Ergopack LLC

Financial statements

for the year ended 31 December 2023

Contents

Ref. № 05-3
as of 09.02.2024

INDEPENDENT AUDITOR'S REPORT

To the Participants 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 31.12.2023, 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, 2023 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.

The key audit matter	How the matter was addressed in our audit
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.	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 2023 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 inconsistence 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 fifth time as an auditor to conduct an audit of financial statements of the Company. By the decision of the Member of the Company №294 as of December 1, 2023, 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 2023.

The duration of the going exercises of powers to conduct statutory audit of the financial statements of the Company is 6 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 2023 we provided the Company with services of review of the special purpose interim financial information for the 6 months of 2023.

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

Engagement Partner on the audit Valerii BONDAR

«ЕЙЧ ЕЛ БІ ЮКРЕЙН»
Ідентифікаційний код 23731031

HLB UKRAINE LLC
11/11 Gusovskogo Street, office 3, Kyiv, Ukraine
Registration number in the Register of subjects of audit activity - 0283

February 09, 2024

Statement of financial position

(in thousands of Ukrainian hryvnias)	*Note*	**As at 31.12.2023**	**As at 31.12.2022**
Tangible Fixed Assets	*5*	204 163	209 227
Intangible Fixed Assets	*6*	25 756	27 245
Rights of use	*7*	22 848	21 464
Non current assets		**252 767**	**257 936**
Inventories	*8*	236 495	234 919
Trade receivables	*9*	292 516	258 321
Other receivables	*9*	19 739	20 045
Cash & cash equivalents	*10*	150 330	132 702
Prepayments and accrued income		1 364	698
Current assets		**700 443**	**646 685**
Total assets		**953 210**	**904 621**
Share capital	*11*	736 491	736 491
Reserves	*12*	67 968	60 781
Carried forward Results		28 118	(57 338)
Equity		**832 577**	**739 934**
Long Term Lease Liabilities	*7*	22 386	20 488
Deferred tax liability	*22*	3 055	6 493
Non current liabilities		**25 441**	**26 981**
Trade payables	*13*	51 374	107 955
Other payables	*13*	3 462	3 288
Tax Liabilities	*14*	8 841	2 709
Short Term Lease Liabilities	*7*	1 540	1 803
Provision	*15*	29 975	21 951
Current liabilities		**95 192**	**137 706**
Total Equty and Liabilities		**953 210**	**904 621**

Tetiana Zolotarevych
Head of finance, Ergopack LLC

Statement of profit or loss and other comprehensive income

(in thousands of Ukrainian hryvnias)	*Note*	As at 31.12.2023	As at 31.12.2022
Revenue	*16*	1 035 828	806 010
Cost of sales	*17*	(681 474)	(540 849)
Gross operating profit		**354 354**	**265 161**
Other Operating Income		453	318
Administrative Expenses	*18*	(40 244)	(33 658)
Distribution Expenses	*19*	(215 986)	(175 687)
Operational FX income/(expenses)		1 439	46 326
Operating profit (loss)		**100 016**	**102 461**
Financial (Expenses) / income	*21*	3 544	(1 645)
Earning (loss) before taxes		**103 560**	**100 816**
Income Tax	*22*	(18 104)	(19 840)
Net profit (loss)		**85 456**	**80 976**
Other net comprehensive income (loss) that will not be reclassified to profit (loss) in subsequent periods			
Revaluation of land and buildings		8 426	24 861
Related income tax		(1 517)	(4 475)
Other comprehensive income		**6 909**	**20 386**
Total comprehensive income (loss)		**92 365**	**101 362**

Tetiana Zolotarevych
Head of finance, Ergopack LLC

Україна * Київська область м.Боярка * ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ "ЕРГОПАК" * Фастівський район
«ЕРГОПАК»
Ідентифікаційний код 31364122

