

**Private Joint Stock Company
"Concern-Electron"**

Consolidated Financial Statements
Year ended December 31, 2019
With Independent Auditor's Report

Joint Stock Company "Concern-Electron"

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INDEPENDENT AUDITOR'S REPORT

To the General meeting and management of PJSC "Concern-Electron"

Qualified opinion

In our opinion, except the information pointed in paragraph Basis of Qualified Opinion of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of **Private Joint Stock Company "Concern-Electron"** as at December 31, 2019, its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

We have audited the consolidated financial statements of the **Private Joint Stock Company "Concern-Electron"**, (the "Company") and its subsidiaries (the Group) –which comprise: the Statement of the consolidated financial position as of December 31, 2019, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from January 1 to December 31, 2019 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

Basis for Qualified Opinion

As of December 31, 2019 trade payables included overdue commitments on the amount of 5227 thousand UAH and other current liabilities on the amount of 4727 thousand UAH. At the date of the Auditor's Report, the Company did not make the decision to write off these overdue commitments.

As part of the Company's Equity is additional capital on the total amount of 216 169 thousand UAH. The sources of formation of this additional capital and its compliance with IFRSs have not been confirmed. This amount should be included in the item «retained earnings».

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Bank credits

We categorized this issue as important in terms of confirmation management's assumption of Company's going concern, fulfillment of commitments made to banks and check the adequacy of financial expenses for the reporting year. We conducted our procedures that included the review bank obligations in accordance with loan agreements, mortgage agreements, protocols of the Supervisory Board regarding the provision of prior approval for loans, their prolongation.

Our control measures did not revealed threats of the Company's going concern in respect of obtained loans as of December 31, 2019 and to the date of the Auditor's Report.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to the fraud or error.

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We 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.

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the Company's financial statements. We remain solely responsible for our audit opinion.

We provide those with the highest authority with information about the planned scope and timing of the audit and significant audit results, including any material deficiencies in internal control measures identified by us during the audit.

We also provide those who have the highest authority with the assertion that we have fulfilled the relevant ethical requirements for independence and inform them of any relationship and other issues that could reasonably be considered to be affecting our independence, and where applicable, regarding the relevant precautionary measures.

From the list of all matters that were provided to those with the highest authority, we identified those that were most relevant to the audit of the consolidated financial statements of the current period, those that are key audit matters. We describe these issues in our auditor's report, except where a legislative or regulatory act prohibits the public disclosure of such an issue, or when in exceptional circumstances, we determine that such an issue should not be covered in our report since the negative effects of such coverage may be expected to outweigh utility for the public interest.

Other legal and regulatory requirements

In accordance with the requirements of Article 14 (4) of the Law on Auditing Financial Statements and Auditing, we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Appointment of the Auditor and duration of the audit task

We were elected as group auditor of the consolidated financial statements for the year ended 31 December 2019, prepared in accordance with IFRS, by the Decision of the General Meeting of Shareholders. The total duration of the statutory audit tasks does not exceed that allowed under Article 30 of the Law of Ukraine "On Auditing Financial Statements and Auditing Activities".

Provision of non-audit services

We confirm that we did not provide the Company with non-audit services that are prohibited by the provisions of Article 6 of the Law of Ukraine "On Auditing Financial Statements and Auditing Activities". The audit engagement partner and the subject of the audit activity are

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independent in relation to the Group, did not participate in the preparation and adoption of management decisions.

Additional report for the Audit Committee

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee.

Main Information on the Auditing Company

Full name: Business Partners audit consulting firm, Limited liability Company,
EDRPOU Code: 37741155; location: 18/130 Masaryk St, Lviv, 79058, Ukraine; phone/fax:
(032) 249-36-61, +380503173661;

Certificate of Registration in the Register of Auditing Entities no. 4463 as per resolution no 239/3 issued by the Audit Chamber of Ukraine on 29 September 2011,

Conformance Certificate for Auditing Services Quality Control System no. 0712 as per Resolution no.349 issued by the Audit Chamber of Ukraine on 28 September 2017;

Partner in charge of the engagement: Nataliia Tsupryk, auditor; certificate no.005601 dated 25 December 2003.

Managing partner

Nataliia Tsupryk

Lviv, 30 November, 2020



Joint Stock Company "Concern-Electron"

2. Consolidated statement of the financial position

	Year ended 31/12/2019 t UAH	Year ended 31/12/2018 t UAH
Fixed assets	250 458	256 666
Intangible assets	20 247	18 069
Ongoing projects	5 829	3579
Other financial investments	4 525	4525
Long term receivables	13	420
Non-current assets	281 072	283 259
Trade receivables	26 455	35 785
Prepayments to supplies	34 916	22 657
Tax receivables, excluding corporative tax	20 405	15 530
Tax receivables of corporative tax	392	919
Inventory	196 438	132 927
Cash and there equivalents	25 548	68 607
Short- term financial investments	0	2
Other current receivables	26 982	26 119
Current assets	331 136	302 546
Total assets	612 208	585 805
Share capital	57 400	57 400
Additional capital	216 169	216 169
Reserve capital	61 624	61 122
Retained earning	(7 837)	49 361
Withdrawn capital	(21)	(15)
Uncontrollable share	(16 258)	5929
Equity	311 077	389 966

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Long-term bank credits	4 053	6 430
Other long-term liabilities	3963	651
Long-term provisions	16 577	16 555
Targeted financing	4 138	4 138
Long term liabilities	28 731	27 774
Short-term bank credits	94 285	23 761
Current obligation for long term bank credits	269	2 041
Trade payables	44 892	57 331
Tax liabilities excluding corporative tax	3 519	3 611
Tax liabilities of corporative tax	1 055	1 017
Salary	5599	5 510
Other current liabilities	122 781	74 794
	272 400	168 065
Current liabilities		
TOTAL NET ASSETS AND		
LIABILITIES	612 208	585 805



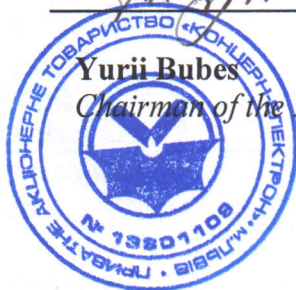
Yurii Bubes
Chairman of the Board

Sofia Babyn
Chief Accountant

Joint Stock Company "Concern-Electron"

3. Consolidated income statement

Items	Year 2019	Year 2018
Sales	439 834	700 263
Cost of sales	(377 520)	(571 277)
Gross profit	62 314	128 986
Other operation income	32 587	26 584
Administrative expenses	(102 263)	(85 536)
Sales expenses	(15 797)	(16 862)
Other operation expenses	(17 389)	(21 618)
Operation profit	(40 548)	31 554
Financial income	2	1
Financial expenses	(14 908)	(12 824)
Other gain and losses	100	24 956
PROFIT BEFORE TAX	(55 354)	43 687
Corporative tax	(3 158)	(6 967)
NET PROFIT AFTER TAXATION	(58 512)	36 720
owners of the parent company	(36 523)	31 742
uncontrollable share	(21 989)	4 978
COMPREHENSIVE INCOME	(58 512)	36 720
owners of the parent company	(36 523)	31 742
uncontrollable share	(21 989)	4 978



Yurii Bubes
Chairman of the Board

Sofia Babyn
Chief Accountant

Joint Stock Company "Concern-Electron"

4. Consolidated statement of changes in equity

	Share capital	Additional capital	Reserve capital	Withdrawn capital	Retained earnings	Uncontrollable share	Total
Equity on December 31, 2017	57 400	216 169	41 315	(9)	52 984	2 496	370 355
Net profit for the current period					31 742	4 978	36 720
Dividends payments					(15 558)	(1 750)	(17 308)
Reserve capital created			19 807		(19807)		0
Withdrawn share				(6)			(6)
Contribution to share capital						205	205
Equity on December 31, 2018	57 400	216 169	61 122	(15)	49 361	5 929	389 966
Net profit for the current period					(36 523)	(21 989)	(58 512)
Dividends payments					(20 173)	(123)	(20 296)
Reserve capital created			502		(502)		0
Withdrawn share				(6)			(6)
Other change in capital						(75)	(75)
Equity on December 31, 2019	57 400	216 169	61 624	(21)	(7837)	(16258)	311 077

Yurii Bubes
Chairman of the Board



Sofia Babyn
Chief Accountant

Joint Stock Company "Concern-Electron"

6. Consolidated cash flow statement

	Items	Year 2019	Year 2018
A	Cash flow from operating activities		
1	Cash in from operation activity	835 841	726 490
	Cash in taxes and social funds	5 887	8 717
2	compensations		
	Other cash in from operating activity	30 927	32 101
3	(including penalties)		
4	Purchases of row materials and services	(692 011)	(553 528)
5	Salaries	(115 060)	(109 556)
6	Social found payments	(27 876)	(28 275)
7	Taxes	(65 681)	(62 050)
8	Other operating activity payments	(43 704)	(29 863)
	Net cash provided by operating activities	(71 677)	(15 964)
1	Income from sales financial investments		27 672
2	Income from sales non-current assets	519	1 155
3	Interest income	757	3 387
4	Other investment income	495	443
5	Purchases of property and equipments	(17 620)	(37 998)
6	Purchases of financial investments	(64)	
7	Other payments	(75)	(8 854)
	Net cash provided by investing activities	(15 988)	(14 195)
C			
1	Contribution to statute capital		205
2	Receiving bank loans	149 486	157 721
3	Other income	2	3798
4	Returning bank loans	(82750)	(197 901)
	Other payments including bank interest on	(4 398)	(2 879)
5	loans		
6	Payments for own share	(6)	(6)
7	Dividends	(16 840)	(14 514)
	Net cash provided by financing activities	45 494	(53 576)
D	Net change in cash and bank (from all kind of activities)	(42 171)	(83 735)
	Cash and bank, beginning of the year	68 607	152 470
	Adjustment for exchange rate differ during the year	(888)	(128)
	Cash and bank, end of the year	25 548	68 607

Yuri Bubes
Chairman of the Board



Sofia Babyn
Chief Accountant

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6. NOTES TO ANNUAL CONSOLIDATE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR 2019

1. Information about the Company

The parent company of PJSC "Concern-Electron" is a joint-stock company registered and has its permanent address (visiting address): Lviv, Storozhenka str., 32, 79018. The registered and physical addresses are the same.

