

Ergopack LLC

Financial statements

for the year ended 31 December 2020

Ref. № 51-3
05.04.2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Ergopack LLC

Opinion

We have audited financial statements of the Ergopack LLC (further – the Company), which comprise the Statement of financial position as at 31.12.2020, Statement of profit or loss and other comprehensive income, Statement of cash flows, and Statement of changes for the period in company's equity for the year then ended, and Notes to the annual financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

www.hlb.com.ua

11/11 Gusovskogo Street, office 3, Kyiv 01011, Ukraine

T: +38 044 291 30 10 +38 044 291 30 12

M: +38 067 465 59 96 +38 067 466 17 77 **E:** office@hlb.com.ua

HLB Ukraine is a member of HLB International, the global advisory and accounting network

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

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

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

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

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

Engagement Partner on the audit



Kateryna Zolina

HLB UKRAINE LLC

11/11 Gusovskogo Street, office 3, Kyiv, Ukraine

April 05, 2021

Statement of financial position

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

Andriy Dikunov
Director, Ergopack LLC


Tetiana Zolotarevych
Head of finance, Ergopack LLC

Statement of profit or loss and other comprehensive income

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




Tetiana Zolotarevych
Head of finance, Ergopack LLC

Statement of cash flows

(in thousands of Ukrainian hryvnias)

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

Andriy Dikunov
Director, Ergopack LLC

Tetiana Zolotarevych
Head of finance, Ergopack LLC

Statement of changes for the period in company's equity

(in thousands of Ukrainian hryvnias)

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

Andriy Dikunov
Director, Ergopack LLC



Tetiana Zolotarevych
Head of finance, Ergopack LLC

(b) Balances and transactions with Related Parties

Outstanding balances with Related Parties are as follows:

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

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

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

27. Subsequent events

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

Andriy Dikunov
Director, Ergopack LLC

Tetiana Zolotarevych
Head of finance, Ergopack LLC