

Porsche Ukraine LLC

**Separate Financial Statements
prepared in accordance to
International Financial Reporting Standards**

**for the year ended 31 December 2022
with Management Report
and Independent Auditor's Report**

Translation from Ukrainian original

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Independent auditor's report

To the General Meeting of Participants of Porsche Ukraine LLC

Report on the audit of the financial statements

Opinion

We have audited the separate financial statements of Porsche Ukraine LLC (the Company), which are presented on pages 1 to 28 and comprise the separate statement of financial position as at 31 December 2022, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements for the preparation of financial statements established by Law of Ukraine "On accounting and financial statements in Ukraine" No. 996-XIV.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 4.(b) in the separate financial statements, which indicates that the Company's operations have been negatively affected by the Russian Federation's military invasion of Ukraine. As stated in Note 4.(b), these events or conditions, along with other matters as set forth in Note 4.(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue and sales bonuses recognition <p>Revenue is the Group's key performance measure, which gives rise to a risk that revenue may be misstated in order to achieve performance targets. Therefore, we identified revenue recognition as a key audit matter.</p> <p>In addition, estimation of sales bonuses provision requires significant judgement. Therefore, this matter was one of the matters of most significance in our audit.</p> <p>Information about accounting policy on revenue and sales bonuses recognition is disclosed in Note 4 to the separate financial statements.</p>	<p>We have considered the Group's accounting policy in respect of revenue and sales bonuses recognition, we focused on analysis of the criteria for revenue recognition and accounting policy in respect of sales incentives programs.</p> <p>We analysed sales contracts terms in respect of transfer of significant risks and rewards of ownership. On a sample basis, we compared the date of transfer of risks and rewards with the date of revenue recognition.</p> <p>We have considered key assumptions used in sales bonuses calculation and management's methodology for its estimation. We analysed the calculation of accruals and assessed the estimation process. On a sample basis we compared documentation received after year-end with accruals made.</p> <p>We tested a sample of revenue and sales returns transactions before and after the year end and compared the period when transaction occurred with the period when it was recorded.</p> <p>We analysed the disclosures made in the</p>



separate financial statements in respect of revenue and sales bonuses.

Valuation and classification of provisions

Provisions are significant to the separate financial statements. In addition, estimation of provisions requires significant judgement. Therefore, this matter was one of the matters of most significance in our audit.

We evaluated the Group's accounting policy in respect of accruals and warranty provision estimation and compared it with the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Information about accounting policy on provisions is disclosed in Note 4 to the separate financial statements. Information on provisions is included in Note 17 to the separate financial statements.

We analysed the provisions calculation process and estimations used by the Group. On a sample basis we compared documentation received after year-end with accruals made.

We assessed key assumptions used in provisions for liabilities and charges calculation and management's methodology for its estimation.

We compared the amounts of provisions for liabilities and charges with accruals made in prior periods and with actually incurred expenses.

We analysed the disclosures made in the separate financial statements in respect of provisions for liabilities and charges.

Other information included in the Company's Management Report for 2022

Other information comprises the information included in the Company's Management Report for 2022, but does not include the separate financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management and the General Meeting of Participants for the financial statements

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

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

The General Meeting of Participants is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

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



ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the General Meeting of Participants 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 the General Meeting of Participants 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the General Meeting of Participants, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Pursuant to the requirements of Article 14 paragraph 4 of Law of Ukraine "On audit of financial statements and auditing activity" No. 2258-VIII (the "Law No. 2258-VIII") we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

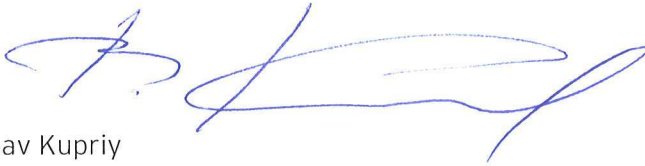
Appointment of the auditor and period of engagement

We were first appointed as independent auditors to perform a statutory audit of the Company's separate financial statements on *14 July 2020* by the General Meeting of Participants. Our appointment has been renewed annually by the General Meeting of Participants. The period of total uninterrupted engagement for performing the statutory audit of the Company is 3 years.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 6 paragraph 4 of Law No. 2258-VIII were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the separate financial statements or the management report.

The partner in charge of the audit resulting in this independent auditor's report is Viacheslav Kupriy.



Viacheslav Kupriy
Partner
for and on behalf of Ernst & Young Audit Services LLC

Kyiv, Ukraine

8 December 2023

Ernst & Young Audit Services LLC is included in the Register of auditors and audit firms, which is maintained by the Audit Public Oversight Body, registration number: 3516.

MANAGEMENT REPORT

This Management Report is prepared in accordance with the requirements of Art. 11 the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 No 996-XIV.

1. Information on activities and organizational structure

The Porsche Ukraine LLC (the "Company") was established in 2007 in the form of Limited Liability Company in Kyiv.

Company registration data

PORSCHE UKRAINE Limited Liability Company (Porsche Ukraine LLC).
EDRPOU (National State Registry of Ukrainian Enterprises and Organizations) code: 35291194
Place of business: 1V Pavla Tychyny avenue, 02152, Kyiv, Ukraine

Founders:

1. PORSCHE AUTOMOTIVE INVESTMENT GmbH Address of founder: 5020, SALZBURG, Louise-Piëch Straße, building 2, AUSTRIA. The amount of the contribution to the statutory fund (UAH): 106.32
2. PORSCHE HOLDING GmbH Address of founder: 5020, SALZBURG, Louise-Piëch Straße, building 2, AUSTRIA. The amount of the contribution to the statutory fund (UAH): 43,893.68

Authorized capital

The authorized capital of the Company is fully formed.

Size (UAH): 44,000.00

Completion date: 27.07.2010

Banks serving the Company

UkrSibbank JSC

Credit Agricole Bank JSC

Business activities

Code of classification of economic activities 45.11 Sale of cars and light motor vehicles (main);

Code of classification of economic activities 45.19 Sale of other motor vehicles;

Code of classification of economic activities 45.20 Maintenance and repair of motor vehicles;

Code of classification of economic activities 45.31 Wholesale trade of motor vehicle parts and accessories;

Code of classification of economic activities 45.32 Retail trade of motor vehicle parts and accessories.

Purpose, goals and strategies to achieve these goals

Porsche Ukraine LLC acts on the Ukrainian market as an importer and wholesaler of Volkswagen, Audi and SEAT, Cupra cars and original spare parts for Volkswagen Group cars.

The company imports cars and spare parts to Ukraine, sells the Group brand's products and provides warranty and service services through an authorized dealer network in accordance with the international standards of the Volkswagen Group.

Thanks to many years of experience in the automotive industry and having in its portfolio a variety of products that cover almost all segments of the automotive industry, the company is able to meet the needs of all the most capricious customers.

Guided by the strategic principles of the concern (decentralized network, high level of personal responsibility), the company independently and focusing on the market decides on its investments and the use of sales tools.

Information about subsidiaries

Information on the Company's participation in other legal entities:

Porsche Immobilien Ukraine LLC

EDRPOU code 35571509

Location: 02660, Kyiv, street Kolektorna, 1

Form of participation - participant

Percentage of direct ownership - 100%

PCK LLC

EDRPOU code 36683428

Location: 02660, Kyiv, street Kolektorna, 1

Form of participation - participant

Percentage of direct ownership - 9.33324%

Sergo Arkhkon LLC

EDRPOU code 30023089

Location: 02660, Kyiv, street Kolektorna, 1

Form of participation - the founder

Percentage of direct ownership - 0.000446%

EVDK LLC

EDRPOU code 33559013

Location: 02660, Kyiv, street Kolektorna, 1

Form of participation - the founder

Percentage of direct ownership - 0.001095%

Organizational structure and management

The Supreme management body of the Company is the General Shareholders Meeting.

The authorized signatories

GRAF JOSEF - General Director since April 6, 2018.

BOSTANDZHIEV DENYU RADKOV - Director since November 1, 2018 till April 30, 2023.

GARAN MARIIA OLEKSIIVNA - Director since May 1, 2023.

Date and number of the entry in the USR on the state registration of the legal entity

Date of recording: 07.08.2007

Record number: 1 068 102 0000 020603

2. The impact of the economic situation on the financial condition and performance

The Company conducts its operations in Ukraine. At the beginning of 2022, geopolitical tensions surrounding a potential military aggression by the Russian Federation led to another devaluation of the hryvnia and deterioration of economic forecasts regarding the recovery of the Ukrainian economy. On 24 February 2022, the Russian Federation started a full-scale war against Ukraine. According to the Decree of the President of Ukraine, martial law was imposed on the entire territory of Ukraine. Military aggression by Russia has a negative impact on socio-economic conditions and opportunities for economic activity.

Further socio-economic development depends on the timing of the end of the Russian Federation's war against Ukraine and the pace of Ukraine's post-war recovery. Military aggression has a negative impact on the Company's financial position and operating results in a way that currently cannot be determined.

The Company's management monitors the development of the current situation due to military aggression and takes measures to minimize the negative consequences as much as possible. Management has considered all available information regarding the recent events mentioned above and the existing and projected anticipated impact of various other operating environment factors. Based on the analysis conducted, the management concluded that the assumption regarding the going concern, as detailed below, are reasonable for the preparation of financial statements.

