

Condensed consolidated interim financial statements



Ukrproduct Group

Condensed consolidated interim financial statements

For the six months ended 30 June 2025

Condensed consolidated interim financial statements

Table of Contents

CHAIRMAN AND CHIEF EXECUTIVE STATEMENT	3
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES.....	5
MANAGEMENT STATEMENTS	6
MANAGEMENT REPORT	7
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	10
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION.....	11
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.....	12
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	13
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	14

Chairman and Chief Executive Statement

Before we turn to the results for the 6 months to 30 June 2025 (“1H 2025” or the “Period”), , the Company would like to recognise everyone who made them possible. Firstly, we thank our team across our factories and offices in Ukraine. Throughout the six months ended 30 June 2025 you kept plants running despite air-raid alerts, intermittent power and disrupted routes. We remember colleagues and family members we have lost, and we know some of our people have seen their homes severely damaged or destroyed. You worked under missile threats, learned first-aid, covered for teammates who were mobilised or relocated, and kept delivering despite every adversity. Your professionalism, courage and care for one another kept essential foods moving to customers and communities. These results are yours.

Secondly, we thank our partners - farmers, drivers, distributors and retail networks - for standing with us when inputs were scarce and lead times stretched. Your trust, flexibility and problem-solving helped us keep shelves supplied and customers served.

Thirdly, we appreciate the European Bank for Reconstruction and Development (“EBRD”)’s continued engagement as we work towards a practical restructuring that preserves continuity for employees, farmers and customers. We value the collaborative, solutions-focused dialogue and look forward to an outcome aligned with the EBRD’s publicly stated commitments in Ukraine - supporting food security, export capacity and jobs during wartime - while remaining fair, bankable and timely for all parties.

Finally, above all, we thank all those who defend Ukraine. Your service makes any progress possible.

Ukrproduct, one of the leading Ukrainian producers and distributors of branded dairy foods and beverages, announces its interim results for 1H 2025 and provides an outlook for the remainder of 2025.

2025 Half-Year Highlights

Ukrproduct Group demonstrated solid resilience in a challenging environment, achieving revenue growth of 32.9% in local currency (UAH) during 1H 2025. This performance was primarily driven by inflation-related price adjustments and higher export volumes. Revenue reported in British pounds rose 21.6%, from £16.6 million in 1H 2024 to £20.2 million in 1H 2025. The lower sterling growth rate reflects the significant and ongoing depreciation of the Ukrainian hryvnia (UAH).

- **Processed cheese and processed cheese products:** Sales grew 4.7% year-on-year to £11.2 million (1H 2024: £10.7 million).
- **Butter:** Sales increased sharply to £3.3 million (1H 2024: £1.3 million), primarily due to expanded packaged butter exports. Domestic sales were deliberately scaled back to avoid unprofitable transactions, with sales in Ukraine limited to selected clients.
- **Spreads:** Sales rose to £2.0 million (1H 2024: £1.7 million), mainly on higher export volumes.
- **Skimmed milk powder and skimmed milk product:** Sales increased to £0.8 million (1H 2024: £0.5 million), reflecting strong EU demand at favourable prices. However, the possible withdrawal of duty- and quota-free access under the EU’s Autonomous Trade Measures (and any revision to quotas) may significantly reduce future export volumes.
- **Sandwich spreads:** This category remains stable, with sales of £0.6 million.
- **Kvass and beverages:** Sales were £1.0 million, slightly down from £1.1 million in 1H 2024, reflecting weaker kvass demand due to an unusually cool summer. Conversely, Kombucha sales are accelerating, benefiting from innovation and lifestyle-driven positioning.

- **Sunflower seeds:** In 1H 2025, the Group realised sales of sunflower seeds of £0.2 million, representing a 720% increase year-on-year. Profitability in this segment was supported by higher tonnage, albeit undermined by slightly lower market prices.

Operating amid active conflict. Since February 2022, our teams have operated under air-raid alerts, logistics disruption and intermittent power constraints. Periodic strikes on energy infrastructure have increased operating complexity and contingency costs. We continue to prioritise the safety of our people and continuity of supply to customers, but these conditions materially affect planning horizons, working capital needs and production efficiency.

