

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS
for the year ended 31 December 2022
with Independent Auditor's Report

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS for the year ended 31 December 2022

| CONTENTS | PAGES |
|-----------------------------------------------------------------------------------------------|-------|
| INDEPENDENT AUDITOR'S REPORT | |
| STATEMENT ON MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS | 3 |
| BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) as of 31 December 2022 | 4 |
| STATEMENT OF PROFIT AND LOSS (STATEMENT OF COMPREHENSIVE INCOME) | 6 |
| STATEMENT OF CASH FLOWS (direct method) | 8 |
| STATEMENT OF CHANGES IN EQUITY | 9 |
| NOTES TO THE FINANCIAL STATEMENTS | 10 |
| 1. Information about the Company and its core activities | 10 |
| 2. Company's operating environment in Ukraine | 10 |
| 3. Basis of preparation | 11 |
| 4. Summary of significant accounting policies | 13 |
| 5. Standards issued but not yet effective | 23 |
| 6. Correction of errors | 23 |
| 7. Intangible assets | 24 |
| 8. Property, plant and equipment | 24 |
| 9. Construction-in-progress | 26 |
| 10. Inventories | 26 |
| 11. Trade receivables | 26 |
| 12. Cash and cash equivalents | 27 |
| 13. Authorized capital | 28 |
| 14. Long-term provisions | 28 |
| 15. Short-term bank loans | 28 |
| 16. Trade payables | 29 |
| 17. Current provisions | 29 |
| 18. Revenue | 29 |
| 19. Cost of sales | 29 |
| 20. Other operating income | 30 |
| 21. Administrative expenses | 30 |
| 22. Selling expenses | 31 |
| 23. Other operating expenses | 31 |
| 24. Financial expenses | 31 |
| 25. Income tax | 31 |
| 26. Additional information to the statement of cash flows | 32 |
| 28. Contingent and contractual liabilities | 33 |
| 29. Fair value of financial instruments | 34 |
| 30. Financial risk management | 34 |
| 31. Events after the reporting date | 37 |

INDEPENDENT AUDITOR'S REPORT

To the Management and Owners of Limited Liability Company "Puratos Ukraine"

Opinion

We have audited the financial statements of *Limited Liability Company "Puratos Ukraine"* (the Company) which comprise the balance sheet (statement of financial position) as at 31 December 2022, and the statement of profit and loss (statement of comprehensive income), statement of cash flows and statement of equity capital for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Ukrainian legislation on financial reporting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including 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 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 Notes 2 and 3 to the financial statements that describe the impact of the ongoing military invasion of the Russian Federation and economic instability in Ukraine and the principal assumptions made by management on the Company's going concern. These events or conditions, along with other matters specified in Notes 2 and 3, indicate a material uncertainty 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 auditor's 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 review the management report, which is prepared in accordance with the law, and, in doing so, consider whether there is a material discrepancy between the financial information in the management report and the financial statements for the reporting period and/or other information, obtained by us during the audit, or whether that financial information appears to be materially misstated. If, based on the work we have performed, we conclude that there are material misstatements in the management report, we are required to describe and disclose the nature of such misstatements. 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 IFRSs and the requirements of the Ukrainian legislation on financial reporting, 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 owners either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Engagement partner on the audit resulting in this independent auditor's report is Roman Bilyk.
Registration number in the Register of Auditors and Audit Entities: 100524

Roman Bilyk on behalf of Nexia DK Audit LLC
Lviv, 7 June 2023



LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

STATEMENT ON MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS

The hereinafter statement, which should be read together with the description of the duties of the independent auditor, included in the above presented independent auditor's report, is made in order to differentiate between the responsibilities of the management of Limited Liability Company "Puratos Ukraine" (hereinafter referred to as the "Company") and mentioned independent auditor as to the financial statements of the Company.

Management of the Company is responsible for the preparation of the financial statements that present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial performance and cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

In the course of preparation of the financial statements the management of the Company is responsible for:

- Selecting, applying, and consistent application of appropriate accounting policies;
- Applying reasonable estimates and assumptions;
- Following the respective IFRS and disclosure of all material deviations from IFRS in the notes to the financial statements;
- Preparation of the financial statements based on the assumption that the Company will continue as a going concern except for the cases when such assumption is illegal.

Management is also responsible for:

- Designing, implementing, and maintaining effective and reliable internal control;
- Support of the accounting system which enables to prepare the information concerning the financial position of the Company with an appropriate level of accuracy at any time and guarantee the compliance of the financial statements with the requirements of IFRS;
- Taking measures within their competence in order to ensure the safekeeping of the assets of the Company;
- Prevention and detection of frauds and other abuses.

The financial statements of the Company as of 31 December 2022 were approved by management on 5 June 2023.

(Signature)

Director / Solovet Semli Anatoliyovuch
(Position / Name)

Stamp here



(Signature)

Chief accountant / Hulinska Svitlana Anatoliivna
(Position / Name)

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS
for the year ended 31 December 2022

Entity: LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

Territory: Odessa region

Type of an entity: Limited Liability Company

Type of economic activity: Wholesale of other food, including fish, crustaceans and mollusks

Average number of employees: 97

Measuring unit: Thousands of UAH

Address: st. Chornomorskohe Kazetstva, 115, Odessa, Odessa region, 65003

Date (year month day)

acc. to EDRPOU

acc. to KOATUU

acc. to KOPFG

acc. to KVED

| CODES |
|----------------|
| 2023 01 01 |
| 33933338 |
| UAS110027001 |
| 0076757 |
| 240 |
| 46.38 |

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
as of 31 December 2022

Form № 1 DKUD

1801001

| Assets | Item No | Notes | At the beginning of the year restated | At the end of the year |
|--------------------------------------------------------------------------|-------------|-------|------------------------------------------|------------------------|
| 1 | 2 | 3 | 4 | 5 |
| I. Non-current assets | | | | |
| Intangible assets: | 1000 | 7 | 1 841 | 1 747 |
| cost | 1001 | | 4 388 | 5 121 |
| accumulated amortization | 1002 | | 2 547 | 3 374 |
| Construction-in-progress | 1005 | 9 | 3 639 | 2 444 |
| Property, Plant and Equipment: | 1010 | 8 | 110 948 | 98 384 |
| cost | 1011 | | 193 874 | 197 362 |
| accumulated depreciation | 1012 | | 82 925 | 98 978 |
| Deferred tax assets | 1045 | 25 | 174 | 3 190 |
| Total, Non-current assets | 1095 | | 116 602 | 105 765 |
| II. Current assets | | | | |
| Inventories | 1100 | 10 | 65 611 | 63 169 |
| Raw materials and supplies | 1101 | | 24 599 | 31 856 |
| work in progress | 1102 | | 3 203 | 773 |
| finished goods | 1103 | | 17 159 | 12 170 |
| merchandise | 1104 | | 20 650 | 18 370 |
| Trade receivables | 1125 | 11 | 86 968 | 16 237 |
| Receivables from: | | | | |
| prepayments | 1130 | | 1 668 | 5 998 |
| State budget | 1135 | 6 | 3 487 | 5 682 |
| including income tax prepaid | 1136 | | - | 367 |
| Receivables from accrued income | 1140 | | 5 | 38 |
| Other receivables | 1155 | | 1 071 | - |
| Cash and cash equivalents | 1165 | 6,12 | 61 725 | 64 279 |
| current bank accounts | 1167 | | 61 725 | 64 279 |
| cash in transit | 1168 | | - | - |
| Deferred expenses | 1170 | | 622 | 417 |
| Other current assets | 1190 | | 113 | 359 |
| Total, Current assets | 1195 | | 221 270 | 156 179 |
| III. Non-current assets held for sale and discontinued operations | 1200 | | - | - |
| TOTAL | 1300 | | 337 872 | 261 944 |

These financial statements should be read in conjunction with the annexed notes which form its integral part.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS

for the year ended 31 December 2022

| Liabilities | Item No | Notes | At the beginning of the year restated | At the end of the year |
|-----------------------------------------------------------------------------------------------------|-------------|-------|------------------------------------------|------------------------|
| 1 | 2 | 3 | 4 | 5 |
| I. Equity | | | | |
| Authorized capital | 1400 | 13 | 159 912 | 159 912 |
| Accumulated deficit | 1420 | | 15 410 | 1 668 |
| Total, Equity | 1495 | | 175 322 | 161 580 |
| II. Long-term liabilities and provisions | | | | |
| Other long-term liabilities | 1515 | 8 | 47 640 | 46 925 |
| Long-term provisions | 1520 | 14 | 1 792 | 1 526 |
| Total, Long-term liabilities and provisions | 1595 | | 49 432 | 48 451 |
| III. Current liabilities | | | | |
| Short-term bank loans | 1600 | 15 | - | - |
| Payables for: | | | | |
| long-term liabilities | 1610 | 8 | 605 | 715 |
| trade payables | 1615 | 16 | 104 050 | 39 395 |
| payables to state budget | 1620 | | 1 426 | 3 515 |
| including income tax payable | 1621 | | 1 134 | - |
| payables for insurance | 1625 | | - | 164 |
| payables to employees | 1630 | | - | 909 |
| advances received | 1635 | | 693 | 2 |
| Current provisions | 1660 | 17 | 6 344 | 7 213 |
| Other current liabilities | 1690 | | - | - |
| Total, Current liabilities | 1695 | | 113 118 | 51 913 |
| IV. Liabilities associated with non-current assets held for sale and discontinued operations | 1700 | | - | - |
| Net asset value of a non-state pension fund | 1800 | | - | - |
| TOTAL | 1900 | | 337 872 | 261 944 |

Director

Chief Accountant



Solovei Serhii Anatoliyovych

Hulinska Svitlana Anatoliivna

These financial statements should be read in conjunction with the annexed notes which form its integral part.

