Financial Statements

LIMITED LIABILITY COMPANY «MEBEL- SERVICE»

December 31, 2021

Content

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

For the preparation and approval of the financial statements for the year ended December 31, 2021

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report is made with a view of distinguishing the respective responsibilities of the management and those of the independent auditors in relation to the financial statements of Limited Liability Company «Mebel-Service» (hereinafter – the "Company").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2021 and the statement of profit and loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on the specified date, in compliance with the basis of preparation described in Note 5 of the accompanying financial statements.
In preparing the financial statements, management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating that the basis of preparation described in Note 3 has been followed, subject to any material departures disclosed and explained in the financial statements;
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with the basis of preparation described in Note 3;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Company operates;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.

The financial statements as at and for the year ended as at December 31, 2021were authorised for issuance on September,2 2022.

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Yuriy Lyashchuk	*Halyna Lyashok*
Director	*Chief accountant*
September,2 2022	*September,2 2022.*

(in thousands of Ukrainian hryvnias)

Balance Sheet (Statement of financial position)

Asset	Line code	Note	31 December 2020	31 December 2021
1	2	3	4	5
I. Non-current assets				
Intangible assets:	1000		172	167
gross book value	1001		559	587
accumulated amortization	1002		387	420
Construction in progress	1005	8	2 676	51 966
Fixed assets:	1010	8	336 131	346 107
gross book value	1011		603 601	669 213
accumulated amortization	1012		267 470	323 106
gross book value of the investment property	1015		1 347	1 347
accumulated depreciation of the investment property	1016		1 347	1 347
depreciation of investment property	1017			
Long-term financial investments:				
Long-term financial investments by equity accounting	1030			
Other long-term financial investments	1035			
Deferred tax assets	1045			7 763
Other non-current assets	1090			
Total: section I	**1095**		**340 326**	**407 350**
II. Current assets				
Inventories	1100	9	352 042	418 154
Production inventories	1101		192 410	281 620
Work in progress	1102		100 885	102 958
Finished goods	1103		49 477	31 808
Goods	1104		9 270	1 768
Promissory notes received	1120			
Trade accounts receivable for goods, works, services:	1125	11	108 313	120 454
Accounts receivable on settlements: for advances issued	1130		24 876	9 966
with state authorities	1135		9 476	36 473
Incl. income tax payments	1136			
Accrued income receivables	1140			
Other current account receivable	1155		366	438
Current financial investments	1160			
Cash and cash equivalents:	1165	12	58 091	16 229
Cash in banks	1167		58 091	16 229
Deferred expense	1170		400	735
Other current assets	1190			631
Total: section II	**1195**		**553 564**	**603 080**
III. Non-current assets and disposal group	**1200**		**1 192**	**431**
Total assets	**1300**		**895 082**	**1 010 861**

Liability	Line code	Note	31 December 2020	31 December 2021
1	2	3	4	5
I. Equity				
Share capital	1400	13	115 635	121 530
Additional capital	1410		143	551

(in thousands of Ukrainian hryvnias)

Balance Sheet (Statement of financial position) (*continuation*)

Liability	Line code	Note	31 December 2020	31 December 2021
1	2	3	4	5
Reserve capital	1415		28 894	28 894
Retained earnings (uncovered loss)	1420		604 781	666 592
Unpaid capital	1425	13		(2 725)
Total: section I	**1495**		**749 453**	**814 842**
II. Long-term liabilities				
Deferred tax liabilities	1500			
Pension liabilities	1505			
Long-term bank loans	1510			
Other long-term liabilities	1515	14		1 976
Long term provisions	1520			
Total: section II	**1595**			
III. Current liabilities				
Short-term bank loans	1600	14	6 677	40 168
Promissory notes issued	1605			
Current liabilities on: long-term liabilities	1610	14	22 217	458
goods, works and services	1615	15	54 197	96 575
settlement with governmental budget	1620		14 999	5 586
incl. income tax	1621		13 725	4 105
social insurance	1625		1 302	1 827
salary payable	1630		4 992	6 195
Current accounts payable for advances received	1635		4 428	12 022
Current accounts payable with participants	1640			
Current provisions	1660	16	28 107	30 302
Deferred income	1665			
Other current liabilities	1690		8 710	910
Total: section III	**1695**		**145 629**	**194 043**
IV. Liabilities related to non-current assets and disposal groups held for sale	**1700**			
V. Net asset value of a non-state pension fund	**1800**			
Total equity and liabilities	**1900**		**895 082**	**1 010 861**

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Yuriy Lyashchuk
Director

September,2 2022

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Halyna Lyashok
Chief accountant

September,2 2022.

The notes on pages 10 to 40 form an integral part of these financial statements

(in thousands of Ukrainian hryvnias)

Income Statement (Statement of comprehensive income)

Item	Line code	Note	2021	2020
1	2	3	4	5
Revenue	2000	17	1 419 635	1 002 316
Cost of sales	2050	18	(1 091 819)	(766 786)
Gross:				
Profit	**2090**		**327 816**	**235 530**
Income (expenses) from changes in reserves of long-term liabilities	2105		-	-
Income (expenses) from changes in other insurance reserves	2110		-	-
Other operating income	2120	21	1 036	1 210
Administrative expenses	2130	19	(24 209)	(18 636)
Selling expenses	2150	20	(150 795)	(66 994)
Other operating expenses	2180	21	(74 280)	(23 730)
Financial result from operating activity:			-	-
Profit	**2190**		**79 568**	**127 380**
Loss	**2195**		**-**	**-**
Income from investments	2200		-	-
Other financial income	2220		-	-
Other income	2240		1 808	105
Financial expenses	2250	14	(680)	(2 209)
Loss from investments	2255		-	-
Other expenses	2270		-	(962)
Financial result from ordinary activity before tax:				
Profit	**2290**		**80 696**	**124 314**
Loss	**2295**		**-**	**-**
Income tax	2300	22	(14 542)	(24 889)
Net financial result:				
Profit	**2350**		**66 154**	**99 425**
Loss	**2355**		**-**	**-**

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Yuriy Lyashchuk
Director

September,2 2022

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Chief accountant

September,2 2022.

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Statement of Cash Flows *(direct method)*

Item	Code	2021	2020
1	2	3	4
I. Cash flows from operating activities Proceeds from: Sale of goods and services	3000	1 270 957	934 571
Taxes and duties refunded	3005	73 400	28 440
including VAT	3006	73 380	27 456
Target financing	3010	-	-
Proceeds from subsidies and subventions received	3011	-	-
Advances received	3015	196 735	114 053
Proceeds from return of advances	3020	11 816	6 817
Interest on current accounts	3025	-	-
Proceeds from debtors penalties (fines, penalties)	3035	1	24
Proceeds from operating leases	3040	-	-
Proceeds from receiving royalties, royalties	3045	-	-
Proceeds from insurance premiums	3050	-	-
Proceeds of financial institutions from repayment of borrowings	3055	-	-
Other proceeds	3095	4 708	17 409
Payments for: Purchase of goods and services	3100	(854 160)	(485 824)
Wages and salaries	3105	(152 169)	(106 069)
Social charges	3110	(40 334)	(28 801)
Taxes and duties payable, including:	3115	(71 977)	(44 791)
income tax	3116	(31 925)	(14 959)
value added tax	3117	-	-
other taxes payable	3118	(40 052)	(29 832)
Advances made	3135	(384 835)	(212 211)
Advances returns	3140	(369)	(10 731)
Contributions to target funds	3145	-	-
Settlement of insurance contracts	3150	-	-
Loans issued by financial institutions	3155	-	-
Other payments	3190	(15 681)	(11 810)
Net cash flow from operating activities	**3195**	**38 092**	**201 077**
II. Cash flows from investing activities Proceeds from sale of: financial investments	3200	-	-
non-current assets	3205	3 261	831
Proceeds from: interests	3215	-	-
dividends	3220	-	-
Proceeds from derivatives	3225	-	-
Proceeds from repayment of loans	3230	-	-
Proceeds from the disposal of a subsidiary and another business unit	3235	-	-
Other proceeds	3250	3 000	
Payments for acquisition of: financial investments	3255	-	-
non-current assets	3260	(91 902)	(40 537)
Payments on derivatives	3270	-	-
Disbursements for granting loans	3275	-	-
Expenditure on the acquisition of a subsidiary and another	3280	-	-

(in thousands of Ukrainian hryvnias)

business unit			
Other payments	3290	(3 000)	-

Statement of Cash Flows *(direct method)* (*continuation*)

Item	Code	2021	2020
1	2	3	4
Net cash flows from investing activities	**3295**	**(88 641)**	**(39 706)**
III. **Cash flows from financing activities** Proceeds from: Issue of owner's capital	3300	444	-
Borrowings	3305	48 433	47 468
Proceeds from sales of share in subsidiary	3310		
Other proceeds	3340	-	6 900
Payments: Purchase of treasury shares	3345	-	
Repayment of borrowings	3350	(34 584)	(138 079)
Dividends	3355		
Interests paid	3360	-	-
Rent payments	3365	-	-
Expenditure on the acquisition of a share in a subsidiary	3370	-	-
Expenditure on payments to non-controlling interests in subsidiaries	3375	-	-
Other payments	3390	(3 000)	-
Net cash flows from financing activities	**3395**	**11 293**	**(83 711)**
Net cash flows for the reporting period	**3400**	(39 256)	77 660
Cash and cash equivalents as at the beginning of the year	3405	58 091	13 990
Effect of movements in exchange rates on cash and cash equivalents	3410	(2 606)	(33 559)
Cash and cash equivalents at the year-end	**3415**	16 229	58 091

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Yuriy Lyashchuk
Director

September,2 2022

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Halyna Lyashok
Chief accountant

September,2 2022.

