Other	9 265	14 410
	24 545	38 628

18 Revenue

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Gross revenue (Net billings)	1 087 209	990 810
Sales incentives	(182 168)	(149 438)
Net revenue	905 041	841 372

19 Cost of sales

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Cost of goods	443 903	436 347
Employee expenses	74 655	53 305
Third-party fees	826	629
Third-party benefits	56 485	46 257
Taxes – duties	132	151
Sundry expenses	4 922	5 129
Fixed asset and ROU depreciation	23 702	17 787
Own inventory use	(4 247)	
	604 625	559 604

20 Administrative expenses

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Employee expenses	29 126	24 334
Third - Party fees	5 989	3 036
Third - Party Benefits	7 653	3 893
Taxes - Duties	181	98
Sundry Expenses	362	1 848
Depreciation	4 131	2 819
	47 442	36 028

21 Distribution expenses

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Employee expenses	52 007	41 843
Third - Party fees	40 129	40 530
Third - Party Benefits	36 519	35 883
Taxes - Duties	402	
Sundry Expenses	75 128	74 638
Depreciation	532	435
	204 717	193 329

22 Employee costs

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Wages, salaries and bonuses	119 214	113 141
Salary related charges (social securities)	24 497	22 539
Provision for unused vacations	12 076	10 101
	155 787	145 781

23 Finance income and expenses

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Non-Operational Forex income	-	96 973
Interest income	312	685
	312	97 658
Non-Operational Forex expense	(28 353)	-
Interest expense	(1 641)	(8 700)
Interest on Leasing	(384)	(392)
Bank charges	(1 852)	(1 946)
	(32 229)	(11 038)
	(31 918)	86 620

24 Income tax expenses

The corporate income tax rate was 18% for 2020 and 2019.
Income tax expense for the periods ended 31 December was as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Current tax expense	9 097	5 342
Deferred tax income	(3 422)	14 377
	5 675	19 719

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

(in thousands of Ukrainian hryvnias)	Balance as at 1 January 2019	Recognised in Equity	Recognised in profit or loss	Balance as at 31.12.2019	Recognised in Equity	Recognised in profit or loss	Balance as at 31.12.2020
Tax loss carry-forwards	17 362	-	(17 362)	-	-	-	-
Revaluation of Fixed assets	-	(6 653)	-	(6 653)	(930)	-	(7 583)
Difference in Tax and Balance value of Tangible	-	-	(2 719)	(2 719)	-	1 194	(1 526)
Difference in Tax and Balance value of In-Tangi	-	-	242	242	-	(7)	234
Accruals for trade expenses and other services	-	-	4 201	4 201	-	3 497	7 697
Provision for stock	-	-	1 261	1 261	-	(1 261)	-
	17 362	(6 653)	(14 377)	(3 669)	(930)	3 422	(1 177)

25 Financial risk management

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 an monthly / quaterly 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 2020 and 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31 December 2020 total	Provision	As at 31 December 2019 total	Provision
Not due	255 437	(11 180)	257 094	(13 001)
Due from 1 to 30	18 787	(1 469)	23 588	(3 415)
Due from 31 to 60	3 420	(779)	4 411	(2 205)
Due from 61 to 90	807	(201)	1 326	(994)
Due more than 90	11 038	(11 038)	4 961	(4 961)
	289 490	(24 667)	291 380	(24 577)

(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:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Trade receivables	267 095	252 821
Other receivables	26 249	13 982
Cash & cash equivalents	32 221	18 795
	325 565	285 598

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:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Prepayments and accrued income	859	139
	859	139

(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:

(in thousands of Ukrainian hryvnias)	<1 year	1-4 year	>4 years	Total
As at 31 December 2019				
Loans and borrowings	249 271	174 396	-	423 666
Lease Liabilities	2 818	4 931	8 290	16 040
Trade payables	157 381	-	-	157 381
Other payables	5 453	-	-	5 453
Tax Liabilities	2 761	-	-	2 761
Liabilities on transitional accounts	38 628	-	-	38 628
	456 313	179 327	8 290	643 930
As at 31 December 2020				
Lease Liabilities	1 917	3 569	17 234	22 721
Trade payables	130 665	-	-	130 665
Other payables	4 790	-	-	4 790
Tax Liabilities	5 777	-	-	5 777
Provision	24 545	-	-	24 545
	167 695	3 569	17 234	188 498

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:

(in thousands of Ukrainian hryvnias)	USD	EUR	RUB
As at 31 December 2019			
Trade and other receivables	60 680	18 056	2 316
Cash & cash equivalents	3 854	10 363	526
Loans and borrowings	-	(423 666)	-
Trade and other payables	(4 689)	(98 902)	-
Net (short) long position	59 845	(494 150)	2 842
As at 31 December 2020			
Trade and other receivables	69 852	21 606	1 725
Cash & cash equivalents	17 236	5 991	-
Loans and borrowings	-	-	-
Trade and other payables	(4 069)	(58 339)	
Net (short) long position	83 019	(30 743)	1 725

(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.

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Fixed rate instruments		
Loans and borrowings	-	423 666

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 (9 positions) received the following remuneration during the 2020:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Quantity of employees	9	9
Salaries and bonuses	17 419	16 040
	17 419	16 040

(b) Balances and transactions with Related Parties

Outstanding balances with Related Parties are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Trade receivables - Hoztorg LLC	5 050	8 897
Trade receivables - Sarantis Bulgaria Ltd	24	38
Trade receivables - Sarantis Polska SA	-	108
Trade receivables - Sarantis Romania SA	661	
Trade receivables -GR. SARANTIS AVEE	16	-
Trade receivables - Sarantis Hungary	1 262	
	7 013	9 043
Loan from GR Sarantis Cyprus Limited	-	(188 419)
Loans from Ivybridge Ventures Limited	-	(235 247)
Suppliers (Goods, Raw Mat, Pack,FA) - GR. SARANTIS AVEE (GR. SARANTIS S.A.)	(36 236)	(6 126)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Polska SA	(4 766)	(397)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Romania	(31)	-
Suppliers (Sevices, Consum, other) - Ivybridge Ventures Limited	(1 739)	(69 970)
Suppliers (Sevices, Consum, other) - Hoztorg LLC	(254)	
Suppliers (Sevices, Consum, other) - SARANTIS POLSKA SA	-	(359)
Suppliers (Sevices, Consum, other) - GR. SARANTIS AVEE (GR. SARANTIS S.A.)	(2 286)	
	(45 311)	(500 519)

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2020	As at 31.12.2019
Revenue	40 880	42 087
Royalty expenses	(1 606)	(1 569)
Interest expenses	(1 641)	(8 700)
Expenses: goods	(52 693)	(6 523)
Expenses: services	(2 901)	(50)
Formation expenses of non-current asset	(6 385)	(1 273)

27 Subsequent events

The Company does not determine any important subsequent events, that has to be included to this financial statements.

Andriy Dikunov
Director, Ergopack LLC

Tetiana Zolotarevych
Head of finance, Ergopack LLC