



**Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2020 to 31 December 2020**

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STATEMENT OF FINANCIAL POSITION

	Nota	31 December 2020	31 December 2019
ASSETS			
Fixed assets			
Property, plant and equipment	1	29 659 933	26 456 098
Intangible assets	2	10 381 280	10 782 889
Perpetual usufruct of land	4	3 264 000	3 241 000
Shares in affiliated companies	5	23 825 899	23 825 899
Loans granted to affiliated companies	12	60 688 800	49 938 750
Deferred tax assets	6	455 173	-
Total fixed assets		128 255 085	114 244 434
Current assets			
Inventory	7	74 359 986	52 841 440
Trade and other receivables	8	55 240 643	71 446 470
Income tax receivables	9	-	933 127
Loan granted to affiliated companies	8	6 953 030	-
Transitional accounts	11	9 431 524	3 851 796
Cash and cash equivalents	13	8 277 252	644 401
Total current assets		154 262 435	129 717 234
Assets classified as held for sale	14	-	4 919 315
TOTAL ASSETS		282 517 520	248 880 983
LIABILITIES			
Nominal share capital	15	56 800 000	56 800 000
Nominal share premium	15	1 055 603	1 055 603
Capital from revaluation of property		3 004 776	3 486 341
Retained profits	18	96 857 083	67 863 831
Total equity		157 717 462	129 205 775
Long-term liabilities			
Long-term bank loans	18	27 688 800	31 938 750
Provision for retirement benefits		225 649	216 029
Deferred tax provision	6	-	1 202 935
Lease liabilities		5 864 736	3 875 670
Total long-term liabilities		33 779 187	37 233 384
Short-term liabilities			
Trade and other liabilities	21	76 587 787	58 953 649
Lease liabilities		3 447 075	1 653 840
Bank loan liabilities	18	6 922 200	17 531 869
Tax liabilities	22	4 043 438	-
Dividend payables		-	4 250 000
Transitional accounts		20 371	52 466
Total short-term liabilities		91 020 871	82 441 824
Total liabilities		282 517 520	248 880 983

The Management Board

President of the Board
Kyrakos Sarantis

Vice President of the Board
Konstantinos Rozakeas

Vice President of the Board
Konstantinos Stamatiou

Member of the Board
Meintanis Vasileios

Member of the Board
Grigorios Sarantis

Member of the Board
Elpiniki Sarantis

Member of the Board
Grigorios Sarantis

STATEMENT ON THE RESULT AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2020	31 December 2019
Continuing of activity			
Sales income	23	364 226 692	289 921 345
Other income	24	786 185	242 615
Change of the inventory product balance		2 314 041	2 624 443
Cost of work performed by the entity for its own needs		(2 379 793)	1 817 200
Depreciation		(4 630 862)	(3 410 078)
Consumption of materials and power		(72 070 550)	(70 892 652)
External services		(30 204 633)	(29 451 316)
Taxes and fees		(508 438)	(400 482)
Salaries		(22 048 733)	(20 858 300)
Social insurance and other benefits		(4 569 065)	(4 057 941)
Other cost by nature		(1 797 249)	(354 255)
Cost of trade goods and materials sold		(188 750 519)	(142 548 627)
Other costs	25	(3 270 467)	(2 026 488)
Total cost on operating activity		(327 916 268)	(269 558 496)
Profit from operating activities		37 096 609	20 605 464
Financial revenues	26	1 146 787	8 404 745
Financial expenses	26	(2 675 270)	(1 606 667)
<i>including leasing interest</i>		(194 983)	(157 911)
Net financial revenues and expenses		(1 528 483)	6 798 078
Profit before tax		35 568 126	27 403 542
Income tax	27	(7 074 877)	(3 934 809)
Net profit		28 493 249	23 468 733
Net other comprehensive income			
<i>Items not transferred to the financial result</i>			
Revaluation of property and plant		22 764	-
Income tax related to revaluation of property, plant and equipment		(4 325)	-
Other net total income		18 439	-
Total comprehensive income		28 511 688	23 468 733

The Management Board

<i>President of the Board</i>	<i>Vice President of the Board</i>	<i>Vice President of the Board</i>	<i>Member of the Board</i>
<i>Kynakos Sarantis</i>	<i>Konstantinos Rozakeas</i>	<i>Konstantinos Stamatios</i>	<i>Mentanis Vasileios</i>
<i>Member of the Board</i>	<i>Member of the Board</i>	<i>Member of the Board</i>	
<i>Grigorios Sarantis</i>	<i>Elpiniki Sarantis</i>	<i>Grigorios Sarantis</i>	

STATEMENT OF CASH FLOWS

	Note	01.01.2020- 31.12.2020	01.01.2019- 31.12.2019
Cash flows - operational activity			
Gross profit from the business activity		35 568 126	27 403 542
Adjustments for:		8 870 303	(30 818 307)
Depreciation and impairment of property, plant and equipment		4 630 862	3 410 078
(Profit)/loss on account of foreign exchange differences		(1 612 562)	39 487
Profit from the sale of property, plant and equipment		(20 213)	34 668
Interest income and profit sharing		(1 142 159)	(8 318 952)
Interest expenses		1 265 714	1 010 785
Increase/decrease in inventories		(21 518 545)	(10 721 943)
Increase in trade and other receivables	31	16 205 827	(9 153 382)
Increase in trade and other payables	31	20 433 595	(1 467 625)
Change in the value of accruals and deferrals		(5 621 091)	(707 332)
Change in provisions		9 820	2 724
Income tax paid		(3 760 745)	(4 946 815)
Net cash flows from operating activities		44 438 429	(3 414 765)
Cash flows - investment activities			
Revenues generated from sale of fixed assets	31	1 091	6 878
Revenues generated from sale of investment property	31	5 000 000	-
Revenues from dividends		-	7 765 211
Acquisition of tangible fixed assets and intangible assets	31	(1 573 245)	(6 099 158)
Payments for property investments	31	(61 038)	(17 513)
Loans granted to affiliates		(15 030 830)	(36 438 750)
Expenses for financial assets		-	(4 326 839)
Interest received from affiliated entities		1 199 696	480 687
Net cash used in investing activities		(10 464 328)	(38 629 484)
Cash flow - financial activities			
Revenues due to credit and loans		14 861 350	58 085 684
Repayment of loans and borrowings		(32 393 219)	(12 865 500)
Interest paid		(1 313 985)	(954 337)
Other financial expenses		(1 063 141)	(39 000)
Dividend paid to shareholders		(4 250 000)	-
Payments under finance leases		(2 185 710)	(1 654 078)
Net cash provided by/(used in) financial activities		(26 344 705)	42 572 769
Net change in cash and cash equivalents		7 629 398	528 520
Effect of exchange rate changes		3 453	(487)
Balance sheet change in the cash value		7 632 851	528 033
Cash and cash equivalents on 1 January		644 401	116 369
Cash and cash equivalents on 31 December		8 277 252	644 401

The Management Board:

President of the Board
Kyriakos Sarantis

Vice President of the Board
Konstantinos Rozakeas

Vice President of the Board
Konstantinos Stamatou

Member of the Board
Meintanis Vasileios

Member of the Board
Grigorios Sarantis

Member of the Board
Elpiniki Sarantis

Member of the Board
Grigorios Sarantis

STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Revaluation Reserve	Retained earnings	Total equity
Equity as at 1 January 2019	56 800 000	1 055 603	3 486 341	48 645 098	109 987 042
Net profit	-	-	-	23 468 733	23 468 733
Dividend to be paid to shareholders	-	-	-	(4 250 000)	(4 250 000)
Equity as at 31 December 2019	56 800 000	1 055 603	3 486 341	67 863 831	129 205 775
Net profit	-	-	-	28 493 249	28 493 249
Capital from revaluation of property	-	-	(481 565)	500 003	18 439
Equity as at 31 December 2020	56 800 000	1 055 603	3 004 776	96 857 083	157 717 462

The Management Board

<i>President of the Board</i> <i>Kyriakos Sarantis</i>	<i>Vice President of the Board</i> <i>Konstantinos Rozakos</i>	<i>Vice President of the Board</i> <i>Konstantinos Stamaliou</i>	<i>Member of the Board</i> <i>Maintanis Vasileios</i>
<i>Member of the Board</i> <i>Grigorios Sarantis</i>	<i>Member of the Board</i> <i>Elpiniki Sarantis</i>	<i>Member of the Board</i> <i>Grigorios Sarantis</i>	

ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

1. Name , address, the basic object of the activity of the Company

The business of the company Sarantis Polska S.A. , hereinafter referred to as statement "Company", is mainly the sales activity in the scope of household articles made of artificial materials and skin care cosmetics.

The Company was registered on 24.01.1991 by the District Court in Warsaw under the number RHB 25872.

The Company was entered in the National Court Register of Entrepreneurships on 12.11.2001 under the number 0000050586.

On 24.04.2003 the Company was transformed to Joint Stock Company – entered in the National Court Register of Entrepreneurships under the number 0000158603.

On 24.10.2004 the Company changed it's name to Sarantis Polska S.A.

Company address

ul. Puławska 42 c
05-500 Piaseczno

Main Warehouse address

Moszna Parcela
05-840 Brwinów

2. Management Board of the Company

On 31 December 2020 the Management Board is composed of :

Kyriakos Sarantis – President of the Board

Konstantinos Rozakeas – Vice President of the Board

Konstantinos Stamatiou - Vice President of the Board

Vasileios Meintanis – Member of the Board

Grigorios Sarantis – Member of the Board

Elpiniki Sarantis – Member of the Board

Grigorios Sarantis – Member of the Board

To represent the Company are entitled:

- 1) President of the Management Board acting individually or
- 2) two Vice Presidents of the Management Board acting jointly or
- 3) Member of the Management Board acting jointly with the Vice President

3. Supervisory Board

The composition of the Supervisory Board as of 31 December 2020 was as following

Pantazis Sarantis

Elpiniki Sarantis

Aikaterini Sarantis

4. Statutory auditor

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

ul. Abpa Antoniego Baraniaka 88 E

61-131 Poznań

5. Name of the parent company

GR Sarantis SA, Greece

6. Principles of presentation

Information on principles adopted for preparation of financial statement for 2020

The financial statement has been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statement covers the period from 1 January to 31 December 2020 and the comparative period from 1 January to 31 December 2019.

The financial statement is compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as of 31 December 2020 and 31 December 2019, results of its activity and cash flows for the year ended 31 December 2020 and 31 December 2019.