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(in thousands of Ukrainian hryvnias)

Statement of Changes in Equity for 2021 year

Item	Line code	Share capital	Additional capital	Reserve capital	Retained earnings (uncovered losses)	Unpaid share capital	Total
1	2	3	5	6	7	8	10
Balance at 01 January 2021	**4000**	**115 635**	**143**	**28 894**	**604 781**	**-**	**749 453**
Adjustments: Changes in accounting policy	4005	-	-	-	-	-	-
Correction of mistakes	4010	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-
Adjusted balance at the beginning of the year	**4095**	**115 635**	**143**	**28 894**	**604 781**	**-**	**749 453**
Net profit (loss) for the period	**4100**		408		66 154		**66 562**
Other comprehensive income for the period	**4110**	-	-	-	-	-	-
Accumulated exchange rate differences	4113	-	-	-	-	-	-
Other comprehensive income	4116	-	408	-	-	-	408
Distribution of profits:		-	-	-	-	-	-
Payment to participators (dividends)	4200	-	-	-	-	-	-
Transfer to share capital	4205	-	-	-	-	-	-
Transfer to reserve capital	4210	-	-	-	-	-	-
Contribution of capital:		-	-	-	-	-	-
Contributions to share capital	4240	5 895	-	-	-	(5 895)	-
Repayment of debt from share capital	4245	-	-	-	-	3 170	3 170
Equity divestment:		-	-	-	-	-	-
Redemption of shares	4260	-	-	-	-	-	-
Resale of repurchased shares	4265	-	-	-	-	-	-
Cancellation of repurchased shares	4270	-	-	-	-	-	-
Withdrawal of a share in the capital	4275	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	(4 343)	-	(4 343)
Total changes in equity	**4295**	5 895	408	-	61 811	**(2 725)**	**65 389**
Balance at 31 December 2021	**4300**	**121 530**	**551**	**28 894**	**666 592**	**(2 725)**	**814 842**

(in thousands of Ukrainian hryvnias)

Statement of Changes in Equity for 2020 year

Item	Line code	Share capital	Additional capital	Reserve capital	Retained earnings (uncovered losses)	Unpaid share capital	Total
1	2	3	5	6	7	8	10
Balance at 01 January 2020	**4000**	**115 635**	**177**	**28 894**	**532 769**	**-**	**677 475**
Adjustments: Changes in accounting policy	4005	-	-	-	-	-	-
Correction of mistakes	4010	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-
Adjusted balance at the beginning of the year	**4095**	**115 635**	**177**	**28 894**	**532 769**	**-**	**677 475**
Net profit (loss) for the period	**4100**	-	-	-	99 425	**-**	**99 425**
Other comprehensive income for the period	**4110**	-	-	-	-	-	-
Accumulated exchange rate differences	4113	-	-	-	-	-	-
Other comprehensive income	4116	-	-	-	-	-	-
Distribution of profits:		-	-	-	-	-	-
Payment to participators (dividends)	4200	-	-	-	-	-	-
Transfer to share capital	4205	-	-	-	-	-	-
Transfer to reserve capital	4210	-	-	-	-	-	-
Contribution of capital:		-	-	-	-	-	-
Contributions to share capital	4240	-	-	-	-	-	-
Repayment of debt from share capital	4245	-	-	-	-	-	-
Equity divestment:		-	-	-	-	-	-
Redemption of shares	4260	-	-	-	-	-	-
Resale of repurchased shares	4265	-	-	-	-	-	-
Cancellation of repurchased shares	4270	-	-	-	-	-	-
Withdrawal of a share in the capital	4275	-	-	-	-	-	-
Other changes in equity	4290	-	(34)	-	(27 413)	-	(27 447)
Total changes in equity	**4295**	-	(34)	-	72 012	**-**	**71 978**
Balance at 31 December 2020	**4300**	**115 635**	**143**	**28 894**	**604 781**	**-**	**749 453**

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Yuriy Lyashchuk *Halyna Lyashok*
Director *Chief accountant*

September,2 2022 *September,2 2022.*

The notes on pages 10 to 40 form an integral part of these financial statements

1. Basic information about the Company and its operations

"Mebel-Service" LLC (hereinafter - the Company) was registered on April, 1998 in the village of Gogoliv, Radekhiv district.

The Company's main activities include:

- furniture production and trade;
- production of wooden blanks for furniture and wooden boards for the floor;
- brick production;
- providing of transport services;
- construction of residential and non-residential buildings;
- production of thermal and electrical energy.

The address of the Company's registered office is 08200, Ukraine, Lviv region, Radekhiv district, Radekhiv city, str. Vytkivska 44.

The end beneficiary is an individual - Yuriy Volodymyrovych Lyashchuk.

2. Operating environment

The company carries out its main activities in Ukraine. In recent years, the country has faced acute challenges in the political, security and economic spheres. After the Maidan uprising in February 2014, the country experienced a number of events of historical significance, including the beginning of the conflict in eastern Ukraine.

Ukraine managed to slow down the spread of the COVID-19 pandemic, which in 2020 was one of the main factors influencing economic processes in the country. One of the signs of economic recovery in Ukraine is that exports in the first quarter increased by 12% compared to the first quarter of last year, when there was no corona crisis yet. Another sign of economic recovery is the overachievement of revenues to the state budget: in the first quarter, they were 16% more than planned, despite the fact that the government took a number of quarantine measures, which imposed a number of restrictions on the activities of enterprises and the daily life of citizens and had an adverse effect on the existing business environment in Ukraine.

Ukraine's economy started to recover in the reporting period, but Ukraine's economic growth rates in 2021 are lower than in other emerging market countries in Europe. According to the State Statistics Service, the economy of Ukraine for 9 months of 2021 showed only 2.2% annual growth, which does not compensate for last year's decline (-4%). Ukraine's real gross domestic product (GDP) grew by 3.4% in 2021, following a 3.8% decline in 2020. Consumer price growth in Ukraine accelerated to 10% in 2021 from 5% in 2020 and 4.1% in 2019.

The risk of deterioration of trade conditions for Ukraine in 2021 remains relevant: long-term preservation of high world prices for energy carriers, in particular for oil and natural gas, and/or a drop in world prices for Ukrainian export goods. A similar situation led to an increase in devaluation and inflationary pressure in Ukraine. However, it should be noted the positive dynamics of the economy, which stimulated industry as a result of the favorable situation on foreign raw materials markets. Also, the record harvest of early cereals led to the rapid growth of agriculture in Ukraine (25.0%), which supported related sectors (food industry, trade and transport). Stable consumer demand contributed to the high growth rates of retail trade (9.6%) and passenger turnover in Ukraine.

Ukraine received the second tranche from the International Monetary Fund (IMF) under the stand-by program in the amount of SDR 500 million (special drawing rights, SDR) equivalent to $699 million. These funds will go to the government's account at the NBU and increase international reserves.

The stand-by program was approved on June 9, 2020 by the Board of Executive Directors of the IMF in order to support macroeconomic and financial stability in Ukraine. Funding under the program is 3.6 billion SDRs (about 5 billion US dollars).

The fact that from November 2021 the invasion of Russian troops into the territory of Ukraine was predicted to be a negative factor affecting the economy in the country. Loud statements about the coming war had their impact on plans to expand business in Ukraine, invest money in Ukrainian bonds, and as a result - it became very difficult to attract foreign financing.

Renewable energy market in Ukraine

During 2020 there have been changes in Ukraine's renewables energy sector as well. Entity is selling electricity to the state-owned company Guaranteed Buyer (GarPok), during 2020 GarPok's debt to the Entity has increased. Partly it caused by that fact that the Ukrainian energy system was not ready for sharp rise in "green" energy, which is developing rapidly. At the same time the situation worsened by pandemic COVID-19, namely through an imposed first strict quarantine by the Government of Ukraine in March 2020 that influenced to the volumes of electricity consumption, especially in industry and transport. However, on 31 July 2020 the President of Ukraine signed the Law no. 810-IX "On Amendments to Certain Laws of Ukraine on Improving the Conditions for Promoting Electricity Generation from Renewable Energy Sources" which is intended to stabilize energy sector in Ukraine. This Law provided following measures and aimed at ensuring timely current settlements with renewable energy producers are the following:

- for reduction the "green" tariff, beginning from August 1, 2020, start to apply the reduction coefficients that calculated by the regulator and depend on the energy source, the date of commissioning of the renewable energy facility and the installed capacity;

- for renewable energy producers introduce the financial responsibility of imbalances created by them (from 1 January 2021 - 50%; from 1 January 2022 – 100%);

- the government's obligation to provide annually in the Budget expenses for financial support of the SE "Guaranteed Buyer" for settlements with renewable energy producers. Such support should be provided in the amount of at least 20% of the cost of projected electricity generation from renewable energy sources for the corresponding year, based on calculations provided by the regulator;

- the government's obligation to develop and submit a draft law on the repayment debts to renewable energy producers, formed as of August 1, 2020, during 2021-2022 by issuing domestic government bonds with a maturity of five years.

