Limited Liability Company
“Gualapack Ukraine”

Financial Statements
as at and for the year ended
31 December 2020
and Independent Auditors’ Report

Contents

Independent Auditors' Report

To the Participants of Limited Liability Company "Gualapack Ukraine"

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Limited Liability Company "Gualapack Ukraine" (the "Company"), which comprise the balance sheet (statement of financial position) as at 31 December 2020, the income statement (statement of comprehensive income), statement of changes in equity, statement of cash flows (direct method) for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters Incorporating the Most Significant Risks of Material Misstatements, Including Assessed Risk of Material Misstatements Due to Fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Please refer to the Notes 5 and 21(a) in the financial statements.

The key audit matter	How the matter was addressed in our audit
In accordance with ISAs there is a presumed fraud risk relating to revenue recognition. We considered that this risk is primarily focused on appropriateness of timing of revenue recognition close to the end of the reporting period.	Our audit procedures to assess the recognition of revenue included the following: — Analysing the Company's revenue recognition policies to assess whether they appropriately reflect the requirements of IFRS 15. — Inspecting sales agreements, on a sample basis, to understand the terms of delivery and assess whether revenue has been recognised in accordance with the Company's accounting policies. — Obtaining confirmations, on a sample basis, from customers of the Company of balances and transactions as at and for the year ended 31 December 2020 and, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with the underlying primary documents. — Reconciling, on a sample basis, specific revenue transactions recognised close to the year-end with the underlying primary documents to determine whether revenue has been recognised in the appropriate period.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Ukrainian legislation on financial reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 14(4) of the Law of Ukraine on "*Audit of the Financial Statements and the Audit Activity*" we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Appointment of the Auditor and Period of Engagement

We were appointed by management on 9 December 2020 to audit the financial statements of the Company as at and for the year ended 31 December 2020. Our total uninterrupted period of audit engagements is seven years, covering the years ended 31 December 2014 to 31 December 2020.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 6(4) of the Law of Ukraine on "*Audit of the Financial Statements and the Audit Activity*" were provided.

In addition, for the period to which our statutory audit relates, we have not provided any services to the Company in addition to the audit, which have not been disclosed in the Management Report or in the financial statements of the Company.

Additional Report to Those Charged with Governance

We confirm that our auditors' report is consistent with the additional report to those charged with governance of the Company.

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

«КПМГ Аудит»
Ідентифікаційний код
31032100

Oleksandr Gavryliuk

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

Deputy Director

JSC KPMG Audit

18 March 2021

Kyiv, Ukraine

		CODES		
Date (year, month, day)		2020	12	31
Entity	**Limited Liability Company "Gualapack Ukraine"** EDRPOU	38958996		
Location	Ukraine, Sumy region KOATUU	5910136600		
Form of ownership	Limited Liability Company KOPFG	240		
Principal activity	Plastic packs production KVED	22.22		

Average number of employees 361
Address 147/4, Kurskyi avenue, Sumy, Ukraine, 40031
Measurement unit: thousand UAH
Prepared in accordance with (put "v" where appropriate):

National Accounting Standards	
International Financial Reporting Standards	V

Balance Sheet (Statement of Financial Position) as at 31 December 2020

Form N 1 DKUD Code 1801001

Assets	**Line Code**	**31 December 2020**	31 December 2019	Note
1	2	3	4	5
I. Non-current assets				
Intangible assets:				
net book value	1000	**793**	861	
historical cost	1001	**1,531**	1,307	
accumulated amortization	1002	**(738)**	(446)	
Construction in progress	1005	**140,755**	3,000	*9*
Property, plant and equipment:				
net book value	1010	**529,792**	575,531	*9*
historical cost	1011	**941,797**	845,688	
accumulated depreciation	1012	**(412,005)**	(270,157)	
Investment property				
net book value	1015	-	-	
historical cost	1016	-	-	
accumulated depreciation	1017	-	-	
Long-term financial investments:				
accounted for using equity method	1030	-	-	
other financial investments	1035	-	-	
Long-term receivables	1040	**1,847**	-	*11*
Deferred tax assets	1045	**940**	382	*8*
Other non-current assets	1090	-	-	
Total non-current assets	**1095**	**674,127**	**579,774**	

The accompanying notes form an integral part of these financial statements.

Assets	**Line Code**	**31 December 2020**	31 December 2019	Note
1	2	3	4	5
II. Current assets				
Inventories:	1100	**176,770**	135,761	*10*
raw materials and consumables	1101	**74,605**	58,005	
work in progress	1102	**52,102**	42,996	
finished goods	1103	**45,053**	34,085	
merchandise	1104	**5,010**	675	
Current biological assets	1110	-	-	
Promissory notes received	1120	-	-	
Trade accounts receivable	1125	**294,842**	197,547	*11*
Other receivables:				
prepayments made	1130	**11,485**	6,273	
taxes, including:	1135	**32,218**	7,838	*12*
income tax	1136	-	-	
balances with related parties	1145	**1,855**	-	
Other current receivables	1155	**466**	-	
Current financial investments	1160	-	-	
Cash and cash equivalents	1165	**66,459**	54,988	*13*
Deferred expenses	1170	-	265	
Other current assets	1190	-	51	
Total current assets	**1195**	**584,095**	**402,723**	
III. Non-current assets held for sale, and disposal groups	**1200**	-	-	
Total assets	**1300**	**1,258,222**	**982,497**	

The accompanying notes form an integral part of these financial statements.