Statement of cash flows

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Cash flows from Operating Activities		
Profit before Tax	**103 560**	**100 816**
Adjustments:		
Depreciation & amortization	26 165	26 144
Impairment of tangible & Intangible assets	-	-
Foreign exchange differences	-	-
Interest expense and other related expenses	1 814	1 407
Gain/Loss from fixed assets sale	(3)	(35)
Provision for slow-moving items	-	-
Write-down of inventories to net realisable value	-	-
Expected credit losses of trade receivables and contract assets	5 425	8 896
Income from write-off of interest liabilities	-	-
Interest income and other related income	(5 618)	(787)
Operational Inflows before Working Capital	**131 343**	**136 440**
Plus/minus adjustments for changes in working capital accounts		
Decrease / (increase) in inventories	(1 576)	(56 735)
Decrease / (increase) in receivables	(39 979)	46 919
(Decrease) / increase in liabilities (other than to banks)	(43 236)	14 083
Interest and other related expenses, paid	(1 198)	(841)
Income Tax Paid	(22 078)	(22 687)
Net inflows / (outflows) from operating activities	**23 277**	**117 180**
Cash flows from Investment Activities		
Acquisition of tangible and intangible assets	(8 765)	(12 130)
Revenues from sale of tangible and intangible assets	3	125
Interest received	5 580	774
Net inflows / (outflows) from investment activities	**(3 182)**	**(11 231)**
Cash flows from Financial Activities		
Lease ROU	(2 740)	(3 105)
Net inflows / (outflows) from financial activities	**(2 740)**	**(3 105)**
Effect of FX differences on cash	273	3 461
Net increase / decrease in cash and cash equivalents for the period	**17 629**	**106 305**
Cash and cash equivalents, beginning of the period	**132 702**	**26 396**
Cash and cash equivalents, end of the period	**150 330**	**132 702**

Tetiana Zolotarevych
Head of finance, Ergopack LLC

Україна * Київська область * Фастівський р-н. * м.Боярка * ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «ЕРГОПАК» «ЕРГОПАК» Ідентифікаційний код 31364122

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 2021	**736 491**	**40 395**	**(138 314)**	**638 572**
Comprehensive income (loss)				
Net profit for the year	-	-	80 976	80 976
Other comprehensive income (loss)	-	-	-	-
Revaluation of land and buildings		24 861		24 861
Related income tax		(4 475)		(4 475)
Total comprehensive income (loss) for the year	**-**	**20 386**	**80 976**	**101 362**
Transactions with shareholders				
Share capital increase	-	-	-	-
Total transactions with shareholders	**-**	**-**	**-**	**-**
Balances as at 31 December 2022	**736 491**	**60 781**	**(57 338)**	**739 933**
Balances as at 31 December 2022	**736 491**	**60 781**	**(57 338)**	**739 934**
Comprehensive income (loss)				
Net profit for the year	-	-	85 456	85 456
Other comprehensive income (loss)	-	-	-	-
Revaluation of land and buildings	-	8 426	-	8 426
Related income tax	-	(1 517)	-	(1 517)
Total comprehensive income (loss) for the year	**-**	**6 909**	**85 456**	**92 365**
Transactions with shareholders				
Share capital increase	-	-	-	-
Specfial Reserves / stock option		278		278
Total transactions with shareholders	**-**	**278**	**-**	**278**
Balances as at 31 December 2023	**736 491**	**67 968**	**28 118**	**832 577**

Tetiana Zolotarevych
Head of finance, Ergopack LLC

«ЕРГОПАК»
Ідентифікаційний код 31364122

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 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 stuff number as at 31 December 2023 and 2022 is 462 and 487 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 annexation 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.

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 regions of Kherson, Zaporizhia, Donetsk, Luhansk. Parts of Donetsk, Luhansk regions remain under control of the self-proclaimed republics. Some parts of Kherson & Zaporizhia regions are under controlled of russian troops. 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.

In 2023, Ukraine's real GDP grew by 5-5.5%, according to various estimates. This is a recovery after a sharp 28.8% drop in 2022. Despite the recovery, GDP is still about a quarter lower than in 2021. In the first quarter of 2023, GDP was still falling, but grew for the remaining three quarters.
Ukraine entered 2023 with a record high inflation rate. However, inflation was brought under control during the year: regular inflows of foreign aid allowed the government to stop monetary financing of the budget. In December 2023, inflation was 5.1%, almost returning to the pre-war inflation target of 5%.

