Ukrproduct Group

Annual Report 2025

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Chairman Statement

The 2025 financial year was our fourth year of operating under full-scale war. It was also, by almost every measure, one of the most challenging periods in the Company's history. Aerial attacks intensified significantly during the year, becoming both more frequent and more severe. Many nights involved hundreds of drones and missiles, with peak levels exceeding 800 in a single night - levels not seen in the earlier phases of the war. Electricity outages at our factories reached up to 14 hours per day, making conventional production scheduling effectively impossible. More than one in three of our employees was replaced within a single year - staff turnover reached 43% - as mobilisation and migration continued to reshape Ukraine's workforce. This year, the number of employees with disabilities in our workforce doubled compared to 2024. This reflects the demographic reality of wartime Ukraine. It also reflects a deliberate decision by management to build operations more inclusively around the people of Ukraine in the context of the ongoing war. The Board considers workplace inclusivity a strategic priority, not a compliance exercise, and we intend to develop this further. At the same time, the national dairy herd has contracted by approximately 38% over four years of war. Every litre of raw milk we process depends on independent farming families. Many of these farms are now severely understaffed, some have suffered direct damage, and in many cases those who previously ran them are now either at the front line or abroad. As this report is published, broader geopolitical developments, including the escalation of conflict in the Middle East, are contributing to renewed pressure on fuel prices. Trading in FY2026 to date has been challenging.

As a Board, we want to start with what matters most: our people. We lost colleagues this year. Our colleagues lost family members, lost friends, lost homes, and lost any sense of normal life. We feel this loss every day. As a Board, we are acutely aware of what the past year has required of our employees. We understand what it means to keep a production line running through air raid alarms; to manage procurement while the supplier base is steadily losing farmers to mobilisation; and to rebuild an HR function when a third of the workforce turns over within twelve months - all while maintaining European food safety certification, because those standards do not pause for war. None of what our employees have done is fully captured in the financial statements. It is visible only to those who have lived through it. On behalf of the Board: we see you. We know what it has cost. We are honoured to work alongside people of this character. The same is true of our farming families and suppliers, who continue to operate under conditions of sustained pressure - without reliable electricity, in some cases on land still being cleared of mines, and with reduced workforces. And yet they continue to supply. We are equally grateful to our logistics partners, distributors, and Ukrainian consumers who continue to choose our products under conditions of sustained economic pressure. Internationally, our partners continue to work with Ukrainian suppliers despite logistical complexity and uncertainty. That trust is not taken for granted.

We would like to thank Ukrainian consumers who continue to choose our products under conditions of sustained economic pressure. That choice sustains the business - and, if I may say so, carries a deeper meaning in times such as these. Internationally, our partners continue to work with Ukrainian suppliers despite logistical complexity and uncertainty. Each order placed in these conditions represents not only commercial activity, but also a degree of trust and commitment that we do not take lightly. Export

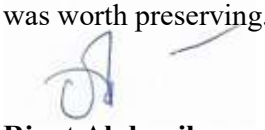
markets remain a critical part of our resilience, and we are deeply grateful for that continued trust and support.

Our shareholders have been patient through a period that has tested patience beyond any normal limit. The Group's market valuation reflects the weight of war, debt overhang, and uncertainty that no investor takes on lightly. The Board is grateful for your continued support. We remain committed to full transparency - including the transparency of acknowledging, here, at the start of the report, that FY2026 is already presenting fresh headwinds. You will find the detail in the pages that follow.

We want to thank the Ukrainian Armed Forces and everyone who supports Ukraine. Without the people defending Ukraine, none of what follows in this report would be possible. Not the revenue figures, not the production volumes, not the employment numbers. None of it. We express our unconditional gratitude to the Armed Forces of Ukraine and to everyone serving in defence of the country. We are equally grateful to the governments, institutions, and individuals locally and internationally whose continued support keeps Ukrainian society functioning. That support is not abstract to us. It is the condition under which we operate every day.

The European Bank for Reconstruction and Development (the EBRD) has been a long-standing institutional partner of Ukrproduct and of Ukraine. We recognise the role the EBRD has played in supporting economic development over many years, including during periods of significant instability. The Group remains engaged in active and constructive discussions with the EBRD regarding the restructuring of its outstanding obligations. Our objective is to reach a solution that reflects both the economic realities in which the business operates and the long-term interests of all stakeholders. As a publicly listed company, the Group is committed to maintaining transparency in relation to its financial position and its engagement with lenders. Further detail is provided in the Directors' Report.

I want to close with something I feel strongly about as a Chairman, and which I want on the record. Our management team. This management team has run a £40 million food business through four years of full-scale war - through 800 nightly missile strikes, 14-hour blackouts, 43% annual workforce turnover, a 38% contraction in the raw material base, the near-total loss of export corridors, diesel-driven production costs, and a fast currency depreciation - at compensation levels materially below the AIM market benchmark and, indeed, by any standards. As an independent director I have served across many boards and I have worked with management teams across multiple sectors and jurisdictions. I want to say this without qualification: what this team has achieved - under these conditions, for this compensation - is not merely good management - it is exceptional by any standard I know. The Company traces its origin to 1922, and survived the Second World War, Soviet collectivisation, the collapse of the USSR, two major civic protest movements in Ukraine, a global pandemic, and four years of full-scale invasion. Each time, the reason it survived was the same: people who refused to give up on something they believed was worth preserving. That is still the reason.



Rinat Abdrasilov
Non-Executive Chairman
19 June 2026

Chief Executive Officer Statement

FY2025 was a year of continued operational pressure, but also one in which the Group demonstrated its ability to maintain production, adapt its commercial approach and deliver revenue growth. The focus throughout the year was on keeping the business running on a day-to-day basis - maintaining production, securing raw materials, managing logistics and preserving cash - under conditions where external disruption remained constant. The operating environment required continuous adjustment of production schedules, procurement processes and workforce planning, with management focusing on maintaining stability across core operations.

A key feature of 2025 was the continued shift towards export markets and higher-margin product categories. The Group increased its export revenues, particularly into EU markets, while maintaining domestic sales despite ongoing economic pressure. Despite these challenges, the Group maintained control over its core operations and continued to operate all key production facilities.

Operational Review

Throughout 2025 we maintained uninterrupted production despite repeated targeting of national energy infrastructure. Investment in autonomous generation capacity, undertaken in 2023 and 2024, paid back in full this year. We continued to strengthen our raw milk supplier base through long-term contracting and prepayment arrangements, securing reliable forward coverage and supporting our farming partners through the price downturn. Export operations performed solidly, with growth into key export channels remaining stable.

On the human side, we expanded our team and invested into maintaining market competitive wages, reflecting both inflation and our determination to retain critical talent in a highly competitive labour market.

Financial Performance

The Group's financial performance reflects the combined impact of revenue growth, cost pressures and improved cost control measures.

Revenue increased by 14% to £42.19 million, while cost of sales grew more rapidly by 18.2% to £35.41 million, putting pressure on gross margins. As a result, gross profit decreased by 4.8% to £6.78 million (FY2024: £7.12 million). Margin performance remained under pressure due to input cost inflation, including energy and logistics costs, as well as changes in product mix.

Administrative and selling & distribution expenses increased by 8.3% to £4.6 million, primarily due to higher payroll costs driven by inflation, labour shortages and employee retention initiatives. Insurance expenses also increased, reflecting a full year of coverage compared to only four months in FY2024. These policies cover key operational assets, including debt liabilities and production inventories, and form part of the Group's risk mitigation strategy in response to the ongoing war.

Other operating expenses decreased significantly to £0.3 million (FY2024: £1.8 million expense). This was primarily due to the reversal of £0.2 million related to previously blocked VAT invoices, as well as £0.4 million in bad debt recoveries.

As a result, EBITDA increased by 54.2% to £2.6 million, with the EBITDA margin improving from 4.6% to 6.2%, indicating a recovery in core operating efficiency.

Finance costs improved significantly compared to FY2024, reflecting the absence of exceptional retrospective charges and changes in interest rates and loan structures. Total interest expense decreased by 67%, from £2.76 million to £0.91 million, primarily due to the normalisation of interest charges following a one-off retrospective deferral fee by the EBRD in December 2024. Interest expense on Tranche B of EBRD loan increased by approximately 9%, as the loan transitioned to a higher penalty rate following its principal repayment date in December 2024. Expenses related to deferred payments also increased, reflecting the expiration of preferential rates previously applied. In addition, interest on loan deferral fees increased significantly, as charges in FY2025 accrued throughout the year at 9.29%, compared to a year-end charge in FY2024.

Net foreign exchange losses widened to £1.1 million (FY2024: £0.2 million), primarily due to the depreciation of the Ukrainian Hryvnia. Consequently, the net loss after tax was reduced significantly to £0.17 million, compared to £2.04 million in FY2024, driven by revenue growth, lower finance costs, and favourable movements in other operating items.

Outlook

The Group expects to continue operating under conditions of heightened uncertainty in FY2026, with war-related risks potentially affecting operations at short notice.

Key priorities include safeguarding personnel and production facilities, ensuring business continuity, and restoring operations promptly following disruptions. Liquidity remains constrained and dependent on disciplined working capital management and continued lender support, while restructuring discussions with the EBRD are ongoing.

Capital expenditure will remain limited to essential safety and maintenance projects. The Group will continue to prioritise higher-margin product lines, secure prepayments where possible, and optimise inventory to preserve cash.

Oleksandr Slipchuk
Chief Executive Officer

19 June 2026

The Board of Directors

As of the date of the approval of the 2025 Annual Report, the Board members are as follows:

Name	Position	Date appointed
Rinat Abdrasilov	Non-Executive Chairman	September 2024
Sergey Evlanchik	Executive Director	April 2008
Oleksandr Slipchuk	Chief Executive Officer	November 2004
Yuriy Hordiychuk	Chief Operational Officer	January 2013
Olena Telychko	Chief Financial Officer	October 2025

All directors standing for re-election were duly re-elected at Annual General Meeting (AGM) on 1 August 2025. A further director, Olena Telychko, was elected following the AGM.

Rinat Abdrasilov
Independent Non-Executive Chairman

Rinat Abdrasilov is an experienced strategy professional with a strong track record in corporate governance, investor relations, strategic planning, and business transformation. He built his career in international strategy consulting, rising to Senior Partner level and advising FTSE-listed companies before transitioning into non-executive roles. Rinat has served as a board member and advisor across a broad range of organisations, including financial institutions, national infrastructure operators, property development and software development companies, government-related entities, and charitable organisations. He holds a degree in Business Administration from the American University of Central Asia, an MBA from the University of Cambridge, and multiple professional certifications in finance, project management and board governance.

Oleksandr Slipchuk
Chief Executive Officer, Board Member

Oleksandr Slipchuk is responsible for the Group's overall performance and strategy implementation and is a founder of Ukrproduct Group. He studied at Far-Eastern High Engineering Marine School in USSR and graduated as a maritime navigator in 1989. Together with Sergey Evlanchik, Oleksandr established the securities house Alfa-Broker in 1994, developed the equity trading business and acquired initial stakes in the companies that later became part of Ukrproduct Group. Later in 1998, Oleksandr took on the executive positions at the Molochnik and the Starokonstantynivsky Dairy plants, Ukrproduct's two main operating assets.

Sergey Evlanchik
Executive Director, Board Member

Sergey Evlanchik received his Master's degree at Oxford University, where he studied Business Administration at Said Business School. Together with Oleksandr Slipchuk, he established the equity trading group, Alfa-Broker in 1994 and after the downturn of equity markets in 1998, Mr Evlanchik refocused his activities on business development in the industrial sector of Ukraine, particularly within the dairy industry, where he joined the companies that would subsequently form Ukrproduct Group in 2004. Sergey then led the Group to its successful listing on the AIM market of the London Stock Exchange in 2005. In 2011 under the leadership of Sergey Evlanchik the Group secured debt finance with EBRD focused on energy and production efficiency upgrade of the existing production facilities.

Sergey is also a partner in Rengy Development that is focused on development of renewable projects – mainly solar power generation in Ukraine.

Yuriy Hordiychuk
Chief Operational Officer, Board Member

Yuriy Hordiychuk has been with the Group since 2002. Firstly, he was Director of Procurement, and in 2005 was promoted to Director of Production. The next significant step in the career of Mr. Hordiychuk was taken in 2008, when the board of directors of Ukrproduct Group appointed him as a Chief Operational Officer of the Company. Yuriy has a successful track record of business administration and a degree in "Production Organisation Management".

Olena Telychko
Chief Financial Officer, Board Member

Olena has been with Ukrproduct since 2019, previously serving as Deputy CFO and Head of Reporting. In 2025, she was appointed to the Board as Chief Financial Officer of the Company. Prior to joining Ukrproduct, she held finance roles at Bunge Ukraine and has extensive experience in financial reporting, audit coordination, IFRS compliance and systems implementation. She holds a Masters degree in International Economics from Alfred Nobel University and a Diploma in International Financial Reporting.

Remuneration Committee Report

This report is prepared by the Remuneration Committee of the Board and sets out the Group's policy on the remuneration of the Directors, with a description of service agreements and remuneration packages for each Director in relation to the financial year ended 31 December 2025.

Remuneration Committee

The Remuneration Committee comprises one Non-Executive Director, Rinat Abdrasilov (who serves as Committee Chairman), and one Executive Director, Sergey Evlanchik. In case of a split decision, the Independent Non-Executive Chairman holds the casting vote. This Committee is scheduled to meet at least twice per annum to advise the Board on the Group's remuneration strategy and to determine the terms of employment and total remuneration of the respective Executive Directors of the Group and of its subsidiary companies, including the granting of share options. Among others, the objective of this Committee is to attract, retain and motivate Executives capable of delivering the Group's objectives. The Remuneration Committee is also responsible for the evaluation of the performance of Executive Directors.

The committee met 2 times to discuss nomination and remuneration issues during 2025.

Remuneration Policy

The Group's remuneration policy is to provide remuneration packages which:

- are designed to attract, motivate and retain high calibre Executives;
- are competitive and in line with comparable businesses;
- are rooted in practices exercised in countries where the Group operates;
- intend to align the interests of the Executives with those of the shareholders by means of fixed and performance related remuneration; and
- set challenging performance targets and motivate Executives to achieve those targets both in the short and long-term.

Base salary

The Committee on an annual basis reviews base salaries of the respective Executive Directors of the Company and its subsidiaries, taking into account job responsibilities, competitive market rates and the performance of the Executive concerned. Consideration is also given to the cost of living and the Director's professional experience. While determining the base salaries, the Committee also considers general aspects of the employment terms and conditions of employees elsewhere in the Group.

Incentive Bonus Plans and Equity Arrangements

The Committee continues to plan to introduce long-term equity incentive arrangements to make the overall Executive Remuneration structure more performance-related, more competitive and aligned with shareholders' interests subject to an improving environment in Ukraine.

Service contracts

The appointments of the respective Executive Directors of the Company and its subsidiaries are valid for an indefinite period and may be terminated with three months' notice given by either party at any time.

The Group's policy, including for individual subsidiaries, for compensation for loss of office is to provide compensation that reflects the Group's or a subsidiary's contractual obligations.

Bonus Scheme

The Committee has established a cash bonus scheme for Executive Directors based on overall Group performance and the achievement of operating targets. No bonus awards were made for FY2025. This reflects both the financial position of the Group and the Board's decision to prioritise liquidity preservation under wartime conditions. The Board nevertheless wishes to recognise the exceptional efforts of the executive team during the year. The absence of bonus payments should not be interpreted as a reflection of performance, but rather as a consequence of the operating environment and the principles applied by the Board.

Non-Executive Directors

The appointments of non-executive Directors are valid for an indefinite period and may be terminated with three months' notice given by either party, at any time. The decision to re-appoint, as well as the determination of the fees of the non-executive Directors, rests with the Board. The non-executive Directors may accept appointments with other companies, although any such appointment is subject to the Board's approval, terms, and conditions of Service Agreements.

Directors' remuneration

Details of the Directors' cash remuneration are outlined below. Information in the table has been audited.