7. Statement of the Management Board

1) The Management Board of Sarantis Polska S.A. hereby honestly and sincerely declares that to the best of its knowledge the foregoing financial statement and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRS). The statement reflects true and fair view on financial position and its financial result of Sarantis Polska S.A. and that the Management Board Commentary on the Company's Operations presents true overview of Company's development, achievement and business situation of Company, including basic risks and exposures.

2) The Management Board of Sarantis Polska S.A. declares that the entity, authorized to audit and conduct the audit of financial statements, was selected in compliance with the law and that entity and auditors conducting the audit met the conditions to issue an independent opinion in compliance with relevant regulations of the domestic law.

Basis for the preparation of the report and accounting principles

Basic of the financial statement

Financial statement of Sarantis Polska S. A. is prepared in accordance with International Accounting Standards adopted by European Union. The statement was prepared assuming that the company will continue its activity in the nearest future. On the day in which this statement was accepted there is no circumstances indicating any danger to continue of business activity of Company.

Consolidated financial statement

Consolidated financial statement, which includes also subsidiary entities is performed by highest level parent company GR Sarantis SA, based in Athens, Greece.

Functional currency and presentation currency of financial statements

The financial statement is presented in Polish zlotys after rounding to full sums. The Polish zloty is a functional and reporting currency of the Company.

Judgments and evaluations

Judgments, evaluations and assumptions, which have significant influence on accounting principles, presenting value of assets, liabilities, costs and incomes are required by the Management Board. Evaluations and assumptions based on the historical experience and other factors rationally justified, their results allow to estimate balance sheet value of assets and liabilities. Real value may be different from estimated value. Evaluations and assumptions are verified on a current basis. Change in accounting estimations is included in the period in which the accounting estimations were changed or in the current and future periods.

Fixed assets

A model based on a revalued value is used to value a property.

The fair value of the property is determined on the basis of current market information by an independent appraiser once every three to five years, provided that market conditions do not change significantly. Otherwise, the fair value measurement is carried out at least once a year.

The excess from the revaluation of real estate is included in other comprehensive income and disclosed in the total amount in equity. An increase in fair value is recognized as income to the extent that it reverses the revaluation decrease that was previously recognized as an expense in the period.

The decrease in fair value is recognized as the cost of a given period. However, the decrease due to revaluation is recognized in other comprehensive income to the amount of the excess from the revaluation accumulated earlier in equity.

The surplus arising from the change in the fair value of a given asset, accumulated in equity, is transferred to the undistributed result from previous years at the moment of removing the asset from the statement of financial position.

Other than real estate property, property, plant and equipment are measured at the cost including the purchase price and costs directly related to the asset being put into use.

Property, plant and equipment are depreciated (amortized) using the straight-line method and impairment losses.

The costs of current maintenance of assets affect the financial result of the period in which they were incurred.

Depreciation of property, plant and equipment starts since when it is available for use that means it is in the location and condition necessary for it to be capable of operating. The beginning of the depreciation starts not later than one month after acquisition date and follows in the manner intended by the management, over the period reflecting their estimated economic useful life. The correctness of applied periods, depreciation methods and residual value of fixed assets is verified on each balance sheet day and respective adjustments are made if it is necessary.

The following types of useful life are used for fixed assets:

Buildings and constructions 10 - 60 years

Machinery and equipment 8 - 10 years

Vehicles and others 3 - 20 years

If there have been events or changes which indicate that the carrying amount of fixed assets may not be recoverable, the assets are analyzed. If there are indications of impairment, the company makes estimation of recoverable amounts of particular assets. Loss is included if accounting value of asset is higher than estimated recoverable value.

The recoverable amount of property, plant and equipment reflects the higher of the following values: net selling price and value in use. Impairment allowances are recognized as other operating costs in the profit and loss.

Profit and loss resulting from the removal tangible fixed asset from the balance sheet are calculated as difference between net incomes from disposal, and balance sheet value and shown as income or cost in the profit and loss account

Investment real estate property

The investment real estate property is held due to revenues from rent or increase in its value and is measured based on the fair value model.

On subsequent balance sheet days, investment property is measured at fair value, determined by an independent appraiser, taking into account the location and nature of the property and current market conditions.

Gains or losses arising from changes in the fair value of investment property are recognized in profit or loss in the period in which changes occurred, as other operating income or expenses.

Investment real estate is removed from the statement of financial position at the time of its disposal or permanent withdrawal from use, if no economic benefits are expected in the future. Gains or losses resulting from these transactions are defined as the difference between sales revenue and the net value of these fixed assets. These profits and losses are recognized in the result in other operating income or expenses in the period in which the liquidation or sale of an investment property was effected, when the buyer takes control over the sold component of property.

Leasing (from 2019)

For each contract concluded on or after January 1, 2019, the Company decides whether the contract is or includes leasing. Leasing is defined as a contract or part of a contract that delegates the right to control the use of an identified asset (underlying asset) for a given period in exchange for consideration. To this reason, three basic aspects are analyzed:

- whether the contract relates to an identified asset that is either clearly specified in the contract or implicitly when the asset is made available to the Group,
- whether the Company has the right to obtain substantially all economic benefits from the use of the asset over the entire useful life to the extent specified in the contract,
- whether the Company has the right to direct the use of the identified asset over the entire useful life.

At the commencement date, the Company recognizes an asset under the right of use and a liability under the lease. The right of use is initially measured at the purchase price consisting of the initial value of the lease liability, initial direct costs, an estimate of the costs expected in connection with the dismantling of the underlying asset and the lease payments paid on or before the start date, less leasing incentives.

The Company depreciates use rights on a straight-line basis from the start date until the end of the useful life period or the end of the lease term, depending on which of these dates is earlier. If there are indications, the rights to use are tested for impairment in accordance with IAS 36.

As at the commencement date, the Company measures the lease liability at the present value of the remaining lease payments using the interest rate of the lease, if it can be easily determined. Otherwise, the lessee's marginal interest rate applies.

Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments dependent on the index or rate, amounts expected to be paid as a guaranteed residual value and payments for call options if they are reasonably certain.

In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The valuation of the lease liability is updated to reflect changes in the contract and the reassessment of the lease term, exercise of the call option, guaranteed residual value or lease payments dependent on the index or rate. In principle, the revaluation of the liability is recognized as an adjustment to the asset due to the right of use. The company uses practical standards approved for short-term leasing and leasing in which the underlying asset is of low value. For such contracts, lease payments are recognized in profit or loss on a straight-line basis over the lease term. The Company presents right of use in the same items of the statement of financial position as the underlying assets, i.e. in tangible fixed assets.

Intangible assets

Intangible assets are recognized if it is probable that expected future economic benefits, which are directly attributable to the assets, will cause increase of entity. Initially intangible assets are stated at acquisition or construction cost. After initial recognition, intangible assets are measured at acquisition or construction cost less amortization and impairment allowances. Intangible assets with a definite useful life are amortized when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management over their estimated economic useful life. The correctness of the applied amortization periods and rates is periodically reviewed, at least at the end of the reporting year, and potential adjustments to amortization allowances are made in

the subsequent periods. Intangibles with indefinite useful life are not subject to depreciation. Their value is reduced by potential impairment allowances.

The standard economic useful lives for amortization of intangible assets are following:

Acquired licenses, patents, and similar intangible assets 3 - 50 years

Acquired computer software 3 - 50 years

Other intangible assets are verified in terms of impairment allowances at the end of each reporting period. If there are indications of impairment, and the carrying amount exceeds the estimated recoverable amount, the value of those assets or the related cash-generating units is decreased to the recoverable amount. The recoverable amount of those assets is the higher of the following values net selling price or their value in use.

Valuation of shares in subsidiary entities

Shares in subsidiary entities are valued according to acquisition cost less accumulated impairment losses.

Financial instruments

Financial instruments other than derivatives.

Receivables and deposits are presented on date of origin. All other financial assets (with assets valued at fair value by financial results) are included at transaction date, which is a day, when the Company starts to be a part in mutual obligations regarding particular financial instruments.

The Company does not recognize financial assets upon expiration of the contractual rights to receive cash flows from the asset or starting from the moment in which the rights to cash flows from the financial asset are transferred in transaction transferring generally all important risks and benefits resulted from its ownership. Each share in transferring financial assets which is created or is in the Company's ownership is treated as a component of assets or as a liability.

Financial assets and liabilities are compensated and presented in financial statement in net amount only when the Company has valid title to compensation of particular financial assets and liabilities or the Company is going to settle given transaction of compensating financial assets and liabilities in net amount or is going to settle financial liabilities and at the same time realize financial assets.

Investments are classified by the Company in following categories: financial instruments estimated by financial results at fair value, investments retained until the maturity term, receivables and loans and financial assets available to sale.

Financial instruments estimated by financial results at fair value

Financial assets are classified as the investment valued at fair value by the financial results, when they are designated to turnover or are designated to valuation at fair value in the initial moment of presentation. Financial assets are classified to assets valued at fair value by financial results when the Company manages such investments

actively and decides about sale and purchase of them based on their fair value. These transactional costs are allocated directly to profit or loss of current period at the moment in which they have been incurred. Financial assets valued at fair value by financial results are valued as fair value. All profits and loss are included in profit and loss of current period. Financial assets valued at fair value by the financial results include capital securities, which in other case will be classified as designated to sale.

Investments retained until the maturity term

In case when the company has possibility and intention to hold debt securities to maturity term, they are classified as a financial assets held to maturity term. At the beginning all financial assets held to maturity term are presented in fair value increased by direct costs. Evaluation of financial assets is realized in accordance to amortized cost with effective interest rate method, after the decreasing by the potential impairment losses. Sale or reclassification financial assets of significant amount held to maturity in other term, causes reclassification of all investments held to maturity term to investments available to sale. Thus the Company is prohibited of presenting acquired investments as financial assets held to maturity until the end of financial year and for the next two years.

Financial assets held to maturity include bonds.

Receivables and loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Except the assets with the maturity date above 12 months after the balance sheet date, receivables and loans are designated as current assets. Trade receivables and other receivables are valued in amount of the amortized costs using effective interest rate decreased by allowances for bad debts.

.Derivative Financial assets not available for sale

Derivatives are initially recognized at fair value, transaction costs are recognized at the moment of incurring in profits or losses of current period. After the initial presentation, the Company values the derivatives at fair value, profits and losses resulted from the changes of fair value are included in the mentioned below manner.

When the derivative is not designated as the security instrument, all changes of its fair value are immediately included in profit and loss of current period.

Inventories

Inventories are measured at the lower of cost and net realizable value, considering any inventory allowances. The net realizable value is the selling price estimated in the ordinary course of business activity less the estimated costs of completion and the estimated selling costs.