In 2023, Ukraine continued to receive foreign financial assistance - more than in 2022 (USD 42.5 billion in 2023 vs. USD 31.1 billion in 2022), and more regularly and predictably. Thanks to foreign financial assistance, foreign exchange reserves reached historically record levels in 2023. At the end of the year, Ukraine's international reserves amounted to $40.5 billion. This is more than the historical record before the full-scale invasion, when reserves reached their previous peak of 38.4 billion in April 2011. This situation during the war was possible only because of the unprecedented financial support to Ukraine. The high level of reserves is a kind of safety cushion in case of interruptions in the further flow of aid.

In 2023, Ukraine created its own Ukrainian Sea Corridor to the Black Sea ports of Odesa region after Russia stopped fulfilling its agreements under the Grain Agreement. This allowed for a gradual increase in not only grain exports, but also the resumption of maritime exports of other goods, as well as the resumption of maritime imports.

In 2023, Ukraine also began to suffer from the Polish blockade of its land border, which hit Ukrainian exports and tax revenues from imported goods.

The labor market in Ukraine is shrinking: a significant number of Ukrainians are abroad, and about a million men and women are defending the country in the ranks of the Defense

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

This financial statement have been prepared in accordance with International Financial Reporting Standards (IFRSs).
Financial Statement were approved by the company's management for submission to the company's shareholder on 07 02 2024

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except land plot and buildings which are prepared by fair value.

(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, 2023, 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, 2023: 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 31.12.2023, 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.

At each financial statement date, an entity assesses whether there is any indication that intangible assets may be impaired. If any such indication exists, the recoverable amount of the intangible assets is determined.
If there have been significant changes in the estimated pattern of economic benefits embodied in an asset, the depreciation method should be changed to reflect the changes in that pattern. Such changes should be accounted for as a change in an accounting estimate by adjusting the depreciation expense for the current and future reporting periods.

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 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.

3.5 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.

3.6 Financial assets

3.6.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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.

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.

3.6.2 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.

3.6.3 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 Profit distribution

Profit for the period is distributed by the General Shareholders' Meeting.

3.14 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.

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 2022.

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 2023, they had no significant impact on the Company's annual financial statements. The nature and impact of each (new) standard (interpretation) are described below:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules. Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.
The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE YET

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.
The amendments are not expected to have a material impact on the Group's financial statements.

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

In January 2020 and October 2022, 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
The amendments are effective for annual reporting periods beginning on or after 1 January 20243 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.
The amendments are not expected to have a material impact on the Group's financial statements.

5 Property, plant and equipment

Movements in property, plant and equipment for the period ended 31 December 2022 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 2022	3 045	158 102	211 913	9 795	748	77	383 682
Additions	-	-	-	-	-	7 925	7 925
Disposals	-	-	(950)	-	-	639	(310)
Revaluation	1 043	38 984					40 027
Reclassifications		1 240	6 684	-	-	(7 925)	-
As at 31 Devember 2022	**4 088**	**198 327**	**217 648**	**9 795**	**748**	**717**	**431 323**
Depreciation							
As at 1 January 2022	-	62 048	116 512	6 759	444	-	185 763
Depreciation charge	-	1 752	19 040	1 083	152	-	22 026
Disposals	-	-	(860)	-	-	-	(860)
Revaluation	-	15 166	-	-	-		15 166
As at 31 December 2022	**-**	**78 966**	**134 692**	**7 842**	**596**	**-**	**222 096**
Net book value							
As at 31 December 2022	**4 088**	**119 361**	**82 956**	**1 954**	**152**	**717**	**209 227**

Movements in property, plant and equipment for the ended 31 December 2023 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 2023	4 088	198 326	217 648	9 795	748	717	431 323
Additions	-	-	- -	-	-	8 466	8 466
Disposals	-	-	(446)	-	-	544	97
Revaluation	(65)	15 324	-	-	-	-	15 259
Reclassifications	-	487	7 979	-	-	(8 466)	(0)
As at 31 December 2023	**4 023**	**214 138**	**225 181**	**9 795**	**748**	**1 261**	**455 146**
Depreciation							
As at 1 January 2023	-	78 966	134 692	7 842	596	-	222 097
Depreciation charge	-	2 424	19 052	881	144	-	22 501
Disposals	-	-	(446)	-	-		(446)
Revaluation	-	6 833	-	-	-	-	6 833
As at 31 December 2023	**-**	**88 223**	**153 298**	**8 723**	**740**	**-**	**250 984**
Net book value							
As at 31 December 2023	**4 023**	**125 915**	**71 883**	**1 072**	**8**	**1 261**	**204 163**

As at 31 December 2023 and 2022, the Company's land and buildings were revalued by an independent appraiser in order to determine their fair value which was determined using comparative method for land plot & building.

