Limited Liability Company “Austria Juice Ukraine”

Financial statements as at and for the year ended 31 December 2021

These financial statements contain 42 pages

Contents

Independent Auditors' Report

To the Participants of Limited Liability Company "Austria Juice Ukraine"

Opinion

We have audited the financial statements of Limited Liability Company "Austria Juice Ukraine" (the "Company"), which comprise the balance sheet (the statement of financial position) as at 31 December 2021, the income statement (the statement of comprehensive income), the statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Law of Ukraine "On accounting and financial statements in Ukraine" on preparation of the 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 *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Note 1(b) to the financial statements, which describes the impact of military invasion that was started by the Russian Federation on the territory of Ukraine on 24 February 2022. As stated in Note 1(b), these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards (IFRS) and the requirements of the Law of Ukraine "On accounting and financial statements in Ukraine" on preparation of the financial statements, 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.

Auditors' 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 auditors' 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 auditors’ 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 auditors’ 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.

The engagement partner on the audit resulting in this independent auditors’ report is:

«КПМГ Аудит»
Ідентифікаційний код
31032100

Gavriliuk Oleksandr Olegovych

Registration No. 101470 in the Register of Auditors and Audit Organisations

Deputy Director

PJSC KPMG Audit

9 September 2022

Kyiv, Ukraine

			CODES		
		Date (year, month, day)	2021	12	31
Entity	**Limited Liability Company "Austria Juice Ukraine"**	EDRPOU	37695570		
Territory	Vinnitska oblast	KOATUU	0510100000		
Legal organizational business form	Limited Liability Company	KOPFG	240		
Type of economic activity	Production of fruit and vegetable juices	KVED	10.32		
Average number of employees	53				
Address	32, Sergiia Zulinskogo str., Vinnitsia, 21022				

Measurement unit: thousands of UAH
Prepared in accordance with (put "v" where appropriate):

under the Accounting Regulations (Standards)	
under International Financial Reporting Standards	V

Balance Sheet (Statement of financial position)
as at 31 December 2021

Form No. 1 DKUD Code 1801001

Assets	Line code	31 December 2020	31 December 2021	Note
1	2	4	5	6
I. Non-current assets				
Intangible assets:				
net book value	1000	465	**413**	
cost or valuation	1001	608	**608**	
accumulated amortisation	1002	(143)	**195**	
Construction in progress	1005	1,740	**3,387**	
Property, plant and equipment:				
net book value	1010	6,588	**5,111**	*9*
cost or valuation	1011	46,362	**44,903**	
accumulated depreciation	1012	(39,774)	**39,792**	
Deferred tax assets	1045	1,707	**3,165**	*8*
Total non-current assets	**1095**	**10,500**	**12,076**	

The balance sheet (statement of financial position) is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 - 42.

Assets	**Line code**	**31 December 2020**	**31 December 2021**	**Note**
1	2	4	5	6
II. Current assets				
Inventories:	1100	147,768	**247,550**	*10*
raw materials and consumables	1101	7,904	**7,329**	
work in progress	1102	-	**-**	
finished goods	1103	139,864	**240,221**	
merchandise	1104	-		
Trade accounts receivable	1125	564	**45,514**	*11, 19(c)*
Other receivables:				
on advance payments	1130	1,130	**105**	
taxes, including:	1135	47,153	**49,320**	
including income tax	1136	-	**363**	
Receivables from internal settlements	1145	-	**-**	
Other current receivables	1155	88	**513**	
Cash and cash equivalents	1165	3,993	**5,017**	*12*
Cash on hand	1166	7	**7**	
Cash in bank	1167	3,986	**5,010**	
Deferred expenses	1170	201	**226**	
Other current assets	1190	-	**243**	
Total current assets	**1195**	**200,897**	**348,488**	
III. Non-current assets available for sale, and disposal group assets	**1200**	-	**-**	
Total assets	**1300**	**211,397**	**360,564**	

The balance sheet (statement of financial position) is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 - 42.

Liabilities and equity	Line code	31 December 2020	31 December 2021	Note
1	2	4	5	6
I. Equity				
Registered capital	1400	89,592	**89,592**	*13(a)*
Retained earnings	1420	79,711	**74,205**	
Unpaid capital	1425	-	-	
Total Section I	**1495**	**169,303**	**163,797**	
II. Long-term liabilities and provisions				
Long-term provisions	1520	851	**911**	
Total current assets	**1595**	**851**	**911**	
III. Current liabilities and provisions				
Trade accounts payable	1615	3,979	**7,815**	*19(c)*
Current payables related to: taxes, including:	1620	1,754	**6**	
including income tax	1621	1,754	-	
Insurance payable	1625	-	-	
Salaries payable	1630	17	**19**	
Advances received	1635	31,388	**61,051**	*19(c)*
Payables to participants	1640	-	-	
Payables on internal settlements	1645	-	**123,805**	*16*
Current provisions	1660	3,945	**3,160**	*15*
Other current liabilities	1690	160	-	
Total current liabilities	**1695**	**41,243**	**195,856**	
IV. Liabilities attributable to non-current assets available for sale, and disposal group assets	**1700**	-	-	
Total equity and liabilities	**1900**	**211,397**	**360,564**	

[1] Total liabilities as at 31 December 2021 should be calculated as the total of lines 1595, 1695 and 1700 amounting to UAH 196,767 thousand (31 December 2020: UAH 42,094 thousand).

These financial statements were approved by the Company's management on 9 September 2022 and signed on their behalf by:

Director for Operations	Financial Director	Chief Accountant
Myslyvyy Petro	Ihor Yalovitsa	Natalia Chupakhina

ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ * м.ВІННИЦЯ * УКРАЇНА * 37695570 «АВСТРІЯ ДЖУС УКРАЇНА»

The balance sheet (statement of financial position) is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 - 42.

		CODES		
	Date (year, month, day)	2021	12	31
Entity **Limited Liability Company "Austria Juice Ukraine"**	EDRPOU	37695570		

Income statement
(Statement of comprehensive income)
for the year ended 31 December 2021

Form No. 2 DKUD Code 1801003

I. FINANCIAL RESULTS

Description	Line code	2021	2020	Note
1	2	3	4	5
Net revenues from sale of products (goods, works, services)	2000	181,010	158,758	*5*
Cost of sold products (goods, works, services)	2050	(155,078)	(139,727)	
Gross:				
Profit	**2090**	**25,932**	**19,031**	
Other operating income	2120	1,671	11,637	
Administrative expenses	2130	(17,368)	(14,695)	*6 (b)*
Distribution expenses	2150	(4,181)	(1,535)	*6 (a)*
Other operating expenses	2180	**(9,436)**	(2,232)	
Results from operating activities:				
Profit	**2190**	**-**	**12,206**	
Loss		**(3,382)**	**-**	
Other finance income	2220	**68**	2,536	
Other income	2240	-	-	
Finance expenses	2250	(2,813)	(4)	
Other expenses	2270	-	-	
Financial result before tax:				
Profit	**2290**	**-**	**14,738**	
Loss	**2295**	**(6,127)**	**-**	
Income tax expense	2300	621	(3,554)	*8*
Profit (loss) from discontinued operations after tax	2305	-	-	
Net financial result:				
Profit	**2350**	**-**	**11,184**	
Loss	**2355**	**(5,506)**	**-**	

The income statement (statement of comprehensive income) is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 − 42.