Profitability

- In line with the revenue growth, cost of sales increased by 26.4% year-on-year to £16.7 million, driven by higher raw material costs and intensified competition for milk resources.
- Gross profit was £3.5 million (flat year-on-year), as cost increases offset revenue gains.
- Operating expenses (general & administrative and selling & distribution) rose 13.5% to £2.3 million, primarily reflecting higher payroll (inflation and labour scarcity), statutory contributions and retention incentives. Labour turnover remains elevated as younger workers relocate abroad or are unavailable due to mobilisation and family dispersal. To protect throughput, we have focused on targeted retention, cross-training and selective hiring; however, these measures increase the short-term cost base. Post-period, the change permitting men aged 18–22 to travel abroad may further pressure workforce availability, and we are planning additional mitigation as needed.
- EBITDA declined 18.3% year-on-year to £1.5 million.
- Finance costs in 1H 2025 increased by 35.6% to £0.5 million compared with 1H 2024, primarily due to the recognition and capitalisation of deferred interest and fees related to the EBRD loan (c. €2.4 million or £2.1 million), with interest now accruing on the higher principal balance.
- Net foreign-exchange loss widened to £0.9 million (1H 2024: £0.2 million) due to the depreciation of the Ukrainian hryvnia.

As a result, the Group recorded a net loss after tax of £0.2 million, compared with a profit of £0.9 million in 1H 2024.

Financial position

As at 30 June 2025, Ukrproduct reported net assets of £1.6 million, down from £4.9 million year over year, with cash balances reduced to £0.1 million (1H 2024: £0.5 million).

For the six months ended 30 June 2025, the Group continued to be in breach of several provisions of the loan agreement with the EBRD, including failure to repay Tranches A and B by maturity and missed interest payments since 1 March 2022.

Discussions with the EBRD, initiated in 2021 regarding potential restructuring of the loan and accrued interest, remain ongoing. At present, the EBRD has not exercised its right to accelerate repayment of the outstanding loan.

Outlook for 2025

The operating environment is expected to remain fragile, with the war in Ukraine and financial constraints continuing to weigh on the Group. Our export growth has benefited from EU market access; however, any tightening of safeguards or re-imposition of quotas on Ukrainian dairy would reduce volumes and price realisation, particularly in commodities (e.g., SMP, butter). We are preparing mitigation actions including mix optimisation towards value-added products, diversification of export destinations and closer alignment of production to confirmed orders. The Group's liquidity remains constrained and dependent on disciplined working-capital management and continued lender forbearance while restructuring discussions with EBRD are ongoing. We are limiting capital expenditure to essential safety and maintenance, pursuing prepayments where possible and rationalising lower-margin stock -and concentrating on the most profitable product range to preserve cash. The Group will support further development of recent product launches (kvass varieties, Kombucha, sandwich spreads), continue to follow a cautious capital allocation policy, prioritise liquidity preservation, seek new financing opportunities, and focus on fulfilling its existing obligations.



Rinat Abdrasilov

Non-Executive Chairman



Oleksandr Slipchuk

Chief Executive Officer

Statement of Management's Responsibilities

for preparation and approval of condensed consolidated interim financial statements for the six months ended 30 June 2025

The directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with applicable Jersey law and other regulations and enactments in force at the time. The Companies (Jersey) Law 1991 as amended requires the directors to prepare financial statements for each year in accordance with Generally Accepted Accounting Principles.

The directors of the Group are responsible for preparing the condensed consolidated interim financial statements which reflect in all material aspects the financial position of the Group as at 30 June 2025, as well as the results of its activities, cash flows and changes in equity for the six months then ended in accordance with UK-Adopted International Accounting Standards ("UK-adopted IFRS").

In preparing condensed consolidated interim financial statements the Group's Management is responsible for:

- selecting appropriate accounting policies and their consistent application;
- making reasonable measurements and calculations;
- following principles of UK-Adopted International Accounting Standards or disclosing all considerable deviations from UK-Adopted International Accounting Standards in the notes to condensed consolidated interim financial statements;
- preparing condensed consolidated interim financial statements of the Group on the going concern basis, except for cases when such assumption is not appropriate.

The Board of Directors confirms that the Group has complied with the abovementioned requirements in preparing its condensed consolidated interim financial statements.