Details are at the note 24

Depreciation

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Cost of sales	20 373	19 895
Administrative Expenses	579	653
Distribution Expenses	1 549	1 478
Total depreciation charge	**22 501**	**22 026**

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 Intabgible FA for the period ended 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	Property Rights	Accounting system (SAP)	Other Intangible Assets	Total
Cost				
As at 1 January 2022	244	29 361	4 522	**34 127**
Additions	-	414	-	**414**
Disposals	-	-	-	**-**
As at 31 December 2022	**244**	**29 775**	**4 522**	**34 541**
Amortization				
As at 1 January 2022	244	1 990	3 434	**5 668**
Depreciation charge	-	1 335	293	**1 628**
Disposals	-			**-**
As at 31 December 2022	**244**	**3 325**	**3 727**	**7 296**
Net book value				
As at 31 December 2022	**-**	**26 450**	**795**	**27 245**

The total Intabgible FA for the period ended 31 December 2023 are as follows:

(in thousands of Ukrainian hryvnias)	Property Rights	Accounting system (SAP)	Other Intangible Assets	Total
Cost				
As at 1 January 2023	244	29 610	4 687	**34 541**
Additions	-	136	(1)	**135**
As at 31 December 2023	**244**	**29 746**	**4 687**	**34 676**
Amortization				
As at 1 January 2023	244	3 325	3 727	**7 296**
Depreciation charge	-	1 355	269	**1 624**
As at 31 December 2023	**244**	**4 680**	**3 996**	**8 920**
Net book value				
As at 31 December 2023	**-**	**25 066**	**691**	**25 756**

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

7 Lease agreements

Lease agreements are presented as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Rights of use	22 848	21 464
Total assets	**22 848**	**21 464**
Long Term Lease Liabilities	22 386	20 488
Short Term Lease Liabilities	1 540	1 803
Total Liabilities	**23 926**	**22 291**

Discount rate for IFRS 16 Company is used determined by Sarantis Company as 3% annual for 2023

Movements in right of use and lease liabilities for the 2022 and 2023 are as follows:

(in thousands of Ukrainian hryvnias)	Rights of use Land-Fields	Rights of use Buildings	Total	Lease liabilities
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**
Future interests				**3 378**
Future lease payments				**25 668**

(in thousands of Ukrainian hryvnias)	Rights of use Land-Fields	Rights of use Buildings	Total	Lease liabilities
As at 31 December 2022	**7 340**	**14 124**	**21 464**	**22 291**
Additions	1 151	(2 191)	(1 040)	3 759
Depreciations	(359)	2 783	2 423	-
Interest expenses	-	-	-	617
Payments	-	-	-	(2 740)
As at 31 December 2023	**8 132**	**14 716**	**22 848**	**23 927**
Future interests				**5 545**
Future lease payments				**29 471**

8 Inventories

Inventories as at 31 December 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Finished Goods	113 063	99 505
Raw Materials	64 648	95 091
Packaging & Other Auxiliary Materials	5 559	3 172
Work in Process Semifinished Goods	19 204	10 836
Advances to Third Party Suppliers	28 427	16 637
Goods in transit	5 594	9 679
Total	**236 495**	**234 919**

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Finished Goods - Book Value	(304)	(847)
Raw Materials - Book Value	(578)	(130)
Packaging & Other Auxiliary Materials - Book Value	(1 862)	(3 901)
	(2 744)	**(4 877)**

9 Trade and other receivables

Trade and other receivables as at 31 December 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Trade receivables - Third Party	319 100	262 001
Trade receivables - Related Parties	5 577	23 057
Allowance for expected credit losses for Receivables from Customers	(32 161)	(26 736)
Advances / Sundry Debtors - Third Party	19 738	20 045
	312 254	**278 366**

Changes in Allowance for expected credit losses of trade and other receivables during 2023 and 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Balance as at 1 January	**26 736**	**24 221**
Expected credit losses (incomes) recognised on trade and other receivables	5 425	8 896
Amounts written off against provision	-	(6 381)
Balance as at 31 December	**32 161**	**26 736**

10 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Balances in UAH	114 910	30 027
Balances in other currencies	35 143	101 326
Cash in transit	277	1 348
	150 330	**132 702**

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. Deposits are placed for very short periods. The majority of 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, retained earnings and special reserves.