	Annual Salary/fee		Bonus		Non-cash compensation		Total cash remuneration	
	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000
Executive								
Oleksandr Slipchuk	90.0	90.0	-	-	-	-	90.0	90.0
Sergey Evlanchik	70.0	70.0	-	-	-	-	70.0	70.0
Yuriy Hordiychuk	33.3	31.3	-	-	-	-	33.3	31.3
Olena Telychko	12.5	-	-	-	-	-	12.5	-
	205.8	191.3	-	-			205.8	191.3
Non-Executive								
Rinat Abdrasilov*	24.0	8.0	-	-	-	-	24.0	8.0
General manager								
Yuriy Hordiychuk**	26.7	28.7	-	-	-	-	26.7	28.7

*The remuneration of Mr Rinat Abdrasilov as Non-Executive Chairman is £24,000 per annum. In FY2025, 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

amounted to £45,000 (including all applicable taxes). The services were provided on an arm's-length basis.

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

Current remuneration context

The Board recognises that the current level of executive remuneration is materially below typical market levels for AIM-listed companies of comparable size and complexity. Salaries have remained broadly unchanged for a number of years and have not been adjusted to reflect market benchmarks. This position reflects the exceptional circumstances in which the Group operates. Since the onset of the full-scale war, the Board has prioritised liquidity preservation, operational continuity and financial resilience over increases in executive compensation. The Board acknowledges the significant commitment and contribution of the executive team during this period. The Group has continued to operate under extreme conditions, and this has only been possible due to the sustained efforts of management. While the current remuneration structure is not aligned with market levels, the Board considers it appropriate in the context of the Group's financial position and the wider environment. The Board intends to review executive remuneration as conditions stabilise and when it becomes appropriate to do so.

Share based payments

As at 31 December 2025 there are no outstanding options issued by Group.

Corporate Governance Report

Corporate Governance Policy

As an AIM-quoted company, the Company is required to apply a recognised corporate governance code, demonstrating how the Group complies with such corporate governance code and where it departs from it.

The Directors of the Company have formally made the decision to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board recognises the principles of the QCA Code, which focuses on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as Ukrproduct Group Limited, have been created. The Company will provide annual updates on its compliance with the QCA Code in its Annual Report.

The Board

The Board currently comprises four Executive Directors and a Non-Executive Chairman, providing a combination of operational experience and strategic oversight.

The Board acknowledges that, under the Quoted Companies Alliance Corporate Governance Code, best practice would typically include a greater number of independent Non-Executive Directors. At present, the Company has one independent Non-Executive Director, who also serves as Chairman.

This reflects the realities under which the Group is currently operating. The ongoing war in Ukraine has placed significant pressure on the business, including on financial resources and management capacity. In this context, the Board has prioritised operational continuity, liquidity preservation and cost discipline, which has limited the ability to expand the Board composition in line with standard market practice.

The Board keeps its composition under regular review and recognises the importance of strengthening independent representation over time. As conditions allow, the Company intends to move towards a structure more closely aligned with QCA recommendations.

The Board meets four times a year. At these meetings, the Board reviews strategy implementation, financial performance and key operational risks, and evaluates both individual and collective accountability.

Day-to-day management of the Group is delegated to the Executive Directors. All Directors have access to the Company Secretary and, where necessary, may obtain independent professional advice at the expense of the Group. The board also supplements its governance through external advisers where appropriate.

The Board considers that, given the current circumstances, it retains an appropriate balance between independence and deep operational knowledge to enable effective decision-making.

Details of the current Directors, their roles and background are available on the Company's website: http://ukrproduct.com/en/investor-relations-aim-rule-26/board-of-directors/

Application of the QCA Code

The Company remains committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The AGM is a forum for shareholders to engage in dialogue with the Board. The results of the AGM will be published via RNS and on the Company's website. Regular progress reports are also made via a Regulatory Information Service. The point of contact for shareholders is Olena Telychko, Chief Financial Officer, olena.telychko@ukrproduct.com.

Corporate Governance Committees

The Board has two committees comprising the following:

The Audit Committee
The terms of reference of the Audit Committee are to assist all the Directors in discharging the individuals of appropriate ability and experience and to help in promoting the following:

- The Group's financial and accounting systems provide accurate and up-to-date information on its current financial position, including all significant issues and going concern;
- The integrity of the Group's financial statements and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgments contained therein are monitored;
- The Group's published financial statements represent a true and fair reflection of this position; and taken as a whole are balanced and understandable, providing the information necessary for shareholders to assess the Group's performance, business model and strategy;
- The external audit is conducted in an independent, objective thorough, efficient and effective manner, through discussions with management and the external auditor; and
- A recommendation is made to the Board for it to put to shareholders at a general meeting, in relation to the reappointment, appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.

Remuneration Committee
The terms of reference of the Remuneration Committee are to:

- recommend to the Board a framework for rewarding senior management, including Executive Directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience; and
- ensure that the elements of the remuneration package are competitive and help in promoting the Group.

Internal control

The Directors acknowledge their responsibility for the Group's system of internal control, which is designed to ensure adherence to the Group's policies whilst safeguarding the assets of the Group, in addition to ensuring the completeness and accuracy of the accounting records. Responsibility for implementing a system of internal financial control is delegated to Olena Telychko, the CFO. The essential elements of the Group's internal financial control procedures involve:

- *Strategic business planning*: strategic business planning is undertaken annually. This includes financial budget for the following year.

- *Performance review*: the Directors aim to monitor the Group's performance through the preparation of monthly management accounts and regular reviews of expenditure and projections.
- *The internal control system*: the internal control system is further enforced by the Group's internal audit department with the main objectives of ensuring the safety of the Group's assets and the reliability of accounting records.

Board oversight and risk framework

During 2025, the Board undertook a comprehensive review of the Group's governance framework, with a particular focus on risk management in the context of the ongoing war. The Board worked closely with management to develop a detailed understanding of the key risks facing the business, including operational disruption, workforce stability, supply chain resilience, liquidity, and cyber security. Based on this work, the Board reviewed and refined the Group's risk appetite, agreed priority mitigation actions with the executive team, and established a more structured approach to ongoing risk monitoring. As part of this process, the Board reviewed and updated a number of core corporate policies, including the Risk Management Policy, Cyber Risk Policy, Health, Safety and Environment Policy, Anti-Bribery Policy and Business Continuity Policy. Risk oversight has been strengthened through regular Board-level reviews of the Group's risk profile, including detailed discussions with business unit leaders and the incorporation of a formal risk map into Board materials. The Board has committed to reviewing key risks and mitigation actions on a regular basis going forward. The Board believes that, given the current operating environment, this enhanced focus on risk, governance and business continuity is critical to maintaining the resilience and long-term viability of the Group.

Departure from the QCA Code

In accordance with the AIM Rules for Companies, the Company departs from the QCA Code in the following ways:

Principle 5: "Maintain the board as a well-functioning, balanced team led by the chair."

The Company does not comply with the recommendation of Principle 5 that the Board should have at least two independent nonexecutive directors. The Company only has one Non-Executive Director, the Chairman, who is considered independent, but has four Executive Directors. The Executive Directors have valuable industry knowledge and are integral to the running of the business. The Chairman has an extensive business experience at the Board level.

Principle 7 – "Evaluate board performance based on clear and relevant objectives, seeking continuous improvement."

The Board is small and extremely focussed on implementing the Company's strategy. However, given the size and nature of the Company, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code. The Board will closely monitor the situation as it grows.

Rinat Abdrasilov

Non-Executive Chairman

19 June 2026

Corporate Social Responsibility Report

Corporate Social Responsibility in wartime

The Group operates in an environment where traditional approaches to corporate social responsibility are significantly challenged by the realities of war. While the Board remains committed to the principles of responsible business conduct, the primary focus during 2025 has been on protecting employees, maintaining safe operations and ensuring continuity of food production.

Our people

The safety, wellbeing and retention of employees remain the Group's highest priority. During 2025, the Group operated under conditions of sustained disruption, including air raid alerts, power outages and workforce instability driven by mobilisation and migration. In this context, management focused on maintaining employment, adapting working practices and supporting employees through a highly volatile environment. The workforce has also evolved to reflect the broader demographic reality of wartime Ukraine, including a significant increase in employees with disabilities. The Group continues to adapt its operations to support a more inclusive workforce in practice, not as a compliance exercise.

Health and safety in extreme conditions

Maintaining safe production environments has required continuous adaptation. This includes operating facilities during prolonged power outages, implementing enhanced safety protocols, and maintaining emergency readiness across production sites. The Group continues to prioritise critical safety investments within the constraints of limited financial resources.

Food security and customers

The Group plays a role in supporting food supply both within Ukraine and in export markets. In a period of economic stress, the focus has been on maintaining availability of affordable products while ensuring consistent quality and safety standards. Food safety remains a non-negotiable priority, with ISO 22000 standards maintained across operations despite operational challenges.

Environment and resource use

The Group continues to operate in line with applicable environmental regulations and focuses on practical measures, including reducing energy consumption, managing waste and maintaining environmental controls across production sites. Given current conditions, environmental initiatives are prioritised based on operational necessity and available resources.

Community and supply chain

The Group's supply chain is closely linked to independent farming communities across Ukraine. These communities have been significantly affected by the war, including labour shortages, infrastructure damage and operational disruption. The Group continues to work with its suppliers to sustain production and maintain long-term relationships. Where possible, the Group supports local communities through employment, economic activity and participation in local initiatives.

Looking ahead

Prior to the escalation of the war, the Group had intended to expand its ESG reporting and align more closely with international frameworks. While progress in this area has been limited by operational priorities, the Board remains committed to developing a more structured ESG approach over time, as conditions stabilise.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Ukrproduct Group Limited (referred to as the "Company" and together with its subsidiaries, the "Group") for the year ended 31 December 2025.

Principal Activities and Business Review

Ukrproduct is a holding company that oversees a variety of food and beverage businesses in Ukraine. The Group primarily focuses on producing and distributing well-known dairy products and beverages, such as kvass, within Ukraine and for export. It has established a comprehensive nationwide distribution network. Detailed insights into the Group's activities over the past year, including financial performance, future plans, and prospects, are provided in the statements from the Chairman and Chief Executive.

In 2025, the Group launched internal corporate restructuring initiatives aimed at simplifying the legal structure and optimising administrative processes. As part of these initiatives, a decision was adopted to reorganise Krasylivskyi Molochnyi Zavod Private Enterprise, which is a subsidiary of the Group, by accession to a Group subsidiary. The legal procedures were ongoing as at 31 December 2025.

Results and Dividends

The results of the Group for the year are set out in the consolidated financial statements. Net loss after tax for FY2025 amounted to £0.17 million (FY2024: £2.04 million), driven by revenue growth, lower finance costs, and favourable movements in other operating items.

The Board has decided not to recommend the payment of a dividend in respect of the year ended 31 December 2025.

Directors

Details of the members of the Board of Directors are set out in the Directors' section of this report.
The Directors' interests in the share capital of the Company as at 31 December 2025 and 31 December 2024 are shown below:

	Shares		Share options	
	2025	2024	2025	2024
Executive				
Sergey Evlanchik	14,967,133	14,967,133	-	-
Oleksandr Slipchuk	14,939,133	14,939,133	-	-
Yuriy Hordiychuk	-	-	-	-
Olena Telychko	-	-	-	-
Non-executive				
Rinat Abdrasilov	100,000	-	-	-

Powers of the Directors

Subject to the Company's Memorandum and Articles of Association, Companies (Jersey) Law 1991, as amended and any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all such powers of the Company. The rules in relation to the appointment and replacement of Directors are set out in the Company's Articles of Association.

Risks Facing the Group

The Group operates in an environment of elevated and evolving risk as a result of the ongoing war in Ukraine. The Board has prioritised those risks that are both most material and most within the Group's ability to influence.

- **Operational disruption.** Missile attacks, power outages and infrastructure damage can interrupt production and logistics. The Group mitigates these risks through backup power systems, emergency preparedness protocols and flexible logistics arrangements. However, the risk of disruption remains inherent to the operating environment.
- **Liquidity and debt restructuring.** The Group continues to operate with limited liquidity and remains in active discussions with the EBRD regarding the restructuring of its outstanding debt. Failure to reach a restructuring agreement could result in increased financial pressure, including potential enforcement actions. The Board closely monitors liquidity and prioritises working capital management.
- **Energy and input cost volatility.** The Group's cost base and margins are sensitive to energy and fuel prices, particularly diesel, which is embedded across production and logistics. Recent geopolitical developments have contributed to upward pressure on fuel costs. The Group manages this risk through pricing, cost control and operational adjustments, although full pass-through is not always possible.
- **Supply chain and raw materials.** The Group relies on independent dairy farming households for raw milk supply. The sector is under structural pressure, including workforce shortages, livestock decline and infrastructure disruption. The Group mitigates this risk through supplier diversification and long-term relationships.
- **Human capital and workforce stability.** The Group operates with high workforce turnover due to mobilisation and migration. Sustaining operations depends on continuous recruitment, training and retention efforts. The Group maintains operational resilience through flexible workforce management and adaptation of roles.
- **Foreign exchange exposure.** The Group generates revenues and incurs costs in multiple currencies, while also carrying debt denominated in foreign currency. Exchange rate volatility can impact reported performance and financial position. The Group uses internal planning scenarios to manage exposure.
- **Demand and pricing environment.** Consumer purchasing power in Ukraine remains under pressure. The Group mitigates this risk through product mix optimisation, focus on affordable categories and expansion of export markets.
- **Geopolitical exposure in export markets.** The Group has exposure to export markets in regions affected by geopolitical instability, including the Middle East. Escalation of regional conflicts may affect demand, logistics and input costs. The Group continues to monitor developments and adapt its commercial strategy accordingly.

Employees

The Group is committed to ensuring provision of equal opportunities for all employees, which is reflected by its selection, recruitment and training policies. The Group considers its employees to be one of its most valuable assets and rewards high performance through competitive remuneration and incentive schemes. The Directors also consider it a priority to give employees the opportunity to communicate their ideas and opinions to all levels of management, both directly and through various surveys. The average number of employees of the Group during the year ended 31 December 2025 was 791 (2024: 813, excluding seasonal employees).

Payment Policy

The Group has a general set of guidelines for paying its suppliers based on specific criteria. However, it is normal practice to agree payment terms with a specific supplier when entering into a purchase contract. The Group seeks to abide by the payment terms agreed whenever it is satisfied that the goods or services have been provided in accordance with the agreed terms and conditions.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue to operate for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

At 31 December 2025, the Group had net assets of £1.7 million, cash balances of £0.1 million, and continued to operate with tight liquidity. The Group remained in breach of its loan obligations to the EBRD. The Group did not repay the principal balances of Tranche A (€1.9 million, c. £1.6 million) and Tranche B (€3.3 million, c. £2.8 million) at their contractual maturity in December 2024. Interest payments have been limited since March 2022, with only partial payments made and not at the level required under the contractual terms. As a result, the outstanding balance, including accumulated interest and fees, exceeded €10.5 million (c. £9.0 million), all classified as a current liability in accordance with IFRS requirements. No covenant waivers or restructuring agreements had been obtained from the EBRD as at the date of approval of these financial statements.

Management has progressed discussions with the EBRD regarding the restructuring of the outstanding debt. As at the date of approval of these financial statements, no formal restructuring agreement has been reached; however, the EBRD has not taken steps to accelerate repayment of the loan.

The Group has developed cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements. These forecasts reflect the expected continuation of operations under wartime conditions, disciplined working capital management, restricted capital expenditure, and the continuation of ongoing lender negotiations.

The Directors acknowledge that a material uncertainty exists, which may cast significant doubt about the Group's ability to continue as a going concern in particular relating to:

- the absence of a formal debt restructuring agreement with the EBRD;
- the classification of all EBRD obligations as current and the resulting deficit in net current assets;
- the impact of the ongoing war in Ukraine on the Group's trading environment, logistics, and market stability;
- the Group's very limited liquidity and reliance on successful execution of its cash flow plans.