FINANCIAL STATEMENTS
for the year ended 31 December 2022STATEMENT OF PROFIT AND LOSS
(STATEMENT OF COMPREHENSIVE INCOME)
for the year 2022

Form № 2

DKUD

1801003

I. PROFIT AND LOSS

| Item | Item No | Notes | At the end of the year | At the beginning of the year restated |
|------------------------------------------|-------------|-------|------------------------|------------------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Revenue | 2000 | 18 | 435 357 | 612 807 |
| Cost of sales | 2050 | 19 | (328 066) | (471 679) |
| Gross profit | 2090 | | 107 291 | 141 128 |
| Loss | 2095 | | | - |
| Other operating income | 2120 | 6,20 | 5 796 | 1 370 |
| Administrative expenses | 2130 | | (20 084) | (17 721) |
| Selling expenses | 2150 | 22 | (58 013) | (60 372) |
| Other operating expenses | 2180 | 6,23 | (39 999) | (30 134) |
| Result from operating activities: | 2190 | | - | 33 271 |
| profit | 2195 | | (5 009) | - |
| Loss | 2220 | | 25 | - |
| Other financial income | 2250 | 24 | (11 736) | (11 364) |
| Financial expenses | 2270 | | (38) | (5) |
| Other expenses | | | | |
| Result before income tax: | 2290 | | - | 21 902 |
| Profit | 2295 | | (16 758) | - |
| loss | 2300 | 25 | 3 016 | (3 950) |
| Income tax | | | | |
| Net result for the year: | 2350 | | - | 17 952 |
| profit | 2355 | | (13 742) | - |
| Loss | | | | |

II. OTHER COMPREHENSIVE INCOME

| Item | Item No | Notes | At the end of the year | At the beginning of the year |
|--------------------------------------------------|---------|-------|------------------------|------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Other comprehensive income before income tax | 2450 | | - | - |
| Income tax on other comprehensive income | 2455 | | - | - |
| Other comprehensive income after tax | 2460 | | - | - |
| Comprehensive income (Items 2350, 2355 and 2460) | 2465 | | (13 742) | 17 952 |

These financial statements should be read in conjunction with the annexed notes which form its integral part.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS

for the year ended 31 December 2022

III. OPERATING EXPENSES

| Item | Item No | Notes | At the end of the year | At the beginning of the year |
|--------------------------------|-------------|-------|------------------------|------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Cost of materials used | 2500 | | 298 285 | 428 920 |
| Payroll | 2505 | | 36 487 | 41 682 |
| Social Insurance contributions | 2510 | | 8 027 | 7 987 |
| Depreciation and amortization | 2515 | | 19 629 | 17 670 |
| Other operating expenses | 2520 | | 83 734 | 83 857 |
| Total | 2550 | | 446 162 | 580 116 |

IV. EARNINGS PER SHARE

| Item | Item No | Notes | At the end of the year | At the beginning of the year |
|-------------------------------------------|---------|-------|------------------------|------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Average number of ordinary shares | 2600 | | - | - |
| Diluted average number of ordinary shares | 2605 | | - | - |
| Earnings per share | 2610 | | - | - |
| Diluted earnings per share | 2615 | | - | - |
| Dividends per share | 2650 | | - | - |

Director

Chief Accountant



Solovei Serhii Anatoliyovych

Hulinska Svitlana Anatoliivna

These financial statements should be read in conjunction with the annexed notes which form its integral part.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS
for the year ended 31 December 2022STATEMENT OF CASH FLOWS (direct method)
for the year 2022

Form № 3

DKUD code

1801004

| Item | Item No | Notes | At the end of the year | At the beginning of the year <i>restated</i> |
|---------------------------------------------------------------------|-------------|-------|------------------------|-------------------------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| I. Cash flows from operating activities | | | | |
| Proceeds from: | | | | |
| Revenue | 3000 | | 391 140 | 548 679 |
| Refund of taxes and fees | 3005 | | - | 525 |
| Including value added tax | 3006 | | - | 525 |
| Special-purpose financing | 3010 | | 273 | 310 |
| Receipt of advances from customers | 3015 | | 202 157 | 164 088 |
| Return of advances | 3020 | | 392 | 94 |
| Interest on current accounts balances | 3025 | | 250 | 23 |
| Penalties (fines) received | 3035 | | 1 | 246 |
| Other receipts | 3095 | | 34 | 84 |
| Disbursements for: | | | | |
| Goods (works, services) | 3100 | | (309 452) | (474 692) |
| Labor | 3105 | | (35 231) | (32 270) |
| Payroll taxes | 3110 | | (7 949) | (8 255) |
| Taxes and charges | 3115 | | (30 118) | (31 727) |
| Payment of income tax | 3116 | | (1 500) | (1 662) |
| Payment of VAT | 3117 | 6 | (19 300) | (21 257) |
| Payment of other taxes and charges | 3118 | | (9 318) | (8 808) |
| Payment of advances | 3135 | | (197 001) | (114 401) |
| Payment for return of advances | 3140 | | (831) | (793) |
| Other payments | 3190 | 26 | (10 605) | (10 556) |
| Net cash flow from operating activities | 3195 | | 3 060 | 41 355 |
| II. Cash flows from investing activities | | | | |
| Proceeds from sales: | | | | |
| Non-current assets | 3205 | | - | 1 |
| Payments for: Non-current assets | 3260 | | (3 564) | (11 129) |
| Net cash flows from investing activities | 3295 | | (3 564) | (11 128) |
| III. Cash flows from financing activities | | | | |
| Proceeds from loans and borrowings | 3305 | 15 | 266 500 | 669 000 |
| Repayment of borrowings | 3350 | 15 | (266 500) | (679 000) |
| Payment of interests | 3360 | 15 | (1 821) | - |
| Other payments | 3390 | | (605) | (671) |
| Net cash flows from financing activities | 3395 | | (2 426) | (10 671) |
| Net cash flow for the reporting period | 3400 | | (2 930) | 19 556 |
| Cash balance at the beginning of the year | 3405 | | 61 725 | 46 739 |
| Net effect of changes in foreign exchange rates on the cash balance | 3410 | | 5 484 | (4 570) |
| Cash balance at the end of the year | 3415 | | 64 279 | 61 725 |

Director

Solovej Serhii Anatoliyovych

Chief Accountant

Huilnska Svitlana Anatoliivna

These financial statements should be read in conjunction with the annexed notes which form its integral part.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

FINANCIAL STATEMENTS

for the year ended 31 December 2022

STATEMENT OF CHANGES IN EQUITY
for the year 2022

| From № 4 | | | | | | | | | | DKUD | | 1801005 |
|----------------------------------------|---------|--------------------|---------------------|--------------------|------------------|---------------------|----------------|-----------------|----------|------|--|---------|
| Item | Item No | Authorized capital | Revaluation surplus | Additional capital | Capital reserves | Accumulated deficit | Unpaid capital | Treasury shares | Total | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | |
| At the beginning of the year | 4000 | 159 912 | - | - | - | 15 410 | - | - | 175 322 | | | |
| At the beginning of the year, adjusted | 4095 | 159 912 | - | - | - | 15 410 | - | - | 175 322 | | | |
| Net result for the year | 4100 | - | - | - | - | (13 742) | - | - | (13 742) | | | |
| Total changes in capital | 4295 | - | - | - | - | (13 742) | - | - | (13 742) | | | |
| At the end of the year | 4300 | 159 912 | - | - | - | 1 668 | - | - | 161 580 | | | |

STATEMENT OF CHANGES IN EQUITY
for the year 2021

| Item | Item No | Authorized capital | Revaluation surplus | Additional capital | Capital reserves | Accumulated deficit | Unpaid capital | Treasury shares | Total | | | |
|----------------------------------------|---------|--------------------|---------------------|--------------------|------------------|---------------------|----------------|-----------------|---------|--|--|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | |
| At the beginning of the year | 4000 | 159 912 | - | - | - | (2 542) | - | - | 157 370 | | | |
| At the beginning of the year, adjusted | 4095 | 159 912 | - | - | - | (2 542) | - | - | 157 370 | | | |
| Net result for the year | 4100 | - | - | - | - | 17 952 | - | - | 17 952 | | | |
| Total changes in capital | 4295 | - | - | - | - | 17 952 | - | - | 17 952 | | | |
| At the end of the year | 4300 | 159 912 | - | - | - | 15 410 | - | - | 175 322 | | | |

Director

Chief Accountant

Solovet Serhii Anatoliyovych

Hulinska Svitlana Anatoliivna



These financial statements should be read in conjunction with the annexed notes which form its integral part.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

1. Information about the Company and its core activities

Puratos Group ("the Group") is an international group of companies that offers a full range of innovative products, raw materials, and experience in the bakery, confectionery, and chocolate industries. In particular, the Company produces: margarine, leavens, fillings, dry bakery mixes, improvers, glazes and coatings.

The headquarters of the Group is located near Brussels (Belgium), where the company was founded in 1919. A century later, products and services are available in more than 100 countries around the world and, in many cases, are produced by a network of local subsidiaries.

The Group has had a representative office in Ukraine for over 15 years. Limited Liability Company "Puratos Ukraine" ("the Company") was registered on 28 November 2005. On 16 May 2016, a new modern plant of the Group was opened in the Odessa region.

The Company's legal address is: 65003, Odessa region, Odessa, Chornomorskoho Kozatsstva street, 115.
In 2022 the average headcount of the Company was 97 employees (2021: 109 employees).