Equity and Liabilities	**Line Code**	**31 December 2020**	31 December 2019	Note
1	2	3	4	5
I. Equity				*14*
Share capital	1400	**33,750**	33,750	
Revaluation surplus	1405	-	-	
Additional capital	1410	**37**	37	
Reserve capital	1415	**8,437**	8,437	
Retained earnings	1420	**716,566**	495,933	
Unpaid capital	1425	-	-	
Capital withdrawals	1430	-	-	
Total equity	**1495**	**758,790**	**538,157**	
II. Non-current liabilities and provisions				
Deferred tax liabilities	1500	-	-	
Post-employment and other employee benefit obligations	1505	-	-	
Long-term bank loans	1510	**80,046**	93,757	*15*
Other non-current liabilities	1515	**707**	5,649	
Long-term provisions	1520	-	-	
Target financing	1525	-	9,368	
Total non-current liabilities and provisions	**1595**	**80,753**	**108,774**	
III. Current liabilities and provisions				
Short-term bank loans	1600	**72,730**	71,903	*15*
Current portion of long-term liabilities	1610	**20,265**	41,650	*15*
Trade accounts payable	1615	**176,452**	194,512	*16*
Taxes payable, including:	1620	**17,874**	8,786	
income tax	1621	**17,105**	8,089	
Insurance payable	1625	**948**	759	
Salaries payable	1630	**3,726**	3,080	
Contract liabilities	1635	**1,453**	869	
Payables to related parties	1645	**103,656**	-	
Current provisions	1660	**14,843**	11,764	
Deferred income	1665	-	-	
Other current liabilities	1690	**6,732**	2,243	
Total current liabilities	**1695**	**418,679**	**335,566**	
IV. Obligations under non-current assets held-for-sale, and disposal groups	**1700**	-	-	
Total equity and liabilities	**1900**	**1,258,222**	**982,497**	

Total liabilities as at 31 December 2020 shall be calculated as the total of lines 1595, 1695 and 1700 amounting to UAH 499,432 thousand (31 December 2019: UAH 444,340 thousand).

General Director S.V. Zayets

Chief Accountant V.M. Sereda

18 March 2021

			CODES		
		Date (year, month, day)	2020	12	31
Entity	**Limited Liability Company "Gualapack Ukraine"**	EDRPOU	38958996		

Income statement
(Statement of Comprehensive Income)
For the year ended 31 December 2020

Form N 2 DKUD Code 1801003

I. FINANCIAL RESULTS

Item	**Line Code**	**2019**	2018	Note
1	2	3	4	5
Net revenue	**2000**	**1,282,278**	903,004	*5*
Cost of revenue	2050	**(846,839)**	(682,115)	
Gross:				
Profit	**2090**	**438,449**	**220,889**	
Loss	**2095**	**-**	**-**	
Other operating income	2120	**5,021**	45,756	*7*
Administrative expenses	2130	**(39,501)**	(38,656)	*6*
Distribution expenses	2150	**(28,866)**	(27,073)	
Other operating expenses	2180	**(16,090)**	(8,981)	*7*
Results from operating activities:				
Profit	**2190**	**356,003**	**191,935**	
Loss	**2195**	**-**	**-**	
Share of profit of equity accounted investees	2200	**-**	-	
Other finance income	2220	**175**	513	
Other income	2240	**-**	11,747	*7*
Finance costs	2250	**(14,555)**	(14,667)	
Share of loss of equity accounted investees	2255	**-**	-	
Other expenses	2270	**(35,189)**	-	*7*
Financial result before tax:				
Profit	**2290**	**306,434**	**189,528**	
Loss	**2295**		**-**	
Income tax (expense) benefit	2300	**(55,801)**	(35,679)	*8*
Profit (loss) from discontinued operations after tax	2305	**-**	-	
Net financial result:				
Profit	**2350**	**250,633**	**153,849**	
Loss	**2355**	**-**	**-**	

The accompanying notes form an integral part of these financial statements.

II. COMPREHENSIVE INCOME

Item	Line Code	2020	2019	Note
1	2	3	4	5
Revaluation increase (decrease) on non-current as sets	2400	-	-	
Revaluation increase (decrease) on financial instruments	2405	-	-	
Accumulated foreign currency translation differences	2410	-	-	
Share of other comprehensive income of associates and joint ventures	2415	-	-	
Other comprehensive income (loss)	2445	-	-	
Other comprehensive income (loss) before tax	**2450**	-	-	
Income tax related to other comprehensive income/ (loss)	2455	-	-	
Other comprehensive income (loss) after tax	**2460**	-	-	
Comprehensive income (loss) (total of lines 2350, 2355, and 2460)	**2465**	**250,633**	**153,849**	

III. OPERATING EXPENDITURES

Item	Line Code	2020	2019	Note
1	2	3	4	5
Materials	2500	**596,278**	472,677	
Salaries	2505	**93,133**	72,039	
Social charges	2510	**14,148**	13,656	
Depreciation and amortisation	2515	**145,788**	111,584	
Other operating expenditures	2520	**69,693**	75,797	
Total	**2550**	**919,040**	**745,753**	

IV. EARNINGS PER SHARE

Item	Line Code	2019	2018	Note
1	2	3	4	5
Weighted-average annual number of ordinary shares	2600	-	-	
Adjusted weighted-average annual number of ordinary shares	2605	-	-	
Basic earnings (loss) per ordinary share, UAH	2610	-	-	
Diluted earnings (loss) per ordinary share, UAH	2615	-	-	
Dividend per ordinary share, UAH	2650	-	-	

General Director S.V. Zayets

Chief Accountant V.M. Sereda

18 March 2021

The accompanying notes form an integral part of these financial statements.

		CODES		
	Date (year, month, day)	2020	12	31
Entity **Limited Liability Company "Gualapack Ukraine"**	EDRPOU	38958996		

Statement of Cash Flows (direct method)
for the year ended 31 December 2020

Form N 3	DKUD Code	1801004

Item	**Line Code**	**2019**	2018
1	2	3	4
I. Cash flows from operating activities			
Proceeds from:			
Sale of goods and services	3000	**1,285,848**	877,817
Taxes and duties refunded	3005	**81,352**	117,580
including VAT	3006	**81,352**	117,580
Target financing	3010	-	-
Proceeds from return of advances	3020	**657**	991
Proceeds from interest on balances on current accounts	3025	-	-
Operational lease	3040	-	755
Other proceeds	3095	**1,117**	1,259
Payments for:			
Purchase of goods and services	3100	**(843,215)**	(649,202)
Wages and salaries	3105	**(68,887)**	(57,934)
Social charges	3110	**(18,190)**	(14,918)
Taxes and duties paid	3115	**(64,828)**	(49,012)
including income tax paid	3116	**(47,342)**	(34,738)
including other taxes and duties paid	3118	**(17,486)**	(14,273)
Prepayments made	3135	**(69,080)**	-
Other payments	3190	**(3,728)**	(4,599)
Net cash flow from operating activities	**3195**	**301,046**	**222,737**
II. Cash flows from investing activities			
Proceeds from sale of:			
financial investments	3200	-	-
non-current assets	3205	-	-
Proceeds from:			
interests	3215	**142**	147
dividends	3220	-	-
Proceeds from derivatives	3225	-	-
Loans repayment	3230	-	-
Other proceeds	3250	-	9,368
Payments for acquisition of:			
financial investments	3255	-	-
non-current assets	3260	**(169,008)**	(122,259)