12 Reserves

Reserves as at 31 December 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Property Revaluation	64 688	57 779
Special Reserves	278	-
Legal Reserves	2 994	2 994
Extraordinary Reserves	8	8
	67 968	**60 781**

13 Trade and other payables

Trade and other payables as at 31 December 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Suppliers (Goods, Raw Mat, Pack,FA) - Third Party	17 816	46 326
Suppliers (Goods, Raw Mat, Pack,FA) - Related Parties	16 851	37 930
Suppliers (Services, Consum, other) - Third Party	11 629	13 986
Suppliers (Sevices, Consum, other) - Related Parties	5 116	9 748
Customer Advances - Third Party	137	150
Social Security	90	214
Sundry Creditors - Third Party	3 197	2 889
	54 835	**111 243**

14 Tax Liabilities

Tax liabilities as at 31 December 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Personal income tax	731	563
Other taxes	5 105	96
Corporate income tax incl acccruals	3 005	2 050
	8 841	**2 709**

15 Provisions & Accruals

As at 31 December 2023 and 31 December 2022 presented as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Provision unused vacation	4 589	6 054
Provision Other	25 386	15 897
incl		
A&P Accruals	*8 351*	*4 655*
Logistic incl transportation services Accruals	*4 609*	*6 413*
Personnel accruals	*1 789*	*1 490*
Other operating accruals	*10 637*	*3 339*
	29 975	**21 951**

16 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 31.12.2023	As at 31.12.2022
Gross revenue (Net billings)	1 217 827	924 085
Sales incentives	(181 999)	(118 075)
Net revenue	**1 035 828**	**806 010**

Revenue by geografic location

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Ukraine	754 207	562 124
Asia	156 661	127 365
Europe	123 815	115 434
Other	1 144	1 087
Net revenue	**1 035 827**	**806 010**

Revenue from major customers in 2023 includes revenue of UAH 167,440 thousand excluding VAT from the sale of products to the Company's largest customer. Revenue from major customers in 2022 includes revenue of UAH 139,745 thousand excluding VAT from the sale of products to the Company's largest customer.
Sales to other customers individually doesn't amounted to 10% or more of the Company's revenue for 2023 and 2022, respectively.

17 Cost of sales

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Cost of goods	554 941	432 270
Employee expenses	54 784	50 716
Third-party fees	168	320
Third-party benefits	45 124	33 706
Taxes – duties	240	194
Sundry expenses	3 657	2 347
Fixed asset and ROU depreciation	21 943	21 306
Own inventory use	617	(9)
	681 474	**540 849**

18 Administrative expenses

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Employee expenses	26 734	22 512
Third - Party fees	3 546	2 483
Third - Party Benefits	6 930	5 767
Taxes - Duties	0	(46)
Sundry Expenses	846	703
Depreciation	2 188	2 239
	40 244	**33 658**

19 Distribution expenses

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Employee expenses	40 033	37 089
Third - Party fees	2 426	2 248
Third - Party Benefits	31 861	20 532
Taxes - Duties	497	477
Sundry Expenses:	139 134	112 742
Overhead Expenses: 3d party transportation services	*77 416*	*67 663*
Overhead Expenses: merchandising services	*24 378*	*17 426*
Overhead Expenses: other	*37 340*	*27 653*
Depreciation	2 035	2 599
	215 986	**175 687**

20 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 31.12.2023	As at 31.12.2022
Wages, salaries and bonuses	91 884	83 612
Salary related charges (social securities)	19 348	18 396
Provision on Stock Option	278	-
Provision for unused vacations	10 041	8 214
	121 551	**110 222**