3. Key financial performance indicators of Porsche Ukraine LLC**The main balance sheet positions of Porsche Ukraine LLC (in thousands of Ukrainian hryvnias)**

Balance sheet position	31.12.2022	31.12.2021
Non-current assets	196,245	254,368
Inventories	51,216	120,921
Cash and cash equivalents	170,777	299,500
Equity	373,353	327,438
Non-current lease liabilities and provisions	44,346	85,082
Trade payables	393,234	67,065
Current liabilities and provisions	107,191	281,216

Revenue structure (in thousands of Ukrainian hryvnias)

Revenues	2022	2021	%
Revenue from sale of cars	3,669,829	9,057,191	-59.48
Revenue from sale of spare parts	647,715	874,789	-25.96
Revenue from warranty compensation, net of cost	18,527	–	–
Revenue from services rendered	11,213	23,834	-52.95
Total revenue	4,347,284	9,955,814	-56.33

In 2022 the Company sold 2,704 cars to the dealer network, which showed a decrease of 62.0 % compared to 2021 (2021: 7,107 cars).

At the same time, according to the results of 2022, the level of income from the sales of cars, spare parts and services decreased by 56.33 % compared to 2021.

According to Ukravtoprom statistics, the total sales of new passenger cars in 2022 in Ukraine amounted to 37,002 units, which is 63.6% less than in 2021. The sales of brands which belong to the Company comprised 8.5% of the total volume. The situation on the light commercial vehicles market also showed decrease compared to the previous year. The year volume was estimated as 4,941 units with market share of 5.2 % of the Company.

Cost of sales structure (in thousands of Ukrainian hryvnias)

Cost of sales	2022	2021	%
Cost of cars sold	3,228,335	8,193,128	-60.60
Cost of spare parts sold	403,908	582,592	-30.67
Cost of warranty net of reimbursement	–	34,401	–
Cost of services provided	2,042	9,224	-77.86
Total cost of sales	3,634,285	8,819,345	-58.79

Performance results (in thousands of Ukrainian hryvnias)

	2022	2021	%
Gross profit	712,999	1,136,469	-37.26
Net profit	276,241	680,761	-59.42

4. Liquidity and liabilities**Liquidity and liabilities**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with liabilities.

The company has a stable financial condition, has daily cash resources. Management monitors daily the Company's cash flow forecasts. The company has no overdue obligations to contractors and partners. The company's liquidity is provided by current trading operations and is sufficient for business activities. In its activities during 2021-2022, the company did not raise loans.

As at 31 December 2022 and 31 December 2021, all financial liabilities had a maturity of less than one year.

5. Environmental aspects**Environment protection**

Porsche Ukraine LLC is part of Porsche Holding and is part of the Volkswagen Group; accordingly, in its activities it is guided by corporate policies, regulations and procedures.

Based on the concept of environmental protection, which was approved in 2019, the Volkswagen Group is committed to the following requirements: leadership, compliance, environmental protection, cooperation with stakeholders, continuous improvement.

The Volkswagen Group is implementing numerous environmental programs, and "GoTOzero" strategy promotes the way of doing business which is environmentally friendly and works without CO2 emissions - this is the goal set by the Volkswagen Group by 2050.

Volkswagen's environmental policy includes four areas of activity: climate change, resources, air quality, and environmental compliance. Thanks to a new corporate policy in the field of environmental protection, the Volkswagen Group sets a clear focus on new achievements. Efforts are aimed at improving the environment and cover the entire

production cycle, from the development, production and operation of cars to the further processing of vehicles.

6. Social aspects and personnel policy

Personnel policy

During 2022, the average number of full-time employees of the company was 102 employees, including 40 women. The company has a Collective Agreement, which guarantees the protection of the rights and interests of each employee. Everyone has equal rights and opportunities regardless of gender, race, age, place of residence, religion and political beliefs.

The company adheres to high standards in the field of providing decent and safe working conditions for employees, the development of their professional qualities, operates in accordance with the principles of conscientious work practices and respect for human rights.

Employees development is one of the main directions. The company improves the skills of its employees remotely, at trainings, seminars and workshops. By increasing the level of knowledge and skills, the employees can implement more complex projects and tasks, thereby strengthening their competencies and developing the Company itself.

The company has a Code of Conduct, which reflects the basic principles of corporate conduct and ethical standards of employees. The Code is based on the principles of honesty and integrity and sets out minimum requirements for employee conduct.

The company fully complies with the requirements of the legislation in the field of labor protection and safety and fire safety.

Social responsibility

The company is an active participant in social projects. For a long time, the company has been supporting charitable projects for SOS Children's Villages Ukraine - an organization working in the field of developing family forms of education for children deprived of parental care and supporting families in difficult life circumstances to prevent social orphanhood.

In 2022, the Company joined an important social initiative and handed over 2 cars Volkswagen T-Cross, 1 car - SEAT Ibiza car SOS Children's Villages Ukraine. Cars are used for trips of social workers, teachers and psychologists to provide humanitarian and psychological support to children who were forced to temporarily leave their permanent place of residence, as well as those who are on the front-line and de-occupied territories, and children whose parents participate in the military actions.

7. Use of financial instruments that have a material effect on the measurement of assets, liabilities, financial position and income or expenses

Risks

The risk management function within the Company is carried out in respect of financial risks, operational and legal risks.

Financial risk includes market risk (including currency risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits and then ensure that exposure to risks stays within these limits.

Operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimize operational and legal risks.

The main risk factors that affected the Company during 2022 were the consequences of the military invasion of the Russia Federation and the related instability of the political and economic situation, such as the devaluation of the national currency, significant exchange rate fluctuations, decrease in GDP and the purchasing power of the population, forced internal and external migration of the population, the decrease of the automobile market.

Credit risk

The Company has an inherent credit risk, namely the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position as follows (in thousands of Ukrainian hryvnias):

	2022	2021
Trade and other receivables	468,123	13,099
Cash and cash equivalents - bank balances payable on demand	1,777	134,400
Cash and cash equivalents - time deposits with a maturity of less than three months	169,000	165,100
The total maximum level of credit risk	638,900	312,599

The company structures the levels of credit risk it assumes by setting limits on the amount of risk taken against counterparties. Credit risk limits are regularly approved by management. Such risks are monitored on an ongoing basis and are subject to annual or more frequent review.

The Company's management monitors and discloses credit risk concentrations by receiving reports on the list of exposures to counterparties with total balances exceeding 1% of the Company's net assets.

As at 31 December 2022, the Company had no counterparties with total receivables over the established by the Company credit risk limits (31 December 2021: there was not).

8. Description of activities in the field of research and innovation

Research and innovation

The Volkswagen Concern develops and implements innovative technologies aimed at the safety and comfort of trips. The Group is constantly increasing investments in electric mobility, autonomous driving and related technologies, for which it is planned to allocate 180 billion dollars during 2023-2027. It is predicted that in 2025, every fifth car sold will have an electric motor.

With the launch of the Audi e-tron electric car in Ukraine in 2019, the Company is one of the leaders in the Ukrainian market of new premium electric cars (according to Ukravtoprom).

9. Probable prospects for further development (including information on mergers or acquisitions)

Development prospects

Based on forecast liquidity indicators, trends in the continued functioning of the automotive industry as a whole, and the intentions of the Company's participants to continue doing business in Ukraine. The Company plans to continue operational activities in the future, taking into account the events related to the military activities on the territory of Ukraine, which began on February 24, 2022 year, and have already caused and continue to have a negative impact both on the country's economy as a whole and on the automobile industry in particular.

In 2023, the Company aims to maintain market position in the sale of cars and spare due to the uninterrupted deliveries, competitive prices in order to provide stable financial performance and profit.

Particular attention will be paid to further improving operational efficiency - modernization of operating systems, optimization and automation of business processes, digitalization.

10. Disclosure of information about corporate governance

The main systems of internal control, audit and risk management, including those related to the process of preparing financial statements.