The directors are also responsible for:

- implementing and maintaining an efficient and reliable system of internal controls in the Group;
- keeping accounting records in compliance with the legislation and accounting standards of the respective country of the Group's registration;
- taking reasonable steps within its cognizance to safeguard the assets of the Group;
- detecting and preventing from fraud and other irregularities.

These condensed consolidated interim financial statements as at 30 June 2025, prepared in compliance with UK-Adopted International Accounting Standards, are approved by the Board of Directors on 29 September 2025.



On behalf of the Directors:
29 September 2025

Management Statements

This statement is provided to confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the six months ended 30 June 2025, and the comparable information, have been prepared in compliance with UK-Adopted International Accounting Standards and give a true and fair view of the assets, liabilities, financial position and net results of the Group.

A handwritten signature in black ink, appearing to be 'R. S. S. S.', is written over a faint, light blue rectangular stamp or watermark.

On behalf of the Directors:

29 September 2025

Management Report

Operational and Financial Results

The following table sets forth the Group's results of operations derived from the condensed consolidated interim financial statements:

	Six months ended 30 June 2025	Six months ended 30 June 2024	Changes in
	£ '000	£ '000	%
Revenue	20 232	16 645	21.6%
Cost of sales	(16 701)	(13 211)	26%
GROSS PROFIT	3 531	3 434	3%
Administrative expenses	(1 201)	(797)	51%
Selling and distribution expenses	(1 015)	(1 156)	(12%)
Other operating expenses	(97)	(10)	870%
PROFIT FROM OPERATIONS	1 218	1 471	(17%)
Net finance expenses	(457)	(337)	36%
Net foreign exchange loss	(924)	(159)	481%
(LOSS)/PROFIT BEFORE TAXATION	(163)	975	(117%)
Income tax expense	(27)	(78)	(65%)
(LOSS)/PROFIT FOR THE SIX MONTHS	(190)	897	(121%)
Attributable to:			
Owners of the Parent	(190)	897	(121%)
Non-controlling interests	-	-	
Earnings per share from continuing and total operation:			
Basic (pence)	0.48	2.26	(79%)
Diluted (pence)	0.48	2.26	(79%)
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	(143)	(489)	(71%)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	(143)	(489)	(71%)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE SIX MONTHS	(333)	408	(182%)
Attributable to:			
Owners of the Parent	(333)	408	(182%)
Non-controlling interests	-	-	

Non-UK-Adopted IFRS financial information

The Group's results are reported under UK-Adopted International Accounting Standards. However, the Group uses Non-UK-Adopted IFRS measures including earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) which are used to measure segment performance. Non-UK-Adopted IFRS measures have not been subject to audit or review.

The Group uses EBIT and EBITDA as key measures of its performance.

EBIT is an indicator of a Group's profitability, calculated as revenue less expenses, the latter excluding tax and interest. To external users, EBIT provides information on the Group's ability to generate earnings directly from its operations, disregarding its cost of capital and the tax burden and thus making the Group's results comparable to similar companies across the industry where those companies may have varying capital structures or tax environments. To the management, EBIT provides a performance measure additionally adjusted for expenses that may be deemed fixed (i.e. stemming from the given capital structure) or externally imposed by the environment (i.e. the tax burden).

	Six months ended 30 June 2025	Six months ended 30 June 2024
	£ '000	£ '000
CONTINUING OPERATIONS		
Revenue for the period	20 232	16 645
Cost of sales	(16 701)	(13 211)
Operating expenses	(2 313)	(1 963)
EBIT	1 218	1 471

EBITDA is calculated as revenue less expenses, the latter excluding tax, interest, depreciation and amortization. Being a proxy to the operating cash flow before working capital changes, EBITDA is widely used as an indicator of a company's ability to generate cash flows, as well as its ability to service debt. Consequently, to the management, EBITDA serves as a measure to estimate financial stability of the Group. Excluding the effect of depreciation and amortisation, along with cost of capital and taxation, provides to external users another measure to compare to similar companies, regardless of varying tax environments, capital structures or depreciation accounting policies.