2. Company's operating environment in Ukraine

The Ukrainian economy, just as before, is characterized by the signs and risks of a market with a transition economy. Such features include but are not limited to the low level of liquidity in the capital markets, the relatively high level of inflation, and the presence of currency controls, which do not allow the national currency to be a liquid means of payment outside of Ukraine. The stability of Ukraine's economy largely depends on the government's policies and actions aimed at reforming the administrative and legal systems, as well as the economy as a whole.

In recent years, amid the restriction of political and economic ties with the Russian Federation, Ukraine has reoriented its economy to close cooperation with the countries of the European Union ("EU"), realizing the potential of the established Deep and Comprehensive Free Trade Area ("DCFTA") with the EU.

Since the end of 2019, the COVID-19 coronavirus pandemic has significantly impacted the global and Ukrainian economies. However, the impact of the pandemic in 2022 was substantially lower than in 2020 and 2021. Quarantine and restrictive measures in the reporting year did not have a significant impact on the Company's operational processes.

On February 24, 2022, the Russian Federation, with the assistance and use of the territory of the Republic of Belarus, carried out a direct military invasion of Ukraine from various directions. This attack is a continuation of the Russian-Ukrainian war, which the Russian Federation started with the seizure of Crimea in February-March 2014 and the war in certain areas of Luhansk and Donetsk regions since April 2014.

As a result of the military invasion by the Russian Federation, full-scale hostilities broke out and are continuing on a large territory, covering several regions of Northern, Eastern, and Southern Ukraine. The airspace was closed to civil aviation; military and civilian infrastructure throughout the territory of Ukraine are regularly subjected to rocket and bomb strikes and artillery shelling. Martial law has been introduced in Ukraine since February 24, 2022.

Due to the active hostilities, economic activity in Ukraine significantly decreased. However, in the second half of 2022, it gradually began to recover thanks to the further liberation of Ukrainian territory, adaptation of business to new conditions, and the "grain corridor". But the existing logistical problems, especially in metallurgy, the destruction of production capacities, particularly in energy sector, and the decrease in real income of the population hold back the economy's recovery. Real GDP fell by 31.5% in 2022, compared to 3.2% growth in 2021.

In the conditions of war, inflationary pressure in Ukraine is expected to intensify. According to the forecast of the National Bank of Ukraine in 2022, inflation is expected to be around 30%. In order to maintain control over inflationary processes, the NBU gradually increased the discount rate, which at the end of the reporting year was 25%.

The main risk for economic development and business activity in Ukraine is continuing full-scale hostilities which may limit or make it impossible to carry out the Company's business activities in Ukraine. However, as of the end of the reporting year, the Company's normal operations have not been disrupted, and there are no active hostilities in the region where

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022 (in thousands of UAH, unless otherwise stated) the Company's main assets are located.

2. Company's operating environment in Ukraine (continued)

The stabilization of the military, political, and economic situation largely depends on the success of the joint efforts of Ukraine and the international community. Still, it is difficult to predict the further development of events, including the functioning of management, enterprises, and organizations in Ukraine.

The financial statements reflect the current assessment of the leading management personnel of Ukraine's military, political, and economic situation and its potential impact on the Company's activities and financial position. Further changes in the situation in the country may differ significantly from the management's assessment.

3. Basis of preparation

3.1. Statement of compliance

These financial statements were prepared according to the International Financial Reporting Standards ("IFRS"), approved by the International Accounting Standards Board ("IASB"), as well as the interpretations issued by the IFRS Interpretations Committee ("IFRIC").

3.2. Basis for measurement and preparation

These financial statements have been prepared on the basis of accrual and historical cost.

In practice, the substance of transactions and other circumstances and events does not always conform to the legal form. The Company arranged and maintains records and reflects business transactions and other events according to their substance and economic nature, not merely their legal form.

3.3. Reporting period

The reporting period for the preparation of the financial statements of the Company is a calendar year. The interim financial statements are prepared quarterly in a condensed format.

3.4. Functional and presentation currency

The functional currency of the Company is Ukrainian Hryvnia ("UAH"), being the currency of the environment in which all business transactions are performed. Operations in currencies other than the functional currency of the Company are considered to be transactions in foreign currencies.

Transactions in foreign currency are translated in the presentation currency by converting the amount in foreign currency using the exchange rate at the beginning of the day at the date of transaction.

The Company recognizes exchange differences on monetary balances in foreign currency at the reporting date, as well as at the date of the transaction within the reporting period.

The exchange rate of UAH against the currencies in which the Company had balances in previous years was as follows:

| | As of 31 December 2022 | Average for 2022 | As of 31 December 2021 | Average for 2021 |
|---------|---------------------------|---------------------|---------------------------|---------------------|
| UAH/USD | 36,5685 | 32,3423 | 27,2782 | 27,2862 |
| UAH/EUR | 38,9510 | 33,9820 | 30,9226 | 32,3090 |

The financial statements are prepared in the national currency of Ukraine - the Ukrainian hryvnia. Amounts are given in thousands of hryvnias (thousands of UAH), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)
3. Basis of preparation (continued)

3.5. Significant judgements, accounting estimates and assumptions of management

Preparation of the financial statements in accordance with IFRS requires the management of the Company to make judgments, estimates and assumptions that affect the application of accounting policies, and the amounts of assets, liabilities, income and expenses recognized in the financial statements, and the disclosure of information about contingent assets and liabilities.

Management's estimates and assumptions are based on the information available at the date of preparation of the financial statements. Actual results can differ from the current estimates. These estimates and assumptions are reviewed periodically, and, if adjustments are necessary, such adjustments are presented in the statement of profit and loss in the period in which they became known. Information on the most significant accounting estimates and assumptions of the Company's management is presented below.

Impairment of property, plant and equipment

At each reporting date, the Company assesses whether there are indicators of possible impairment of a specific asset or group of assets forming a cash-generating unit. The evaluation of impairment of property, plant, and equipment requires the application of estimates which include determining the reason, time, and amount of impairment.

The estimation of impairment is based on a number of factors such as a change in the current competitive environment, the expectation of the expansion of industry, increase in capital cost, changes in future accessibility of financing, technological deterioration, termination of a certain type of activity, current cost of reimbursement, and other changes in circumstances leading to the impairment recognition.

Useful lives of property, plant, and equipment

The Company estimates the remaining useful lives of property, plant, and equipment at the end of each financial year. If new expectations differ from previous estimates, these changes are considered to be a change in accounting estimates and are accounted for prospectively. These estimates can have a material influence on the carrying amount of property, plant, and equipment and a depreciation charge recognized in the statement of profit and loss.

Valuation of inventories

Inventories are measured at a lower of cost and net realizable value. In determining the net realizable value of its inventories, management makes an estimate based on various assumptions, including current market prices. At each reporting date, the Company values its inventories and, if necessary, writes them off to their net realizable value. Accordingly, the Company makes assumptions about the future use of inventories. These assumptions are based on information about inventory obsolescence.

Determining the lease term of contracts with renewal and termination option

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Incremental borrowing rate

In the absence of information about imbedded interest rate under lease agreements, the Company applies its incremental borrowing rate. For the purposes of these financial statements, the rates offered by the Company's banks in the same periods as the inception / modification of the lease agreements were used.

Related party transactions

In the ordinary course of business, the Company engages in related party transactions. IFRS 9 requires financial instruments to be accounted for at initial recognition at fair value. In the absence of an active market for transactions in such instruments, professional judgment is used to determine whether such transactions were carried out at market or non-market rates. The basis for such judgments is the pricing of similar types of transactions with unrelated parties and the analysis of the effective interest rate.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

3. Basis of preparation (continued)

Going concern assumption

In the near future, the Company will continue to be affected by the unstable economy in the country. As a result, there is uncertainty that may affect future operations and the ability to recover the value of the Company's assets, its ability to service and repay its obligations as they fall due.

The Company's financial statements are prepared based on the assumption of its future operation, which provides for the realization of assets and the fulfillment of obligations in the course of ordinary activities. Therefore, these financial statements do not include any adjustments that might occur if the Company were unable to continue as a going concern in the future and if it did not dispose of its assets in the ordinary course of business.

It is expected that the war will affect the Company's financial results, but it is impossible to make a reliable estimate of such an effect on the financial statements. Management does not intend to liquidate the Company or cease its operations and expects the Company to be able to operate for at least 12 months from the date of these financial statements.

The ongoing military invasion of the Russian Federation into Ukraine and the associated economic downturn and decline in business activity increase uncertainty, which negatively affects the forecast of financial results for the coming year. In addition, other events and conditions set forth in Note 2 indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

3.6. Application of new and revised IFRS

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these amendments apply for the first time in 2022, they did not have a material impact on the financial statements of the Company. The nature and the impact of each amendment are described below:

| Standard/ Interpretation | Contents | Impact |
|-----------------------------------------------|---------------------------------------------------------------------------------------|--------|
| Amendments to IFRS 3 | Reference to the Conceptual Framework | None |
| Amendments to IAS 37 | Onerous Contracts—Cost of Fulfilling a Contract | None |
| Amendments to IAS 16 | Proceeds before Intended Use | None |
| Annual Improvements to IFRS 2018 – 2020 Cycle | Amendments to IFRS 1, IFRS 9, IAS 41 and illustrative example 13 accompanying IFRS 16 | None |

4. Summary of significant accounting policies

These financial statements have been prepared in accordance with IFRS effective at the reporting date. The main principles of the accounting policy which have been used while preparing these financial statements are presented below.