The following documents are freely available on the company's website:

- Code of Conduct
- Code of corporate ethics for business partners
- The concept of environmental

In thousands of Ukrainian hryvnias

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	8	25,337	44,093
Investment property	10	33,477	37,212
Intangible assets other than goodwill	9	24,199	25,520
Investments accounted for using equity method	13	85,782	85,782
Deferred tax assets	23	27,450	61,761
Total non-current assets		196,245	254,368
Current assets			
Inventories	14	51,216	120,921
Trade and other current accounts receivable	11	468,123	13,099
Current financial investments		3,272	-
Other current non-financial assets		27,902	72,414
Cash and cash equivalents	7	170,777	299,500
Total current assets, excluding non-current assets or disposal groups, classified as held for sale or held for consideration by owners		721,290	505,934
Total current assets		721,290	505,934
Deferred expenses		589	499
Total assets		918,124	760,801

Equity and liabilities			
Equity			
Share capital	15	44	44
Retained earnings		373,309	327,394
Total amount of equity		373,353	327,438
Liabilities			
Non-current liabilities			
Non-current provisions			
Other non-current provision	17	39,999	62,946
Total amount of non-current provisions		39,999	62,946
Other non-current liabilities	18	4,347	22,136
Total amount of current liabilities		44,346	85,082
Current liabilities			
Current provisions			
Other current provisions	17	107,191	281,216
Total amount of current provisions		107,191	281,216
Trade and other current liabilities	16	365,641	16,678
Current tax liabilities, current		-	11,020
Other current liabilities	18	18,944	17,899
Other current non-financial liabilities		8,649	21,468
Total current liabilities, excluding liabilities included in disposal groups, classified as held for sale		500,425	348,281
Total amount of current liabilities		500,425	348,281
Total amount of liabilities		544,771	433,363
Total amount of equity and liabilities		918,124	760,801

Approved and signed on 8 December 2023 on behalf of the Company's management

Head of Finance

Kateryna Kovalchuk

Chief Accountant

Nataliya Tymko



In thousands of Ukrainian hryvnias

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
Revenue from ordinary activities	19	4,347,284	9,955,814
Cost of sales	20	(3,634,285)	(8,819,345)
Gross profit		712,999	1,136,469
Other income	22	9,748	66,169
Distribution costs	21	(159,419)	(245,538)
Administrative expenses	21	(111,550)	(112,715)
Other expenses	22	(118,298)	(17,386)
Profit (loss) from operating activities		333,480	826,999
Finance income		10,736	8,695
Finance costs		(7,061)	(5,202)
Income (loss) before taxation		337,155	830,492
Tax revenues (expenses)	23	(60,914)	(149,731)
Profit (loss) from ongoing activities		276,241	680,761
Profit (loss)		276,241	680,761

Approved and signed on 8 December 2023 on behalf of the Company's management

Head of Finance

Kateryna Kovalchuk

Chief Accountant

Nataliya Tymko



In thousands of Ukrainian hryvnias

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
Cash flows from (for) operating activities			
Profit (loss)		276,241	680,761
Adjustments for profit (loss) adjustment			
Adjustment of income tax expenses	23	60,914	149,731
Adjustments for decrease (increase) in inventories		109,551	394,803
Adjustments for decrease (increase) in other operating receivables		(459,837)	-
Adjustments for increase (decrease) in trade accounts payable		63,599	(670,212)
Adjustments for depreciation and amortization expenses	21	31,759	31,452
Adjustments for provisions		92,967	660,289
Adjustments for unrealized foreign exchange losses (gains)		238	111
Other adjustments for non-cash items		(11,918)	(16,886)
Total adjustments to reconcile profit (loss)		(112,727)	549,288
Net cash flows from (used in) activities		163,514	1,230,049
Interest paid		(7,061)	(5,202)
Income taxes refund (paid)	23	(40,895)	(166,439)
Net cash flows from (used in) operating activities		115,558	1,058,408
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(2,679)	(7,666)
Purchase of intangible assets		(5,268)	(11,662)
Net cash flows from (used in) investing activities		(7,947)	(19,328)
Cash flows from (used in) financing activities			
Payments of lease liabilities		(16,744)	(13,815)
Dividends paid		(230,326)	(961,497)
Other inflows (outflows) of cash		10,736	8,695
Net cash flows from (used in) financing activities		(236,334)	(966,617)
Net increase (decrease) in cash and cash equivalents		(128,723)	72,463
Cash and cash equivalents at the beginning of the period	7	299,500	227,037
Cash and cash equivalents at the end of the period	7	170,777	299,500

Approved and signed on 8 December 2023 on behalf of the Company's management

Head of Finance



Kateryna Kovalchuk

Chief Accountant

Nataliya Tymko

In thousands of Ukrainian hryvnias

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Equity
At 1 January 2021	44	608,130	608,174
Changes in equity			
Comprehensive income:			
Profit (loss)		680,761	680,761
Comprehensive income		680,761	680,761
Decrease due to another distribution between owners, equity		(961,497)	(961,497)
Total amount of increase (decrease) in equity		(280,736)	(280,736)
Balance at 31 December 2021	44	327,394	327,438
At 1 January 2022	44	327,394	327,438
Changes in equity			
Comprehensive income:			
Profit (loss)	–	276,241	276,241
Comprehensive income	–	276,241	276,241
Decrease due to another distribution between owners, equity	–	(230,326)	(230,326)
Total amount of increase (decrease) in equity	–	45,915	45,915
Balance at 31 December 2022	44	373,309	373,353

Approved and signed on 8 December 2023 on behalf of the Company's management

Head of Finance

Kateryna Kovalchuk

Chief Accountant

Nataliya Tymko



In thousands of Ukrainian hryvnias

1. Porsche Ukraine LLC and its Operations

The Porsche Ukraine LLC (the "Company") was established in 2007 in the form of Limited Liability Company in accordance with Ukrainian regulations.

As of 31 December 2022 and 2021 the Company's immediate parent was Porsche Holding Gesellschaft mbH and the Company was ultimately controlled by Volkswagen AG.

Principal activity. The Company's principal business activity is wholesale of imported cars and spare parts produced by Volkswagen Group.

Registered address and place of business. The Company's registered address is 1V Pavla Tychyny avenue, 02152, Kyiv, Ukraine.

2. Operating Environment of the Company

As a result of the full-scale armed aggression of the Russian Federation against Ukraine, which began on February 24, 2022, the Decree of the President of Ukraine dated February 24, 2022 No. 64/2022 "On the imposition of martial law in Ukraine" imposed martial law in Ukraine. The Russian Federation's full-scale military invasion of Ukraine resulted in casualties and population displacement, infrastructure damage, production and supply chain disruptions, increased business production costs, situational hyped demand for certain goods and services, and a decline in overall economic activity. A significant number of companies in Ukraine are forced to suspend or limit their activities for an indefinite period as of the date of preparation of these financial statements. The company decided to continue operational activities in compliance with anti-crisis and other management security measures, as well as to continue monitoring the situation in the country.

In 2022, the Ukrainian economy faced significant difficulties, primarily related to a reduction in budget revenues, an increase in military expenditures, and the need to finance social needs. As a result, the country's GDP fell by approximately 30.4%, consumer inflation rose to 26.6% year-on-year, and unemployment reached 25%. Nevertheless, the state tries to compensate for the destructive pressure of the war with a policy of transferring the burden of war consequences from business and the population to the budget (support programs, fixing the hryvnia exchange rate, freezing tariffs for the population), which became possible thanks to receiving financial assistance from international partners.

For the stable functioning of the banking system, the National Bank of Ukraine (hereinafter referred to as "the NBU") introduced temporary monetary and currency restrictions and fixed the official exchange rate of the hryvnia to the US dollar on February 24, 2022 at the level of UAH 29.2549/dollar. USA, which from July 21, 2022 was increased by 25% to 36.5686 hryvnias/US dollars. Until June 2, 2022, the NBU discount rate remained at the level of 10% per annum, and starting from June 3, 2022, the NBU set the discount rate at the level of 25% per annum. Despite the general instability in the country, the banking system continued to function normally, remaining stable with sufficient liquidity, and offering standard banking services to its customers. In addition, thanks to the significant financial support received in 2022 and exports from Ukraine, the NBU managed to increase its foreign exchange reserves to USD 28.5 billion at the end of the year. Strong financial support and exports also helped ease the pressure on the hryvnia in the foreign exchange market. Thanks to the measures adopted to stabilize the economy, the demand for cars is beginning to recover, although it remains lower than in the pre-war period.

Attacks by the Russian armed forces on Ukraine went beyond military objectives, spreading to civilian infrastructure, which led to the destruction or damage of energy facilities and, as a result, to power outages in various regions. Nevertheless, the functioning of the country's energy system was stabilized, which allowed to continue its work during the winter months.

In such conditions, the Company continues to conduct operations: sales of goods continue, but in smaller volumes, settlements with customers and suppliers are carried out. The final outcome of the war and its consequences are extremely difficult to predict, but it is obvious that they will have an extremely negative impact on the economy of Ukraine and the Company's business. Nevertheless, despite considerable uncertainty, the operating environment in Ukraine has demonstrated a high level of adaptability and resilience to the challenges that have arisen.

3. Significant accounting judgments, estimates and assumptions

The Company accounts for and presents transactions and other events in accordance with their substance and economic reality and not merely their legal form.

The preparation of separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. These estimates are based on information available as at the end of the reporting period. Actual results could differ from these estimates. The key judgments, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that represents a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

In thousands of Ukrainian hryvnias

Judgements

Risk of non-compliance with tax and other legislation.

Ukrainian legislation and regulations on taxation and other regulatory issues continue to change. Legislation and regulations are not always clearly stated and may be interpreted differently by local, regional and national authorities. Management believes that it used the correct interpretation of the relevant legislation and the Company has complied with all regulatory requirements regarding the charging and payment of taxes.

Estimates and assumptions

Provision for expected credit losses (ECL) of trade and other receivables.

The Company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Deferred tax asset recoverability.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Warranty provision

The company provides warranty for repairs to eliminate defects that existed at the moment of sale. The assumptions used to calculate the provision for warranties are based on the current and previous periods of car sales under warranty, past experience of the level of warranty costs. Estimates of warranty costs are reviewed annually.