Cost of goods sold is determined based on the weighted average costs formula.

Receivables

Trade receivables and other receivables are presented when the determined amounts become due to Company. Trade receivables and other receivables are valued in payment date with consideration of allowances for bad debts.

Non-collectible receivables are deducted into the profit and loss account at the time of declaring that they are non-collectible.

Cash and cash equivalent

Cash includes cash in hand and cash at the bank. Cash equivalent are short-term high liquid investments, convertible to known amounts of cash and exposed to small risk of change of the value. Cash is valued in the nominal value in accordance with the fair value.

Trade incomes

Probability of derived economic benefits and possibility to determine the amount of income let the Company recognize the incomes. Trade incomes are evaluated in net value after the reduction by tax on goods and services and discounts. Revenues from sales of goods are recognized at the time of delivery of the goods, when there has been a transfer of risks and rewards. Particular items of Company's costs are decreased by the invoiced amounts which are not an income.

Sales revenues

The Company recognizes revenue when it is probable that the economic benefits from the transaction and the amount of income will be determined in a reliable manner. The amount of revenues is determined according to the fair value of the received or due payment reduced by the value of granted rebates and the value of trade costs incurred related to cooperation with recipients. Revenues from the sale of goods are recognized when the goods are released, when the risks and benefits have been transferred.

Refunded amounts are not considered as revenue, but they reduce the relevant items of unit costs.

Equity capital

Equity capital is divided by the types accordance with law rights and resolutions of Company Statute.

Share capital is presented in the nominal value, in the amount according to the Company Statute and entry in the commercial register. Declared but no made contributions are included by due contributions to the initial capital. Own funds of the Company are decreased by due contributions to the share capital.

The capital from issuance of shares above their nominal value is created from the surplus of the issue price of shares above their nominal value less costs of this issue.

Non-divided profits for the previous years and the current results (profits) are presented in the financial statement as the retained profits.

Loan and credits

Loans and credits are presented at the fair value of received inflows decreased by the costs of transactions.

Loans and credits are valued at the amortized acquisition price in accordance with effective interest rate.

Transactions in foreign currency

Transactions in foreign currency are carried out in accordance with exchange rate:

- 1) used in fact in this day, resulted from character of operation, in case of sale or purchase of currencies and incoming and outgoing payments,
- 2) average, published for particular currency by National Bank of Poland from the previous day from the day of outgoing or incoming payments, if the use of the exchange rate as in point 1 above is not possible and for the other operations.

Exchange rate differences and evaluations of financial assets and liabilities on the balance sheet date, in accordance with National Bank of Poland exchange rate on this day, are presented as financial costs or incomes in the profit and loss account.

Non-cash assets and liabilities, included in accordance with historical cost expressed in foreign currency are presented with historical exchange rate from the transaction day. Non-cash assets and liabilities included in accordance with fair value, expressed in foreign currency are calculated by exchange rate from the valuation day.

Exchange rate differences resulting from clearance of transactions in foreign currencies and valuation of assets and liabilities in cash on the balance sheet day are presented as financial costs or income in statement of complete income in net amount.

For the balance valuation, the following exchange rates were adopted:

<i>Exchange rate at the day</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
USD	3.7584	3.7977
EUR	4.6148	4.2585
CHF	4.2641	3.9213
CZK	0.1753	0.1676
CNY	0.5744	0.5455
GBP	5.1327	4.9971

Income tax

The income tax includes current part and deferred part. Current and deferred income tax is included in profit or loss of current period, except the case, when it regards to merger of companies and items included immediately in equity or as other total income.

Current tax is an expecting amount of liabilities or receivables from income tax which have to be taxed for particular year, calculated with the use of tax rates, legally or actually binding as of the reporting day and corrections of tax liability regarding previous years.

Deferred tax is included in connection with temporary differences between balance sheet value of assets and liabilities and their value calculated for tax purposes. Deferred tax is not included in following cases:

- temporary differences resulted from initial presentation of assets or liabilities resulting from the transaction which is not a merger of companies and has not any influence for profit and loss of current period and for taxable income,
- temporary differences resulted from the investments in affiliated companies to the extent in which there is no possibility to sell it in the foreseeable future,

- temporary differences resulted from the initial presentation of goodwill.

Deferred tax is valued with the use of tax rates, which in accordance with expectations are going to be used when the temporary differences will be reversed - legally or actually tax rules binding up to reporting day are the base of this.

Assets and provisions for deferred tax are compensated when the company has possibility to execute legal title to conduct the compensation of current tax assets and provisions, subject to the assets and provisions for deferred tax regarding to the income tax, imposed by the same tax authority on the same tax payer or different tax payers, which are going to settle assets and provisions for deferred tax in net amount or at the same time to realize receivables and settle the liabilities.

Component of assets, from deferred tax for the purpose of transfer not settled amount tax loss and not used income tax relief and negative temporary differences, is included to the extent in which there is a possibility to have future income to tax, which allows for deduction of them.

Assets for deferred tax are reviewed as of the reporting day and they are reduced according to the possibility of generation profits in income tax, connected with them.

Fixed assets available to sale

Fixed assets available to sale satisfy following criteria:

- The Management Board declared intent of sale
- Assets are available to instantaneous sale in present condition
- Potential buyer is looked for
- Sale transaction is highly probable and the transaction will be settle during 12 months
- The trade price is rational and in accordance with the current fair value
- Probability of introduction of changes into disposal plan is inconiderable

If the criteria are met after the balance sheet date, the assets are not reclassified at the end of the reporting year prior to the designation for sale. The reclassification is reflected in the reporting period when the criteria are met. Depreciation is discontinued for the asset when it is designated for sale.

Assets held for sale are measured at the lower of the following values: net carrying value or the fair value decreased by selling costs.

Provisions

The Company shall recognize a provision when it has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimation may be made of the amount of the obligation. The provisions are reviewed at balance sheet date and adjusted to reflect the best current estimation.

Liabilities

Trade and other liabilities are measured at the due amount.

Contingent liabilities

Contingent liabilities are defined as obligations that arise from past events and which are dependent on occurrence or non-occurrence of some uncertain future events. Contingent liabilities are not recognized in the balance sheet however the information on contingent liabilities is disclosed unless the probability of outflow of resources relating to economic benefits is remote.

Application of the accounting principles

The above principles are applicable for comparative data.

Impact of new Standards and interpretations on the Company's financial statements.

Amendments to standards or interpretations in force and applied by the Company from 2020

New or amended standards and interpretations effective from January 1, 2020 and their impact on the Company's statements:

- Amendment to IFRS 3 "Business Combinations"

The amendment concerns the definition of an undertaking and mainly covers the following issues:

- specifies that the acquired set of assets and activities, in order to be treated as a project, must also include input and significant processes that together will significantly participate in generating a return,
- narrows the definition of return, and thus also a project, focusing on the goods and services provided to recipients, removing from the definition the reference to return in the form of cost reduction,
- adds guidelines and illustrative examples to facilitate the assessment of whether a material process has been taken over as part of the merger;
- omits assessing whether a missing input or process can be replaced and continued with the project to obtain a return; and
- adds the optional possibility to carry out a simplified assessment to exclude that a repossessed set of activities and assets is a business.

The amendment applies to business combinations for which the acquisition date falls within the first annual reporting period beginning on or after January 1, 2020, and for asset acquisition transactions that occurred in this reporting period or later. Therefore, the change did not affect the data disclosed in the Company's financial statements to date. In 2020, the Group did not make transactions falling within the scope of IFRS 3, therefore the change did not affect the data for the current year.

□ Amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The amendment introduces a new definition of the concept of "material" (with regards to an omission or misstatement in the financial statements). The existing definition included in IAS 1 and IAS 8 differed from that contained in the Financial Reporting Conceptual Framework, which could cause difficulties in making judgments by entities preparing financial statements. The amendment will unify the definitions in all applicable IAS and IFRS.

The changes did not affect the financial statements of the Company as the judgments made so far in terms of materiality were consistent with those that would have been made using the new definition.

The change is effective for annual periods beginning on or after January 1, 2020.

□ Amendments to references to the Framework in IFRS

The Supervisory Board prepared a new version of the financial reporting conceptual framework. Therefore, for the sake of consistency, the references to the conceptual assumptions included in individual standards have been adjusted accordingly.

The amendments are effective for annual periods beginning on or after January 1, 2020 and did not affect the Company's financial statements.

□ Amendments to IFRS 9, IAS 39 and IFRS 7

The IAS Board introduced changes to the hedge accounting principles in connection with the planned reform of the reference interest rates (WIBOR, LIBOR etc.). These rates are often a hedged item, for example when hedged with an IRS. The planned replacement of the existing rates with new reference rates raised doubts as to whether the planned transaction was still highly probable, whether future hedged flows are still expected, or whether there is an economic relationship between the hedged item and the hedging item. The amendment to the standards specified that it should be assumed in the estimates that the change in reference rates would not take place and therefore it would not have an impact on the fulfillment of the hedge accounting requirements.

The changes are effective for annual periods beginning on or after January 1, 2020. Due to the fact that the Company does not use derivatives based on interest rates, the change does not affect its financial statements

Standards and interpretations in force in the version published by the IASB, but not approved by the European Union, are listed below in the section on standards and interpretations that have not come into force.

Application of a standard or interpretation prior to its effective date

Voluntary early application of a standard or interpretation has not been used in these financial statements.

The Company did not take advantage of the option of early application of the amendment to IFRS 16, which would enter into force for annual periods beginning on June 1, 2020. In connection with the COVID-19 pandemic, the IASB introduced a simplification that allows not to assess whether the changed future flows resulting from concessions received from lessors that meet the conditions set out in the standard are a "lease change" under IFRS 16. Conditions that must be met by the relief received, so that a simplification can be applied to it:

- the total future lease remuneration after the relief is granted must be substantially the same or lower than before the relief was granted,
- the discount must apply to payments that were / will be due before June 30, 2021 (although the increased fees may be payable after that date),
- there are no other fundamental changes to the terms of the contract.

The Company did not receive any concessions from lessors for Covid-19.

Published standards and interpretations that did not come into force for the periods beginning on 1 January 2020 and their impact on the Company's financial statements.

By the date of these financial statements, new or revised standards and interpretations have been published, applicable to the annual periods after 2020. The list also includes changes, standards and interpretations published but not yet approved by the European Union.

New IFRS 17 "Insurance Contracts"

A new standard regulating the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.