The main activities of the parent and subsidiaries companies are described in Notes 4 and 5.

The parent and subsidiaries companies are combined under the name Group (hereinafter – Group or Company). Structure of the Group at the end of corresponding periods:

Name	Country of registration	Ownership, %		
		31.12.2017	31.12.2018	31.12.2019
"Polymer-Electron" plant	Ukraine	100	100	100
"Electronpobutprylad" plant Ltd	Ukraine	95.64	95.64	95.64
SOE "Enerhotsentral-Electron"	Ukraine	100	100	100
FLC "Electron-Leasing"	Ukraine	100	100	100
"Electron-Carat" SRC	Ukraine	100	100	100
SOE «ElectronMash» plant reorganized to «ElectronMash» LCC	Ukraine	55	55	55
«Electrontrans» LLC JV	Ukraine	64	64	64
Television plant "Electron"	Ukraine	100	100	100
«Spheros-Electron» JV	Ukraine	80	80	80
TSF "Electron"	Ukraine	100	100	100
SDO "Tecon-Electron"	Ukraine	100	100	100
Educational Research and Production complex "Electron"	Ukraine	100	100	100
"Trading House Electron" LLC	Ukraine	-	-	100

Information about the shareholders of the Company

The Parent Company's shareholders on December 31, 2019 were 20506 persons.

The persons with significant shares in the authorized capital:

Shareholder	Number of shares, unit	%
Bubes Yuriy (Ukraine)	918835	5.60
Medvediev Serhiy (Ukraine)	828194	5.05
Rybynok Viktor (Ukraine)	791076	4.82
Statodub Viktoria (Ukraine)	838851	5.11

The information on the ownership of shares by officials:

Position	First name and last name	Number of shares, unit	%
President - Chairman of the	Bubes Yuriy (Ukraine)	918835	5,60

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Board			
First deputy of Chairman of the Board	Lesyk Volodymyr (Ukraine)	270596	1,65
Deputy of Chairman of the Board	Medvedyev Viktor (Ukraine)	724400	4,42
Deputy of Chairman of the Board	Martianov Srdiy (Ukraine)	1000	0,0061
Deputy of Chairman of the Board	Yaremchuk Orest (Ukraine)	656000	4,00
Member of the Board	Starodub Olexandr (Ukraine)	393622	2,40
Member of the Board	Vakiv Mykola (Ukraine)	174000	1,06
Member of the Board	Murava Volodymyr (Ukraine)	105172	0,64
Member of the Board	Kuzovkin Ivan (Ukraine)	-	-
Chairman of Supervisory Board	Rybynok Viktor (Ukraine)	791076	4,82
Deputy of Chairman of Supervisory Board	Medvedyev Serhiy (Ukraine)	828194	5,05
Member of Supervisory Board	Zhdyniak Ziniviy (Ukraine)	1000	0,0061
Member of Supervisory Board	Seniv Zenoviy (Ukraine)	69709	0,43
Member of Supervisory Board	Rudenko Oleg (Ukraine)	363677	2,22
Member of Supervisory Board	Loik Viktor (Ukraine)	88325	0,54
Member of Supervisory Board	Kaparnyk Klavdia (Ukraine)	20658	0,13
Member of Supervisory Board	Romanyshin Ihor (Ukraine)	48564	0,30
Chief Accountant	Babyn Sofia (Ukraine)	176203	1,07
Chairman of the Audit Commission	Kachmar Myroslava (Ukraine)	5659	0,03

2. Basis of Presenting Consolidated Financial Statement

The consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as amended by the International Financial Reporting Standards Board (IFRS Board), including International Accounting Standards (IASs) and Interpretations (IFRICs, International Financial Reporting Standards) issued by the Board. Accounting (IASB), as amended on January 1, 2019, which is officially published on the website of the Ministry of Finance of Ukraine.

3. Summary of Consolidation procedures

Statement of compliance

The Group's consolidated financial statements are general purpose financial statements that are designed to accurately present the financial position, financial performance and cash flows to meet the information needs of a wide range of users in making economic decisions.

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Assumption of the continuity of the Group's activities

The consolidated financial statement is prepared on the basis of continuing business assumption: the turnover of assets and the liabilities occurs in the ordinary course of business. Reporting does not include adjustments that would need to be made if the group could not continue further ordinary activities in accordance with the principle of continuous operations. The consolidated financial statement is prepared on the historical cost principle basis.

The consolidated financial statements prepared by the Group meets all the requirements of current IFRS, as amended by IASB as of January 1, 2019, which ensures reliable presentation of information in the financial statements: appropriate, reliable, comparable and understandable information.

Operational currency, reporting currency

The financial statement is stated in UAH, and all amounts are rounded up to the nearest thousand UAH (Thsd. UAH) unless otherwise stated.

Reporting period

Reporting period of financial statement is a calendar year, the period from January 01, 2019 to December 31, 2019.

Decision on approval of statements

Consolidated financial statement of the Company, for the year ended December 31, 2019, approved for publication by Supervisory Board, on February, 25, 2020. Neither the shareholders nor other persons have the right to make changes to these financial statements after this date, without the consent of the Supervisory Board. The financial statements will be submitted for approval by the General Meeting of Shareholders on April 25, 2020.

Significant accounting policies

The consolidated financial statements include all subsidiaries of the group by combining the statements on the amounts of similar items of assets, liabilities, equity, income and expenses.

A subsidiary is an enterprise controlled by the Company (parent company).

The financial statements of subsidiaries are prepared for the same reporting period as the financial statements of the parent. The accounting policies of subsidiaries are consistent with the accounting policies of the parent.

Investments in subsidiaries are accounted for in a separate statement of financial position of the parent at initial cost with changes that occurred after the acquisition of a share of the net assets of the subsidiary. In accordance with the consolidation procedures, such amount of the parent company's investments and the share of equity of each enterprise are excluded.

Minority interests in profit or loss are determined separately for each subsidiary and summarized in the resulting consolidated statement.

Uncontrolled shares in the net assets of subsidiaries are determined separately from the shares of the value of the parent.

Intergroup balances, transactions, gains and losses are excluded.

Profit and loss relate to the owners of the parent and to the non-controlling interest in accordance with the amount of participation in the capital of the subsidiary.

Investments in subsidiaries

Consolidated financial statement of the Company includes all subsidiaries of the group by aggregating reports on amounts of similar items of assets, liabilities, equity, profits and losses.

Subsidiary company is that, which is controlled by Company (parent company).

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The financial statement of subsidiaries is drawn up like the same reporting period as the financial statement of the parent.

The accounting policy of subsidiaries is according to the accounting policies of the parent company.

Investments in subsidiaries are accounted in a separate financial statement of the parent company at historical cost plus changes which result from the post acquisition net asset value per share of a subsidiary belonging to the group. In accordance with the consolidation procedures, such book value of the parent's investments and the equity of each enterprise are eliminated.

Minority interest in profit or loss is indicated separately for each subsidiary and is incorporated in the consolidated financial statement.

Non-controlling shares in net assets of subsidiaries are indicated separately from the par value stock of the parent company. Intercompany balances, operations, profits and losses are excluded.

Profit and loss are relating to parents owners and to the non controlling shares in accordance with ownership interest of the subsidiary.

Type of relationship between parent and subsidiaries is indicated in Note "Subsidiaries".

Long-term receivables

Long-term receivables are estimated at the amount payable less possible impairment charges.

This debt can include paid mortgages, advances, the return of which will occur in more than 1 calendar year.

Fixed assets

Fixed assets are tangible assets with an expected useful life of more than one year, the value of which exceeds UAH 6,000, and the Company retains them for use in the production or supply of goods or services, for rent or for administrative purposes.

Property, plant and equipment are stated at cost less accumulated depreciation and / or accumulated impairment losses. Such cost includes the cost of replacing parts of equipment and borrowing costs in the case of long-term construction projects, if the recognition criteria are met. If it is necessary to replace significant components of property, plant and equipment at certain intervals, the Company derecognizes the replaced component and recognizes new components with appropriate useful lives and depreciation.

Similarly, in carrying out a basic technical inspection, the costs associated with it are recognized in the carrying amount of property, plant and equipment as a replacement for equipment if the recognition criteria are met. All other costs of repairs and maintenance are recognized in the income statement (statement of financial performance) at the time of incurrence.

Buildings are measured at initial cost minus accumulated depreciation on buildings and impairment losses recognized after the revaluation date. Revaluation is performed with sufficient frequency to ensure that the fair value of the revalued asset does not differ materially from its carrying amount.