Item	Line Code	2020	2019
1	2	3	4
Payments on derivatives	3270	-	-
Loans provided	3275	-	-
Other payments	3290	-	-
Net cash flows used in investing activities	**3295**	**(168,866)**	**(112,744)**
III. Cash flows from financing activities			
Proceeds from:			
issue of share capital	3300	-	-
borrowings	3305	**550,168**	388,314
Other proceeds	3340	-	-
Payments:			
purchase of treasury shares	3345	-	-
repayment of borrowings	3350	**(623,977)**	(431,066)
dividends paid	3355	**(30,000)**	-
Interests paid	3360	**(15,447)**	(18,103)
Other payments	3390	-	-
Net cash flows from financing activities	**3395**	**(119,256)**	**(60,855)**
Net cash flows for the reporting period	**3400**	**12,924**	**49,139**
Cash and cash equivalents as at the beginning of the year	**3405**	**54,988**	**7,008**
Effect of movements in exchange rates on cash and cash equivalents	3410	**(1,453)**	(1,159)
Cash and cash equivalents at the year-end	**3415**	**66,459**	**54,988**

General Director S.V. Zayets

Chief Accountant V.M. Sereda

18 March 2021

The accompanying notes form an integral part of these financial statements.

		CODES		
	Date (year, month, day)	2020	12	31
Entity: **Limited Liability Company "Gualapack Ukraine"**	EDRPOU	38958996		

Statement of changes in equity
for the year ended 31 December 2020
Form N 4

DKUD Code: 1801005

Item	Line Code	Share capital	Revaluation surplus	Additional capital	Reserve capital	Retained earnings	Unpaid capital	Capital withdrawals	Total
1	2	3	4	5	6	7	8	9	10
Balance as at 1 January 2019	**4000**	**33,750**	-	**37**	**8,437**	**342,769**	-	-	**384,993**
Adjustments for:									
Change of accounting policy	4005	-	-	-	-	(685)	-	-	**(685)**
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2019	**4095**	**33,750**	-	**37**	**8,437**	**342,084**	-	-	**384,308**
Net profit for the reporting period	**4100**	-	-	-	-	153,849	-	-	**153,849**
Other comprehensive income for the reporting period	**4110**	-	-	-	-	-	-	-	-
Retained earnings distributed:									
Distributions to participants (dividends)	4200	-	-	-	-	-	-	-	-
Reinvestment in share capital	4205	-	-	-	-	-	-	-	-
Allocations to reserve capital	4210	-	-	-	-	-	-	-	-
Participants contributions:									
Contributions to share capital	4240	-	-	-	-	-	-	-	-
Repayment of capital obligations	4245	-	-	-	-	-	-	-	-
Capital distribution:									
Treasury shares (participatory interest) purchased	4260	-	-	-	-	-	-	-	-
Treasury shares (participatory interest) sold	4265	-	-	-	-	-	-	-	-
Annulment of purchased treasury shares (participatory interest)	4270	-	-	-	-	-	-	-	-
Capital withdrawals	4275	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Total changes in equity	**4295**	-	-	-	-	**153,849**	-	-	**153,849**
Balance as at 31 December 2019	**4300**	**33,750**	-	**37**	**8,437**	**495,933**	-	-	**538,157**

The accompanying notes form an integral part of these financial statements.

Item	Line Code	Share capital	Revaluation surplus	Additional capital	Reserve capital	Retained earnings	Unpaid capital	Capital withdrawals	Total
1	2	3	4	5	6	7	8	9	10
Balance as at 31 December 2019	**4000**	**33,750**	-	**37**	**8,437**	**495,933**	-	-	**538,157**
Adjustments for:									
Change of accounting policy	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	**4090**	-	-	-	-	-	-	-	-
Restated balance as at 31 December 2018	**4095**	**33,750**	-	**37**	**8,437**	**495,933**	-	-	**538,157**
Net profit for the reporting period	**4100**	-	-	-	-	**250,633**	-	-	**250,633**
Other comprehensive income for the reporting period	**4110**	-	-	-	-	-	-	-	-
Retained earnings distributed:									
Distributions to participants (dividends)	4200	-	-	-	-	**(30,000)**	-	-	**(30,000)**
Reinvestment in share capital	4205	-	-	-	-	-	-	-	-
Allocations to reserve capital	4210	-	-	-	-	-	-	-	-
Participants contributions:									
Contributions to share capital	4240	-	-	-	-	-	-	-	-
Repayment of capital obligations	4245	-	-	-	-	-	-	-	-
Capital distribution:									
Treasury shares (participatory interest) purchased	4260	-	-	-	-	-	-	-	-
Treasury shares (participatory interest) sold	4265	-	-	-	-	-	-	-	-
Annulment of purchased treasury shares (participatory interest)	4270	-	-	-	-	-	-	-	-
Capital withdrawals	4275	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Total changes in equity	**4295**	-	-	-	-	**220,633**	-	-	**220,633**
Balance as at 31 December 2020	**4300**	**33,750**	-	**37**	**8,437**	**716,566**	-	-	**758,790**

General Director S.V. Zayets

Chief Accountant V.M. Sereda

18 March 2021

The accompanying notes form an integral part of these financial statements.