The Company estimates that the new standard will not affect its financial statements as the Company does not conduct insurance activities.

The standard is effective for annual periods beginning on or after January 1, 2023.

- Amendment to IAS 1 "Presentation of Financial Statements"

The IAS Board clarified the rules for classifying liabilities to long- or short-term mainly in two aspects:

- clarified that the classification depends on the rights that the entity has as at the balance sheet date,
- the intentions of management with regard to the acceleration or delay of the liability payment are not taken into account.

The changes are effective for annual periods beginning on or after January 1, 2023.

Due to the fact that in the case of overdraft facilities granted for a period longer than one year, the Company follows the management's intention of repayment, it is expected that the balances of such loans will be presented as long-term liabilities, not short-term as before.

- Amendments to IFRS 1, IFRS 9, examples to IFRS 16, IAS 41 as part of Annual Improvements 2018 - 2020:
 - IFRS 1: additional exemption for determining cumulative exchange rate differences from consolidation;
 - IFRS 9: (1) when testing the 10% of whether a modification should disqualify a liability, only fees that are exchanged between the obligor and the creditor should be included; (2) it was clarified that the fees incurred in the event of the liability being removed are recognized in the result, and if the liability is not removed, they should be referred to the value of the liability;
 - IFRS 16: in Example 13, the issue of the lessor's incentive to cover fit-outs incurred by the lessee, which raised interpretation doubts, was removed;
 - IAS 41: the prohibition on recognizing tax flows in the measurement of biological assets has been removed.

The changes are effective for annual periods beginning on or after January 1, 2022. The Company estimates that the above changes will not affect its financial statements.

- Amendment to IAS 16 "Property, plant and equipment"

It was clarified that the production carried out as part of the tests of the fixed asset before the use of the fixed asset should be recognized as (1) inventory in accordance with IAS 2 and (2) revenue when it is sold. The company estimates that the change will not affect its financial statements. The change is effective for annual periods beginning on or after January 1, 2022.

- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

It is clarified that the costs of fulfilling onerous contracts include incremental costs (e.g. labor costs) and the allocated part of other costs directly related to the filling cost, e.g. depreciation. The Company estimates that the change will not have an impact on its financial statements as it has not identified any contracts that would be onerous so far.

The change is effective for annual periods beginning on or after January 1, 2022.

- Amendment to IFRS 3 "Business Combinations"

References to the definition of liabilities included in the conceptual assumptions and the definition of contingent liabilities from IAS 37 have been made more precise. The Company estimates that the amendment will not affect its financial statements. The change is effective for annual periods beginning on or after January 1, 2022.

□ Amendment to IFRS 16 "Leasing"

In connection with the COVID-19 pandemic, the IASB introduced a simplification that allows not to assess whether the changed future cash flows resulting from reliefs received from lessors that meet the conditions set out in the standard are a "lease change" under IFRS 16. In due to the fact that the allowances received by the Company do not meet the conditions specified in the standard, the Company will not apply the simplification, therefore the amendment will not affect its financial statements.

The change is effective for annual periods beginning on June 1, 2020 (with earlier application possible).

▪ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16

In connection with the planned reform of reference interest rates (WIBOR, LIBOR, etc.), the IAS Board introduced further changes to the accounting principles for financial instruments:

- in the case of measurement at amortized cost, changes in estimated cash flows resulting directly from the IBOR reform will be treated as a change in a floating interest rate, i.e. without recognizing the result
- it will not be necessary to end the hedging relationship if the only change is the effects of the IBOR reform and the other criteria for applying hedge accounting are met; the change regulates how to account for the alternative rate in a hedging relationship,
- the entity will be required to disclose information about the risks arising from the reform and how it manages the transition to alternative reference rates.

The Company has not finished estimating the impact of the change on its financial statements yet.

The change is effective for annual periods beginning on or after January 1, 2021.

The Company intends to implement the above regulations within the time limits provided for by standards or interpretations.

1. Tangible fixed assets

	31.12.2020	31.12.2019
Buildings, premises and structures of land and water engineering	13 090 095	13 481 075
Machinery and technical equipment	5 951 755	6 035 964
Transportation means	289 377	214 362
Other fixed assets	1 419 055	1 205 827
Buildings – MSSF 16	4 804 702	5 493 333
Transportation means – MSSF 16	4 052 339	-
Advances for fixed assets under construction	14 254	25 535
Fixed assets under construction	38 356	-
Total tangible fixed assets	29 659 933	26 456 096

As at December 31, 2020, the Company made another revaluation of the property, in accordance with the appraisal report prepared by property appraiser Ewa Borkowska-Karwowska, license no. 4984.

According to the survey, the market value of the buildings was 13 075 000 PLN.

As at the date of first application of IFRS 16, the Company was a lessee in one lease agreement concluded for a period of up to 2023, under which it was entitled to use the production and storage facility located in Moszna-Parcela. In connection with the application of IFRS 16, the Company recognized as at the date of first application of the right to use standard in the amount of 7 183 589 PLN.

As at December 31, 2019, the right to use, including depreciation write-offs, amounted to 5 493 333 PLN.

As at December 31, 2020, the Company had the right to use buildings in the net amount of 4 804 702 PLN and the right to use cars in the net amount of 4 052 339 PLN.

There are no tangible assets which are a security for liabilities of the company at 31st December 2020 and at 31st December 2019.

In 2020 and 2019, the Company did not make any changes to depreciation periods.

At December 31, 2020 and December 31, 2019 the Company had no future investment commitments.

Sarantis Polska S.A. Financial Statement for the period from 1 January 2020 to 31 December 2020 (in PLN)

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Buildings IFRS 16	Machinery and technical equipment	Transportation means	Transportation means IFRS 16	Other fixed assets	Assets under construction	Advances for fixed assets	Total
Gross value of tangible fixed assets									
Gross value as at 1 st January 2019	6 730 052	7 183 589	8 443 178	1 663 205	-	2 265 540	9 360 378	-	35 665 942
Increases:	7 992 635	-	3 952 136	-	-	728 782	2 959 814	25 535	15 658 902
acquisition	7 992 635	-	3 952 136	-	-	728 782	2 959 814	25 535	15 658 902
Decreases:	59 000	-	421 794	-	-	241 432	12 340 192	-	13 062 416
sales	59 000	-	50 039	-	-	-	-	-	109 639
liquidation	-	-	371 155	-	-	241 432	-	-	612 567
transfer	-	-	-	-	-	-	12 340 192	-	12 340 192
Gross value as at 31 st December 2019	14 683 687	7 183 589	11 973 520	1 663 205	-	2 752 890	-	25 535	38 262 426
Increases:	-	1 318 008	825 631	140 422	4 640 004	497 810	205 567	182 808	7 730 250
acquisition	-	1 318 008	825 631	140 422	4 640 004	391 910	205 567	182 808	7 714 350
transfer	-	-	-	-	-	15 700	-	-	15 700
Decreases:	15 962	-	33 984	-	-	-	167 211	194 089	411 246
sales	-	-	22 371	-	-	-	-	-	22 371
liquidation	-	-	11 613	-	-	-	-	-	11 613
revaluation	262	-	-	-	-	-	-	-	262
transfer	15 700	-	-	-	-	-	167 211	194 089	377 000
Gross value as at 31 st December 2020	14 647 725	8 511 597	12 765 167	1 803 627	4 640 004	3 160 500	38 356	14 254	45 581 230

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Buildings IFRS 16	Machinery and technical equipment	Transportation means	Transportation means IFRS 16	Other fixed assets	Assets under construction	Advances for fixed assets	Total
Accumulated depreciation and impairment loss									
as at 31 st January 2019	886 296	-	5 740 690	1 319 813	-	1 623 770	-	-	9 570 568
Increases:									
Depreciation for the year	313 769	1 690 256	618 662	129 029	-	164 726	-	-	2 916 442
Decreases:									
sales	17 454	-	421 794	-	-	241 432	-	-	680 680
liquidation	-	-	50 839	-	-	-	-	-	68 093
revaluation	-	-	371 155	-	-	241 432	-	-	612 587
Accumulated depreciation and impairment loss as at 31 st December 2019	1 182 611	1 690 256	5 937 558	1 448 842	-	1 547 064	-	-	11 806 330
Increases:									
Depreciation for the year	381 848	2 016 038	909 314	85 408	587 665	194 382	-	-	4 155 255
transfer	-	-	-	-	-	6 803	-	-	6 803
Decreases:									
sales	6 829	-	33 459	-	-	-	-	-	40 288
liquidation	-	-	21 846	-	-	-	-	-	21 846
revaluation	-	-	11 613	-	-	-	-	-	11 613
transfer	6 803	-	-	-	-	-	-	-	26
Accumulated depreciation and impairment loss as at 31 st December 2020	1 557 630	3 706 294	6 813 413	1 534 250	587 665	1 741 445	-	-	15 921 297
Net accounting value:									
as at 1 st January 2019	5 843 758	-	2 702 488	343 392	-	641 770	9 380 378	-	18 911 784
as at 31 st December 2019	13 481 076	5 493 333	6 035 962	214 363	-	1 205 626	-	25 535	26 456 098
as at 31 st December 2020	13 090 095	4 604 703	5 951 754	289 377	4 052 339	1 419 055	38 356	14 254	29 659 933

2. Intangible fixed assets

	31. 12.2020	31. 12.2019
Computer software	3 032 949	3 270 419
Trademarks, licenses	7 328 331	7 512 270
Total intangible fixed assets	10 361 280	10 782 689

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	Trademarks, licenses	Computer software	Total
Gross value as at 1st January 2019	<u>9 457 483</u>	<u>8 205 679</u>	<u>17 663 162</u>
Increases	-	71 972	71 972
acquisition	-	71 972	71 972
Gross value as at 31st December 2019	<u>9 457 483</u>	<u>8 277 651</u>	<u>17 735 134</u>
Increases	-	61 000	61 000
acquisition	-	61 000	61 000
Gross value as at 31st December 2020	<u>9 457 483</u>	<u>8 338 651</u>	<u>17 796 134</u>
Accumulated depreciation and impairment loss	Trademarks, licenses	Computer Software	Total
as at 1st January 2019	<u>1 761 273</u>	<u>4 697 535</u>	<u>6 458 808</u>
Increases	183 940	309 697	493 637
depreciation for the year	183 940	309 697	493 637
Accumulated depreciation and impairment loss	<u>1 945 213</u>	<u>5 007 232</u>	<u>6 952 445</u>
as at 31st December 2019	<u>1 945 213</u>	<u>5 007 232</u>	<u>6 952 445</u>
Increases	183 940	298 469	482 409
depreciation for the year	183 940	298 469	482 409
Accumulated depreciation and impairment loss	<u>2 129 153</u>	<u>5 305 701</u>	<u>7 434 854</u>
as at 31st December 2020	<u>2 129 153</u>	<u>5 305 701</u>	<u>7 434 854</u>
Net accounting value:			
as at 1st January 2019	<u>7 696 210</u>	<u>3 508 144</u>	<u>11 204 354</u>
as at 31st December 2019	<u>7 512 270</u>	<u>3 270 419</u>	<u>10 782 689</u>
as at 31st December 2020	<u>7 328 330</u>	<u>3 032 950</u>	<u>10 361 280</u>

In 2020 and 2019, the Company did not make any changes to depreciation periods.