Classification into non-current (long-term) and current (short-term)

The Company presents assets and liabilities in its statement of financial position based on the classification into non-current and current assets and long-term and short-term liabilities. The Company classifies an asset as current if:

- the asset is expected to be realized or the Company intends to sell or consume it during its normal operating cycle;
- the asset is held mainly for sale;
- the Company expects to sell the asset within twelve months after the reporting date;
- an asset is cash or cash equivalents unless there is a restriction on the exchange or use of that asset to repay a liability for at least twelve months after the reporting date.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

All other assets are classified as non-current.

The Company classifies a liability as current (short-term) if:

- the Company expects to repay this liability during its normal operating cycle;
- the liability is held primarily for sale;
- the liability is repayable within twelve months after the reporting date;
- the Company has no unconditional right to defer repayment of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current (long-term).

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

Fair value measurement

Fair value measurement assumes that an asset or liability is exchanged between market participants in a normal sale of an asset or a transfer of a liability at the measurement date under current market conditions.

Fair value measurement assumes that the sale of an asset or the transfer of liability occurs either:

- a) at the main market for that asset or liability; or
- b) in the absence of the main market, the most favourable market for that asset or liability.

The main or most favourable market should be available to the Company.

The fair value of an asset or liability is measured using assumptions that market participants use in pricing the asset or liability assuming that they are acting in their economic interest.

The fair value measurement of a non-financial asset takes into account the ability of the market participant to generate economic benefits through the most profitable and best use of the asset or by selling it to another market participant who will use that asset in the most profitable and best way.

The Company uses valuation approaches that correspond to the circumstances and for which there is sufficient data to measure fair value, making maximum use of the input data from open sources of information and minimizing use of internally generated input data.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy described below based on the lowest level inputs that are important to the fair value measurement as a whole:

- Level 1 - quotation prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation methods for which input data (other than quotation prices classified as Level 1) can be observed for an asset or liability, directly or indirectly;
- Level 3 - valuation techniques for which the input data to the asset or liability is not publicly available.

External valuers have been involved in measuring the fair value of certain groups of property, plant and equipment at the date of transition to IFRSs. Criteria for selecting valuers include market knowledge, reputation, independence and adherence to professional standards.

In order to disclose the fair value, the Company has determined classes of assets and liabilities based on the characteristics and risks of the assets or liabilities and the level of the fair value hierarchy, as explained above.

Revenue recognition

The Company is engaged in the production and wholesale of ingredients for bread, confectionery and chocolate production in the domestic market of Ukraine, as well as for export.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

The Company's contracts with buyers, as a rule, contain one performance obligation (sale of products) or two performance obligations (sale of products and its delivery). Revenue from contracts with customers is recognized when control of the goods or services has been transferred to the buyer in an amount that reflects the consideration, the Company expects to be entitled to in exchange for the goods or services provided to customers. The Company concluded that in most contracts it acts as a principal if it controls the goods and services until the transfer of its customers.

The following recognition criteria should be met before revenue is recognized:

Sale of products/goods

Sales revenue is recognized when control of an asset is transferred to the buyer, usually after the sale of the goods.

Revenue is recognized at the fair value of the consideration received, which is usually equal to the transaction price. If the transaction price, specified in the contract, includes a variable compensation, the Company should estimate the amount of compensation to which it will be entitled in exchange for the transfer of the promised goods to the customer. Variable compensation is determined by the Company at the inception of the contract and is recognized only if there is a high probability that when the uncertainty associated with variable compensation is mainly resolved, a significant reversal in the amount of recognized cumulative revenue from ordinary activities will not take place.

Generally, the Company receives short-term advances from its customers, or sells goods on credit terms for a period of 30 to 90 days. Using the practical technique in IFRS 15, the Company does not adjust the promised amount of consideration for a significant financing component if it expects, at the inception of the contract, that the period between the transfer of the promised good or service to the customer and payment for the good or service is one year or less.

Variable consideration

Some sales contracts give customers the right to return products and/or bonuses, percentage discounts of the sales price of products depending on certain factors. The Company recognizes revenue from the sale of products measured at the

fair value of the consideration received or to be received, less the amount of expected returns and discounts. If revenue cannot be reliably estimated, the Company defers revenue recognition until the uncertainty is resolved. Variable consideration is estimated at the time the contract is entered into and remains in place until the associated uncertainty is subsequently resolved.

Contract balances

Contract assets

A contract asset is a right to consideration in exchange for goods or services transferred to the customer. If the Company satisfies its performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Company has no contractual assets in the ordinary course of business, as control is generally transferred at the time the Company obtains an unconditional right to payment.

Trade receivables

At initial recognition the Company measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component in accordance with IFRS 15. After initial recognition, receivables are measured at amortized cost using the effective interest rate method, less allowance for expected credit losses.

The Company measures the expected credit loss allowance for trade receivables and contract assets in an amount equal to lifetime expected credit losses by using an allowance matrix. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of profit or loss. When a trade receivable or a contract asset is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(In thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies performance obligations.

Recognition of other income and expenses

Other income and expenses are recognized in the financial statements in the period in which they take place on an accrual basis and according to the matching concept irrespective of the date of cash receipt or payment.

Expenses are recognized as expenses of a certain period simultaneously with the recognition of income to generate which they are incurred. Expenses that cannot be directly related to the income of a certain period are recognized as expenses of the reporting period in which they were incurred. If an asset provides economic benefits over several reporting periods, the costs are recognized by systematically allocating its value between the relevant reporting periods.

Taxes

Current income tax

Current income tax assets and liabilities for the respective period are measured at the amount expected to be recovered from or paid to the taxation authorities according to Ukrainian legislation. The tax rates and tax laws used to compute the amount of tax are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax

Deferred tax is recognised on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax benefits and unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax benefits and unused tax losses carried forward can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Income, expenses, and assets are recognized net of value-added tax (VAT), except for the below cases:

- VAT that arises on purchase of assets or services that is not refunded by the tax authority; in this case VAT is recognized as part of cost of purchase of an asset or part of the expense item, depending on the circumstances;
- receivables and payables comprise the VAT amount.

Property, plant, and equipment

At initial recognition, property, plant and equipment are recognized at cost. The cost of property, plant and equipment consists of the cost of their acquisition, including non-refundable taxes, as well as any costs associated with bringing the assets into working condition and their delivery to the place of use. Replacements and improvements that significantly extend the useful lives of assets are capitalized, and maintenance costs are recognized as an expense as incurred.

After initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Construction in progress includes construction and reconstruction costs of property, plant and equipment and unfinished capital investments. At the reporting date, construction in progress is stated at cost less any accumulated impairment losses. Construction in progress is not depreciated until the asset is ready for use.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. Depreciation of an asset begins when it is ready-to-use, i.e., when it is delivered to the location of its use and brought into a ready-to-use condition, but not earlier than the month following the month in which the asset has been commissioned (inputted into operation).

Property, plant and equipment are classified into the following groups:

| | Useful life, months |
|---------------------------------------------|---------------------|
| Buildings | 240-360 |
| Machinery and equipment | 60 |
| Transport vehicles | 60 |
| Computer and network equipment | 36 |
| Fixture and fittings and other fixed assets | 48-60 |

The residual value, the useful life and depreciation method are reviewed and, if necessary, adjusted at the end of each financial year.

Intangible assets

Intangible assets acquired by the Company that have finite useful lives are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenses are capitalized only when they increase future economic benefits inherent to the particular assets to which they relate. All other expenses including goodwill and expenses for trademarks created by the Company are recognized in profit or loss in the period they were incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Depreciation is charged on the cost of the asset less residual value. Depreciation is recognized in profit or loss using straight-line method over the estimated useful lives of Intangible assets.

The estimated useful lives of intangible assets are as follows:

Intangible assets

3-10 years

The residual value, the useful life and depreciation method are reviewed and, if necessary, adjusted at the end of each financial year.

Impairment of assets

Assets with an indefinite useful life are not subject to depreciation and are tested annually for impairment.

Assets subject to depreciation are assessed for impairment whenever any events or changes in circumstances indicate that the carrying amount of an asset may exceed its recoverable amount.

For the purpose of the impairment assessment, the assets are grouped into the smallest groups for which it is possible to allocate separately identifiable cash flows (cash-generating units).

The asset is impaired when the carrying value of the asset exceeds its recoverable amount. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of two evaluations of an asset (or cash-generating unit): fair value less costs to sell and its value-in-use.

Borrowing costs

Borrowing costs include interest expense and other borrowing costs. The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized by the Company as an expense in the period in which they are incurred.

Inventories

Inventories are initially recognised at acquisition cost, including costs incurred in bringing the inventories to their present location and condition. The inventories are written off under the weighted average cost method.

At the reporting date inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and short-term deposits with an original maturity of less than three months.

The statement of cash flows is prepared using the direct method.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost.

Except for trade and other receivables at initial recognition, the Company measures a financial asset at its fair value minus (in the case of a financial asset not at fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset.

At initial recognition, the Company allocates financial assets to the respective category. Unless the Company changes its business model for managing financial assets, the Company does not change the category chosen on initial recognition.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Subsequent measurement

Subsequently, a financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

The Company does not have financial assets measured at fair value. The Company's financial assets at amortized cost comprise trade and other receivables, cash and cash equivalents.

Trade and other receivables

The Company classifies trade and other receivables as financial assets at amortized cost if both of the following conditions are met:

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

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

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Company applies a simplified approach to estimating the allowance for expected credit losses. Under this approach, the Company does not track changes in credit risks, instead the Company recognizes the lifetime expected credit losses of the financial asset at each reporting date. The Company uses an allowance matrix that takes into account the Company's historical credit loss experience adjusted for forecast information about debtors or changes in the economic environment.