Income statement (Statement of comprehensive income) for the year ended 31 December 2021 (continued)

II. COMPREHENSIVE INCOME

Description	Line code	2021	2020	Note
1	2	3	4	5
Revaluation increase (decrease) on non-current assets	2400	-	-	
Revaluation increase (decrease) of financial instruments	2405	-	-	
Accumulated foreign currency translation differences	2410	-	-	
Share of other comprehensive income of associates and joint ventures	2415	-	-	
Other comprehensive loss	2445	-	-	
Other comprehensive loss before tax	**2450**	-	-	
Income tax related to other comprehensive loss	2455	-	-	
Other comprehensive loss after tax	**2460**	-	-	
Comprehensive income (total of lines 2350, 2355, and 2460)	**2465**	**(5,506)**	**11,184**	

III. ELEMENTS OF OPERATING EXPENSES

Description	Line code	2021	2020
1	2	3	4
Material expenses	2500	183,254	147,624
Salaries and related charges	2505	21,227	18,653
Social events contributions	2520	3,885	3,728
Amortization	2515	1,631	1,987
Other operating expenses	2520	76,423	18,714
Total	**2500**	**286,420**	**190,706**

IV. EARNINGS PER SHARE

Description	Line code	2021	2020
1	2	3	4
Average annual number of ordinary shares	2600	-	-
Adjusted weighted-average annual number of ordinary shares	2605	-	-
Net income (loss) per ordinary share	2610	-	-
Adjusted net income (loss) per ordinary share	2615	-	-
Dividend per ordinary share	2650	-	-

These financial statements were approved by the Company's management on 9 September 2022 and signed on their behalf by:

Director for Operations	Financial Director	Chief Accountant
Myslyvyy Petro	Ihor Yalovitsa	Natalia Chupakhina

The income statement (statement of comprehensive income) is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 – 42.

			CODES	
		Date (year, month, day)	2021	12	31
Entity	**Limited Liability Company “Austria Juice Ukraine”**	EDRPOU	20118399		

Statement of cash flows (direct method)

for the year ended 31 December 2021

Form No. 3 | DKUD Code | 1801004

Description	Line code	2021	2020
1	2	3	4
I. Cash flows from operating activities			
Proceeds from:			
Products (goods, works, services) sold	3000	99,331	149,190
Taxes and duties refunded:	3005	-	-
including VAT	3006	-	-
Target financing	3010	-	-
Prepayments received from customers	3015	101,884	54,284
Proceeds from return of advances	3020	76	1,026
Proceeds from interest on balances on current accounts	3025	68	117
Other proceeds	3095	258	245
Payments for:			
Goods (works, services)	3100	(255,029)	(171,200)
Wages and salaries	3105	(16,747)	(14,254)
Social charges	3110	(3,961)	(3,667)
Tax and duty liabilities	3115	(7,224)	(8,387)
including income tax paid	3116	(2,953)	(4,711)
including value-added tax paid	3117	-	-
expenses on payment of other taxes and fees liabilities	3118	(4,271)	(3,676)
Prepayments to suppliers	3135	(13,794)	(7,084)
Advances from customers returned	3140	(21,919)	-
Other expenditures	3190	(1,427)	(1,299)
Net cash flow from operating activities	**3195**	**(118,484)**	**(1,029)**
II. Cash flows (used in) from investing activities			
Proceeds from the sale of:			
financial investments	3200	-	-
non-current assets	3205	624	-
Proceeds from:			
Interests	3215	-	-
Dividends	3220	-	-
Proceeds from derivatives	3225	-	-
Proceeds from loans repaid	3230	-	-
Other proceeds	3250	-	-
Expenses for the purchase of:			
financial investments	3255	-	-
non-current assets	3260	(2,123)	(1,854)

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 − 42.

Description	**Line code**	**2021**	**2020**
1	2	3	4
Payments on derivatives	3270	-	-
Expenses for extending loans	3275	-	-
Expenses for purchasing a subsidiary or any other business entity	3280	-	-
Other payments	3290	-	-
Net cash flows from investing activities	**3295**	**(1,499)**	**(1,854)**
III. Cash flows (used in) from financing activities			
Proceeds from:			
issue of share capital	3300	-	-
Borrowings	3305	121,558	-
Proceeds from selling a share in a subsidiary	3310	-	-
Other proceeds	3340	-	-
Expenses for:			
purchase of treasury shares	3345	-	-
repayment of borrowings	3350	-	-
dividends paid	3355	-	-
Interest paid	3360	(57)	-
Other payments	3390	-	-
Net cash flows (used in) from financing activities	**3395**	**121,501**	-
Net cash flows for the reporting period	**3400**	**1,518**	**(2,883)**
Cash and cash equivalents as at the beginning of the year	3405	**3,993**	4,457
Effect of change in exchange rates on cash and cash equivalents	3410	(494)	2,419
Cash and cash equivalents at the year-end	3415	**5,017**	**3,993**

These financial statements were approved by the Company's management on 9 September 2022 and signed on their behalf by:

Director for Operations
Myslyvyy Petro

Financial Director
Ihor Yalovitsa

Chief Accountant
Natalia Chupakhina

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 – 42.

			CODES		
		Date (year, month, day)	2021	12	31
Entity	**Limited Liability Company "Austria Juice Ukraine"**	EDRPOU	37695570		

Statement of changes in equity

for the year ended 31 December 2021

Form No. 4 DKUD Code 1801005

Description	Line code	Registered capital	Retained earnings	Unpaid capital	Total
1	2	3	4	5	6
Balance as at 31 December 2020	**4000**	**89,592**	**79,711**	**-**	**169,303**
Net profit (loss) for the reporting period	**4100**	**-**	**(5,506)**	**-**	**(5,506)**
Other comprehensive income for the reporting period	**4110**	**-**	**-**	**-**	**-**
Retained earnings distributed:					
Distributions to shareholders (dividends)	4200	-	-	-	-
Shareholders contributions:					
Repayments of capital obligation	4245	-	-	-	-
Total changes in equity	**4295**	**-**	**(5,506)**	**-**	**(5,506)**
Balance as at 31 December 2021	**4300**	**89,592**	**74,205**	**-**	**163,797**

Total comprehensive income should be calculated as total of lines 4100 and 4110 and amounts to UAH (5,506) thousand.