3. Perpetual usufruct

The Company use perpetual usufruct of land with 8 004 square meters which are property of the State Treasury and are located in Piaseczno, ul. Puławska 42C. The right of perpetual usufruct of land is by the Company regarded as equivalent to property due to the long period of use, 5 December 2089.

As at December 31, 2020, the Company performed another revaluation of the right in accordance with the appraisal report prepared by Ewa Borkowska-Karwowska, property appraiser, license 4984. According to the survey, the value of the perpetual usufruct right was 3 264 000 PLN.

4. Investment in associated companies

The company holds 80% of shares in Polipak, in the total value of 23 825 899 PLN.

On December 17, 2015, the Company acquired 70% of shares in Polipak Sp. z o.o. with headquarters in Środa Wielkopolska, Harcerska 16 street. On September 19, 2019, the Company acquired an additional 10% of shares in Polipak for 4 283 999 PLN.

The purchase agreement of Polipak includes the option to purchase the remaining 20% of shares, which may be exercised from January 1, 2023 to December 31, 2045. At the same time, a minority investor in the period from January 1, 2020 to December 31, 2045 has the option to resell the 20% shares held to Sarantis Polska S.A. The option price was set as 20% of the value representing the product of the average net result of Polipak for the three financial years preceding the valuation day and a multiplier of 6.32 constituting the "estimated value of the company", plus 20% of the sum of undistributed profits from financial years, starting from profit for 2019, from provided that the option price will not be lower than 5 600 000 PLN.

The Company has not carried out the valuation of options at fair value, because in the Company's opinion, due to the fact that options are derivatives related to equity investments without market price quotations from an active market, the fair value of options cannot be reliably determined.

5. Deferred tax

Deferred tax as at 31 December 2020 and 31 December 2019 is resulting from:

	31.12.2020	31.12.2019
Assets due to deferred tax		
Accruals	2 019 756	895 795
Assets for the temporary differences – inventories	336 905	171 171
Balance sheet valuation in foreign currency	613 652	103 678
Assets for the temporary differences – fixed assets	11 576	8 320
Assets – provisions for returns of goods	251 093	117 381
Assets arising from temporary differences - receivables	115 359	89 698
Liabilities not paid	15 051	7 803
Assets - provisions for retirement benefits	42 873	41 046
Assets from unpaid interest Credit Suisse	1 066	10 101
Assets from advances	6 029	9 307
Other	16	33
	<u>3 413 376</u>	<u>1 454 333</u>
Provision for deferred tax	31.12.2020	31.12.2019
Assets and liabilities valuation in foreign currency	486 688	134 354
Provision for the temporary differences - assets	2 373 511	2 484 837
Property valuation	4 325	-
Reserve under IFRS 16	86 407	6 874
Unpaid interest on receivables	7 272	31 203
	<u>2 958 203</u>	<u>2 657 268</u>

As of 2019, assets and the provision for deferred tax are presented in net value as a difference between assets and provision, respectively.

6. Inventories

	31.12.2020	31.12.2019
Trade goods	60 320 008	40 204 973
Finished products	7 532 960	5 263 889
Materials	6 032 929	6 630 075
Advances for the delivery of goods	474 089	742 503
	<u>74 359 986</u>	<u>52 841 440</u>

As at 31 December 2020 and 31 December 2019 has been not established any pledge on the inventories to secure the Company's liabilities. In 2020, the Company created write-downs of 312 433 PLN. In 2019, the Company did not create write-downs of inventories.

7. Trade receivables and other receivables

	31.12.2020	31.12.2019
Trade receivables from affiliated entities	7 896 761	6 418 563
Trade receivables from other entities	47 375 821	64 861 687
Provision for bad debts on trade receivables	(1 638 164)	(1 659 231)
Prepayment delivery of services	1 738	3 006
Other receivables from affiliated entities	-	38 679
Other receivables from other entities	1 793 118	1 785 211
Provision for bad debts on other receivables	(188 631)	(1 445)
Short-term receivables	<u>55 240 643</u>	<u>71 446 470</u>

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2020 receivables in amount of 1 826 795 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	01.01.2020-	01.01.2019-
	31.12.2020	31.12.2019
Beginning of a period	1 660 677	1 641 090
Increases	216 998	157 760
Usage	(38 317)	(23 406)
Decreases – reversal	(12 563)	(114 767)
At the end of a period	<u>1 826 795</u>	<u>1 660 677</u>

Starting from 2018, in addition to write-offs for receivables created on an individual basis, the Company estimates general provisions for credit losses, assuming that a significant increase in risk occurs when the receivables are overdue for more than 90 days. As at 31 December 2020 and 31 December 2019, the Company did not need to create a provision in this respect.

Below is an analysis of trade receivables, which as at December 31, 2020 and December 31, 2019 were overdue, but not considered to be doubtful:

Year	Total	Not overdue	<i>Overdue, but recoverable</i>				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2020	53 634 418	52 838 062	796 356	-	-	-	-
2019	69 621 019	69 621 019	-	-	-	-	-

**Currency structure of short-term trade receivables
and other receivables**

	31.12.2020	31.12.2019
Receivables in the local currency	43 547 189	64 229 341
Receivables in the foreign currency	11 693 454	7 985 167
	55 240 643	72 214 508
	31.12.2020	31.12.2019
Receivables in EUR	11 368 794	7 781 153
Receivables in USD	-	202 998
Receivables in GBP	324 660	-
Receivables in CZK	-	1 016
	11 693 454	7 985 167

Concentration of credit risk, connected with trade receivables is limited due to a lot of Company's clients and their dispersion, mainly in Poland.

8. Income tax receivables

	31.12.2020	31.12.2019
Income tax receivables	-	933 127
	-	933 127

9. Transactions with affiliated entities

Loans granted	31.12.2020	31.12.2019
Polpak Sp. z o.o. - Poland	33 000 000	18 000 000
Gr. Sarantis SA, Greece	34 611 000	31 938 750
	67 611 000	49 938 750
Receivables from affiliated entities	31.12.2020	31.12.2019
Sarantis Czech Republic s.r.o.	1 587 550	244 199
Gr. Sarantis SA, Greece	2 906 747	1 653 625
Sarantis Romania SA Romania	1 159 237	1 675 317
Sarantis D.O.O., Serbia	-	6 848
Sarantis Bulgaria Ltd. Bulgaria	927 693	755 449
Sarantis Hungary Kft. Hungary	103 407	1 361 278
Sarantis Portugal LDA, Portugal	376 665	62 756

Ergopack LTD, Ukraine	633 061	121 980
Sarantis Slovakia s. r. o., Slovakia	202 402	536 826
Polipak Sp. z o.o. - Poland	-	286
	7 896 762	6 418 564
Other receivables – interest on loans	31.12.2020	31.12.2019
Polipak Sp. z o.o. - Poland	30 830	38 678
Gr. Sarantis SA, Greece	5 708	62 580
	36 538	101 258
Liabilities to affiliated entities	31.12.2020	31.12.2019
Sarantis Czech Republic s.r.o.	9 243	6 684
Gr. Sarantis SA Greece	3 144 213	4 432 793
Sarantis Hungary Kft. Hungary	29 883	-
Sarantis D.O.O., Serbia	76 876	-
Ergopack LTD, Ukraine	-	17 403
Sarantis Portugal LDA, Portugal	-	622
Polipak Sp. z o.o. Poland	694 725	7 787 983
	3 954 940	12 245 485
Liabilities for prepayments	31.12.2020	31.12.2019
Sarantis D.O.O., Serbia	372 798	896 493
Sarantis Hungary Kft. Hungary	903 859	-
Sarantis Czech Republic s.r.o.	-	864 560
	1 276 657	1 761 053
Other liabilities	31.12.2020	31.12.2019
Polipak Sp. z o.o. Poland	-	432
Gr. Sarantis SA, Greece	193 653	219 456
	193 653	219 888
Other liabilities	31.12.2020	31.12.2019
Gr. Sarantis SA, Greece	193 653	219 456
	193 653	219 456
Dividend payables	31.12.2020	31.12.2019
Gr. Sarantis SA, Greece	-	4 250 000
	-	4 250 000
Income from the sales	31.12.2020	31.12.2019
Sarantis Czech Republic s.r.o.	5 971 191	5 938 843
Gr. Sarantis SA Greece	9 877 302	5 193 880
Sarantis Romania SA, Romania	7 912 749	12 631 956

Sarantis D.O.O. Serbia	9 663 891	11 453 203
Sarantis Bulgaria Ltd., Bulgaria	3 904 444	3 550 128
Sarantis Hungary Kft., Hungary	8 659 560	9 223 824
Sarantis Portugal LDA, Portugal	862 402	718 491
Ergopack LTD, Ukraine	610 463	64 174
Sarantis Slovakia s. r. o., Slovakia	826 454	649 286
Polipak Sp. z o.o. Poland	7 672	-
	48 296 128	49 423 785
Other revenues	31.12.2020	31.12.2019
Sarantis Czech Republic s.r.o.	4 149	298 337
Sarantis Hungary Kft.	914	72 939
Gr. Sarantis S.A., Greece	11 810	7 762
Sarantis Portugal LDA, Portugal	-	(829)
Polipak Sp. z o.o. Poland	5 118 814	86 065
Sarantis D.O.O., Serbia	269	7 276
Ergopack LTD, Ukraine	34 348	58 107
Sarantis Slovakia s. r. o., Slovakia	430	10 549
Sarantis Bulgaria Ltd, Bulgaria	430	-
Sarantis Romania SA, Rumunia	484	21 360
	5 171 648	561 566
Financial income	31.12.2020	31.12.2019
Polipak Sp. z o.o.- Poland - interest	336 042	378 441
GR Sarantis SA, Greece - interest	806 063	164 826
Polipak Sp. z o.o.- Poland - loan guarantee	4 020	72 356
	1 146 125	615 623
Goods purchased from affiliated entities	31.12.2020	31.12.2019
Sarantis Czech Republic s.r.o	182 586	246 227
Gr. Sarantis SA, Greece	30 418 783	28 616 201
Sarantis Romania SA, Rumunia	-	17 527
Sarantis Hungary Kft., Hungary	56 741	20 681
Sarantis D.O.O., Serbia	29 441	42 278
Polipak Sp. z o.o., Poland	23 798 902	27 816 686
Ergopack LTD, Ukraine	104 860	17 744
Sarantis Bulgaria Ltd., Bulgaria	-	40
	54 591 313	56 777 384
Other purchase affiliated entities	31.12.2020	31.12.2019
Gr. Sarantis SA, Greece	1 828 311	473 863
Polipak Sp. z o.o., Poland	43 096	1 614
Sarantis Portugal LDA, Portugal	-	622
	1 871 407	476 099

