

LEGO UKRAINE Limited Liability Company

Financial Statements In accordance with National Regulations (Standards) of Accounting in Ukraine 31 December 2020

Together with Independent Auditor's Report

This version of financial statements is a translation from the original, which was prepared in Ukrainian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

CONTENT

Page

Independent Auditor's Report

Statement of Management's Responsibilities	3
Balance Sheet (Statement of Financial Position)	4
Statement of Financial Results (Statement of Comprehensive Income)	6
Statement of Cash Flows (direct method)	8
Statement of Shareholders' Equity	10
Notes to the Annual Financial Statements	11
Supplement to the Notes to the Annual Financial Statements "Segment Information"	21
Accounting Policies	24
Other Notes to the Financial Statements	33



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Independent Auditor's Report

To the participant of LLC "LEGO Ukraine"

Our qualified opinion

In our opinion, except for the effect of the matter described in Basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of LLC "LEGO Ukraine" (the "Company") as at 31 December 2020, and the Company's financial performance and cash flows for the year then ended in accordance with National Regulations (Standards) of Accounting in Ukraine (NR(S)AU) and comply, in all material respects, with financial reporting requirements of the Law on Accounting and Financial Reporting in Ukraine.

What we have audited

The Company's financial statements comprise:

- the balance sheet (statement of financial position) as at 31 December 2020;
- the statement of financial results (statement of financial position) for the year then ended;
- the statement of cash flows (direct method) or the year then ended;
- the statement of own equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

Overstatement of doubtful debt provision as at 31 December 2019

As at 31 December 2019 the Company's balance sheet (statement of financial position) includes accounts receivable for goods, works and services of UAH 184,616 thousand net of doubtful debt provision of UAH 44,768 thousand. The doubtful debt provision was not calculated in accordance with NR(S)AU, as a result, the amount of accounts receivable for goods, works and services in the balance sheet (statement of financial position) as at 31 December 2019 was understated by UAH 42,452 thousand and the amount of selling expenses in the statement of financial results (statement of comprehensive income) for the year ended 31 December 2019 was overstated, and the amount of selling expenses for the year ended 31 December 2020 was understated by the same amount.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit of Financial Statements and Auditing that are relevant to our audit of the financial statements in Ukraine. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information – comparative information

Comparative information for the year ended 31 December 2019 has not been audited.

Other information including the management report

Management is responsible for the other information. The other information comprises the management report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, including the management report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

Based on the work undertaken in the course of our audit, in our opinion, the information given in the management report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in management report and other information that we obtained prior to the date of this auditor's report. Accordingly, the other information is materially misstated for the same reason with respect to the amounts or other items in the Company's management report affected by the amounts described in the Basis for qualified opinion section of our report.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NR(S)AU and financial reporting requirements of the Law on Accounting and Financial Reporting in Ukraine, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in



accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

The key audit partner on the audit resulting in this independent auditor's report is Lyudmyla Pakhucha.

LLC PricewaterhouseCoopers Assurance

LLC "PricewaterhouseCoopers Assurance"

Lyudmyla Pakhucha

Registration number in the Register of
Auditors and Auditing Entities 4544

Registration number in the Register of Auditors and
Auditing Entities 101808

Kyiv, Ukraine

26 May 2021

LEGO UKRAINE Limited Liability Company
Financial Statements in accordance with NR(S)AU as at and for the year ended
31 December 2020

Statement of Management's Responsibilities

To the Participants of LEGO UKRAINE Limited Liability Company

1. We have prepared the financial statements as at and for the year ended 31 December 2020, which present fairly, in all material respects, the financial position of LEGO UKRAINE Limited Liability Company (the "Company") as at 31 December 2020 and the results of its operations for the year then ended in accordance with National Regulations (Standards) of Accounting in Ukraine.
2. Management is responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable the financial statements to comply with National Regulations (Standards) of Accounting in Ukraine and that its statutory accounting reports comply with Ukrainian laws and regulations. Management also has a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
3. Management considers that in preparing the financial statements set out on pages 4 – 47, the Company has used appropriate accounting policies disclosed on pages 24 – 32, consistently applied and supported by reasonable and prudent judgements and estimates, and that all appropriate National Regulations (Standards) of Accounting in Ukraine have been complied with.
4. The financial statements are hereby approved by Management of the Company.

26 May 2021

Deputy Director
(Operations Director)

Chief Accountant



Lukasz Marek Gaszyński

Olena Sidak

Company: LEGO UKRAINE Limited Liability Company

Territory: Kyiv

Organisational and legal form of economic activity: Limited Liability Company

Type of economic activity: Wholesale trade in other household goods

Average number of employees:¹ 17

Address, telephone: 1 A, Sportyvna Square, KYIV, 01601

Measurement unit: UAH thousand without a decimal mark (except for Section IV of the Statement of Financial Results (Statement of Comprehensive Income) (Form 2), where amounts are stated in Ukrainian hryvnias with kopecks)

Prepared (tick the necessary box):

National Regulations (Standards) of Accounting in Ukraine

International Financial Reporting Standards

Date (year, month, day)

EDRPOU

KOATUU

KOPFG

KVED

CODES		
2020	12	31
36979658		
8038900000		
240		
46.49		

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

		Form 1	DKUD Code	1801001
ASSETS	Other notes	Line code	At the beginning of the reporting period	At the end of the reporting period
1		2	3	4
I. Non-current assets				
Intangible assets		1000	16	-
historical cost		1001	160	-
accumulated amortisation		1002	144	-
Capital investments in progress		1005	10 888	1 685
Property, plant and equipment		1010	6 059	16 654
historical cost		1011	9 296	21 334
accumulated depreciation		1012	3 237	4 680
Investment property		1015	-	-
Long-term biological assets		1020	-	-
Long-term financial investments: accounted for according to the equity method		1030	-	-
other financial investments		1035	-	-
Long-term accounts receivable		1040	-	-
Deferred tax assets		1045	13 509	9 220
Other non-current assets		1090	-	-
Total Section I		1095	30 472	27 559
II. Current assets				
Inventories		1100	3 750	3 476
Production stock		1101	1 822	95
Work in progress		1102	-	3 016
Finished products		1103	-	-
Goods for resale		1104	1 928	365
Current biological assets		1110	-	-
Accounts receivable for goods, works and services		1125	184 616	186 978
Accounts receivable on settlements: on advances issued		1130	2 525	8 525
with the budget		1135	32	26
including income tax		1136	-	-
Other current accounts receivable		1155	73	15
Current financial investments		1160	-	-
Cash and cash equivalents		1165	67 321	69 548
Cash on hand		1166	-	-
Bank accounts		1167	67 321	69 548
Deferred expenses		1170	232	294
Other current assets		1190	1 789	549
Total Section II		1195	260 338	269 411
III. Non-current assets held for sale and disposal groups		1200	-	-
BALANCE		1300	290 810	296 970

Balance Sheet (Statement of Financial Position)
as at 31 December 2020
Form 1
(continued)

LIABILITIES	Other notes	Line code	At the beginning of the reporting period	At the end of the reporting period
1		2	3	4
I. Equity			-	-
Registered (share) capital	3	1400	1 700	1 700
Revaluation capital		1405	-	-
Additional capital		1410	494	642
Reserve capital		1415	-	-
Retained earnings (accumulated deficit)		1420	84 054	106 397
Unpaid capital		1425	-	-
Withdrawn capital		1430	-	-
Total Section I		1495	86 248	108 739
II. Long-term liabilities and provisions			-	-
Deferred tax liabilities		1500	-	-
Long-term bank loans		1510	-	-
Other long-term liabilities		1515	-	-
Long-term provisions		1520	-	-
Special-purpose financing		1525	-	-
Total Section II		1595	-	-
III. Current liabilities and provisions			-	-
Short-term bank loans		1600	-	-
Current accounts payable for: long-term liabilities		1610	-	-
goods, works and services	4	1615	156 539	128 695
settlements with the budget	5	1620	12 961	3 224
including income tax		1621	12 596	584
settlements on insurance		1625	-	-
settlements on payroll		1630	-	11
Current accounts payable on advances received		1635	810	-
Current provisions		1660	34 082	53 458
Deferred income		1665	-	-
Other current liabilities	6	1690	170	2 843
Total Section III		1695	204 562	188 231
IV. Liabilities associated with non-current assets held for sale and disposal groups		1700	-	-
V. Net value of assets of non-state pension fund		1800	-	-
BALANCE		1900	290 810	206 970

Deputy Director
(Operations Director)

Chief Accountant



Lukasz Marek Gaszyński

Olena Sidak

¹ Determined according to the procedure established by the central executive body responsible for implementation of the state statistics policy.

Company: LEGO UKRAINE Limited Liability Company
(name)

Date (year, month, date)
EDRPOU

Codes		
2020	12	31
36979658		

Statement of Financial Results (Statement of Comprehensive Income) for the year ended 31 December 2020

Form 2

DKUD Code

I. Financial results

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Net revenue from sales of goods, works and services		2000	542 398	461 964
Cost of sales of goods, works and services		2050	(378 858)	(320 670)
Gross:				
Profit		2090	163 540	141 294
Loss		2095	(-)	(-)
Other operating income		2120	1 210	74 543
Administrative expenses		2130	(19 455)	(16 307)
Selling expenses		2150	(107 081)	(174 580)
Other operating expenses		2180	(10 199)	(9,592)
Financial results from operating activities:				
Profit		2190	28 015	15 358
Loss		2195	-	-
Income from participation in equity		2200	-	-
Other financial income		2220	-	-
Other income		2240	-	52
Financial expenses		2250	(-)	(-)
Losses from participation in equity		2255	(-)	(-)
Other expenses		2270	(259)	(-)
Financial results before taxation:				
Profit		2290	27 756	15 410
Loss		2295		
Income tax (expense)/benefit	8	2300	(4 879)	(1 872)
Profit (loss) from discontinued operations after tax		2305	-	-
Net financial result:				
Profit		2350	22 877	13 538
Loss		2355	(-)	(-)

Statement of Financial Results (Statement of Comprehensive Income)
for the year ended 31 December 2020

Form 2
(continued)

II. Comprehensive Income

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Upward (downward) revaluation of non-current assets		2400	-	-
Upward (downward) revaluation of financial instruments		2405	-	-
Accumulated exchange differences		2410	-	-
Share of other comprehensive income of associates and joint ventures		2415	-	-
Other comprehensive income		2445	-	-
Other comprehensive Income before tax		2450	-	-
Income tax related to other comprehensive income		2455	-	-
Other comprehensive Income after tax		2460	-	-
Comprehensive Income (total of lines 2350, 2355 and 2460)		2465	22 877	13 538

III. Elements of operating expenses

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Material costs		2500	19 686	15 193
Payroll		2505	13 913	9 592
Social contributions		2510	2 073	1 567
Depreciation/amortisation		2515	3 374	1 453
Other operating expenses		2520	97 948	172 674
Total		2550	123 081	200 479

IV. Calculation of earnings per share

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Average annual number of ordinary shares		2600	-	-
Average annual number of ordinary shares, adjusted		2605	-	-
Net earnings (loss) per ordinary share		2610	-	-
Net earnings (loss) per ordinary share, adjusted		2615	-	-
Dividends per ordinary share		2650	-	-

Note: Section IV. Calculation of earnings per share has not been completed as the Company is established as a limited liability company and does not have shares.