These financial statements were approved by the Company's management on 9 September 2022 and signed on their behalf by:

Director for Operations	Financial Director	Chief Accountant
Myslyvyy Petro	Ihor Yalovitsa	Natalia Chupakhina

«АВСТРІЯ ДЖУС УКРАЇНА» * 37695570 *

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 – 42.

		CODES		
	Date (year, month, day)	2020	12	31
Entity **Limited Liability Company "Austria Juice Ukraine"**	EDRPOU	37695570		

Statement of changes in equity

for the year ended 31 December 2020

Form No. 4 DKUD Code 1801005

Description	Line code	Registered capital	Retained earnings	Unpaid capital	Total
1	2	3	4	5	6
Balance as at 31 December 2019	**4000**	**89,592**	**68,527**	**-**	**158,119**
Net profit for the reporting period	**4100**	**-**	**11,184**	**-**	**11,184**
Other comprehensive income for the reporting period	**4110**	**-**	**-**	**-**	**-**
Retained earnings distributed:					
Distributions to shareholders (dividends)	4200	-	-	-	-
Shareholders contributions:					
Repayments of capital obligation	4245	-	-	-	-
Total changes in equity	**4295**	**-**	**11,184**	**-**	**11,184**
Balance as at 31 December 2020	**4300**	**89,592**	**79,711**	**-**	**169,303**

Total comprehensive income should be calculated as total of lines 4100 and 4110 and amounts to UAH 11,184 thousand.

These financial statements were approved by the Company's management on 9 September 2022 and signed on their behalf by:

Director for Operations
Myslyvyy Gregoriy

Financial Director
Ihor Yalovitsa

Chief Accountant
Natalia Chupakhina

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 15 – 42.

1. Reporting entity

(a) Organisational structure and operations

Limited Liability Company “Austria Juice Ukraine” (the “Company”) was created on 8 July 2011 according to the current legislation of Ukraine. The Company’s registered legal address and place of business is: 32, Sergiia Zulinskogo str., Vinnitsia, 21022.

The main activity of the Company is the production of fruit and vegetable juices.

(b) Business environment

The Company's operations are primarily located in Ukraine. Consequently, the Company is exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The political and economic situation in Ukraine has been subject to significant turbulence in recent years. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Ukraine.

In spring 2014 an armed conflict started in certain parts of Luhansk and Donetsk regions of Ukraine. As a result, part of the Donetsk and Luhansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory. Further, in March 2014, a series of events in Crimea led to the annexation of the Republic of Crimea by the Russian Federation, which was not recognized by Ukraine and many other countries.

On 21 February 2022, the Russian Federation officially recognised two Ukrainian breakaway regions of Luhansk and Donetsk and authorised the use of military forces in those territories. On 24 February 2022, Russian troops invaded Ukraine and commenced military activities in multiple locations. These ongoing activities have led to casualties, significant dislocation of the population, damage to infrastructure, introduction of certain administrative restrictions on currency conversion transactions and payments abroad by the National Bank of Ukraine and overall significant disruption to economic activity in Ukraine. This might have a detrimental impact on the political and business environment in Ukraine, including on the ability of many entities to continue business as usual.

The Company’s management has considered uncertainties related to consequences of military invasion and concluded it is reasonably possible that the Company will be able to continue as a going concern based on the following considerations:

- The Company's management predicts that the military invasion will be short-term or that much of Ukraine is not adversely affected by hostilities, and that after that Ukraine will stabilize and resume economic activity;
- Due to the unpredictable development of the situation in Ukraine due to the war, to maintain liquidity, the Company's management decided to change the structure of sales distribution as follows: 25% of external sales - to third parties and 75% of domestic sales - to related parties. The main related party of the Company is the parent company AUSTRIA JUICE GmbH, which is located in Austria, resulting in additional transportation costs.
- The Company's management is organizing the re-launch of the company's operations in the current situation. Currently the major issue is the provision of appropriate logistics for finished goods supplies, the Company is actively searching for opportunities for building of new logistic chains.

- The Company has necessary financial resources to finance its operating activities during the period of military invasion and in the foreseeable future. The major sources of financing are expected to be cash balances and receivables, which are expected to be settled per agreements terms.
- The Company has the necessary number of human resources, which is enough to carry out operational activities during the period of military activities in Ukraine. The Company also makes regular salary payments in full amount.
- As at the date of these financial statement all assets are safeguarded. Currently the region where the Company's production facilities and warehouses are located is under Ukraine's control, no aggressive military on-the-ground actions occurred in this area. Warehouses and production facilities of the Company are not destroyed, and the inventories are stored properly.
- As at the date of these financial statements, the management of the Company and its parent company do not intend to suspend or liquidate the Company's operations in Ukraine. On 23 August 2022 the Company obtained a letter of comfort from its ultimate parent company AGRANA Beteiligungs-Aktiengesellschaft, which states that there are currently no plans to discontinue business operations in Ukraine and the Group will ensure that the Company has sufficient financial resources to continue to meet its payment obligations. To ensure the necessary supply of raw materials and energy, the Group will hold out the prospect of issuing corporate guarantees in favor of suppliers, if required.

At the same time, as at the date of these financial statements military activities in Ukraine continue to develop. Continuation of military activities will result in prolongation of existing administrative restrictions from the National Bank of Ukraine, such as a ban on payments to the foreign counterparties, except for supply of critical import goods, as well as additional administrative restrictions may be introduced by Ukrainian authorities. Further, prolongation of military activities may result in disruption of the Company's supply chain, human resources shortages necessary to conduct the daily operating activities of the Company, or significant damage to the Company's assets.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Company was unable to continue as a going concern.

Whilst management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, a continuation of the military activities in Ukraine could negatively affect the Company's results and financial position in a manner not currently determinable, including its ability to continue as a going concern. These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the requirements of the Ukrainian legislation on financial reporting.

3. Functional and presentation currency

The national currency of Ukraine is the Ukrainian hryvnia ("UAH"), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in UAH has been rounded to the nearest thousand, unless otherwise indicated.

The principal UAH exchange rates are as follows:

Currency	**31 December 2021**	31 December 2020
USD	27,28	28.27
EURO	30,92	34.74

4. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 17(b)(i) – measurement of ECL allowance for trade accounts receivable: key assumptions in determining the weighted-average loss rate.

Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: measurement is based on quoted (unadjusted) prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between levels of the fair value hierarchy during the years ended 31 December 2021 and 31 December 2020.

Further information about the assumptions made in measuring fair values is included in the Note 17(a).