4. List of Accounting Policies

(a) Basis of preparation

The separate financial statements of the Company have been prepared based on the taxonomy of financial statements according to international standards in a single electronic format in a version approved by the International Accounting Standards Board (IASB) and comply with the requirements of the Law on "Accounting and Financial Reporting in Ukraine" No. 996-XIV regarding to the preparation of financial statements.

The users of the separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 in order to obtain an appropriate understanding of the financial position, results of operations and cash flows of the Company and its subsidiaries.

The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements are presented in thousands of Ukrainian hryvnia ("thousand UAH"), unless otherwise stated. All figures are shown rounded.

(b) Continuity of activity

These separate financial statements have been prepared on a going concern basis. While preparing separate financial statements for the year 2022, the management assessed the Company's ability to continue its activities in the future, taking into events the related to the hostilities on the territory of Ukraine, which began on 24 February 2022, and have already caused and continue to have a negative impact both on the country's economy as a whole and on the automotive industry in particular.

So far, the known effects of the war on the Company were as follows:

- ▶ the Company's income decreased to 4,347,284 thousands from 9,955,814 thousands UAH in 2021;
- ▶ the Company's net profit decreased to 276,241 thousands UAH from 680,761 thousands UAH in 2021;
- ▶ net cash flows from the Company's operating activities decreased to 115,558 thousands UAH from 1,058,408 thousands UAH in 2021.

In thousands of Ukrainian hryvnias

As of the date of approval of these financial statements, the Company's fixed assets have not suffered physical damage and are not located in temporarily occupied territories. In the spring 2022 a part of cars from the stock reserves with a book value 52,659 thousands UAH disappeared as a result of military activities in the territory of the Kyiv region, where the Company's warehouse was located. Criminal proceedings were initiated on the losses of the cars. There were no other cases of damage or loss of the Company's goods. The Company continues to protect and monitor assets.

The Company has taken the following steps to respond to the above challenges:

- ▶ significantly reduced budgets for renting premises, company car fleet, sales expenses.
- ▶ since the beginning of the war, the Company has continued to constantly pay wages to its employees.

The Company's management prepared the forecast of its activities for the next 12 months from the date of authorization of these separate financial statements. Thus, the Company's management expects a recovery in sales volumes, profits, cash flows from operating activities, however, the Company's liquidity remains sufficient to maintain the main areas of activity and fulfill its obligations.

The Company has formed a warehouse stock of spare parts, which is sufficient to meet the current needs of customers of the service department, and also has the ability to purchase new spare parts.

The management, based on the forecast of indicators of liquidity, the trends of continued operation of the automotive industry as a whole and the intentions of the Company's participants regarding the continuation of business in Ukraine, believes that there are sufficient grounds for preparing this report based on the principle of continuous activity.

At the same time, there is a significant uncertainty associated with the unforeseeable further impact of military aggression on the territory of Ukraine regarding the assumptions underlying management's estimates, which may cast significant doubt on the Company's ability to continue its operations on a non-stop basis and, accordingly, to realize the assets and to fulfill the Company's obligations in the ordinary course of economic activity.

(c) Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost using the effective interest method.

Initial recognition of financial instruments

Financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the price in an active market. 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. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost.

Classification of financial assets

The Company classifies its financial assets as at amortized cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The Company's financial assets are term deposits, trade and other accounts receivable, cash and cash equivalents.

Financial assets impairment – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for financial instruments measured at AC. The Company measures ECL and recognizes Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial assets are presented in the statement of financial position net of the allowance for ECL.

The Company adopted the simplified expected credit loss model, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, financial instruments are grouped based on shared credit risk characteristics and the days past due. Depending on the number of days that a trade receivable is overdue, gross carrying amount multiplied by the applicable percentages, gives the amount of the loss allowance required to be recognized. The percentages are determined based on historical default rates for corresponding overdue category.

In thousands of Ukrainian hryvnias

The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in separate statement of comprehensive income.

Financial instruments - Key measurement terms

Depending on their classification financial instruments are carried at fair value or amortized cost as described below. *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 best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analyzed by level in the fair value hierarchy as follows:

- (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. *Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

Amortized cost ("AC") is the amount at which the financial instrument, subsequently to initial recognition, recognizes less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method.

Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Derecognition of financial assets

The Company derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Classification of financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities include trade and other accounts payable, finance lease. Financial liabilities are carried at amortized cost.

In thousands of Ukrainian hryvnias

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorized for issue are disclosed in the subsequent events note.

Employee benefits

Wages, salaries, social contributions to the Ukrainian state funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated into entity's functional currency at the official exchange rate of the National Bank of the Ukraine ("NBU") at the respective end of the reporting period. The exchange rates used for translating foreign currency balances were

	31 December 2022	31 December 2021
UAH/USD as of	36.57	27.28
UAH/EUR as of	38.95	30.92

Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into entity's functional currency at year-end official exchange rates of the NBU are recognized in profit or loss as other operating income or other operating expense for transactions and balances directly related to both operating and financing activity of the Company.

Impairment of non-financial assets

Intangible and tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorized prior to filing relevant tax returns. Taxes other than income taxes are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

In thousands of Ukrainian hryvnias

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Useful lives in years
Buildings, constructions	20 years
Machinery and equipment	4 years
Tools, devices, inventory, furniture	4 years
Other fixed assets	4-12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of total comprehensive income when the asset is derecognized.

Intangible assets

The Company's intangible assets have definite useful lives and primarily include computer software, licenses and rights for exclusive sale. Acquired intangible assets are capitalized on the basis of the costs incurred to acquire and bring them to use.

Intangible assets are amortized using the straight-line method over their useful lives as follows:

	Useful lives in years
Software licenses	4 - 10 years
Other licenses	4 - 10 years
Rights for exclusive sale of Audi branded cars	5 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Investment property

Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company.

Investment property is initially recognized at cost, including transaction costs. Since investment properties are rented to the entity being related party under common control, it is subsequently measured at cost less depreciation and impairment, where required.

Investment property is depreciated using the straight-line method to allocate the cost to the residual values over the estimated useful life of 20 years.

Earned rental income is recorded in profit or loss for the year within other operating income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investments in subsidiaries

Subsidiaries are those investees, including structured entities, that the Company controls because the Company (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns.

The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Company has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Company may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Company assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee.

Authorized capital

The Company was established in a form of a limited liability company and has no issued shares. In accordance with the current legislation of Ukraine and the Company's Charter, the Company's participants have unconditional right to

In thousands of Ukrainian hryvnias

reimburse their share in its capital at any time in cash in the amount of its proportional share in the fair value of assets of the Company. The amount of the reimbursement is a variable amount and depends on the fair value of the Company's net assets determined in accordance with IFRS. The obligation of the Company to provide reimbursement of the participants' shares in its capital results in the financial obligation, the amount of which is equal to the present value of the reimbursement, even if the obligation in question depends on the intention of the participants to exercise their right. However, under certain circumstances, the Company classifies its net assets as capital, provided that the following criteria specified in pp 16A and 16B of IAS 32, are met:

a) The instrument grants the holder the right to a proportional share of the Company's net assets in case of liquidation. The net assets of the Company are those assets that remain after deducting all other requirements for its assets. The proportional share is determined by:

- 1) dividing the net assets of the Company during its liquidation on units of equal value; and
- 2) multiplying this amount by the number of units available from the holder of the financial instrument.

(b) The tool belongs to a class of tools that is subordinate to all other classes of tools. To include in this class the tool:

- 1) should not have any priority over other requirements for the assets of the Company during its liquidation, and
- 2) does not necessarily have to be converted to another tool before it is included in the class of tools that are subordinated to all other classes of tools.

(c) All financial instruments of a class subordinated to all other classes of instruments have identical characteristics.

For example, all of them should have the right to back up, and all the tools in this class should use the same formula or other method of calculating the price for a repurchase or repayment.

(d) In addition to a contractual obligation of the issuer to repurchase or repay an instrument in exchange for cash or another financial asset, this instrument does not include any other contractual obligation to supply cash or another financial asset to another entity or to exchange financial assets or financial assets obligations with another entity on terms that are potentially unfavorable to the Company; this instrument is also not a contract that is or can be paid off by the Company's own equity instruments.

(e) The total expected cash flows of the instrument over its duration mainly depend on profit or loss, changes in recognized net assets or changes in the fair value of the recognized and unrecognized net assets of the Company during the term of the instrument (except for any effects from the tool itself).

The management believes that each of the above criteria is satisfied, therefore the net assets of the Company are classified as equity.

Lease

Right-of-Use Assets

The Company recognizes a right-of-use asset on the commencement date of the lease (i.e. on the date that the underlying asset becomes available for use). The right-of-use asset is measured at cost, less accumulated depreciation and accumulated impairment losses, adjusted for the revaluation of the lease liability. The initial cost of a right-of-use asset consists of the sum of the initial estimate of the lease liability, the initial direct costs and the lease payments made on or before the commencement date of the lease, less lease incentives received. If the Company is not reasonably certain that it will acquire ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the earlier of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is reviewed for impairment of the asset's usefulness.