Deputy Director
(Operations Director)

Chief Accountant



Lukasz Marek Gaszyński

Olena Sidak

Company: LEGO UKRAINE Limited Liability Company
(name)

Date (year, month, date)
EDRPOU

Codes		
2020	12	31
36979658		

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

Form 3

DKUD Code

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
I. Cash flows from operating activities				
Receipts from:				
Sales of goods, works and services		3000	620 705	527 132
Return of taxes and levies		3005	-	-
including value added tax		3006	-	-
Special-purpose financing		3010	-	-
Receipt of advances from purchasers and customers		3015	-	810
Returns of advances paid		3020	-	1 396
Proceeds from interest on current account balances		3025	-	-
Receipts from debtors of forfeit (fines and penalties)		3035	-	-
Receipts from operating lease		3040	-	-
Receipts from royalty		3045	-	-
Receipt of insurance proceeds		3050	-	-
Receipts of financial institutions from repayment of borrowings		3055	-	-
Other receipts		3095	-	404
Outflows from payments for:				
Goods, works and services		3100	(561 863)	(443 017)
Payroll		3105	(10 955)	(7 099)
Social payments		3110	(2 237)	(1 712)
Taxes and levies paid		3115	(20 129)	(17 152)
Income tax paid		3116	(12 596)	(3 426)
Value added tax paid		3117	(4 117)	(11 467)
Other taxes and levies paid		3118	(3 416)	(2 259)
Advances paid		3135	(8,525)	(2 525)
Expenditure for return of advances		3140	-	-
Special-purpose contributions		3145	-	-
Expenditure for payments for liabilities on insurance contracts		3150	-	-
Expenditure of financial institutions for issue of borrowings		3155	-	-
Other expenditures		3190	(1 182)	(7 004)
Cash flows from operating activities, net		3195	15 814	51 233
II. Cash flows from investing activities				
Receipts from sale of:				
financial investments		3200	-	-
non-current assets		3205	-	-
Receipts from:				
interest received		3215	-	-
dividends received		3220	-	-
Receipts from derivatives		3225	-	-
Other receipts		3250	-	-
Expenditure for purchases of:				
financial investments		3255	-	-
non-current assets		3260	(13 723)	(4 771)
Payments on derivatives		3270	-	-
Other payments		3290	-	-
Cash flows from investing activities, net		3295	(13 723)	(4 771)

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

Form 3
(continued)

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
III. Cash flows from financing activities				
Receipts from:				
Equity		3300	-	-
Loans received		3305	-	-
Receipts from sale of interest in a subsidiary		3310	-	-
Other receipts		3340	-	-
Expenditure for:				
Repurchase of treasury shares		3345	-	-
Loans repayment		3350	-	-
Dividends payment		3355	-	-
Interest payment		3360	-	-
Financial lease liability payment		3365	-	-
Expenditure for purchase of interest in a subsidiary		3370	-	-
Expenditure for payment to non-controlling interest in a subsidiary		3375	-	-
Other payments		3390	-	-
Cash flows from financing activities, net		3395	-	-
Cash flows for the reporting period, net		3400	2 091	46 462
Cash at the beginning of the year		3405	67 321	21 000
Effect of changes in exchange rates on cash balances		3410	136	(141)
Cash at the end of the year		3415	69 548	67 321

Deputy Director
(Operations Director)

Chief Accountant



Lukasz Marek Gaszyński

Olena Sidak

Company: LEGO UKRAINE Limited Liability Company
(name)

Date (year, month, date)
EDRPOU

Codes			
2020	12	31	
36979658			

Statement of Shareholders' Equity for the year ended 31 December 2020

Form 4

DKUD Code 1801005

Item	Line	Regis-tered (share) capital	Revalu-ation capital	Addi-tional capital	Reserve capital	Retained earnings (accumula-ted deficit)	Unpaid capital	With-drawn capital	Total
1	2	3	4	5	6	7	8	9	10
Balance at the beginning of the year	4000	1 700	-	494	-	84 054	-	-	86 248
Adjustments:									
Change in accounting policies	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	148	-	(534)			(386)
Balance at the beginning of the year, adjusted	4095	1 700	-	642	-	83 520	-	-	85 862
Net profit/(loss) for the reporting period	4100	-	-	-	-	22 877	-	-	22 877
Other comprehensive income for the reporting period	4110	-	-	-	-	-	-	-	-
Profit distribution:									
Payments to the owners (dividends)	4200	-	-	-	-	-	-	-	-
Allocation to the registered capital	4205	-	-	-	-	-	-	-	-
Allocation to the reserve capital	4210	-	-	-	-	-	-	-	-
Contributions by owners:									
Capital contributions	4240	-	-	-	-	-	-	-	-
Repayment of unpaid capital	4245	-	-	-	-	-	-	-	-
Withdrawal of capital:									
Repurchase of shares	4260	-	-	-	-	-	-	-	-
Sale of treasury shares	4265	-	-	-	-	-	-	-	-
Cancellation of treasury shares	4270	-	-	-	-	-	-	-	-
Withdrawal of the share in equity	4275	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Changes in equity, total	4295	-	-	-	-	22 877	-	-	22 877
Balance at the end of the year	4300	1 700	-	642	-	106 397	-	-	108 739

Deputy Director
(Operations Director)

Chief Accountant



Łukasz Marek Gaszyński

Ołga Sidak

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

II. Property, plant and equipment

Groups of property, plant and equipment	Line code	Balance at the beginning of the year		Additions in the year	Revaluation (upward +, downward -)		Disposals in the year		Deprec'n charges for the year	Impairment losses for the year	Other changes for the year		Balance at the end of the year		Including:			
		cost or valuation	accumulated depreciation		cost or valuation	accumulated depreciation	cost or valuation	accumulated depreciation			cost or valuation	accumulated depreciation	cost or valuation	accumulated depreciation	Received on finance lease	Transferred on operating lease		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Land plots	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital costs of land improvement	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings, constructions and transmission equipment	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	130	2 252	1 338	451	-	-	1 620	1 469	834	-	-	-	1 083	703	-	-	-	-
Vehicles	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools, fittings and furniture	150	6 077	946	2 276	-	-	634	379	1 380	-	-	-	7 719	1 947	-	-	-	-
Livestock	160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Perennial plants	170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other fixed assets	180	608	595	11 238	-	-	-	-	749	-	-	-	11 846	1 344	-	-	-	-
Library assets	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current low-value items	200	359	358	410	-	-	83	83	411	-	-	-	686	686	-	-	-	-
Temporary buildings	210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural resources	220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Packaging	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hire items	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current tangible assets	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	260	9 296	3 237	14 375	-	-	2 337	1 931	3 374	-	-	-	21 334	4 680	-	-	-	-

Item	Other notes	Line code	Amount
From line 260, col. 14	cost of PPE where legal restrictions of ownership rights exist	261	-
	cost of pledged PPE	262	-
	residual value of PPE out of use on a temporary basis (conservation, reconstruction, etc.)	263	-
	cost (or valuation) of fully depreciated PPE	264	-
	PPE of rented integrated property complex	2641	-
From line 260, col. 8	residual value of PPE decommissioned for future sale	265	-
	residual value of fixed assets lost due to accidents	2651	-
From line 260, col. 5	cost of PPE purchased for targeted finance	266	-
Cost of PPE received on operating lease terms		267	-
From line 260, col. 15	accumulated depreciation of fixed assets where legal restrictions of ownership rights exist	268	-
From line 105, col. 14	cost of investment property valued at fair value	269	-

Accounting policies stated on pages 24–32 and other notes on pages 33–47 form an integral part of these financial statements

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

III. Capital investments

Item	Line code	For the year	At year end
1	2	3	4
Capital construction	280	3 242	1 685
Purchase (manufacturing) of PPE	290	-	-
Purchase (manufacturing) of other non-current tangible assets	300	-	-
Purchase (manufacturing) of intangible assets	310	-	-
Purchase (growing) of long-term biological assets	320	-	-
Other	330	-	-
Total	340	3 242	1 685

From line 340, col. 3

capital investments in investment property

(341)

-

financial costs included in capital investments

(342)

-

IV. Financial investments

Item	Line code	For the year	At year end	
			Long-term	Current
1	2	3	4	5
A. Financial investments under equity method into:		-	-	-
associates	350	-	-	-
subsidiaries	360	-	-	-
joint activities	370	-	-	-
B. Other financial investments into:		-	-	-
shares in other entities' statutory capital	380	-	-	-
shares	390	-	-	-
bonds	400	-	-	-
other	410	-	-	-
Total (A + B)	420	-	-	-

From line 1035, col. 4 of the Balance Sheet
(Statement of Financial Position)

Other long-term financial investments stated:

at cost (421)