The Company believes that the default of a financial asset takes place when the contractual cash flows are overdue for 180 days or more. However, in certain cases, the Company may recognize a default on a financial asset when available internal or external indicators indicate that the Company will not receive an outstanding portion of the contract amount in full before taking into account for the credit enhancement available. If the Company has no reasonable expectation that it will receive contractual cash flows from a financial asset, the asset is derecognised.

Derecognition

A financial asset (or a part of a financial asset, if applicable) is derecognised when:

- a) the contractual rights to receive cash flows from the asset have expired;
- b) the Company retains the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients without material delay under a 'pass-through' arrangement; and either
 - i) the Company has transferred substantially all the risks and rewards of the asset, or
 - ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In this case the relevant commitment for payment of received cash to the final recipient is retained.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has created or retained.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, or as other financial liabilities which are recognised at amortised cost using the effective interest rate method.

The Company measures a financial liability at its fair value plus (in the case of a financial liability not at fair value through profit or loss) transaction costs that are directly attributable to the issue of the financial liability.

On initial recognition of financial liabilities, the Company allocates them to a respective category. Subsequent reclassification of financial liabilities is not allowed.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The influence of the classification of financial liabilities in case of their initial recognition on their subsequent measurement is described as follows:

Loans and borrowings and trade and other payables

Loans and borrowings and trade and other payables are the most relevant category of financial liabilities to the Company. After initial recognition, loans and payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discounts or premiums on acquisition and fees or costs that are an integral part. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability (or part of it) is extinguished when the debtor either:

- i) discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services;
- or
- ii) is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor. (If the debtor has given a guarantee this condition may still be met).

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

If the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset but only when this reimbursement becomes probable. The amount of declared reimbursement should not exceed the amount of the provision recognized.

The expense relating to any provision is recognized in the statement of comprehensive income net of any reimbursement. In cases when the influence of the time value of money is significant, the amount of the provision has to be the present value of expenditures which, as expected, will be necessary to repay the liability. The pre-tax discount has to reflect current market estimates of the time value of money and risks attributable to the liability. If the discounting is used, the increase in the amount of the provision in the subsequent periods is recognized as financial expenses in the statement of comprehensive income.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract.

The Company recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments.

In respect of short-term leases (12 months or less) and leases of low-value assets, the Company recognizes respective lease expenses within operating expenses on a straight-line basis over the term of the lease in accordance with the requirements of IFRS 16.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with similar collateral the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

After initial recognition, a lease liability is increased by reflecting interest on the lease liability (using the effective interest method) and decreased by reflecting lease payments made. The Company recognises interest on lease liabilities within interest expenses in the statement profit or loss.

At the date of commencement of the lease, Company measures right-of-use asset at a cost which consists of:

- a) the amount of the initial measurement of the lease liabilities,
- b) any lease payments made on or before the lease date, less incentives received to rent,
- c) any initial direct costs incurred by the Company,
- d) estimates of the costs to be incurred by the Company in dismantling and relocating the underlying asset to restore its location or restore the underlying asset to the condition required by the lease, unless such costs are incurred to produce inventories.

The Company recognizes depreciation of the right-of-use assets and interest on lease liability in profit or loss. Right-of-use assets are depreciated over the period of the lease term. The depreciation starts at the commencement date of the lease. The Company recognizes depreciation of right-of-use assets based on the contract term, considering the option to extend the lease.

The Company presents its right-of-use assets within other non-current assets.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Dividends

The Company recognizes a liability to pay dividends to a participant when it is approved by the members of the Company.

Pension plan liabilities

With the exception of contributions to the State pension system of Ukraine, the Company has no other pension schemes. The general State pension system provides for the employer to make current contributions in the amount of a certain percentage of current gross wage payments; such costs are included in profit or loss in the period in which the respective compensation was earned by the employee. The Company has no obligation to pay post-retirement or significant other compensatory payments that require accruals.

Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the financial statements unless there is the possibility of an outflow of resources embodying economic benefits for a liability repayment and a reliable estimate of such liabilities can be made. The information on contingent liabilities is disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

4. Summary of significant accounting policies (continued)

Contingent assets are not recognized in the financial statements but they are disclosed when an inflow of economic benefits is possible. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Transactions with related parties

The parties are considered to be related if one party has a possibility to control the other party or influence it significantly when making financial or operational decisions. This definition of a related party may differ from the one under the Ukrainian legislation.

As defined by IAS 24 "Related party disclosures" related parties represent:

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i) has control or joint control over the reporting entity;
 - ii) has significant influence over the reporting entity; or
 - iii) is a member of the key management of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i) the entity and the reporting entity are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
 - iii) both entities are joint ventures of the same third party;
 - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - vi) the entity is controlled or jointly controlled by a person identified in (a);
 - vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Reporting segments

An operating segment is a component of an entity:

- a) engaged in an economic activity from which it can earn income and bear costs (including income and expenses related to transactions with other components of the same entity);
- b) the operating results of which are regularly reviewed by the entity's senior operating officer to decide on the resources to be allocated to the segment and to evaluate the results of its operations; and
- c) about which discrete financial information is available.

The Company does not believe that there are operating segments in its operations that meet most of the criteria set out in IFRS 8 Operating Segments.

Events after reporting date

Events, which took place after the reporting date and prior to the date of approval of the financial statements which provide additional information regarding the financial statements of the Company, are reflected in the financial statements. The events which took place from the end of the reporting period to the date of approval of the financial statements which certify about the conditions that arose after the reporting period and which do not influence the financial statements of the Company as of the reporting date, are disclosed in notes to the financial statements if these events are significant.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(In thousands of UAH, unless otherwise stated)

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

| Standard/ Interpretation | Contents | Effective date | Probable impact |
|-----------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------|
| IFRS 17 | Insurance Contracts | 1 January 2023 | None |
| Amendments to IFRS 4 | Extension of the temporary exemption from applying IFRS 9 Financial Instruments | 1 January 2023 | None |
| Amendments to IAS 8 | Definition of Accounting Estimates | 1 January 2023 | None |
| Amendments to IAS 1 and IFRS PS 2 | Disclosure of Accounting Policies | 1 January 2023 | No significant impact |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from Single Transaction | 1 January 2023 | No significant impact |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current | 1 January 2024 | No significant impact |
| Amendments to IAS 1 | Non-current Liabilities with Covenants | 1 January 2024 | No significant impact |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 | None |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | effective date of the amendments has yet to be set by the IASB | None |

The Company does not plan to apply any standards that are not yet mandatory nor any amendments to standards that are not yet mandatory ahead of their effective dates.

6. Correction of errors

During the reporting period, the Company identified and corrected errors in reporting for the year ended 31.12.2021. In particular, the amount of the balance on the account in the VAT electronic administration system in the report on the Statement of financial position (Balance Sheet) was transferred from line cash and cash equivalents to line receivables from state budget in the amount of UAH 3 235 thousand and in the statement of cash flows was increased payment of VAT in the amount of UAH 3 235 thousand.

The income from the purchase and sale of currency in the Statement of comprehensive income (Statement of profit and loss) was allocated from the composition of other operating expenses (exchange rate differences) to other operating income in the amount of UAH 790 thousand.

Changes in the Balance Sheet

| Assets | Item No | As restated 2021 | Change | As previously reported 2021 |
|---------------------------------------|-------------|---------------------|----------|--------------------------------|
| 1 | 2 | 4 | 5 | 6 |
| II. Current assets | | | | |
| Other accounts receivable: | | | | |
| due from State budget | 1135 | 3 487 | 3 235 | 252 |
| Cash and cash equivalents | 1165 | 61 725 | (3 235) | 64 960 |
| current bank accounts | 1167 | 61 725 | (3 235) | 64 960 |
| Total impact on current assets | 1300 | | - | |

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)
6. Correction of errors (continued)

Changes in the Statement of financial results

| Item | Item No | As restated 2021 | Change | As previously reported 2021 |
|--------------------------|---------|---------------------|--------|--------------------------------|
| 1 | 2 | 4 | 5 | 6 |
| Other operating income | 2120 | 1 370 | 790 | 580 |
| Other operating expenses | 2180 | (31 134) | (790) | (30 344) |

Changes in the Cash flow statement

| Item | Item No | As restated 2021 | Change | As previously reported 2021 |
|------------------------------------------------------|------------|---------------------|---------|--------------------------------|
| 1 | 2 | 4 | 5 | 6 |
| 1. Cash flows from operating activities | | | | |
| Taxes and charges | 3115 | (31 727) | (3 235) | (28 492) |
| payments for VAT | 3117 | (21 257) | (3 235) | (18 022) |
| Net cash flows from operating activities | 3195 | 41 355 | (3 235) | 44 590 |
| Net increase (decrease) in cash and cash equivalents | 3400 | 19 556 | (3 235) | 22 791 |
| Cash and cash equivalents at end of period | 3415 | 61 725 | (3 235) | 64 960 |

7. Intangible assets

The following is information on the movement of intangible assets for 2022:

| | Intangible assets |
|---------------------------------|-------------------|
| Cost | 3 372 |
| As of 31 December 2020 | 1 034 |
| Additions | (18) |
| Disposals | 4 388 |
| As of 31 December 2021 | 733 |
| Additions | 5 121 |
| As of 31 December 2022 | |
| Accumulated amortization | 1 816 |
| As of 31 December 2020 | 749 |
| Charge for the period | (18) |
| Disposals | 2 547 |
| As of 31 December 2021 | 827 |
| Charge for the period | 3 374 |
| As of 31 December 2022 | |
| Carrying amount | 1 556 |
| As of 31 December 2020 | 1 841 |
| As of 31 December 2021 | 1 747 |
| As of 31 December 2022 | |

As of 31 December 2022 and 31 December 2021, Intangible assets were mainly represented by capitalized costs for commercial software, licenses. The cost of capital investments in intangible assets is disclosed in line 1005 "Construction-in-progress" of the Statement of financial position.