An increase in revaluation surplus, except for the part that reverses a decrease in the value of the same asset that occurred as a result of a previous revaluation and previously recognized in the income statement, is recognized in other comprehensive income and accumulated in the revaluation fund composition of capital. Otherwise, the increase in the value of the asset is recognized in the income statement. A revaluation loss is recognized in the income statement, except for the portion that directly reduces the positive revaluation of the same asset that was previously recognized in the revaluation fund.

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The difference between depreciation calculated on the basis of the revalued book value of the asset and depreciation calculated on the basis of the initial value of the asset is transferred from the asset revaluation fund to retained earnings. In addition, the accumulated depreciation at the date of revaluation is eliminated with a simultaneous decrease in the gross book value of the asset, and then the net amount is revalued to the revalued value of the asset. Upon disposal of the asset, the revaluation fund related to a particular asset is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, but not less than the period specified in the Tax Code of Ukraine for the relevant type of asset and is stopped at the time of its decommissioning.

Derecognition of previously recognized property, plant and equipment or a significant component thereof occurs upon disposal or if no future economic benefits are expected from their use or disposal. Income and expenses arising from the write-off of an asset are included in the income statement in the reporting year in which the asset is derecognized.

Liquidation value, useful life and depreciation methods of assets are adjusted if necessary.

Capital investment is the cost of improving the technical and economic capabilities of fixed assets (improvement, modernization, modification, completion, reconstruction), which will lead to increased economic benefits in the future.

Current repairs are the costs of maintaining an item, buildings and equipment in a usable condition (recovery of the facility), which are reflected in the cost of the period.

Investment property

Investment property is initially valued at initial cost, including transaction costs. After initial recognition investment property is accounted for using the cost model, in accordance with the requirements of IAS 16, specified for the relevant item of property, plant and equipment.

Recognition of the investment property in the financial statement is terminated when it is disposed of, or in case it is decommissioned, and its disposal is not expected to provide future economic benefits. The difference between net disposal proceeds and balance sheet assets is recognized in the annual profit and loss statement in which its recognition was terminated.

Categorization in the investment property or from it is made if and only if there is a change in pattern of use of real estate. By transferring from an investment property to a owner-occupied property, the conditional initial value for further accounting purposes is the depreciated book value at the time of change destination. In the case when owner-occupied property becomes the object of investment property, the Company takes into account such real estate in accordance with the policy of accounting for fixed assets until the change of destination.

Intangible assets

Intangible assets that were acquired separately, initially recognized, are valued at their historical cost. After initial recognition, intangible assets are stated at historical cost minus accumulated depreciation and accumulated impairment losses (if any).

Intangible assets produced intercompany, with the exception of capitalized development costs, are not capitalized, and the related costs are recognized in the annual profit and loss statement.

The useful life of intangible assets may be either limited or indefinite.

Intangible assets with a limited useful life are depreciated over this period and are estimated for impairment if there are signs of impairment of the intangible asset. The period and method of depreciation for an intangible asset with a limited useful life are reviewed, if necessary, within the amortization rates specified in the Tax Code of Ukraine.

Changes in the expected useful life the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or

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method, as appropriate, and are treated as changes in accounting estimates. Expenses for depreciation of intangible assets with a limited useful life are recognized in the profit and loss statement in that category of expenses, which corresponds to the function of intangible assets.

Intangible assets with indefinite useful lives are not depreciated, but are tested for impairment annually. The useful life of an intangible asset with an indefinite useful life is reviewed to determine if it is appropriate to continue to attribute the asset to an indefinite useful life category. If this is unacceptable, estimate changes in the useful life period - from indefinite to a limited time - is carried out on a prospective basis.

The gain or loss on derecognized intangible assets is measured as the difference between the net proceeds from the disposal of the asset and the carrying amount of the asset and are recognized in the profit and loss statement at the time that the asset is derecognized.

Research and development costs

Expenditure on research activities are expensed as incurred.

Intangible asset, arising from the expense of developing a particular product is recognized only when the Company could demonstrate the following:

- the technical feasibility of completing an intangible asset, so that it is available for use or sale;

- intention to create an intangible asset and use or sell it;

- how the asset will generate future economic benefits,

- availability of sufficient resources to complete the development;

- the ability to measure reliably the expenditure incurred during the development

After initial recognition of development costs, an expense model is used as an asset that requires assets to be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation of the asset begins after the development, when the asset is ready for use. Depreciation is carried out during the expected period of receipt of future economic benefits. Depreciation is reflected in cost of ownership. During the development period, the asset is annually tested for impairment.

Licenses

Licenses for the use of intellectual property are issued for a period of 5 to 10 years, depending on the nature of the license.

Licenses may be renewed at the end of this period if the Company fulfills the pre-established conditions. Continuation can be done for a small additional fee or free of charge. Therefore, the useful life of these licenses is estimated as indefinite.

Inventories

Inventories are valued at the lower of cost and net realizable value.

The costs incurred in delivering each product to its destination and bringing it into proper condition are taken into account as follows:

- when delivering raw materials increases their book value,

- in the delivery of finished products and work in progress in preparation for sale increases overhead costs,

- when delivering finished products and work in progress to the buyer, sales costs increase.

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

Tangible assets with an expected useful life of more than one year and a value of less than UAH 6,000. are considered low-value non-current tangible assets. Depreciation on such assets is carried out in the first month of use of the object in the amount of 100% of its value.

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Tangible assets with an expected useful life of less than one year are recognized as an expense in the period. Such assets are quantified until disposal.

Impairment of non-financial assets

For each reporting date, the Company determines whether there are any signs of a possible impairment of an asset. If any such indication exist or if an annual review of an impairment loss is required, the Company estimates the expected asset's recoverable amount. Amounts of expected reimbursement - is the larger of the fair value less cost to sell and the value in use.

Impairment losses (including impairment of inventories) are recognized in the profit and loss statement as part of those expense categories that correspond to the function of the impaired asset, except for previously revalued property, when the revaluation was recognized in additional capital. An impairment loss is recognized in additional capital within the amount of the previously reassessed amount.

At each reporting date, the Company determines whether there are any indications that previously recognized impairment losses of asset no longer exist or decreased. If there is an indication the Company calculates the amount of expected return of the asset. The previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the amount of the expected return of the asset since the last recognition of the impairment loss.

Financial assets

Financial assets (other than equity investments) within the scope of IFRS 9 and IAS 32 are classified as financial assets at fair value through profit or loss, respectively; loans and receivables; held-to-maturity investments; financial assets available for sale. The Company classifies its financial assets at initial recognition.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other amounts receivable.

Loans and receivables are non-derivative financial assets with fixed or conditional payments.

After initial recognition, such financial assets are measured at net realizable value, which is determined by reducing the initial cost by the amount of accrued reserves. Accrued reserves are included in other operating expenses in the income statement. Impairment losses are recognized in the income statement as other operating expenses.

Non-derivative financial assets with fixed or contingent payments and a fixed maturity are classified as held-to-maturity investments when the Company has the intent and ability to hold them to maturity. After initial valuation, held-to-maturity investments are measured at cost minus accumulated repayments. Interest is accounted for separately as part of financial income.

A financial asset is derecognised if:

- the rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has undertaken to pay the third party the cash flows received in full and without significant delay in the transaction;

- and or (a) the Company has transferred substantially all the risks and rewards of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence that it is impaired as a result of one or more events occurring after the initial recognition of the asset.

Evidence of impairment may include an indication that the debtor or group of debtors is experiencing significant financial difficulties, is unable to service its debt or is improper in the

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payment of interest or principal, and the likelihood that they will be subject to bankruptcy or financial reorganization. kind. In addition, such evidence includes observable evidence that indicates an estimate of the decrease in expected future cash flows of the financial instrument, in particular, such as changes in arrears or economic conditions that are in some relationship with defaults. on payment of debts.

The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognized in the income statement.

Loans together with the corresponding reserves are excluded from the statement of financial position if there is no realistic prospect of their repayment in the future, and all available collateral has been sold or transferred to the Company. If, over the next year, the amount of the estimated impairment loss increases or decreases due to events after the impairment is recognized, the amount of the previously recognized impairment loss is increased or decreased by adjusting the reserve account. If a previous write-down of a financial instrument is subsequently reversed, the amount of the reversal is recognized in other income in the income statement.

Cash and deposits

Cash and deposits in the statement of financial position include cash in banks and at the cash desk and deposits with an original maturity of up to 3 months (or if there is a legal right to repay deposits within a year).

Foreign currency conversion

The Group's financial statements are presented in UAH.

Transactions in foreign currency are initially accounted for by the Company in their functional currency at the exchange rate effective on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the official exchange rate of the National Bank of Ukraine (NBU) ruling at the reporting date.

All exchange differences are included in the income statement (statement of financial performance) in the item other operating income / other operating expenses.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount is recoverable, primarily through a sale agreement and not through long-term use. This condition is considered to be met only if the probability of sale is high and the asset or disposal group can be sold immediately in its current condition. Management in this case intends to make a sale in respect of which the sale transaction is expected to comply within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets after classification as held for sale are not subject to amortization and are recognized in Section III of the statement of financial position.

In the statement of comprehensive income for the reporting period, as well as for the comparative period last year, income and expenses from discontinued operations are accounted for separately from income and expenses from continuing operations, even if after the sale the Company retains a non-controlling interest in the subsidiary.

The resulting gain or loss on discontinued operations (after tax) is recognized in the statement of comprehensive income in a condensed form: either income from discontinued operations or expenses.