-

at fair value (422)

-

at amortised cost (423)

-

From line 1160, col. 4 of the Balance Sheet
(Statement of Financial Position)

Other current financial investments stated:

at cost (424)

-

at fair value (425)

-

at amortised cost (426)

-

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

V. Income and expenses

Item	Other notes	Line code	Income	Expenses
1		2	3	4
A. Other operating income and expenses			-	-
Operating lease of assets		440	-	-
Operating exchange difference		450	1 210	5 450
Sale of other current assets		460	-	-
Fines, penalties and interest		470	-	-
Maintenance of social assets		480	-	-
Other operating income and expenses		490	-	4 749
including:				
charges to bad debt provision		491	-	-
non-productive expenses and losses		492	-	-
B. Income and expenses from participation in equity of:			-	-
associates		500	-	-
subsidiaries		510	-	-
joint activities		520	-	-
C. Other financial income and expenses			-	-
Dividends		530	-	-
Interest		540	-	-
Finance lease of assets		550	-	-
Other financial income and expenses		560	-	-
D. Other income and expenses			-	-
Sale of financial investments		570	-	-
Income from business combinations		580	-	-
Result of impairment test		590	-	-
Non-operating exchange difference		600	-	-
Assets received free of charge		610	-	-
Write-off of non-current assets		620	-	259
Other income and expenses		630	-	-

Item	Line code	Amount
1	2	3
Barter transactions with goods, works and services	631	-
Share in sales revenue from sales of goods, works and services under barter agreements with related parties (%)	632	-
From lines 540-560 col. 4: Financial costs included in cost of assets	633	-

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

VI. Cash

Item	Line code	At year end
1	2	3
Cash on hand	640	-
Current account	650	69 324
Other bank accounts (letters of credit, cheque books)	660	224
Cash in transit	670	-
Cash equivalents	680	-
Total	690	69 548

From line 1090, col. 4 of the Balance Sheet (Statement of Financial Position) Cash with restricted use	691	-
--	-----	---

VII. Provisions

Type of provision	Line code	Balance at the beginning of the year	Increase during the reporting period		Amount used during the year	Unused amount reversed during the reporting period	Amount of expected compensation by the other party included in the provision assessment	Balance at the end of the year
			Provision created	Additional charges				
1	2	3	4	5	6	7	8	9
Provision for vacation payments to employees	710	568	1 167	-	667	-	-	1 068
Provision for additional future pension expenses	720	-	-	-	-	-	-	-
Provision for future expenses related to guarantees	730	-	-	-	-	-	-	-
Provision for future restructuring expenses	740	-	-	-	-	-	-	-
Provision for future expenses related to onerous contracts	750	-	-	-	-	-	-	-
Provision for bonuses payable	760	915	1 950	-	819	-	-	2 046
Other provisions	770	32 599	62 986	-	45 241	-	-	50 344
Doubtful debt provision	775	44 768	-	-	2 316	42 452	-	-
Total	780	78 850	66 103	-	49 043	42 452	-	53 458

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

VIII. Inventories

Item	Line code	Closing book value	Revaluation in the year	
			Increase in the net realisable value*	Downward revaluation
1	2	3	4	5
Raw and other materials	800	95	-	-
Purchased components and units	810	-	-	-
Fuel	820	-	-	-
Packaging	830	-	-	-
Construction materials	840	-	-	-
Spare parts	850	-	-	-
Agricultural materials	860	-	-	-
Current biological assets	870	-	-	-
Low-value items	880	-	-	-
Work in progress	890	3 016	-	-
Finished products	900	-	-	-
Goods for sale	910	365	-	-
Total	920	3 476	-	-

From line 920, col. 3

Book value of inventories:

Other notes

shown at net realisable value

(921)

—

transferred for processing

(922)

—

pledged

(923)

—

transferred on commission

(924)

—

Assets on safekeeping (off-balance sheet account 02)

(925)

—

From line 1200, col. 4 of the Balance Sheet (Statement of Financial Position)

(926)

—

Inventories held for sale

—

* Determined according to p. 28 of NR(S)AU 9 "Inventories"

Notes to the Annual Financial Statements for the year ended 31 December 2020

Form 5
(continued)

IX. Accounts receivable

Item	Line code	Total at year-end	Including outstanding by age:		
			Less than 12 months	From 12 to 18 months	From 18 to 36 months
1	2	3	4	5	6
Accounts receivable for goods, works and services	940	186 978	186 978	-	-
Other current accounts receivable	950	15	15	-	-

Bad accounts receivable written-off during the reporting year (951) — -
From lines 940 and 950 accounts receivable with related parties (952) — -

X. Losses and shortages resulting from damages

Item	Line code	Amount
1	2	3
Losses and shortages identified and written-off during the year	960	-
Recognised as debts of the guilty parties during the year	970	-
Losses and shortages where guilty parties are not identified at year end (off-balance sheet account 072)	980	-

XI. Construction contracts

Item	Line code	Amount
1	2	3
Revenue from construction contracts for current year	1110	-
Amounts outstanding at year end:		
from customers, gross	1120	-
to customers, gross	1130	-
on prepayments received	1140	-
Overdue amounts at year end	1150	-
Cost of work done by subcontractors for construction contracts in progress	1160	-

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

XII. Income tax

Item	Line code	Amount
1	2	3
Current corporate profit tax	1210	590
Deferred tax assets:		-
at the beginning of year	1220	13 509
at the end of year	1225	9 220
Deferred tax liabilities:		-
at the beginning of year	1230	-
at the end of year	1235	-
Included in the Statement of Financial Results – total	1240	4 879
including:		-
current corporate profit tax	1241	590
decrease (increase) of deferred tax assets	1242	4 289
increase (decrease) of deferred tax liabilities	1243	-
Recorded in equity – total	1250	-
including:		-
current corporate profit tax	1251	-
decrease (increase) of deferred tax assets	1252	-
increase (decrease) of deferred tax liabilities	1253	-

XIII. Use of depreciation charge

Item	Line code	Amount
1	2	3
Depreciation charge for the year	1300	3 374
Used during the year – total	1310	-
Including for:		-
construction of units	1311	-
purchasing (manufacturing) and improvements of PPE	1312	-
including machines and equipment	1313	-
purchasing (manufacturing) of intangible assets	1314	-
paying off loans received for capital investments	1315	-
	1316	-
	1317	-

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

XIV. Biological assets

Groups of biological assets	Line code	Recorded at cost										Recorded at fair value				
		Opening balance		Additions in the year	Disposals in the year		Depreciation charges for the year	Impairment losses	Economic benefits from recovery of assets	Closing balance		Opening balance	Additions in the year	Changes in fair value for the year	Disposals in the year	Closing balance
		historical cost	accumulated depreciation		historical cost	accumulated depreciation				historical cost	accumulated depreciation					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Long-term biological assets - total																
including:	1410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
draft livestock	1411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
productive livestock	1412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
perennial plants	1413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other long-term biological assets	1415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current biological assets - total																
including:	1420	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
livestock	1421	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
biological assets in bioconversion (other than livestock)	1422	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
	1423	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
other current biological assets	1424	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
Total	1430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

From line 1430, col. 5 and col. 14:	cost of biological assets purchased for targeted finance	(1431)	-
From line 1430, col. 6 and col. 16:	residual value of non-current biological assets, historical cost of current biological assets and fair value of biological assets lost due to emergency events	(1432)	-
From line 1430, col. 11 and col. 17:	book value of biological assets with restricted ownership rights as prescribed by law	(1433)	-

Accounting policies stated on pages 24–32 and other notes on pages 33–47 form an integral part of these financial statements

**Notes to the Annual Financial Statements
for the year ended 31 December 2020**

Form 5
(continued)

XV. Financial results from initial recognition and sale of agricultural produce and additional biological assets

Item	Line code	Value at initial recognition	Bioconversion expenses	Result from initial recognition		Downward revaluation	Revenue	Cost of sales	Financial result (profit +, loss -) from	
				income	expense				sales	initial recognition and sales
1	2	3	4	5	6	7	8	9	10	11
Plant cultivation produce and additional biological assets – total	1500	-	(-)	-	(-)	-	-	(-)	-	-
including:		-	-	-	-	-	-	-	-	-
crops and leguminous plants	1510	-	(-)	-	(-)	-	-	(-)	-	-
of which:										
wheat	1511	-	(-)	-	(-)	-	-	(-)	-	-
soybean	1512	-	(-)	-	(-)	-	-	(-)	-	-
sunflower	1513	-	(-)	-	(-)	-	-	(-)	-	-
rapeseed	1514	-	(-)	-	(-)	-	-	(-)	-	-
sugar beet (mill)	1515	-	(-)	-	(-)	-	-	(-)	-	-
potatoes	1516	-	(-)	-	(-)	-	-	(-)	-	-
fruit (pip and drupaceous fruit)	1517	-	(-)	-	(-)	-	-	(-)	-	-
other plant cultivation produce	1518	-	(-)	-	(-)	-	-	(-)	-	-
plant cultivation additional biological assets	1519	-	(-)	-	(-)	-	-	(-)	-	-
Cattle breeding produce and additional biological	1520	-	(-)	-	(-)	-	-	(-)	-	-
including:		-	-	-	-	-	-	-	-	-
live weight gain – total	1530	-	(-)	-	(-)	-	-	(-)	-	-
of which:										
horned livestock	1531	-	(-)	-	(-)	-	-	(-)	-	-
pigs	1532	-	(-)	-	(-)	-	-	(-)	-	-
milk	1533	-	(-)	-	(-)	-	-	(-)	-	-
wool	1534	-	(-)	-	(-)	-	-	(-)	-	-
eggs	1535	-	(-)	-	(-)	-	-	(-)	-	-
other cattle breeding produce	1536	-	(-)	-	(-)	-	-	(-)	-	-
cattle breeding additional biological assets	1537	-	(-)	-	(-)	-	-	(-)	-	-
fishery produce	1538	-	(-)	-	(-)	-	-	(-)	-	-
	1539	-	(-)	-	(-)	-	-	(-)	-	-
Agricultural produce and additional biological assets – total	1540	-	(-)	-	(-)	-	-	(-)	-	-