Also with implementation of this law receivables from GarPok are guaranteed by the State and GarPok is now able to borrow funds with state guarantee. In January 2021 PrJSC “Ukrenergo” (the “Ukrenergo”) entered into three loan agreements with state banks “Oschadbank”, “Ukreximbank” and “Ukrgazbank” for the total amount of UAH 10.25 billion in order to settle indebtedness with the GarPok which increases GarPok’s liquidity and therefore the ability to cover the outstanding debt. During 2021 GarPok has paid off all of 2020 debts and most of 2021 invoices. Based on the considerations above, Management expects GarPok to pay off all the outstanding debts.

Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government’s efforts, yet further economic and political developments are currently difficult to predict.

The management of the Company believes that the negative impact of the political and economic turmoil for the Company is limited due to the existing long-term electricity sale agreement with the state-owned company, its access to the international financial markets and the significant distance of its main production sites from any conflict zones

3. Basics of preparing, approving and presenting

In it’s accounting policies the Company is guided by the principles of transparency, relevance, comparability and reliability, prudence, reliability, completeness of coverage, prevalence of essence over form, consistency, accrual and matching income and expenses (results of transactions and other events are recognized when they occur, not when cash received or paid, and reflected in the financial statements of the period to which they relate), periodicity, historical cost, a single monetary measure.

The Company maintains accounting records in accordance with the requirements of the current legislation of Ukraine, the Law of Ukraine "On Accounting and Financial Reporting", International Financial Reporting Standards, the Accounting Policy of the Company.

These financial statements have been prepared in accordance with all requirements of IFRS and Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), which were officially approved by the Ministry of Finance of Ukraine as of December 31, 2021 and are available on its official website as of the date of preparation of these financial statements.

In accordance with Clause 5 of Article 121 of the Law of Ukraine "On Accounting and Reporting in Ukraine", all enterprises that are required to prepare and submit their financial statements under IFRS based on the Taxonomy of Financial Reporting under IFRS in a single electronic format ("iXBRL"). As of the date of issue of these financial statements, the 2021 iXBRL taxonomy for IFRS has not been published, and the process of issuing the 2021 financial statements in a single electronic format has not been initiated. The Company's management plans to prepare an iXBRL report and submit it during 2022.

(in thousands of Ukrainian hryvnias)

These financial statements have been prepared on the historical cost basis unless otherwise stated in the significant accounting policies.

The financial statements are presented in Ukrainian hryvnias, and all amounts are rounded to the nearest thousand (UAH'000), unless otherwise stated. Items in these financial statements are measured and presented in the national currency of Ukraine, hryvnia, which is the Company's functional and presentation currency.

Transactions denominated in a currency other than the respective functional currency are translated into the functional currency using the exchange rate that prevailed at the date of the relevant transaction. Exchange differences arising from the settlement of such transactions and from the revaluation of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are listed at the exchange rate at the date of the transaction.

The following foreign currency conversion rates were used in the preparation of these financial reports:

	December 31, 2021	Average course for the year ended December 31 in 2021	December 31, 2020	Average course for the year ended December 31 in 2020
UAH/USD	27,2077	28,7446	27,6111	28,2746
UAH/EUR	30,9226	30,776	31,8013	34,7396
UAH/PLN	6,6904	6,75	6,9272	7,6619

4. Going concern

The financial statements have been prepared on a going concern basis, which means that the Company is able to realize its assets and repay its liabilities in the ordinary course of business. During the period of 2021, the Company's activities increased its production capacity by purchasing fixed assets for 63,683 thousand UAH, modernization of production and warehouse premises and production equipment was carried out in the amount of 5,983 thousand UAH.

In general, there is no indication of significant going concern risk, however, events occurring after the reporting date (Note 27) may have a negative impact on the Company's operations. On February 24, 2022, Russia launched a large-scale military invasion of Ukraine, which had negative consequences. Military operations, blocking of routes and individual settlements led to disruption of logistics, problems with access to raw materials and internal client base. Woodworking enterprises in Kyiv, Sumy, Chernihiv, Kharkiv, Mykolaiv, Zhytomyr, and Luhansk regions were forced to partially or completely suspend their activities. Businesses that were destroyed or looted by the occupiers were at risk of eventual decline, as reconstruction required as much time and resources as possible. On the other hand, enterprises in the territory outside hostilities have enough time and resources to restore economic activity in wartime conditions, and can increase production volumes.

Since the beginning of the Russian invasion of Ukraine, the Ukrainian energy industry is under threat of new blows and losses, both physical and economic, every day. During the war, the level of consumption in power systems decreased by about a third, which led to a surplus of electricity produced. Therefore, in order to maintain the balance in the system and its reliable and safe operation, producers were forced to reduce electricity production. At the same time, the volume of payments for consumed electricity from both individuals and legal entities fell.

The above-mentioned events led to a temporary reduction in the Company's sales after the reporting date. The Company's management uses all opportunities to maintain economic stability in the current conditions. Howsoever the events that take place after the reporting date, which is discussed in Notes 27, may have a significant impact on the economic situation in the country and their consequences cannot be reasonably predictable. After analyzing the existing internal, economic and military uncertainties and taking into account their possible impact, the Company's management concluded that the going concern assumption is subject to uncertainty as a result of the military aggression of the Russian Federation against Ukraine.

At the time of approval of the financial statements, the Company's management cannot reliably assess the further impact of these events on the Company's activities and its future financial statements. These financial statements do not include any adjustments that may arise as a result of such uncertainties.

5. Basic principles of accounting policy

Property plant and equipment. The Company uses the cost model for accounting for fixed assets. According to the specified model, the initial cost of fixed assets is estimated on the basis of the purchase price, namely: the purchase price of the asset or the cost of construction and all other direct costs that are directly related to bringing the asset into a suitable condition for its intended use and dismantling costs, relocation of objects and restoration of the territory on which they are located.

Further expenses are included in the balance sheet value of the asset or recognized as part of a separate fixed asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of replacing major subassemblies or components of property, plant and equipment is capitalized when the part to be replaced is written off. Costs for minor repairs and maintenance are expensed as incurred.

After initial recognition, fixed assets are carried at cost less accumulated depreciation and accumulated impairment loss.

Capital investments include the costs of acquisition and construction of fixed assets. Capital investments at the balance sheet date are stated at cost less any accumulated impairment losses.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the expected recovery on disposal with the carrying amount of the property, plant and equipment and is recognized in profit or loss.

Depreciation of all property, plant and equipment is accrued in the statement of comprehensive income on a straight-line basis during the useful life of an item of fixed assets. Depreciation is accrued starting from date of object implementation or from the moment of object availability for use. Land and construction in progress are not subject to depreciation.

The estimated useful lives of the assets are as follows:

	Useful life terms, years
Buildings	20
Construction	10
Transfer devices	15
Vehicles	5
Machinery and equipment	5
Tools and equipment	4
Other fixed assets	12

Depreciation in the amount of 100% of the initial cost in the first month of use of the object is charged on low-value non-current tangible assets with a useful life of more than one year and a value of less than UAH 6,000.

Impairment of non-financial assets. Depreciable assets are reviewed for possible impairment if any events or changes in circumstances indicate that recovery of their full carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is its fair value less costs to sell or value in use, whichever is higher. In order to determine the impairment losses, assets are grouped at the lowest levels for which it is possible to identify separately the cash flows (cash generating unit). Impaired non-financial assets are reviewed for possible impairment reversal at each reporting date.

Inventory. Inventory is stated at the lower of cost and net realizable value, including a reserve for possible impairment. Net realizable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

The historical cost of inventories includes all costs of acquisition, processing and other expenses incurred in bringing them to their present location and condition.

The composition of the items for calculating the production cost of products (works, services) includes:

- raw materials and materials;
- purchased component products, semi-finished products, work and production services of third-party enterprises and organizations;
- fuel and energy for technological purposes;
- returnable waste (calculated): the value of the remains of raw materials, materials, other values that were formed in the production process and partially or completely lost their original consumer properties, in connection with which they cannot be used for their original purpose or are used, but with increased costs ;
- basic salary of production workers;
- additional wages of production workers: costs for paying the production staff of the enterprise additional wages charged for work exceeding the established norms, for labor successes and inventions and for special working conditions;
- deductions for social events;
- general production expenses;
- the costs of eliminating the technically unavoidable.

General production costs are allocated to each cost object using the distribution base - the planned price. The selected distribution base is established in accordance with clause 2.15 of the Order of the Ministry of Finance dated 27.06.2013 No. 635 "On approval of recommendations regarding the accounting policy of the enterprise and amendments to some orders of the Ministry of Finance of Ukraine".

The cost of disposal inventories is based on a first-in first-out (“FIFO”) method.

Financial assets. At initial recognition, financial assets are classified as subsequently measured at either amortized cost or fair value based on both of the following factors:

a) a business model chosen by management to use such a financial asset;

b) the characteristics of the contractual cash flow from such a financial asset.

A financial asset is valued at amortized cost if both of the following conditions are met:

a) the asset is held in a business model whose purpose is to hold assets to collect contractual cash flows;

b) the contractual terms of the financial asset provide for cash flows on specified dates, which are only the repayment of principal and payment of interest on the outstanding principal amount.

Amortized cost is calculated using the effective interest method and is determined net of any impairment losses. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the relevant instrument and amortized based on the effective interest rate for the relevant instrument.