Amortization of intangible assets is mainly included in administrative expenses.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)
8. Property, plant and equipment

The following is information on the movement of property, plant and equipment for the years ended 31 December 2022 and 31 December 2021:

| Cost | Buildings | Machinery and equipment | Transport vehicles | Fixture and fittings | Other fixed assets | Total |
|---------------------------------|---------------|-------------------------|--------------------|----------------------|--------------------|----------------|
| As of 31 December 2020 | 822 | 95 598 | 8 375 | 10 480 | 71 425 | 186 700 |
| Additions | - | 6 407 | - | 660 | 146 | 7 213 |
| Other changes | (655) | (11 295) | (510) | 668 | 11 753 | (39) |
| As of 31 December 2021 | 167 | 90 710 | 7 865 | 11 808 | 83 324 | 193 874 |
| Additions | 373 | 3 328 | - | 150 | - | 3 851 |
| Disposals | - | (11) | (352) | - | - | (363) |
| Other changes | 70 822 | - | - | - | (70 822) | - |
| As of 31 December 2022 | 71 362 | 94 027 | 7 513 | 11 958 | 12 502 | 197 362 |
| Accumulated depreciation | | | | | | |
| As of 31 December 2020 | 240 | 40 652 | 6 732 | 6 413 | 12 203 | 66 240 |
| Charge for the period | 28 | 10 564 | 1 143 | 1 504 | 3 683 | 16 922 |
| Other changes | (229) | (5 279) | (510) | 690 | 5 092 | (236) |
| As of 31 December 2021 | 39 | 45 937 | 7 365 | 8 607 | 20 978 | 82 926 |
| Charge for the period | 3 563 | 10 258 | 419 | 1 198 | 938 | 16 376 |
| Disposals | - | (10) | (314) | - | - | (324) |
| Other changes | 16 078 | - | - | - | (16 078) | - |
| As of 31 December 2022 | 19 680 | 56 185 | 7 470 | 9 805 | 5 838 | 98 978 |
| Carrying amount | | | | | | |
| As of 31 December 2020 | 582 | 54 946 | 1 643 | 4 067 | 59 222 | 120 460 |
| As of 31 December 2021 | 128 | 44 773 | 500 | 3 201 | 62 346 | 110 948 |
| As of 31 December 2022 | 51 682 | 37 842 | 43 | 2 153 | 6 664 | 98 384 |

Additions for the year are represented by assets transferred from the category of construction-in-progress.

As of 31 December 2022, property, plant and equipment with a cost of UAH 13 956 thousand were fully depreciated, but still in use (31 December 2021: UAH 3 863 thousand).

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)
8. Property, plant and equipment (continued)

Leases

Property, plant and equipment include right-of-use assets in accordance with IFRS 16 Leases.

The Company rents premises for office and production needs. The contract was extended in 2019 and as of 31 December 2022, the remaining lease term was 14 years.

The following is the carrying amount the Company's right-of-use assets and lease liabilities as of 31 December 2022 and 2021, and movement for the periods:

| | Buildings | Transport vehicles | Total |
|-------------------------------|---------------|--------------------|---------------|
| Right-of-use assets | | | |
| As of 31 December 2020 | 42 257 | 854 | 43 111 |
| Charge for the period | (2 426) | (379) | (2 805) |
| Disposals | - | (475) | (475) |
| As of 31 December 2021 | 39 831 | - | 39 831 |
| Charge for the period | (2 426) | - | (2 426) |
| As of 31 December 2022 | 37 405 | - | 37 405 |

Right-of-use assets are reported in line 1010 "Property, plant and equipment" of the statement of financial position and presented in the respective group of property, plant and equipment.

| | Short-term lease liabilities | Long-term lease liabilities | Total |
|------------------------------------------|------------------------------|-----------------------------|---------------|
| Lease liabilities | | | |
| As of 31 December 2020 | 671 | 48 245 | 48 916 |
| Financial expenses | 8 153 | - | 8 153 |
| Lease payments | (8 824) | - | (8 824) |
| Reclassification due to maturity of debt | 605 | (605) | - |
| As of 31 December 2021 | 605 | 47 640 | 48 245 |
| Financial expenses | 8 060 | - | 8 060 |
| Lease payments | (8 665) | - | (8 665) |
| Reclassification due to maturity of debt | 715 | (715) | - |
| As of 31 December 2022 | 715 | 46 925 | 47 640 |

The long-term portion of lease liabilities is presented in line 1515 "Other long-term liabilities", and the short-term portion - in line 1610 "Current payables for long-term liabilities".

A reconciliation of lease liabilities to future minimum lease payments is provided below:

| | 31.12.2022 | 31.12.2021 |
|-------------------------------------------|---------------|---------------|
| Future minimum lease payments, including: | | |
| up to 1 year | 8 665 | 8 665 |
| from 1 to 5 years | 34 661 | 34 661 |
| more than 5 years | 90 264 | 98 929 |
| Less: future interest leases payments | (85 950) | (94 010) |
| | 47 640 | 48 245 |

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

9. Construction-in-progress

| | 31.12.2022 | 31.12.2021 |
|------------------------------------|--------------|--------------|
| Property, plant and equipment | 1 935 | 1 336 |
| Prepayments for non-current assets | 509 | 2 303 |
| | 2 444 | 3 639 |

10. Inventories

| | 31.12.2022 | 31.12.2021 |
|-------------------------------------|---------------|---------------|
| Raw materials | 27 701 | 21 327 |
| Merchandise in stock | 21 055 | 20 664 |
| Finished goods | 12 661 | 17 290 |
| Package and materials for packaging | 2 465 | 2 995 |
| Semi-finished goods | 1 690 | 324 |
| Spare parts | 773 | 3 203 |
| Other inventories | 715 | 22 |
| Reserve for impairment | (3 891) | (214) |
| | 63 169 | 65 611 |

11. Trade receivables

| | 31.12.2022 | 31.12.2021 |
|------------------------------------------|---------------|---------------|
| Trade receivables from local customers | 16 587 | 85 365 |
| Trade receivables from foreign customers | - | 1 603 |
| Allowance for expected credit losses | (350) | - |
| | 16 237 | 86 968 |

As at 31 December 2022, trade and other receivables are interest-free and are repaid in the ordinary course of business of the Company.

The Company applies the simplified approach to the creation of allowance for expected credit losses, provided by IFRS 9, which allows the accrual of the allowance for expected credit losses for the entire term of the instrument for all assets in the category "Trade and other receivables".

To estimate the expected credit loss, trade and other receivables are grouped according to the similar characteristics of credit risk and the number of days overdue. Expected credit loss levels are based on sales payment schedules 12 months before each reporting date and similar historical credit losses incurred during that period.

Historical loss levels are adjusted for current and projected information about macroeconomic factors that affect customers' ability to repay receivables. Allowance for expected credit losses for trade and other receivables is determined according to the allowance matrix, which is shown in the table below. The allowance matrix is based on the number of days overdue of the asset.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)

11. Trade receivables (continued)

The analysis of trade and other receivables by maturity as of 31 December 2022 is presented below:

| | Total | Neither past due nor impaired | Past due | | | | |
|------------------------|--------|----------------------------------------|------------------|------------|----------------|-----------------|------------------|
| | | | up to 30 days | 31-90 days | 91-180 days | 181-365 days | over 365 days |
| Nominal value | 16 587 | 13 031 | 3 206 | - | - | 350 | - |
| Expected losses rate | - | - | 0-5% | 0-10% | 50% | 100% | 100% |
| Expected credit losses | 350 | - | - | - | - | 350 | - |

The analysis of trade and other receivables by maturity as of 31 December 2021 is presented below:

| | Total | Neither past due nor impaired | Past due | | | | |
|------------------------|--------|----------------------------------------|------------------|------------|----------------|-----------------|------------------|
| | | | up to 30 days | 31-90 days | 91-180 days | 181-365 days | over 365 days |
| Nominal value | 86 968 | 77 618 | 9 350 | - | - | - | - |
| Expected losses rate | - | 0% | 0-5% | 0-10% | 50% | 100% | 100% |
| Expected credit losses | - | - | - | - | - | - | - |

12. Cash and cash equivalents

As of 31 December, cash and cash equivalents were presented as follows:

| | 31.12.2022 | 31.12.2021 restated |
|--------------------------------|---------------|------------------------|
| Cash in bank | 26 425 | 61 725 |
| Cash on electronic VAT account | 37 854 | - |
| | 64 279 | 61 725 |

As of 31 December, cash in bank was denominated in the following currencies:

| | 31.12.2022 | 31.12.2021 restated |
|-----|---------------|------------------------|
| USD | 37 854 | - |
| UAH | 26 425 | 27 419 |
| EUR | - | 34 306 |
| | 64 279 | 61 725 |

For cash and cash equivalents, expected credit losses were assessed on the basis of external credit ratings and statistical information on non-performance and repayment of such financial instruments.

In assessing whether cash and cash equivalents are impaired, the Company considers the following factors:

- significant financial difficulties of the bank;
- breach of contract, such as default or late payment for the contract for more than a few days;
- bankruptcy or other financial reorganization of the bank becomes probable.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

13. Authorized capital

As of 31 December 2022, the declared, registered and fully paid authorized capital amounted to UAH 159 912 thousand (31.12.2021: UAH 159 912 thousand). The authorized capital of the Company belongs to the owners indicated in the table in the following shares:

| | 31.12.2022, % | 31.12.2021, % |
|---------------------|---------------|---------------|
| PURATOS NV, Belgium | 100 | 100 |

As of 31 December 2022, the Company was registered in the form of a limited liability company in accordance with the legislation of Ukraine.