1. Reporting entity

(a) Organisation and operations

Limited Liability Company "Gualapack Ukraine" (hereinafter "the Company") was established on 30 October 2013 under Ukrainian laws and has two Participants:

	31 December 2020	31 December 2019
Guala Pack S.p.a. (Italy)	60.00%	60.00%
PJSC "Technologiya"	40.00%	40.00%
Total	**100.00%**	**100.00%**

The Company commenced active production activity in September 2014.

The legal address and principal place of business of the Company is 147/4, Kurskyi av., 40031, Sumy, Ukraine.

The total number of employees as at 31 December 2020: 361 (31 December 2019: 332).

The main activity is production of "Cheerpack" pouches or general spouted pouches, soft packaging material, selling and distribution of these goods. The key customers are located in Ukraine and the CIS region.

(b) Business environment

The Company's operations are primarily located in Ukraine. Consequently, the Company is exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The political and economic situation in Ukraine has been subject to significant turbulence in recent years. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Ukraine. Additionally, an armed conflict in certain parts of Lugansk and Donetsk regions, which started in spring 2014, has not been resolved and part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory. Various events in March 2014 led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many other countries. Consequently, operations in the country involve risks that do not typically exist in other markets.

COVID-19 coronavirus pandemic has further increased uncertainty in the business environment. Along with other factors, including a rapid decline in oil prices, this led to stock indices drop and Ukrainian hryvnia devaluation. Responding to the potentially serious threat the COVID-19 presents to public health, the Ukrainian government authorities have taken measures to contain the outbreak, including imposing restrictions on the cross-borders movement of people, entry restrictions for foreign visitors, restrictions on travelling between regions and instructing business community to transfer employees to working from home. During March-April 2020, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

Whilst management has taken all the appropriate measures to protect employees' health, enhance workstation safety, prevent COVID-19 disease from spreading in the plants facilities and other appropriate measures to support the sustainability of the Company's business in the current circumstances, current unstable business environment could negatively affect the Company's results and financial position in a manner not currently determinable. These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2. Basis of accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of Ukrainian legislation on financial reporting.

3. Functional and presentation currency

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

The principal UAH exchange rates used in the preparation of these financial statements are as follows:

Currency	Closing rate as at 31 December 2020	Closing rate as at 31 December 2019
USD	28.2746	23.6862
EUR	34.7396	26.4220
RUB	0.3782	0.3816

4. Use of estimates and judgments

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 21(i) – presentation of participants' interests in charter capital;
- Note 17(b)*(ii)* – expected credit losses assessment;

Measurement of fair values

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

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

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Net revenue

(in thousands of Ukrainian hryvnias)	2020	2019
"Cheerpack" pouches	**619,872**	539,693
Laminate	**303,231**	167,279
Straws and caps	**297,193**	174,207
Other	**61,982**	21,825
	1,282,278	**903,004**

Concentration of revenue earned from major customers is disclosed in Note 17(b)*(ii)*.

6. Administrative expenses

(in thousands of Ukrainian hryvnias)	2020	2019
Salary and related charges	**17,655**	16,178
Consulting, audit and other professional services	**12,601**	12,251
Depreciation (Note 9)	**5,267**	6,109
Bank fees	**784**	920
Business travel expenses	**351**	1,693
Fuel expenses	**149**	490
Other	**2,694**	1,015
	39,501	38,656

7. Foreign currency exchange gains (losses)

The majority of other operating income/expenses refer to foreign currency exchange gains (losses) recognised on revaluation of trade accounts receivable, cash and cash equivalents and trade accounts payable denominated in foreign currencies.

The majority of other income/expenses refer to foreign currency exchange gains (losses) recognised on revaluation of loans and borrowings denominated in foreign currencies.

Amounts attributable to foreign currency exchange gains (losses) during the years ended 31 December were recognised as part of the following captions:

(in thousands of Ukrainian hryvnias)	**2020**	**2019**
Other operating income	-	34,172
Other operating expenses	**(12,270)**	-
Other income	-	11,747
Other expenses	**(35,119)**	-

8. Income tax expense

The applicable income tax rate in Ukraine is 18%. Income tax expense for the year ended 31 December is as follows:

(in thousands of Ukrainian hryvnias)	**2020**	**2019**
Current tax expense	**56,359**	35,679
Deferred tax benefit	**(558)**	-
Total income tax expense	**55,801**	**35,679**

(a) Reconciliation of effective tax rate

The difference between the total expected income tax expense computed by applying the statutory income tax rate in Ukraine to the profit before taxation and the reported income tax expense is as follows:

(in thousands of Ukrainian hryvnias)	**2020**	**%**	**2019**	**%**
Profit before income tax	**306,434**	**100.00**	**189,528**	**100.00**
Income tax expense at applicable tax rate	**55,158**	**18.00**	34,115	18.00
Permanent differences	**643**	**0.21**	1,564	0.62
Effective income tax expense	**55,801**	**18.21**	**35,679**	**18.62**

(b) Recognised deferred tax assets and liabilities

	Assets		**Liabilities**		**Net**	
(in thousands of Ukrainian hryvnias)	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019
Trade accounts receivable	**452**	44	-	-	**452**	44
Trade accounts payable	**162**	-	-	(38)	**162**	(38)
Inventories	**326**	376	-	-	**326**	376
Total assets (liabilities)	**940**	**420**	-	**(38)**	**940**	**382**
Set-off of tax	-	(38)	-	38	-	-
Net position	**940**	**382**	-	-	**940**	**382**

For the years ended 31 December 2020 and 31 December 2019, all changes in deferred tax assets and liabilities were recognised in profit and loss.