Based on the Group's 2025 results, ongoing mitigating actions, and the current status of discussions with lenders, the Directors have a reasonable expectation that the Group will continue to have adequate resources to meet its current obligations as they fall due for the foreseeable future. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Annual General Meeting

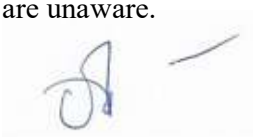
Ukrproduct's AGM will be held on 10 August 2026. The Notice of AGM will be sent to shareholders no less than 21 days prior to the date of the meeting.

Auditors

Moore Stephens Audit and Assurance (Jersey) Limited was appointed as the Group's auditors for the 2025 financial year by the resolution of the Directors held on 7 August 2025. A resolution to reappoint them will be proposed at the forthcoming AGM.

Statement as to disclosure of information to the auditor

All of the current Directors have taken the necessary steps to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.



Rinat Abdrasilov

Non-Executive Chairman
19 June 2026

Statements of Directors' Responsibilities

The Directors are responsible for the preparation of the consolidated 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. Under that law, the Directors have elected to prepare the consolidated financial statements in accordance with UK adopted International Accounting Standards. Under the Companies Law, the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for the period ended.

In preparing these consolidated financial statements, the Directors are required to:

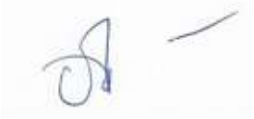
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial information complies with UK adopted International Accounting Standards, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Directors confirms that the Group has complied with the above-mentioned requirements in preparing its consolidated financial statements.

The Directors are also responsible for:

- implementing and maintaining an efficient and reliable system of internal controls in the Group;
- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group;
- taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities; and
- the maintenance and integrity of the Group's website.

On behalf of the Directors:



Rinat Abdrasilov

Non-Executive Chairman

19 June 2026

MOORE Stephens

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GST No: 0044828

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UKRPRODUCT GROUP LIMITED

Opinion

We have audited the consolidated financial statements of Ukrproduct Group Limited and its subsidiaries (the "Group"), which comprise the Consolidated Statement of Comprehensive Income for the year ended 31 December 2025, the Consolidated Statement of Financial Position as at 31 December 2025, the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards (UK-Adopted IAS or IFRS).

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 (b), in the consolidated financial statements, which describes the net current liability position of the Group, the absence of a formal debt restructuring agreement with the European Bank for Reconstruction and Development (EBRD), the potential impact of the ongoing war in Ukraine, and the limited cash resources of the Group and reliance on successful implementation of its business plans and financing strategy. These events and conditions, along with other matters as set in note 2.1 (b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. These conditions have continued after the reporting date. Our opinion is not modified in respect of this matter.

In assessing the appropriateness of the going concern assumption used in preparing the consolidated financial statements, our procedures included, amongst others:

- Assessing the cash flow requirements of the Group over 12 months from expected signoff of these consolidated financial statements;
- Understanding what forecast expenditure is committed and what could be considered discretionary;

- Assessing the liquidity of existing assets on the consolidated statement of financial position that can be used to repay the Group's obligations;
- Considering the terms of the EBRD loan agreement and the probability of EBRD and the Group agreeing to restructure the facility;
- Considering the availability of other bank loan and trade finance facilities and the amount available for drawdown;
- Considering the impact of the ongoing military conflict in Ukraine to the Group's operational responses to the challenges this has created and the Group's business continuity plan, if any; and,
- Considering potential downside scenarios and the resultant impact on available funds.

In the context of our audit of the consolidated financial statements, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Group's ability to continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	**How the matter was addressed in the audit**
Going Concern The consolidated financial statements have been prepared on a going concern basis as discussed in note 2. The Group is in a net current liability position of financial position amounted to £4.99 million as of 31 December 2025. We included the going concern assumption as a key audit matter given the continuing net current liability position, the absence of a formal debt restructuring agreement with EBRD, the limited cash resources of the Group, and the ongoing Russian military action in Ukraine (Refer note 2.1 (b) to the consolidated financial statements).	**Key Observations** Our work performed and our conclusions in respect of going concern have been detailed in 'Material uncertainty related to going concern section' of our audit report.
Risk of fraud in revenue recognition Revenue is material and an important determinant of the Group's performance and profitability. This gives rise to inherent risk that revenue recognised is overstated in order to present more profitable results for the year. The Group's revenue from local and export sales of milk, dairy foods and beverages amounted to £42.19 million, excluding the charge of marketing bonuses. Given the magnitude of the amount and the inherent risk of revenue overstatement, we consider revenue recognition to be a key audit matter (Refer to notes 2.2.10 and 8).	Our main audit procedures performed, in collaboration with component auditors in Ukraine, in respect of revenue recognition were as follows: ▪ We obtained an understanding of the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of the design and implementation of controls related to revenue recognition employed by the Group; ▪ We performed sample based tests of details over the accuracy and occurrence of sales during the year specially responsive to the risk of fraud in revenue occurrence;

Key Audit Matter	How the matter was addressed in the audit
	▪ We performed analytical procedures, including gross profit margin analysis and obtained explanations for significant variances as compared to the previous year; ▪ We tested a sample of journal entries relating to income recognition by reference to supporting documents; ▪ We performed sales cut-off procedures for a sample of revenue transactions at the year end in order to conclude on whether they were recognised in the correct accounting period; and, ▪ We reviewed the disclosures related to revenue included in the notes to the consolidated financial statements. **Key Observations** We did not note any material issues arising from the procedures performed in this area.
Risk of Management Override of Controls Management is in unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatements due to fraud and thus a significant risk. Also, the Group has voluminous transactions and requires complex calculations.	Our main audit procedures performed, in collaboration with component auditors in Ukraine, in respect of Management Override of Controls were as follows: ▪ We have obtained understanding of the financial reporting process. ▪ We have reviewed opening balances and completeness of journals. ▪ We have reviewed high-risk journals as part of our testing. ▪ We have reviewed accounting estimates and potential management bias. **Key Observations** We did not note any material issues arising from the procedures performed in this area.
Risk of Non-compliance with loan covenants The Group has loans payable to European Bank for Reconstruction and Development (EBRD) and there is a risk that the Group doesn't meet the covenants as stated in the loan agreement. Violation of the Group's loan covenants could have a potential material unfavourable impact to the Group. During the review of loan agreements, we noted that there is non-compliance with certain covenants contained within those agreements, particularly on the missed payments of principal and interests following maturity in December 2024 (Refer to Note 24 to the consolidated financial statements).	Our main audit procedures performed, in collaboration with component auditors in Ukraine, in respect of non-compliance with loan covenants were as follows: ▪ We have recalculated the loan covenant and confirmed that they are according to the terms of the loan. ▪ We have reviewed the correspondences with EBRD and have obtained direct confirmation from EBRD regarding the current status of the loan, interest and penalties to be applied and restructuring developments. ▪ We have checked the contract with EBRD in relation to their view and actions on the breach of terms of the loan agreement (loan covenants) and failure to pay interest and capital repayments. **Key Observations** We have noted a material issue arising from the procedures performed in this area. The specific

Key Audit Matter	How the matter was addressed in the audit
	instance identified by our audit was: missed principal and interest payments resulting in further interest and penalties being applied by EBRD. This is intrinsically linked now to the renegotiation which is ongoing.
Risk of Fraud Arising from War-Affected Environment The Group operates primarily in Ukraine and has publicly disclosed that its operations continue to be significantly affected by the ongoing war, including air-raid alerts, power outages, disrupted logistics routes, workforce disruption, and volatility in supply chains and export channels. Despite maintaining production and distribution, the Group operates under heightened operational and economic uncertainty in a conflict-affected environment. As a result, there is an increased risk that the financial statements may be materially misstated due to fraud, particularly in transaction-intensive areas and balances relying on third-party evidence or estimates affected by wartime uncertainty.	Our main audit procedures performed, in collaboration with component auditors in Ukraine, in respect of the risk of fraud arising from war-affected environment were as follows: ▪ We have obtained an understanding of how wartime conditions (e.g. power outages, logistics disruption, workforce instability) have affected transaction processing and record-keeping. ▪ We have performed enquiries of relevant personnel (accounting, legal and IT focusing on control overrides, changes in approval processes, segregation of duties and operational disruptions. ▪ We performed detailed sample-based test of the procurement cycle with specific focus on indicators such as waived controls, split payments and threshold management. ▪ We have also considered the results of procedures performed in related audit areas, including payroll, subsequent events and journal entries testing, which provided corroborative evidence supporting the appropriateness of accounting treatments in the current operating environment. **Key Observations** We did not note any material issues arising from the procedures performed in this area. The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the entity and management.
Risk of Subsequent Events Due to the ongoing Russian invasion of Ukraine, there is a risk that future escalation of military actions and their duration could have a material impact to the Group. There is a risk that the financial effect of subsequent events may not have been fully assessed, appropriately accounted for, or adequately disclosed in the financial statements.	Our main audit procedures performed, in collaboration with component auditors in Ukraine, in respect of subsequent events were as follows: ▪ We have obtained understanding of the procedures management has established to ensure that subsequent events are identified. ▪ We enquired of management whether any subsequent events have occurred which might affect the financial statements.

Key Audit Matter	How the matter was addressed in the audit
	▪ We have read the minutes of all relevant meetings since the end of the reporting period to identify any relevant subsequent events, to include where applicable: a. general meetings; b. management meetings; c. board meetings. ▪ We read all management and interim financial statements produced since the end of the reporting period. **Key Observations** We did not note any material issues arising from the procedures performed in this area. However, the Group operates in a changing operating environment due to the ongoing war, where circumstances may change rapidly. Accordingly, while audit procedures have been performed in respect of subsequent events, the risk of material developments arising remains present up to the date and time of signing.
Risk of Valuation and Existence of Property, Plant and Equipment Property, plant and equipment (PPE) are carried at fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Judgement is involved in estimating the recoverable amounts of the Group's PPE hence, there may be a risk associated with the application of the methods, assumptions and data to calculate fair values. Revaluations have not been performed in line with the Group's established policy, increasing the risk that the carrying values may not reflect current fair values as at the reporting date. Furthermore, certain fixed assets of the Group are located in areas that may be exposed to potential military activity. This raises additional risk regarding the physical existence, condition, and recoverability of those assets, as damage or restricted access could result in material impairment or total loss that is not reflected in the carrying amounts.	Our main audit procedures performed, in collaboration with component auditors in Ukraine, in respect of valuation and existence of PPE were as follows: ▪ We have obtained an understanding of management's process for assessing the valuation of property, plant and equipment, including the identification of impairment indicators and the impact of the ongoing conflict. ▪ We have considered the appropriateness of management's assessment in the context of the lack of recent revaluation and assessing whether this is consistent with the Group's accounting policy. ▪ We have reviewed available supporting evidence, including any prior external valuations, and assessing their continued relevance given the current operating environment. ▪ We have performed procedures over the existence and condition of property, plant and equipment, including attendance at physical verification. ▪ We have considered whether the locations of fixed assets are situated in areas impacted by war or armed conflict, and assessed the potential effect on the existence, condition, and recoverable value of those assets. **Key Observations** We did not note any material issues arising from the procedures performed in this area. Management did not perform a formal revaluation during the year, which is not consistent with the Group's established policy; however, management performed an assessment based on available market information, recent transactions and

Key Audit Matter	How the matter was addressed in the audit
	ongoing monitoring of assets, and concluded that the carrying amounts do not materially differ from their fair value. We found management's assessment to be reasonable in the context of the limited availability of reliable valuation inputs. We also note that the Group has initiated a formal revaluation process, expected to be completed in 2026, subject to the availability of appropriate valuation data.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on page 3 to 20 other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for the audit have not been received from branches not visited by us; and
- the financial statements are not in agreement with the accounting records and returns; or

Responsibilities of Directors for the Consolidated Financial Statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 21, the Directors are responsible for the preparation of the consolidated financial statements in accordance with UK Adopted IAS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of our report

This report is made solely to the Group's shareholders as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Gavin

For and on behalf of Moore Stephens Audit and Assurance (Jersey) Limited
1 Waverley Place
Union Street
St Helier
Jersey
Channel Islands
JE4 8SG

19 June 2026 at 3.04pm BST

	Note	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Revenue	**8**	42 191	37 082
Cost of sales	**9**	(35 414)	(29 962)
GROSS PROFIT		**6 777**	**7 120**
Administrative expenses	**9**	(2 186)	(1 930)
Selling and distribution expenses	**9**	(2 410)	(2 312)
Other operating expenses	**9**	(258)	(1 799)
PROFIT FROM OPERATIONS		**1 923**	**1 079**
Net finance expenses	**11**	(911)	(2 756)
Net foreign exchange loss	**10**	(1 119)	(219)
LOSS BEFORE TAXATION		**(107)**	**(1 896)**
Income tax	**13**	(63)	(142)
LOSS FOR THE YEAR		**(170)**	**(2 038)**
Attributable to:			
Owners of the Parent		(170)	(2 038)
Non-controlling interests		-	-
Earnings per share from continuing and total operations:			
Basic (pence)	**26**	(0,43)	(5.14)
Diluted (pence)	**26**	(0,43)	(5.14)
OTHER COMPREHENSIVE LOSS			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(135)	(543)
OTHER COMPREHENSIVE LOSS, NET OF TAX		(135)	(543)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(305)**	**(2 581)**
Attributable to:			
Owners of the Parent		(305)	(2 581)
Non-controlling interests		-	-

The notes on pages 34 – 82 are an integral part of these consolidated financial statements.

Ukrproduct Group
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(in thousand GBP, unless otherwise stated)

	Note	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
ASSETS			
Non-current assets			
Property, plant and equipment	**14**	6 700	6 880
Intangible assets	**15**	227	338
		6 927	**7 218**
Current assets			
Inventories	**17**	4 010	3 522
Trade and other receivables	**18**	4 879	4 228
Current taxes	**19**	720	799
Other financial assets	**20**	25	28
Cash and cash equivalents	**21**	98	120
		9 732	**8 697**
TOTAL ASSETS		**16 659**	**15 915**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		4 282	4 282
Treasury shares	**22**	(315)	(315)
Share premium	**23**	4 583	4 583
Translation reserve	**23**	(16 664)	(16 529)
Revaluation reserve	**23**	5 480	5 628
Retained earnings		4 302	4 324
TOTAL EQUITY		**1 668**	**1 973**
Non-Current Liabilities			
Deferred tax liabilities	**16**	270	324
		270	**324**
Current liabilities			
Bank loans	**24**	5 692	5 572
Short-term payables		609	584
Trade and other payables	**25**	8 373	7 397
Current income tax liabilities		15	2
Other taxes payable		32	63
		14 721	**13 618**
TOTAL LIABILITIES		**14 991**	**13 942**
TOTAL EQUITY AND LIABILITIES		**16 659**	**15 915**

These consolidated financial statements were approved and authorised for issue by the Board of Directors on June 19, 2026 and were signed on its behalf by:

Oleksandr Slipchuk
Chief Executive Officer

19 June 2026

The notes on pages 34 – 82 are an integral part of these consolidated financial statements.

	Attributable to owners of the parent								
	Share capital	**Treasury shares**	**Share premium**	**Revaluation reserve**	**Retained earnings**	**Translation reserve**	**Total**	**Non-con-trolling interests**	**Total Equity**
	£ '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**
Loss for the year	-	-	-	-	(2 039)	**-**	**(2 039)**	**-**	**(2 039)**
Currency translation differences	-	-	-	-	-	(543)	(543)	-	(543)
Other changes	-	-	21	-	-	-	21	-	21
Total comprehensive loss	**-**	**-**	**21**	**-**	**(2 039)**	**(543)**	**(2 561)**	**-**	**(2 561)**
Depreciation on revaluation of property, plant and equipment	-	-	-	(169)	169	-	**-**	-	**-**
As At 31 December 2024	**4 282**	**(315)**	**4 583**	**5 628**	**4 324**	**(16 529)**	**1 973**	**-**	**1 973**
Loss for the year	-	-	-	-	(170)	**-**	**(170)**	**-**	**(170)**
Currency translation differences	-	-	-	-	-	(135)	(135)	-	(135)
Total comprehensive loss	**-**	**-**	**-**	**-**	**(170)**	**(135)**	**(305)**	**-**	**(305)**
Depreciation on revaluation of property, plant and equipment	-	-	-	(148)	148	-	**-**	-	**-**
As At 31 December 2025	**4 282**	**(315)**	**4 583**	**5 480**	**4 302**	**(16 664)**	**1 668**	**-**	**1 668**

The notes on pages 34 – 82 are an integral part of these consolidated financial statements.