14. Long-term provisions

Long-term provisions for payments to employees:

| | 2022 | 2021 |
|-----------------------|---------|-------|
| As of 1 January | 1 792 | 1 358 |
| Accrued during period | 935 | 507 |
| Used during period | (1 201) | (73) |
| As of 31 December | 1 526 | 1 792 |

15. Short-term bank loans

Changes in liabilities arisen from financial activities for the year ended 31 December 2022 and 31 December 2021 are presented as follows:

| | Short-term bank loans | Interest | Total |
|-------------------------------|-----------------------|----------|-----------|
| As of 31 December 2020 | 10 000 | 5 | 10 005 |
| <i>Cash transactions</i> | | | |
| Proceeds from loans | 669 000 | - | 669 000 |
| Repayment of loans | (679 000) | - | (679 000) |
| Payment of interests | - | (1 667) | (1 667) |
| <i>Non-cash transactions:</i> | | | |
| Accrued interest | - | 1 662 | 1 662 |
| As of 31 December 2021 | - | - | - |
| <i>Cash transactions</i> | | | |
| Proceeds from loans | 266 500 | - | 266 500 |
| Repayment of loans | (266 500) | - | (266 500) |
| Payment of interests | - | (1 821) | (1 821) |
| <i>Non-cash transactions:</i> | | | |
| Accrued interest | - | 1 821 | 1 821 |
| As of 31 December 2022 | - | - | - |

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022 (in thousands of UAH, unless otherwise stated)

16. Trade payables

| | 31.12.2022 | 31.12.2021 |
|--------------------------------------------|---------------|----------------|
| Payables for goods and services | 25 729 | 61 905 |
| Other payables | 13 157 | 39 842 |
| Payables for property, plant and equipment | 509 | 2 303 |
| | 39 395 | 104 050 |

Trade payables are mainly represented by liabilities for the delivered goods.
Trade payables are unsecured financial liabilities. Payable due to Ukrainian counterparties are usually repaid within 60-100 days after recognition.

The fair value of trade payables is approximately equal to their carrying amount.

17. Current provisions

As of 31 December current provisions included:

| | 31.12.2022 | 31.12.2021 |
|-------------------------------------|--------------|--------------|
| Provisions for bonuses to employees | 5 272 | 5 427 |
| Provision for unused vacations | 1 941 | 917 |
| | 7 213 | 6 344 |

The movement in provision for unused vacations for the period was as follows:

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| As of 1 January | 917 | 1 382 |
| Accrued | 3 582 | 3 180 |
| Used | (2 558) | (3 645) |
| As of 31 December | 1 941 | 917 |

The following expected terms of repayment are determined for the Company's provisions:

- Provision for unused vacations – within one year;
- Provision for year-end bonuses – within one year;
- Other long-term provisions for payments to employees – within five years.

18. Revenue

| | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| Revenue from sales of finished goods | 270 768 | 451 128 |
| Revenue from sales of merchandise | 164 589 | 161 679 |
| | 435 357 | 612 807 |

19. Cost of sales

| | 2022 | 2021 |
|-----------------------------|----------------|----------------|
| Cost of finished goods sold | 218 102 | 358 721 |
| Cost of merchandise sold | 109 964 | 112 958 |
| | 328 066 | 471 679 |

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)

19. Cost of sales (continued)

The cost of finished goods sold by nature of expenses in the reporting is as follows:

| | 2022 | 2021 |
|--------------------------------------------------------------------|----------------|----------------|
| Materials | 180 697 | 312 188 |
| Depredation and maintenance costs of property, plant and equipment | 17 724 | |
| Salaries and related charges | 9 656 | 23 768 |
| Other expenses | 10 025 | 9 206 |
| | 13 559 | |
| | 218 102 | 358 721 |

20. Other operating income

| | 2022 | 2021 restated |
|-----------------------------------------------|--------------|------------------|
| Exchange rate difference | 5 489 | - |
| Income from the purchase and sale of currency | - | 790 |
| Other operating income | 307 | 580 |
| | 5 796 | 1 370 |

21. Administrative expenses

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| Salaries and related charges | 8 252 | 6 202 |
| Professional fees | 2 821 | 2 291 |
| IT services | 2 722 | 2 488 |
| Insurance | 1 015 | 889 |
| Depredation and amortization | 912 | 1 162 |
| Bank services | 875 | 1 617 |
| Security | 852 | 650 |
| Other staff costs | 573 | 750 |
| Material costs | 173 | 217 |
| Other expenses | 1 889 | 1 455 |
| | 20 084 | 17 721 |

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022
(in thousands of UAH, unless otherwise stated)

22. Selling expenses

| | 2022 | 2021 |
|--------------------------------------|---------------|---------------|
| Salaries and related charges | 26 606 | 24 886 |
| Delivery expenses | 8 309 | 11 695 |
| IT services | 7 085 | 5 972 |
| External services | 6 936 | 5 302 |
| Other staff costs | 2 041 | 2 742 |
| Market intelligence | 1 495 | 1 556 |
| Material expenses | 1 439 | 2 092 |
| Fuel | 1 151 | 1 079 |
| Depreciation and amortization | 993 | 1 499 |
| Fixed assets repairs and maintenance | 528 | 775 |
| Customer seminars | 233 | 1 250 |
| Other expenses | 1 197 | 1 524 |
| | 58 013 | 60 372 |

23. Other operating expenses

| | 2022 | 2021 restated |
|----------------------------------------------------------|---------------|------------------|
| Accrual of a reserve under the reserve of doubtful debts | 14 128 | - |
| Expenses from buying/selling currency | 13 467 | - |
| Research costs | 4 840 | 5 350 |
| Inventory impairment charges | 4 685 | - |
| Shortages from spoilage of values | 1 327 | 1 465 |
| Royalty | 451 | 19 040 |
| Exchange rate difference | - | 4 516 |
| Other expenses | 1 101 | 763 |
| | 39 999 | 31 134 |

24. Financial expenses

| | 2022 | 2021 |
|-------------------------------|---------------|---------------|
| Interest on lease liabilities | 9 915 | 8 153 |
| Interest on loans | 1 821 | 1 662 |
| Other expenses | - | 1 549 |
| | 11 736 | 11 364 |

25. Income tax

The components of income tax expense consisted of:

| | 2022 | 2021 |
|----------------------------|----------------|--------------|
| Current income tax expense | - | 3 956 |
| Deferred tax | (3 016) | (6) |
| | (3 016) | 3 950 |

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

25. Income tax (continued)

The reconciliation of income tax expense / (benefit) and the product of result before tax multiplied by the applicable tax rate for 2022 and 2021 is presented below:

| | 2022 | 2021 |
|-----------------------------------------------------|----------|--------|
| Profit / (loss) before tax | | |
| Income tax at tax rate applicable in Ukraine, 18% | (16 758) | 21 902 |
| Expenses / (income) not considered for tax purposes | (3 016) | 3 942 |
| | - | 8 |
| Income tax expense | (3 016) | 3 950 |

As of reporting dates the deferred taxes of the Company were as follows:

| | 31 December 2022 | Statement of profit and loss Origination and reversal of temporary differences | 1 January 2022 |
|--------------------------------------------|---------------------|--------------------------------------------------------------------------------------|-------------------|
| Deferred tax assets | | | |
| Provisions | 3 190 | 3 016 | 174 |
| Net deferred tax assets / (liabilities) | 3 190 | 3 016 | 174 |
| | | | |
| | 31 December 2021 | Statement of profit and loss Origination and reversal of temporary differences | 1 January 2021 |
| Deferred tax assets | | | |
| Provisions | 174 | 6 | 168 |
| Net deferred tax assets / (liabilities) | 174 | 6 | 168 |

As of the reporting dates presented in these financial statements, deferred taxes are calculated at the rates expected to be effective in the period of realization of the deferred tax asset or repayment of the deferred tax liability.

26. Additional information to the statement of cash flows

Cash flow from operating activities, other payments

| | 2022 | 2021 |
|--------------------------------------|--------|--------|
| Interest paid | 8 060 | 9 820 |
| Costs of purchase and sale | 1 383 | 111 |
| Bank commission | 853 | - |
| Settlements with accountable persons | 280 | 430 |
| Other payments | 29 | 195 |
| | 10 605 | 10 556 |

27. Transactions with related parties

For the purposes of these financial statements, the parties are considered related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. When considering the relationship with each possible related party, attention is paid to the nature of the relationship, rather than their legal form.

Related parties may enter into transactions that are not always possible for unrelated parties, and the terms and amounts of transactions between related parties may not correspond to similar terms and amounts of transactions that take place between unrelated parties.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022 (in thousands of UAH, unless otherwise stated)

27. Transactions with related parties (continued)

The Company's management (2 persons) received the following compensation for the years ended December 31, which is included in the salary and related charges in administrative expenses:

| | 2022 | 2021 |
|------------------------------|-------|-------|
| Salaries and related charges | 6 687 | 4 382 |

The Company had the following balances on related party transactions:

| | 31.12.2022 | 31.12.2021 |
|-------------------|------------|------------|
| Lease liabilities | 47 640 | 48 245 |
| Trade payables | (18 772) | (35 689) |
| Trade receivables | - | 870 |

The Company had the following transactions with related parties:

| | 2022 | 2021 |
|--------------------------------|---------|---------|
| Revenue | 2 271 | 18 654 |
| Purchase of goods and services | 157 799 | 187 746 |
| Royalty | 451 | 19 040 |

Other transactions with related parties

The Company leases the building from related parties and accounts for the leases in accordance with IFRS 16. Accordingly, as of 31 December 2022, rights-of-use assets and lease liabilities were recognized in the amount of UAH 37 405 thousand and UAH 47 640 thousand, respectively (Note 7) (31 December 2021: UAH 39 831 thousand and UAH 48 245 thousand, respectively). In 2022, the Company recognized the depreciation of the right-of-use asset in the amount of UAH 2 426 thousand (2021: UAH 2 426 thousand). Interest expenses were recognized in the amount of UAH 9 915 thousand (2021: UAH 8 153 thousand).