21 Finance income and expenses

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Interest income	5 619	787
	5 619	**787**
Non-Operational Forex expense	(261)	(1 058)
Interest expense	-	(1)
Interest on Leasing	(617)	(565)
Bank charges	(1 198)	(809)
	(2 075)	**(2 432)**
	3 544	**(1 645)**

22 Income tax expenses

The corporate income tax rate was 18% for 2023 and 2022.
Income tax expense for the periods ended 31 December was as follows:

(in thousands of Ukrainian hryvnias)	**As at 31.12.2023**	**As at 31.12.2022**
Current tax expense	23 058	21 714
Deferred tax income	(4 954)	(1 874)
	18 104	**19 840**

A reconciliation between the expected and actual CIT is given below:

(in thousands of Ukrainian hryvnias)	**As at 31.12.2023**	**As at 31.12.2022**
Profit before tax	103 560	100 816
Nominal amount of tax expenses at a rate of 18%	18 641	18 147
Tax effect of non-taxable items	4 418	3 567
Income tax expenses	**23 058**	**21 714**

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

(in thousands of Ukrainian hryvnias)	Balance as at 1 January 2022	Recognised in Equity	Recognised in profit or loss	**Balance as at 31.12.2022**	Recognised in Equity	Recognised in profit or loss	**Balance as at 31.12.2023**
Revaluation of Fixed assets	**(8 208)**	(4 475)	-	**(12 683)**	(1 517)	-	**(14 200)**
Difference in Tax and Balance value of Tangible	**(1 724)**	-	532	**(1 192)**	-	430	**(762)**
Difference in Tax and Balance value of In-Tangit	**214**	-	(48)	**166**	-	(48)	**118**
Accruals for trade expenses and other services	**4 898**	-	1 441	**6 339**	-	3 147	**9 486**
Provision for bad debts	**-**	-	-	**-**	-	1 809	**1 809**
Provision for stock	**929**	-	(51)	**878**	-	(384)	**494**
	(3 892)	**(4 475)**	**1 874**	**(6 493)**	**(1 517)**	**4 954**	**(3 055)**

23 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. Purchase limits are established for each customer, which represents the maximum open amount without requiring additional approval from management. These limits are reviewed at a credit committee on quarter base.

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 2023 and 31 December 2022 are as follows:

(in thousands of Ukrainian hryvnias)	**As at 31 December 2023**		**As at 31 December 2022**		**Provision vs Gross Balance Value, %**	
	Gross Balance value	**Provision**	**Gross Balance value**	**Provision**	**As at 31 December 2023**	**As at 31 December 2022**
Not due	290 928	(4 603)	257 009	(5 356)	-2%	-2%
Due from 1 to 30	6 156	(339)	4 648	(252)	-6%	-5%
Due from 31 to 60	385	(77)	905	(181)	-20%	-20%
Due from 61 to 90	131	(65)	52	(26)	-50%	-50%
Due more than 90	27 078	(27 078)	22 443	(20 921)	-100%	-93%
	324 678	**(32 162)**	**285 058**	**(26 736)**		

(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 31.12.2023**	**As at 31.12.2022**
Trade receivables	292 516	258 321
Other receivables	19 739	20 045
Cash & cash equivalents	150 330 -	132 702
	462 584	**411 068**

The Company keeps its cash and cash equivalents in banks of good repute that are members of international banking groups. Management continuously monitors the financial condition of the institutions where cash and cash equivalents are placed.

The Company carries out trading operations only with proven and creditworthy customers. It is the Company's policy that the possibility of granting credit to customers wishing to cooperate on credit terms is analyzed on a case-by-case basis and is subject to formal approval. In addition, management performs an additional procedure for monitoring the status of counterparties' debts on a quarterly basis.
As at 31 December 2023, the Company has no significant concentration of accounts receivable.

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 31.12.2023	As at 31.12.2022
Prepayments and accrued income	1 364	698
	1 364	**698**

(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 2022				
Lease Liabilities	2 331	14 273	9 064	25 668
Trade payables	107 955	-	-	107 955
Other payables	3 288	-	-	3 288
Tax Liabilities	2 709	-	-	2 709
Liabilities on transitional accounts	21 951	-	-	21 951
	138 235	**14 273**	**9 064**	**161 572**
As at 31 December 2023				
Lease Liabilities	2 116	5 950	21 406	29 471
Trade payables	51 374	-	-	51 374
Other payables	3 462	-	-	3 462
Tax Liabilities	8 841	-	-	8 841
Provision	29 975	-	-	29 975
	95 767	**5 950**	**21 406**	**123 124**

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 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).