Financial assets are classified and measured at fair value through other comprehensive income, if they are held in business model, whose purpose is achieved by both collecting contractual cash flows and selling financial assets

Any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

The Company reclassifies financial assets in the event of a change in business model or in characteristics of contractual cash flow.

As of December 31, 2021 and December 31, 2020, none of the Company's financial assets were classified as financial assets at fair value through profit or loss and available-for-sale or held-to-maturity investments.

The Company classifies all financial assets in the amortized cost category.

The Company's financial assets include cash and cash equivalent, trade and other account receivable. Financial assets are initially recognized at fair value plus costs directly related to the transaction. The fair value at initial recognition is best confirmed by the transaction price.

A gain or loss on initial recognition is recognized only when there is a difference between the fair value and the price of the transaction, which can be confirmed by current market transactions with the same instruments or valuation techniques that use only available market data. After the initial recognition of financial assets that are measured at fair value, an allowance for expected credit losses is recognized, which leads to the recognition of an accounting loss immediately after the initial recognition of the asset.

All standard transactions for the purchase and sale of financial assets are recognized on the date of execution of the transaction, that is, on the date when the Company undertakes to purchase the asset. Standard purchase or sale transactions include transactions for the purchase or sale of financial assets, within the framework of which assets are delivered within the terms established by law or accepted in the market.

Derecognition. The recognition of a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is terminated if:

- The period of the rights to receive cash flows from the asset has expired;
- The Company transferred its rights to receive cash flows from the asset or assumed an obligation to pay to the third party the cash flows received in full and without significant delay under the "transit" agreement; and either (a) the Company transferred substantially all the risks and rewards of the asset, or (b) the Company did not transfer, but does not retain, substantially all the risks and rewards of the asset, but transferred control of the asset;
- The Company transferred all its rights to receive cash flows from the asset or entered into a transit agreement, but did not transfer, but did not retain, virtually all the risks and benefits from the asset, and did not transfer control of the asset, the new asset is recognized in that the extent to which the Company continues to participate in the transferred asset. In this case, the Company also recognizes the corresponding obligation. The transferred asset and the related liability are assessed on a basis that reflects the rights and obligations retained by the Company.

Impairment of financial assets. The Company measures credit losses using forward looking information related to financial assets carried at amortized cost at each reporting date.

For all financial assets of the Company, a common approach for calculating expected credit losses is applied, according to which, at each reporting date, the Company estimates the allowance for losses at an amount equal to expected credit losses for the entire period, if the credit risk on such financial assets has increased significantly since the initial recognition. If, as at the reporting date, credit risk has not increased significantly since initial recognition, the Company measures a loss allowance for such financial assets at an amount equal to 12-month expected credit losses.

Expected credit losses are estimated based on the maximum contractual period during which the Company is exposed to credit risk.

The expected credit loss is the present value of the difference between the cash flows payable to the Company under the contract and the cash flows that the Company expects to receive. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

The Company assesses at each reporting date, whether the credit risk on financial assets has increased significantly since initial recognition. In making this assessment, the Company uses the change in the risk of default (default) over the expected life of the financial asset, rather than the change in the amount of the expected credit loss. The Company makes this assessment by comparing the risk of default (default) on the financial asset at the reporting date with the risk of default at the date of initial recognition, and takes into account reasonably necessary and supportable information that is available without undue cost or effort, and indicates a significant increase in credit risk since initial recognition.

The Company accepts a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Company may make an assumption that the credit risk on a financial asset has not experienced a significant increase since initial recognition if it has been determined that the financial asset has a low level of credit risk as of the reporting date. Credit risk is considered low if the financial asset has a low risk of default, the borrower has a strong potential to meet its contractual cash flow obligations in the short term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the borrower's ability to fulfil its contractual cash flow obligations.

The Company accepts a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Financial liabilities. All financial liabilities are initially recognized at fair value, and in the case of loans and borrowings - plus expenses directly related to the transaction. After initial recognition, all of the Company's financial liabilities are measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are fulfilled and in the process of amortization of the liabilities using the effective interest rate method. Amortized cost is calculated taking into account the premium or discount on the acquisition and income and expenses that are included in the calculation of the effective interest rate. Amortization using the effective interest rate method is included in financial expenses in the statement of profit and loss and other comprehensive income.

The Company uses a practical technique according to which the amortized value of financial liabilities with maturities of up to one year, with the condition of the return at the request of the creditor, is equal to their nominal value.

The financial liabilities of the Company include the articles "Account payables from the main activity and other payables" in the statement of financial position. The Company determines the classification of financial assets at initial recognition. The Company has no financial liabilities at fair value through profit or loss.

Termination of recognition. The recognition of a financial liability is terminated if the obligation is repaid, canceled, or its expiration date has expired. If the existing financial liability is replaced by another obligation to the same creditor under substantially different terms, or if the terms of the existing liability are significantly changed, such a replacement or change is accounted for as a derecognition of the initial liability and commencement of the recognition of a new liability, and the difference in their carrying amount is recognized in the statement of comprehensive income.

Trade and other accounts receivables. Trade account accounts receivables are determined initially at fair value, and subsequently measured at amortised cost using the effective interest rate method.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss within other operating expenses. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses.

Cash and cash equivalents. Cash and cash equivalents are assets that can be converted into a certain amount of cash at the first requirement and which have a slight risk of changing value. Cash and cash equivalents include unrestricted-use balances on bank accounts, time deposits, with an original maturity of up to three months. Funds whose use has been restricted for more than three months from the date of their placement is excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortized cost.

Prepayment. Prepayments are carried at cost less provision for impairment. The amount of pre-payment in the account of acquisition of the asset is included in its balance value when the Company receives control over this asset and there is a possibility that future economic benefits associated with it will be received by the Company. Other prepayments are recognised in profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment is recognised in profit or loss for the year.

Provision to cover obligations and expenses. Provision are recognized if the Company has a current liability as a result of the past event and there is a possibility that the outflow of resources that embody economic benefits will be necessary to repay the liabilities, and the amount of such liabilities can be reliably estimated.

Recognition of revenue. The revenue of the Company is formed as a result of the sale of goods and services. The revenue is estimated on the basis of the reward specified in the contract with the client. The Company recognizes the revenue when control over goods or services is transferred to the client.

As the main part of the Company's revenues forms the proceeds from the sale of goods, the income is generally recognized at a certain point in time when the goods were delivered to the buyer, that is, when control over the goods was transferred. Delivery occurs when the products are shipped to a specific place, the risks of aging and loss related to the maintenance of the products transferred to the customer, or if the customer has accepted the products in accordance with the purchase-sale agreement, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Guarantees and discounts take place, but do not constitute separate liabilities of performance and do not affect the recognition of income. Revenue is not recognized if there is a possibility that economic benefits will not be received by the Company.

The amount of revenues recognized in connection with obligations to perform over time is not significant.

Income is shown in the Statement of Comprehensive Income after deduction of VAT, transactions from returns and discounts given.

Sale of electricity. Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. The Company sells all produced electricity to Guaranteed Buyer SE, a state-owned electricity distribution monopoly, at prices established and approved by the National Electricity Regulatory Committee of Ukraine. Delivery is deemed complete when control of the services have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of electricity are recognised at the time the electricity is supplied on the basis of periodic meter readings

Expenses. Expenses are considered expenses for a certain period at the same time as the recognition of the income for which they were realized. Expenses that cannot be related to income of a certain period are reflected in the expenses of the reporting period in which they were carried out: administrative expenses, selling expenses and other expenses of operational activity.

Value added tax (VAT)

In Ukraine, where most of the Company's operations are concentrated, VAT is levied at two rates: 20% on domestic sales and imports of goods, works and services and 0% on exports of goods. The taxpayer's VAT liability is equal to the total amount of VAT received during the reporting period and arises at the earliest date: the date of shipment of goods to the customer or the date of receipt of payment from customers, and for export transactions on the date of customs clearance of exported goods.

A VAT credit is the amount by which a taxpayer is entitled to offset VAT on a liability in the reporting period. For domestic and export transactions, the right to a VAT refund arises upon registration of a tax invoice issued on an earlier date: the date of payment to the supplier or the date of receipt of the goods. When a receivable is impaired, the impairment loss is recognized in full, including VAT. The Company's assets include VAT, which is reimbursed by the state in cash form. All other VAT assets and liabilities are offset

Current income tax. Current income tax is the amount of taxes on income that are payable (reimbursed) in respect of taxable profit (tax loss) for the period calculated according to the rules of the tax authority of Ukraine. Liabilities (assets) of current income tax on current and previous reporting periods are recognized as the amount paid by the tax authorities (for return) using the tax rate applicable to the tax and applicable tax legislation at the reporting date.

Taxable profits or losses are based on estimates if financial statements are authorized prior to filing relevant tax returns.

Other taxes other than income taxes are included in operating expenses.

Income deferred tax. Income deferred tax is calculated by the method of the balance sheet liability relative to the carryforward of unused tax losses and temporary differences, that occurred between the carrying amount of an asset and liability and its tax base for purposes of financial reporting. In accordance to the exclusion at initial recognition, deferred tax is not recognized for temporary differences that occur at initial recognition of the assets or liability, which is not influenced on the financial result or taxable income from a transaction that is not a business combination.

Deferred tax assets and liabilities are measured using tax rates that have been or have been practically enacted at the end of the reporting period and, as expected, to be applied in the period, when temporary differences are reversed or tax losses carried forward. Deferred tax assets on temporary differences that reduce the tax base and carry-forward tax losses are recognized to the extent is probable of obtaining taxable profit for which a temporary difference can be used.