	Six months ended 30 June 2025	Six months ended 30 June 2024
	£ '000	£ '000
CONTINUING OPERATIONS		
EBIT	1 218	1 471
Depreciation and amortization	323	310
EBITDA	1 541	1 781

Revenue

The Group's revenue increased by 32.9% in local currency during 1H 2025. This performance was primarily driven by inflation-related price adjustments and higher export volumes. Revenue reported in British pounds rose 21.6%, from £16.6 million in 1H 2024 to £20.2 million in 1H 2025. The lower sterling growth rate reflects the significant and ongoing devaluation of the local currency. On a nominal basis, total volumes of sales were 7.8% higher in 1H 2025 than the prior period.

The most significant part of the Group's revenue is the sale of processed cheese, processed cheese product, packaged butter and spreads, making up 81.9% of total revenue in the first half of 2025 as compared with 83% in the first half of 2024.

Cost of sales

The Group's cost of sales increased by 26.4% compared with 1H 2024. The following table sets forth the principal components of the Group's cost of sales for the periods indicated:

	Six months ended 30 June 2025	Six months ended 30 June 2024	Changes in
	£ '000	£ '000	%
Raw materials	10 937	8 028	36.2%
Manufacturing overhead	1 581	1 909	(17.2%)
Fuel and energy supply	1 729	1 513	14.3%
Wages and salaries	1 822	1 218	49.6%
Transport	362	311	16.4%
Depreciation and amortization	249	213	16.9%
Other expenses	21	19	10.5%
	16 701	13 211	26.4%

Gross profit

The Group's gross profit remained almost flat compared to the previous period, at £3.5 million in 1H 2025.

Net foreign exchange loss

The EBRD loan is denominated in EUR which primarily impacts net foreign exchange loss of the Group. In 1H 2025, the Ukrainian Hryvnia decreased against the EUR compared to 31 December 2024 by 11.1%. Ukrproduct in 1H 2025 reported a net foreign exchange loss of £0.9 million compared to a loss of £0.2 million in 1H 2024.

Ukrproduct Group
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 June 2025**
(in thousand GBP, unless otherwise stated)

	Note	Six months ended 30 June 2025 £ '000	Six months ended 30 June 2024 £ '000
Revenue	8	20 232	16 645
Cost of sales		(16 701)	(13 211)
GROSS PROFIT		3 531	3 434
Administrative expenses		(1 201)	(797)
Selling and distribution expenses		(1 015)	(1 156)
Other operating expenses		(97)	(10)
PROFIT FROM OPERATIONS		1 218	1 471
Net finance expenses		(457)	(337)
Net foreign exchange loss		(924)	(159)
(LOSS) / PROFIT BEFORE TAXATION		(163)	975
Income tax expense		(27)	(78)
(LOSS) / PROFIT FOR THE SIX MONTHS		(190)	897
Attributable to:			
Owners of the Parent		(190)	897
Non-controlling interests		-	-
Earnings per share from continuing and total operations:			
Basic (in pence)	9	(0.48)	2.26
Diluted (in pence)	9	(0.48)	2.26
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(143)	(489)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX		(143)	(489)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE SIX MONTHS		(333)	408
Attributable to:			
Owners of the Parent		(333)	408
Non-controlling interests		-	-

Ukrproduct Group
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2025
(in thousand GBP, unless otherwise stated)

	Note	As at 30 June 2025 £ '000	As at 31 December 2024 £ '000	As at 30 June 2024 £ '000
ASSETS				
Non-current assets				
Property, plant and equipment		6 538	6 880	6 964
Intangible assets		266	338	415
		6 804	7 218	7 379
Current assets				
Inventories	5	4 207	3 522	3 734
Trade and other receivables	6	4 748	4 228	5 124
Current taxes		707	799	680
Other financial assets		26	28	100
Cash and cash equivalents		64	120	474
		9 752	8 697	10 112
TOTAL ASSETS		16 556	15 915	17 491
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		4 282	4 282	4 282
Treasury shares		(315)	(315)	(315)
Share premium		4 583	4 583	4 562
Translation reserve		(16 672)	(16 529)	(16 475)
Revaluation reserve		5 553	5 628	5 711
Retained earnings		4 209	4 324	7 177
		1 640	1 973	4 942
TOTAL EQUITY		1 640	1 973	4 942
Non-current Liabilities				
Deferred tax liabilities		285	324	354
		285	324	354
Current liabilities				
Bank loans		5 752	5 572	5 840
Short-term payables		441	584	438
Trade and other payables		8 370	7 397	5 791
Current income tax liabilities		16	2	12
Other taxes payable		52	63	114
		14 631	13 618	12 195
TOTAL LIABILITIES		14 916	13 942	12 549
TOTAL EQUITY AND LIABILITIES		16 556	15 915	17 491