9. Property, plant and equipment

(in thousands of Ukrainian hryvnias)	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Construction in progress	Right-of-use assets	Total
Cost							
Balance at 1 January 2020	313,327	487,205	24,572	11,249	3,000	9,335	848,688
Additions	-	-	15,075	3,149	225,235	2,411	245,870
Transfers	5,121	82,359	-	-	(87,480)	-	-
Disposals	(9,367)	-	-	-	-	(2,639)	(12,006)
Balance at 31 December 2020	309,081	569,564	39,647	14,398	140,755	9,107	1,082,552
Depreciation and impairment losses							
Balance at 1 January 2020	(24,577)	(225,203)	(12,118)	(5,918)	-	(2,341)	(270,157)
Depreciation for the year	(16,205)	(106,378)	(13,265)	(4,933)	-	(3,686)	(144,467)
Disposals	-	-	-	-	-	2,639	2,639
Balance at 31 December 2020	(40,782)	(331,581)	(25,383)	(10,851)	-	(3,408)	(412,005)
Carrying amounts							
At 1 January 2020	288,750	262,002	12,454	5,331	3,000	6,994	578,531
At 31 December 2020	268,299	237,983	14,264	3,547	140,755	5,699	670,547

(in thousands of Ukrainian hryvnias)	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Construction in progress	Right-of-use assets	Total
Cost							
Balance at 1 January 2019	182,397	380,168	21,267	9,150	91,979	-	684,961
Implementation of IFRS 16	-	-	-	-	-	2,922	2,922
Additions	-	-	3,357	2,104	149,436	6,413	161,310
Transfers	130,930	107,485	-	-	(238,415)	-	-
Disposals	-	(448)	(52)	(5)	-	-	(505)
Balance at 31 December 2019	313,327	487,205	24,572	11,249	3,000	9,335	848,688
Depreciation and impairment losses							
Balance at 1 January 2019	(12,572)	(136,428)	(6,109)	(3,791)	-	-	(158,900)
Depreciation for the year	(12,005)	(88,775)	(6,009)	(2,127)	-	(2,341)	(111,257)
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2019	(24,577)	(225,203)	(12,118)	(5,918)	-	(2,341)	(270,157)
Carrying amounts							
At 1 January 2019	169,825	243,740	15,158	5,359	91,979	-	526,061
At 31 December 2019	288,750	262,002	12,454	5,331	3,000	6,994	578,531

Depreciation for the year has been recognised in the following captions:

(in thousands of Ukrainian hryvnias)	2020	2019
Cost of production	138,474	104,886
Administrative expenses (Note 6)	5,267	6,109
Distribution expenses	726	262
	144,467	111,257

As at 31 December 2020, property, plant and equipment with a carrying amount of UAH 146,737 thousand is pledged to secure loans and borrowings (as at 31 December 2019: UAH 189,743 thousand) (Note 15).

Capitalised borrowing costs related to the construction of new production line and additional storage facilities amounted to UAH 3,707 thousand (2019: costs related to air recuperating system amounted to UAH 3,549 thousand), with a capitalisation rate of 11.6% (2018: 20%).

As at 31 December 2020, construction in progress was mainly presented by construction of additional storage facilities located in the vicinity to production premises.

As at 1 January 2019, construction in progress was mainly presented by construction of air recuperating system, which was put into operation in July 2019.

10. Inventories

The majority of inventories presented in raw materials and consumables caption relates to polyethylene pieces used to produce "Cheerpack" pouches and soft packaging material.

Work in progress caption relates to raw materials and consumables used in production, of which finished goods were not produced yet at respective reporting dates.

The majority of inventory presented in finished goods caption relates to "Cheerpack" pouches, straws, caps and laminate produced by the Company.

Merchandise caption is represented by caps purchased for the purpose of further resale.

During the year ended 31 December 2020, write-down of inventories included in cost of sales amounted to UAH 3,010 thousand (2019: UAH 7,337 thousand).

11. Accounts receivable

Trade accounts receivable as at 31 December are as follows:

(in thousands of Ukrainian hryvnias)	**31 December 2020**	**31 December 2019**
Non-current assets		
Other long-term receivables	**1,847**	-
Long-term receivables (presented in balance sheet line 1040)	**1,847**	-
Current assets		
Trade accounts receivable due from local customers	**102,121**	80,389
Trade accounts receivable due from foreign customers	**195,246**	117,158
Provision for expected credit losses	**(2,525)**	-
Total trade accounts receivable (presented in balance sheet line 1125)	**294,842**	**197,547**

As at 31 December 2020, other long-term receivables are presented by returnable interest free financial aid extended to an employee of the Company for a ten-year term.

The Company's exposure to credit risk and impairment losses related to trade accounts receivable is disclosed in Note 17.

12. Other receivables: taxes

Taxes receivable are mainly represented by value added tax ("VAT") recoverable. Management expects that current portion of VAT recoverable will be fully recovered during 2021.

13. Cash and cash equivalents

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

(in thousands of Ukrainian hryvnias)	31 December 2020	31 December 2019
Current accounts	**44,431**	35,526
Cash in transit	**22,028**	19,462
Total cash and cash equivalents	**66,459**	**54,988**

As at 31 December 2020 and 31 December 2019, cash in transit is presented by cash disbursements made by counterparties on the last working day of current year and actually accounted for by the Company's bank on the first working day of subsequent year. Those disbursements related to trade accounts receivable from different counterparties (2019: grant receivable balances and trade accounts receivable from different counterparties).

The Company's exposure to credit risk and impairment losses related to cash and cash equivalents is disclosed in Note 17.

14. Equity

(a) Share capital

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

(b) Additional capital

Additional paid-in capital comprises cumulative contributions made by the owners of the Company without changes in the issued charter capital.

(c) Reserve capital

According to legislative requirements, reserve capital is formed in amount of up to 25% of the share capital of the Company by means of annual transfers of at least 5% of net profit to accumulate funds to finance partially the most risky activities of the Company, to cover losses which might have arisen during any force majeure circumstances, to pay penalties, fines and other contingent liabilities. Usage of Reserve capital for other purposes is subject to approval by the Participants' General Meeting. Net profit allocation to Reserve capital is decided annually based on the decisions of the Participants' General Meeting.

(d) Retained earnings

In accordance with the Ukrainian legislation, entities can distribute statutory net profit as dividends or transfer it to reserves as specified in their charters. Subsequent use of amounts transferred to reserves may be legally restricted; amounts transferred to reserves typically must be used for the purpose designated when the transfer is made. Profit distributions by the Company are normally only declared from current or retained earnings as shown in the financial statements and not out of amounts previously transferred to reserves.