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Revenue from contracts with customers

Revenue from contracts with customers is recognized when all the following conditions are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other usual business practices) and are ready to fulfill their obligations;
- it is possible to determine the rights of each party to the goods or services to be transferred;
- you can determine the terms of payment for goods or services that will be transferred;
- the contract has a commercial nature (ie it is expected that the risk, time or amount of future cash flows will change as a result of the contract);
- it is likely that compensation will be received in exchange for goods or services that will be transferred to the customer, ie the customer is able and intends to pay the amount of compensation when the time comes to pay it.

Revenue is recognized when the customer has control over the asset promised in the contract, ie the ability to manage the use of the asset, to benefit from it, and the ability to prohibit other entities from managing and benefiting from the asset.

When any part of the contract is performed, the contract is recorded as a contractual asset or contractual obligation, depending on the relationship between the entity's performance of its contractual obligation and the payment made by the customer. Unconditional compensation rights are recorded separately as receivables.

Lease

In accordance with IFRS 16 Leases, it is necessary to evaluate all contracts that transfer the right to use the assets within a specified period, in exchange for a fixed fee, except for contracts:

- where the rent is variable;
- insignificant (less than 5,000 euros);
- short-term (up to 12 months inclusive).

A contract is a lease or contains a lease if the contract transfers the right to control the use of the identified asset for a specified period of time in exchange for compensation.

Lease term is the period for which the lessee is reasonably certain that it is possible to lease the asset and intends to exercise that possibility.

On the date of commencement of the lease agreement (and for all concluded agreements which are not completed on 01.01.2019), the lessee evaluates the lease liability at the present value of lease payments not paid on that date and discounts them at the rate of the NBU. Subsequently, the lessee depreciates the asset from its right to use, applying the depreciation requirements of IAS 16 Property, Plant and Equipment.

The lessee discloses information about the use rights separately from other assets and about the lease liability separately from other liabilities. Use rights are included in the same line of the Balance Sheet in which the relevant underlying assets would be presented if they were owned by the lessee.

Depreciation of the lease right is carried out for the term of the lease agreement in a straight line, starting from the month of signing the act of acceptance-transfer of the asset by the Lessee and ending with the month in which the act of acceptance of the transfer of the asset by the Lessor is signed.

A lessor classifies a finance lease if it transfers the risks and rewards of ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer the risks and rewards of ownership of the underlying asset. At the date of the lease, the lessor recognizes the

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assets held under the finance lease in its statement of financial position and presents them as receivables in an amount equal to the net investment in the lease.

Operating lease income is recognized by the lessor on a straight-line basis or on any other systematic basis. The lessor recognizes costs, including depreciation, and other costs incurred in obtaining rental income.

Income tax

Current income tax is recognized as a liability in an amount determined in accordance with the rules established by the tax authorities, which corresponds to the amount of accrual according to the income tax return.

If the amount of taxes already paid for the current and previous periods exceeds the amount payable for these periods, the excess is recognized as receivables from the budget and is allocated in the Statement of Financial Position in a separate line calculations of income tax.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that are appropriate to the manner in which the related assets and liabilities are recovered or settled and are disclosed in the statement of financial position.

Deferred tax assets and liabilities are not discounted.

Current and deferred taxes are recognized in detail as expenses or income for the relevant period.

VAT

Income (expenses), expenses and assets are recognized excluding VAT, except when:

- value added tax incurred in the purchase of assets or services is not reimbursed by the tax authority; in this case, the tax is recognized as part of the cost of the asset or part of the cost item, respectively;

- receivables and payables are reflected taking into account the amount of value added tax.

The net amount of value added tax reimbursed or paid by the tax authority is included in the statement of financial position as part of receivables or current liabilities to the budget.

Financial liabilities

Financial liabilities are initially recognized at fair value and, in the case of loans and borrowings, their initial cost also includes transaction costs directly attributable to their issue or acquisition. Subsequently, financial liabilities are measured at depreciated cost.

The Company's financial liabilities include trade and other accounts payable, bank overdrafts, loans and borrowings, financial guarantee agreements.

Further assessment of financial liabilities depends on their classification as follows:

After initial recognition, interest-bearing loans and borrowings are measured at maturity. Interest expenses on such financial liabilities are recognized in the income statement as part of financial expenses as they are accrued.

A financial liability in the statement of financial position is derecognised when the liability is discharged or canceled or expires.

If an existing financial liability is replaced by another liability to the same creditor and the terms of the existing liability are significantly changed, such replacement or change is accounted for as derecognition of the original obligation and recognition of the new liability, and the difference in their carrying amount is recognized in the income statement.

Offsetting financial instruments

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Financial assets and financial liabilities are offset, and in the statement of financial position the net amount is presented if and only when there is a legal right to offset the recognized amounts

Provisions

Provision is recognized when the Company has a present obligation as a result of a past event, an outflow of economic benefits embodying economic benefits is probable, and a reliable estimate of the amount of the obligation can be obtained. If the Company plans to receive reimbursement of some or all of the collateral, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is not in doubt. Expenses related to collateral are recognized in the income statement less reimbursement.

The Company recognizes the following collateral at each reporting date:

- provision for unused leave;
- providing for warranty repair of sold finished products, provided services
- provision for litigation, if it is possible to predict their occurrence with a probability of more than 50% and reliably estimate their size.

Own repurchased shares

Equity instruments repurchased by the Company (treasury shares repurchased) are recognized at cost and are included in withdrawn capital.

No gain or loss is recognized in connection with the repurchase of treasury shares. Compensation paid or received is recognized directly in equity.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the financial statements unless it is probable that an outflow of resources will be required to settle the obligation and it is possible to estimate the amount of such liabilities. Contingent liabilities are disclosed in the notes to the financial statements, except when the possibility of an outflow of resources embodying economic benefits is unlikely.

Contingent assets are not recognized in the financial statements, but information about them is provided when it becomes possible to obtain economic benefits. If it is actually determined that economic benefits will flow, the asset and the related income are recognized in the financial statements in the period in which the estimates are changed.

New standards that came into force on January 1, 2019 and their impact on reporting

The new IFRS 16 was issued in January 2016 and replaced IFRS 17 Leases. IFRS 16 applies to long-term lease assets that are available as of January 1, 2019, or after that date. The new lease standard establishes a new accounting model for tenants, increasing transparency by removing all significant off-balance sheet lease transactions. IFRS 16 significantly changed the accounting for tenants, as it led to the recognition of all leases on the balance sheet (both new and current at the date of transition) and, accordingly, the methods of initial valuation of the asset in the form of leasehold rights and lease obligations. Following the application of the new standard, entities should determine the lease based on control over the leased assets and, if available, reflect the assets and liabilities on the balance sheet. The standard eliminates the division of lease into financial and operating for tenants. This in turn leads to new requirements for accounting and recording of lease agreements, as well as disclosure requirements in the financial statements. This standard has affected the consolidated financial statements for the reporting period and subsequent years.

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The amendments to IFRS 3 Business Combinations clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that is carried out in stages, including the revaluation of previously held assets and joint venture obligations at fair value. In this case, the acquirer reviews the entire share previously owned by him in the joint operation. An entity shall apply those amendments to a business combination for which the acquisition date is on / or after the annual reporting period beginning on or after 1 January 2019, with the possibility of early application. These amendments will affect the consolidated financial statements.

Amendments to IFRS 11 Joint Operations clarify that previous interests in this joint operation are not revised. An entity shall apply those amendments to transactions in which it obtains joint control on or after the date of the first annual report beginning on or after 1 January 2019, with the authorization of early application. These changes are not applied by the Group.

The amendments to IFRS 12 Income Taxes specify that income tax on dividends is directly attributable to past transactions or events that generated income that is distributed to owners. Thus, an entity recognizes income tax on dividends in profit or loss, other comprehensive income or equity, when the entity has initially recognized those past transactions or events. These amendments apply to different reporting periods beginning on or after 1 January 2019. When the Company first applies these amendments, it applies them to income tax accrued on dividends recognized on or after the beginning of the first comparative period.

The amendments to IFRS 23 Borrowing Costs specify that an entity considers as part of total loans any borrowing originally made to create a qualifying asset when the steps required to prepare the asset for its intended use or sale are completed. An entity shall apply those amendments to borrowing costs incurred during or after the beginning of the annual reporting period in which the entity first applies those amendments. The Group applies these amendments for annual periods beginning on or after 1 January 2019. The Company's management estimates that the application of the standard did not affect the value of assets and liabilities.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates" were issued in September 2014, and in December 2015 the effective date of the amendments was postponed indefinitely until the completion of the draft study on the equity method (early use is allowed). The amendments address the inconsistencies between IFRS 10 and IAS 28 in part of the loss of control of a subsidiary that is sold to an associate or joint venture. The amendments clarify that the gain or loss arising on the sale or contribution of an asset that is a business, as defined in IFRS 3 Business Combinations, in an agreement between an investor and its associate or joint venture, is determined in full. However, the gain or loss arising on the sale or transfer of non-business assets is determined by reference to the interests of other than the entity, the investors in the associate, or the joint venture. Due to the indefinite date of the amendments to IFRS 10 and IAS 28, the Company's management has not considered whether these amendments will have a material impact on the Company's financial statements in the future.

The amendments to IFRS 28 "Investments in Associates and Joint Ventures" clarify that an entity applies IFRS 9 "Financial Instruments" to long-term investments in associates and joint ventures to which the equity method does not apply, but which are, in substance, , is part of a net investment in an associate or joint venture. This clarification is relevant because it is assumed that the expected loss model set out in IFRS 9 applies to such long-term investments. The amendments also clarify that in applying IFRS 9, an entity does not account for any loss on an associate or joint venture, or any impairment loss on a net investment, which is defined as an adjustment to the entity's net investment in an associate or joint venture that IAS 28 is amended retrospectively and is effective for annual periods beginning on or after 1 January 2019. These changes are not currently applicable, but may apply to future transactions.