Lease obligation

At the commencement date of the lease, the Company recognizes a lease liability at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable; variable lease payments dependent on an index or rate; and amounts expected to be paid by residual value guarantees. The lease payments also include the exercise price of an acquisition opportunity (option) if there is reasonable certainty that the Company will exercise such an opportunity, and the payment of penalties for terminating the lease if the lease term reflects the potential opportunity (option) to terminate the lease. Variable payments that do not depend on an index or rate are recognized as expenses in the period in which the corresponding event or condition occurs, leading to the implementation of such payments.

To calculate the present value of the lease payments, the Company applies the incremental borrowing rate of the lessee on the commencement date of the lease if the allowable rate of interest in the lease cannot be readily determined. After the lease commencement date, the lease liability increases to reflect accrued interest and decreases to reflect the lease payments made. Also, in the event of a modification, a change in the lease term, a change in the nature of the fixed lease payments, or a change in the opportunity (option) to purchase the underlying asset, the carrying amount of the lease liabilities is reassessed.

Inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of inventory is determined on the weighted average basis for spare parts and identified cost basis for motor vehicles. The cost of goods comprises cost of acquisition, other direct costs such as transport costs and custom clearance cost and related overheads.

In thousands of Ukrainian hryvnias

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of additional equipment and selling expenses.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Revenue recognition

Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognized in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognized net of discounts, returns and value added taxes.

Revenues from sales of goods

Sales are recognized when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in Provisions for liabilities and charges) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Revenues from providing services

Revenues from sales of services are recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Financing component

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Value added tax (VAT)

VAT liability related to sales is payable to tax authorities on the earlier of:

- collection of receivables from customers or
- delivery of goods or services to customers.

VAT asset is generally recoverable against VAT liability upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized and disclosed in the statement of financial position on a net basis as an asset or liability.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortized cost using the effective interest method.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and are subsequently carried at AC using the effective interest method.

In thousands of Ukrainian hryvnias

5. New and amended standards and interpretations

The accounting policies adopted in 2022 are consistent with those of the previous financial year, except for the new and amended IFRS adopted with effect from 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new interpretations, amendments and improvements have been adopted by the Company for the first time to the financial reporting periods commencing or after 1 January 2022:

- ▶ Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- ▶ Amendments to IFRS 3 – "Reference to Conceptual Frameworks"
- ▶ Amendments to IAS 16 – "Fixed assets: receipts for intended use"
- ▶ Amendments to IAS 37 – "Onerous contracts - contract performance costs"
- ▶ Amendments to IFRS 9 "Financial instruments" – commission fee when conducting the "10% test" in the event of the end of recognition of a financial liability
- ▶ Amendments to IAS 41 "Agriculture" – taxation in fair value measurement.

The adoption of the interpretations, amendments and improvements has no material impact on the financial statements of the Company.

Standards issued but not yet effective

In preparing these financial statements, the Company applied all standards and interpretations that were effective for periods beginning on or after January 1, 2022, as stated in Note 5.

As of the date of approval of these financial statements, the following IFRSs and IFRICs have been issued but not yet effective. Management believes that the application of these standards will not have an impact on the Company's financial statements in future periods and plans to apply these standards and interpretations from the moment they become effective.

Standards and amendments	Start date
Amendments to IAS 8 - "Definition of accounting estimates"	1 January 2023
Amendments to IAS 1 and practical application of IFRS (2) - "Disclosure of accounting policies"	1 January 2023
Amendments to IAS 12 - "Deferred taxes related to assets and liabilities arising from a single transaction"	1 January 2023
Amendments to IFRS 17 – "Insurance Contracts"	1 January 2023
Amendments to IAS 1 "Classification of liabilities as short-term or long-term"	1 January 2024
Amendments to IAS 16 - "Lease Liability in Sale and Leaseback"	1 January 2024

6. Balances and transactions with related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free, settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Dividends

In 2022 dividends in amount of UAH 230,326 thousand (2021: UAH 961,497 thousand) were declared and fully paid to participants.

Name and identification code of the mother company:

Porsche Holding Gesellschaft mbh, 91-112/6076

Key management personnel compensation

Key management personnel consists of 2 top executives (2021: 2 top executives). In 2022 total compensation to key management personnel included in administrative expenses amounted to UAH 9,535 thousand (2021: UAH 11,971 thousand).

In thousands of Ukrainian hryvnias

thousand). Compensation to the key management personnel consists of salary, bonus payments and apartment lease expenses.

	Other related parties	
	2022	2021
Purchase of goods, transactions between related parties	3,489,733	6,396,355
Income from the sale of goods, transactions between related parties	460,554	1,185,790
Services received, transactions between related parties	34,491	42,538
Received interest-free reimbursable financial aid, transactions between related parties	345,000	-
Income from the provision of services, transactions between related parties	51,128	98,660
Accounting for rent by the landlord, transactions with the related party (Note 22)	5,967	8,288
Lease accounting by the lessee, transactions with the related party	15,323	20,095
Transfer under financing agreements from the business entity, transactions between related parties	6,767	408
Amounts of accounts payable, transactions between related parties at the end of the reporting period (Note 16)	358,703	6,911
Amounts of receivables, transactions between related parties at the end of the reporting period	8,081	7,851

7. Cash and cash equivalents

In thousands of Ukrainian hryvnias	31 December 2022	31 December 2021
Bank balances payable on demand	1,777	134,400
Term deposits with original maturity of less than three months	169,000	165,100
Total cash and cash equivalents	170,777	299,500

As at 31 December 2022 the Company had EUR 14.7 thousand on the bank accounts. As at 31 December 2021 the Company had EUR 210.2 thousand on the bank accounts.

Analysis by credit quality of bank balances is as follows:

In thousands of Ukrainian hryvnias	Bank balances payable on demand	
	31 December 2022	31 December 2021
<i>Rated by Fitch Ratings</i>		
Not rated	170,777	299,500
Total cash and cash equivalents	170,777	299,500

As at 31 December 2022 and 31 December 2021 cash and cash equivalents were held with subsidiaries of international banks operating in Ukraine.

In thousands of Ukrainian hryvnias

8. Property, plant and equipment

As at 31 December 2022 the cost of fully depreciated property, plant and equipment which remain in use amounted to UAH 32,131 thousand (2021: UAH 24,603 thousand).

			Fixed assets at the beginning of the period	Growth except as a result of business combination, fixed assets	Depreciation, fixed assets	Disposal, fixed assets	Total amount of disposal and decommissioning, fixed assets	The total amount of increase (decrease) in fixed assets	Fixed assets at the end of the period
Buildings	Gross book value	At 31 December 2022	77,158	268	–	(5,443)	(5,443)	(5,175)	71,983
		At 31 December 2021	80,450	8,532	–	(11,824)	(11,824)	(3,292)	77,158
	Accumulated depreciation	At 31 December 2022	(42,982)	–	(17,114)	3,059	3,059	(14,055)	(57,037)
		At 31 December 2021	(37,902)	–	(16,904)	11,824	11,824	(5,080)	(42,982)
	Carrying amount	At 31 December 2022	34,176	268	(17,114)	(2,384)	(2,384)	(19,230)	14,946
	At 31 December 2021	42,548	8,532	(16,904)	–	–	(8,372)	34,176	
Vehicles	Gross book value	At 31 December 2022	–	130	–	–	–	130	130
		At 31 December 2021	–	–	–	–	–	–	–
	Accumulated depreciation	At 31 December 2022	–	–	–	–	–	–	–
		At 31 December 2021	–	–	–	–	–	–	–
	Carrying amount	At 31 December 2022	–	130	–	–	–	130	130
	At 31 December 2021	–	–	–	–	–	–	–	
Devices and accessories	Gross book value	At 31 December 2022	21,736	692	–	(2,159)	(2,159)	(1,467)	20,269
		At 31 December 2021	21,421	315	–	–	–	315	21,736
	Accumulated depreciation	At 31 December 2022	(20,261)	–	(1,039)	2,156	2,156	1,117	(19,144)
		At 31 December 2021	(18,647)	–	(1,614)	–	–	(1,614)	(20,261)
	Carrying amount	At 31 December 2022	1,475	692	(1,039)	(3)	(3)	(350)	1,125
	At 31 December 2021	2,774	315	(1,614)	–	–	(1,299)	1,475	
Communication and network equipment	Gross book value	At 31 December 2022	11,485	3,453	–	(22)	(22)	3,431	14,916
		At 31 December 2021	10,380	1,171	–	(66)	(66)	1,105	11,485
	Accumulated depreciation	At 31 December 2022	(5,852)	–	(2,042)	22	22	(2,020)	(7,872)
		At 31 December 2021	(4,103)	–	(1,815)	66	66	(1,749)	(5,852)
	Carrying amount	At 31 December 2022	5,633	3,453	(2,042)	–	–	1,411	7,044
	At 31 December 2021	6,277	1,171	(1,815)	–	–	(644)	5,633	
Other fixed assets	Gross book value	At 31 December 2022	8,084	652	–	(1,404)	(1,404)	(752)	7,332
		At 31 December 2021	5,768	2,387	–	(71)	(71)	2,316	8,084
	Accumulated depreciation	At 31 December 2022	(5,440)	–	(856)	891	891	35	(5,405)
		At 31 December 2021	(3,898)	–	(1,613)	71	71	(1,542)	(5,440)
	Carrying amount	At 31 December 2022	2,644	652	(856)	(513)	(513)	(717)	1,927
	At 31 December 2021	1,870	2,387	(1,613)	–	–	774	2,644	
Unfinished construction	Gross book value	At 31 December 2022	165	–	–	–	–	–	165
		At 31 December 2021	–	165	–	–	–	165	165
	Accumulated depreciation	At 31 December 2022	–	–	–	–	–	–	–
		At 31 December 2021	–	–	–	–	–	–	–
	Carrying amount	At 31 December 2022	165	–	–	–	–	–	165
	At 31 December 2021	–	165	–	–	–	165	165	
Fixed assets	Gross book value	At 31 December 2022	118,628	5,195	–	(9,028)	(9,028)	(3,833)	114,795
		At 31 December 2021	118,019	12,570	–	(11,961)	(11,961)	609	118,628
	Accumulated depreciation	At 31 December 2022	(74,535)	–	(21,051)	6,128	6,128	(14,923)	(89,458)
		At 31 December 2021	(64,550)	–	(21,946)	11,961	11,961	(9,985)	(74,535)
	Carrying amount	At 31 December 2022	44,093	5,195	(21,051)	(2,900)	(2,900)	(18,756)	25,337
	At 31 December 2021	53,469	12,570	(21,946)	–	–	(9,376)	44,093	