5. Net revenues from sale of products (goods, works, services)

Net revenues from sale of products (goods, works, services) for the years ended 31 December 2021 and 31 December 2020 are as follows:

(in thousands of Ukrainian hryvnias)	**2021**	2020
Export sales	**108,185**	152,611
Domestic sales	**72,825**	6,147
Total revenue from sales of juice concentrates under contracts with customers	**181,010**	**158,758**

6. Operating expenses

(a) Distribution expenses

Distribution expenses for the years ended 31 December 2021 and 31 December 2020 are as follows:

(in thousands of Ukrainian hryvnias)	**2021**	2020
Transportation costs	3,331	756
Salary and salary related charges	844	772
Other	6	7
Total	**4,181**	**1,535**

(b) Administrative expenses

Administrative expenses for the years ended 31 December 2021 and 31 December 2020 are as follows:

(in thousands of Ukrainian hryvnias)	**2021**	2020
Salary and salary related charges	8,111	6,550
Services from related parties	2,822	2,537
Audit, consulting and legal services	2,801	2,153
Amortization	398	688
Insurance	745	683
Banking services	812	655
Provision	117	314
IT services	309	312
Other	1,253	803
Total	**17,368**	**14,695**

7. Employee benefit expenses

Employee benefit expenses for the years ended 31 December 2021 and 31 December 2020 are as follows:

(in thousands of Ukrainian hryvnias)	**2021**	2020
Wages and salaries	21,227	18,653
Salary related charges	3,885	3,728
Total	**25,112**	**22,381**

As at 31 December 2021, the number of the Company's employees was 53 persons (31 December 2020: 53 persons).

8. Income tax expense

(a) Amounts recognised in profit or loss

The income tax rate applicable to the Company was 18% as at 31 December 2021 and 31 December 2020.

The components of the income tax expense for the years ended 31 December are as follows:

(in thousands of Ukrainian hryvnias)	**2021**	2020
Current income tax expense	(837)	(3,875)
Deferred tax benefit	1,458	321
Total income tax (expense) benefit	**621**	**(3,554)**

(b) Reconciliation of effective tax rate

(in thousands of Ukrainian hryvnias)	**2021**	**%**	2020	**%**
Profit (loss) before tax	(6,127)	100%	14,738	100.0%
Income tax (expense) benefit at applicable tax rate	1,103	(18%)	(2,653)	(18.00%)
Non-deductible expenses	(482)	7.9%	(901)	(6.11%)
Actual income tax (expense) benefit	**621**	**(10.1%)**	**(3,554)**	**(24.11%)**

(c) Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following items:

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Inventories	1,098	844
Current provisions	568	742
Long-term provisions	164	121
Other receivables on taxes	1,335	
Total	**3,165**	**1,707**

All changes in recognized deferred tax assess are recognized in profits and losses.

9. Property, plant and equipment

Movements in property, plant and equipment for the years ended 31 December 2021 and 2020 are as follows:

(in thousands of Ukrainian hryvnias)	**Land and buildings**	**Machinery and equipment**	**Vehicles**	**Fixtures and fittings**	**Total**
Historical cost					
Balance as at 31 December 2020	**2,126**	**40,758**	**2,175**	**1,303**	**46,362**
Additions	-	468	-	-	**468**
Disposals	-	(324)	(1,574)	(29)	**(1,927)**
Balance as at 31 December 2021	**2,126**	**40,902**	**601**	**1,274**	**44,903**
	Land and buildings	**Machinery and equipment**	**Vehicles**	**Fixtures and fittings**	**Total**
Amortisation and impairment losses					
Balance as at 31 December 2020	**(945)**	**(36,186)**	**(1,421)**	**(1,222)**	**(39,774)**
Amortisation for the year	(126)	(1,293)	(138)	(22)	**(1,579)**
Disposals	-	324	1,208	29	**1,561**
Balance as at 31 December 2021	**(1,071)**	**(37,155)**	**(351)**	**(1,215)**	**(39,792)**
	Land and buildings	**Machinery and equipment**	**Vehicles**	**Fixtures and fittings**	**Total**
Net book value					
As at 31 December 2020	1,181	4,572	754	81	6,588
As at 31 December 2021	**1,055**	**3,747**	**250**	**59**	**5,111**

The depreciation charge for 2021 has been charged to cost of production and administrative expenses of UAH 1,232 thousand and UAH 347 thousand, respectively (2020: UAH 1,236 thousand and 688 thousand, respectively).

As at 31 December 2021, the cost of property, plant and equipment, presented in the table above, that are fully derpreciated amounted to UAH 25,841 thousand (31 December 2020: UAH 27,071 thousand).

10. Inventories

In 2021, raw materials, consumables and changes in finished goods and work in progress recognised as cost of revenue amounted to UAH 183,254 thousand (2020: UAH 147,624 thousand).

In 2021 and 2020, the write-down of inventories to net realisable value amounted to UAH 1,413 thousand and UAH 626 thousand, respectively, and was included into cost of sold products (goods, works, services).

11. Trade accounts receivable

Trade accounts receivable as at 31 December 2021 and 31 December 2020 are presented as follows:

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Trade accounts receivable due from third parties	**44,956**	564
Trade accounts receivable due from related parties	**558**	-
	45,514	564
Provision for impairment (Note 17(b)(i))	-	-
Total trade accounts receivable	**45,514**	564

The Company`s exposure to credit and currency risks related to trade accounts receivable are disclosed in Note 17(b).

12. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2021 are mainly represented by the bank balances in amount of UAH 5,010 thousand (31 December 2020: UAH 3,986 thousand).

Information on the Company`s exposure to credit and currency risks related to cash and cash equivalents is disclosed in Note 17 (b).

13. Capital and reserves

(a) Charter capital

Participants in a limited liability company have voting, profit distribution, and capital repayment rights proportionally to the size of their contribution to the charter capital, including the right of unilateral withdrawal of their share of the Company's assets.

The structure of the registered charter capital of the Company as at 31 December 2021 and 31 December 2020 is as follows:

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
AUSTRIA JUICE GmbH (previous name: AGRANA Juice Holding GmbH)	**89,592**	89,592
Total	**89,592**	**89,592**

14. Capital management

The Company has no formal policy for capital management but management aims to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of the investors, creditors and market and to sustain future development of the business. This is achieved with efficient cash management, constant monitoring of the Company's revenue and earnings, and long-term investments plans mainly financed by the Company's operating cash flows. With these measures, the Company aims for a steady profit growth.

15. Current provisions

Current provisions as at 31 December 2021 and 2020 are presented as follows:

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Audit	1,285	1,785
Unused vacation	875	1,103
Annual bonus to employees	998	1,028
Other	2	29
Total	**3,160**	**3,945**

16. Payables on internal settlements

This Note provides information on the contractual terms of loans and borrowings of the Company, on which interest is accrued and which are valued at amortised cost. Further information on the Company`s exposure to interest, currency risks and liquidity risks are disclosed in 17(b)(ii) and 17(b)(iii).