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The amendments to IFRS 19 Employee Benefits relate to accounting when additions, reductions, or adjustments to plans occur during the reporting period. The amendments indicate that when plans are reduced or adjusted during the annual reporting period, the entity shall:

- determine the cost of current maintenance for the remainder of the period after the plan is supplemented, reduced or settled, taking into account current assumptions used to revalue the net established liability, reflecting the benefits offered under the plan and plan assets after the event;
- determine the net interest on the balances of the period after the addition, reduction or settlement of the plans, using: the net fixed liability, reflecting the benefits offered by the plan and the plan's assets after the event, and the discount rate used to revalue the net fixed liability.

The amendments also clarify that an entity first determines any past service cost or profit in settlements without considering the effect of the maximum amount of assets. This amount is determined in profit or loss. The entity then determines the effect of the asset threshold after the plan is changed, curtailed, or canceled. Any change in this respect, except for the amounts included in the net interest, is determined in other comprehensive income. The amendments apply to the addition, reduction or settlement of plans that occur at the beginning or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with the permission of early application. These amendments apply to any future additions, reductions or adjustments to the Group's plans.

New interpretations that were issued and came into force on January 1, 2019 and later

Interpretation of IFRIC 23 "Uncertainty regarding the calculation of income tax" comes into force on January 1, 2019. The interpretation clarifies the definition of income tax in a situation where there is uncertainty about the tax authorities' requirements for a particular transaction or circumstance. The main criteria are: whether there is a high probability that the tax authority will agree with the interpretation of the tax legislation applied by the company when drawing up the tax return. If so, the entity will reflect in the financial statements the same amount of income tax as in the tax return and disclose information about uncertainties. If not, the amount reflected in the financial statements will differ from the amount reflected in the tax return, as it is estimated taking into account the uncertainty. The Company applies the Interpretation from the date of its entry into force.

Standards that have been adopted but have not yet entered into force

The Company and the Group have not adopted such new and revised standards that have been published but have not yet entered into force.

IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021, effective application is possible). In accordance with IFRS 17, a current valuation model is required, which involves a revaluation in each reporting period. Contracts are valued using elements such as:

- discounted probability-weighted cash flows;
- adjustment for obvious risk;
- service margin under the contract, which is an unevenly recognized unearned profit under the contract.

The standard allows you to choose between recognizing changes in discount rates in the income statement or directly as part of other comprehensive income.

Management estimates that this standard will not affect the reporting, as the Group does not conduct insurance business.

Conceptual basis of financial reporting effective for annual periods beginning on or after 1 January 2020, early application is possible.

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The concept of management activity in the interests of owners is entered and the information arising in this connection is specified.

The concept of prudence has been restored, which supports information neutrality and therefore describes prudence as "caution in making judgments in conditions of uncertainty." Uncertainty of assessment is a factor that may affect the reliable provision of information.

An asset is an existing economic resource controlled by an organization as a result of past events. An economic resource is a right that can bring economic benefits.

Obligation - the existing obligation of the organization to transfer economic resources as a result of past events. Commitment is a mandatory responsibility that the organization has no practical opportunity to avoid.

Recognition is the process of recording for inclusion in the statement of financial position or statement of financial performance an item that meets the definition of an asset, liability, equity, income or expense.

Derecognition is the exclusion of a fully or partially recognized asset or liability from the statement of financial position of an entity.

Two categories of evaluation methods are introduced:

Valuation based on historical (initial) value.

Indicators of historical value provide information about the objects of accounting, which is formed on the basis of the historical (initial) amount of the transaction or event.

Valuation based on current (revalued) value.

Current values provide monetary information about the objects of accounting, updated to reflect current conditions at the valuation date. Valuation methods in this category may include fair value, value in use, cost of execution and present value.

The term "statement of financial performance" has been introduced to denote the Profit and Loss Statement together with the ISD Report. The income statement (Profit and Loss Statement) is the main one.

Management estimates that the adoption of the above standards in future periods will not have a material impact on the Group's financial statements.

4. Subsidiaries

4.1. The Company owns 100 % share in the subsidiary Television Plant "Electron". It was engaged in the manufacturing and sale of TV sets by 2015, and from 2015 - the production and sale of multi-channel CAN control systems for city transport.

Television Plant "Electron" is the private enterprise, is not listed on the stock exchange. The following table contains the summarized financial statement of enterprise:

Financial statement	Thds.UAH		
	31.12.2017	31.12.2018	31.12.2019
Non-current assets	12926	12937	13413
Current assets	1747	3912	5022
Equity	13084	14548	15514
Liabilities	1589	2301	2921
Profit and Loss Statement		2018	2019
Sales without VAT		8949	7477
Profit after taxation		1464	1266

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

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4.2. The Company owns 100 % share in the subsidiary "Polymer-Electron" plant. The main areas of activity are the production and sale of plastic products, foam polystyrene products, tools and equipment.

"Polymer-Electron" plant is the private enterprise, is not listed on the stock exchange. The following table contains the summarized financial statement of enterprise:

			Thds.UAH
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	47346	48830	48153
Current assets	14504	21674	20009
Equity	52459	56441	57868
Liabilities	9421	14063	10294
Profit and Loss Statement		2018	2019
Sales without VAT		66862	63193
Profit after taxation		4012	1427

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.3. The Company owns 100 % share in the subsidiary SRC "Electron-Carat" (Before 2018 was SRC "Carat"). It is specialized enterprise of materials for radio electronics.

SRC "Electron-Carat" is the private enterprise is not listed on the stock exchange. The following table contains the summarized financial statement of enterprise:

			Thds.UAH
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	19408	18881	18389
Current assets	6542	12132	12847
Equity	25811	25839	25920
Liabilities	139	5174	5316
Profit and Loss Statement		2018	2019
Sales without VAT		17939	25239
Profit after taxation		280	813

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.4. The Company owns 55% share in the subsidiary "ElectronMash" plant, which since 2018 specializes on production of trams, buses, trolleybuses and other types of urban transport.

"ElectronMash" is the private enterprise, is not listed on the stock exchange. The following table contains the summarized financial statement of enterprise:

			Thds.UAH
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	3323	19811	19221
Current assets	2349	45588	162150
Equity	(11000)	(5312)	(34857)
Liabilities	16672	70711	216228
Profit and Loss Statement		2018	2019
Sales without VAT		95970	153962
Profit after taxation		5448	(29545)

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Uncontrolled share in net assets:

Thds.UAH.

Financial statement	31.12.2017	31.12.2018	31.12.2019
Net assets	(11000)	(5312)	(34857)
- uncontrolled share	-	2657	(10638)

In 2015, it was decided to suspend production until the portfolio was recruited orders. Production has not been resumed in 2016-17. In 2018, the "ElectronMash" LLC resumed production activities passenger transport.

The losses of "ElectronMash" LLC for 2017 were received before the reorganization, therefore fully taken into account in the consolidated financial results of the Company.

4.5. The Company owns 64% share in the subsidiary "Electrontrans" LLC JV, which manufactures trams, buses, trolleybuses and other types of urban transport. The enterprise was founded in 2012.

"Electrontrans" LLC JV is the private enterprise, is not listed on the stock exchange.

The following table contains the summarized financial statement about the Company's share in the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH

Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	54427	39766	38085
Current assets	234873	155113	182384
Equity	(12132)	(10589)	(35418)
Liabilities	301432	205468	255887
Profit and Loss Statement		2018	2019
Sales without VAT		395962	129175
Profit after taxation		1543	(24829)

Uncontrolled share in net assets:

Thds.UAH.

Financial statement	31.12.2017	31.12.2018	31.12.2019
Net assets	(12132)	(10589)	(35418)
- uncontrolled share	(4392)	(3836)	(12774)

4.6. The Company owns 95.64% share in the subsidiary "Eletronpobutprylad" plant Ltd, which manufactures household electric appliances, low power engines.

"Plant "Eletronpobutprylad" plant Ltd is the private enterprise is not listed on the stock exchange.

The following table contains the summarized financial statement about the Company's share in the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH

Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	7816	8321	8241
Current assets	3209	3626	4179
Equity	8437	9011	9653
Liabilities	2588	2935	2767
Profit and Loss Statement		2018	2019
Sales without VAT		15376	13993

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Profit after taxation	574	642
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Uncontrolled share in net assets:

Thds.UAH.

Financial statement	<i>31.12.2017</i>	<i>31.12.2018</i>	<i>31.12.2019</i>
Net assets	8437	9011	9653
- uncontrolled share	368	393	421

4.7. The Company owns 80 % share in the subsidiary "Spheros-Electron" JV LLC, which manufactures temperature boosters and heat exchangers for automobiles and other products.

"Spheros-Electron" JV LLC is the private enterprise, is not listed on the stock exchange.

The following table contains the summarized financial statement about the Company's share in the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH

Financial statement	<i>31.12.2017</i>	<i>31.12.2018</i>	<i>31.12.2019</i>
Non-current assets	10254	12611	10443
Current assets	62017	62359	47988
Equity	32554	33527	33596
Liabilities	39717	41443	24835
Profit and Loss Statement		2018	2019
Sales without VAT		109905	99193
Profit after taxation		9726	686

Uncontrolled share in net assets:

Thds.UAH.