Ukrproduct Group
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

	Attributable to owners of the parent							Non- con- trolling interests	Total Equity
	Share capital	Treasury shares	Share premium	Revaluation reserve	Retained earnings	Translation reserve	Total		
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
As at 31 December 2023	4 282	(315)	4 562	5 797	6 194	(15 986)	4 534	-	4 534
Profit for the six months	-	-	-	-	897	-	897	-	897
Currency translation differences	-	-	-	-	-	(489)	(489)	-	(489)
Total comprehensive income	-	-	-	-	897	(489)	408	-	408
Depreciation on revaluation of property, plant and equipment	-	-	-	(86)	86	-	-	-	-
As at 30 June 2024	4 282	(315)	4 562	5 711	7 177	(16 475)	4 942	-	4 942
Loss for the six months	-	-	-	-	(2 936)	-	(2 936)	-	(2 936)
Currency translation differences	-	-	-	-	-	(54)	(54)	-	(54)
Other changes	-	-	21	-	-	-	21	-	21
Total comprehensive loss	-	-	21	-	(2 936)	(54)	(2 969)	-	(2 969)
Depreciation on revaluation of property, plant and equipment	-	-	-	(83)	83	-	-	-	-
As at 31 December 2024	4 282	(315)	4 583	5 628	4 324	(16 529)	1 973	-	1 973
Loss for the six months	-	-	-	-	(190)	-	(190)	-	(190)
Currency translation differences	-	-	-	-	-	(143)	(143)	-	(143)
Total comprehensive loss	-	-	-	-	(190)	(143)	(333)	-	(333)
Depreciation on revaluation of property, plant and equipment	-	-	-	(75)	75	-	-	-	-
As at 30 June 2025	4 282	(315)	4 583	5 553	4 209	(16 672)	1 640	-	1 640

Ukrproduct Group
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

	Six months ended 30 June 2025	Six months ended 30 June 2024
	£ '000	£ '000
Cash flows from operating activities		
(Loss)/Profit before taxation	(162)	975
Adjustments for:		
Exchange difference	924	159
Depreciation and amortization	323	310
Loss on disposal of non-current assets	-	(2)
Provision for/ (Reversal of) bad debt	2	(7)
Impairment of inventories	354	269
Interest income	(1)	(1)
Interest expense on bank loans	459	339
Operating cash flow before working capital changes	1 899	2 042
Increase in inventories	(1 039)	(1 220)
(Increase) / (Decrease) in trade and other receivables	(435)	82
Decrease in trade and other payables	167	266
Changes in working capital	(1 307)	(872)
Cash generated from operations	592	1 170
Interest received	1	1
Income tax paid	(30)	(149)
Net cash generated from operating activities	563	1 022
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(454)	(465)
Proceeds from sale of property, plant and equipment	-	35
Repayments of loans issued	-	(66)
Net cash used in investing activities	(454)	(496)
Cash flows from financing activities		
Interest paid	(55)	(139)
Net movement of borrowing	-	109
Net cash used in financing activities	(55)	(30)
Net increase in cash and cash equivalents	54	496
Effect of exchange rate changes on cash and cash equivalents	(110)	(458)
Cash and cash equivalents at the beginning of the six months	120	436
Cash and cash equivalents at the end of the six months	64	474

Ukrproduct Group
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1. REPORTING ENTITY

Ukrproduct Group Limited (the "Company") is a public limited liability company registered in Jersey with a registered office at 26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands.

The Group's operational management and production facilities are based in Ukraine, with the headquarters in Kyiv. The Group commands leading positions in the Ukrainian processed cheese and packaged butter markets and owns a range of widely recognisable trademarks in Ukraine, including "Nash Molochnik" (translated as Our Dairyman), "Narodniy Product" (People's Product) "Molendam" and "Vershkova Dolina" (Creamy Valley).