Terms of agreements with related parties

Purchase or sale agreements with related parties are made on market terms. Balances at the end of the year are unsecured, interest-free and are repaid in cash. The Company has not received (provided) any collateral or guarantees in respect of receivables or payables of related parties. For the year ended 31 December 2022, the Company did not record any impairment of receivables from related parties.

28. Contingent and contractual liabilities

Taxation

Management believes that the Company has complied with all applicable tax legislation.

Legal issues

In the ordinary course of business, the Company is subject to legal proceedings and certain claims are made against it. In the opinion of the Company's management, the ultimate liability, if any, for such cases or claims will not have a material effect on the financial position or performance of the Company. As of 31 December 2022, and 2021, no significant claims have been made against the Company.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(In thousands of UAH, unless otherwise stated)

29. Fair value of financial instruments

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair value measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Since no readily available market exists for a large part of the Company's financial instruments, judgment is necessary in arriving at fair value based on current economic conditions and specific risks attributable to the instrument. The management believes that the Company's financial assets and financial liabilities are categorized within the Level 3 of fair value hierarchy, except for short-term loans, which belong to the 2nd level of the hierarchy.

The Company's management believes that the carrying amount of financial assets and financial liabilities recognized in the financial statements is approximately equal to their fair value.

The main categories of financial instruments

The main categories of financial instruments of the Company at their carrying values are as follows:

| | 31.12.2022 | 31.12.2021 |
|------------------------------|---------------|----------------|
| Financial assets | | |
| Trade receivables | 16 237 | 86 968 |
| Other receivables | - | 1 071 |
| Cash and cash equivalents | 64 279 | 64 960 |
| | 80 516 | 152 999 |
| Financial liabilities | | |
| Lease liabilities | 47 640 | 48 245 |
| Short-term loans | - | - |
| Trade payables | 39 395 | 104 050 |
| Other payables | - | - |
| | 87 035 | 152 295 |

During 2022 and 2021, there were no transfers between levels of the fair value hierarchy.

30. Financial risk management

The main risks inherent to the Company's financial instruments are credit risk (including concentration risk), liquidity risk and foreign currency risk. The Company's risk management policy focuses on the unpredictability of financial markets and aims to minimize potential negative consequences. The Company's approaches to managing each of these risks are set out below.

Credit and concentration risks

The Company faces credit risk that is determined as the risk that a customer may fail to fully repay its debt at its maturity. Financial assets that potentially expose the Company to material credit risk are trade and other receivables.

The maximum level of credit risk of the Company, as a whole, is represented in the carrying amount of financial assets, which is stated in the statement of financial position. The impact of possible offsets of assets and liabilities on the reduction of potential credit risk is insignificant.

Revenue from five largest customers accounted for 54% of the total revenue (2021: 64%). The balance of receivables of the five largest customers as of 31 December 2022 was 87% of the total balance of trade receivables (31 December 2021: 91%).

The average credit period for customers was: 2022 – 43 days, 2021 – 46 days.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(In thousands of UAH, unless otherwise stated)

30. Financial risk management (continued)

The Company's policy on credit risk management is aimed at carrying out operations with contractors with positive reputation and credit history. The Company's cash and cash equivalents are mainly placed in leading Ukrainian banks with a solid reputation. In addition, receivables are constantly monitored in order to identify and respond in a timely manner to the deterioration of liquidity of the Company's counterparties.

Liquidity risk

Liquidity risk is the risk that the Company may face difficulties while repaying its financial liabilities. Increase in a risk level may arise when the maturity of assets and liabilities do not match, i.e., when the maturity of financial assets exceeds the maturity of financial liabilities.

The task of the Company's management is to keep balance between continual financing and sufficient cash and other highly liquid assets, and to keep a proper level of credit liabilities to suppliers and banks. The Company analyses its financial assets and liabilities in terms of maturity dates and plans its liquidity depending on the expected maturity dates of the respective financial instruments.

The table below presents the Company's financial liabilities by type and expected maturity as of 31 December. The effect of interest on loans and borrowings that will be accrued is not taken into account, as the Company uses a short-term revolving loan and it is impossible to predict the amount of interest payable. It is expected that it will not be significant.

| 31.12.2022 | Carrying amount | On demand | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
|-------------------|-----------------|-----------|----------------|--------------|---------------|---------------|----------------|
| Lease liabilities | 47 640 | - | 2 164 | 6 491 | 34 661 | 90 264 | 133 580 |
| Trade payables | 39 395 | - | 39 395 | - | - | - | 39 395 |
| | 87 035 | - | 41 559 | 6 491 | 34 661 | 90 264 | 172 975 |
| 31.12.2021 | Carrying amount | On demand | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
| Lease liabilities | 48 245 | - | 2 166 | 6 499 | 34 661 | 98 929 | 142 255 |
| Trade payables | 104 050 | - | 104 050 | - | - | - | 104 050 |
| | 152 295 | - | 106 216 | 6 499 | 34 661 | 98 929 | 246 305 |

Foreign currency risk

The Company's currency risk arises mainly from receivables due from foreign customers, as well as accounts payable due to foreign suppliers.

The Company's foreign exchange risk management procedures include constant monitoring of exchange rate dynamics in the local and international foreign exchange markets.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(in thousands of UAH, unless otherwise stated)

30. Financial risk management (continued)

The table below shows the concentration of foreign currency risk as at the reporting dates presented in these financial statements:

| 31.12.2022 | EUR | USD |
|---------------------------|-----------------|---------------|
| Financial assets | | |
| Cash and cash equivalents | - | 37 854 |
| Financial liabilities | | |
| Trade payables | (18 074) | - |
| | (18 074) | 37 854 |
| 31.12.2021 | EUR | USD |
| Financial assets | | |
| Trade payables | 1 606 | - |
| Cash and cash equivalents | 34 306 | - |
| Financial liabilities | | |
| Trade payables | (34 645) | - |
| | 1 267 | - |

The table below shows a sensitivity analysis of financial result before tax of the Company to probable change in foreign currency exchange rates, provided all other variables remain stable.

| | Increase (decrease) in | Effect on profit (loss) before tax |
|-------------------|-----------------------------------|-----------------------------------------------|
| 31.12.2022 | | |
| EUR | +20% | (3 615) |
| EUR | -5% | 904 |
| USD | +20% | 7 571 |
| USD | -5% | (1 893) |
| 31.12.2021 | | |
| EUR | +20% | 253 |
| EUR | -10% | (127) |

Capital management

The Company considers debt and authorized capital as the main sources of its capital. The management's tasks when managing capital is to ensure the Company's ability to continue as a going concern and to generate income for the owners and benefits for other stakeholders, as well as to ensure financing of its operating needs, investments, and the Company's development strategy. The Company's policy to manage capital is directed at ensuring and supporting the optimal capital structure with a view to decrease overall costs to raise capital and ensure flexibility of access of the Company to capital markets.

The Company's management on an ongoing basis controls the capital structure and may amend its policy and purposes of capital management with due account for changes in operating environment, market trends, and the Company's development strategy. During the reporting period presented in these financial statements there were no changes in the goals or policy of the Company related to capital management.

LIMITED LIABILITY COMPANY "PURATOS UKRAINE"

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022 (in thousands of UAH, unless otherwise stated)

30. Financial risk management (continued)

The Company controls capital with the leverage ratio which is a result of division of net debt by sum of equity and net debt. Net debt includes loans and borrowings, lease liabilities, trade and other payables, provisions of the Company less cash and cash equivalents. Equity includes all equity components.

| | 31 December 2022 | 31 December 2021 |
|------------------------------------------|------------------|------------------|
| Lease liabilities | 47 540 | 48 245 |
| Trade payables | 39 395 | 104 050 |
| Provisions and other current liabilities | 12 980 | 8 136 |
| Less: cash and cash equivalents | (64 279) | (64 960) |
| Net debt | 35 736 | 95 471 |
| Equity | 161 580 | 175 322 |
| Equity and net debt | 197 316 | 270 793 |
| Financial leverage ratio | 18% | 35% |

Operating risk

Operating risk is the risk that derives from the deficiencies relating to the Company's information technology and system management of the Company, and from the human effect. The Company's systems are evaluated, maintained and upgraded continuously.

31. Events after the reporting date

The obtained financial result of the Company for the 1st quarter of 2023 is a profit in the amount of UAH 5 068 thousand. The demand for the Company's services is stable, the Company is expanding its activities outside the territory of Ukraine.

There are currently no problems with personnel, the Company has enough personnel to ensure continuous operations. Management does not intend to liquidate the Company or cease its operations and expects the Company to be able to operate for at least 12 months from the date of these financial statements.

However, carrying out the Company's normal activities and ensuring its stable financial condition in the future depends on further changes in the military-political, financial and economic situation in Ukraine, the terms of the cessation of hostilities and the end of martial law, the restoration of air, land and sea connections.

Apart from the events described above, after the reporting date and before the date of approval of these financial statements, no material events occurred that would provide additional information about the financial statements of the Company and that should be reflected in the financial statements.