(e) Capital management

The Company has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Company's revenues and profit, and long-term investment plans. With these measures the Company aims for steady profit growth.

15. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 17.

As at 31 December 2020, the terms and debt repayment schedule of loans and borrowings are as follows:

(in thousands of Ukrainian hryvnias)	Currency	Nominal interest rate	Effective interest rate	Year of maturity	Carrying value
Non-current liabilities					
EBRD	EUR	3.5% + annual EURIBOR	3.55%	2025	**80,046**
Total long-term bank loans (presented in balance sheet line 1510)					**80,046**
Current liabilities					
Ukrainian bank	UAH	9.95%	12.00%	2021	**29,700**
Ukrainian bank	UAH	9.95%	12.00%	2021	**20,474**
Ukrainian bank	UAH	11.50%	11.50%	2021	**22,556**
Total short-term bank loans (presented in balance sheet line 1600)					**72,730**
EBRD	EUR	3.5% + annual EURIBOR	3.55%	2021	**20,265**
Total current portion of long-term liabilities (presented in balance sheet line 1610)					**20,265**
Total current loans and borrowings					**92,995**
Total					**173,041**

As at 31 December 2019, the terms and debt repayment schedule of loans and borrowings were as follows:

(in thousands of Ukrainian hryvnias)	Currency	Nominal interest rate	Effective interest rate	Year of maturity	Carrying value
Non-current liabilities					
Ukrainian bank	EUR	5.50%	5.50%	2021	17,615
EBRD	EUR	3.5% + annual EURIBOR	3.50%	2025	76,142
Total long-term bank loans (presented in balance sheet line 1510)					**93,757**
Current liabilities					
Ukrainian bank	UAH	15.75%	15.75%	2020	29,584
Ukrainian bank	UAH	15.75%	15.75%	2020	29,541
Ukrainian bank	UAH	18.00%	18.00%	2020	12,778
Total short-term bank loans (presented in balance sheet line 1600)					**71,903**
EBRD	EUR	3.5% + annual EURIBOR	3.50%	2020	15,228
Ukrainian bank	EUR	5.50%	5.50%	2020	26,422
Total current portion of long-term liabilities (presented in balance sheet line 1610)					**41,650**
Total current loans and borrowings					**113,553**
Total					**207,310**

As at 31 December 2020, property, plant and equipment with a carrying amount of UAH 146,737 thousand is pledged to secure loans and borrowings (as at 31 December 2019: UAH 189,743 thousand). Two loans are guaranteed by the Company's Participants.

16. Trade payables

Trade accounts payable as at 31 December are as follows:

(in thousands of Ukrainian hryvnias)	31 December 2020	31 December 2019
Trade accounts payable to local suppliers	**28,055**	53,668
Trade accounts payable to foreign suppliers	**148,397**	140,844
Total trade accounts payable (presented in balance sheet line 1615)	**176,452**	**194,512**
Trade accounts payable to related parties	**103,656**	-
Total payables to related parties (presented in balance sheet line 1645)	**103,656**	-
Total	**280,108**	**194,512**

The Company's exposure to liquidity risk related to trade payables is disclosed in Note 17.

17. Fair values and risk management

(a) Overview

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

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. Board of Directors, together with the Participants, oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables from customers.

(i) Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(ii) Trade accounts receivable

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

Revenue and trade accounts receivable from major counterparties of the Company as at and for the year ended 31 December 2020 are as follows:

(in thousands of Ukrainian hryvnias)	**Revenue**	**%**	**Trade accounts receivable**	**%**	**Jurisdiction**
Major counterparty 1	**431,430**	**34**	**98,848**	**34**	**Russian Federation**
Major counterparty 4	**240,547**	**19**	**49,544**	**17**	**Russian Federation**
Major counterparty 2	**106,685**	**8**	**27,343**	**9**	**Ukraine**
Other insignificant counterparties	**503,616**	**39**	**119,107**	**40**	**Numerous**
Total	**1,282,278**	**100**	**294,842**	**100**	

Revenue and trade accounts receivable from major counterparties of the Company as at and for the year ended 31 December 2019 are as follows:

(in thousands of Ukrainian hryvnias)	**Revenue**	**%**	**Trade accounts receivable**	**%**	**Jurisdiction**
Major counterparty 1	540,600	60	84,233	43	Russian Federation
Major counterparty 2	54,686	6	37,657	19	Ukraine
Major counterparty 3	47,327	5	22,412	11	Republic of Belorussia
Other insignificant counterparties	260,391	29	53,245	27	Numerous
Total	**903,004**	**100**	**197,547**	100	

As at 31 December 2020, trade accounts receivable in the amount of UAH 60,646 thousand (all from Major counterparty 1) are overdue up to 60 days, but not impaired (31 December 2019: UAH 37,728 thousand). All overdue balances from this counterparty as at 31 December were settled up until February (inclusive) of the following year.

As at 31 December 2020, trade accounts receivable in amount of UAH 2,525 thousand all due from a single insignificant counterparty are overdue by more than 120 days and are credit-impaired (31 December 2019: no credit-impaired balances).

All other trade accounts receivable balances are not overdue as at 31 December 2020 and 31 December 2019.

(iii) Cash and cash equivalents

The Company held cash and cash equivalents of UAH 66,459 thousand at 31 December 2020 (as at 31 December 2018: UAH 54,988 thousand), which represents its maximum credit exposure on these assets.