6. Uses of estimates and assumptions and critical accounting judgements

In the application of the Company's accounting policies, which are described in Note 5, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment. The Company calculates the depreciation of fixed assets on a straight-line basis during the estimated useful life of the assets. The periodic depreciation charge are derived based on the expected useful life of the asset and the expected residual value by the end of its useful life. The useful life is based on historical experience with similar assets as well as an anticipation of future events that may affect their use, such as changes in technology. The estimated useful life is reviewed at least annually.

Inventory. Management estimates at the lower of the cost or net realizable value, including an allowance for possible impairment. If the cost of inventories is not fully recoverable, their carrying amount is adjusted to their net realizable value.

Estimation of allowance for expected credit losses. The Company evaluates the allowance for expected credit losses at the end of each reporting period. In establishing the allowance, management makes an assessment of the probability of the collection of current accounts receivables based on an analysis of individual counterparties. For this purpose, the historical default experience of the debtor is considered, the current state is assessed based on forecast information related to the debtor. Applying this approach to calculating the amount of possible impairment of financial assets involves management's judgments and assumptions based on reasonably necessary and supportable information available to the Company without undue cost or effort.

Management's estimate of expected credit losses on loan commitments corresponds to the difference between contractual cash flows payable and expected cash flows. If the amounts actually recovered were less than management's estimates, the Company would have to consider additional impairment charges.

Recognition of deferred tax assets. The recognized deferred tax asset is the amount of income tax reimbursed by future deductions from taxable profits and is reflected in the statement of financial position. Deferred tax assets are reflected to the extent that the implementation of the relevant tax benefit is probable. Amounts of future taxable profits and tax breaks that are probable in the future are based on expectations of management that are considered reasonable in the circumstances.

7. Application of new and revised IFRS

The Company has not applied in advance any standards, interpretations or amendments that have been issued, but at the date of preparation of these financial statements have not yet entered into force.

The following is information on new and revised standards and interpretations that the Company has applied for the first time since January 1, 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Reform - Stage 2

The amendments provide temporary exemptions that apply to address the consequences for the financial statements in cases where the interbank offer rate (IBOR) is replaced by an alternative virtually risk-free interest rate. The amendments relate to the following:

- changes in contractual cash flows - the company does not have to derecognise or adjust the carrying amount of financial instruments to reflect the changes required by the reform, but instead needs to update the effective interest rate to reflect the change in the base interest rate;

- hedge accounting - a company does not have to stop hedge accounting simply because it makes the changes necessary for the reform if the hedge meets other hedge accounting criteria; and

- Disclosure - The company will need to disclose new risks arising from the reform and how it manages the transition to alternative base rates.

These amendments did not affect the Company's financial statements.

Amendments to IFRS 16 – "Lease Concessions Related to the Covid-19 Pandemic Effective After June 30, 2021".

In May 2020, the IFRS Board issued an amendment to IFRS 16 Leases - Lease Assignments Related to the Covid-19 Pandemic. This amendment exempts tenants from applying the requirements of IFRS 16 for accounting for modifications to leases in the event of leases that arise as a direct result of the Covid-19 pandemic. As a simplification of a practical nature, the lessee may decide not to analyze whether the lease made by the lessor in connection with the Covid-19 pandemic is a modification of the lease. A lessee that makes such a decision should consider any change in lease payments due to a lease assignment related to the Covid-19 pandemic, similar to how this change would be accounted for following IFRS 16 if it were not a modification. lease agreement. This amendment is expected to apply until June 30, 2021, but due to the impact of the Covid-19 pandemic on March 31, 2021, the IFRS Board decided to extend the application of practical simplifications until June 30, 2022. The new amendment applies to annual periods beginning on or after 1 April 2021, with early application permitted. This amendment must be applied by those business entities that have decided to apply the previous amendment related to leasing assignments related to COVID-19.

IFRS and Interpretations that have not entered into force:

The Company has not applied the following IFRSs, Interpretations to IFRSs and IASs, amendments and amendments to them that have been published but have not entered into force

IFRS 17 "Insurance Contracts"

IFRS 17 is a new standard for financial statements for insurance contracts that addresses recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 "Insurance Contracts", which was issued in 2005.

IFRS 17 becomes effective for reporting periods beginning on or after 1 January 2023, with comparative information being required. Advance application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on the date of first application of IFRS 17 or earlier.

This standard is not applicable to the Company

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and an associate or joint venture.

The amendments address the contradictions between IFRS 10 and IAS 28 in accounting for the loss of control of a subsidiary that is sold to or affiliated with an associate or joint venture. The amendments clarify that the gain or loss arising from the sale or contribution of an asset that is a business, as defined in IFRS 3, is recognized in full in an agreement between the investor and its associate or joint venture. However, gains or losses arising from the sale or contribution of non-business assets are recognized only to the extent of the participating interests in shares other than the investor company of the associate or joint venture. The IFRS Board postponed the effective date of this amendment indefinitely, but allowed for early application.

It is expected that these amendments will not have an impact on the Company's financial statements.

Amendments to IAS 1" Presentation of Financial Statements"

In January 2020, the IFRS Board amended IAS 1 to clarify issues related to the classification of liabilities into current and non-current. The amendments shall enter into force for periods beginning on or after 1 January 2023. The amendments are applied retrospectively, early application is allowed.

The amendments may affect the classification of liabilities in the Company's statement of financial position.

Amendments to IFRS 3 "Business Combinations - Reference to Conceptual Framework"

In May 2020, the IFRS Board issued amendments to IFRS 3, which aim to replace the reference to the "Financial Reporting Preparation and Presentation Concept" issued in 1989 with the reference to the "Conceptual Basis of Financial Reporting" issued in March 2018. without making significant changes to the requirements of the standard. These amendments shall enter into force for annual periods beginning on or after 1 January 2022 and shall be applied prospectively.

Also, from January 1, 2022, an exception was introduced, according to which for certain types of liabilities and contingent liabilities, business entities that apply IFRS 3 have instead of the Conceptual Framework, reference is made to IAS 37 "Provisions, contingent liabilities, bonds and contingent assets". The IFRS Board expects that the exception will remain in IFRS 3 until the definition of an obligation in IAS 37 differs from the definition in the latest version of the Conceptual Framework. The Board plans to consider harmonizing the definitions of the project to make targeted improvements to IAS 37.

These amendments did not affect the Company's financial statements.

Amendments to IAS 16 – "Property, Plant and Equipment" - Receipts before Intended Use

In May 2020, the IFRS Board issued amendments to IAS 16, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products made in the process of delivering the item to its location and bringing it into condition, which is required for its operation in the manner prescribed by management. Instead, the entity recognizes the proceeds from the sale of such products, as well as the cost of production of those products, at profit or loss. These amendments shall enter into force for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively.

It is expected that these amendments will not have a material impact on the Company's financial statements.

Amendments to IAS 37 "Collateral, Contingent Liabilities and Contingent Assets" - "Burdensome Contracts - Contractual Expenses"

In May 2020, the IFRS Board issued amendments to IAS 37, which clarify what costs an entity should consider when assessing whether a contract is onerous or unprofitable. The amendments provide for the application of an approach based on "costs directly related to the contract". Costs directly related to the contract for the provision of goods or services include both additional costs for the performance of this contract and distributed costs directly related to the performance of the contract. General and administrative expenses are not directly related to the contract and are therefore excluded, except when they are explicitly reimbursable by the contractor under the contract. These amendments shall enter into force for annual periods beginning on or after 1 January 2022.

It is expected that these amendments will not have a material impact on the Company's financial statements.

Amendments to IAS 8 – "Definitions of Accounting Estimates"

In February 2021, the IFRS Board issued amendments to IAS 8, which introduce the definition of "accounting estimates". The amendments explain the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. In addition, the document explains how organizations use measurement methods and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023 and are applied to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early use is allowed subject to disclosure of this fact.

It is expected that these amendments will not affect the Company's financial statements.

Amendments to IAS 1 and Guideline 2 on the application of IFRS - "Accounting Disclosures"

In February 2021, the IFRS Board issued amendments to IAS 1 and Practice Guideline 2 on the application of IFRS "Formation of Materiality Judgments" which provide guidance and examples to help organizations apply materiality judgments when disclosing accounting policies. The amendments should help organizations disclose more useful accounting policies by replacing the requirement for organizations to disclose "significant provisions" in accounting policies with the requirement to disclose "material information" about accounting policies and by adding guidance on how organizations should apply materiality when making decisions on the disclosure of information about accounting policies. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with the possibility of early application.

It is expected that these amendments will not have a material impact on the Company's financial statements.

Deferred tax relating to assets and liabilities arising from a single transaction - amendments to IAS 12

The amendments clarify that the exemption from initial recognition does not apply to transactions in which equal amounts of deductible and taxable differences (for example, leases and decommissioning obligations) arise during initial recognition. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with the possibility of early application.

It is expected that these amendments will not have a material impact on the Company's financial statements.

"Annual improvements to IFRS" (cycle 2018 - 2020):

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - a subsidiary that applies International Financial Reporting Standards for the first time.