Deputy Director (Operations Director)

Lukasz Marek Gaszyński

Chief Accountant

Olena Sidak



Accounting policies stated on pages 24–32 and other notes on pages 33–47 form an integral part of these financial statements

Company: LEGO UKRAINE Limited Liability Company
Territory: Kyiv
State authority:
Form of ownership: Limited Liability Company
Type of economic activity: wholesale trade in other household goods
Measurement unit: UAH thousands

Date (year, month, date)
EDRPOU
KOATUU
SPODU
KOPFG
KVED
Control amount

Codes		
2020	12	31
36979658		
8038200000		
240		
43.29		

Supplement to the Notes to the Annual Financial Statements “Segment Information” for the year ended 31 December 2020

Form 6

DKUD code

1801009

I. Figures by priority reporting business segment

Item	Line code	Reporting segment name						Unallocated		Total	
		Sales of toys						Reporting year	Prior year	Reporting year	Prior year
		Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year				
1	2	3	4	5	6	13	14	15	16	17	18
1. Revenues of reporting segments:											
Revenues of reporting segments from operating activity	010	534 093	527 331	-	-	-	-	-	-	534 093	527 331
of which:											
revenue from sales of goods, works and services:											
to external customers	011	532 883	452 788	-	-	-	-	-	-	532 883	452 788
to other reporting segments	012	-	-	-	-	-	-	-	-	-	-
other operating income	013	1 210	74 543	-	-	-	-	-	-	1 210	74 543
Financial income of reporting segments	020	-	-							-	-
of which:											
income from participation in equity directly attributable to the reporting segment	021	-	-	-	-	-	-	-	-	-	-
other financial income	022	-	-	-	-	-	-	-	-	-	-
Other income	030	-	-	-	-	-	-	-	52	-	52
Total income of reporting segments	040	534 093	527 331	-	-	-	-	-	52	534 093	527 383
Unallocated income	050	X	X	X	X	X	X	9 515	9 176	9 515	9 176
of which:											
income from operations	051	X	X	X	X	X	X	-	-		
financial income	052	X	X	X	X	X	X	-	-		
Deductions from revenues from sale of goods, works and services to other reporting segments	060			-	-	-	-	-	-		
Total revenue of the entity (line 040 + line 050 - line 060)	070	534 093	527 331	-	-	-	-	9 515	9 228	543 608	536 559
2. Expenses of reporting segments:											
Operating expenses	080	(378 858)	(320 670)	-	-	-	-	-	-	(378 858)	(320 670)
of which:											
cost of sales of goods, works and services:											
to external customers	081	(378 858)	(320 670)	-	-	-	-	-	-	(378 858)	(320 670)
to other reporting segments	082	-	-	-	-	-	-	-	-	-	-
Administrative expenses	090	(19 455)	(16 307)	-	-	-	-	-	-	(19 455)	(16 307)
Selling expenses	100	(107 081)	(174 580)	-	-	-	-	-	-	(107 081)	(174 580)
Other operating expenses	110	(10 199)	(9 592)	-	-	-	-	-	-	(10 199)	(9 592)

Accounting policies stated on pages 24–32 and other notes on pages 33–47 form an integral part of these financial statements

**Supplement to the Notes to the Annual Financial Statements “Segment Information”
Form No 6 (continued)**

I. Figures by priority reporting business segment (continued)

Item	Line code	Reporting segment name						Unallocated		Total	
		Sales of toys		Provision of services				Reporting year	Prior year	Reporting year	Prior year
		Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year				
Financial expenses of reporting segments	120	-	-	-	-	-	-	-	-	-	-
of which:											
losses from participation in equity directly attributable to the reporting segment	121	-	-	-	-	-	-	-	-	-	-
Other expenses	130	-	-	-	-	-	-	(259)	-	(259)	-
Total expenses of reporting segments	140	(515 593)	(521 149)	-	-	-	-	(259)	-	(515 852)	(521 149)
Unallocated expenses	150	X	X	X	X	X	X	X	X	X	X
of which:											
administrative, selling and other operating expenses unallocated to reporting segments	151	X	X	X	X	X	X	X	X	X	X
financial expenses	152	X	X	X	X	X	X	X	X	X	X
extraordinary expenses	153	X	X	X	X	X	X	X	X	X	X
income tax	154	(4 879)	(1 872)	X	X	X	X	X	X	(4 879)	(1 872)
Deductions from cost of sales of goods, work and services to other reporting segments	160	-	-	-	-	-	-	-	-	-	-
Total expenses of the entity (line 140 + line 150 -line 160)	170	(520 472)	(523 021)	-	-	-	-	(259)	-	(520 731)	(523 021)
3. Financial result of reporting segments (line 040 - line 140)	180	22 877	13 538							22 877	13 538
4. Financial result of the entity (line 070 - line 170)	190	22 877	13 538							22 877	13 538
5. Assets of reporting segments	200	296 970	290 810	-	-	-	-			296 970	290 810
of which:											
Intangible assets	201	-	16	-	-	-	-			-	16
Capital investments in progress	202	1 685	10 888							1 685	10 888
Property, plant and equipment	203	16 654	6 059	-	-	-	-			16 654	6 059
Inventories	204	3 476	3 750	-	-	-	-			3 476	3 750
Accounts receivable for goods, works and services	205	186 978	184 616	-	-	-	-			186 978	184 616
Accounts receivable on settlements on advances issued	206	8 525	2 525	-	-	-	-			8 525	2 525
Other current accounts receivable	207	15	73							15	73
Cash and cash equivalents	208	69 548	67 321	-	-	-	-			69 548	67 321
Deferred expenses	209	294	232	-	-	-	-			294	232
Other non-current assets	210	9 769	15 298							9 769	15 298
Unallocated assets	220	26	32	X	X	X	X			26	32
of which:											
Accounts receivable on settlements with the budget	221	26	32	X	X	X	X			26	32
Total assets of the entity	230	296 970	290 810	-	-	-	-			296 970	290 810
6. Liabilities of reporting segments	240	185 007	191 601							185 007	191 601
of which:											
Current accounts payable for goods, works and services	241	128 695	157 349	-	-	-	-			128 695	157 349
Current accounts payable on settlements on insurance	242	-	-	-	-	-	-			-	-
Current accounts payable on payroll	243	11	-	-	-	-	-			11	-
Current provisions	244	53 458	34 082	-	-	-	-			53 458	34 082
Other current provisions	245	2 843	170							2 843	170
Unallocated liabilities	260	3 224	12 961	X	X	X	X			3 224	12 961
of which:											
Current accounts payable on settlements with the budget	261	3 224	12 961	X	X	X	X			3 224	12 961
Total liabilities of the entity (line 240 + line 260)	270	188 231	204 562							188 231	204 562
7. Capital investments	280			-	-	-	-				
8. Depreciation of non-current assets	290	3 374	1 453	-	-	-	-			3 374	1 453

Accounting policies stated on pages 24–32 and other notes on pages 33–47 form an integral part of these financial statements

Supplement to the Notes to the Annual Financial Statements "Segment Information"
for the year ended 31 December 2020

Form No 6 (continued)

II. Figures by secondary reporting geographical sales segment

Item	Line code	Reporting segment name						Unallocated		Total	
								Reporting year	Prior year	Reporting year	Prior year
		Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year				
1	2	3	4	5	6	13	14	15	16	17	18
Revenue from sales of goods, works and services to external customers	300	-	-	-	-	-	-	-	-	-	-
Carrying value of reporting segment assets	310	-	-	-	-	-	-	-	-	-	-
Capital investments	320	-	-	-	-	-	-	-	-	-	-
	330	-	-	-	-	-	-	-	-	-	-
	340	-	-	-	-	-	-	-	-	-	-

III. Figures by secondary reporting geographical productive segment

Item	Line code	Reporting segment name						Unallocated		Total	
								Reporting year	Prior year	Reporting year	Prior year
		Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year				
1	2	3	4	5	6	13	14	15	16	17	18
Revenue from sales of goods, works and services to external customers	350	-	-	-	-	-	-	-	-	-	-
Carrying value of reporting segment assets	360	-	-	-	-	-	-	-	-	-	-
Capital investments	370	-	-	-	-	-	-	-	-	-	-
	380	-	-	-	-	-	-	-	-	-	-
	390	-	-	-	-	-	-	-	-	-	-

Deputy Director
(Operations Director)

Chief Accountant



Lukasz Marek Gaszyński

Olena Sidak

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Basis of preparation

The Company keeps its accounting records and prepares financial statements according to Ukrainian legislation in Ukrainian currency, hryvnia, in compliance with the Law of Ukraine On Accounting and Reporting in Ukraine dated 16 July 1999 No 996-XIV (as amended) and in accordance with National Regulations (Standards) of Accounting in Ukraine ("NR(S)AU"). The accompanying financial statements are based on accounting records kept according to Ukrainian legislation, which requires the historical cost convention to be adopted.

These financial statements are prepared on a going concern basis.

The preparation of financial statements according to NR(S)AU requires from management certain accounting estimates. Management also uses certain judgements in applying accounting policies. The actual results may differ from the estimates.

These financial statements are prepared in accordance with NR(S)AU effective as at 31 December 2020.

2. Reporting currency

These financial statements are stated in the national currency of Ukraine, hryvnia (UAH).

3. Foreign currency transactions

The Company's transactions in foreign currency are accounted for at the exchange rate of the National Bank of Ukraine prevailing at the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial results. Such balances are translated at the exchange rates effective as at the end of the reporting period.

Accounting for foreign currency transactions is maintained by currency:

- transaction currency;
- reporting currency.

Upon initial recognition, foreign currency transactions are stated at the reporting currency by translating foreign currency-denominated balances using the opening exchange rate on the date of the transaction (the date of recognition of assets, liabilities, equity, income and expenses).