Ukrproduct Group
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(in thousand GBP, unless otherwise stated)

	Note	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Cash flows from operating activities			
Loss before taxation		(107)	(1 896)
Adjustments for:			
Exchange differences	**10**	1 119	219
Depreciation and amortisation	**9**	696	625
Gain on disposal of non-current assets	**9**	-	(2)
Write off of receivables	**9**	35	1 093
Impairment of inventories	**9**	(5)	106
Interest income	**11**	(15)	(3)
Interest expense on bank loans	**11**	926	2 759
Operating cash flow before working capital changes		**2 649**	**2 901**
Increase in inventories		(624)	(845)
Increase in trade and other receivables		(606)	(234)
Decrease in trade and other payables		(354)	(539)
Changes in working capital		**(1 584)**	**(1 618)**
Cash generated from operations		**1 065**	**1 283**
Interest received		15	3
Income tax paid		(83)	(239)
Net cash generated from operating activities		**997**	**1 047**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(969)	(848)
Proceeds from sale of property, plant and equipment		-	33
Repayments of loans issued		1	7
Net cash used in investing activities		**(968)**	**(808)**
Cash flows from financing activities			
Interest paid	**24**	(111)	(206)
Net movement in borrowings	**24**	-	123
Net cash used in financing activities		**(111)**	**(83)**
Net increase in cash and cash equivalents		**(82)**	**156**
Effect of exchange rate changes on cash and cash equivalents		60	(472)
Cash and cash equivalents at the beginning of the year		**120**	**436**
Cash and cash equivalents at the end of the year	**21**	**98**	**120**

The notes on pages 34 – 82 are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP AND PRINCIPAL ACTIVITIES

(a) Introduction

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 overall management and production facilities are based in Ukraine, with the Head Quarters 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). The average number of employees of the Group during the year ended 31 December 2025 was 791 (2024: 813).

(b) Share capital

Significant shareholders of the Company as at 31 December are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Ukrproduct Group		
Oleksandr Slipchuk	34.89%	34.89%
Sergey Evlanchik	34.96%	34.96%

As at 31 December 2025, 7.34% (2024: 7.34%) of the Company's issued share capital was held in treasury.

(c) Ukrainian environment

According to preliminary estimates of the State Statistics Service, Ukraine's real GDP increased by 1.8% in 2025, compared with 3.2% growth in 2024.

In 2025, economic activity was supported primarily by domestic trade, construction driven by reconstruction projects and manufacturing, including defence production and metallurgy. Government business-support programs and budgetary investments in the restoration of critical infrastructure also played an important stabilising role.

At the same time, several factors constrained economic momentum:

- Mass missile attacks by Russia targeting power-generation infrastructure and, for the first time since the beginning of the full-scale invasion, gas-extraction facilities;
- Lower harvests of several key crops due to unfavourable weather, with the largest declines seen in oilseeds (soy - 26.9%, sunflower - 15.8%, rapeseed - 7.6%) and sugar beet (-13.9%), while grain production increased by 3%;
- Logistical challenges, the cessation of natural gas transit through pipeline systems, and weakened demand, particularly from the agricultural sector.

Inflation slowed to 8.0% year-on-year in 2025, while the Ukrainian Hryvnia depreciated against both the U.S. dollar and the euro. Price growth for processed foods decelerated to 9.8% year on year, including: milk +8.5% year on year, soft/curd cheese (as part of the broader category) +8.7% year on year, and butter +6.2% year on year.

1. GROUP AND PRINCIPAL ACTIVITIES (continued)

(c) Ukrainian environment (continued)

Despite the overall decline in national raw milk production, the dairy sector continued its structural shift toward industrialisation. The reduction in output occurred almost exclusively within household farms, while commercial agricultural enterprises increased both productivity and the supply of high-quality raw milk to processors. As a result, the volume of milk delivered for processing grew by approximately 9% in 2025, reaching around 3.6 million tonnes, even though total raw milk production fell to 6.86 million tonnes (-5.2% year-on-year). This reflects the ongoing transition of Ukraine's dairy industry from household-based production to commercial, higher-efficiency farming systems.

Exports accelerated markedly in 2025: Ukraine shipped 0.7 million tonnes (milk equivalent, +17% year-on-year), with natural export volumes reaching 131.9 thousand tonnes for the full year (+12%). Export revenues rose to USD$401 million (+35% year-on-year). Growth was driven primarily by skim/condensed milk powders, butter, and cheeses, with EU markets absorbing an increasing share of output. Export expansion continued to outpace raw milk production, reflecting deeper sector industrialisation and improved availability of processor-grade milk.

In 2025, dairy imports remained elevated due to persistent price disparities with the EU, where dairy products continued to be significantly cheaper. Ukraine imported 64.7 thousand tonnes of dairy products (+7% year-on-year) valued at USD$338 million (+16% year-on-year). The import basket was dominated by cheeses, which accounted for more than 60% of total volumes and were largely supplied by EU producers.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for material items of property, plant and equipment which have been measured using the fair value model. The consolidated financial statements are presented in British Pounds Sterling (GBP) and all values are rounded to the nearest thousand (£000) except where otherwise indicated.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with UK Adopted International Accounting Standards (UK-Adopted IAS or IFRS).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Further information is provided in Note 3.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue to operate for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

2.1. Basis of preparation (continued)

(b) Going concern (continued)

At 31 December 2025, the Group had net assets of £1.7 million, cash balances of £0.1 million, and continued to operate with tight liquidity. The Group remained in breach of its loan obligations to the European Bank for Reconstruction and Development ("EBRD"). The Group did not repay the principal balances of Tranche A (€1.9 million, c. £1.6 million) and Tranche B (€3.3 million, c. £2.8 million) at their contractual maturity in December 2024. Interest payments have been limited since March 2022, with only partial payments made and not at the level required under the contractual terms. As a result, the outstanding balance, including accumulated interest and fees, exceeded €10.5 million (£9.0 million), all classified as a current liability in accordance with IFRS requirements. No covenant waivers or restructuring agreements had been obtained from the EBRD as at the date of approval of these financial statements.

Management has progressed discussions with the EBRD regarding the restructuring of the outstanding debt. As at the date of approval of these financial statements, no formal restructuring agreement has been reached; however, the EBRD has not taken steps to accelerate repayment of the loan.

The Group has developed cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements. These forecasts reflect the expected continuation of operations under wartime conditions, disciplined working capital management, restricted capital expenditure, and the continuation of ongoing lender negotiations.

The Directors acknowledge that a material uncertainty exists, which may cast significant doubt about the Group's ability to continue as a going concern in particular relating to:

- the absence of a formal debt restructuring agreement with the EBRD;
- the classification of all EBRD obligations as current and the resulting deficit in net current assets;
- the impact of the ongoing war in Ukraine on the Group's trading environment, logistics, and market stability;
- the Group's very limited liquidity and reliance on successful execution of its cash flow plans.

Based on the Group's 2025 results, ongoing mitigating actions, and the current status of discussions with lenders, the Directors have a reasonable expectation that the Group will continue to have adequate resources to meet its current obligations as they fall due for the foreseeable future. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

(c) Consolidation Principles

The consolidated financial statements comprise the financial statements of Ukrproduct Group Limited and its subsidiaries as at 31 December 2025.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

2.1. Basis of preparation (continued)

(c) Consolidation Principles (continued)

Generally, there is a presumption that a majority of voting rights results in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction, that is, as transactions with owners in their capacity as owners. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

If the Group loses control over a subsidiary, it:
- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received.
- Recognises any investment retained in the former subsidiary at its fair value at the date when control is lost;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Non-controlling interests represent a portion of profits or losses and net assets not owned by the Group.

Non-controlling interests are presented separately from parent share capital in equity in the consolidated statement of financial position.

2.1. Basis of preparation (continued)

(c) Consolidation Principles (continued)

The consolidated financial statements of the Group include the following companies:

Group's company	Country of incorporation	Effective ownership ratio		Principal activities
		As at 31 December		
		2025	2024	
Molochnik LLC*	Ukraine	100%	100%	Holder of some assets
Starokonstantinovskiy Molochniy Zavod SC***	Ukraine	100%	100%	Production
Krasilovsky Molochny Zavod Private Enterprise SC****	Ukraine	100%	100%	Holder of some assets
Molochaia Dolina LLC***	Ukraine	100%	100%	Owner of land assets
Zhiviy Kvas LLC**	Ukraine	100%	100%	Production
Alternative Investments MCVIF**	Ukraine	100%	100%	Asset management
Ukrproduct Group LLC	Ukraine	100%	100%	Holder of some assets and operating companies
Solaero Global Alternative Fund Limited	Cyprus	100%	100%	Holder of Group's trademarks and assets
Dairy Trading Corporation Limited	BVI	100%	100%	Export operations
Ukrproduct Group LTD	Jersey			Parent company traded on AIM

* The Company is held through Ukrproduct Group LLC which is a 100%-owned subsidiary of the Company.

** Subsidiary of Solaero Global Alternative Fund Limited, the Group's holder of trademarks and assets.

*** Subsidiaries of Alternative Investments MCVIF.

**** Krasilovsky Molochny Zavod Private Enterprise SC is currently undergoing liquidation.

2.2.Material accounting policies

Material accounting policies given below have been consistently applied by the Group in the preparation of these financial statements, unless otherwise stated.

2.2.1. Foreign currency translation and transactions

(a) Functional and presentation currency

The Ukrainian Hryvnia is the functional currency of the Group and represents the currency of the primary economic environment in which the majority of the Group companies operate.

Transactions in currencies that differ from the functional currency are considered to be foreign currency transactions.

Management has considered what would be the most appropriate presentation currency for the consolidated financial statements and has concluded that the Group should use British Pounds Sterling (hereinafter "GBP" or £) as the Group's presentation currency. This is because the Ukrainian Hryvnia is not a major convertible or recognisable currency outside of Ukraine, and also because the Group's public shareholder base is located predominantly in the UK.

2.2. Material accounting policies (continued)

2.2.1.Foreign currency translation and transactions (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within “Net foreign exchange gain (loss)”.

The financial results and financial position of the Group's companies are translated into the presentation currency as follows:

- For the current year, all assets and liabilities are translated at the rate effective at the reporting date. Income and expense items are translated at rates approximating to those ruling when the transactions took place;

- Equity items are translated into the presentation currency using the historical rate;

- For comparative figures, all assets and liabilities are translated at the closing rate existing at the relevant reporting date. Income and expense items are translated at rates approximating to those ruling when the transactions took place;

- Income and expenses for each consolidated statement of comprehensive income are translated at monthly average exchange rates; and

- All resulting exchange differences are recognised as a separate component of equity within "Translation reserve".

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

Currency	31 December 2025	Average exchange rate for 2025	31 December 2024	Average exchange rate for 2024
UAH/GBP	57,2108	54,9548	52,9460	51,3419
UAH/USD	42,3878	41,6902	42,0390	40,1590
UAH/EUR	49,8565	47,0853	43,9266	43,4588

Foreign currency can be freely converted within Ukraine at a rate close to the rate of the National Bank of Ukraine. At present, the UAH is not a freely convertible currency outside Ukraine.

2.2.2. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at the bank. Bank overdrafts are included in current liabilities in the consolidated statement of financial position.

2.2. Material accounting policies (continued)

2.2.3. Inventories

Inventories are carried at the lower of cost and net realisable value.

The Group's inventories are represented by the following nomenclature types:

- Raw materials include low-fat cheeses, starches, food stabilisers, milk fat substitutes, malted butters, food phosphates, cooking fats and emulsifiers;
- Work in progress (including semi-finished products);
- Finished products include processed cheese, hard cheese, packaged butter, spreads, kvass, skimmed milk powder and other beverages;
- Other inventories include packaging foils, sodium percarbonates, packaging containers and other supplies.

Costs are calculated using the weighted average method and includes direct materials, direct labour and an appropriate allocation of fixed and variable manufacturing overheads allocated on a basis of normal operating capacity.

Net realisable value (NRV) represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of finished goods and semi-finished products comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

At each reporting date the Group analyses inventories to determine whether they are damaged, obsolete or slow-moving or whether their net realisable value has declined.

2.2.4. Property, plant and equipment

All property, plant and equipment is recognised at cost at initial recognition.

Subsequent costs, including the costs of replacing or fixing a part, are only recognised as separate assets if it is probable that separate future economic benefits will flow to the Group. All other repairs, maintenance and subsequent costs are charged to profit or loss during the period in which they occur.

All property, plant and equipment are subsequently stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Depreciation is calculated to write off the cost or valuation of the assets less their residual values over their estimated useful life, using a straight-line method of depreciation on the following basis:

Group of property, plant and equipment	Useful life
Buildings	7 - 62 years
Plant and machinery	2 - 20 years
Vehicles	5 - 12 years
Instruments, tools and other equipment	2- 20 years

2.2. Material accounting policies (continued)

2.2.4. Property, plant and equipment (continued)

Land is not depreciated.

Depreciation rates, useful lives and residual values are reassessed at each reporting date and adjusted when necessary. There has been no change in the estimated residual value in the current period.

The Group assesses at each reporting date if there are any indicators of impairment for items of property, plant and equipment. If there are indicators of impairment, the asset is assessed for impairment either individually or, if it does not generate standalone cash flows, as part of a cash generating unit in line with the principles included in note 2.2.14.

2.2.5. Intangible assets

Intangible assets are recognised at historical cost less accumulated amortisation and accumulated impairment losses.

The Group recognises an item as an intangible asset if it meets the following criteria for recognition: it is probable that the Group will receive future economic benefits associated with the asset and costs of the asset can be reasonably estimated.

The Group identifies the following types of intangible assets:

- Computer software licenses;
- Rights to use natural resources;
- Trademarks.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specialised software.

Rights to use natural resources are capitalised on the basis of the costs incurred to acquire.

Trademarks are shown at historical cost.

Costs of computer software licenses are amortised over their estimated useful lives using the straight-line method (1-10 years). Rights of use of natural resources are amortised over 15–20 years.

Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (11-18 years).

2.2.6. Financial assets

Trade receivables without a significant financing component are recognised when they are initiated at their transaction price. All other receivables are initially recognised at fair value, which generally equates to transaction price, less any transaction costs.

Subsequent to initial recognition, trade and other receivables are measured at amortised cost as they are held for the purpose of obtaining contractual cash flows, which are solely interest and principal. Impairment is presented in a separate line in profit or loss.

2.2. Material accounting policies (continued)

2.2.6. Financial assets (continued)

Trade and other receivables are derecognised when:

- The contractual rights to cash flows from the financial asset expire, or
- the rights to the cashflows are transferred such that:
- substantially all the risks and rewards of ownership are transferred; or
- the Group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.
- Where the Group enters into transactions where trade and other receivables are transferred but it retains all or substantially all the risks and rewards of the asset, those assets are not derecognised.

All other financial assets are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Impairment of financial assets

The Group has customers in a number of different markets. Where those customers operate in markets that are less stable, credit risk is managed by shorter payment terms and restrictions on the amount per order.

For trade receivables the Group has elected to apply the simplified approach to determining expected credit losses and the loss allowance is calculated based on lifetime expected credit losses.

To measure the expected credit losses, the Group uses a provision matrix. The trade receivables have been grouped based on shared credit characteristics, including size and location, and the loss rate for a given number of days past due.

The expected loss rates are based on historical losses prior to the period in question. This information is continuously rolled over to obtain the most up to date data. The loss rates are examined regularly by the Group and changes in the assumptions used to calculate the allowance could lead to material changes in the allowance required.

The Group has rebutted the general presumption that trade receivables overdue by more than 90 days are in default and should be fully impaired. Instead, a financial asset is deemed to be in default when contractual payments are more than 365 days past due. In such cases, a full allowance for expected credit losses is recognised.

However, the Group also applies judgement in assessing default status and may consider a financial asset to be in default prior to the 365-day threshold if internal or external indicators suggest that the recovery of the outstanding contractual amounts is unlikely, irrespective of any credit enhancements available.

Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows in full.

2.2. Material accounting policies (continued)

2.2.7. Financial liabilities

The Group classifies its financial liabilities into categories depending on the purpose for which the liability was acquired. The Group has not classified any of its liabilities at fair value through Profit or loss.

Financial liabilities held at amortised cost include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

- Bank borrowings, overdrafts, promissory notes and bonds issued by the Group are initially carried at fair value, being the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

Financial liabilities are initially recognised at fair value, adjusted in case of borrowings for directly attributable transaction expenses.

Trade and other accounts payable initially recognised at fair value, are subsequently accounted for at amortised cost at effective interest rate method.

Borrowings and liabilities initially recognised at fair value less transaction costs, are subsequently measured at amortised cost; any difference between the amount of received resources and the sum of repayment is represented as interest cost using the effective interest rate method during the period, when

borrowings were received. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

2.2.8. Share capital

The ordinary shares are classified as share capital. The difference between the fair value of consideration received and the nominal value of issued share capital is recognised as share premium.

2.2.9. Treasury shares

The price paid for treasury shares is deducted from Companies' shareholders' equity until the shares are cancelled or reissued. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity. Treasury stock is held at cost until retired or reissued.

Legal, brokerage, and other costs to acquire shares are not included in the cost of treasury stock. When treasury stock is reissued, any gains are included as part of additional paid-in capital. Losses upon reissuance reduce additional paid-in capital to the extent that previous net gains from the same class of stock have been recognised and any losses above that are recognised as part of retained earnings.

2.2.10. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is reflected in the amount of the fair value of assets received.

Revenue (proceeds) from sale of products (goods, works and services) is not corrected by an amount of related doubtful and uncollectible receivables. The amount of such debt is recognised as expenses of the Group.

Revenue comprises the invoiced value of sales of goods and services net of value added tax, rebates and discounts after eliminating sales within the Group. Revenues and expenses are recognised on an accrual basis.

2.2. Material accounting policies (continued)

2.2.10. Revenue recognition (continued)

Sales revenue was presented as follows:

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

The Group recognises revenue from main operating activities in accordance with the requirements of IFRS 15 "Revenue from Contracts with Customers".

The Group sells dairy foods and beverages (kvass), so the performance obligation is satisfied at a certain point in time rather than over time.

The following recognition criteria must be met before revenue is recognised:

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products at the customer's location or at the time of shipment of products to the customer's transport.

The time of payment for products is specified in each agreement separately. As a rule, this is a period of up to 3 months.

There is no significant financing component for these contracts considering the length of time between the customers' payment and the transfer of products.

The Group doesn't receive non-cash consideration for products.

The Group has a loyalty programme, which allows customers to accumulate bonuses. Revenue is reduced by the amount of accrued bonuses.

There are no contractual assets as the Group has no rights to compensation that is contingent on factors other than the shipment of products and transfer of control. No contractual obligations arise either.

2.2.11. Expenses recognition

Expenses which cannot be related directly to a gain in a certain period, are shown as a part of expenses of the period they were incurred in.

If an asset provides economic benefits receivable during several reporting periods, expenses are calculated by allocating its value on a systematic basis over respective reporting periods.

Writing off deferred expenses is made on a straight-line basis within the periods to which they relate, during which the receipt of economic benefits is expected.

All borrowing costs are expensed. Net financial expenses are recorded in the consolidated statement of comprehensive income.

2.2.12. Value added tax

Value added tax (VAT) is levied at two rates: 20% on Ukrainian domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Ukraine.

VAT output 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.

2.2. Material accounting policies (continued)

2.2.13. Tax

Taxation is recognised in the consolidated financial statements in accordance with applicable legislation. The tax charge comprises current tax and movements in deferred tax.

Current tax represents the amount of income tax payable or recoverable in respect of taxable profit or loss for the period, determined in accordance with enacted or substantively enacted tax laws at the reporting date.

Deferred tax is recognised on temporary differences using the balance sheet liability method and is measured using tax rates that have been enacted or substantively enacted at the reporting date, and are expected to apply when the related asset is realised or liability is settled.

Deferred tax assets and liabilities reflect the tax consequences of the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

In respect of all assets, the Group conducts the following procedures ensuring accounting for these assets at an amount, not exceeding their recoverable amount:

- at each reporting date the condition of these assets is analysed for impairment;
- in case any impairment indicators exist, the amount of expected recoverable amount of such asset is calculated to determine the amount of losses from impairment, if any. If it is impossible to

2.2.14. Impairment of assets

- determine the amount of losses from impairment of a separate asset, the Group determines the amount of estimated impairment of the cash-generating unit, to which the asset belongs.

The amount of expected recoverable amount is the higher of two estimates: net selling price and “value in use” of the asset. In estimating value in use of asset, estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects current market estimates of time value of money and risks related to the asset.

If according to estimates the amount of expected recovery of assets (or a cash-generating unit) is less than its book value, the book value of asset (or a cash-generating unit) is reduced to the amount of expected recovery. Losses from impairment are recognised as expenses directly in the consolidated statement of comprehensive income.

2.2.15. Related parties

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

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.

The Group classifies the related parties according to existing criteria in the following categories:

a) companies that directly or indirectly, through one or more intermediaries, exercise control over the Group;

b) associates are companies whose activities are significantly influenced by the Group, but are neither subsidiaries, nor joint ventures of the investor;

c) individuals, directly or indirectly holding ordinary shares that give them a possibility to significantly influence the Group's activities;

2.2. Material accounting policies (continued)

2.2.15. Related parties (continued)

d) key management personnel are persons having authority and responsibility for planning, managing and controlling the activities of the Group;

e) companies, large blocks of shares with voting rights of which are owned directly or indirectly by any person described in paragraphs (c) or (d), or a person influenced significantly by such persons; and

f) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.2.16. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Estimates of fair value of property, plant and equipment based on revaluation

The Group is required, periodically as determined by the Directors, to conduct revaluations of its property, plant and equipment. Such revaluations are conducted by independent valuers who employ the valuation methods in accordance with International Valuation Standards such as cost approach, comparative (market) approach and revenue (income) approach.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(b) Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Due to the long life of certain assets, changes to the estimates used can result in significant variations in the carrying value. Further information is contained in Notes 14 and 15.

(c) Inventory

The Group reviews the net realisable value of, and demand for, its inventory on a quarterly basis to ensure recorded inventory is stated at the lower of cost or net realisable value. Factors that could affect estimated demand and selling prices are the timing and success of future technological innovations, competitor actions, supplier prices and economic trends. Further information is contained in Note 17.

(d) Legal proceedings

In accordance with IFRS the Group only recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Realisation of any contingent liabilities not currently recognised or disclosed in the financial statements could have a material effect on the Group's financial position.

Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

(e) Income taxes

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events.

To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact income tax expense in the period in which such determination is made. Further information is contained in Notes 13 and 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(f) Quality claims

The Group supplies consumers and industrial customers in Ukraine with dairy products manufactured in accordance with the current laws, food safety standards and technical requirements of the relevant Ukrainian authorities.

The Group voluntarily applies non-domestic standards – ISO and HASSP – to some of the Group's operations. For the industrial customers both domestically and outside of Ukraine, the food products are manufactured to the technical specifications agreed with the buyers in advance of the sale.

In instances where the quality criteria and/or technical specifications are not met or the delivery of products are made close to expiry date, a quality claim may arise and the corresponding contingent liability may be disclosed in the notes to the financial statements.

Realisation of any such contingent liabilities not currently recognised or disclosed in the financial statements could have a material effect on the Group's financial position. Application of these accounting principles to quality claims requires the Group's management to make determinations about the future matters that may, at the time of determination, be beyond management's control. Among the factors considered in making decisions on quality claims provisions are: the nature of the claim, the quantifiable variances in quality giving rise to a claim, the potential loss from satisfying the claim and any decision of the Group's management as to how it will respond to the claim.

(g) Transfer pricing

The transfer pricing methods, established by the Tax Code of Ukraine, are in line with the OECD Guidelines. The Group exports dairy products and skimmed milk powder, and performs intercompany transactions, which is in the scope of the Ukrainian TP regulations. The Group has submitted the controlled transaction report for the year ended 31 December 2024 within the required deadline, and at present the Group is preparing all necessary documentation-controlled transactions for the year ended 31 December 2024 as required by legislation. Management believes that the Group has been in compliance with all requirements of effective tax legislation.

(h) Impairment of non-financial assets

Management assesses whether there are any indicators of possible impairment of property, plant and equipment and intangible assets with finite useful lives at each reporting date. If any events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable or the assets, goods or services relating to a prepayment will not be received, the Group estimates the recoverable amount of assets. If there is objective evidence that the Group is not able to collect all amounts due to the original terms of the agreement, the corresponding amount of the asset is reduced directly by the impairment loss recognised in Profit or loss. Subsequent and unforeseen changes in assumptions and estimates used in testing for impairment may lead to a result different from the one presented in the consolidated financial statements.

(i) Fair value of financial instruments

The fair value of financial assets and liabilities is determined by applying various valuation methodologies. Management uses its judgment to make assumptions based on market conditions existing at each balance sheet date. Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy as the lowest level input that is significant to the entire fair value measurement.

4. ADOPTION OF NEW AND REVISED IFRS

Application of new standards

Generally, the accounting policies are consistent with those applied in the prior reporting year. Some new standards and interpretations have become mandatory for adoption beginning on or after January 01, 2025. New and revised standards and interpretations, adopted by the Group for the first time as at January 01, 2025, are provided below.

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

These amendments require companies to apply a consistent approach when assessing whether a currency is exchangeable into another currency and in determining the exchange rate to be used when exchangeability is lacking, as well as related disclosure requirements.

The amendments did not have a significant impact on the Group's financial statements.

IFRS, Amendments to Standards and Interpretations issued but are not yet effective

The Group has not adopted the following IFRS, interpretations and amendments to IFRS and IAS, which have been issued but are not yet effective. The Group plans to apply these changes from the date when they become effective.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 replaces IAS 1 "Presentation of Financial Statements" and introduces significant new requirements for the presentation of financial statements, focusing on:

• the statement of profit or loss, including requirements for mandatory subtotals to be presented. IFRS 18 introduces requirements for income and expense items to be classified into one of five categories in the statement of profit or loss – operating, investing, financing, income tax, and discontinued operations, with the first three being new categories.

• disaggregation of information, including general principles for how information should be aggregated and disaggregated in the financial statements.

4. ADOPTION OF NEW AND REVISED IFRS (continued)

• disclosures related to management-defined performance measures (MPMs), which represent financial metrics based on IFRS totals or subtotals adjusted by management. Disclosures will include reconciliations of each MPM to the nearest IFRS subtotal.

IFRS 18 and related amendments are effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 is to be applied retrospectively, with early application permitted.

The Group is currently assessing the full impact of IFRS 18 on its financial statements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

IFRS 19 is a new standard that allows eligible subsidiaries to provide reduced disclosures while applying full IFRS recognition, measurement, and presentation requirements. An entity may apply IFRS 19 in its consolidated, separate, or individual financial statements if it meets the eligibility criteria at the reporting date.

Eligibility criteria include:

• the entity is a subsidiary (as defined in IFRS 10 "Consolidated Financial Statements");

• the entity does not have public accountability; and

• the entity has a parent that prepares consolidated financial statements available for general use that comply with IFRS.

An entity has public accountability if:

• its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments; or

• it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

IFRS 19 introduces related amendments to other IFRS standards. IFRS 19 is optional for eligible subsidiaries. An entity may apply it more than once and may later revoke the choice. IFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

The Group has not yet decided whether to apply IFRS 19.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Amendments to the Classification and Measurement of Financial Instruments, effective for reporting periods beginning on or after 1 January 2026. The amendments clarify the derecognition of financial liabilities settled via electronic payment systems and provide enhanced guidance on classifying financial assets within SPPI test, including consistency of cash flows with a basic lending arrangement for certain instruments and identification of non-recourse features and contractually linked instruments.

4. ADOPTION OF NEW AND REVISED IFRS (continued)

They also introduce additional disclosure requirements for equity investments designated at FVOCI and for contractual terms that may alter the timing or amount of cash flows.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Contracts Referencing Nature-dependent Electricity, effective on or after 1 January 2026. The amendments address the accounting of financial instruments related to electricity (renewable power purchase agreements) that are dependent on weather conditions or other environmental factors. The Group should reconsider its approach to accounting of such contracts, including fair value measurement and disclosure requirements.

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Translation to a Hyperinflationary Presentation Currency, effective on or after 1 January 2027. The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

Annual Improvements to IFRS Standards (Volume 11), effective for annual periods beginning on or after 1 January 2026. The annual improvements include:

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards":
- *Hedge accounting by a first-time adopter*

Amendments to IFRS 7 "Financial Instruments: Disclosures":
- *Gain or loss on derecognition*
- *Disclosure of deferred difference between fair value and transaction price*
- *Introduction and credit risk disclosures*

Amendments to IFRS 9 "Financial Instruments":
- *Lessee derecognition of lease liabilities*
- *Transaction price*

Amendments to IFRS 10 "Consolidated Financial Statements":
- *Determination of a 'de facto agent'.*

Amendments to IAS 7 "Statement of Cash Flows":
- *Cost method*

The Group has analysed the abovementioned amendments and concluded that their application will not have a significant impact on the financial statements during their first adoption because the Group's activities are not within the scope of the standards and amendments.

5. FINANCIAL RISK MANAGEMENT

The principal risks facing the Group's business are credit risk, liquidity risk and market risk, including fair value or cash flow interest-rate risk, foreign exchange risk and commodity price risk. The main purpose of the Group's risk management programme is to evaluate, monitor and manage these risks and to minimise potential adverse effects on the Group's financial performance and shareholders. The Chief Executive Officer of the Group is in charge of risk management and introduction of all policies as approved by the Board of Directors.

(a) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables;
- other financial assets;
- cash and cash equivalents;
- bank loans;
- trade and other payables;
- short-term payables;
- interest payable.

The principal financial instruments are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£ '000	**£ '000**
Financial assets		
Financial assets at amortised cost		
- trade and other receivables (excluding non-financial assets)	3 964	3 595
- cash and cash equivalents	98	120
- other financial assets	25	28
	4 087	**3 743**

Financial liabilities		
Financial liabilities at amortised cost:	**Year ended 31 December 2025**	**Year ended 31 December 2024**
	£ '000	**£ '000**
- short-term payables	609	584
- current bank loans	5 692	5 572
- trade and other payables (excluding non-financial liabilities)	2 851	2 939
- interest payable	4 254	3 260
	13 406	**12 355**

5.FINANCIAL RISK MANAGEMENT (continued)

(b) General objectives, policies and processes

The Group's overall risk management programme recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's Chief Executive Officer (CEO) under policies approved by the Board of Directors (the "Board"). The Group CEO identifies and evaluates financial risks in close co-operation with the Group's operating units.

The Board provides broad guidance and operating principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, and investing excess liquidity.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are laid out below.

(c) Credit risk

Credit risk is the risk that a counterparty will not be able to meet its obligations in full when due. The Group is mainly exposed to credit risk from credit sales to customers in Ukraine. The Group manages its credit risk through the Group's risk assessment policy by evaluating each new customer before signing a contract using the following criteria: trading history and the financial strength of the customer. The Group attempts to reduce credit risk by conducting periodic reviews which includes obtaining external ratings and in certain cases bank references.

According to the Group's risk assessment policy, implemented locally, every new customer is appraised before entering contracts; trading history and the strength of their own balance sheet being the main indicators of creditworthiness. While starting the commercial relationship with the Group, a new customer is offered the terms that are substantially tighter than those for the existing customers and stipulate, as a rule, the cash-on-delivery payments terms and no-returns policy (quality-related claims exempted). If the relationship progresses successfully, the terms are gradually relaxed to fall in line with the Group's normal business practices and local specifics as required by the market.

The Group's periodic review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the CEO. These limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis only.

Quantitative disclosures of the credit risk exposure in relation to trade and other receivables, which are neither past due nor impaired, are made in Note 18. The Group does not rate trade receivables by category or recoverability.