Under this amendment, a subsidiary that decides to apply paragraph D16 (a) of IFRS 1 has the right to measure accumulated differences using the amounts recognized in the financial statements of the parent based on the date of transition of the parent to IFRS. This amendment may also be applied by associates and joint ventures that decide to apply paragraph D16 (a) of IFRS 1. This amendment is effective for annual periods beginning on or after 1 January 2022. Early application is allowed.

This amendment will not affect the Company's financial statements

Amendment to IFRS 9 "Financial Instruments" - the commission fee for the "10% test" in the event of derecognition of financial liabilities.

The amendment clarifies what amounts the commission takes into account when assessing whether the terms of a new or modified financial liability differ materially from those of the original financial liability. Such amounts include only those commissions paid or received between a particular creditor and the borrower, commissions paid or received by the creditor or borrower on behalf of another party. An entity shall apply this amendment to financial commitments that have been modified or replaced at the beginning (or after) of the annual reporting period in which the entity first applies the amendment. This amendment shall enter into force for annual periods beginning on or after 1 January 2022. Early application is allowed.

It is expected that this amendment will not have a material impact on the Company's financial statements.

Amendment to IAS 41 Agriculture - Taxation in Fair Value Measurement

This amendment eliminates the requirement in paragraph 22 of IAS 41 that organizations do not include tax-related cash flows in measuring the fair value of assets within the scope of IAS 41. An entity shall apply this amendment in a forward-looking manner to measure fair value at the date of commencement (or after) of the first annual reporting period beginning on or after 1 January 2022. Application is allowed until this date. Early application is allowed.

This amendment will not affect the Company's financial statements.

Amendments to IFRS 16 Leases - Incentive Lease Payments

The amendment clarifies illustrative example № 13 to IFRS 16 by excluding the example of accounting for compensation received by the lessee from the lessor as compensation for costs incurred to improve the leased asset. The effective date of the amendment is January 1, 2022.

It is expected that this amendment will not affect the Company's financial statements

(in thousands of Ukrainian hryvnias)

8. Property, plant and equipment

	Land	Buildings and structures	Equipment	Vehicles	Other equipment and supplies	Assets that generate energy	Other	Construction in progress	Total
Cost									
As at December 31, 2019	2 044	119 722	178 382	56 053	4 777	179 295	3 786	13 794	557 853
Additions	-	-	-	-	-	-	-	41 369	41 369
Production and modernization of fixed assets	-	-	-	-	-	-	-	11 726	11 726
Transfer	-	29 104	23 612	99 772	146	-	1 245	(64 084)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(129)	(129)
Disposals	-	-	(875)	(1615)	(91)	-	-	-	(2581)
Transfers to current assets held for sale	(307)	-	-	(1 492)	-	-	-	-	(1 799)
Cost adjustment	-	-	(70)	(103)	10	-	-	-	(163)
As at December 31, 2020	1 737	148 826	201 049	62 820	4 842	179 295	5 031	2 676	606 276
Additions	-	-	-	-	-		-	96 381	96 381
Production and modernization of fixed assets	-	-	-	-	-	-	-	23 375	23 375
Transfer from stocks	-	-	-	-	-	-	-	33	33
Transfer	-	5 114	43 852	20 074	522	-	824	(70 386)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(113)	(113)
Disposals	-	(798)	(1 303)	(975)	(213)	-	-	-	(3 289)
Transfers to current assets held for sale	(96)	(531)	(360)	(497)	-	-	-	-	(1 484)
Reclassification	-	-	9	-	(9)	-	-	-	-
As at December 31, 2021	1 641	152 611	243 247	81 422	5142	179 295	5 855	51 966	721 179
Accumulated depreciation									
As at December 31, 2019	-	41 269	85 053	28 099	2 059	23 402	493	-	180 375
Depreciation charges	-	7 176	28 630	8 934	924	15 103	358	-	61 125
Disposals		-	(542)	(1 071)	(74)	-	-	-	(1 687)
Reversal of revaluation		10	21 633	8 717	1 409	-	23	-	31 792
Adjustment of depreciation of objects, revaluation of which was reversed		(1)	(2 263)	(1 570)	(297)	-	(5)	-	(4 136)
As at December 31, 2020	-	48 454	132 511	43 109	4 021	38 505	869	-	267 469
Depreciation charges		8 054	25 496	8 696	454	15 203	1 022		58 925
Disposals	-	(798)	(1 301)	(975)	(215)	-	-	-	(3 289)
As at December 31, 2021	-	55 710	156 706	50 830	4 260	53 708	1 891	-	323 105
Net book value									
As at December 31, 2019	2 044	78 453	93 329	27 954	2 718	155 893	3 293	13 794	377 478
As at December 31, 2020	1 737	100 372	68 538	19 711	821	140 790	4 162	2 676	338 807
As at December 31, 2021	1 641	96 901	86 541	30 592	882	125 587	3 964	51 966	398 074

(in thousands of Ukrainian hryvnias)

As of December 31, 2021, funds with a book value of UAH’000 28 031 (December 31, 2020: UAH’000 163 111) were pledged as collateral for bank loans.
As of December 31, 2021, fixed assets in the amount of UAH’000 75 015 (December 31, 2020: UAH’000 38 793) were fully amortized.

9. Inventories

Inventories as at 31 December 2021 and as at 31 December 2020 represented as follows:

	December 31, 2021	December 31, 2020
Production inventories	281 620	192 410
Semi-finished products	102 958	100 885
Finished products	31 808	49 477
Goods	1 768	9 270
Total	**418 154**	**352 042**

As of December 31, 2021 and December 31, 2020, the Company's inventories no signs of impairment.

10. Financial instruments

As of December 31, the Company's financial instruments are represented by the following categories:

	December 31, 2021	December 31, 2020
Financial assets		
Estimated at amortized cost		
Trade accounts receivable for goods, works, services	120 454	108 313
Other current receivables	438	366
Cash and cash equivalents	16 229	58 091
Total	**137 121**	**166 770**

	December 31, 2021	December 31, 2020
Financial liabilities		
Estimated at amortized cost		
Other long-term liabilities	1 976	-
Short-term borrowings	40 168	6 677
Current accounts payable for long-term liabilities	458	22 217
Current accounts payable for goods, works, services	96 575	54 197
Other payables	910	8 710
Total	**140 087**	**91 801**

(in thousands of Ukrainian hryvnias)

11. Trade accounts receivables for goods, works, services

As of December 31, trade accounts receivables for the Company's goods, works, and services are presented below:

	December 31, 2021	December 31, 2020
Trade accounts receivables:		
- in national currency	130 552	86 591
- in foreign currency	87 121	77 438
Allowance for expected credit losses	(97 219)	(55 716)
Total	**120 454**	**108 313**

As of December 31, 2021, trade accounts receivables from the Company's five largest debtors amounted to UAH 124,041,000. or 57% (as of December 31, 2020: UAH 97,048,000 or 59%).

Information on balances from transactions with related parties is provided in Note 23.

The table below shows the status of past due payments on trade accounts receivables as of December 31, 2021:

	Individual impairment	Gross value	Expected credit loss
Trade accounts receivable for goods, works, services			
- current	45%	92 299	41 973
- overdue from 1 to 30 days	32%	45 082	14 362
- overdue from 31 to 90 days	30%	48 471	14 424
- overdue from 91 to 180 days	71%	12 653	8 983
- overdue from 181 to 365 days	89%	11 659	10 367
- overdue for more than 365 days	95%	7 509	7 110
Trade accounts receivable for goods, works, services, net		**217 673**	**97 219**

The table below shows the status of past due payments on trade receivables as of December 31, 2020:

	Individual impairment	Gross value	Expected credit loss
Trade accounts receivable for goods, works, services			
- current	0%	15 109	-
- overdue from 1 to 30 days	18%	30 017	5 497
- overdue from 31 to 90 days	15%	56 106	8 660
- overdue from 91 to 180 days	57%	28 317	16 133
- overdue from 181 to 365 days	63%	22 037	13 828
- overdue for more than 365 days	93%	12 443	11 598
Trade accounts receivable for goods, works, services, net		**164 029**	**55 716**

(in thousands of Ukrainian hryvnias)

The following table presents the movement of the provision for expected credit losses on trade receivables for the year ended 31 December 2021 and 31 December 2020:

	2021	2020
On January 1	**(55 715)**	**(46 123)**
Provision expenses	(172 367)	(62 532)
Income from debt resumption	130 666	52 265
Reversal of reserve	197	675
On December 31	**(97 219)**	**(55 715)**

As of December 31, trade receivables are expressed in the following currencies:

	December 31, 2021	December 31, 2020
UAH	130 527	86 591
EUR	76 288	65 951
USD	7 688	11 486
PLN	3 146	-
Total	**217 649**	**164 028**

12. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2021 and as at 31 December 2020 represented as follows:

	December 31, 2021	December 31, 2020
Cash balances with banks::		
in national currency	5 626	27 797
in foreign currency	10 576	30 209
Cash on hand	-	-
Short-term deposits	27	85
Total	**16 229**	**58 091**

As of December 31, 2021 and December 31, 2020, the Company's balance sheet did not contain restricted cash.

As of December 31, cash and cash equivalents are expressed in the following currencies:

	December 31, 2021	December 31, 2020
UAH	5 653	27 882
EUR	8 880	25 129
USD	1 696	5 080
Total	**16 229**	**58 091**

13. Share capital

The Company is registered and operates in the form of a Limited Liability Company, its owners as of December 31 are presented as follows:

(in thousands of Ukrainian hryvnias)

	December 31, 2021	Ownership,%	December 31, 2020	Ownership,%
Yuriy Lyashchuk	98 439	81	98 289	85
Halyna Lyashchuk	6 077	5	5 782	5
Stanislav Lyashchuk	8 507	7	5 782	5
Vladyslav Lyashchuk	8 507	7	5 782	5
Total	121 530	100	115 635	100

During 2021 and after the date when the financial statements were approved for release, the Company did not pay dividends.