In thousands of Ukrainian hryvnias

9. Intangible assets

			Intangible assets other than goodwill at the beginning of the period	Increases other than as a result of business combinations, intangible assets other than goodwill	Depreciation, intangible assets other than goodwill	Disposals, intangible assets other than goodwill	Total amount of disposal and decommissioning, intangible assets other than goodwill	Total amount of increase (decrease) in intangible assets other than goodwill	Intangible assets other than goodwill at the end of the period
Computer software	Gross book value	At 31 December 2022	218,270	5,653	–	–	–	5,653	223,923
		At 31 December 2021	206,079	12,192	–	(1)	(1)	12,191	218,270
	Accumulated depreciation	At 31 December 2022	(193,135)	–	(6,589)	–	–	(6,589)	(199,724)
		At 31 December 2021	(187,678)	–	(5,458)	1	1	(5,457)	(193,135)
Carrying amount	At 31 December 2022	25,135	5,653	(6,589)	–	–	(936)	24,199	
	At 31 December 2021	18,401	12,192	(5,458)	–	–	6,734	25,135	
Intangible assets under construction	Gross book value	At 31 December 2022	385	–	–	(385)	(385)	(385)	–
		At 31 December 2021	914	557	–	(1,086)	(1,086)	(529)	385
	Accumulated depreciation	At 31 December 2022	–	–	–	–	–	–	–
		At 31 December 2021	–	–	–	–	–	–	–
Carrying amount	At 31 December 2022	385	–	–	(385)	(385)	(385)	–	
	At 31 December 2021	914	557	–	(1,086)	(1,086)	(529)	385	
Intangible assets other than goodwill	Gross book value	At 31 December 2022	218,655	5,653	–	(385)	(385)	5,268	223,923
		At 31 December 2021	206,993	12,749	–	(1,087)	(1,087)	11,662	218,655
	Accumulated depreciation	At 31 December 2022	(193,135)	–	(6,589)	–	–	(6,589)	(199,724)
		At 31 December 2021	(187,678)	–	(5,458)	1	1	(5,457)	(193,135)
Carrying amount	At 31 December 2022	25,520	5,653	(6,589)	(385)	(385)	(1,321)	24,199	
	At 31 December 2021	19,315	12,749	(5,458)	(1,086)	(1,086)	6,205	25,520	
Intangible assets and goodwill	Gross book value	At 31 December 2022	218,655	5,653	–	(385)	(385)	5,268	223,923
		At 31 December 2021	206,993	12,749	–	(1,087)	(1,087)	11,662	218,655
	Accumulated depreciation	At 31 December 2022	(193,135)	–	(6,589)	–	–	(6,589)	(199,724)
		At 31 December 2021	(187,678)	–	(5,458)	1	1	(5,457)	(193,135)
Carrying amount	At 31 December 2022	25,520	5,653	(6,589)	(385)	(385)	(1,321)	24,199	
	At 31 December 2021	19,315	12,749	(5,458)	(1,086)	(1,086)	6,205	25,520	

10. Investment Property

Movements in the amount of investment property were as follows:

			Investment property at the beginning of the period	including investment property completed	Increase as a result of acquisitions, investment property	The total amount of increase (decrease) in investment property	Depreciation, investment property	The total amount of increase (decrease) in investment property	Investment property at the end of the period	including investment property completed
At cost	Gross book value	31 December 2022	74,412	74,412	384	384	–	384	74,796	74,796
		31 December 2021	73,873	73,873	539	539	–	539	74,412	74,412
	Accumulated depreciation	31 December 2022	(37,200)	(37,200)	–	–	(4,119)	(4,119)	(41,319)	(41,319)
		31 December 2021	(33,152)	(33,152)	–	–	(4,048)	(4,048)	(37,200)	(37,200)
Carrying amount	31 December 2022	37,212	37,212	384	384	(4,119)	(3,735)	33,477	33,477	
	31 December 2021	40,721	40,721	539	539	(4,048)	(3,509)	37,212	37,212	
Total score	Gross book value	31 December 2022	74,412	74,412	384	384	–	384	74,796	74,796
		31 December 2021	73,873	73,873	539	539	–	539	74,412	74,412
	Accumulated depreciation	31 December 2022	(37,200)	(37,200)	–	–	(4,119)	(4,119)	(41,319)	(41,319)
		31 December 2021	(33,152)	(33,152)	–	–	(4,048)	(4,048)	(37,200)	(37,200)
Carrying amount	31 December 2022	37,212	37,212	384	384	(4,119)	(3,735)	33,477	33,477	
	31 December 2021	40,721	40,721	539	539	(4,048)	(3,509)	37,212	37,212	

In thousands of Ukrainian hryvnias

11. Trade Receivables and Other Receivables

<i>In thousands of Ukrainian hryvnias</i>	31 December 2022	31 December 2021
Cash covered letter of credit with a limited right of use	458,387	-
Trade receivable for the main activity	14,871	13,421
Allowance for expected credit loss	(5,135)	(322)
Total trade receivables and other receivables	468,123	13,099

The fair values of financial receivables as at 31 December 2022 and 31 December 2021 approximate their carrying values as of these dates.

The following table represents financial accounts receivable by currency:

<i>In thousands of Ukrainian hryvnias</i>	31 December 2022	31 December 2021
- USD	461,965	1,661
- EUR	3,395	3,525
- UAH	2,763	7,913
Total financial accounts receivable	468,123	13,099

Analysis of trade and other receivables and financial assistance receivables by quality is as follows:

<i>In thousands of Ukrainian hryvnias</i>	31 December 2022	31 December 2021
<i>Current</i>		
- Receivables from related parties	7,451	6,769
- Receivables from Ukrainian dealers	6,030	5,570
- Cash covered letter of credit with a limited right of use	458,387	-
Total current receivables	471,868	12,339
- less than 90 days overdue	845	1,082
- 91 to 180 days overdue	545	-
Total receivables (gross carrying amount)	473,258	13,421
Credit loss allowance	(5,135)	(322)
Total	468,123	13,099

As at 31 December 2022, the Company had a cash covered letter of credit with limited right of use opened in Ukrainian bank in US dollars to cover the purchase of vehicles from a related party.

12. Prepayments

The structure of the prepayments as at 31 December 2022 and 31 December 2021 is presented as follows:

<i>In thousands of Ukrainian hryvnias</i>	31 December 2022	31 December 2021
Prepayments to customs office	19,837	47,345
Prepayments for goods and services	3,847	17,299
Prepayments for taxes and duties other than income tax and VAT	197	193
Total prepayments	23,881	64,837

13. Shares of participation in other business entities

In 2022 there were no movements in the amount of investments in subsidiaries (2021 there were no movements). The following table provides information about principal subsidiaries of the Company:

Name	Nature of business	Country of registration	Percentage of direct ownership as at 31 December 2022	Percentage of direct ownership as at 31 December 2021
Porsche Immobilien Ukraine LLC	Real estate	Ukraine	100%	100%
Sergo Arhkon LLC	Real estate	Ukraine	0,000446%	0,000446%
Evdak LLC	Real estate	Ukraine	0,001095%	0,001095%
PCK LLC	Real estate	Ukraine	9,33324%	9,33324%

As at 31 December 2022 and 31 December 2021 percentage of voting rights did not differ from percentage of ownership.

In thousands of Ukrainian hryvnias

Porsche Immobilien Ukraine LLC is immediate parent of Sergo Arhkon LLC, Evdak LLC and PCK LLC holding remaining share in equity of those entities as at 31 December 2022 and 31 December 2021.