The Group uses the following indicators to determine that there is no reasonable expectation of recovery:
- the counterparty is declared bankrupt or liquidated

5.FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

- the Group received the decision of the court authorities and, as a result of its execution, it was discovered that the counterparty could not fulfil its obligations
- the period during which, according to the law, the Group can go to court to oblige the counterparty to fulfil its obligations has expired.

The Group doesn't have any trade and other receivables that have been already written off, but still subject to enforcement activity.

In the future, the default rate on trade receivables overdue is expected to remain stable or even fall because in Ukraine the Group deals increasingly with the modern-format retailers whose creditworthiness is conducive to the payment discipline required by the Group.

Maximum exposure to the trade and other receivables component of credit risk at the reporting date is the fair value of trade and other receivables. There is no collateral held as security or other credit enhancements.

The Group's credit controllers monitor the utilisation of the credit limits on a daily basis by customer and apply the delivery stop orders immediately if the individual limits are exceeded. The Group's procedure for recovery of the trade receivables past due includes the following steps:

- identification of the date and exact amount of the receivable past due, termination of all further deliveries and forwarding to the customer of the details of the amount due and the notice of the failure to pay - 3 days after the past due date;
- delivery to the customer of the formal claim for the amount overdue and the visit of the representative of the commercial credit control department to the customer premises - 2 weeks thereafter;
- filing a claim to the commercial court for repayment of the amount overdue and late payment fees - 2 weeks thereafter;
- obtaining a court order for repayment of the amount due and collaboration with bailiff - 2 weeks thereafter.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group reviews the banks and financial institutions it deals with to ensure that standards of credit worthiness are maintained.

Maximum exposure to the cash and cash equivalents and deposits with banks and financial institutions component of credit risk at the reporting date is the fair value of the cash balances due from such banks and financial institutions. There is no collateral held as security or other credit enhancements.

5.FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Cash at bank and short term deposits are kept on the accounts in the following banks:

Bank	Year ended 31 December 2025 Rating	Year ended 31 December 2024 Rating	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
JSC OTP Bank	uaAAA	uaAAA	6	9
PJSC Raiffeisen Bank Aval	uaAAA	uaAAA	1	4
CreditWest	uaAAA	uaAAA	84	79
Other			7	28
			98	**120**

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

The Group is also exposed to a credit risk with regard to loans issued to third parties, related parties and employees. This risk is considered to be low and is managed according to the Group's risk assessment policy.

The Group's exposure to credit risk, where the carrying value of financial assets is unsecured, is as shown below:

	Year ended 31 December 2025 £ '000 Carrying Value	Year ended 31 December 2025 £ '000 Maximum exposure (unsecured)	Year ended 31 December 2024 £ '000 Carrying Value	Year ended 31 December 2024 £ '000 Maximum exposure (unsecured)
Cash and cash equivalents	98	98	120	120
Trade receivables	3 525	3 525	3 162	3 162
Other receivables	439	439	433	433
Other financial assets	25	25	28	28
	4 087	**4 087**	**3 743**	**3 743**

(d) Liquidity risk

Liquidity risk is a function of the possible difficulty to be encountered in raising funds to meet financial obligations. The Group's policy is to ensure that it will always have sufficient cash to enable it to meet its obligations as they fall due by maintaining the minimum cash balances and agreed overdraft facilities. Detailed information is contained in Note 24.

The Group's operating divisions (plants) have different liquidity requirement profiles. As the Group's products have short-cycled and long-cycled production, the liquidity risk of each plant is monitored and managed centrally by the Group Treasury function. Each plant has a cash facility based on cash budgets with the Group Treasury. The cash budgets are set locally and agreed by the CEO in advance.

The CEO (and the Board, if requested) receives rolling quarterly cash flow projections on a monthly basis as well as information regarding the daily cash balances at each plant and overall.

5. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

In the ordinary course of business, the Group relies on a combination of the available overdraft facilities and cash balances to fund the on-going liquidity needs. Capital expenditures are usually funded through longer- term bank loans. In case of the inadequate cash balances and the overdraft facilities close to the agreed ceilings, the Group is expected to revert to the emergency funding made available through temporary freeze to the current portion of capital spending, immediate operating cost reductions, postponement of payments to the third parties, and expansion of the overdraft ceilings. Although undesirable and never occurring in the past, such emergency funding is the last resort on which the Group may have to draw while ensuring the ongoing continuity of the business.

(e) Market risk

Market risk may arise from the Group's use of interest bearing, tradable and foreign currency financial instruments. Market risk comprises fair value interest rate risk, foreign exchange risk and commodity price risk and is further assessed below:

(i) Interest-rate risk
The Group's interest-rate risk arises from short-term and long-term loans. The Group analyses the interest rate exposure on a year basis. Detailed information is contained in Note 24.

A sensitivity analysis is performed by applying various interest rate scenarios to the borrowings. A change of interest rate by 1 percentage points (being the maximum reasonably possible expectation of changes in interest rates) would cause a decrease in interest expense by £71 thousand (decrease 2024: -1% - decrease by £67 thousand).

(ii) Foreign exchange risk
Foreign exchange risk arises primarily from:

- the EUR-denominated EBRD loan,
- UAH-denominated working capital borrowings,
- sales and purchases denominated in foreign currencies.

The EBRD loan is the most significant FX exposure. Because the Group's functional currency is UAH and its presentation currency is GBP, movements in EUR/UAH and EUR/GBP directly affect both finance costs and retranslation of the liability.

The EBRD loan is denominated in EUR, exposing the Group to EUR/UAH and EUR/GBP exchange fluctuations. A 10% depreciation of the Ukrainian Hryvnia against the euro (resulting in a corresponding strengthening of the euro against GBP) would result in an additional foreign exchange loss of approximately £447 thousand (2024: £154 thousand).

The CreditWest facility is denominated in UAH, creating exposure to UAH volatility relative to GBP.

(iii) Commodity price risk

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

The Group's principal raw material needs consist primarily of:

- materials needed to produce dairy products and beverage products, mainly raw milk, sugar, palm oil, corn starch etc. Changes in market prices for these raw materials can adversely influence on Group's financial results. In terms of value, milk is the main raw material purchased from local producers or dairy farms. Its price is set locally, over contractual periods that vary from one region to another. Other materials are purchased through tenders or by comparing alternative offers from different suppliers.

- packaging materials such as foil corrugated packaging. Prices are influenced by supply and demand at the global and regional levels, economic cycles.

- energy supplies.

(f) Operational risk

Operational risk arises from process failures, human factors, systems breakdown or external events (including war-related disruptions). Controls include segregation of duties, approval hierarchies, internal audits, safety procedures and disaster recovery measures.

6. CAPITAL MANAGEMENT POLICIES

The Group's capital structure consists of share capital, share premium, treasury shares, retained earnings and other reserves. The Directors consider their primary responsibility to be the preservation of the Group's capital base and ensuring the Group's ability to continue as a going concern while balancing financial risk, liquidity constraints and operational needs.

The Group's objectives when managing capital are to:

- safeguard the Group's ability to continue operating as a going concern;
- maintain an appropriate capital structure that supports operational resilience during periods of heightened uncertainty, including wartime conditions in Ukraine;
- ensure sufficient liquidity to meet financial obligations as they fall due;
- optimise the mix of equity and borrowings, taking into account the cost of capital and the risks inherent in the business model.

The Group monitors capital using the net debt to equity ratio (D/E ratio), calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

A summary of the Group's capital position is presented below:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Total debt	14 991	13 942
Less: Cash and cash equivalents	(98)	(120)
Net debt	**14 893**	**13 822**
Total equity	**1 668**	**1 973**
D/E ratio	**892.9%**	**700.6%**

6. CAPITAL MANAGEMENT POLICIES (continued)

The increase in the D/E ratio reflects:

- continued accumulation of accrued interest and penalty charges on the EBRD loan following breaches of covenants and non-payment of principal and interest;
- the full classification of the EBRD loan as a current liability under IAS 1 due to the absence of covenant waivers or restructuring agreement;
- the impact of negative foreign exchange movements on equity, in particular the translation reserve.

7. SEGMENT INFORMATION

At 31 December 2025, the Group was organised 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 year ended 31 December 2025 are as follows:

	Branded products	**Beverages**	**Non-branded products**	**Distribution services and other**	**Un-allocated**	**Total**
	£ '000	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Sales	**35 928**	**2 843**	**2 072**	**1 348**	**-**	**42 191**
Gross profit	**5 770**	**457**	**333**	**217**	**-**	**6 777**
Administrative expenses	(1 469)	(125)	(63)	(65)	(464)	**(2 186)**
Selling and distribution expenses	(1 619)	(138)	(70)	(71)	(512)	**(2 410)**
Other operating expenses	-	-	-	-	(258)	**(258)**
Profit from operations	**2 682**	**194**	**200**	**81**	**(1 234)**	**1 923**
Finance expenses, net	-	-	-	-	(911)	**(911)**
Loss from exchange differences	-	-	-	-	(1 119)	**(1 119)**
Profit before taxation	**2 682**	**194**	**200**	**81**	**(3 264)**	**(107)**
Taxation	-	-	-	-	(63)	**(63)**
Profit for the year	**2 682**	**194**	**200**	**81**	**(3 327)**	**(170)**
Segment assets	12 735	442	1 099	-	-	**14 276**
Unallocated corporate assets	-	-	-	-	2 383	**2 383**
Consolidated total assets	**12 735**	**442**	**1 099**	**-**	**2 383**	**16 659**
Segment liabilities	4 629	-	-	395	-	**5 024**
Unallocated corporate liabilities	-	-	-	-	9 697	**9 697**
Unallocated deferred tax	-	-	-	-	270	**270**
Consolidated total liabilities	**4 629**	**-**	**-**	**395**	**9 967**	**14 991**
Depreciation and amortisation	372	14	310	-	-	**696**

The unallocated corporate liabilities represent bank loans, overdrafts and accruals.

7. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 December 2024 are as follows:

	Branded products	Beverages	Non-branded products	Distribution services and other	Un-allocated	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Sales	**31 639**	**2 693**	**1 359**	**1 391**	**-**	**37 082**
Gross profit	**6 075**	**517**	**261**	**267**	**-**	**7 120**
Administrative expenses	(1 297)	(110)	(56)	(57)	(410)	**(1 930)**
Selling and distribution expenses	(1 554)	(132)	(67)	(68)	(491)	**(2 312)**
Other operating expenses	-	-	-	-	(1 799)	**(1 799)**
Profit from operations	**3 224**	**275**	**138**	**142**	**(2 700)**	**1 079**
Finance expenses, net	-	-	-	-	(2 756)	**(2 756)**
Loss from exchange differences	-	-	-	-	(219)	**(219)**
Profit before taxation	**3 224**	**275**	**138**	**142**	**(5 675)**	**(1 896)**
Taxation	-	-	-	-	(142)	**(142)**
Profit for the year	**3 224**	**275**	**138**	**142**	**(5 817)**	**(2 038)**
Segment assets	12 166	422	1 050	-	-	**13 638**
Unallocated corporate assets	-	-	-	-	2 277	**2 277**
Consolidated total assets	**12 166**	**422**	**1 050**	**-**	**2 277**	**15 915**
Segment liabilities	4 212	-	-	359	-	**4 571**
Unallocated corporate liabilities	-	-	-	-	8 799	**8 799**
Unallocated deferred tax	-	-	-	-	572	**572**
Consolidated total liabilities	**4 212**	**-**	**-**	**359**	**9 371**	**13 942**
Depreciation and amortisation	334	13	278	-	-	**625**

7. SEGMENT INFORMATION (continued)

Secondary reporting format - geographical segments:

Sales	Year ended 31 December 2025 £ '000	Sales	Year ended 31 December 2024 £ '000
Domestic	31 391	Domestic	28 625
EU export	1 009	EU export	763
Export (incl.EU)	10 800	Export (incl.EU)	8 457
Total	**42 191**	**Total**	**37 082**

The majority of the Group's assets and liabilities are in Ukraine. Sales to the countries in Europe represent sales to international traders of milk powders located in Europe. These traders consequently resell the milk powders to other countries worldwide. The Group has no single customers that exceed 10% of total sales.

Non-current assets by country	Net book value at 31 December 2025 £ '000	Non-current asset by country	Net book value at 31 December 2024 £ '000
Ukraine	6 761	Ukraine	7 005
Cyprus	166	Cyprus	213
Total	**6 927**	**Total**	**7 218**

The amounts of additions to non-current assets amounting to £969 thousand for 2025 (2024: £862 thousand) mainly refers to Ukraine.

8. REVENUE

For the years ended 31 December 2025 and 31 December 2024 sales revenue was presented as follows:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Branded (including bonuses / discounts)	37 808	33 165
Beverages (including bonuses / discounts)	2 992	2 823
Non-branded products	2 180	1 424
Distribution services	1 418	1 458
Gross revenue	**44 398**	**38 870**
Charges of bonuses / discounts	(2 207)	(1 788)
Total revenue (excluding bonuses / discounts)	**42 191**	**37 082**

Discounts (bonuses) are compensation granted to the Group's main customers within its distribution network. Discounts are accounted for based on a fixed percentage of the product sold by customers who comprise retail networks and distributors. Cash compensation is paid on a periodic basis during the year.

9. EXPENSES BY NATURE

For the years ended 31 December 2025 and 31 December 2024, items of expenses were presented as follows:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Cost of sales	**(35 414)**	**(29 962)**
Including:		
Raw materials and consumables used, cost of goods sold, manufacture overheads etc.	(31 531)	(26 915)
Wages and salaries, social security costs (Note 12)	(3 325)	(2 613)
Depreciation	(558)	(434)
Administrative expenses	**(2 186)**	**(1 930)**
Including:		
Wages and salaries, social security costs (Note 12)	(848)	(713)
PR, nominated broker, secretary, legal services etc.	(369)	(402)
Insurance expenses	(289)	(126)
Security	(109)	(97)
Communication	(87)	(104)
Amortisation and depreciation	(79)	(87)
Audit fees	(73)	(61)
Fuel consumption	(64)	(49)
Taxes and compulsory payments	(56)	(37)
Bank service	(37)	(33)
Utilities	(36)	(30)
Membership fees	(33)	(23)
IT materials, household expenses, reading materials	(21)	(39)
Lease and current repair and maintenance	(23)	(34)
Other	(62)	(95)
Selling and distribution expenses	**(2 410)**	**(2 312)**
Including:		
Delivery costs	(558)	(624)
Insurance expenses	(424)	(427)
Promotion	(400)	(404)
Wages and salaries, social security costs (Note 12)	(384)	(243)
Packaging	(220)	(182)
Fuel and maintenance expenses for the truck fleet	(124)	(114)
Information and consulting services	(82)	(76)
Veterinary certificates, medical examination, permits	(46)	(45)
Lease and current repair and maintenance	(42)	(21)
Amortisation and depreciation	(42)	(90)
Membership fees	(20)	(9)
Impairment of inventories	(-)	(-)
Other	(68)	(77)
Other operating expenses	**(258)**	**(1 799)**
Including:		
Impairment of trade receivables (Note 18)	(326)	(1 093)
Penalties	(97)	(17)
Amortisation and depreciation	(17)	(14)
Provision for blocked tax invoices	195	(444)
Impairment of inventories	5	(106)
Loss on disposal of non-current assets	(-)	(2)
Wages and salaries, social security costs (Note 12)	(-)	(2)
Write-off of input VAT	(-)	(124)
Provision for the VAT losses related to the impairment of inventory	(-)	(-)
Other	(18)	3

10. NET FOREIGN EXCHANGE LOSS

For the years ended 31 December 2025 and 31 December 2024, net foreign exchange loss, consists of:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Exchange difference in trade and other receivables	2	16
Exchange difference in trade and other payables	(475)	(35)
Exchange difference in bank loans and short-term payables	(629)	(197)
Effect of exchange rate changes and restatements on cash and cash equivalents	(17)	(3)
Total net foreign exchange loss	**(1 119)**	**(219)**

11. NET FINANCE EXPENSES

For the years ended 31 December 2025 and 31 December 2024, financial expenses were presented as follows:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Finance expense		
Interest expense on bank loans	(926)	(2 759)
Finance income		
Interest income	15	3
Net finance expense recognised in the consolidated statement of comprehensive income	**(911)**	**(2 756)**

Interest expense by bank	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
EBRD	(831)	(2 621)
Creditwest Bank	(95)	(138)
Total interest expense by bank	**(926)**	**(2 759)**

12. EMPLOYEE BENEFIT EXPENSES

For the years ended 31 December 2025 and 31 December 2024, employee benefit expenses were presented as follows:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Wages and salaries (including key management personnel)	(3 849)	(3 029)
Social security costs	(710)	(542)
Total	**(4 559)**	**(3 571)**
Average number of employees	**791**	**813**

12. EMPLOYEE BENEFIT EXPENSES (continued)

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Wages and salaries of operating personnel	(3 325)	(2 613)
Wages and salaries of administrative personnel	(848)	(713)
Wages and salaries of distribution personnel	(384)	(243)
Wages and salaries of personnel related to other operating expenses	(2)	(2)
Total	**(4 559)**	**(3 571)**

Wages and salaries of key management personnel:

For the year ended 31 December 2025, remuneration of the Group's key management personnel amounted to £232.5 thousand (2024: £220.6 thousand).