Financial costs - affiliates	31.12.2020	31.12.2019
Sarantis Skopje Macedonia - interest	272 472	251 790
Gr. Sarantis SA, Greece – costs of loan guarantees	189 977	219 535
	<u>462 449</u>	<u>471 325</u>

10. Deferrals and accruals

Deferred expenses - assets	31.12.2020	31.12.2019
Subscriptions	22 251	3 798
VAT to deduct in next periods	9 194 613	3 621 964
Interest on the bond loan for GR Sarantis	5 708	62 580
Other	208 952	163 454
	<u>9 431 524</u>	<u>3 851 796</u>

11. Loans granted

	31.12.2020	31.12.2019
Loans granted – long-term	60 688 800	49 938 750
Loans granted – short-term	6 953 030	-
	<u>67 641 830</u>	<u>49 938 750</u>

Loans granted relate to loans granted to the subsidiary Polipak Sp. z o.o. and G R Sarantis S.A.

12. Cash and cash equivalents

	31.12.2020	31.12.2019
Cash in hand	24 550	20 700
Cash in banks	8 211 648	575 863
Cash in bank of the Social Fund	41 054	47 525
Cash in transit	-	214
	<u>8 277 252</u>	<u>644 401</u>

	31.12.2020	31.12.2019
In local currency	7 876 526	335 439
In foreign currency	400 726	308 962
	<u>8 277 252</u>	<u>644 401</u>

	31.12.2020	31.12.2019
Cash in EUR	382 934	285 090
Cash in USD	13 335	22 675
Cash in GBP	3 267	-
Cash in CNY	1 100	1 044
Cash in CZK	90	153
	<u>400 726</u>	<u>308 962</u>

Except the funds collected on the Company Social Fund account, the right to dispose of the other funds are unlimited. Concentration of credit risk connected with financial funds is limited because receipts from the sale are allocated proportionally in several financial institutions. Due to the decrease of interest rates in 2020, none of the financial institutions currently offers interest on bank deposits. According to the Polish law, the Company manages funds from Social Fund for its employees. The contribution paid on the Social Fund are deposited on the separate bank account.

13. Assets classified as held for sale

As of December 31, 2020, the Company does not have assets for sale.

Assets classified as held for sale	31.12.2020	31.12.2019
Land in Środa Wielkopolska	-	4 919 315
	<u>-</u>	<u>4 919 315</u>

On 01 June 2020, the Company sold the land, in accordance with the notarial deed No. Rep A 2019/2020, with an area of 52 981 m² in Środa Wielkopolska, for investment purposes, for the price of 5 000 000 PLN.

14. Share capital and supplementary capital from the issuance of shares above their nominal value

Share capital of Sarantis Polska S.A. on 31 of December 2020 is 56 800 000 PLN and includes:

- 1 915 000 registered, not preferential A series shares
- 1 135 000 registered, not preferential B series shares
- 390 000 registered, not preferential C series shares
- 1 000 000 registered, not preferential D series shares
- 1 240 000 registered, not preferential E series shares

On December 30, 2019, GR Sarantis Cyprus Ltd merged with GR Sarantis S.A. As a result of this merger, GR Sarantis S.A. became the sole shareholder of the Company.

The nominal value of the shares is 10 PLN.

Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2020 is

1 055 603 PLN. It is a remained part of share premium (after the coverage of loss from the previous years), connected with the issuance of B series shares in 2003 (stock issue price was 20.12 PLN).

15. Retained profits and limitations connected with capital

	31.12.2020	31.12.2019
Profits retained from the previous years-supplementary capital	17 877 731	15 945 662
Profits retained from the previous years	50 486 103	28 449 436
Net profit in current period	28 493 249	23 468 733
Total retained profits	96 857 083	67 863 831

Based on § 396 of Code of Commercial Companies the Company is obligated to keep retained profits in 1/3 value of share capital. It can be used only for covering potential losses. The Company has to intend for this aim minimum 8% of current profit until it collects required equivalent 1/3 of share capital.

In accordance with the resolution of the General Meeting of Shareholders of July 27, 2020, the Company transferred to the supplementary capital the amount of profit for 2019 in the amount of 1 432 065 PLN and the amount of 500 003 PLN resulting from the revaluation of the real estate belonging to the Company located in Środa Wielkopolska, sold on June 01, 2020 to Polipak Sp. z o.o.

In 2020, the required value of the supplementary capital was achieved in the amount of 1/3 of the share capital.

Since 2010, the Company has been creating reserve capital from profit distribution for dividend payment.

In 2020, the value of the reserve capital was increased by a part of the profit for 2019 in the amount of 22 036 668 PLN.

The value of the reserve capital as at December 31, 2020 was 50 486 103 PLN.

In 2020, a dividend in the amount of 4 250 000 PLN was paid.

In 2019, no dividend was paid.

16. Suggested division of profit for 2020

The Management Board proposes to allocate the net profit for 2020, in the amount of 28 493 249 PLN, to reserve capital.

17. Credits, loans and other liabilities

As at 31 December 2020 loan liabilities accounted for a total amount of 34 611 000 PLN

As at 31 December 2019 loan liabilities accounted for a total amount of 49 470 619 PLN.

On September 25, 2019, the Company took out a long-term loan of 7 500 000 EUR to finance the GR loan. Sarantis S.A. with a repayment date within 4 years of signing the contract.

At the end of the reporting period, the Company had multi-purpose banking lines for a total value of 56 671 200 PLN including available credit limits for a total value of 52 671 200 PLN.

All loans and multi-purpose lines used by the Company are secured by a corporate guarantee or surety agreement issued by GR Sarantis SA to the full amount. Overdraft facilities bear interest at a variable interest rate based on the WIBOR1M or EURIBOR1M / LIBOR1M reference rate plus the bank's margin.

In the period from January 27, 2020 to December 10, 2020, the Company benefited from a loan granted from Sarantis-Skopje from Macedonia in the amount of 3 500 000 EUR. The loan was repaid on December 10, 2020.

18. Leasing

The value of property, plant and equipment includes right-of-use assets with the following carrying amount that relate to the following classes of underlying assets and which were subject to the following depreciation charges in 2020:

The underlying asset class	Initial value of the right of use	depreciation of the right of use
	31.12.2020	31.12.2020
Buildings and structures	8 511 597	3 706 894
Transportation means	4 640 004	587 665
Total	13 151 601	4 294 559

In 2020, the Company continued the lease agreement for a high-bay warehouse.

The value of the right to use assets was 4 804 703 PLN as at the balance sheet date.

The lease agreement was concluded until March 31, 2023.

On April 22, 2020, the Company concluded a car rental agreement with Arval Service Lease Polska Sp.z o.o.

The carrying amount of the right to use assets was 4 052 339 PLN.

Future minimum lease payments remaining as at the balance sheet date are:

	Lease payments payable in the period:			
	up to 1 year	from 1 to 5 years	over 5 years	Total
As of 31.12.2020				
Leasing fees	3 467 738	5 788 105		-
Financial costs (-)	(176 123)	(123 232)		-
Current value	3 291 615	5 664 873	-	-

The Company does not recognize liabilities under short-term leases and leases in respect of which the underlying asset is of low value. In addition, contingent lease payments that depend on factors other than the index or rate are not included in the value of lease liabilities. In 2020, costs of car leasing constituting short-term leasing amounted to 1 256 087 PLN.

Total leasing expenditure in 2020 was:

	from 01.01 to 31.12.2020
Repayment of leasing liabilities	2 185 710
Interest repayment	194 983
Short-term leasing	1 256 087
Total expenses	3 636 780

As at the balance sheet date, the Company is obliged under short-term leases, to which it applies the simplification provided for in IFRS 16, to pay 76 000 PLN in the future.

19. Financial instruments

Financial instruments in accordance with category:	31.12.2020	31.12.2019
Granted loans and own receivables:	122 880 735	121 382 213
- loans granted	60 688 800	49 938 750
- trade receivables	53 634 419	69 621 019
- other receivables	8 557 516	1 822 444
Cash	8 252 702	623 602
	131 133 437	122 005 815

Financial liabilities valued to the fair value by financial result

Trade liabilities	72 582 875	54 555 454
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Loans and advances liabilities	6 922 200	17 531 869
Lease liabilities	9 311 812	5 529 511
Credit Suisse long-term loan liabilities	27 688 800	31 938 750
	116 505 687	109 555 584

20. Short-term trade payables and other liabilities

	31.12.2020	31.12.2019
Trade payables to affiliated entities	4 148 593	12 422 047
Trade payables to other entities	68 434 282	42 133 407
Liabilities towards to the State Budget	2 408 227	2 278 605
Prepayment from affiliated companies	1 276 657	1 761 053
Salary payables	139 509	-
Other liabilities	149 169	293 766
Other liabilities - affiliated companies	-	43 326
Special funds	31 350	21 445
Total short-term liabilities	76 587 787	58 953 649

Trade payables are interest-free and usually settled within 60-120 days.

			Overdue liabilities				
Year	Total	Not overdue	< 30 days	30 - 60 day	60- 90 day	90-120 day	> 120 day
2020	72 582 875	59 255 089	9 999 289	3 095 958	130 738	30 069	71 732
2019	54 555 454	36 539 501	16 516 013	1 499 940	-	-	-

Currency structure of short-term liabilities

	31.12.2020	31.12.2019
Liabilities in local currency	43 342 441	37 775 607
Liabilities in foreign currency	33 245 346	21 178 042
	76 587 787	58 953 649
Liabilities in EUR	14 811 429	18 062 969
Liabilities in USD	7 584 945	3 115 073
Liabilities in GBP	10 848 972	-
	33 245 346	21 178 042

21. Income tax liabilities

	31.12.2020	31.12.2019
Income tax liabilities	4 043 438	-
	4 043 438	-

22. Sales revenue

	31.12.2020	31.12.2019
Revenue from goods sales	262 640 599	196 470 764
Revenue from products sales	101 480 086	92 702 575
Revenue from materials sales	106 007	748 006
	364 226 692	289 921 345

	31.12.2020	31.12.2019
Revenue from domestic sales	299 487 146	229 948 062
Revenue from export	64 739 546	59 973 283
	<u>364 226 692</u>	<u>289 921 345</u>

The Management statement includes detailed information about sales structure and basic factors affected on the sales value.