As of December 31, 2021 and December 31, 2020, the Company had no debt to participants for unpaid dividends.

During 2021, there was an increase in the size of the share capital in the amount of UAH'000 5 895 through additional contributions of the owners in cash in the amount of UAH'000 444 and fixed assets in the amount of UAH'000 2 725. As of December 31, 2021, the unpaid capital is UAH'000 2 725.

14. Loans and borrowings

Loans and borrowings represented as follows:

	Rate	Currency	Maturity date	December 31, 2021	December 31, 2020
Bank loans	4,6%	EUR	11.02.2023	9 277	-
Bank loans	4,25%	EUR	06.05.2022	30 891	-
Bank loans	4,83%	EUR	30.06.2022	-	1 954
Bank loans	4,5%	EUR	30.06.2022	-	4 723
Bank loans	2,35%	EUR	31.12.2021	-	22 217
Bank loans				458	-
Total				40 626	28 894

As of December 31, 2021, fixed assets with a total market value of UAH'000 107 927 were pledged as collateral for the financing involved. (December 31, 2020: UAH'000 179 295).

Information on the movement of credits and loans during 2021 and 2020 is disclosed below:

- on receipt and repayment of credits and loans

	2021	2020
As of January 1	(28 894)	(109 151)
Proceeds	(48 433)	(47 468)
Repayment	34 584	151 668
Exchange rate difference	2 575	(23 943)
As of December 31	(40 168)	(28 894)

- on receipt and repayment of credits and loans

	2021	2020
As of January 1	-	-
Proceeds	(680)	(2 209)
Repayment	680	2 209
As of December 31	-	-

(in thousands of Ukrainian hryvnias)

15. Trade accounts payable for goods, works, services

As of December 31, the Company's trade account payables for goods, works, and services are presented as follows:

	December 31, 2021	December 31, 2020
Trade accounts payables:		
- in national currency	94 376	52 046
- in foreign currency	2 199	2 008
Total	**96 575**	**54 054**

As of December 31, 2021, trade accounts payables from the Company's five largest counterparty amounted to UAH 55,181,000. or 57% (as of December 31, 2020: UAH 30,779,000 or 57%)

Information on related party balances is disclosed in Note 23.

As of December 31, current accounts payable for goods, robots, services are denominated in the following currencies:

	December 31, 2021	December 31, 2020
UAH	94 376	52 046
EUR	1 538	2 008
USD	661	-
Total	**96 575**	**54 054**

16. Current provisions

Provisions as at 31 December represented as follows:

	December 31, 2021	December 31, 2020
Provisions for payment of unused vacations	29 629	27 283
Provisions for other expenses and payments	673	824
Total	**30 302**	**28 107**

The change in the provisions for the payment of unused vacations for the years ended December 31 is presented as follows:

	December 31, 2021	December 31, 2020
As of January 1	**27 283**	**26 908**
Accrued/(used) for the year	2 346	375
As of December 31	**29 629**	**27 283**

17. Revenue

Revenue for the year ended 31 represented as follows:

	2021	2020
Revenue from the sale of furniture and individual elements	1 038 325	696 966
Revenue from the sale of pine logs	65 292	24 367
Revenue from the sale of bricks	45 008	54 534
Revenue from the sale of electricity	62 681	52 215

(in thousands of Ukrainian hryvnias)

Revenue from the sale of pallet blanks	17 382	42 541
Revenue from provided motor transport services	50 330	33 689
Revenue from sale of apartments	740	29 815
Revenue from the sale of fuel briquettes, fuel pellets	50 612	26 353
Revenue from the sale of materials for the manufacture of furniture	22 623	20 865
Revenue from provided construction and installation works	56 301	14 327
Revenue from the sale of packaging materials	1 154	1 129
Other	9 187	5 515
Total	**1 419 635**	**1 002 316**

Information on the amount of transactions with related parties is provided in Note 23.

Sales revenue for the years ended 31 December consisted of the following geographic markets:

	2021	2020
EU countries	798 439	525 571
Ukraine	543 050	424 798
CIS countries	67 809	42 731
Other	10 337	9 216
Total	**1 419 635**	**1 002 316**

18. Cost of sales

Cost of sales for the years ended December 31 are as follows:

	2021	2020
Raw materials and consumables	758 691	445 798
Salary and payroll	210 155	147 337
Depreciation expenses	50 169	55 165
Electricity	41 433	25 119
The price of the sold product	33 677	11 070
Repair and maintenance	9 882	4 204
Services of processing of table tops and other furniture elements	2 364	3 221
Other expenses	4 716	7 773
Change in the balance of products as a result of write-off for expenses (Note 20 and 21)	(30 359)	(565)
Changes in finished products	11 091	67 664
Total	**1 091 819**	**766 786**

19. Administrative expenses

Administrative expenses for the years ended December 31 include:

	2021	2020
Salary	8 364	5 525
Electricity costs	6 918	4 513
Costs of materials	1 934	3 625
Bank services	1 573	1 251
Professional services	909	1 133
Costs of provision for audit services	708	825
Depreciation and amortization	960	787
Share contributions	-	-
Other	2 843	977
Total	**24 209**	**18 636**

Information on the amount of transactions with related parties is provided in Note 23.

(in thousands of Ukrainian hryvnias)

20. Selling and distribution expenses

Selling and distribution expenses for the years ended December 31 are presented as follows:

	2021	2020
Electricity costs	22 005	14 422
Expenses for the provision of transportation services	19 417	6 702
Fuel	19 340	12 322
Salary	11 255	7 776
Spare parts	1 954	5 940
Depreciation and amortization	7 485	4 983
Travel expenses	9 152	4 433
Expenses for tare manufacturing	42 670	4 056
Expenses incurred during transportation between the Company's warehouses	13 068	-
Expenses for pre-sale preparation of goods	1 117	2 096
Other	3 332	4 264
Total	**150 795**	**66 994**

In 2021, the company increased deliveries of its products to new sales markets from abroad. The product had to cover a long way to its destination. In order to ensure the integrity of the delivered product and maintain the appropriate quality, the Company's management had to provide additional packaging material that would minimize product damage during transportation. This led to a significant increase in production costs in 2021 compared to 2020.

Also in 2021, the Company's Management revised its assessment regarding the possibility of further use of plate materials that get damaged to be damaged during transportation between the Company's production department and warehouses. Due to the fact that the costs that would have to be incurred in the treatment of each type of individual damage, if necessary, exceed the future benefits from the sale of goods made from such materials, the Management decided to write off them as expenses.

21. Other operating expenses/income

Other operating income for the years ended December 31 is presented as follows:

	2021	2020
Income received from the write-off of accounts payable	264	659
Income received from operating leases	748	503
Other income	24	48
Total	**1 036**	**1 210**

Other operating expenses for the years ended December 31 are presented as follows:

	2021	2020
Expenses received as a result of an allowance for expected credit losses accrual	41 715	10 371
FOREX, net	9 611	6 430
Electricity	3 352	3 980
Losses/(gain) from the sale of non-current assets	(524)	2 290
Taxes and mandatory payments	2 465	2 438
Materials	2 493	2 128
Write-off of finished products that have lost their marketable appearance	10 266	-
Salary	2 380	1 785
Operating lease	770	563

(in thousands of Ukrainian hryvnias)

Depreciation and amortization	495	325
Income from receipt of recyclables	(2 572)	(7 886)
Other	3 824	1 306
Total	74 280	23 730

Information on the amount of transactions with related parties is provided in Note 23.

22. Income tax

Income tax expense/(income) for the year ended December 31 is presented as follows:

	December 31, 2021	December 31, 2020
Current income tax expenses	22 305	24 889
Deferred income tax expense/(income).	(7 763)	-
Total	14 542	24 889

Deferred tax is calculated for all temporary differences based on the current income tax rate. The corporate income tax rate in Ukraine for 2021 and 2020 was 18%.

As of December 31, 2021, the Company's management recognized a deferred tax asset for the amount of tax benefits, unless it is probable that taxable profit will be obtained against which the unused tax losses or unused tax benefits can be utilized, the deferred tax asset is not recognized.