Payables on internal settlements as at 31 December 2021 and 31 December 2020 are presented as follows:

(in thousands of Ukrainian hryvnias)	**Line**	**Currency**	**Year of maturity**	**Nominal interest rate**	**Effective interest rate**	**31 December 2021**	
						Nominal value	**Carrying value**
Payables on internal settlements	**1645**						
Unsecured loans		UAH	2021-2022	1m EURIBOR + 1.20%	1.20%	123,690	123,690
Interest payable						115	115
Total						**123,805**	**123,805**

As at 31 December 2020 there are no payables on internal settlements.

(a) Reconciling changes in liabilities with cash flows arising in the course of financial activities

(in thousands of Ukrainian hryvnias)	**Payables on internal settlements**	
	2021	**2020**
Balance as at 01 January	**-**	**-**
Changes as a result of cash flows from financing activities:		
Proceeds from loans	121,558	-
Repayment of loans	-	-
Interest paid	(57)	-
Total changes as a result of cash flows from financing activities	**121,501**	**-**
Other changes		

Impact of changes in exchange rates	2,132	-
Interest expenses on loans	181	-
Other changes related to liabilities	(9)	-
Total other changes	**2,304**	**-**
Balance as at 31 December	**123,805**	**-**

17. Fair values and risk management

(a) Fair value

The estimated fair values of financial assets and liabilities are determined using discounted cash flow and other appropriate valuation methodologies, at year-end, and are not indicative of the fair value of those instruments at the date these financial statements are prepared or distributed. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Fair value estimates are based on judgments regarding future expected cash flows, current economic conditions, risk characteristics of various financial instruments and other factors.

Fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments, In addition, tax ramifications related to the realisation of the unrealised gains and losses can have an effect on fair value estimates and have not been considered.

Management believes that for all the financial assets and liabilities the carrying value is estimated to approximate the fair value as at 31 December 2021 and 31 December 2020. Such fair value was estimated by discounting the expected future cash flows under the market interest rate for similar financial instruments that prevails as at the reporting date. The estimated fair value is categorised within Level 3 of fair value hierarchy.

(b) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This Note presents information about the exposure to each of these risks, the objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included in respective Notes to 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 Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's operations. The Company, 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 owners of the Company 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.

(i) Credit risk

Credit risk is the risk of a financial loss for the Company if a customer or counterparty fails to meet its contractual obligations. The credit risk arises principally from trade accounts receivable and cash and cash equivalents.

The carrying amounts of financial assets represent the maximum credit exposure.

Trade accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Concentration risk

Revenue from one customer represents approximately 52% (UAH 93,662 thousand) of the Company's total revenue for the year ended 31 December 2021 (2020: 96% (UAH 152,611 thousand).

The Company has been for more than five years cooperating with customers accounting for 37% of trade accounts receivable as at 31 December 2021 (more than 96% as at 31 December 2020), and none of the balances was written off or credit impaired as at 31 December 2021 and 31 December 2020. In monitoring customer credit risk, customers are grouped according to their credit characteristics, whether they are individuals or legal entities, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company does not require collateral in respect of trade and other receivables.

At 31 December 2021 and 31 December 2020, the exposure of the Company to credit risk for trade accounts receivable by geographic region was as follows:

	Gross carrying amount	
(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Domestic customers	**28,816**	564
Foreign customers	**16,698**	-
Total	**45,514**	**564**

Expected credit losses for customers as at 31 December 2021 and 31 December 2020

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has no formal credit policy for customers and the level of credit risk is approved and constantly monitored individually for all significant customers. The Company does not require collateral for trade accounts receivable and other financial instruments.

Given the significant concentration of trade receivables, the expected credit losses were calculated by the Company on an individual basis. As at 31 December 2021, carrying amount of accounts receivable from the three of the major customers of the Company comprised UAH 43,356 thousand (31 December 2020: UAH 541 thousand).

For these counterparties, the Company has determined that the credit risk is low, i.e. the clients have sufficient opportunities to meet its contractual obligations to pay cash in the short term, and adverse changes in economic and business conditions in the longer term are unlikely to reduce the ability to perform its contractual obligations to pay - and did not recognize the expected credit losses due to small amounts.

As at 31 December 2021 and 31 December 2020, trade accounts receivable were not overdue, and the Company did not recognize any related impairment losses.

Cash and cash equivalents

The Company held cash and cash equivalents of UAH 5,017 thousand at 31 December 2021 (31 December 2020: UAH 3,933 thousand). As at 31 December 2021 and 31 December 2020, cash and cash equivalents (except cash on hand) are held in subsidiaries of international banking groups, which are one of the most reliable banks in Ukraine and have a rating of the international credit agency Moody's B3.

The impairment of cash and cash equivalents was assessed as insignificant based on 12-month ECLs, representing short-term nature of the items exposed to risk; therefore, the Company did not create a provision for impairment at 31 December 2021 and 31 December 2020. The Company believes that its cash and cash equivalents have low credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting 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 following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and are repayable within not more than six months from the reporting date, except for payables on internal settlements, payable no later than October 19, 2022 or may be repaid in advance by the Borrower.

	Carrying value	
(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Trade accounts payable	7,815	3,979
Payables on internal settlements	123,805	-
	131,620	**3,979**

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

(iii) 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.

Currency risk

The Company is exposed to currency risk on sales and purchases denominated in currencies other than UAH. The currency in which these transactions are primarily denominated is EUR.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure 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.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows:

(in thousands of Ukrainian hryvnias)

	31 December 2021	31 December 2020
Cash and cash equivalents	1,980	2,222
Trade accounts receivable	16,698	-
Current trade accounts payable	(344)	(86)
Payables on internal settlements	(123,805)	-
Net exposure	**(105,471)**	**2,136**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the UAH, as indicated below, against all other currencies at 31 December 2021 and 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent weakening of the Ukrainian hryvnia against the following currencies 31 December 2021 and 31 December 2020 would have the following effect on net profit and equity:

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
EURO	(8,649)	175

A 10 percent strengthening of the UAH against the above currencies at 31 December 2021 and 31 December 2020 would have had the equal but opposite effect on the above amounts on the basis that all other variables remain constant.

Interest rate risk

The Company is exposed to interest rate risk on loans obtained. During 2021 року the Company has concluded the credit line agreement with a related party – Agrana Group company. As at 31 December 2021 the liability has comprised EUR 4,000 thousand or UAH 123,690 thousand (31 December 2020: nil). The Company has used its credit limit – EUR 4,000 thousand; there are no overdue loan balances as at 31 December 2021 and 31 December 2020. Increase in interest rate by 1% as at the reporting date would lead to decrease in net profit and equity by UAH 1,014 thousand, decrease in interest rate by 1% as at the reporting date would have equal but opposite effect (31 December 2020: nil). This analysis presumes that all other variables, in particular, exchange rates, remain constant. Taking into consideration that the loan from the entity under common control is granted for settlement on creditor's demand, the management does not expect material impact of interest rate risk on the Company.