23. Other revenue

	31.12.2020	31.12.2019
Profits from sales of services	132 909	145 192
Profits from sales of fixed assets	20 213	-
Received compensations	15 813	63 807
Reversal of provision for bad debts	12 563	10 478
Return of court fees	8 430	3 733
Stock count differences	210 692	-
Other	385 565	19 405
	<u>786 185</u>	<u>242 615</u>

24. Other operating costs

	31.12.2020	31.12.2019
Liquidation and decomposition of inventories	2 177 509	1 046 208
Provision for bad debts	216 998	53 734
Costs of legal proceedings	1 792	3 170
Donations	5 877	4 968
Insurance of receivables	251 405	191 960
Liquidation of property damages costs	19 073	36 557
Inventory write-off	312 433	-
Provisions for retirement benefit	9 620	8 219
Others	275 760	632 931
Stock count differences	-	14 073
Anti-dumping duty	-	34 668
	<u>3 270 467</u>	<u>2 026 488</u>

25. Financial costs and revenues

	31.12.2020	31.12.2019
Financial revenue		
Interest revenue	1 142 159	544 185
Interest on receivables	4 130	82 198
Bank interest	498	3 547
Polipak dividend	-	7 774 767

Others	-	48
	<u>1 146 787</u>	<u>8 404 745</u>
Financial costs	31.12.2020	31.12.2019
Interest on liabilities	2 576	13 271
Bank interest	766 414	601 084
Interest on loans	272 472	251 790
Commissions, charges	256 335	318 777
Net exchange rate differences	996 533	116 655
Costs of loan guarantees	185 957	147 179
Interest under the leasing agreements	194 983	157 911
	<u>2 675 270</u>	<u>1 606 667</u>

26. Income tax

Major components of income tax for the years ended 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020	31.12.2019
Current income tax	8 737 310	3 233 399
Creation/ reversal of deferred tax	(1 662 433)	701 410
Corrections of income tax from the previous years	-	-
Income tax shown in the profit and loss account	<u>7 074 877</u>	<u>3 934 809</u>

The difference between the amount of income tax shown in the profit and loss account and the amount calculated on the basis of tax rate is resulting from the following items:

	31.12.2020	31.12.2019
Gross financial results	35 568 126	27 403 542
The amount of the tax according to the tax rate 19%	6 757 944	5 206 673
- tax effects of costs which are not revenue-earning costs	316 933	(1 271 864)
Current income tax	<u>7 074 877</u>	<u>3 934 809</u>
Effective tax rate	19,89%	14,36%

27. Credit risk management

The overall objective of the Company's market risk management is to reduce the volatility of cash flows and potential economic losses caused by the events that may have a negative impact on the individual. Market risk management includes identification, measurement and definition of risk mitigation, including aspects related to currency exchange rates and interest rates.

Credit risk

Credit exposure is monitored currently according with the credit policy realized by the Company. Evaluation of credibility is conducted in relation with clients lending needs over the determined amount. Blank promissory note from certain clients is a security for the Company. The part of the foreign receivables is insured in reputable insurance corporation. Additionally, receivables are regularly monitored by financial department.

Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures.

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Company's losses. The maximum exposition to risk is 54 309 966 PLN.

Year	Total	Not overdue	Overdue receivables, which do not lose their values				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
2020	54 309 966	53 069 611	1 240 355	-	-	-	-
2019	71 036 282	71 036 282	-	-	-	-	-

As of 31 December 2020, 71% of all receivables were receivables from the hypermarkets, 11% from the clients of open market and 18% from the foreign customers. The Management Board considers that there is not significant concentration of credit risk, because of the great number of customers. Allowances for bad debts was made for receivables difficult to collect.

Credit risk connected with bank deposits in amount of 8 252 702 PLN, derivatives and other investments is not significant because the Company engages in transactions with institutions with established financial position.

Interest rate risk

Interest rate risk is associated with interest-bearing assets and liabilities. Interest rate fluctuations affect the financial costs and incomes. Increase of interest rates affects increase of the Company's financial cost, especially the cost of interest and the increase of accrued interest.

Sensitivity of gross financial results to exchange rates fluctuations which are rationally possible is presented in following table:

Interest rate risk

Financial statements item	Accounting value of financial instruments	Average interest rate in 2020	Influence on financial results (Increase by 100 pb)	Influence on equity capital (Increase by 100 pb)	Influence on financial results (Decrease by 100 pb)	Influence on equity capital (Decrease by 100 pb)
<u>Variable rate of interest assets</u>						
Cash at bank	8 252 702	0.10%	82 527	82 527	-82 527	-82 507
			82 527	82 527	-82 527	-82 527

Exchange rate risk

Transactions of purchase goods in foreign currency are the main sources of exchange rate risk. Significant part of trade payables is in foreign currency specially in EUR, USD and GBP. The sales is generally conducted in Polish currency.

Sensitivity of financial results to USD, EUR, GBP, CNY and CZK exchange rates fluctuations which are rationally possible is presented in following table

Exchange rate risk

Financial statement item	Accounting value of financial instruments	Average exchange rate in 2019	Influence on financial results (Increase by 20%)	Influence on equity capital (Increase by 20%)	Influence on financial results (Decrease by 20%)	Influence on equity capital (Decrease by 20%)
Assets denominated in currency						
Receivable in EUR	11 368 794	4,4449	2 273 759	2 273 759	-2 273 759	-2 273 759
Receivable in GBP	324 660	4,9974	64 932	64 932	-64 932	-64 932
Cash in EUR	382 934	4,4449	76 587	76 587	-76 587	-76 587
Cash in USD	13 335	3,8978	2 667	2 667	-2 667	-2 667
Cash in CNY	1 100	0,5647	220	220	-220	-220
Cash in CZK	90	0,1680	18	18	-18	-18
Cash in GBP	3 267	4,9974	653	653	-653	-653
Liabilities denominated in currency						
Liabilities in EUR	14 811 429	4,4449	-2 962 286	-2 962 286	2 962 286	2 962 286
Liabilities in USD	7 584 945	3,8978	-1 516 989	-1 516 989	1 516 989	1 516 989
Liabilities in GBP	10 848 972	4,9974	-2 169 794	-2 169 794	2 169 794	2 169 794
Total			-4 230 233	-4 230 233	4 230 233	4 230 233

Liquidity risk

The Company is exposed to liquidity risk arising from of the relationship of current liabilities to current assets. Operating activities are carried out under the assumption of maintaining a constant excess liquidity and credit lines. Receivables units are analyzed in Note 7. In accordance with the age structure, 98% of receivables are not overdue on 31 December 2020, and 98% as of 31 December 2019. Management believes that the carrying value of financial assets and liabilities reflect their fair value. In the opinion of the Management Board, because of a significant amount of cash on the balance sheet date, available credit, and good standing of the Company's financial result, the liquidity risk should be assessed as insignificant.

The maturity analysis of financial liabilities in 2020 and 2019 was as follows.

Year	Total	Due before	Liabilities due in the period				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
2020	72 582 875	13 327 787	43 835 584	11 111 305	3 745 325	551 968	10 906
2019	54 555 454	18 015 953	19 510 122	11 320 573	4 297 472	1 411 334	-

Price risk

Price of materials is a component which has a major impact on the total profitability of Company. Changes in prices of purchasing raw materials can result from the international demand trends for the selected materials and from the exchange rates. In connection with big fluctuations of raw materials prices on the world markets and exchange rates, purchase department makes comparative analysis of purchases from different sources, to measure profitability of domestic and foreign purchases. It is a one of main instruments of price risk minimization. Another way to minimize price risk is a use of derivatives e.g. forwards to minimize fluctuations of exchange rates. The Company regularly monitors the profitability of individual products and on the basis of these data takes action related to the optimization of the purchase price or the sale of products.

28. Capital management

The main purpose of company capital management is retaining a good credit rating and safe capital indexes, which will support operational activity of the Company and increase value for its shareholders. The Company manages the capital structure and as a result of the economic changes conditions it enters adjustments are made. For the purpose of retaining or correcting of capital structure, the company can regulate the dividend payment for shareholders, return the capital to shareholders or issue new shares.

In 2016 and 2015 years were issues of new shares of series D and E, which have been acquired by the sole shareholder of the Company. Paid-up share capital in the total amount of 22 400 000 PLN, was intended for investment purposes.

29. Conditional liabilities

	31.12.2020	31.12.2019	Expiry date
Guarantee issued for MLP Pruszków III Sp. z o.o. for security of liabilities execution	215 559 EUR	180 559 EUR	31.12.2021 r.
Guarantee issued for the Director of the Tax Administration Chamber in Łódź, which is a security for the value of presents for a promotional lottery (JN brand)	230 222 PLN	-	05.09.2021 r.
Guarantee of loan repayment for Polipak Sp. z o.o. granted to BNP Paribas Bank S.A.	82 500 000 PLN	-	14.02.2029 r.
Letters of credit opened in banks	5 218 396 USD	1 876 777 USD	

30. Tax settlements

Regulations regarding VAT, corporate and personal income tax, social insurance contributions are liable to frequent changes. As a result, there are often no references to recorded regulations or legal precedents. Regulations which are in force are ambiguous, causing differences in opinions about legal interpretations of tax regulations between bodies of state administration and companies. Tax settlements and other settlements (e.g. customs and currency) can be a subject of control conducted by bodies of state administration, which are able to impose significant fines, and additional liabilities may be charged with interest. These facts create tax risk in Poland which is higher than in countries with more developed tax systems. Tax settlements may be subject to inspection for a period of five years from the end of the year in which the tax was due. As a result of inspections, the existing tax settlements may be subject to additional tax liabilities.