Key management personnel received only short-term benefits during the years ended 31 December 2025 and 31 December 2024. The key management personnel are those persons remunerated by the Group who are members of the Board of Directors of the Company (Ukrproduct Group Limited).

13. INCOME TAX EXPENSES

For the years ended 31 December 2025 and 31 December 2024, income tax expenses were presented as follows:

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Current tax charge – Ukraine	116	167
Current tax charge - non-Ukraine	14	54
Deferred tax relating to the origination and reversal of temporary differences	(67)	(79)
Total income tax expenses	**63**	**142**

Differences in treatment of certain elements of financial statements by IFRS and Ukrainian statutory taxation regulations give rise to temporary differences. The tax effect of the movement on these temporary differences is recognised at the rate of 18% (2024: 18%).

13. INCOME TAX EXPENSES (continued)

The numerical reconciliation between tax charge and the product of accounting profit multiplied by the applicable tax rate(s) is provided in the following table.

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Loss before tax:		
Ukraine	49	109
Cyprus	179	(5)
Other (BVI, Jersey)	(334)	(2 000)
Loss before tax, total	**(106)**	**(1 896)**
Tax calculated at domestic tax rates applicable to profits in the relevant countries		
Ukraine (2025: 18%, 2024: 18%)	9	20
Cyprus (12,5%)	18	-
	27	**20**
Tax calculated at domestic tax rates applicable to net income not subject to tax and expenses not deductible for tax purposes		
Ukraine	(69)	(106)
Cyprus	4	(54)
	(65)	**(160)**
Tax charge		
Ukraine	78	126
Cyprus	14	54
	92	**180**
The weighted average applicable tax rate		
Ukraine	18%	18%
Cyprus	12,5%	12,5%
BVI, Jersey	Nil	Nil
	9%	**6%**

There are a number of laws related to various taxes imposed by both central and regional governmental authorities. Although laws related to these taxes have not been in force for significant periods, the practice of taxation and implementation of regulations are well established, documented with a sufficient degree of clarity and adhered to by the taxpayers. Nevertheless, there remain certain risks in relation to the Ukrainian tax system: few court precedents with regard to tax related issues exist; different opinions regarding legal interpretation may arise both among and within government ministries and regulatory agencies; tax compliance practice is subject to review and investigation by a number of authorities with overlapping responsibilities.

Generally, tax declarations remain subject to inspection for an indefinite period. In practice, however, the risk of retroactive tax assessments and penalty charges decreases significantly after three years. The fact that a year has been reviewed does not preclude the Ukrainian tax service performing a subsequent inspection of that year. Further information is contained in Notes 31 (e).

13. INCOME TAX EXPENSES (continued)

The Group's management believes that it has adequately provided for tax liabilities in the accompanying financial statements; however, the risk remains that those relevant authorities could take different positions with regard to interpretative issues.

During the period under review, the Ukrainian companies within the Group paid royalties and interest charges on the outstanding credits to another Group company – Solaero Global Alternative Fund Limited (Cyprus). These payments were not taxable in Ukraine due to the existing Double Taxation Treaty between Ukraine and Cyprus.

14. PROPERTY, PLANT AND EQUIPMENT

In accordance with IAS 16 "Property, Plant and Equipment", the Group carries out revaluations, with sufficient regularity (at least once every five years) to ensure that the carrying amount of the item of property, plant and equipment does not differ materially from fair value. An independent valuation of the Group's property, plant and equipment was undertaken by Price Consulting LLC as at 1 December 2020.

The Group did not perform a revaluation during the year due to market instability and the limited availability of reliable valuation inputs in the context of the ongoing war in Ukraine. Management performed an assessment based on recent transactions, market indicators and ongoing monitoring of assets and concluded that the carrying amount of property, plant and equipment does not materially differ from its fair value.

The Group has initiated a revaluation process in 2026 and expects to complete it during 2026, subject to the availability of reliable valuation inputs.

As at 31 December 2025, the Group tested property, plant and equipment and capital investments for impairment indicators, as a result of which management recognised that the recoverable amount of property, plant and equipment and capital investments exceeds their carrying amount. Accordingly, for the year ended 31 December 2025, no impairment losses on property, plant and equipment and capital investments were recognised.

The Group is divided into two cash-generating units (CGU).

Dairy production

Dairy productions consists of production assets for butter, cheese, protein and skimmed dairy products:
- Production assets of SE Starokostyantynivski Dairy Plant and two other units in Zhytomir and Letychiv;
- Group vehicle park used for raw material and product transportation;
- "Nash Molochnik", "Vershkova Dolyna" and "Narodny product" trade marks.

Beverage production

Beverage production combines the production assets of Live kvass "Arseniivsky". It consists of:
- Production assets of "Zhyvyi Kvass" LTD and,
- "Arseniivsky" Trade mark.

14.PROPERTY, PLANT AND EQUIPMENT (continued)

Main assumptions used in value in use calculation

Value in use calculation for production both dairy products and beverages is sensitive to the following assumptions:
Gross profit margin – Gross profit margin is based on 2025 budget value and takes into consideration trends of value indexes for 2021-2025.

Discount rate – Discount rate assumes current market estimates risks, specific for each CGU, inclusive of cash cost and individual risks and corresponding assets excluded from the cash flow valuation. The discount rate calculation is based on specific Group circumstances and the characteristics of the relevant cash-generating units and is calculated using the Weighted Average Cost of Capital (WACC). WACC takes into account both loan and owned capital. The value of owned capital is calculated on the basis of predicted return on investment of Group investors. Specific segment risks are included in usage of separate facts of beta-testing. Beta factors are estimated annually using generally accessible market data. The WACC used in the model for both CGUs is 21.5%.

Production value increase – is derived from published consumer price index for Ukraine or world price tendencies for export product groups.

Increase of raw material price – forecast is obtained from published consumer price index for Ukraine.

Predicted increase data – the data are based on published industry research in Ukraine and management estimates.

Assumption regarding business segments – in so far as the directors are aware, forecasts in relation to the growth rate of each business segment are based on a comparison with the forecast growth rates of the Group's competitors.

The growth of sales of branded products on the local market is related to the development of sales of the brands "Nash Molochnik", "Arseniivskyi" and "Molendam". These brands generated more than 50% of revenue.

Industry forecast is not used for kvass (beverage) sales forecasting, as the Group produces the unique product "Zhyviy Kvass" that has no competitors in Ukraine by its nature. The model is based on management's forecasts including sensitivity analysis. Brand development plans include:
- Extension of brand presence in distribution networks;
- Kvass in kegs sales increase;
- Extension of beverage product range (production of white kvass);

The given product is dependent on weather conditions.

In so far as the directors are aware, the discounted future cash flows from each CGU is not expected to be below its acquisition cost and, therefore, no impairment considerations have been included in the valuation.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025 and 31 December 2024, property, plant and equipment were presented as follows:

	Assets under Construction	Land and Buildings	Plant and Machinery	Vehicles	Instruments, tools and other equipment	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost or valuation						
At 1 January 2024	**46**	**3 170**	**4 397**	**373**	**1 078**	**9 064**
Additions	862	-	-	-	-	862
Transfers to/from AUC	(845)	175	596	31	43	-
Disposals	-	-	(19)	(12)	(14)	(45)
Exchange differences on translation to the presentation currency	(5)	(273)	(399)	(44)	(103)	(824)
At 31 December 2024	**58**	**3 072**	**4 575**	**348**	**1 004**	**9 057**
Accumulated depreciation						
At 1 January 2024	**-**	**437**	**816**	**227**	**426**	**1 906**
Depreciation charge	-	76	267	37	47	427
Disposals	-	-	(17)	(12)	(14)	(43)
Revaluation depreciation	-	68	56	27	21	172
Exchange differences on translation to the presentation currency	-	(40)	(153)	(48)	(44)	(285)
At 31 December 2024	**-**	**541**	**969**	**231**	**436**	**2 177**
Cost or valuation						
At 1 January 2025	**58**	**3 072**	**4 575**	**348**	**1 004**	**9 057**
Additions	969	-	-	-	-	969
Transfers to/from AUC	(891)	33	391	57	410	-
Disposals	-	(77)	(3)	(4)	(16)	(100)
Exchange differences on translation to the presentation currency	(7)	(155)	(376)	(27)	(79)	(644)
At 31 December 2025	**129**	**2 873**	**4 587**	**374**	**1 319**	**9 282**
Accumulated depreciation						
At 1 January 2025	**-**	**541**	**969**	**231**	**436**	**2 177**
Depreciation charge	-	105	306	21	82	514
Disposals	-	(24)	(8)	(6)	(16)	(54)
Revaluation depreciation	-	62	51	23	12	148
Exchange differences on translation to the presentation currency	-	(38)	(102)	(19)	(44)	(203)
At 31 December 2025	**-**	**646**	**1 216**	**250**	**470**	**2 582**
Net book value at 31 December 2025	**129**	**2 227**	**3 371**	**124**	**849**	**6 700**
Net book value at 31 December 2024	**58**	**2 531**	**3 606**	**117**	**568**	**6 880**
Net book value at 31 December 2023	**46**	**2 733**	**3 581**	**146**	**652**	**7 158**

14. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025 the Group has no contractual commitments to purchase property, plant and equipment.

Fixed assets with a net book value of £5,141 thousand at 31 December 2025 (2024: £5,491 thousand) were pledged as collateral for loans.

As at 31 December 2025 any prepayments for property, plant and equipment were included within Assets under construction in the amount of £2 thousand (2024: £1 thousand).

As at 31 December 2025 fully depreciated assets have been included within property, plant and equipment with the original cost of £721 thousand (2024: £676 thousand).

The net book value of property, plant, and equipment recognised at historical cost plus accumulated depreciation would be as follows:

	Assets under Construction	Land and Buildings	Plant and Machinery	Vehicles	Instruments, tools and other equipment	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Net book value at 31 December 2025	**56**	**452**	**645**	**20**	**46**	**1 219**
Net book value at 31 December 2024	**58**	**464**	**662**	**21**	**47**	**1 252**

In 2020, the Group made a revaluation of fixed assets. An independent valuation of the Group's property, plant and equipment was undertaken by Price Consulting LLC as at 01 December 2020.

15. INTANGIBLE ASSETS

As at the reporting dates intangible assets were presented as follows:

	Computer software	Rights to use natural resources	Trademarks	Total
	£ '000	£ '000	£ '000	£ '000
Cost or valuation				
At 1 January 2024	**347**	**40**	**886**	**1 273**
Additions	-	-	-	**-**
Disposals	-	-	-	**-**
Exchange differences on translation to the presentation currency	(30)	(3)	12	**(21)**
At 31 December 2024	**317**	**37**	**898**	**1 252**
Accumulated amortisation				
At 1 January 2024	**92**	**4**	**676**	**772**
Amortisation charge for the year	81	2	60	**143**
Disposals	-	-	-	**-**
Exchange differences on translation to the presentation currency	(10)	-	9	**(1)**
At 31 December 2024	**163**	**6**	**745**	**914**
Cost or valuation				
At 1 January 2025	**317**	**37**	**898**	**1 252**
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange differences on translation to the presentation currency	(24)	(3)	(60)	**(87)**
At 31 December 2025	**293**	**34**	**838**	**1 165**
Accumulated amortisation				
At 1 January 2025	**163**	**6**	**745**	**914**
Amortisation charge for the year	54	2	32	**88**
Disposals	-	-	-	**-**
Exchange differences on translation to the presentation currency	(14)	(1)	(49)	**(64)**
At 31 December 2025	**203**	**7**	**728**	**938**
Net book value at 31 December 2025	**90**	**27**	**110**	**227**
Net book value at 31 December 2024	**154**	**31**	**153**	**338**
Net book value at 31 December 2023	**255**	**36**	**210**	**501**

The total amortisation periods of the intangible assets are as follows:
- Computer software 1-10 years;
- Trademarks 11-18 years;
- Right of use of natural resources 15-20 years;

15. INTANGIBLE ASSETS (continued)

The Group performed its annual impairment test in December 2025 and 2024. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2025, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating segment.

Trademark "Zhyviy Kvas"

The recoverable amount of the trademark "Zhyviy Kvas" CGU, £1 995 thousand as at 31 December 2025, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the recovering demand for products and services. The discount rate applied to cash flow projections is 19.7% (2024: 19.3%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 0%. As a result of the analysis, management did not identify an impairment for this CGU.

Group of the trademarks within the "Dairy segment"

The recoverable amount of the three trademarks within the "Dairy segment" CGU, £1 790 thousand as at 31 December 2025, is also determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased recovering for products and services. The pre-tax discount rate applied to the cash flow projections is 19.7% (2024: 19.3%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 0%. As a result of the analysis, management did not identify an impairment for this CGU.

16. DEFERRED TAX ASSETS AND LIABILITIES

For the year ended 31 December 2025 and 31 December 2024, deferred tax assets and liabilities were presented as follows:

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Deferred tax assets at the beginning of the year	**-**	**-**
Deferred tax liability at the beginning of the year	**324**	**392**
Deferred tax liability recognised in SOCI during the year	(33)	(37)
Reduction in deferred tax due to decrease in property, plant and equipment revaluation reserve because of amortisation	(35)	(42)
Exchange differences on translation to the presentation currency	14	11
Deferred tax assets at the end of the year	**-**	**-**
Deferred tax liability at the end of the year	**270**	**324**

17. INVENTORIES

As at the reporting dates inventories were presented as follows:

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Raw materials	1 046	962
Finished goods	1 688	1 462
Semi-finished products	576	590
Other inventories	860	715
Provision for impairment of inventories	(160)	(207)
Total	**4 010**	**3 522**

Movement in the provision for inventories are as follows:

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Balance at the beginning of the period	**207**	**749**
Reversal of provision for slow moving items	(29)	(380)
Accrual of provision for impairment to net realisable value	160	106
Effect of translation to presentation currency	(177)	(268)
Balance at the end of the period	**161**	**207**

18. TRADE AND OTHER RECEIVABLES

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Trade receivables, gross	6 387	5 297
Allowance for impairment losses	(2 862)	(2 135)
Trade receivables, net	**3 525**	**3 162**
Other receivables, gross	513	451
Allowance for impairment losses	(74)	(18)
Other receivables, net	**439**	**433**
Prepayments, gross	1 086	848
Allowance for impairment losses issued	(171)	(215)
Prepayments, net	**915**	**633**
Total	**4 879**	**4 228**

The Group's management believes that the carrying value of trade and other receivables is a reasonable approximation of their fair value.