Other market price risk

The Company does not enter into commodity contracts other than to meet expected usage and sale requirements; such contracts are not settled net.

18. Commitments and contingencies

(a) Capital commitments

As at 31 December 2021, the maximum contractual commitment is UAH 1,740 thousand (as at 31 December 2020 - UAH 1,759 thousand).

(b) Taxation contingencies

The Company performs most of its operations in Ukraine and therefore is within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterised by numerous taxes and frequently changing legislation which may be applied retroactively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the Ministry of Finance and other state authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These facts create tax risks substantially more significant than typically found in countries with more developed systems. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

19. Related parties

(a) Parent and ultimate controlling party

The Company's immediate parent company is AUSTRIA JUICE GmbH. Ultimate parent company is Agrana Beteiligungs-Aktiengesellschaft (parent company of the whole group is AG Zudzucker).

(b) Transactions with key management personnel

(i) Key management remuneration

Key management personnel are individuals that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Key management received the remuneration of UAH 3,622 thousand for the year ended 31 December 2021, which is included in personnel costs (for the year ended 31 December 2020: UAH 2,667 thousand). Key management personnel comprised 2 persons on each reporting date.

(c) Balances and transactions with parent company and entities under common control or having significant control over the entity

(in thousands of Ukrainian hryvnias)	**2021**	2020
Income Statements (Statements of Comprehensive Income)		
Net revenues from sale of products (goods, works, services)		
Parent company	91,579	152,611
Entities under common control	1,488	-
Expenses on purchases of services and raw materials		
Parent company	(3,394)	-
Entities under common control	(58,803)	(24,941)

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Trade accounts payable		
Parent company	(262)	-
Entities under common control	(6,340)	(1,194)
Current accounts payable on advances received		
Parent company	(60,966)	(31,388)
Payables on internal settlements		
Entities under common control	(123,805)	-

(in thousands of Ukrainian hryvnias)	**31 December 2021**	31 December 2020
Trade accounts receivable		
Entities under common control	558	-

All outstanding balances with related parties are to be settled in cash within not more than six months of the reporting date, except for payables on internal settlements, payable no later than October 19, 2022 or may be repaid in advance by the Borrower. None of the balances are secured. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

20. Basis of measurement

The financial statements have been prepared on the historical cost basis.

21. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company throughout the period presented in these financial statements.

(a) Revenues from sale of products (goods, works, services)

The Company defines a contract with a customer as an agreement between two or more parties that creates enforceable rights and obligations, where the customer is a party that buys from the Company goods and services being the output of the Company’s ordinary activities in exchange for consideration. Enforceability of the rights and obligations in a contract is a matter of law. The contracts of the Company are concluded in written form.

Revenue is measured based on the consideration promised in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over goods or service to a customer. Revenue is presented net of refunds expected and discounts granted to customers.

Sales of goods

The Company sells fruit concentrates and other goods using the contracts with different terms of delivery and terms of transfer of risks and rewards.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Transfer usually occurs when a customer takes away goods from the Company`s premises on terms of FCA (“Free Carrier”) or when delivery is made to a customer’s warehouse on terms of DAP (“Delivered At Place”).

The Company recognises sales of goods when a customer obtains control of them. The indicators that control has passed are assessed by the management for each contract and include the signs that the customer has:

- *a present obligation to pay;*
- *physical possession;*
- *legal title;*
- *accepted the risks and rewards of ownership; and*
- *accepted the asset.*

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods.

The Company transfers control and recognises a sale once the goods have been placed at the customer's disposal at the specified location, the customer is then responsible for all costs and risks related to the goods. Related shipping and handling activities occur before control of the goods has been transferred to the customer and no separate performance obligation in respect of shipping and handling activities is recognised.

Significant financing component

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Hence, as a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The standard payment terms are 15-350 days.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the Company`s functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign exchange gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in retranslation are recognised in profit or loss.

(c) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

To the extent that the Company's contributions to social programs benefit the community at large and are not limited to the Company's employees only, they are expensed as incurred.

(ii) Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deductible. The calculation is performed using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Defined contribution state pension plan

The Company accrues a social insurance charge in an amount that is calculated based on wages of each employee. These amounts are expensed as incurred. Payment of a single social contribution is made in the national currency by making payments of social insurance charges to the accounts of the State Fiscal Service of Ukraine.

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or practically enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the Company`s business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or are substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The write-down and reversal of inventories to net realisable value are included in cost of sold products (goods, works, services).

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

- buildings 10-20 years;
- machinery and equipment 2-5 years;
- vehicles 5 years;
- tools, fixtures and fittings (furniture) 4 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

(i) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(ii) Depreciation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are 2-10 years. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Lease

(i) Determining whether an arrangement contains a lease

At inception of a lease contract, the Company assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract provides for the use of an identified asset - it may be explicitly or implicitly specified. The asset has to be physically distinct or represent practically the entire portion of the physically distinct asset. If the supplier has the substantive right to substitute the asset throughout the period of use, such asset is not deemed an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Upon initial application or modification of a contract that contains a lease component as well as one or more additional lease and non-lease components, the Company allocates the compensation envisaged in the contract to each lease component based on the lease relative individual component price and the non-lease aggregate individual component price.

(ii) Right-of-use assets and lease liabilities

At the lease commencement date, the Company recognises the right-of-use asset and the lease liability. The right-of-use asset is recognised at cost, which includes the amount at the initial measurement of the lease, any lease payments made at the date of the lease, less any incentives to lease received, plus any initial direct costs incurred by the lessee, an estimate of costs, to be incurred by the lessee in the process of dismantling and relocating the leased asset, restoring the location where it is located, or restoring the leased asset to the condition required by the lease, unless such costs are incurred to create inventories.

Subsequently, the right-of-use asset amortised on a straight-line basis stating from the date of the lease commencement until the earlier of the following two dates occurs: the end of the useful life of the ROU asset or the end of the lease term. The useful lives of ROU assets are estimated in the same way as for the PPE. In addition, the ROU assets value is reduced periodically for impairment losses, if any, and adjusted for certain revaluations of the lease.

The lease liability is measured at the date of the lease start at the present value of the lease payments not paid on that date. Leases are discounted using an interest rate that is implicit in the lease, if such a rate can be easily determined. If such a rate cannot be easily determined, the Company applies an additional tenant borrowing rate. As a rule, the Company uses an additional borrowing rate.

Lease payments included in the lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the same index or rate as at the lease commencement date.

Subsequently, the loans are accounted for at amortised cost using the effective interest method. A lease liability is revalued when future lease payments arise as a result of a change in the index or rate or when the Company changes its assessment of whether it will continue or terminate the agreement.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or its effect is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. A revaluation of a lease liability caused by a change in exchange rates does not adjust the carrying amount of the asset and is recognised in the profit or loss statement.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases.