31. The reasons of differences between balance sheet changes of some items and changes resulting from cash flow statement

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Balance sheet change of trade receivables and other receivables	17 138 954	(9 707 998)
Change in income tax receivables	(933 127)	545 061
Change in interest receivable on loan	-	9 555
Change of receivables in cash flow	16 205 827	(9 153 382)
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Balance sheet change of long term liabilities	(2 260 882)	35 814 420
Balance sheet change of trade liabilities and other liabilities	8 611 141	13 747 099
Change in liabilities due to loans and advances	17 531 869	(45 220 184)
Change in lease liabilities	(3 782 302)	(5 529 511)

Change in income tax liability	(4 043 436)	1 168 355
Change in financial liabilities due to dividends	4 250 000	(4 250 000)
Change resulting from investment liabilities	127 207	2 802 195
Change of liabilities in cash flow	20 433 595	(1 467 625)

	01.01.2020- 31.12.2020	01.01.2019- 31.12.2019
Net accounting value of fixed assets sold	525	41 546
Profit from fixed assets sold	566	(34 668)
Net accounting value of investments property sold	4 980 353	-
Profit from investments property sold	19 647	-
Income from fixed assets and intangibles sale	5 001 091	6 878

	01.01.2020- 31.12.2020	01.01.2019 - 31.12.2019
Accounting value of fixed assets and intangibles purchased	1 446 038	3 296 963
Change resulting from investment liabilities	127 207	2 802 195
Expenses for purchase of fixed assets and intangibles	1 573 245	6 099 158

	01.01.2020- 31.12.2020	01.01.2019 - 31.12.2019
Book value of investments property purchased	81 699	-
Income from the conversion of plots	(20 661)	-
Expenditure for purchase of investment property	61 038	-

32. Structure of employment

Average employment in Company was as follows:

	31.12.2020	31.12.2019
Sales and marketing	117,6	109,9
Warehouse and production	73,7	73
Administration	67,6	62,2
	258,9	245,1

33. Salaries of key management personnel

Total value of salaries paid in 2020 for key management personnel was 4 887 549 PLN. In 2019 total amount of salaries paid for key management personnel was 5 847 299 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

34. The impact of COVID-19 on the financial situation of the Company

After the COVID-19 outbreak, the Company introduced preventive measures, including temporary remote work, suspension of business travel, and at the same time took steps to optimize operating costs. This fact, combined with the positive results observed from the beginning of the year, resulted in a significant improvement in profitability.

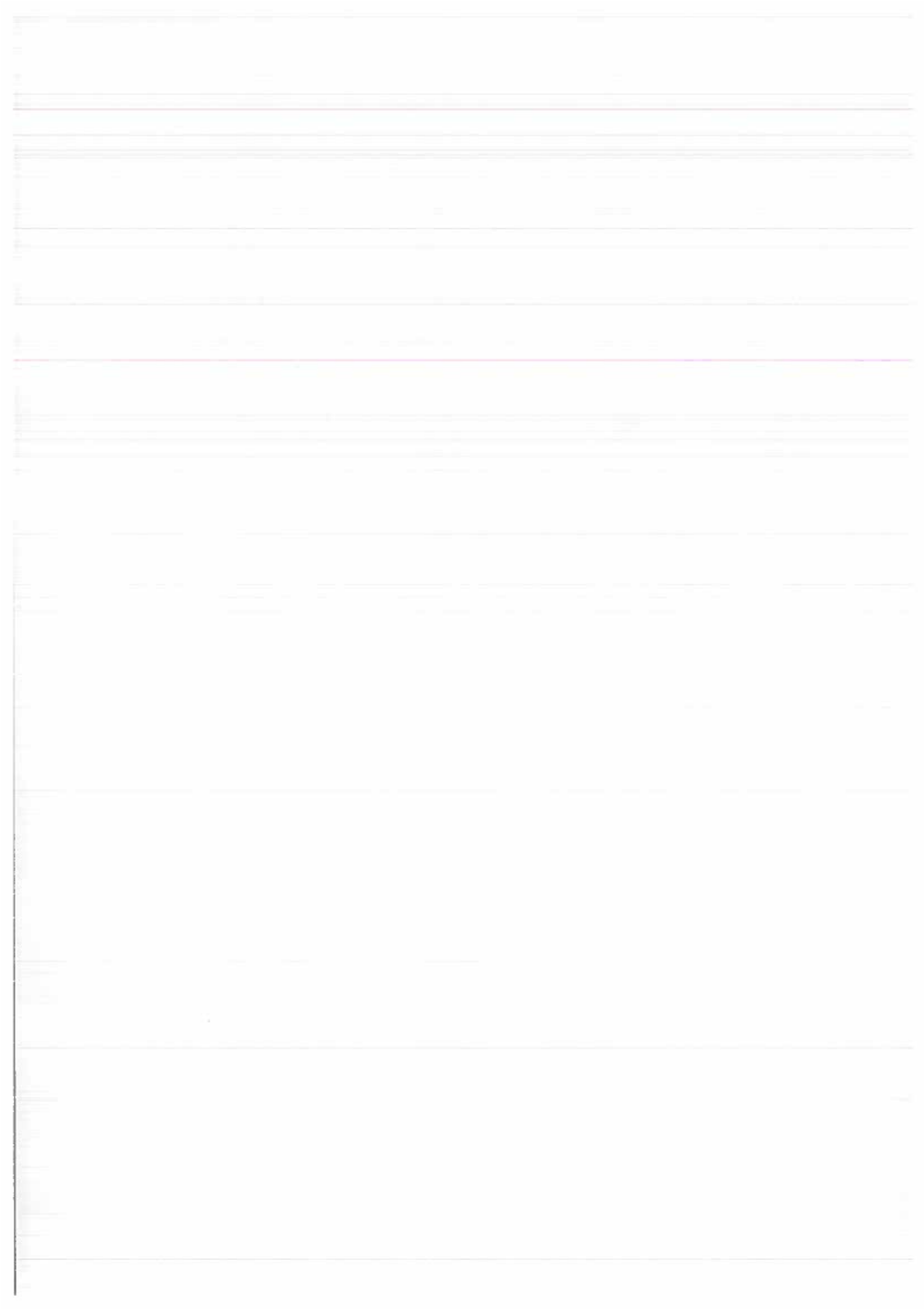
In 2020, the Company's sales amounted to PLN 364.23 million compared to PLN 289.92 million in 2019, which means an increase by 25.63%. This significant increase is also a result of the acquisition of Luksja by the Sarantis Group and the acquisition of distribution of Carex brands, Morning Fresh, Original Source from PZ Cussons UK. On the other hand, it also shows the Company's commercial flexibility and the ability to respond to increased consumer demand, effectively dealing with the new challenges related to the COVID-19 crisis. Profit before interest and tax (EBIT) increased by 80.03% in 2020, reaching PLN 37.10 million compared to PLN 20.61 million in 2019, and the EBIT margin was 10.19% in 2020 compared to the level of 7.11% in the same period of 2019. The measures and preventive actions taken so far to ensure uninterrupted continuity of all processes in the organization and the safety of employees, combined with the high market position and strong financial position of the Company, ensure safety and certainty that the Company will be able to meet the challenges related to COVID-19 and continue the long-term goals. Despite the Company's exceptional results for 2020, Management is closely monitoring information on the spread of COVID-19 and its impact on the economy and consumption both domestically and internationally.

35. Events after date of balance sheet day

On 27 of January 2021, the Company received a loan of 3 500 000 EUR from Sarantis-Skopje from Macedonia with a repayment date of 31 December 2021.

The Management Board

<i>President of the Board</i>	<i>Vice President of the Board</i>	<i>Vice President of the Board</i>	<i>Member of the Board</i>
<i>Kyriakos Sarantis</i>	<i>Konstantinos Rozakeas</i>	<i>Konstantinos Stamatiou</i>	<i>Meintanis Vasileios</i>
<i>Member of the Board</i>	<i>Member of the Board</i>	<i>Member of the Board</i>	
<i>Grigorios Sarantis</i>	<i>Elpiniki Sarantis</i>	<i>Grigorios Sarantis</i>	



Independent Auditor's Report on Annual Financial Statements

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For the Shareholders of Sarantis Polska Spółka Akcyjna

Opinion

We have audited the annual financial statements of Sarantis Polska Spółka Akcyjna (the Company) with its registered office in Piaseczno, 42C Puławska street, which comprise the statement of financial position as of December 31, 2020, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity for the financial year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying annual financial statements:

- give a true and fair view of the financial position of the Company as of December 31, 2020 and of its financial performance and of its cash flows for the financial year then ended in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and adopted accounting principles (policy),
- were prepared on the basis of properly maintained books of account,
- comply with the laws affecting the content and form of the annual financial statements and the provisions of the Company's articles of association.

Basis for Opinion

We conducted our audit in accordance with:

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (uniform text: Journal of Laws of 2020, item 1415) (the Act on Statutory Auditors),
- International Standards on Auditing adopted as National Standards on Auditing (NSA) by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, as amended.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (IESBA Code) adopted by the National Council of Statutory Auditors' resolution No. 3431/52a/2019

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of March 25, 2019 together with the ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of Management Board and Supervisory Board for the Annual Financial Statements

The Management Board of the Company is responsible for the preparation, on the basis of properly maintained books of account, of these annual financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policy), legal regulations, and the Company's articles of association. The Management Board of the Company is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

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

In accordance with the Accounting Act of September 29, 1994 (uniform text: Journal of Laws of 2021, item 217) (the Accounting Act), the Management Board and the Supervisory Board of the Company are obliged to assure compliance of the annual financial statements with the requirements of the Accounting Act. The Supervisory Board is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the annual 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 NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

The scope of the audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the Management Board has conducted or will conduct the affairs of the Company.

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board'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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Information including the Report on the Company's operations

The other information comprises the Report on the Company's operations for the financial year ended December 31, 2020. The Management Board of the Company is responsible for the preparation of the Report on the Company's operations in accordance with the Accounting Act and other legal regulations. The Management Board and the Supervisory Board of the Company are obliged to assure compliance of the Report on the Company's operations with the requirements of the Accounting Act.

Our opinion on the annual financial statements does not cover the Report on the Company's operations and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual financial statements, our responsibility is to read the Report on the Company's operations and, in doing so, consider whether it is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Report on the Company's operations, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Company's operations has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual financial statements.

In our opinion, the Report on the Company's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 49 of the Accounting Act, and information included therein is consistent with the accompanying annual financial statements. Moreover, taking into account our knowledge of the Company and its environment obtained during the audit of the annual financial statements, we state that we have not identified any material misstatements in the Report on the Company's operations.

Ziemowit Zakościelny

Statutory Auditor No. 12532

Key Audit Partner performing the audit on behalf of

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,

Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, April 13, 2021

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.