Financial statement	<i>31.12.2017</i>	<i>31.12.2018</i>	<i>31.12.2019</i>
Net assets	32554	33527	33596
- uncontrolled share	6510	6705	6719

4.8. The Company owns 100 % share in the subsidiary Television set factory "Electron", which manufactures products for the military-industrial complex.

Television set factory "Electron" is the private enterprise is not listed on the stock exchange.

The following table contains the summarized financial statement about the Company's share in the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH

Financial statement	<i>31.12.2017</i>	<i>31.12.2018</i>	<i>31.12.2019</i>
Non-current assets	9311	8831	9810
Current assets	9160	16910	13200
Equity	17354	21882	19357
Liabilities	1117	3859	3653
Profit and Loss Statement		2018	2019
Sales without VAT		20858	80
Profit after taxation		7028	(2525)

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.9. The Company owns 100 % share in the subsidiary SOE "Energotsentral-Electron", which made constructions work, at the present moment is in a state of termination of the activities.

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SOE "Energotsentral-Electron" is the private enterprise, is not listed on the stock exchange.

The following table contains the summarized financial statement about the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH			
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	1478	1403	1328
Current assets	19	7	14
Equity	1388	1340	1272
Liabilities	109	70	70
Profit and Loss Statement		2018	2019
Sales without VAT		-	-
Profit after taxation		(48)	(68)

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.10. The Company owned 100 % share in the subsidiary FLC "Electron-Leasing", which deals with the leasing of equipment and free areas - areas in office business centers, industrial and warehouse buildings.

FLC "Electron-Leasing" is the private enterprise, is not listed on the stock exchange.

The following table contains the summarized financial statement about the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH			
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	98096	99131	100016
Current assets	30329	31595	38201
Equity	116369	120737	127387
Liabilities	12056	9989	10830
Profit and Loss Statement		2018	2019
Sales without VAT		65082	73142
Profit after taxation		4368	6646

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.11. The Company owned 100 % share in the subsidiary SDO "Tecon-Electron", which deals with engineering developments in the military sphere.

SDO "Tecon-Electron" is the private enterprise, is not listed on the stock exchange.

The following table contains the summarized financial statement about the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH			
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	1088	1184	1869
Current assets	2239	4023	3164
Equity	2607	2610	2933
Liabilities	720	2597	2100
Profit and Loss Statement		2018	2019
Sales without VAT		11700	2043
Profit after taxation		33	33

Joint Stock Company "Concern-Electron"

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.12. The Company owned 100% share in the subsidiary "Educational Research and Production Complex", which is engaged in the leasing of own real estate. The enterprise was founded in 2015.

"Educational Research and Production Complex is the private enterprise, is not listed on the stock exchange.

The following table contains the summarized financial statement about the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH			
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	639	599	2516
Current assets	401	92	650
Equity	471	(80)	(389)
Liabilities	569	771	3555
Profit and Loss Statement		2018	2019
Sales without VAT		1233	1495
Profit after taxation		(551)	(309)

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.13. The Company owned 100% share in the subsidiary "Trading House Electron" LLC which is engaged in the purchase of components and materials for the production of vehicles by other subsidiaries of the Company. The enterprise was founded in 2015.

Company acquired a 100% shares (corporate rights) in the entity of the Trading House Electron" LLC in the 3rd quarter of 2019.

"Trading House Electron" LLC is the private enterprise, is not listed on the stock exchange. The following table contains the summarized financial statement about the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH			
Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	-	-	32
Current assets	-	-	37947
Equity	-	-	2046
Liabilities	-	-	35933
Profit and Loss Statement		2018	2019
Sales without VAT		-	149923
Profit after taxation		-	1710

There is no uncontrolled share in net assets; the enterprise is fully controlled by the parent Company.

4.14. "Concern-Electron" PJSC is a parent company of a group, a joint-stock company, shares of the Company isn't listed on the stock exchange. The main activities are the activities of holding companies and the provision of communication services.

Revenues of the parent company include incomes from communication services (387 Thds.UAH.). Other revenues, particularly interest on savings, are included in other operating income and are shown separately in Note 6.

Joint Stock Company "Concern-Electron"

The following table contains the summarized financial statement about the assets, liabilities, incomes and financial statements of the enterprise:

Thds.UAH

Financial statement	31.12.2017	31.12.2018	31.12.2019
Non-current assets	269095	286236	261943
Current assets	106378	109271	79094
Equity	367859	384037	327335
Liabilities	7614	11470	13702
Profit and Loss Statement		2018	2019
Sales without VAT		365	2951
Profit after taxation		31742	(36523)

5. Segment information

Whereas as of 31.12.2019 the equity instruments of the Company do not circulate on the securities market, the Company shouldn't disclose the segment information.

However, with the aim of management, net revenues, results and assets of the Company are distributed in the main directions: material science, plastic and tool-making facilities, electric transport, industrial and defense, production of electrical appliances and engines, motor vehicles, leasing, electricity delivery, other activities. Below is information on key indicators for each direction (Thds.UAH.)

Key figure	Materials science	Plastic and tool-making facilities	Electric transport	Industrial and defense	Electric appliances and engines
<i>as of 31.12.2017:</i>					
Operating assets	24638	60210	196912	21363	10695
<i>for 2018:</i>					
Income (w/o VAT)	17939	49351	491932	32558	11498
Financial result	280	4012	6991	7061	574
<i>as of 31.12.2018:</i>					
Operating assets	25221	68092	254320	23711	11946
<i>for 2019:</i>					
Income (w/o VAT)	25239	43399	283137	2123	10650
Financial result	813	1427	(51398)	(2492)	642
<i>as of 31.12.2019:</i>					
Operating assets	29128	64393	445881	27836	12222

continuation:

Key figure	Motor vehicles	Leasing	Electricity delivery
<i>as of 31.12.2017:</i>			
Operating assets	69174	121988	5800
<i>for 2018 :</i>			
Income (w/o VAT)	109905	54014	33690
Financial result	9726	3739	30

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<i>as of 31.12.2018:</i>			
Operating assets	66059	126860	6228
<i>for 2019 :</i>			
Income (w/o VAT)	99193	62353	35424
Financial result	686	6253	16
<i>as of 31.12.2019:</i>			
Operating assets	56898	137290	6464

6. Disclosed on the revenue and expenditure items.

Sales of products (goods, works and services) and cost of sales Thds.UAH.

<i>Type of revenues</i>	<i>2018</i>	<i>2019</i>
Revenues from sale of products domestic buyers	626 674	382881
Revenues from sale of products foreign buyers	73 589	56953
Cost of sales	(571 277)	(377520)

Other operating incomes, (Thds.UAH.):

<i>Type of revenues</i>	<i>2018</i>	<i>2019</i>
Operating lease income (if lease is non-core activities)	11111	12750
Sales assets revenue	3444	1332
Interest income	9602	6195
Exchange rate differences and currency sales	834	7303
Other incomes	1593	5007
<i>Total</i>	<i>26584</i>	<i>32587</i>

Other operating expenses (Thds.UAH.):

<i>Type of expenses</i>	<i>2018</i>	<i>2019</i>
Rent expenses	1264	2639
Cost of sold current assets	2754	1390
Exchange rate	4818	3794
Other expenses	12782	9566
<i>Total</i>	<i>21618</i>	<i>17389</i>

Administrative expenses (Thds.UAH.):

<i>Type of expenses</i>	<i>2018</i>	<i>2019</i>
Salary	43766	57120
Social taxed	7966	11118
Depreciation	1943	2640
Electricity, heating Costs	2147	3338
Material Costs	3481	3410
Expenses for the lease of property	444	185
Bank Services	1843	4739
Legal, consulting and information costs	2663	1998
Security	2658	3211
Fixed Assets Repair	1136	1561

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Land and property taxes	5239	6418
Other expenses	12250	6525
<i>Total</i>	<i>85536</i>	<i>102263</i>

Sales expenses (Thds.UAH.):

<i>Type of expenses</i>	<i>2018</i>	<i>2019</i>
Salary	5604	5067
Social taxed	1200	1078
Accrued depreciation	510	394
Advertising expenses, exhibitions	615	143
Warranty service	3938	4844
Transport Services	2643	2525
Material expenses (communal and other)	1437	1135
Other expenses	915	611
<i>Total</i>	<i>16862</i>	<i>15797</i>

Other income (Thds.UAH.):

<i>Revenue type</i>	<i>2018</i>	<i>2019</i>
Sale of financial investments (corporate rights)	27672	-
Other income	135	417
<i>Total</i>	<i>27807</i>	<i>417</i>

Other financial expenses (Thds.UAH.):

<i>Expense type</i>	<i>2018</i>	<i>2019</i>
Bank interest on loans	12566	14584
	258	324
<i>Total</i>	<i>12824</i>	<i>14908</i>

7. Income tax

Current income taxes are reflected in the profit and loss statement. Due to the absence of temporary differences between tax and accounting, deferred tax liabilities and assets were not recognized.

8. Earnings per share

Earnings per share (EPS) are calculated by dividing the annual net profit (attributable to the owners of ordinary shares of the Parent Company) by the weighted average number of ordinary shares during the year.

EPS for 2018: 1.94 UAH.

EPS for 2019: -2.23 UAH;

Whereas the Company didn't emit (and doesn't emit) dilutive potential ordinary shares, the amount of diluted earnings per share is not calculated.