Disclosure of information about subsidiaries	A subsidiary company 1	A subsidiary company 2	A subsidiary company 3	A subsidiary company 4
Name of subsidiary	Porsche Immobilien Ukraine LLC	Sergo Arhkon LLC	Evdak LLC	PCK LLC
Identification code	35571509	30023089	33559013	36683428
The main place of business activity	Ukraine	Ukraine	Ukraine	Ukraine
Country of registration	Ukraine	Ukraine	Ukraine	Ukraine

14. Inventories

In thousands of Ukrainian hryvnias	31 December 2022	31 December 2021
Goods for resale – cars and spare parts ((at lower of cost and net realisable value)	53,817	119,207
Other (at cost)	2,971	2,710
Provision for impairment	(5,572)	(996)
Total inventories	51,216	120,921

15. Authorized capital

In 2022 dividends in amount of UAH 230,326 thousand were declared and fully paid to participants. As at 31 December 2022 and as at 31 December 2021 the Company had no liabilities to participants for unpaid dividends.

16. Trade Payables and Other Payables

The following table represents trade payables by currency:

In thousands of Ukrainian hryvnias	31 December 2022	31 December 2021
- UAH	351,339	8,764
- EUR	12,465	7,914
- USD	1,837	–
Total trade payables	365,641	16,678

Trade payables to the related parties amounted to UAH 358,703 thousand as of 31 December 2022 and UAH 6,911 thousand as of 31 December 2021 (note 6)

The fair values of payables as at 31 December 2022 and 31 December 2021 approximate their carrying values as of these dates.

17. Other provisions, commitments and contingent assets

Disclosure of information about other provisions, commitments and contingent assets

In thousands of Ukrainian hryvnias	Carrying amount at 1 January 2022	Provision/(Reversal of provision) charged to profit or loss	Reclassification (from)/to long-term provisions	Utilisation of provision	Carrying amount at 31 December 2022
Other non-current provisions					
Warranties	32,054	6,394	(70)	(22,436)	15,942
Certification	30,892	(6,835)	–	–	24,057
Total other non-current provisions	62,946	(441)	(70)	(22,436)	39,999
Other current provisions					
Dealers network support	48,393	(12,931)	–	(34,513)	949
NOx provision	5,733	(11)	–	(7)	5,715

In thousands of Ukrainian hryvnias

Provision for dealers' bonuses	108,742	91,663	–	(189,209)	11,196
Golf Sportwagen	5,686	(2,281)		(23)	3,382
Warranties	61,425	19,647	70	(47,436)	33,706
Certification	37,859	(3,924)	–	–	33,935
Other	13,378	18,938		(14,008)	18,308
Total other current provisions	281,216	111,101	70	(285,196)	107,191
Total other provisions	344,162	110,660	–	(307,632)	147,190

<i>In thousands of Ukrainian hryvnias</i>	Carrying amount at 1 January 2021	Provision/(Reversal of provision) charged to profit or loss	Utilisation of provision	Carrying amount at 31 December 2021
Other non-current provisions				
Warranties	36,797	32,935	(37,678)	32,054
Certification	35,980	(5,088)	–	30,892
Total other non-current provisions	72,777	27,847	(37,678)	62,946
Other current provisions				
Dealers network support	17,030	48,393	(17,030)	48,393
NOx provision	6,543	–	(810)	5,733
Provision for dealers' bonuses	94,551	621,087	(606,896)	108,742
Golf Sportwagen	7,762	(454)	(1,622)	5,686
Warranties	69,924	63,700	(72,199)	61,425
Certification	43,101	(5,242)	–	37,859
Other	17,372	14,908	(18,902)	13,378
Total other current provisions	256,283	742,392	(717,459)	281,216
Total other provisions	329,060	770,239	(755,137)	344,162

NOx Provision.

The U.S. California Air Resources Board (CARB) and Environmental Protection Agency (EPA) have informed the public in the United States that the emissions testing of Volkswagen diesel-powered vehicles found some issues proving to be the violation of the U.S. environmental laws. The testing suggests that those issues affect up to 11 million vehicles with specific diesel engines worldwide, out of which nearly 18.5 thousand vehicles are on the Ukrainian market. It primarily deals with Euro engines, motor type 5 EA 189. As per findings, the volumes depend on the version of the affected engines. Technical measures include, depending on the series and model year, software and partially hardware measures. During 2022 the Company continued to refit and recall the affected vehicles as part of those technical measures.

Provision for dealers' bonuses

In 2015 the Company introduced bonuses for dealers for accomplishment of sales targets. Provision in the amount of UAH 11,196 thousand represents management's estimate of the amount of bonuses as at 31 December 2022 (31 December 2021: UAH 108,742 thousand).

Provisions for dealership network

In 2022 management has reassessed the amount of provision for financial support to be made available to the Company's dealership network and as of 31 December 2022 the provision amounts to UAH 949 thousand (2021: UAH 48,393 thousand).

Warranty provision

The Company acts as a sole official importer of cars of certain brands in Ukraine and has legal obligation to undertake warranty repairs for customers. As at 31 December 2022, the Company recognised UAH 33,706 thousand of current warranty provision and UAH 15,942 thousand of non-current warranty provision (31 December 2021: UAH 61,425 thousand and UAH 32,054 thousand, respectively).

In thousands of Ukrainian hryvnias

Golf Sportwagen provision

During 2017 – 2018 cars sold by Porsche Ukraine included approximately 2,5 thousand VW Golf Sportwagen. For these cars new individual certification and registration is considered in Ukraine. As of 31 December 2022 the expected future costs in this regard amounted to UAH 3,382 thousand (31 December 2021: UAH 5,686).

Certification provision

Considering the certification legislation as of 31 December 2022 the Company has built up UAH 33,935 thousand of current provision and UAH 24,057 thousand of non-current provision for expenses associated with planned actions in this respect (31 December 2021: UAH 37,859 thousand and UAH 30,892 thousand, respectively).

Contingencies and Commitments

Legal proceedings.

From time to time and in the normal course of business claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in the separate financial statements.

Tax legislation.

Ukrainian tax and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Company may be challenged by the relevant authorities. Recent events within Ukraine suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Transfer pricing.

There were no significant changes in Ukrainian transfer pricing (hereinafter – TP) rules in 2022 comparing to 2021. Under Ukrainian TP rules transactions are considered as controlled transactions for the TP purposes, if the following conditions are met simultaneously:

- the annual income of the taxpayer from any activity, determined by the accounting rules, exceeds UAH 150,000 thousand (net of indirect taxes) for the relevant tax (reporting) year;
- the volume of such business transactions of the taxpayer with each counterparty, determined according to the accounting rules, exceeds UAH 10,000 thousand (net of indirect taxes) for the relevant tax (reporting) year.
-

The deadline for submission of the report on controlled transactions is by 1 October following the reporting year, and for submission of TP documentation is not later than 1 month after a request is made by the tax office (if any) as prescribed by the Tax Code.

Management believes that the Company's pricing policy is based on market conditions, as it has implemented internal control procedures to ensure compliance with transfer pricing legislation. The Company intends to actively defend the tax positions and interpretations applied in determining the amount of taxes recognized in these financial statements, in case they are challenged by the relevant authorities.

Given that the practice of implementing the new transfer pricing rules in Ukraine has not yet been established, the impact of appeals from the relevant authorities regarding the Company's transfer pricing cannot be reliably estimated. In the assessment of the Company's management, there is a low probability that the tax liabilities for income tax and prices applied in controlled transactions as of December 31, 2022 and for the period ended on that date may be challenged by tax authorities.

18. Lease

Company as leaseholder

Right-of-use assets

<i>In thousands of Ukrainian hryvnias</i>	31 December 2022
Right-of-use assets that do not meet definition of investment property at the beginning of the period	32,825
Right-of-use assets that do not meet definition of investment property at the end of the period	13,869

In thousands of Ukrainian hryvnias

The Company recognized lease liabilities as follows:

<i>In thousands of Ukrainian hryvnias</i>	31 December 2022	31 December 2021
Short-term lease liabilities	18,944	17,899
Long-term lease liabilities	4,347	22,136
Total lease liabilities	23,291	40,035

Interest expense included in finance costs of 2022 was UAH 7,061 thousand (2021: UAH 5,202 thousand).

Expense relating to short-term leases (not included in lease liabilities) included in general and administrative expenses of 2022 was UAH 16,589 thousand (2021: UAH 25,420 thousand).