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
As at 31 December 2022		
Trade and other receivables	44 610	28 940
Cash & cash equivalents	89 563	11 763
Trade and other payables	(7 745)	(60 204)
Net (short) long position	**126 427**	**(19 501)**
As at 31 December 2023		
Trade and other receivables	51 208	22 970
Cash & cash equivalents	31 352	3 732
Trade and other payables	(17 286)	(18 948)
Net (short) long position	**65 274**	**7 754**

The exposure to the variable USD X-rate as of December 31, 2023 is presented below:

		As at 31.12.2023	As at 31.12.2022
Currency	Rate	Profit	Profit
USD	+10%	6 527	12 643
	+5%	3 264	6 321
	-5%	-3 264	-6 321
	-10%	-6 527	-12 643
EUR	+10%	775	-1 950
	+5%	388	-975
	-5%	-388	975
	-10%	-775	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. As as 31 12 2023 the Company doesn't have any loans or borrowings.

24 Fair value assessment

Book value of fixed assets buildings, constructions and land plots are accounted for at fair value, which was determined by an independent appraiser as of 31/12/2023 and 31/12/2022

The appraiser used a comparative methodological approach to evaluate land spot & buildings since there is a sufficient number of comparable real estate objects on the open market for the sale. The other constructions are evaluated by expensed method.

.- 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).

Hierarchy of values of property, plant and equipment accounted for at fair value, by level:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
level 2	126 297	120 224
level 3	3 642	3 225
	129 939	**123 449**

Total increase in the value (revaluation) of land plot, buildings & other constructions is recognized in other comprehensive income:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Revaluation of land and buildings	8 426	24 861
Related income tax	(1 517)	(4 475)
	6 909	**20 386**

If land, buildings and other constructions were carried at acquisition cost, their Net Book Values would be as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Land	1 459	1 459
Buildings and constructions	51 594	52 457
	53 054	**53 917**

As at 31 December 2022-2023 the Company does not have any financial asset and liabilities at fair value. As at 31 December 2022-2023, all financial assets and liabilities of the Company were measured at amortized cost.

25 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 2023:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Salaries and bonuses	16 878	12 932
	16 878	**12 932**

(b) Balances and transactions with Related Parties

Outstanding balances with Related Parties are as follows:

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Trade receivables - Sarantis Bulgaria Ltd	-	305
Trade receivables - Sarantis Polska SA	689	719
Trade receivables - Sarantis Romania SA	263	-
Trade receivables - SARANTIS HUNGARY	355	653
Trade receivables - Sarantis Serbia	3 799	14 705
Trade receivables - Sarantis Bosnia	368	213
Trade receivables - Sarantis Skopje	103	176
	5 577	**16 771**
Suppliers (Goods, Raw Mat, Pack,FA) - GR SARANTIS S.A.	(7 753)	(28 830)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Polska SA	(8 608)	(9 100)
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Romania	-	-
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Czech	-	-
Suppliers (Goods, Raw Mat, Pack,FA) - Sarantis Hungary	(491)	-
Suppliers (Sevices, Consum, other) - Ivybridge Ventures Limited	(4 017)	(3 016)
Suppliers (Sevices, Consum, other) - GR SARANTIS S.A.	(1 099)	(6 732)
	(21 967)	**(47 678)**
Accrued Expenses - Affiliates - Ivybridge Ventures Limited	(721)	0
Accrued Expenses - Affiliates - GR SARANTIS S.A.	(800)	0
	(1 521)	**-**

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

(in thousands of Ukrainian hryvnias)	As at 31.12.2023	As at 31.12.2022
Revenue	36 977	41 901
Royalty expenses	(2 230)	(1 205)
Interest expenses		(1)
Expenses: goods	(79 616)	(45 847)
Expenses: services	(2 686)	(3 023)

26 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

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