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9. Fixed assets (FA)

Acquisition value of fixed assets (FA), (Thds.UAH.):

Key figure	Buildings and constructions	Machines and equipment	Vehicles	Tools, devices, fixtures	Others including non-current tangible assets of low cost	Total
<i>Book value of FA As of 01.01.2018</i>	199198	85858	21887	28430	40643	376016
2018:						
Purchase of FA	6406	23192	5771	2646	2000	40015
Disposal of FA	2498	16916	298	4545	2498	26755
<i>Book value of FA As of 31.12.2018</i>	203106	92134	27360	26531	40145	389276
2019:						
Purchase of FA	4567	1833	2949	2032	3775	15156
Disposal of FA	454	636	318	156	473	2037
<i>Book value of FA As of 31.12.2019</i>	207219	93331	29991	28407	43447	402395

Depreciation of fixes assets (Thds.UAH.):

Key figure	Buildings and constructions	Machines and equipment	Vehicles	Tools, devices, fixtures	Others including non-current tangible assets of low cost	Total
<i>FA Depreciation as of 01.01.2018</i>	52329	37243	6174	15398	12979	124123
2018 :						
Accrued depreciation	5393	4536	2782	2325	2181	17799
Deduction	492	5633	273	1296	1036	8730
<i>FA Depreciation as of 31.12.2018</i>	57230	36146	8683	16427	14124	132610
2019 :						
Accrued depreciation	5864	6949	3106	2684	2462	21065
Deduction	458	549	207	115	409	1738
<i>FA Depreciation as of 31.12.2019</i>	62636	42546	11582	18996	16177	151937
Degree of Depreciation of FA %	30.23	45.59	38.62	66.87	37.23	37.76

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Net book value of FA (Thds.UAH.):

Key figure	Buildings and constructions	Machines and equipment	Vehicles	Tools, devices, fixtures	Others including non-current tangible assets of low cost	Total
Net book value of FA: as of 31.12.2017	146869	48615	15713	13032	27664	251893
Net book value of FA: as of 31.12.2018	145876	55988	18677	10104	26021	256666
Net book value of FA: as of 31.12.2019	144583	50785	18409	9411	27270	250458

No revaluation of fixed assets for the reporting period was performed.

The Company's balance sheet includes its own fixed assets. The asset that is temporarily not engaged but has a prospect of usage (manufacturing, warehouse or office facilities, special equipment, etc.) is provided to operational leasing in accordance with the terms of the lease agreement. There are no restrictions on the use of property.

10. Intangible assets

Intangible assets (IA) include development cost for electric vehicle, cars, microchip lasers, trademark rights, licenses for computer programs.

Acquisition value of IA (Thds.UAH.):

Key figures	Development cost for electric vehicle	Development cost for cars	Other IA	Asset with the right to use	Total
Acquisition value of IA as of 01.01.2017	14775	2334	9995	-	27104
2018 :					
Purchase	727	-	9	-	736
Disposal	-	-	2	-	2
Acquisition value of IA as of 31.12.2018	15502	2334	10002		27838
2019 :					
Purchase	314	-	87	3615	4016
Disposal	-	-	103	-	103
Acquisition value of IA as of 31.12.2019	15816	2334	9986	3615	31751

Depreciation of IA (Thds.UAH.):

Key figures	Development cost for electric vehicle	Development cost for cars	Other IA	Asset with the right to use	Total
Depreciation of IA	2587	278	5252	-	8117

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as of 31.12.2017					
2018 :					
Calculated Depreciation IA	1269	-	385	-	1654
Deduction	-	-	2	-	2
Depreciation of IA as of 31.12.2018	3856	278	5635	-	9769
2019 :					
Calculated Depreciation IA	1238		562	31	1831
Deduction			96	-	96
Depreciation of IA as of 31.12.2019	5094	278	6101	31	11504

Net book value of IA (Thds.UAH.):

Key figures	Develop- ment cost for electric vehicle	Develop- ment cost for cars	Other IA	Asset with the right to use	Total
Net book value of IA as of 31.12.2017	12188	2056	4743	-	18987
Net book value of IA as of 31.12.2018	11646	2056	4367	-	18069
Net book value of IA as of 31.12.2019	10722	2056	3885	3584	20247

11. Inventories

Inventories shown in the financial statement include material inventories, in-process inventory, finished goods and goods.

Consolidated statement of inventories in the context of individual enterprises of the Company and inventory items as of 31.12.2019:

Subsidiaries	Inventory		in-process inventory		Finished goods		Goods		Total	
	31.12. 18	31.12. 19	31.12. 18	31.12. 19	31.12. 18	31.12. 19	31.12. 18	31.12. 19	31.12. 18	31.12. 19
"Polymer-Electron" plant	4316	3194	2742	1846	1278	2415	26	-	8362	7455
TP "Electron"	571	1637	-	-	474	1159	61	61	1106	2857
"ElectronMash" plant	4008	34426	7927	51293	-	-	-	-	11935	85719
TSF "Electron"	1851	3210	1621	4502	312	312		-	3784	8024
FLC "Electron-Leasing"	1099	1238	-	-	-	-	-	-	1099	1238
SRC "Electron-Carat"	3337	5392	112	-	-	-	-	-	3449	5392
SDO "Tecon-Electron"	352	327	1104	2104	3	3	-	-	1459	2434
Spheros-Electron" JV	20029	20178	2224	1245	2751	2715	14124	2448	39128	26586
"EPP" LLC	1531	1346	118	59	186	90	-	-	1835	1495

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"Electrontrans" LLC	39955	45660	20805	9122	-	-	-	-	60760	54782
JSC "Concern-Electron" (Parent Company)	10	9	-	-	-	-	-	-	10	9
"Trading House Electron" LLC	-	168	-	-	-	-	-	279	-	447
Total, Group	77059	116785	36653	70171	5004	6694	14211	2788	132927	196438

12. Cash and their equivalents

Cash and their equivalents include funds on current account and bank deposits

(Thds.UAH.):

Financial resources and their equivalents	31.12.2018	31.12.2019
bank deposits	26010	13354
Funds (cash) on current accounts	42597	12194
Total	68607	25548

The part of deposit funds are pledged under the loans of subsidiaries:

as of 31.12.2018 – amount of 18000 Thds.UAH.

as of 31.12.2019 – amount of 2000 Thds.UAH.

For the loans secured by assets there are contracts of guarantee of payment.

13. Receivables

Trade receivables (Thds.UAH):

Type	31.12.2018	31.12.2019
Local trade debts	28972	16654
Foreign trade debts	6907	9895
Bad debt reserves	(94)	(94)
Net value	35785	26455

Tax receivables (Thds.UAH):

Type	31.12.2018	31.12.2019
VAT	15289	20200
Income tax	919	390
Tax on personnel income	1	64
Land tax	12	21
Military tax	228	122
Budget receivables	16449	20797

Prepayment to supplies (Thds.UAH):

Type	31.12.2018	31.12.2019
Accounts receivable on issued advances	22657	34916
- raw materials	4415	15689

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- equipment	11428	12939
- energy	3327	3882
- other	3487	2406

Other receivables (Thds.UAH):

	31.12.2018	31.12.2019
Social taxes	1335	416
Reimbursable financial assistance (that was provided)	17836	17392
Accounts receivable for grant costs and periodicals	1053	4011
Debts of banks in the process of termination	2132	2055
Interest from the bank	338	49
Debt for the sale of property	462	151
Current arrears for the purchase of goods and other business expenses	2951	2908
<i>Other receivables</i>	<i>26107</i>	<i>26982</i>

14. Capital (Net assets) and funds

Authorized (share) capital of the Company is in the amount of UAH 57400 Thds. It is divided into 16400000 ordinary registered shares with a nominal value of UAH 3.5. Charter capital is fully paid.

Repurchase of shares was conducted by the Company at a price UAH 4.10, the price approved by supervisory board (Protocol 3 dated 06.03.17).

The withdrawn capital includes shares repurchased by the Company at the end of the reporting period.

Other additional capital includes the capital created by the introduction of assets into the charter capital of subsidiaries accrued from retained earnings of previous years. Amount is UAH 216 169 Thds. On December 31, 2019 and December 31, 2018.

Reserve capital includes reserve for dividend payments and other reserves:

as of 31.12.2018 – UAH 61 122 Thds.

as of 31.12.2019 – UAH 61 624 Thds.

The uncontrolled share in the net assets of the group's enterprises was determined by the method of interest and comprised respectively:

as of 31.12.2018 – UAH 5 929 Thds.

as of 31.12.2019 – UAH (16 258) Thds.

Group's Retained earnings:

as of 31.12.2018 – UAH 49 361 Thds.

as of 31.12.2019 – UAH (7 837) Thds.