The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Lease terms and discount rates

The right-of-use assets and lease liabilities value depends on management assessment of the lease term and the applicable borrowing rate. The lease term corresponds to the term of the non-cancellable lease contract, unless there is sufficient confidence that the contract will be extended. In assessing the terms of the lease, the Company's management analyses all the facts and circumstances that may affect the economic feasibility of extending the lease.

Additional borrowing rates of the lessee are defined as the interest rates that the Company would be required to pay for borrowings for a similar period and with similar collateral required to obtain an asset at a value comparable to the right-of-use asset value in similar economic environment.

(i) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

The Company’s financial assets comprise trade and other receivables, bank deposits and cash and cash equivalents and are classified as the financial assets at amortised cost.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents comprise cash balances on the current accounts, cash in transit and call deposits.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company measures all of its financial liabilities at amortised cost.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as ‘substantial modification’), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Company performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Company analogises to the guidance on the derecognition of financial liabilities.

The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the NBU key rate, if the loan contract entitles banks to do so and the Company have an option to either accept the revised rate or redeem the loan at par without penalty. The Company treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any commission and fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment

(i) Non-derivative financial assets

Financial instruments

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade and other receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses on trade and other receivables and cash and cash equivalents are presented in other operating expenses, and not presented separately in the income statement (statement of comprehensive income) due to materiality considerations.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Company’s corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Impairment losses are recognised in other expenses. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised at all.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Charter capital

Participants in a limited liability company have voting, profit distribution, and capital repayment rights proportionally to the size of their contribution, including the right of unilateral withdrawal of their share.

The amendment Puttable Financial Instruments and Obligations Arising on Liquidation to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements require participants' interests in limited liability companies to be classified as equity, rather than liabilities, if, along with other criteria, the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on profit or loss, change in the recognised net assets or change in the fair value of the recognised and unrecognised net assets over the life of the instrument, and there are no other instruments issued that have cash flows based substantially on the above items or restrict or fix the residual return to the puttable instrument holders. In the view of management, the above criteria are met.

Accordingly, as at 31 December 2021 and 31 December 2020, management determined that all the conditions required for the puttable financial instrument representing participants' interests in the Company, being a limited liability company, to be classified as equity are met. Therefore, such interests in the Company are classified as equity, rather than liabilities, because they represent a residual interest in the entity.

22. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements:

- *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);*
- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);*

- *Annual Improvements to IFRS Standards 2018–2020;*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);*
- *Reference to Conceptual Framework (Amendments to IFRS 3);*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8).*

Management is currently assessing the potential impact on its financial statements resulting from the application of the above Standards or amendments. The new and amended standards are not expected to have a significant impact on the Company's financial statements.

23. Events subsequent to the reporting date

Management has performed analysis of subsequent events from the reporting date till the date of issuance of these financial statements, and has identified the following.

On 24 February 2022, Russian troops invaded Ukraine and commenced military activities in multiple locations. This impacted, among other things, the Company's ability to continue business as usual. Refer to note 1(b) for management's assessment of the impact of the current business environment on the operations and the financial position of the Company.

These financial statements were approved by management on 9 September 2022 and were signed on its behalf by:

Operations Director	Financial Director	Chief Accountant
Peter Myslyvi	Igor Yalovitsa	Natalia Chupakhina

«АВСТРІЯ ДЖУС УКРАЇНА» ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ * м.ВІННИЦЯ * УКРАЇНА * 37695570 *

Management Report

LLC "AUSTRIA JUICE UKRAINE"

(EDRPOU Code 37695570)

2021

Management of Limited Liability Company "AUSTRIA JUICE UKRAINE" (hereinafter "the Company") hereby presents the Management Report together with the Company's financial statements as at 31 December 2021, 31 December 2020 and for the year then ended 31 December 2021.

Organisation and operations overview

Limited Liability Company "AUSTRIA JUICE UKRAINE" (formerly LLC Agrana Fruit Ukraine, renamed on 23 February 2015) was founded on 8 July 2011 in accordance with effective Ukrainian legislation. As at 31 December 2021, the Company's sole founder is:

AUSTRIA JUICE GmbH (formerly AGRANA Juice Holding GmbH) Kroellendorf 45, A-3365 Allhartsberg, Austria, Registered No. 51618a in St. Poelten Trade Register – 100% (see below).

The Company's legal address and the actual place of business is 32, Serhiia Zulinskoho str., Vinnytsia, Ukraine.

The number of employees as at 31 December 2021 was 53 (31 December 2020: 53).

The Company's principal activity is production of fruit and vegetable juices.

The production facilities of LLC "Austria Juice Ukraine" are located at 32, Serhiia Zulinskoho str., Vinnytsia, Ukraine, covering the space of 0.75 ha and comprising the following equipment:

- pilers (for unloading apples from trucks) – 2;
- bunker for apples - 1;
- apple crushing systems with washers - 2;
- belt fruit press - 1;
- hydraulic fruit presses - 4;
- juice concentrate evaporators - 2;
- ultrafiltration units - 2;
- finished products warehouse - 1.

The Company uses the following materials in the production of apple juice concentrate (trade item 2009):

- fresh apples purchased by the Company in Ukraine from legal entities and individuals (trade item 0808);

- no enzymes used in the fermentation process;

- the Company's products are sugar- and sweetener-free;

- the Company uses foreign-made amylase and pectinase enzymes (trade item 3507) purchased from legal entities in Ukraine as auxiliary materials. The enzymes are used to split pectin and starch and increase juice extraction from apple pulp.

The Company's Management Board is a collegiate corporate body comprising two members, Chief Operating Officer and Chief Financial Officer. Members of the Management Board are appointed by the founder. The Management Board is authorised to decide on all matters related to the Company's business except for those within the sole competence of the Founder. Each Management Board member is authorised to conduct legal transactions without Power of Attorney on behalf of the Company and represent it in the relationships with all legal entities and individuals.

During 2019, the Charter of the Company was amended to bring it into conformance to Law of Ukraine No. 2275-VIII dated 6 February 2018 "On Limited and Additional Liability Companies".

Results of operations

The Company's financial results for the year ended 31 December 2021 are set out in the financial statements. Net profit for 2021 amounted to UAH 5,506 thousand (2020: UAH 11,184 thousand). The income and expenses during the reporting period were impacted by fluctuations in euro exchange rates, which resulted in a decrease in the Company's net profit.

Liquidity and obligations

Liquidity risk is the risk that the Company will be unable to meet 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 Company aims to maintain the level of cash and cash equivalents and other highly marketable instruments at an amount in excess of expected cash outflows on financial liabilities over the next 30 days. The Company also monitors the level of expected cash inflows from settlement of receivables and expected outflows in relation to settlement of payables.