Foreign currency-denominated advances (prepayments) issued to other parties against payments for purchases of non-monetary assets (inventories, PPE items, intangible assets, etc.) and receipt of works and services are translated, when included in the cost of those assets (works and services), to the reporting currency using the opening exchange rate on the date of the advance payment.

When foreign currency-denominated advance payments are issued to suppliers in instalments and non-monetary assets (works and services) are received from suppliers in instalments, the cost of assets (works and services) received is recognised at the amount of advance payments using exchange rates based on a sequence of making advance payments.

Foreign currency-denominated advances (prepayments) received from other parties against payments for supplies of goods, other assets, performance of works and provision of services are translated, when included in income of the reporting period, to the reporting currency using the opening exchange rate on the date of the advance receipt.

Accounting Policies (continued)

3. Foreign currency transactions (continued)

When foreign currency-denominated advance payments are initially received from buyers in instalments and non-monetary assets (works and services) are subsequently delivered to buyers in instalments, revenue from sales of assets (works and services) is recognised at the amount of advance payments using exchange rates based on a sequence of receiving advance payments.

The principal rates of exchange used for translating foreign currency balances were as follows:

	31 December 2020	31 December 2019
1 USD	UAH 28.2746	UAH 23.6862
1 EUR	UAH 34.7396	UAH 26.4220

4. Intangible assets

Intangible assets are recorded at cost of purchase. Expenditure on acquired intangible assets is capitalised and amortised using the straight-line method over their estimated useful lives. Useful lives of intangible assets are: software – 2 years, other intangible assets – useful lives are estimated individually depending on the type of the intangible asset (but not more than 10 years).

After writing off intangible assets, their historical cost, along with the corresponding amounts of accumulated amortisation, is eliminated from accounting records.

An intangible asset is an identifiable non-monetary asset that does not have a tangible form.

An acquired or received intangible asset is recorded on the balance sheet if the Company exercises control over it, it is probable that future economic benefits associated with the asset will flow to the Company and a reliable estimate of the asset can be made.

The following costs are not recognised as assets and are expensed as incurred:

- research costs;
- staff training and reskilling costs;
- advertising and promotion costs;
- costs of establishment, reorganisation and relocation of the Company or its part;
- costs of enhancement of the Company's business reputation, subscription (purchase) of periodicals and development of trademarks (brand names).

5. Property, plant and equipment

Property, plant and equipment comprise tangible assets held by the Company to use them in production or supply of goods or provision of services, to lease them out to other parties or to perform administrative, social and cultural functions with the estimated useful life of more than one year (or the operating cycle if it is longer than one year) and the cost exceeding the equivalent of UAH 20,000.

Low-value non-current tangible assets (LVI) include tangible assets intended to be used in business operations during the period of more than one year after putting them into operation with the cost not exceeding the equivalent of UAH 20,000.

The Company includes tangible assets that meet all of the below criteria in low-value non-current assets:

- the Company intends to use those assets over an extended period of time, which is more than one year;
- the cost of the assets is less than UAH 20,000.

Accounting Policies (continued)

5. Property, plant and equipment (continued)

A PPE item represents a finished facility with all mechanisms and tools related to it; a constructively isolated item intended to perform certain independent functions; a separated complex of constructively connected items intended for similar or different purposes, which have common mechanisms, tools, management and a single base of their service maintenance resulting in each item performing its functions and the complex performing a specific work only as part of the complex rather than independently; another asset that meets a PPE definition or its part controlled by the Company.

Cost of PPE items and other non-current tangible assets comprises:

- amounts paid to suppliers of assets and contractors for construction of assets (net of indirect taxes recoverable from the budget);
- registration fees, state duties and similar charges for purchasing (gaining) rights to a PPE item;
- import duties;
- indirect taxes imposed on purchase (production) of a PPE item (unless they are recoverable to the Company);
- insurance costs related to asset delivery risk coverage;
- cost of transportation, installation, assembly and setting up of a PPE item;
- other costs directly attributable to bringing PPE items to the condition appropriate for their intended use.

Cost of assets transferred to PPE items from current assets, goods, materials, etc. equals their historical cost.

The cost of property, plant and equipment or other non-current tangible assets received free of charge is equal to their fair values at the time of receipt and is recognised by debiting respective accounts for property, plant and equipment or other non-current tangible assets with a corresponding credit to Account 424, *Non-current assets received free of charge*.

The cost of an item of property, plant and equipment or other non-current tangible assets acquired in exchange (partial exchange) for a non-similar item is equal to the fair value of the item transferred increased/decreased by the amount of cash or cash equivalents transferred/received in such exchange. The cost of property, plant and equipment contributed to the Company's statutory capital represents their fair values approved by the Company participants.

At the balance sheet date, the Company recognises property, plant and equipment at cost plus any improvements less accumulated depreciation and impairment (if any). The Company does not perform revaluation of its property, plant and equipment at fair value as at the balance sheet date.

The Company applies the following useful lives of property, plant and equipment:

Groups of property, plant and equipment	Years
Computer equipment, related playback and printing devices and computer software	2
Computer network	5
Computer equipment and devices	5
Leasehold improvements	term of lease
Buildings	20
Transmission equipment	10
Machinery and equipment	5
Vehicles	5
Tools, fittings and furniture	4
Other fixed assets	12

Accounting Policies (continued)

5. Property, plant and equipment (continued)

Depreciation is charged on a monthly basis. Depreciation is charged starting from the month following the month when an item of property, plant and equipment has been put into use.

Depreciation is discontinued starting from the month subsequent to the month of asset's disposal.

Depreciation is suspended for the period of reconstruction, upgrade, extension, reequipment and temporary shutdown of the item of property, plant and equipment.

The depreciation method applied to the item of property, plant and equipment is revised in response to any changes in expected economic benefits from its use. The new depreciation method is applied starting from the month following the month when the decision to revise the depreciation method has been made.

Residual value of property, plant and equipment is nil.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit.

6. Accounting for leases

Leases of assets where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial results by equal instalments over the period of the lease.

Leases which transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee are classified as finance leases.

Items of property, plant and equipment subject to operating lease are presented in the Company's balance sheet according to the nature of these items. Operating lease income is recognised in other income on a straight-line basis over the lease term.

Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

The depreciation policy for leased assets is consistent with the Company's normal depreciation policy for similar assets.

7. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

Cost of inventories of finished goods upon disposal is determined using the first-in, first-out ("FIFO") method.

The cost of low-value items, supplementary and repair materials, spare parts and fuel upon disposal is determined using the specific unit cost method.

The cost of imported inventories includes:

- contractual amounts paid to suppliers (sellers), net of indirect taxes;
- import duties and levies;
- brokerage and terminal fees;
- insurance costs related to such inventories;
- transportation and forwarding services;
- other costs directly attributable to purchases of inventories and bringing them to a condition in which they are ready for intended use.

Accounting Policies (continued)

8. Financial instruments

The Company classifies its financial instruments into the following categories: accounts receivable for goods, works and services, cash and cash equivalents, accounts payable for goods, works and services, other current accounts receivable and accounts payable.

Financial instruments are initially measured and recognised at actual cost, which comprises the fair value of assets and liabilities and expenses directly attributable to the acquisition and disposal of a financial instrument.

At each balance sheet date subsequent to the initial recognition, financial assets are measured at fair value, except for accounts receivable not for resale, held-to-maturity financial investments, financial assets whose fair value cannot be estimated reliably; financial investments and other financial assets not measured at fair value.

At each balance sheet date subsequent to the initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities held for resale and liabilities of derivative financial instruments.

The carrying amount of the financial assets which are not measured at fair value is reviewed for impairment at each balance sheet date based on the analysis of the expected cash flows. The loss from impairment of a financial asset is the difference between the carrying amount of the asset and the present value of the expected cash flows discounted at the current market interest rate available for similar financial assets, which is included in other expenses of the reporting period.

9. Accounts receivable and doubtful debts provision

Receivables originated by the Company by selling goods and services directly to the customers are categorised as receivables not for resale and are initially carried at cost.

Current accounts receivable that represent financial assets (other than acquired receivables and receivables held for sale) are included in the total balance. Doubtful debts provision is calculated to determine value as of the balance sheet date.

The Company's management determines the provision for bad and doubtful debts based on the estimate of likelihood of bad debts after the performance of a review of the time of debt origination and in compliance with the Company's practice of writing-off the outstanding amounts as well as other factors, which influence the outstanding balances.

Doubtful debts provision is determined using the accounts receivable method by reference to the below estimation rates for each debtor group.

The rates are as follows:

% provisioning	Receivable age in days				
	Less than 30	From 91 to 180	From 180 to 240	From 240 to 365	More than 365
	0	0	0	0	100

An additional provision may be established based on the management's decision.

Assessed creditworthiness and estimated doubtful debts provision for the reporting period is presented within other operating expenses in the statement of financial results.

Bad debts are written off against the related provision.

Accounting Policies (continued)

9. Accounts receivable and doubtful debts provision (continued)

If the doubtful debts provision is not sufficient, the bad debt is written off from assets against other operating expenses.

Current accounts receivable not related to sales of products, goods, works and services classified as bad debts is written off from the balance sheet with a corresponding charge to other operating expenses.

10. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash with banks, and short-term highly-liquid financial investments with original maturities of 3 months or less that are easily convertible into known amounts of cash and are characterised by an insignificant risk of changing the value.

11. Capital

The registered (statutory) capital is the total value of assets contributed to the Company's equity by owners (participants), which is stated in the constituent documents of the Company.

Additional capital is the excess of consideration received for shares issued over their nominal amount.

12. Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed in the other notes when they are declared after the balance sheet date but before the financial statements are authorised for issue.

13. Liabilities

Liabilities are recorded only if a counterparty has performed its contractual obligations or the Company has signed an irrevocable (onerous) agreement to purchase an asset or a service. Liabilities are initially recognised and recorded at actual cost. At each balance sheet date subsequent to the initial recognition, liabilities are measured at amortised cost, except for prepayments received and liabilities on settlements with the budget, which are carried at historical cost.

14. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when employees become entitled to such leave. A provision is made for the estimated liability for annual leave based on the number of days of the unused annual leave remaining up to the balance sheet date multiplied by the average salary of an employee for the last 12 months.

Contingent liabilities are not disclosed in the balance sheet. Disclosure of contingent liabilities, their amounts, any uncertainty in the amounts or maturities of contingent liabilities and amounts expected to be settled by other parties are disclosed in the supplementary notes to the financial statements.

15. Pension obligations

The Company pays on behalf of its employees unified state social contribution to the Ukrainian State Pension Fund. The contribution is calculated as a percentage of current gross salary payments and is expensed as incurred.

Accounting policies (continued)

16. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a cash-generating unit may be impaired. One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit.

If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net realisable value or the present value of net cash inflows from this asset. Irrespectively of existence of impairment indicators the Company determines the expected recoverable amount of intangible assets with indefinite useful life at balance sheet date.

Net realisable value of an asset is based on observable market prices less expected costs to sell. In the absence of an active market for a particular asset, its net realisable value represents proceeds from disposal of the asset as at the balance sheet date in an arm's length transaction less any costs to sell.

Present value of future net cash inflows from the asset is determined by applying an appropriate discount rate to future cash flows from continuous use of the asset and its disposal or write-off at the end of its useful life. Future cash flows from the asset are assessed based on the Company's financial projections over the five-year horizon or less.

The discount rate is based on market interest rate (before tax) used in transactions with similar assets. Where no market-based interest rate is available, the discount rate is based on interest rates applicable to the Company's potential borrowing or determined based on the Company's weighed average cost of capital.

Impairment losses on an asset are recognised in other expenses with relevant decrease in its carrying (residual) value.

17. Corporate profit tax

The charge for taxation in the statement of financial results for the year comprises current tax and changes in deferred tax. Current tax is determined on the basis of the taxable profit for the year calculated in accordance with the effective Ukrainian tax legislation using the tax rates effective for the year: 18% in 2020 (2019: 18%). Deferred tax asset and deferred tax liability are calculated using the statutory tax rates applicable for the period when respective asset is expected to be realised or used and respective liability is expected to be settled.

The deferred tax is calculated under the balance sheet liability method. Deferred tax liability is recognised when temporary differences subject to taxation arise. Deferred tax asset is recognised when deductible temporary differences arise and it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The deferred tax asset as of the balance sheet date is decreased if the taxable income is insufficient to realise this asset. Previous decreases are reversed to the extent the expected taxable income is sufficiently available, against which the deferred tax asset can be realised.

Accounting policies (continued)

18. Value added tax ("VAT")

VAT is levied in Ukraine, where the Company performs the majority of its operations, at two rates: 20% on domestic sales and imports of goods, works and services and 0% on export of goods and accompanying services. Services provided to be used outside Ukraine are not subject to VAT.

A taxpayer's VAT liability equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer.

A VAT credit is the amount that a taxpayer is entitled to offset against VAT liability in a reporting period. Rights to VAT credit arise when a VAT invoice is received, which is issued on the earlier of the date of payment to the supplier or the date goods are received.

VAT related to sales and purchases is recognised in the balance sheet on a net basis and disclosed as an asset or liability in the amount declared in the VAT return. Otherwise VAT is recognised on a gross basis. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

19. Revenue and expenses recognition

Revenue from the sale of goods (merchandise, other assets) is recognised when all of the following conditions are met: risks and rewards associated with ownership of goods (merchandise, other assets) are transferred to the buyer; the Company retains neither managerial involvement nor effective control over goods (merchandise, other assets) sold; amount of revenue can be reliably measured; it is probable that future economic benefits resulting from a transaction will flow to the Company, and expenses associated with this transaction can be reliably measured.

Interest income is recognised on an accrual basis, unless its receipt is doubtful.

Income from rendering of services is recognised by reference to stage of completion of the specific transaction as at the balance sheet date if the result of the transaction can be measured reliably.

Expenses are recognised simultaneously with the decrease in assets or increase in liabilities. Expenses are recognised in the relevant period simultaneously with revenue in respect of which they have been incurred. Expenses which are not directly attributable to specific revenue items of a particular period are recognised in the reporting period in which they are incurred.

The following receipts are not recognised as revenue of the Company:

- value added tax and other taxes payable to the budget;
- prepayments (advances) received against payment for products (goods, works, services);
- financial loans, borrowings, returnable financial aid received;
- receipts owned by other parties;
- advance payments collateralised by security or made against repayment of debt if provided by the respective agreement;
- other receipts not treated as revenue under the National Regulations (Standards) of Accounting.

Revenues arising from transactions are generally defined by the agreement between the Company and the buyer or users of assets. Revenues are recognised at the fair value of consideration (compensation) received or receivable for goods sold or services provided.

As in the majority of cases the amounts of compensation received or receivable are in the form of cash and cash equivalents, revenues are recognised at the fair value of cash and cash equivalents received or receivable.

Accounting policies (continued)

19. Revenue and expenses recognition (continued)

If the fair value is not significantly different from the nominal compensation amount, the Company recognises the revenue from sales and the accounts receivable at the nominal amount of compensation.

Expenses recognised as period expenses represent either a decrease in assets or an increase in liabilities resulting in a decrease in equity (except for decreases in equity as a result of withdrawal or distribution to owners) provided that these expenses can be reliably measured. Expenses are recognised by the Company simultaneously with the decrease in assets or increase in liabilities.

The following items are not recognised as expenses and not presented in the statement of financial results:

- payments under commission, agency and other similar agreements to the consignor, principal, etc.;
- advance payments for inventories, works, services;
- repayments of loans payable;
- expenses recorded against equity in accordance with National Regulations (Standards) of Accounting;
- foreign exchange differences;
- other decreases in assets or increases in liabilities that do not meet expense recognition criteria.

The cost of goods sold comprises direct material costs, direct labour, variable general production costs, fixed allocated production costs and other direct costs.

20. Financial expenses

Financial expenses are interest and other borrowing costs. Financial expenses are recognised in the accounting period when incurred, except when financial expenses are capitalised due to creation of a qualifying asset. Only the financial expenses which would have been avoided if the qualifying asset had not been created are capitalised.

21. Comparatives

There were no significant changes in accounting policies during the reporting period.

Other Notes to the Financial Statements

1. General information

LEGO UKRAINE Limited Liability Company ("the Company") was established in 2010. The Company's parent (holding) company is LEGO A/S, Denmark. The ultimate beneficial owner of the Company is a citizen of Denmark Kjeld Kirk Kristiansen.

The Company's core business is sales of toys.

2. Operating environment of the Company

In the beginning of 2020, the novel coronavirus (COVID-19) began quickly spreading globally, causing the World Health Organisation to declare a pandemic in March 2020. The measures taken by many countries to contain the spreading of COVID-19 have resulted in significant disruptions to operations for many businesses and significantly affected global financial markets. The impact of COVID-19 will largely depend on the duration and extent of effects of the pandemic on the global and Ukrainian economy.

The macroeconomic situation during the first months of 2020 facilitated stability of the financial system in Ukraine. During 2020, consumer inflation in Ukraine was 5% (compared to 4.1% in 2019). However, internal and external factors that began to impact the Ukrainian economy in the second half of 2019 and significantly strengthened in 2020 resulted in Hryvnia devaluation. As at 31 December 2020 the official NBU exchange rate of Hryvnia against EUR was UAH 34.74 per EUR 1, compared to UAH 26.42 per EUR 1 as at 31 December 2019.

The repayment period of the sovereign debt raised by Ukraine to maintain the liquidity position during the crisis periods continues. The foreign currency sovereign debt repayments remain concentrated. In 2020-2022, the foreign currency repayments of the Government and the National Bank of Ukraine (the "NBU") including interest payments will cumulatively exceed USD 24 billion. The major portion of this amount is expected to be refinanced at external markets.

Over the subsequent periods, the key macroeconomic risk is represented by significant sovereign debt repayments. Thus, implementation of the new International Monetary Fund programme and terms of cooperation with other international financial organisations remain critically important.

As of the end of 2019, the NBU set its discount rate at 13.5%. During 2020, the NBU further eased the monetary policy and the NBU's discount rate was decreased to 6%. During March-April 2021, the NBU increased discount rate to 7.5%. Rapid developments driven by the coronavirus spread resulted in liquidity gaps of certain banks and a growth in demand for interbank credit facilities. To support the financial stability, the NBU changed the operational design of its monetary policy, implemented long-term refinancing of banks, supported banks by foreign currency cash, postponed formation of the capital buffer by banks, proposed banks to implement a special grace period of loan servicing over the quarantine period for the population and businesses (relief measures).

Significant number of companies in Ukraine have to terminate or limit their operations for the period of quarantine restrictions. Measures taken to constrain spread of the coronavirus including quarantine, social distancing, suspension of the social infrastructure activities, etc. impact economic activities of companies, including the Company.

The Government formed after parliamentary elections in July 2019 was dissolved on 4 March 2020 and a new Government was appointed. Amid political changes, the degree of uncertainty including in respect of the future direction of the reforms in Ukraine remains very high. In addition, negative trends in global markets due to the coronavirus pandemic may further affect the Ukrainian economy. The final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy and the Company's business.

Other Notes to the Financial Statements (continued)

3. Registered (share) capital (balance sheet line 1400)

Shareholders	31 December 2020		31 December 2019	
	UAH	%	UAH	%
LEGO A/S (Denmark)	1 700	100%	1 700	100%
Total	1 700	100%	1 700	100%

As at 31 December 2020 and 2019, the Company's registered capital is fully paid in.