The long-term credit ratings of banks at which cash and cash equivalents are held as at 31 December by Moody's or its equivalent are presented below:

(in thousands of Ukrainian hryvnias)	**31 December 2020**	**31 December 2019**
Ratings:		
B2	**15**	-
Caa1	**7,919**	40,193
Not rated	**58,525**	14,795
	66,459	**54,988**

As at 31 December 2020, amount presented in "not rated" category relates to a single bank, which was subsequently rated by Fitch as B (Moody's B2 equivalent) in February 2021.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the maximum extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments, as at 31 December:

(in thousands of Ukrainian hryvnias)	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
31 December 2020					
Non-derivative financial liabilities					
Loans and borrowings (as disclosed in Note 15)	**173,041**	**186,922**	**99,833**	**87,089**	-
Trade payables (as disclosed in Note 16)	**280,108**	**280,108**	**280,108**	-	-
Lease liabilities (as presented in balance sheet lines 1515 and 1690)	**7,439**	**7,439**	**6,732**	**707**	-
	460,588	**474,469**	**386,673**	**87,796**	-
31 December 2019					
Loans and borrowings (as disclosed in Note 15)	207,310	228,383	126,039	102,344	-
Trade payables (as disclosed in Note 16)	194,512	194,512	194,512	-	-
Lease liabilities (as presented in balance sheet lines 1515 and 1690)	7,712	7,712	2,243	5,649	-
	409,534	**430,607**	**322,794**	**107,993**	-

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the carrying value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's exposure to applicable market risks is presented below.

(i) Currency risk

The Company is primarily exposed to currency risk through loans and borrowings that are denominated in euro ("EUR") and trade accounts receivable denominated in Russian roubles ("RUB").

Exposure to currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company. The Company has primary exposure to the EUR, RUB and USD exchange rate fluctuations.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The exposure to foreign currency risk is as follows:

(in thousands of Ukrainian hryvnias)	**31 December 2020**			31 December 2019		
	EUR	**USD**	**RUB**	EUR	USD	RUB
Trade and other accounts receivable	**87,712**	**-**	**106,969**	40,407	-	84,233
Cash and cash equivalents	**65,571**	**-**	**788**	7,697	9,368	23,836
Long-term bank loans	**(80,046)**	**-**	**-**	(93,757)	-	-
Current portion of long-term liabilities	**(20,265)**	**-**	**-**	(41,650)	-	-
Trade and other accounts payable	**(171,935)**	**(14,973)**	**(9,604)**	(108,464)	(11,454)	(8,899)
Net (short) long position	**(118,963)**	**(14,973)**	**98,153**	**(195,767)**	**(2,086)**	**99,170**

Sensitivity analysis

A change of UAH exchange rates, as indicated below, against the EUR, RUB and USD at the reporting dates would have (decreased)/increased Company's profit by the amounts presented below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of each reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the prior period reporting date.

(in thousands of Ukrainian hryvnias)	**Change of foreign currency rate**		**Effect on net profit**	
	Increase	**Decrease**	**Decrease**	**Increase**
31 December 2020				
EUR	10%	-10%	**(9,755)**	**9,755**
RUB	10%	-10%	**8,049**	**(8,049)**
USD	10%	-10%	**(1,228)**	**1,228**
31 December 2019				
EUR	10%	-10%	(16,053)	16,053
RUB	10%	-10%	8,132	(8,132)
USD	10%	-10%	(171)	171

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). At the time of raising new borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity. The information about maturity dates and interest rates of loans and borrowings (all bear fixed rates) is disclosed in Note 15.

The Company does not account for any fixed-rate financial instruments as fair value through profit or loss or as fair value through other comprehensive income. Therefore, a change in interest rates at the reporting date would not have an effect on profit or loss or on equity.

(e) Fair values

Management believes that for all the financial assets and liabilities the carrying value approximates the fair value as at 31 December 2020 and 2019.

(f) Reconciliation of movements of liabilities to cash flows arising from financing activities

(in thousands of Ukrainian hryvnias)	Loans and borrowings
At 1 January 2019	**279,004**
Changes from financing cash flows	
Proceeds from loans and borrowings	388,314
Repayment of loans and borrowings	(431,066)
Interest paid	(18,103)
Total changes from financing cash flows	**(60,855)**
The effect of changes in foreign exchange rates	**(28,942)**
Other changes	
Interest expense on loans and borrowings	14,554
Capitalised borrowing costs	3,549
Total other changes	**18,103**
At 31 December 2019	**207,310**
Changes from financing cash flows	
Proceeds from loans and borrowings	**550,168**
Repayment of loans and borrowings	**(623,977)**
Interest paid	**(15,447)**
Total changes from financing cash flows	**(89,256)**
The effect of changes in foreign exchange rates	**38,713**
Other changes	
Interest expense on loans and borrowings	**12,567**
Capitalised borrowing costs	**3,707**
Total other changes	**16,274**
At 31 December 2020	**173,041**

18. Contingencies

(a) Taxation contingencies

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

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

(b) Litigations

The Company is subject to several legal actions and claims in a normal course of business. Management believes that it is unlikely that a significant settlement or loss of assets will arise out of these and perspective lawsuits and no respective provision is required in the Company's financial statements as at the reporting dates.

19. Related parties

(a) Control relationship

The party with ultimate control over the Company is Guala Pack S.p.a. (Italy). The ultimate beneficiary of Guala Pack S.p.a. (Italy) is Mr. Roberto Guala. No publicly available financial statements are produced by the Guala Pack S.p.a. (Italy).

PJSC "Technologiya" has significant influence on the Company with the stake of 40% of the Company's share capital. The ultimate beneficiary of PJSC "Technologiya" is Mr. Volodymyr Zayets.

PJSC "Technologiya" publishes financial statements prepared following the requirements of International Financial Reporting Standards (IFRS).

(b) Transactions with key management personnel

Remuneration to key management personnel for the year ended 31 December 2020 is represented by salaries and bonuses payable in cash amounting to UAH 9,021 thousand (2019: UAH 5,501 thousand).

The key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company.

As at 31 December 2020, the Company has interest free financial aid receivable balance due from an employee of the Company, which is considered to be a key management personnel, of UAH 1,847 thousand and UAH 203 thousand, presented in long term receivables and other current receivables balance sheet lines, respectively.