The change in recognized deferred tax assets and liabilities by type of temporary differences during the year ended December 31, 2021 is as follows:

	On January 1, 2021	Recognized in profit and loss	As of December 31, 2021
Fixed assets and intangible assets	-	153	153
Provision for reimbursement of future expenses	-	139	139
Allowance under expected credit losses	-	7 471	7 471
Deferred tax liabilities/(assets), net	-	7 763	7 763

23. Related parties

Transactions with related parties for the year ended December 31, 2021 and the following:

The nature of the relationship with the Company	Type of operation	Realization	Expenses	Purchase
Owner’s Subsidiary	Trade	69 127	1 696	4 242
Owners	Trade	547	-	18 360
Another related parties	Trade	13 650	-	-
		83 324	1 696	22 602

Transactions with related parties for the year ended December 31, 2020 and the following:

The nature of the relationship with the Company	Type of operation	Realization	Expenses	Purchase
Owner’s Subsidiary	Trade	21 923	1 578	4 613
Owners	Trade	72	-	-
Another related parties	Trade	11 555	169	34
		33 550	1 747	4 647

(in thousands of Ukrainian hryvnias)

Balances on related party transactions as of December 31, 2021 and for the year ended as follows:

The nature of the relationship with the Company	Type of operation	Trade accounts receivables	Trade accounts payables	Other accounts payable	Accounts payable for advances received
Owner's Subsidiary	Trade	68 386	4 456	-	-
Owners	Trade/Financial	81	26 573	-	-
Another related parties	Trade	-	-	-	-
		68 467	**31 029**	**-**	**-**

Balances on related party transactions as of December 31, 2020 and for the year ended as follows:

The nature of the relationship with the Company	Type of operation	Trade accounts receivables	Trade accounts payables	Other accounts payable	Accounts payable for advances received
Owner's Subsidiary	Trade	9 544	444	-	-
Owners	Trade/Financial	18	14 185	3 000	-
Another related parties	Trade	-	510	-	-
		9 562	**15 139**	**3 000**	**-**

Remuneration of key management personnel for the years ended December 31, 2021 and December 31, 2020 is in the form of short-term employee benefits is presented as follows

	2021	2020
Salary	1 063	919

24. Commitments and contingencies

Operating environment. The Company's principal activities are carried out within Ukraine. As the laws and regulations affecting the economic environment in Ukraine are subject to drastic changes, the Company's assets and operations could be at risk due to negative changes in the political and economic environment. See also Note 2.

Taxation. Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. In respect of this, the local and national tax environment in Ukraine is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations can lead to the imposition of severe penalties and high fines. Future tax examinations could raise issues or assessments, which might be contrary to the Company's tax filings. Such assessments could include taxes, penalties and interest, and these amounts could be material.

While the Company's management believes it has complied with local tax legislation, there have been many new tax and foreign currency laws and related regulations introduced in recent years, which are not always clearly written.

(in thousands of Ukrainian hryvnias)

25. Fair value of financial instruments

The main categories of financial instruments are presented below:

	December 31, 2021	December 31, 2020
Trade and other accounts receivables	120 892	108 679
Cash and cash equivalents	16 229	58 091
Total: Financial assets	**137 121**	**166 770**
Other long-term liabilities	(1 976)	-
Loans and borrowings	(40 626)	(28 894)
Trade and other accounts payables	(97 485)	(62 913)
Total: Financial liabilities	**(140 087)**	**(91 807)**
Total, net	**(2 966)**	**74 963**

Management believes that the carrying value of trade and other receivables, cash and cash equivalents, trade and other payables in the financial statements is approximately equal to their fair value.

All other financial instruments are carried at amortized value. The main risks associated with the Company's financial instruments are currency risk, credit risk, interest rate risk and liquidity risk.

26. Financial risk management: targets and policy

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 25. The main types of risks are market risk, credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Company periodically evaluates the financial reliability of customers, taking into account the financial condition, current economic trends, forecast macroeconomic information, analysis of the history of bad debts and receivables by the dates of origin. Accordingly, individual risk limits are established.

The Company’s management believes that there is no significant risk of loss due to non-fulfilment of lender’s obligations towards the Company.

Carrying amount of financial assets is presented by the maximal value exposed to the credit risk. Maximal level of credit risk as at 31 December comprised:

	December 31, 2021	December 31, 2020
Trade and other accounts receivables	120 892	108 679
Cash and cash equivalents	16 229	58 091
Total: Financial assets	**137 121**	**166 770**

(in thousands of Ukrainian hryvnias)

b) Foreign currency risk

The Company operates internationally and most of its operations are carried out in multiple currencies. Consequently, the Company is exposed to currency risk through receiving payments for the sale of goods and services to European and other countries, as well as making purchases in various foreign currencies from foreign equipment suppliers. Foreign exchange risk primarily arises from foreign exchange earnings, receivables, cash balances, accounts payable and loans and borrowings in foreign currencies.

The Company carries out its operations mainly in the following foreign currencies: USD, EUR, PLN. The official exchange rate of these currencies to the hryvnia, established by the National Bank of Ukraine, is indicated in Note 3.

The carrying amounts of the Company's monetary assets and liabilities denominated and referenced in foreign currency as of the December 31, 2021 are as follows:

	EUR	USD	PLN
Trade and other accounts receivables	76 288	7 688	3 145
Cash and cash equivalents	8 881	1 696	-
Total: Financial assets	**85 169**	**9 384**	**3 145**
Loans and borrowings	(40 168)	-	-
Trade and other accounts payables	(1 538)	(661)	-
Total: Financial liabilities	**(41 707)**	**(661)**	**-**
Total, net	**43 462**	**8 723**	**3 145**

The carrying amounts of the Company's monetary assets and liabilities denominated and referenced in foreign currency as of the December 31, 2020 are as follows:

	EUR	USD	PLN
Trade and other accounts receivables	65 951	11 486	-
Cash and cash equivalents	25 129	5 080	-
Total: Financial assets	**91 080**	**16 566**	**-**
Loans and borrowings	(28 894)	-	-
Trade and other accounts payables	(2 008)	-	-
Total: Financial liabilities	**(30 902)**	**-**	**-**
Total, net	**60 178**	**16 566**	**-**

Sensitivity analysis

The table below details the Company's sensitivity to weakening of Ukrainian Hryvnia against USD /RUB by 10%. The sensitivity level 10% represents management's assessment of possible change in the respective foreign currency exchange rates. The effect of strengthening will be exactly the opposite.

	Impact on profit (loss)	
	December 31, 2021	December 31, 2020
UAH/EUR	4 346	6 018
UAH/USD	873	1 657
UAH/PLN	315	-

(in thousands of Ukrainian hryvnias)

c) Liquidity risk

Liquidity risk is the risk of the Company's failure to fulfill its financial obligations at the date of maturity. Management monitors the Company's net liquidity position through ongoing forecasts based on expected cash flows.

The Company uses a process of detailed budgeting and forecasting of cash to guarantee availability of adequate facilities to fulfill their payment obligations.

The table below represents the expected maturity of components of working capital:

	Carrying value	Contract cash flow	Up to 3 months	From 3 months to one year	From one to 5 years
As at 31.12.2021					
Loans and borrowings	40 168	40 168	1 143	29 748	9 277
Other long-term liabilities	2 434	3 119	167	501	2 451
Trade accounts payables	96 575	96 575			
Other accounts payables	910	910			
Total: Financial liabilities	**140 087**	**140 772**	**1 310**	**30 249**	**11 728**

	Carrying value	Contract cash flow	Up to 3 months	From 3 months to one year	From one to 5 years
As at 31.12.2020					
Loans and borrowings	28 894	29 384	1 029	25 927	2 428
Trade accounts payables	54 197	54 197	54 197	-	-
Other accounts payables	8 710	8 710	8 710		
Total: Financial liabilities	**91 801**	**92 290**	**63 936**	**25 927**	**2 428**

27. Events after reporting date

On February 24, Russia launched a large-scale military invasion of Ukraine, announcing a "special military operation" in Ukraine. Russian troops simultaneously crossed Ukraine's borders from the north, east, and Crimea and attacked military infrastructure, airfields, and civilian facilities throughout Ukraine.

The martial law was imposed on the territory of Ukraine under the Decree of the President of Ukraine of February 24, 2022, № 64 "On the imposition of martial law in Ukraine" in connection with the military aggression of the Russian Federation.

The large-scale invasion of the aggressor country into Ukraine caused considerable damage to the state, namely:

- losses among the civilian and military population;

- direct infrastructural damage: destroyed bridges, roads, housing, buildings;

- unearned profit and uninvested investments;

- losses received as a result of a decrease in GDP in the perspective of pre-war plans, because enterprises that should bring income to the state are destroyed.

The consequences of the war increased inflationary pressure. The prices of food, pharmaceutical products and fuel rose sharply.

Active hostilities, blocking roads and individual settlements led to logistical problems. Air and sea deliveries do not work, and rail deliveries are limited. The blocking of seaports and the restriction of other trade routes led to a sharp reduction in Ukrainian exports.

Enterprises were forced to limit the geography of their activities. Human losses, the elimination of main funds, and the relocation of the labor force seriously impeded economic activity.

An important task for ensuring the economic capacity of the country has become support for the work of Ukrainian businesses, as well as the receipt of assistance from Ukraine's Western partners.

In the early days of the war, the government allowed businesses to switch to a simplified taxation system. Enterprises on the common system got the opportunity to pay a tax of 2% of turnover instead of 20% VAT and 18% income tax. In addition, the ERU rate was reduced from 5% to 2%.

The National Bank of Ukraine and the government restrained the growth of prices by: temporarily fixing the hryvnia exchange rate, reducing taxes, fixing prices for housing and communal services, and administratively regulating prices for a number of foods and fuel.

The Russian invasion significantly undermined the Ukrainian economy. With the soonest end of the war, restoration of ports and preservation of international support, the fall of the Ukrainian economy may be less.

Given the uncertainty of this situation at the time of approval of these financial statements, Management is unable to reliably estimate the further impact of these events on the Company's operations and its future financial statements.

In the period after the reporting date and before the date of approval of these financial statements, no other events occurred that could affect these financial statements.

28. Date of approval of financial statements

These financial statements were prepared as of December 31, 2021 and approved for issue by management of the Company on September,2 2022.