Risks

(a) Economic environment

The political and economic situation in Ukraine has been subject to significant turbulence in recent years and demonstrates characteristics of an emerging market. The military invasion of the Russian Federation, that commenced subsequent the reporting date, on February 24, 2022, led to a significant disruption of economic activity in Ukraine and has further increased uncertainties for businesses in Ukraine.

For more information on the Ukrainian business environment, see Note 1 (b) to the financial statements.

(b) Risks associated with financial instruments

The Company is exposed to credit risk, liquidity risk and market risk in relation to the financial instruments it holds. The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in Note 17 (b) to the financial statements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's net profit 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 on investments.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Credit risk related to trade receivables is managed based on established policies, procedures and controls relating to customer credit risk management.

Liquidity risk

See above.

Environmental aspects

During the year ended 31 December 2021, the Company consumed 1,591,267 kWh of electricity (2020: 1,019,532 kWh) and 26,486 cubic meters of water (2020: 19,476 cubic meters). The increase in electricity and water consumption reduction in 2021 compared to 2020 arises from increased in finished goods production.

During the reporting period, the Company took the following energy saving actions: ensuring the employees' awareness of the electricity and water saving requirements, particularly the requirement to turn off/unplug unused electrical devices when not used.

The Company encourages environment protection behaviors among its employees such as document printing only when necessary, printing on both sides, shrink-to-fit printing, when possible, turning off lights and equipment at night, and maintenance and repairs of water consumption devices to avoid leaks.

Social aspects and human resources management

As at 31 December 2021, the total number of the Company's employees was 53 (31 December 2020: 53). The share of female employees is 35,42% as at 31 December 2021 (31 December 2020: 16.28%), including 20% of women in management positions (31 December 2020: 20%). The Company initiates various projects to promote equal opportunity practices, supporting gender equality in the process of employment and management decision-making.

The employee's right to work is exercised through signing the employment contract with the Company. When being hired, all newcomers are required to provide their duly prepared labour records (books), passport and military ID, as well as diplomas and professional certificates. All newcomers are required to pass medical examination. The trial period shall not exceed one month for workers and three months for other employee categories. Transfers to other positions are only allowed at the employee's consent, except for cases provided for by the legislation. Labour contracts are terminated on the basis envisaged by the law.

The Company maintains comprehensive occupational safety policies and procedures, including:

1. Occupational safety guidelines relating to particular jobs and high-risk work.
2. The working staff is provided on-the-job occupational safety and fire prevention instruction, and appropriate safety training log is maintained.
3. The Company's employees are subject to annual training and appraisal in occupational safety.
4. The officials and specialists performing high-risk works are trained and appraised at specialised training institutions.
5. The Company employs an occupational safety officer holding an Occupational Training & Health Auditor's Certificate under ISO 45001:2016 and ISO 19011:2011 from Fortius Quality Group.
6. The Company has obtained the following permits:

- Permit for high-risk work - gas flame work No. 071.18.05 of 26 February 2018 issued by the State Labour Service of Ukraine.
- Declaration on the right to perform work at height No. 61.19 - D of 27 February 2019 issued by the State Labour Service of Ukraine.
- Declaration on the right to perform welding work No. 118.19 - D of 15 April 2019 issued by the State Labour Service of Ukraine.
- Permit for operation of high-risk equipment - vessels with operating pressure above 0.05 MPa No. 055.18.05 of 21 March 2018 issued by State Labour Service of Ukraine.
- Declaration No. 2318 -17 of 18 March 2019 issued by the State Labour Service of Ukraine on operation of high-risk equipment, utility & support vehicle: TOYOTA 02 - 8FGF35 used gas forklift.

7. Piler operators are required to wear high-visibility jackets.
8. For safety clearance purposes, all employees of the Company are subject to annual mandatory preventive medical examinations in accordance with Ministry of Public Health Order No. 280 dated 23 July 2002 "On preventive medical examinations of certain categories of professionals at organisations related to provision of public services that may be exposed to the risk of spread of infectious diseases", and Ministry of Public Health Order No. 150 dated 21 March 2013 "On amendments to Ministry of Public Health Order No. 280 dated 23 July 2002" with the mandatory admission of the employees of the Company to perform their duties.
   The last final act based on the results of the periodic medical examination of May 7, 2021.
9. The Company has various incentives for employees based on their compliance with occupational safety regulations and personal and collective safety requirements and taking an active part in the actions aimed at labour safety improvement.

The Company supports learning and development of its employees by offering professional trainings.

The Company ensures respect for human rights and prevention of corruption and bribery through adherence to the effective Ukrainian legislation.

The Company provides social benefits, guarantees and compensations to the employees, including:

1. Business lunches partially paid by the Company.
2. The employees are allowed time off for medical examinations and medical aid.
3. Material aid is provided for the year under the Company's Social and Economic Development Program as follows: one-off allowance to a parent in relation to a childbirth, funeral of an immediate relative, employee's or his/her children's marriage, 8 March gifts to female employees; allowance upon retirement and upon military service; jubilee payments (30, 40 and 50 years of age and retirement age); payments for uninterrupted service (10, 20 and 30 years); New Year gifts to employees' children.
4. Employees' requests for one-time aid in connection with treatment of serious illness are considered together with the Staff Council.
5. The Company pays for employees' voluntary health insurance based on the contract with an insurance company.

Research and development activities

The Company conducts internal and external research. Internal research includes in-house sensory acceptance testing (i.e. taste, smell and appearance), physical and chemical research (i.e. mass fraction of soluble solids, acidity, turbidity, colour, etc.), and microbiological testing of raw materials and finished products (i.e. total aerobic and anaerobic mesophilic count, count of pathogenic and opportunistic microorganisms, yeast, fungus, etc.). External research is conducted in other laboratories in Ukraine and Europe that involves salts of heavy metals, pesticide, nitrate, mycotoxine, radionuclide and other tests.

The total amount of research and development costs in the laboratories of Ukraine in 2021 was UAH 63 thousand (2020: UAH 21 thousand), research conducted in laboratories of Europe is funded by Austria Juice GmbH. Part of the research in 2021 was conducted through the official representative of a European company in Ukraine, who organized research in European laboratories. The amount of expenses amounted to UAH 69,000.

Financial investments

As at 31 December 2021 and 31 December 2020 there were no financial investments.

Prospects for development

The Company's prospects for development for the year are set out in its internal plans such as Five-Year Development Plan and Next Business Year Development Budget. Based on those documents, the Company elaborates a clear action plan for future years defining the ways and strategy to ensure profitable operations.

Given all risks and challenges arising in the current business and political environment, The Company's management has considered uncertainties related to consequences of military invasion and concluded it is reasonably possible that the Company will be able to continue as a going concern. The Company intends to continue its business operations without reducing their scale.

«АВСТРІЯ ДЖУС УКРАЇНА»

P.P. Myslyvyy	**Chief Operating Officer**
I.O Yalovitsa	**Chief Financial Officer**
N.O. Chupakhina	**Chief Accountant**