4. Current accounts payable for goods, works and services (balance sheet line 1615)

Item	31 December 2020	31 December 2019
Goods for sale	128 695	156 539
Total	128 695	156 539

5. Current liabilities on settlements with the budget (balance sheet line 1620)

Item	31 December 2020	31 December 2019
Corporate profit tax	584	12 596
Other	2 640	365
Total	3 224	12 961

6. Other current liabilities (balance sheet line 1690)

Item	31 December 2020	31 December 2019
Advances received	2 537	170
Other	306	-
Total	2 843	170

7. Related party transactions

Item	Purchases in 2020	Sales in 2020	Accounts payable at 31 December 2020
Goods for sale	381 522	-	117 430
Services	-	7 046	-
Total	381 522	7 046	117 430

Item	Purchases in 2019	Sales in 2019	Accounts payable at 31 December 2019	Accounts receivable at 31 December 2019
Goods for sale	331 947	-	139 073	-
Services	-	10 468	-	-
Compensation under TP agreement	-	-	-	67 707
Total	331 947	10 468	139 073	67 707

All balances at the year end and transactions during the year relate to LEGO A/S Group entities and a related party (The LEGO Foundation). These transactions were performed on terms agreed between the parties.

Remuneration of key management personnel for the year ended 31 December 2020 included in line 2150 "Selling expenses" in the statement of financial results amounted to UAH 607.5 thousand (2019 – UAH 592.4 thousand).

Other Notes to the Financial Statements (continued)

8. Taxation (statement of financial results line 2300)

Item	2020	2019
Current taxation	590	15 824
Deferred tax	4 289	(13 952)
Total	4 879	1 872

The Company's corporate profit tax calculated in accordance with the tax legislation of Ukraine differs from the theoretical amount received by multiplying the profit amount before taxation reflected in these financial statements by the relevant taxation rate. The analysis of the corporate profit tax is presented below:

Item	2020	2019
Profit before tax	27 756	15 410
Corporate profit tax rate	18%	18%
Anticipated tax charges	4 996	2 774
Tax effect of expenses not deductible for tax purposes	(117)	(902)
Total	4 879	1 872

9. Financial instruments

The analysis of financial instruments as at 31 December 2020 by currency of future inflows and payments is as follows:

Item	UAH	EUR	USD	Total
Accounts receivable for goods, works and services	186 978	-	-	186 978
Cash and cash equivalents	69 548	-	-	69 548
Total financial assets	256 526	-	-	256 526
Accounts payable for goods, works and services	25 241	117 430	-	142 671
Total financial liabilities	25 241	117 430	-	142 671

The analysis of financial instruments as at 31 December 2019 by currency of future inflows and payments is as follows:

Item	UAH	EUR	USD	Total
Accounts receivable for goods, works and services	116 909	67 707	-	184 616
Cash and cash equivalents	67 321	--	-	67 321
Total financial assets	184 230	67 707	-	251 937
Accounts payable for goods, works and services	17 466	139 073	-	156,539
Total financial liabilities	17 466	139 073	-	156 539

The maximum amount subject to credit risk at the reporting dates is carrying value of financial assets described above.

The fair values of financial assets and liabilities as at 31 December 2020 and 31 December 2019 approximate their carrying values as of these dates.

Other Notes to the Financial Statements (continued)

10. Property, plant and equipment – Form No 5

As at 31 December 2020, the majority of property, plant and equipment comprised machinery, equipment and furniture

Leased premises

The Company leases office premises totalling UAH 16,401 thousand at 1A, Sportyvna Square in Kyiv under operating lease arrangements. According to the lease contracts, the Company should use the premises for its office accommodation and any other activity which supports its core business provided that the Company has the permit issued by appropriate authorities and the lessor's consent. The Company cannot transfer the leased premises to third parties. Upon expiry of the lease contracts, the Company has the priority right to extend the lease contracts. The annual increase in lease payments is 4% starting from the first day of the second year of lease.

11. Contingencies

Tax legislation. Ukrainian tax and customs legislation enacted or substantively enacted at the end of the reporting period is subject to varying interpretations and changes frequently. As a result, there may be significant uncertainty as to the implementation or interpretation of the tax legislation and unclear or non-existent implementing regulations. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant regional and State authorities. Recent events in Ukraine suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities of the Company that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

As a result, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Ukrainian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties.

Transfer pricing. Ukrainian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. Management has implemented relevant controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. As the implementation transfer pricing rules is still evolving, these prices may be challenged. The impact of any challenge cannot be reliably estimated; however, it may eventually be significant to the financial position and/or the overall operations of the Company. Based on management's best estimate, these contingencies are not expected to result in loss, therefore no provisions were recorded for such contingencies.

Management believes that its pricing policy is arm's length and has implemented relevant controls to be in compliance with the transfer pricing legislation. Management will vigorously defend the entity's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements if these are challenged by the authorities.

Other Notes to the Financial Statements (continued)

12. Commitments

Lease obligations

The future minimum lease payments payable under non-cancellable leases are as follows:

Period	31 December 2020	31 December 2019
Within 1 year	4 592	-
1-5 years	16 483	-
Total	21 075	-

13. Deffered tax (balance sheet line 1045)

Differences between tax rules and NR(S)AU lead to temporary differences between accounting and tax base of assets and liabilities.

Deferred income tax is calculated with a balance sheet approach based on its temporary differences:

	31 December 2019	Charged to financial results	31 December 2020
Defferex tax assets			
Allowance for doubtful accounts	7 641	(7 641)	-
Provisions	5 868	3 157	9 025
Other	-	195	195
Defferex tax assets, net	13 509	(4 289)	9 220

	31 December 2018	Charged to financial results	31 December 2019
Defferex tax assets			
Allowance for doubtful accounts	-	7 641	7 641
Provisions	495	5 373	5 868
Defferex tax assets, net	495	13 014	13 509

14. Accounts receivable on settlements on advances issued (balance sheet line 1130)

Item	31 December 2020	31 December 2019
Current expenses	8 525	2 525
Total	8 525	2 525

The term of accounts receivable origination on advances issued is no more than 3 months.

15. Events after the reporting period

The Company had no events after the reporting period that require disclosure in the notes to these financial statements.

Other Notes to the Financial Statements (continued)

16. Comparatives to the Statement of Shareholders' Equity

Statement of Shareholders' Equity for the year ended 31 December 2019

Item	Code	Registered (share) capital	Revaluation reserve	Additional capital	Reserve capital	Retained earnings (accumulated deficit)	Unpaid capital	Withdrawn capital	Total
1	2	3	4	5	6	7	8	9	10
Balance at the beginning of the year	4000	1 700	-	48	-	71 528	-	-	73 276
Adjustments:									
Change in accounting policies	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090			446	-	(1 012)			(566)
Balance at the beginning of the year, adjusted	4095	1 700	-	494	-	70 516	-	-	72 710
Net profit/(loss) for the reporting period	4100	-	-		-	13 538	-	-	13 538
Other comprehensive income for the reporting period	4110	-	-	-	-	-	-	-	-
Profit distribution:									
Payments to the owners (dividends)	4200	-	-	-	-	-	-	-	-
Allocation to the registered capital	4205	-	-	-	-	-	-	-	-
Allocation to the reserve capital	4210	-	-	-	-	-	-	-	-
Contributions by owners:									
Capital contributions	4240	-	-	-	-	-	-	-	-
Repayment of unpaid capital	4245	-	-	-	-	-	-	-	-
Withdrawal of capital:									
Repurchase of shares	4260	-	-	-	-	-	-	-	-
Sale of treasury shares	4265	-	-	-	-	-	-	-	-
Cancellation of treasury shares	4270	-	-	-	-	-	-	-	-
Withdrawal of the share in equity	4275	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Changes in equity, total	4295		-		-	13 538	-	-	13 538
Balance at the end of the year	4300	1 700	-	494	-	84 054	-	-	86 248

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5)

I. Intangible assets (year ended 31 December 2019)

Groups of intangible assets	Line code	Balance at the beginning of the year		Additions in the year	Revaluation (upward +, downward -)		Disposals in the year		Amortisation charges for the year	Impairment losses for the year	Other changes for the year		Balance at the end of the year	
		cost or valuation	accumulated amortisation		cost or valuation	accumulated amortisation	cost or valuation	accumulated amortisation			cost or valuation	accumulated amortisation	cost or valuation	accumulated amortisation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rights to use natural resources	010	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights to use property	020	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights for commercial signs	030	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights for the industrial property objects	040	-	-	-	-	-	-	-	-	-	-	-	-	-
Copyright and allied rights	050	-	-	-	-	-	-	-	-	-	-	-	-	-
	060	-	-	-	-	-	-	-	-	-	-	-	-	-
Other intangible assets	070	165	149	-	-	-	5	5	-	-	-	-	160	144
Total	080	165	149	-	-	-	5	5	-	-	-	-	160	144
Goodwill	090	-	-	-	-	-	-	-	-	-	-	-	-	-

Item	Line code	Amount
1	2	3
From line 080, col. 14		
cost of intangible assets with restricted ownership rights	081	-
cost of pledged intangible assets	082	-
cost of intangible assets created in-house	083	-
From line 080, col. 5, cost of intangible assets received for targeted financing	084	-
From line 080, col. 15, accumulated amortisation of intangible assets with restricted ownership rights	085	-

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

II. Property, plant and equipment (year ended 31 December 2019)

Groups of property, plant and equipment	Line code	Balance at the beginning of the year		Additions in the year	Revaluation (upward +, downward -)		Disposals in the year		Deprec'n charges for the year	Impairment losses for the year	Other changes for the year		Balance at the end of the year		Including			
		cost or valuation	accumulated depreciation		cost or valuation	accumulated depreciation	cost or valuation	accumulated depreciation			cost or valuation	accumulated depreciation	cost or valuation	accumulated depreciation	Received on finance lease	Transferred on operating lease	cost or valuation	accumulated depreciation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Land plots	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital costs of land improvements	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings, constructions and transmission equipment	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	130	1 714	1 145	686	-	-	148	148	341	-	-	-	2 252	1 338	-	-	-	-
Vehicles	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools, fittings and furniture	150	2 342	213	3773	-	-	38	38	771	-	-	-	6 077	946	-	-	-	-
Livestock	160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Perennial plants	170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other fixed assets	180	1 049	1 007	-	-	-	441	441	29	-	-	-	608	595	-	-	-	-
Library assets	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current low-value items	200	47	47	312	-	-	-	-	311	-	-	-	359	358	-	-	-	-
Temporary buildings	210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural resources	220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Packaging	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hire items	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current tangible assets	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	260	5 152	2 412	4 771	-	-	627	627	1 452	-	-	-	9 296	3 237	-	-	-	-