(c) Transactions and balances with parent company

(in thousands of Ukrainian hryvnias)	**Outstanding balances**	
	31 December 2020	**31 December 2019**
Current assets		
Trade accounts receivable and other receivables	**27**	**6,416**
Current liabilities		
Trade accounts payable, other payables and current provisions	**(38,922)**	**-**

(in thousands of Ukrainian hryvnias)	**Transactions for the years ended**	
	31 December 2020	**31 December 2019**
Revenue	**3,494**	10,018
Purchases	**(118,218)**	(62,702)
Finance costs, including capitalised borrowing costs	**-**	(916)

(d) Transactions and balances with other related parties

(in thousands of Ukrainian hryvnias)	**Outstanding balances**	
	31 December 2020	**31 December 2019**
Current assets		
Trade accounts receivable and other receivables	**384**	1,754
Prepayments made	**1,758**	-
Non-current liabilities		
Other liabilities	**(381)**	-
Current liabilities		
Trade accounts payable and other payables	**(68,569)**	(60,599)

(in thousands of Ukrainian hryvnias)	**Transactions for the years ended**	
	31 December 2020	**31 December 2019**
Revenue	**5,524**	6,655
Purchases	**(316,921)**	(197,478)

20. Basis of measurement

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

21. Significant accounting policies

The accounting policies set out below have been applied consistently in all reporting periods presented in these financial statements.

(a) Revenue

The Company generates revenue from sale of "Cheerpack" pouches, straws, caps and soft packaging material etc.

Company defines the contract with the customer as an agreement between two or more parties that creates enforceable rights and obligations, where customer is a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Enforceability of the rights and obligations in a contract is a matter of law. Most of the contracts of the Company are concluded in written form.

The Company accounts for revenues from sales of goods and services in accordance with IFRS 15 *"Revenues from contracts with customers"*

(i) Sale of goods

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

The Company sells goods using the contracts with different terms of delivery and terms of transfer of control, risks and rewards.

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

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

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

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

The Company determined that there is one performance obligation under contracts with customers on sale of goods. Performance obligation under these contracts is satisfied when goods are dispatched to particular location provided by contracts under applicable incoterms.

(ii) Financing component

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

(b) Finance income and costs

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on financial liabilities measured at amortised cost.

Borrowing costs, directly attributable to purchase, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(c) Foreign currency

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

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

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

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

Foreign currency exchange gains and losses on revaluation of trade accounts receivable, cash and cash equivalents and trade accounts payable denominated in foreign currencies are reported on a net basis as either other operating income, or other operating expense depending on whether foreign currency movements are in a net gain, or net loss position.

Foreign currency exchange gains and losses on revaluation of loans and borrowings denominated in foreign currencies are reported on a net basis as either other income, or other expense depending on whether foreign currency movements are in a net gain, or net loss position.

(d) Employee benefits

The Company makes contributions for the benefit of employees to the State Fiscal Authorities of Ukraine that are responsible for administration of such benefits.

Those amounts comprise defined contribution plans and are recognised as an employee benefit expense in profit or loss, when they are due. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company has no other liabilities in respect of pensions or employee retirement benefits.

In addition, a liability is recognised for the amount expected to be paid under cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(e) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss for the period when the transactions which gave rise thereto are recognised.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised for the estimated future tax effects of temporary differences and tax loss carry-forwards.

Temporary difference is the difference between the tax carrying amount of an asset or liability and its carrying amount in the financial statement that will result in taxable or deductible amounts in future periods when the carrying amount is recovered or settled.

Deferred tax liabilities are the amount of tax, which will have to be paid in future periods due to a temporary timing difference between the carrying value and the tax base of an asset or a liability. Deferred tax assets are the amount of tax recoverable in future periods in respect of:

- Deductible temporary timing differences;
- The carry-forward of unused tax losses.

Timing differences originate in one period and reverse in one or more subsequent periods. Examples include the tax effect of accelerated depreciation, deductibility of provisions and recognition of bad debts.

(f) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

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

(iii) Depreciation

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

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

- Buildings 8-33 years;
- Plant and equipment 4-14 years;
- Industrial and commercial equipment 4-10 years;
- Other assets 2-5 years.

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

(iv) Pledge of assets

In case certain items of property, plant and equipment are pledged to a bank/other creditor in order to grant for the reimbursement of the loan/financing, respective information is disclosed in the notes to the financial statements.

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated.

All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

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

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

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

(ii) Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company's financial assets comprise trade and other receivables (including related parties balances) and cash and cash equivalents and are classified into the financial assets at amortised cost category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it meets the definition of held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss (except for the part of the fair value change that is due to changes in the Company's own credit risk, that is recognised in other comprehensive income).

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

(i) Equity

The Company was incorporated as a limited liability company, implying that each of the participants has a legally enforceable right to claim the withdrawal of its interest from the Company. In this case, the Company is obligated to repay the amount of such interest within twelve months after the date of the claim.

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

Management concluded that although the participants' interests in the Company have some characteristics that are similar to financial liabilities, they represent residual interest in the Company and comply with all criteria for recognition of equity instruments under IFRS and as such are presented as equity as at 31 December 2020 and 2019.

(j) Impairment

(i) Impairment - Financial assets

The Company uses 'expected credit loss' (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade and other receivables (including related parties balances) and cash and cash equivalents.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

Presentation of impairment

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

Impairment losses on financial assets are presented under 'finance costs' and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

(ii) Non-financial assets

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Group of CGUs) on a pro rata basis.

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

(k) Provisions

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

(l) Leases

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in the statement of financial position in "property, plant and equipment" line and lease liabilities in "other non-current liabilities" and "other current liabilities" in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee, based on the period for which the contract is enforceable.

The Company considers that enforceability of the lease is established by the written contract (including penalty clauses) in combination with applicable legislation related to renewal or termination rights (specifically the lessee's preferential rights to renew the lease) and other lease and non-lease agreements concluded, which may influence the economic decision to renew or terminate.

As a consequence, for the leases where the Company has a right to terminate lease agreements management believes that there is a reasonable certainty that those lease agreements will not be terminated until the end of non-cancellable period per agreements. Thus, lease term is determined by reference to non-cancellable period of relevant lease agreements.

22. Subsequent events

There have been no subsequent events that could have had a significant impact on the Company's financial statements.

These financial statements were approved by management on 18 March 2021 and were signed on its behalf by:

General Director

S.V. Zayets

Chief Accountant

V.M. Sereda