<i>In thousands of Ukrainian hryvnias</i>	Buildings		Land and buildings		Fixed assets		Assets	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Disclosure of information about the right of use assets	32,825	41,860	32,825	41,860	32,825	41,860	32,825	41,860
Increase, assets for the right of use	(2,384)	7,572	(2,384)	7,572	(2,384)	7,572	(2,384)	7,572
Depreciation right of use assets	(16,572)	(16,607)	(16,572)	(16,607)	(16,572)	(16,607)	(16,572)	(16,607)
Right of use assets at the end of the period	13,869	32,825	13,869	32,825	13,869	32,825	13,869	32,825

19. Revenue

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
Revenue from sale of cars	3,669,829	9,057,191
Revenue from sale of spare parts	647,715	874,789
Revenue from warranty compensation, net of reimbursement	18,527	–
Revenue from services rendered	11,213	23,834
Total revenue	4,347,284	9,955,814

20. Cost of Sales

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
Cost of cars sold	3,228,335	8,193,128
Cost of spare parts sold	403,908	582,592
Cost of warranty net of reimbursement	–	34,401
Cost of services provided	2,042	9,224
Total cost of sales	3,634,285	8,819,345

21. Distribution, General and Administrative Expenses

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
Payroll and social contribution	112,776	94,208
Depreciation	31,759	31,452
Software maintenance	27,431	27,655
Dealers network support	20,763	54,493
Transport services	19,333	28,903
Other staff related costs	18,356	6,462
Leased cars	15,321	20,093
Consulting and audit services	9,524	12,657
Advertising and marketing costs	6,230	52,570
Legal costs	4,409	15,985
Rental cost	1,268	5,327
Costs of car certification	487	780
Other distribution and general costs	3,312	7,668
Total	270,969	358,253
<i>Classified as:</i>		
- Distribution costs	159,419	245,538
- General and administrative expenses	111,550	112,715

Expenses associated with leased cars and rental costs included short-term leases.

In thousands of Ukrainian hryvnias

22. Other Operating Income and Expenses

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
Rental income (note 6)	5,967	8,288
Factory Sales Bonuses	2,394	30,443
Foreign exchange gains less losses	-	11,020
Other	1,387	16,418
Total other operating income	9,748	66,169

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
Foreign exchange losses less gains	53,537	-
Losses from write-off of current stocks	52,659	-
Reserve for expected credit losses and other write-offs	4,813	-
Other	7,289	17,386
Total other operating expenses	118,298	17,386

23. Income Taxes

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
Current tax expenses (income from tax refunds)	26,603	152,467
Current tax expense (income) and adjustments for current tax of prior periods	26,603	152,467
Deferred tax expense (income) relating to origination and reversal of temporary differences	34,311	(2,736)
Total amount of tax expenses (income from tax refund)	60,914	149,731

Differences between IFRS and statutory taxation regulations in Ukraine give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 18% in both years.

The tax effects of the movements in the temporary differences for the year 2022 are:

<i>In thousands of Ukrainian hryvnias</i>	1 January 2022	Charged/ (credited) to profit or loss	31 December 2022
Tax effect of deductible/(taxable) temporary differences			
Fixed assets	1,701	(141)	1,560
Provisions for liabilities and charges	59,823	(35,860)	23,963
Inventories	179	824	1,003
Other	58	866	924
Net deferred tax asset/(liability)	61,761	(34,311)	27,450

The tax effects of the movements in the temporary differences for the year 2021 are:

<i>In thousands of Ukrainian hryvnias</i>	1 January 2021	Charged/ (credited) to profit or loss	31 December 2021
Tax effect of deductible/(taxable) temporary differences			
Fixed assets	1,846	(145)	1,701
Provisions for liabilities and charges	56,706	3,117	59,823
Inventories	396	(217)	179
Other	77	(19)	58
Net deferred tax asset/(liability)	59,025	2,736	61,761

In thousands of Ukrainian hryvnias

	Provision for credit losses	Unrealized gains (losses) on exchange rate differences	Other temporary differences	Temporary differences	Unused tax losses	Unused tax benefits	Temporary differences, unused tax losses and unused tax benefits
31 December 2022							
<i>Disclosure of temporary differences, unused tax losses and unused tax benefits</i>							
<i>Deferred tax assets and liabilities</i>							
Deferred tax assets			27,450	27,450			27,450
Deferred tax liabilities							
Net deferred tax liability (asset)			(27,450)	(27,450)			(27,450)
<i>Deferred tax expenses (income from tax refunds)</i>							
Deferred tax expense (income) recognised in profit or loss			34,311	34,311			34,311
<i>Reconciliation of changes in deferred tax liability (asset)</i>							
Deferred tax liability (asset) at the beginning of the period			(61,761)	(61,761)			(61,761)
<i>Changes in deferred tax liability (asset)</i>							
Deferred tax expense (income) recognised in profit or loss			34,311	34,311			34,311
Total amount of increase (decrease) in deferred tax liability (asset)			34,311	34,311			34,311
Deferred tax liability (asset) at the end of the period			(27,450)	(27,450)			(27,450)

	Provision for credit losses	Unrealized gains (losses) on exchange rate differences	Other temporary differences	Temporary differences	Unused tax losses	Unused tax benefits	Temporary differences, unused tax losses and unused tax benefits
31 December 2021							
<i>Disclosure of temporary differences, unused tax losses and unused tax benefits</i>							
<i>Deferred tax assets and liabilities</i>							
Deferred tax assets			61,761	61,761			61,761
Net deferred tax liability (asset)			(61,761)	(61,761)			(61,761)
<i>Deferred tax expenses (income from tax refunds)</i>							
Deferred tax expense (income) recognised in profit or loss			(2,736)	(2,736)			(2,736)
<i>Reconciliation of changes in deferred tax liability (asset)</i>							
Deferred tax liability (asset) at beginning of period			(59,025)	(59,025)			(59,025)
<i>Changes in deferred tax liability (asset)</i>							
Deferred tax expense (income) recognised in profit or loss			(2,736)	(2,736)			(2,736)
Total increase (decrease) in deferred tax liability (asset)			(2,736)	(2,736)			(2,736)
Deferred tax liability (asset) at the end of the period			(61,761)	(61,761)			(61,761)

<i>In thousands of Ukrainian hryvnias</i>	2022	2021
<i>Reconciliation of accounting profit multiplied by applied tax rates</i>		
Accounting profit	337,155	830,492
Expenses for tax payment (income from tax refunds) at the applied tax rate	60,688	149,489
Tax impact of non-deductible expenses in determining taxable profit (tax loss)	226	242
Total amount of expenses for tax payment (income from tax refund)	60,914	149,731
<i>Reconciliation of the average effective tax rate and the applied tax rate</i>		
Accounting profit	337,155	830,492
Applied tax rate,%	18,00%	18,00%
Total average effective tax rate,%	18,07%	18,03%

24. Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

In thousands of Ukrainian hryvnias

Currency risk.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at the end of the reporting period

In thousands of Ukrainian hryvnias	As 31 December 2022			As 31 December 2021		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
US Dollars	461,965	21,741	440,224	1,661	25,501	(23,840)
Euros	3,395	12,465	(9,070)	10,025	7,914	2,111
Total	465,360	34,206	431,154	11,686	33,415	(21,729)

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency, with all other variables held constant:

In thousands of Ukrainian hryvnias	As 31 December 2022	As 31 December 2021
	Impact on profit before tax	Impact on profit before tax
US Dollar strengthening by 10%	44,022	(2,384)
US Dollar weakening by 10%	(44,022)	2,384
Euro strengthening by 10%	(907)	211
Euro weakening by 10%	907	(211)

Interest rate risk.

The Company has limited exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Liquidity risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by management of the Company. Management monitors daily rolling forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base primarily consisting of trade and other payables.

As at 31 December 2022 and 31 December 2021 all financial liabilities have maturity less than one year.

Credit risk.

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position as follows:

In thousands of Ukrainian hryvnias	As 31 December 2022	As 31 December 2021
Trade and other receivables	468,123	13,099
Cash and cash equivalents		
	1,777	134,400
Bank balances payable on demand	169,000	165,100
Term deposits with original maturity of less than three months	638,900	312,599

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk

Credit risks concentration

The Company is exposed to concentrations of credit risk. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to counterparties with aggregated balances in excess of 1% of the Company's net assets. At 31 December 2022 the Company had no counterparties (31 December 2021 had no counterparties) with aggregated receivables balances above.

In thousands of Ukrainian hryvnias

As at 31 December 2022 the Company's cash and cash equivalents are held with two banks (31 December 2021: two banks).

<i>Articles</i>	Trade receivables	Other financial instruments	Financial instruments- Total
Maximum vulnerability to credit risk	468,123	170,777	638,900

25. Changes in liabilities related to financing activities

<i>In thousands of Ukrainian hryvnias</i>	Зобов'язання з виплати дивідендів	Орендні зобов'язання	Всього
Carrying amount as at 1 January 2021	–	48,407	48,407
Origination	961,497	5,443	966,940
Accrued interest expense	–	5,202	5,202
Repayment of principal debt	(961,497)	(13,815)	(975,312)
Repayment of accrued interest	–	(5,202)	(5,202)
Carrying amount as at 31 December 2021	–	40,035	40,035
Origination	230,326	–	230,326
Accrued interest expense	–	7,061	7,061
Repayment of principal debt	(230,326)	(16,744)	(247,070)
Repayment of accrued interest	–	(7,061)	(7,061)
Carrying amount as at 31 December 2022	–	23,291	23,291

26. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to participants, return authorized capital to participants and receive contributions to capital from owners. The amount of capital that the Company managed as of 31 December 2022 was UAH 373,353 thousand (31 December 2021: UAH 327,438 thousand).

27. Events after the reporting period

After the end of the reporting period, martial law in the country has been extended, tension persists.

The company has taken precautionary measures to preserve property and goods, such as moving warehouses to safer areas of Ukraine, importing vehicles for the end customer, keeping vehicle stocks from storage.

There were no significant events after the reporting date until the date of approval of the financial statements.