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with UK-Adopted International Accounting Standards. The condensed consolidated financial information in this half yearly report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The interim financial statements are unaudited but have been reviewed by the Group's independent auditors.

The condensed consolidated financial statements have been prepared on a historical cost basis, except for significant items of property, plant and equipment which have been measured using the revaluation model.

The accounting policies used and the methods of computation are the same as those disclosed in the Group's recent annual consolidated financial statements except for the adoption of new and revised accounting standards as disclosed in Note 3. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

The preparation of the unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

The Board has reviewed the Group's ongoing commitments and cash flows forecasts for at least twelve months from the date of approval of these interim financial statements.

(b) Going concern

The war in Ukraine continues to pose significant risks to the Group's operations, including potential infrastructure damage, logistics and energy disruptions, and workforce shortages due to conscription. Despite management's forecasts, material uncertainties remain that may cast doubt on the Group's ability to continue as a going concern.

In addition, the Group continues to operate under financial pressure and remains in breach of certain provisions of its loan agreement with the EBRD.

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (continued)

As at the date of approval of these interim financial statements, the EBRD has not exercised its rights to demand immediate repayment or to accelerate the outstanding balance. Management remains engaged in discussions with the EBRD regarding a potential restructuring. However, no binding agreement has been reached, and no assurance can be given as to the timing or outcome of those discussions, or that forbearance will continue.

The Directors have considered base and downside cash-flow forecasts for a period of at least twelve months from the date of approval. These forecasts incorporate feasible mitigating actions within the Group's control, including disciplined working capital management, cost reductions, deferral of non-essential capital expenditure, and product mix optimisation. These forecasts assume no acceleration of the EBRD facility and ongoing access to key markets and suppliers. In certain downside scenarios, absent a restructuring or continued forbearance from the EBRD, the Group would require additional funding and there are no guarantees that this funding will be available.

Accordingly, the Directors note that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, having regard to the actions available to them and to the current status of discussions with the EBRD, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, the interim financial statements have been prepared on a going concern basis. The interim financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Management acknowledges that future development of military actions and their duration represent a source of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. Despite the material uncertainty relating to the war in Ukraine, management is continuing to take actions to minimize the impact to the Group and thus believes that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). For the companies operating in Cyprus and British Virgin Islands, the functional currency is United States Dollars ("USD"). For the Parent company, which is located in Jersey, the functional currency is Pound Sterling ("GBP"). For the companies operating in Ukraine, the functional currency is Ukrainian Hryvnia ("UAH").

These condensed consolidated interim financial statements are presented in the thousands of Pound Sterling ("GBP"), unless otherwise indicated.

Ukrproduct Group
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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

Currency	30 June 2025 (spot rate)	Average rate for the six months ended 30 June 2025	31 December 2024 (spot rate)	30 June 2024 (spot rate)	Average rate for the six months ended 30 June 2024
UAH/GBP	57,20	53,98	52,95	51,24	49,35
UAH/USD	41,64	41,63	42,04	40,54	39,01
UAH/EUR	48,78	45,47	43,93	43,35	42,19

(d) Reclassification

Where applicable, comparatives have been adjusted to present them on the same basis as current period figures.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Application of new standards

In general, the accounting policies applied are consistent with those used in the previous reporting year. However, certain new standards and amendments have become mandatory for adoption for the first time from 1 January 2025. The Group adopted the following new and revised standards and interpretations as of that date:

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

These amendments provide guidance on how to determine the spot exchange rate when exchangeability between two currencies is lacking. They are intended to enhance the relevance and reliability of information provided in such circumstances. The adoption of these amendments had no significant impact on the Group's financial position or results, as the Group does not operate in jurisdictions with currency exchange restrictions.

The Group did not early adopt any other standards, amendments, or interpretations.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

Standards, amendments and interpretations issued but not yet effective:

- *IFRS 18 – Presentation and Disclosure in Financial Statements*

IFRS 18 replaces IAS 1 and introduces enhanced requirements for the presentation and aggregation of information in the primary financial statements, including improved disaggregation and new defined categories in the statement of profit or loss. The standard is effective from 1 January 2027. The Group is currently assessing the potential impact of IFRS 18, which is expected to affect presentation and disclosures but not recognition or measurement.

- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments*

These amendments clarify the classification of financial assets with ESG-linked features and address other matters related to derecognition and disclosure requirements. The Group does not expect a material impact from these amendments.

- *IFRS 19 - Subsidiaries without Public Accountability: Disclosures*

IFRS 19 permits eligible subsidiaries to apply the recognition and measurement requirements of IFRS Accounting Standards with reduced disclosure requirements. The standard is not expected to have a material impact on the Group's financial reporting.

- *Annual Improvements to IFRS Accounting Standards - Volume 11*

These improvements include minor amendments to various standards aimed at clarifying guidance and correcting unintended consequences. No material impact is expected upon adoption.

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods with the exception of IFRS 18 which will have a presentational impact.

4. ESTIMATES AND JUDGEMENTS

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5. INVENTORY WRITE OFF TO NET REALISABLE VALUE

Inventories are measured at the lower of cost or net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of work in progress and finished goods includes costs of direct materials and labor and other direct productions costs and related production overheads (based on normal operating capacity).

The cost of inventories is assigned by using the FIFO method.

Ukrproduct Group
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

5. INVENTORY WRITE OFF TO NET REALISABLE VALUE (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realisable value has declined, and makes an allowance for such inventories.

The amount of impairment or reversal of impairment recognised in profit/loss amounted to:

	Six months ended 30 June 2025 £ '000	Six months ended 30 June 2024 £ '000
Impairment of finished goods	354	269

6. PROVISION FOR BAD DEBT

The Group had to make an additional bad debt provision for receivables from customers who have been affected by the hostilities.

The amount of provision for bad debts recognised in profit/loss amounted to:

	Six months ended 30 June 2025 £ '000	Six months ended 30 June 2024 £ '000
(Provision for) / Reversal of doubtful debts	(2)	7

7. RELATED PARTY TRANSACTIONS

A related party is a person or an entity that is related to the reporting entity:

1. A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
2. An entity is related to a reporting entity if, among other circumstances, it is a parent subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

The Group enters into transactions with related parties in the ordinary course of business.

On 16 July 2025, Mr Rinat Abdrasilov, the Non-Executive Chairman of the Board of Directors, acquired 100,000 ordinary shares of 10 pence each in the Company at a price of 5.364 pence per share. Following this transaction, Mr Abdrasilov holds an interest in 100,000 ordinary shares, representing approximately 0.25% of the Company's issued ordinary share capital. The Board (excluding Mr Abdrasilov) has assessed and continues to consider him independent as Non-Executive Chairman. In reaching this conclusion, the Board considered the small size of the shareholding (~0.25%), the absence of any controlling influence, and the controls applied to any related party engagements.

Except as set out below, the Group had no commercial relationships with related parties in 1H 2025 other than cash remuneration. Details of the Directors' remuneration are outlined below.

Ukrproduct Group
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

7. RELATED PARTY TRANSACTIONS (continued)

Details of the Directors' remuneration:

	Salary/fee		Bonus		Non-cash compensation		Total cash remuneration	
	12025	1h2024	1h2025	1h2023	1h2025	1h2024	1h2025	1h2024
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Executive								
Oleksandr Slipchuk	45.0	45.0	-	-	-	-	45.0	45.0
Sergey Evlanchik	35.0	35.0	-	-	-	-	35.0	35.0
Yuriy Hordiychuk	13.9	25.5	-	-	-	-	13.9	25.5
	93.9	105.5	-	-	-	-	93.9	105.5
Non-Executive								
Jack Rowell*	-	21.1	-	-	-	-	-	21.1
Rinat Abdrasilov**	12.0**	-	-	-	-	-	12.0	
	**							
General manager								
Yuriy Hordiychuk***	16.1	4.5	-	-	-	-	16.1	4.5

* Jack Rowell served as Non-Executive Chairman until June 19, 2024.

** The remuneration of Mr Rinat Abdrasilov as Non-Executive Chairman is £24,000 per annum; of which recognised in 1H 2025 were £12,000.

During 1H 2025, a company connected to Mr Abdrasilov provided financial modelling services to the Group under a contract separate from his service agreement as Non-Executive Chairman. Fees for these services totalled £26,250.00 (exclusive VAT) for the period (1H 2024: £0). The services were provided on normal commercial terms. As at 30 June 2025, amounts payable to the connected company were nil.