Item		Line code	Amount
From line 260, col. 14	cost of PPE where legal restrictions of ownership rights exist	261	-
	cost of pledged PPE	262	-
	residual value of PPE out of use on a temporary basis (conservation, reconstruction, etc.)	263	-
	cost (or valuation) of fully depreciated PPE	264	-
	PPE of rented integrated property complex	2641	-
From line 260, col. 8	residual value of PPE decommissioned for future sale	265	-
	residual value of fixed assets lost due to accidents	2651	-
From line 260, col. 5	cost of PPE purchased for targeted finance	266	-
	Cost of PPE received on operating lease terms	267	-
From line 260, col. 15	accumulated depreciation of fixed assets where legal restrictions of ownership rights exist	268	-
From line 105, col. 14	cost of investment property valued at fair value	269	-

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

III. Capital Investments (year ended 31 December 2019)

Item	Line code	For the year	At year end
1	2	3	4
Capital construction	280	15 260	10 888
Purchase (manufacturing) of PPE	290	-	-
Purchase (manufacturing) of other non-current tangible assets	300	993	-
Purchase (manufacturing) of intangible assets	310	-	-
Purchase (growing) of long-term biological assets	320	-	-
Other	330	-	-
Total	340	16 253	10 888

From line 340, col. 3

capital investments in investment property

financial costs included in financial investments (342) _____ - _____

(341) _____ - _____

IV. Financial investments (year ended 31 December 2019)

Item	Line code	For the year	At year end	
			Long-term	Current
1	2	3	4	5
A. Financial investments under equity method into:				
associates	350	-	-	-
subsidiaries	360	-	-	-
joint activities	370	-	-	-
B. Other financial investments into:		-	-	-
shares in other entities' statutory capital	380	-	-	-
shares	390	-	-	-
bonds	400	-	-	-
other	410	-	-	-
Total (A + B)	420	-	-	-
	421	-	-	-

From line 1035, col. 4 of the Balance Sheet
(Statement of Financial Position)

Other long-term financial investments stated:

at cost (421) _____ - _____
at fair value (422) _____ - _____
at amortised cost (423) _____ - _____

From line 1160, col. 4 of the Balance Sheet
(Statement of Financial Position)

Other long-term financial investments stated:

at cost (424) _____ - _____
at fair value (425) _____ - _____
at amortised cost (426) _____ - _____

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

V. Income and expenses (year ended 31 December 2019)

Item	Line code	Income	Expenses
1	2	3	4
A. Other operating income and expenses		-	-
Operating lease of assets	440	-	-
Operating exchange difference	450	6 790	5 591
Sale of other current assets	460	-	24
Fines, penalties and interest	470	-	19
Maintenance of social assets	480		
Other operating income and expenses	490	67 753	3 958
including:			
charges to bad debt provision	491	-	-
non-productive expenses and losses	492	-	349
B. Income and expenses from participation in equity of:		-	-
associates	500	-	-
subsidiaries	510	-	-
joint activities	520	-	-
C. Other financial income and expenses		-	-
Dividends	530	-	-
Interest	540	-	-
Finance lease of assets	550	-	-
Other financial income and expenses	560	-	-
D. Other income and expenses		-	-
Sale of financial investments	570	-	-
Income from business combinations	580	-	-
Result of impairment test	590	-	-
Non-operating exchange difference	600	-	-
Assets received free of charge	610	48	-
Write-off of non-current assets	620	-	-
Other income and expenses	630	4	-

Item	Line code	Amount
1	2	3
Barter transactions with goods, works and services	631	-
Share in sales revenue from sales of goods, works and services under barter agreements with related parties (%)	632	-
From lines 540-560 col. 4: Financial costs included in cost of assets	633	-

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

VI. Cash (year ended 31 December 2019)

Item	Line code	At year end
1	2	3
Cash on hand	640	-
Current account	650	67 234
Other bank accounts (letters of credit, cheque books)	660	87
Cash in transit	670	-
Cash equivalents	680	-
Total	690	67 321

From line 1090, col. 4 of the Balance Sheet (Statement of Financial Position) Cash with restricted use	691	-
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VII. Provisions (year ended 31 December 2019)

Type of provision	Line code	Balance at the beginning of the year	Increase during the reporting period		Amount used during the year	Unused amount reversed during the reporting period	Amount of expected compensation by the other party included in the provision assessment	Balance at the end of the year
			Provision created	Additional charges				
1	2	3	4	5	6	7	8	9
Provision for vacation payments to employees	710	247	935		614	-	-	568
Provision for additional future pension expenses	720	-	-	-	-	-	-	-
Provision for future expenses related to guarantees	730	-	-	-	-	-	-	-
Provision for future restructuring expenses	740	-	-	-	-	-	-	-
Provision for future expenses related to onerous contracts	750	-	-	-	-	-	-	-
Provision for bonuses payable	760	945	-	-	30	-	-	915
Other provisions	770	2 747	29 852	-	-	-	-	32 599
Doubtful debt provision	775	2 316	42 452	-	-	-	-	44 768
Total	780	6 255	73 239	-	644		-	78 850

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

VIII. Inventories (year ended 31 December 2019)

Item	Line code	Closing book value	Revaluation in the year	
			Increase in the net realisable value*	Downward revaluation
1	2	3	4	5
Raw and other materials	800	1 819	-	-
Purchased components and units	810	-	-	-
Fuel	820	3	-	-
Packaging	830	-	-	-
Construction materials	840	-	-	-
Spare parts	850	-	-	-
Agricultural materials	860	-	-	-
Current biological assets	870	-	-	-
Low-value items	880	-	-	-
Work in progress	890	-	-	-
Finished goods	900	-	-	-
Goods for sale	910	1 928	-	-
Total	920	3 750	-	-

From line 920, col. 3

Book value of inventories:

shown at net realisable value	(921)	-
transferred for processing	(922)	-
pledged	(923)	-
transferred on commission	(924)	-
Assets on safekeeping (off-balance sheet account 02)	(925)	-
From line 1200, col. 4 of the Balance Sheet (Statement of Financial Position)	(926)	-
Inventories held for sale		-

* determined according to p. 28 of NR(S)AU 9 "Inventories"

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

IX. Accounts receivable (year ended 31 December 2019)

Item	Line code	Total at year-end	Including outstanding by age:		
			Less than 12 months	From 12 to 18 months	From 18 to 36 months
1	2	3	4	5	6
Accounts receivable for goods, works and services	940	184 616	182 300	-	2 316
Other current accounts receivable	950	73	73	-	-

Bad accounts receivable written-off during the reporting year (951) -
 From lines 940 and 950 accounts receivable with related parties (952) -

X. Losses and shortages resulting from damages (year ended 31 December 2019)

Item	Line code	Amount
1	2	3
Losses and shortages identified and written-off during the year	960	-
Recognised as debts of the guilty parties during the year	970	-
Losses and shortages where guilty parties are not identified at year end (off-balance sheet account 072)	980	-

XI. Construction contracts (year ended 31 December 2019)

Item	Line code	Amount
1	2	3
Revenue from construction contracts for current year	1110	-
Amounts outstanding at year end:		
from customers, gross	1120	-
to customers, gross	1130	-
on prepayments received	1140	-
Overdue amounts at year end	1150	-
Cost of work done by subcontractors for construction contracts in progress	1160	-

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

XII. Income tax (year ended 31 December 2019)

Item	Line code	Amount
1	2	3
Current corporate profit tax	1210	15 824
Deferred tax assets:		-
at the beginning of year	1220	-
at the end of year	1225	13 509
Deferred tax liabilities:		-
at the beginning of year	1230	-
at the end of year	1235	-
Included in the Statement of Financial Results – total	1240	1 872
including:		-
current corporate profit tax	1241	15 824
decrease (increase) of deferred tax assets	1242	(13 952)
increase (decrease) of deferred tax liabilities	1243	-
Recorded in equity – total	1250	-
including:		-
current corporate profit tax	1251	-
decrease (increase) of deferred tax assets	1252	-
increase (decrease) of deferred tax liabilities	1253	-

XIII. Use of depreciation charge (year ended 31 December 2019)

Item	Line code	Amount
1	2	3
Depreciation charge for the year	1300	1 452
Used during the year – total	1310	-
Including for:		-
construction of units	1311	-
purchasing (manufacturing) and improvements of PPE	1312	-
including machines and equipment	1313	-
purchasing (manufacturing) of intangible assets	1314	-
paying off loans received for capital investments	1315	-
	1316	-
	1317	-

Other Notes to the Financial Statements (continued)

17. Comparatives to the Notes to the Annual Financial Statements (Form No 5) (continued)

XIV. Biological assets (year ended 31 December 2019)

Groups of biological assets	Line code	Recorded at cost										Recorded at fair value				
		Opening balance		Additions in the year	Disposals in the year		Depreciation charges for the year	Impairment losses	Economic benefits from recovery of assets	Closing balance		Opening balance	Additions in the year	Changes in fair value for the year	Disposals in the year	Closing balance
		historical cost	accumulated depreciation		historical cost	accumulated depreciation				historical cost	accumulated depreciation					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Long-term biological assets - total																
including:	1410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
draft livestock	1411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
productive livestock	1412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
perennial plants	1413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other long-term biological assets	1415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current biological assets - total																
including:	1420	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
livestock	1421	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
biological assets in bioconversion (other than livestock)	1422	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
	1423	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
other current biological assets	1424	-	X	-	-	X	X	-	-	-	X	-	-	-	-	-
Total	1430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

From line 1430, col. 5 and col. 14: cost of biological assets purchased for targeted finance (1431)

From line 1430, col. 6 and col. 16: residual value of non-current biological assets, historical cost of current biological assets and fair value of biological assets lost due to emergency events (1432)

From line 1430, col. 11 and col. 17: book value of biological assets with restricted ownership rights as prescribed by law (1433)