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15. Dividends (Thds.UAH):

Dividends	2018	2019
Dividends on ordinary shares declared and paid during the year, Thds.UAH	12073	-
Dividend per share, UAH	1.30	not defined

16. Long-term bank loans (Thds):

Bank	Currency	Maturity	31.12.2018	31.12.2019
PJSC Kredobank	UAH	25.12.2020	1429	697
PJSC Kredobank	UAH	29.01.2021	863	459
PJSC Kredobank	UAH	01.11.2021	2468	1629
PJSC Kredobank	UAH	27.11.2023	-	936
PJSC Kredobank	UAH	31.12.2022	236	172
PJSC TASCOMBANK	UAH	30.05.2021	270	160
PJSC TASCOMBANK	EUR	16.08.2020	1164	-
<i>Total</i>			6430	4053

17. Long-term provisions (Thds.UAH):

Long-term security	31.12.2018	31.12.2019
Warranty coverage for sold products	16555	16577

18. Trade payables

Accounts payable for goods, works, services, (Thds.UAH):

Type	31.12.2018	31.12.2019
raw materials	51745	41189
Energy	2069	1714
equipment and other non-current assets	-	901
Other services	3517	1088
<i>Total</i>	57331	44892

19. Short-term bank credits

Short-term bank credits structure (Thds.UAH):

Bank	Currency	Maturity	31.12.2018	31.12.2019
PJSC Kredobank	UAH	04.09.2020	-	125
PJSC Kredobank	UAH	23.07.2019	11400	-
PJSC Kredobank	UAH	06.05.2019	5700	-
PJSC Kredobank	UAH	31.01.2019	6361	-
PJSC RaiffaisenBank Aval	UAH	31.03.2020	-	80000
PJSC RaiffaisenBank Aval	UAH	28.02.2020	-	12242
PJSC TASCOMBANK	UAH	04.01.2019	300	-
PJSC TASCOMBANK	UAH	22.01.2020	-	855
PJSC TASCOMBANK	EUR	16.08.2020	-	966
JSC Ukrbudinvestbank	UAH	30.06.2020	-	97

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<i>Total</i>			23761	94285
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20. Tax liabilities

Current tax liabilities with the budget include (Thds. UAH):

Taxes	31.12.2018	31.12.2019
VAT	1923	1439
Income tax	1017	1055
Personal income tax	915	1220
Land tax	325	316
Real estate tax	394	433
Other taxes	54	111
<i>Tax liabilities</i>	4628	4574

21. Other current liabilities

Other current liabilities are presented in the following way (Thds. UAH):

Type	31.12.2018	31.12.2019
Current provisions	2869	4801
Advances received from buyers	59298	104688
Dividends liabilities	7229	10218
Interest on loans	-	4
Other obligations	4627	1929
<i>Total</i>	74023	121640

22. Disclosure of other information

Litigation

Until the date of preparation and approval of the consolidated financial statements of PJSC "Concern-Electron", the group companies are plaintiffs, defendants and / or third parties in the following litigation:

Name of the Company	Dispute number	The essence of the dispute	State of consideration
Concern-Electron PJSC (plaintiff)	№ 2a-10753/12/1370	To the State Tax Dept. in the Zaliznychnyj District of Lviv on the recognition of illegal and cancellation of tax notices-decisions in the amount of 271616, 25 UAH.	01.04.13 the decision of the district court the claim is satisfied; On April 5, 2016, the decision of the Administrative Court of Appeal upheld the decision Filed for consideration by the Supreme Court
FLK "Electron-Leasing" (plaintiff)	№ 813/1019/16, Supreme Administrativ	To the State Tax Dept. in the Zaliznychnyj District of Lviv on recognition of illegal and cancellation of	06.09.16 the decision of the district court the claim is satisfied; 15.11.16 by the decision of the

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	e Court	tax notices-decisions in the amount of UAH 78,840	Administrative Court of Appeal the decision was left unchanged; On February 7, 2017, cassation proceedings were opened
Tecon-Electron SDO (plaintiff)	№1.380.2019.003177	To the Main State Tax Dept. of Lviv region on cancellation of tax notices-decisions in the amount of UAH 12,567.63.	01.08.19 by the decision of the district administrative court the claim was satisfied; 27.01.20 by the decision of the 8th Administrative Court of Appeal the appeal was returned to the State Tax Dept.
Electrontrans LLC JV (defendant)	№ 824/53/19	On the application of the Bank of Electromotive on the recognition and execution of the decision of the ICAC on the recovery of 225826.06 euros	On April 5, 2019, the decision of the Court of Appeal satisfied the application
JV LLC "Electrontrans"(plaintiff)	№ 1340/5850/18	To the State Tax Dept. on cancellation of the tax notice in the amount of UAH 850,337	On January 31, 2019, by the decision of the district administrative court, the claim was partially satisfied in the amount of UAH 811248.90 On April 26, 2019, by the decision of the 8th Administrative Court of Appeal, the appeal was returned to the STD
ElectronMas h Plant LLC (plaintiff)	№1.380.2019.006167	To the State Tax Dept. on cancellation of the tax notice in the amount of UAH 346,666	07.02.2020 by the decision of the district administrative court the claim was satisfied in full
LLC "Trading house" Electron (plaintiff)	№1.380.2019.004778	To the Main State Tax Dept. of Lviv region on cancellation of the decision on refusal in registration of tax.invoice (VAT amount UAH 16,640.16)	22.01.2020 by the decision of the district administrative court the claim was satisfied in full
TSF Elevtron (defendant)	№460/4078/15-II	On establishing the fact of performance of works and making corrections in the employment labour book	On April 19, 2019, by the decision of the Yavoriv District Court, the claim was partially satisfied
JV LLC "Sferos-Electron" (plaintiff)	№ 2a-9433/12/1370	To the State Tax Dept. in Shevchenko district on cancellation of the tax notice-decision in the amount of UAH 365,411.	16.01.2013 the decision of the district court the claim is satisfied; On October 21, 2015, the decision of the Administrative Court of Appeal upheld the

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			decision; 06.11.2019 by the decision of the Supreme Court preliminary decision without changes
Electron-Carat SRC	№1.380.2019 .001154	On the claim of State Labour Security Dept. about a ban on operation of the freight elevator	On March 28, 2019, the claim was satisfied by the decision of the district administrative court
JV LLC "Electrontrans"(plaintiff)	№ 813/4576/16	To the State Tax Dept. in Lychakivskyj district on cancellation of the tax notice in the amount of 86464 UAH.	21.03.2017 the decision of the district court the claim is satisfied; 05.07.2017 by the decision of the Administrative Court of Appeal decision without changes; On May 14, 2019, the decision of the Supreme Court of Ukraine upheld the decision
TSF Elevtron (defendant)	№380/8314/20	On the claim of State Pension Fund on reimbursement of actual costs for payment and delivery of pensions in the amount of UAH 29,491.88	The case has not been considered
SOE "Energocentral-Electron" (plaintiff)	№1.380.2019 .004920	To the Main State Tax Dept. on the abolition of tax notifications in the amount of 12400, 85 UAH.	On December 4, 2019, the claim was satisfied by the decision of the district administrative court

Taxation

According to the management opinion, the Company has paid all taxes, so the financial statements do not include provisions for tax losses. Due to the existence of ambiguities in the Ukrainian tax legislation, as well as due to the practice in an unstable economic environment in which the tax authorities arbitrarily interpret aspects of economic activity, if tax authorities question a certain interpretation based on the assessment of the economic activity of the Company, it is possibility that the Company will be forced to pay additional taxes, fines and penalties. Such uncertainty may affect the value of financial instruments, impairment losses and provisions, as well as the market price of transaction prices.

Disclosure of related party transactions

Transactions with related parties are determined and reflected in the consolidated financial statements of the Group in accordance with IAS 24, Related Party Disclosures. Related parties or related party transactions include:

- enterprises that directly or indirectly control or are in control, or are jointly controlled, together with the Company;
- associated companies;
- joint ventures in which the Company is a controlling participant;

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- members of the company's top management staff;
- close relatives of the person mentioned above;
- companies that control the Company, or exercise significant influence, or have a significant percentage of votes in the Company;

In connection with the inclusion of internal-group operations, there are no operations between subsidiaries to disclose.

Main management personnel are individuals who are responsible for the planning, management and control over the activity of the enterprise. Main management personnel for the Statement purposes are: the members of Supervisory Board and members of the Board.

Remuneration for the members of Supervisory Board and members of the Board included to salaries costs and includes short-line payments - salaries, one-time bonuses and other small short-line payments. All remunerations to main personnel of the Company are defined as current, up to IAS 19.

Long-term programs of payments / bonuses are not transferred.

In the process of the activity, the Company pays the contributions for social security, in accordance with Ukrainian Legislation.

Rewards to senior management (IFRS 24):

2018: UAH 9609 Thsd.

2019: UAH 8188 Thsd.

23. Risk management

Interest rate risk is the risk that an investment's value will change due to a change to changes in market interest rates. The Company manages interest rate risk using fixed interest rate deposits.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when the revenue or expenses are denominated in a currency other than the functional currency of the Company).

To reduce the currency risk, the assets of the Company are mainly expressed in the national currency UAH, production activities are carried out in UAH, accounting and reporting are carried out in UAH.

The Company controls the cash flow deficit using the current liquidity planning tool. The purpose of the Company is to maintain a balance between the amount of current assets and the amount of liabilities. As at the beginning and the end of the reporting periods, current assets represented only liquid assets. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain the capital structure the Company may adjust the dividend payment. The Company monitors capital by comparing the equity amount to the beginning and end of the reporting period.

24. Discontinued Operations

The Group reports that there was no undisclosed component of the consolidated financial statements that met the criteria for discontinued operations.

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25. Events that occurred after the reporting date

The Group determines the procedure and date of signing of the consolidated financial statements and persons authorized signatories to report.

In preparing the consolidated financial statements, the Group considers the events that have occurred after the reporting date and reflects them in the financial statements in accordance with IAS 10 "Events after the reporting period".

The Group has evaluated the period from December 31, 2019 to this date of existence of the following events: a) events that indicate the conditions that existed at the end of the reporting period (events requiring adjustments to the 2019 financial statements); b) events that indicate conditions that have arisen since the reporting period (events that do not require a financial adjustment but require some disclosure).

None of the above events were detected.

Chairman of the Board

Deputy Chairman of the Board

General accountant



Bubes Yu.G.

Medvediev V.S.

Babyn S.S.

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