The Board (excluding Mr Abdrasilov) has considered the above services in conjunction with Mr Abdrasilov's c.0.25% shareholding and concluded that these do not, in themselves, compromise his independence as a Non-Executive Chairman for the purposes of the Company's corporate governance framework. In reaching this view, the Board took into account the limited size of the shareholding, the nature and scale of the services, the approval and recusal processes applied, and that the terms are consistent with those available from independent third parties.

*** This relates to fees paid to Yuriy Hordiychuk for general management services under a separate contract to his service contract.

There were no guarantees given to or provided by the Group to related parties and vice versa.

The ultimate controlling owners and beneficiaries of the Company are Mr. Oleksandr Slipchuk and Mr. Sergey Evlanchik.

Ukrproduct Group
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

8. SEGMENT INFORMATION

IFRS 8 requires segment information to be presented on the same basis as that used by the Board for assessing performance and allocating resources.

Segment information is presented in respect of the group's key operating segments. The operating segments are based on the group's management and internal reporting structure.

At 30 June 2025, the Group was organized internally into four main business segments:

- 1) Branded products – processed cheese, hard cheese, packaged butter and spreads
- 2) Beverages – kvass, other beverages
- 3) Non-branded products – skimmed milk powder, other skimmed milk products
- 4) Distribution services and other – resale of third-party goods and processing services

The segment results for the six months ended 30 June 2025 are as follows:

	Branded products	Beverages	Non-branded products	Distribution services and other	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Sales	17 374	1 116	889	853	20 232
Gross profit	3 617	558	(774)	130	3 531

The segment results for the six months ended 30 June 2024 are as follows:

	Branded products	Beverages	Non-branded products	Distribution services and other	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Sales	13 855	1 061	554	1 175	16 645
Gross profit	3 104	553	(547)	324	3 434

Ukrproduct Group
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2025
(in thousand GBP, unless otherwise stated)

9. EARNINGS PER SHARE

The earnings per ordinary share are calculated by reference to the profit attributable to the ordinary shareholders and the weighted average number of shares in issue during the period.

Basic earnings per share are calculated by dividing the profit attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by various employee share trusts and held as own shares.

Diluted earnings per share are calculated by dividing the profit attributable to the ordinary shareholders of the Parent Company by the diluted weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by various employee share trusts and held as own shares.

	Six months ended 30 June 2025 £ '000	Six months ended 30 June 2024 £ '000
Net profit attributable to ordinary shareholders	(190)	897
Weighted average number of ordinary shares in issue	39 673 049	39 673 049
Basic earnings per share, pence	(0.48)	2.26
Diluted weighted average number of shares	39 673 049	39 673 049
Diluted earnings per share, pence	(0.48)	2.26

10. SUBSEQUENT EVENTS

As of the date of this report, the war is ongoing in Ukraine. The Group continues to operate. The Group retains control over all of its operations. Since period end, the Ukrainian government has allowed men aged 18-22 to leave the country during martial law. While the Group's workforce spans all ages and roles, certain shop-floor and logistics positions have historically included many younger men, which may increase retention and recruitment risk in H2 2025. Since early September 2025, the frequency and scale of strikes on energy and rail infrastructure have intensified, increasing operational disruption risk, lead-time variability and contingency costs.

On 16 July 2025, Rinat Abdrasilov, the Non-Executive Chairman of the Board of Directors, acquired 100,000 ordinary shares of 10 pence each in the Company at a price of 5.364 pence per share. Following this transaction, Mr. Abdrasilov holds an interest in 100,000 ordinary shares, representing approximately 0.25% of the Company's issued ordinary share capital. The Board (excluding Mr. Abdrasilov) has assessed the implications of this transaction; see Note 7 for the related party disclosure and independence assessment.

As of the date of approval of these consolidated financial statements, the Group remains in active negotiations with the EBRD regarding the restructuring of its outstanding loan obligations. While no formal agreement has been reached as of the reporting date, the EBRD has not taken steps to accelerate repayment of the accumulated loan.

There were no other material events after the end of the reporting date, which have a bearing on the understanding of the condensed consolidated interim financial statements.