18.TRADE AND OTHER RECEIVABLES (continued)

Maturity of trade receivables as at 31 December 2025 and 31 December 2024 is presented as follows:

	Total	Non-overdue debt	Past due debt				
			<30 days	30-60 Days	61-90 days	91-120 days	>120 Days
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
2025	6 387	5 536	545	16	82	1	207
2024	5 297	4 661	366	-	-	-	270

Expected credit losses were recognised for trade receivables. The movements in allowance for impairment losses are as follows:

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Balance at the beginning of the year	**2 135**	**1 331**
Accrual	923	785
Use of allowances	-	(12)
Effect of translation to presentation currency	(196)	31
Balance at the end of the year	**2 862**	**2 135**

19. CURRENT TAXES

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
VAT receivable	511	513
Current income tax prepayments	15	16
Other prepaid taxes	194	270
Total	**720**	**799**

20. OTHER FINANCIAL ASSETS

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Loans and receivables		
Loans issued to third parties	25	28
Total	**25**	**28**

Loans issued are short term in nature, repayable on demand and are interest free.

21. CASH AND CASH EQUIVALENTS (EXCLUDING BANK OVERDRAFTS)

As at the reporting dates cash and cash equivalents were presented as follows:

	As at 31 December 2025 £ '000	As at 31 December 2024 £ '000
Cash on hand - in UAH	1	18
Cash in bank - in UAH	87	88
Cash in Bank - in other currencies	10	14
Total	**98**	**120**

22. SHARE CAPITAL

As at the reporting dates share capital was presented as follows:

	Authorised			
	As at 31 December 2025	As at 31 December 2025	As at 31 December 2024	As at 31 December 2024
	Number '000	£ '000	Number '000	£ '000
Ordinary shares of 10p each	**60 000**	**6 000**	**60 000**	**6 000**

	Issued and fully paid at beginning and end of the year			
	As at 31 December 2025 Number '000	As at 31 December 2025 £ '000	As at 31 December 2024 Number '000	As at 31 December 2024 £ '000
At beginning of the year	39 673	3 967	39 673	3 967
Own shares acquired during the year	-	-	-	-
At end of the year (excluding shares held as treasury shares)	**39 673**	**3 967**	**39 673**	**3 967**

	Treasury shares			
	As at 31 December 2025 Number '000	As at 31 December 2025 £ '000	As at 31 December 2024 Number '000	As at 31 December 2024 £ '000
At beginning of the year	3 145	315	3 145	315
At end of the year	**3 145**	**315**	**3 145**	**315**

Share capital and treasury shares are presented as separate lines in the consolidated statement of financial position as at 31 December 2025.

As at 31 December 2025 and 31 December 2024 the Group held a total of 3,144,800 ordinary shares as treasury shares and the total number of ordinary shares in issue (excluding shares held as treasury shares) was 39,673,049.

23. OTHER RESERVES

At the reporting date other reserves were presented as follows:

	Share premium	Translation reserve	Revaluation reserve	Total other reserves
	£ '000	**£ '000**	**£ '000**	**£ '000**
At 1 January 2024	**4 562**	**(15 986)**	**5 797**	**(5 627)**
Depreciation on revaluation of property, plant and equipment	-	-	(169)	**(169)**
Exchange differences on translation to the presentation currency	-	(543)	-	**(543)**
Other changes	21	-	**-**	**21**
At 31 December 2024	**4 583**	**(16 529)**	**5 628**	**(6 318)**
Depreciation on revaluation of property, plant and equipment	-	-	(148)	**(148)**
Exchange differences on translation to the presentation currency	-	(135)	-	**(135)**
At 31 December 2025	**4 583**	**(16 664)**	**5 480**	**(6 601)**

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation	Gains arising on the revaluation of the Group's property, plant and equipment. The balance on this reserve is wholly undistributable.
Translation	Amount of all foreign exchange differences arising from the translation of the financial information of Group entities to presentation currency.

24. BANK LOANS

As at 31 December 2025 the Group has two loans: the loan from Creditwest Bank in the amount of €1,224 thousand (in UAH 70.0 million) and the loan from the EBRD in the amount of £4,468 thousand (in €5,127 thousand).

At 31 December 2025, the Group continued to be in breach of the loan agreement with the EBRD. Tranche A (€1.9 million, c. £1.6 million) and Tranche B (€3.3 million, c. £2.8 million) were not repaid by their maturity date of 1 December 2024. Interest payments have been limited since March 2022, with only partial payments made and not at the level required under the contractual terms. The loan remains classified as a current liability due to ongoing covenant breaches and the absence of formal waivers, and management is not aware of any action by the EBRD to accelerate repayment.

The Group has been in dialogue with the EBRD since 2021 to potentially restructure the loan, and accrued interest and charges, and discussions continue. At present, the EBRD has taken no action to accelerate repayment of the accumulated loan.

Fixed assets with a net book value of £5,141 thousand at 31 December 2025 (2024: £5,491 thousand) were pledged as collateral for loan.

Assets pledged as security for the EBRD loan include property and land in Starokonstantinov, equipment for dairy production and production of hard cheese, as well as trademarks.

Bank	Currency	Type	Opening date	Termination date	Interest rate	Limit £ '000	As At 31 December 2025 £ '000	As at 31 December 2024 £ '000
EBRD	EUR	Loan	31.03.2011	01.12.2024	1% – 10.975%	7 233	4 468	4 250
Creditwest Bank	UAH	Credit line	11.01.2014	11.07.2027	UIRD (3 month) + 9%	1 224	1 224	1 322
Total							**5 692**	**5 572**

The average interest rate as at 31 December 2025 was 12.5% (2024: 11.7%).

Future interest payments

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
In less than 1 year	2 601	1 672
In more than 1 year	-	-
Total	**2 601**	**1 672**

24. BANK LOANS (continued)

Maturity of financial liabilities

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Overdue	4 468	4 250
In less than 1 year	1 224	1 322
In more than 1 year	-	-
Total	**5 692**	**5 572**

Interest rate profile of financial liabilities

	Floating rate	Fixed rate	As at 31 December 2025	As at 31 December 2024
	£ '000	**£ '000**	**£ '000**	**£ '000**
Overdue	4 468	-	4 468	4 250
Expiry within 1 year	1 224	-	1 224	1 322
Expiry in more than 1 year	-	-	-	-
Total	**5 692**	**-**	**5 692**	**5 572**

The currency profile of the Group's financial liabilities is as follows:

	Floating rate liabilities	Fixed rate liabilities	Total as at 31 December 2025	Total as at 31 December 2024
	£ '000	**£ '000**	**£ '000**	**£ '000**
UAH	1 224	-	1 224	1 322
EUR	4 468	-	4 468	4 250
Total	**5 692**	**-**	**5 692**	**5 572**

The book value and fair value of financial liabilities are as follows:

	Book value as at 31 December 2025	Fair value as at 31 December 2025	Book value as at 31 December 2024	Fair value as at 31 December 2024
	£ '000	**£ '000**	**£ '000**	**£ '000**
Bank loans	5 692	5 692	5 572	5 572
Total	**5 692**	**5 692**	**5 572**	**5 572**

24. BANK LOANS (continued)

Reconciliation of liabilities arising from financing activities

	As at 31 December 2024	Financing cash flows	Accrual of interest	Foreign exchange move-ment	Other changes	Effect from translation to presentation currency	As at 31 December 2025
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Bearing loans and borrowings	**5 572**	-	-	629	(73)	(436)	**5 692**
Interest	**1 254**	(111)	713	197	-	(125)	**1 928**
Interest-bearing loans and borrowings	**6 826**	**(111)**	**713**	**826**	**(73)**	**(561)**	**7 620**

25. TRADE AND OTHER PAYABLES

At the reporting date trade and other payables were presented as follows:

	As at 31 December 2025	As at 31 December 2024
	£ ‘000	£ ‘000
Trade payables	2 526	2 764
Prepayments received	381	221
Accruals	125	115
Interest payable	4 254	3 260
Provisions	762	862
Other payables	325	175
Total	**8 373**	**7 397**

The Group’s management believes that the carrying value of trade and other payables is a reasonable approximation of their fair value.

For the year ended 31 December 2025, provisions were presented as follows:

	Allowance at the beginning of the year	Accrual	Use of allowances (Reversal)	Effect of translation to presentation currency	Allowance at the end of the year
Provision for unused vacation	163	311	(262)	(6)	206
Provision for VAT	529	-	(195)	(32)	302
Provision for fines	73	157	(70)	(3)	157
Provision for audit services	46	62	(44)	(2)	62
Provision for other expenses and payments	51	11	(6)	(21)	35
Total	**862**	**541**	**(577)**	**(64)**	**762**

25. TRADE AND OTHER PAYABLES (continued)

For the year ended 31 December 2024, provisions were presented as follows:

	Allowance at the beginning of the year	Accrual	Use of allowances (Reversal)	Effect of translation to presentation currency	Allowance at the end of the year
Provision for unused vacation	148	228	(200)	(13)	163
Provision for VAT	261	444	(144)	(32)	529
Provision for fines	73	76	(69)	(7)	73
Provision for audit services	76	47	(71)	(6)	46
Provision for other expenses and payments	26	77	(49)	(3)	51
Total	**584**	**872**	**(533)**	**(61)**	**862**

26. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing net profit attributable to the ordinary shareholders by the weighted average number of shares in issue. The Group does not have any potentially dilutive instruments.

	Year ended 31 December 2025 £ '000	Year ended 31 December 2024 £ '000
Net profit/loss attributable to ordinary shareholders	(170)	(2 038)
Weighted number of ordinary shares in issue	39 673	39 673
Basic earnings per share, pence	**(0.43)**	**(5.14)**
Diluted average number of shares	39 673	39 673
Diluted earnings per share, pence	**(0.43)**	**(5.14)**

27. DIVIDENDS

Due to the business circumstances dictating prudence and cash conservation, the Board has decided not to pay a final dividend in respect of the year ended 31 December 2025.

28. SHARE-BASED PAYMENTS

The Company used to operate an equity-settled share-based remuneration scheme for employees. During 2025, the Group did not issue options to any third parties. They were not exercised. There are no outstanding options issued by the Group.

29. CURRENCY ANALYSIS

Currency analysis for the year ended 31 December 2025 is set out below:

	UAH	USD	GBP	EUR	Total
Assets					
Trade and other receivables	3 500	473	-	-	3 973
Current taxes	720	-	-	-	720
Other financial assets	25	-	-	-	25
Cash and cash equivalents	92	5	-	1	**98**
Total assets	**4 337**	**478**	**-**	**1**	**4 816**
Liabilities					
Bank borrowings	1 224	-	-	4 468	**5 692**
Trade and other payables	2 845	4	-	4 845	**7 694**
Current income tax liabilities	-	15	-	-	**15**
Other taxes payable	189	5	-	-	**194**
Total Liabilities	**4 258**	**24**	**-**	**9 313**	**13 595**

Currency analysis for the year ended 31 December 2024 is set out below:

	UAH	USD	GBP	EUR	Total
Assets					
Trade and other receivables	3 269	138	188	-	3 595
Current taxes	798	-	-	-	798
Other financial assets	28	-	-	-	28
Cash and cash equivalents	110	-	-	10	120
Total assets	**4 205**	**138**	**188**	**10**	**4 541**
Liabilities					
Bank borrowings	1 322	-	-	4 250	**5 572**
Trade and other payables	2 800	66	70	3 830	**6 766**
Current income tax liabilities	2	-	-	-	**2**
Other taxes payable	63	-	-	-	**63**
Total Liabilities	**4 187**	**66**	**70**	**8 080**	**12 403**

The table below details the Group's sensitivity to a 10% strengthening of Hryvnia rate against the US dollar and 10% strengthening of Hryvnia rate against the Euro as at 31 December 2025 and 2024, and would increase /decrease the amount of profits /or losses for the period by the amounts mentioned below. This analysis was conducted based on the assumption that all other variables, in particular, interest rates, remained unchanged. The change of the British pound exchange rate does not have an impact on the result as all the balances in the British pound are attributable to the Group's companies where the British pound is a functional currency.

	Increase/ decrease in rate	Effect on income before tax in 2025	Effect on income before tax in 2024
		£ '000	£ '000
USD	10%	45	7
EUR	10%	(931)	(807)
USD	(10)%	(45)	(7)
EUR	(10)%	931	807

30. RELATED PARTY TRANSACTIONS

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

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.

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.

Remuneration of key management personnel is disclosed in Note 12.

The Group had no commercial relationships with the related parties in 2025 and 2024. 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 related parties were Mr. Oleksandr Slipchuk and Mr. Sergey Evlanchik.

31. COMMITMENTS AND CONTINGENCIES

(a) Economic environment

The Group carries out most of its operations in Ukraine. Laws and other regulatory acts affecting the activities of Ukrainian enterprises may be subject to changes and amendments within a short period of time. As a result, the assets and operating activity of the Group may be exposed to the risk in case if any unfavourable changes that take place in the political and economic environment.

(b) Retirement and other liabilities

Employees of the Group receive pension benefits from the Pension Fund, a Ukrainian Government organisation in accordance with the applicable laws and regulations of Ukraine. The Group is required to contribute a specified percentage of the payroll to the Pension Fund to finance the benefits.

The only obligation of the Group with respect to this pension plan is to make the specified contributions from salaries. As at 31 December 2025 the Group had no liabilities for supplementary pensions, health care, insurance benefits or retirement indemnities to its current or former employees.

(c) Compliance with covenants

At 31 December 2025, the Group continued to be in breach of the loan agreement with the EBRD. Tranche A (€1.9 million, c. £1.6 million) and Tranche B (€3.3 million, c. £2.8 million) were not repaid by their maturity date of 1 December 2024, and although the Group made occasional partial interest payments since 1 March 2022, a significant portion of contractual interest remains outstanding. The loan remains classified as a current liability due to ongoing covenant breaches and the absence of formal waivers, and management is not aware of any action by the EBRD to accelerate repayment.

31.COMMITMENTS AND CONTINGENCIES (continued)

(d) Litigations and claims

The Group's operations and financial position will continue to be affected by Ukrainian political developments including the application of existing and future legislation and tax regulations. Management believes that the Group has complied with all regulations and paid or accrued all taxes that are applicable. In the ordinary course of business, the Group is subject to various legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of the Group's operations. Where the risk of outflow of resources is probable, the Group has accrued liabilities based on management's best estimate.

(e) Other

The amount of non-cancellable lease commitments is insignificant.

As at 31 December 2025 the Group does not possess any finance lease and hire purchase commitments, capital commitments and guarantees.

As of 31 December 2025, the amount of VAT input tax credits related to blocked VAT vouchers amounted to £211 thousand (as of 31 December 2024: £430 thousand).
The Group's management considers these amounts to be recoverable and continues to undertake actions aimed at unblocking the respective VAT vouchers and supporting the Group's entitlement to the related VAT input tax credits in accordance with applicable legislation. As of the date of approval of these consolidated financial statements, the process of unblocking such VAT vouchers is ongoing.

32. SUBSEQUENT EVENTS

At the time of publication of the annual report, the war between Ukraine and Russia is ongoing. The Group continues to operate, and management maintains control over all operations.

After the reporting date, the Group continued implementing corporate restructuring initiatives launched in 2025, aimed at simplifying the legal structure, reducing administrative complexity, and consolidating operational activities. In January 2026, the legal formalisation of these processes progressed, including the execution of the transfer act related to the reorganisation of Krasylivskyi Molochnyi Zavod Private Enterprise by accession to Zhivyi Kvas LLC. Both entities are wholly-owned subsidiaries of the Group. These steps confirm the transfer of the relevant assets, rights and obligations to the successor entity, and the integration process remains ongoing. These events are non-adjusting under IAS 10 and did not affect the amounts reported as at 31 December 2025.

In June 2026, two leased office premises sustained physical damage as a result of nearby missile and drone attacks. The damage included broken glazing, doors, ceiling panels, displaced furniture and equipment, and possible structural issues currently under assessment. No employees were injured, and no production facilities were affected. Customer contracts and deliveries continue without disruption.

32. SUBSEQUENT EVENTS (continued)

Management considers this a non-adjusting post-balance sheet event under IAS 10, which does not materially affect the financial statements for the period under audit nor alter the Group's going concern assessment.

The Group is operating in an environment of increasing macroeconomic and geopolitical uncertainty. Recent developments, including the escalation of conflict in the Middle East, have contributed to upward pressure on global fuel prices. Diesel represents a significant input cost across the Group's production and logistics chain, and changes in fuel prices may affect operating costs and margins in subsequent periods. These developments are being closely monitored by management.

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.