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BDO Magyarország
Könyvvizsgáló Kft.
1103 Budapest
Kőér utca 2/A. C. épület
1476 Budapest, Pf.138.

Independent Auditor's Report

to the Shareholder of SARANTIS HUNGARY Kereskedelmi és Szolgáltató Kft.

Opinion

We have audited the financial statements of SARANTIS HUNGARY Kereskedelmi és Szolgáltató Kft. (the „Company") for the year 2022 which comprise the statement of financial position as at December 31, 2022 - which shows an equal amount of total assets and total liabilities of **HUF 2 399 441 thousands** -, and the related statement on the result and other comprehensive income - which shows a net profit for the year of **HUF 55 526 thousands** -, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SARANTIS HUNGARY Kereskedelmi és Szolgáltató Kft. as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS"), and the financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (hereinafter: "the Accounting Act") relevant to the entities preparing financial statements in accordance with EU IFRS.

Basis for the opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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

Other information: the business report

The other information comprises the business report of the Company for the year 2022. Management is responsible for the preparation of the business report in accordance with the provisions of the Accounting

Act and other relevant regulations. Our opinion on the financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the business report.

In connection with our audit of the financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the business report is materially misstated we are required to report this fact and the nature of the misstatement.
Based on the Accounting Act, it is also our responsibility to consider whether the business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any and to express an opinion on this and on whether the business report is consistent with the financial statements.

In our opinion, the business report for the year 2022 of the Company is consistent with the financial statements for the year 2022 in all material respects, and the business report has been prepared in accordance with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the Company's business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the business report therefore we have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that's give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Budapest, 24 February 2023

BDO Hungary Audit Ltd.
1103 Budapest, Kőér utca 2/A
Registration number: 002387

András Schillinger
Director

Péter Kékesi
Certified Auditor
Chamber registration No.: 007128

This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.

Financial Statement of SARANTIS HUNGARY Kft.
for the period
from 1 January 2022 to 31 December 2022

Budapest, 24 February 2023

Contents:

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022	31 December 2021
ASSETS			
Fixed assets			
Property, plant and equipment	1	5.995	6.831
Right-of-use assets	1	39.634	169.844
Intangible assets	2	44.064	46.580
Deferred tax assets	3	1.482	1.298
Loans receivable		7.923	0
Total fixed assets		**99.098**	**224.553**
Current assets			
Inventory	4	1.212.140	746.376
Trade and other receivables	5	872.781	673.800
Cash and cash equivalents	8	215.422	792.499
Total current assets		**2.300.343**	**2.212.675**
Assets classified as held for sale			
TOTAL ASSETS		**2.399.441**	**2.437.228**
LIABILITIES			
Nominal share capital		1.319.410	1.319.410
Retained profits	10	102.531	181.654
Total equity		**1.421.942**	**1.501.065**
Long-term liabilities			
Provision			
Deferred tax liability			
Lease liabilities	13	6.172	84.259
Total long-term liabilities		**6.172**	**84.259**
Short-term liabilities			
Trade and other liabilities	15	848.923	715.332
Lease liabilities	13	33.518	97.630
Tax liabilities	16	88.886	38.943
Total short-term liabilities		**971.237**	**851.905**
Total liabilities and equity		**2.399.441**	**2.437.228**

Management of the Company:

Csodó Tamás Ádám – managing director

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2022	31 December 2021
Sales income	17	4.970.176	3 792 431
Other income	18	837	78 977
Depreciation	1;2	-94.697	- 92 417
Consumption of materials and power		-39.880	- 30 030
External services	19	-248.713	- 289 514
Taxes and fees	19	-162.812	- 137 002
Salaries	19	-279.776	- 276 818
Social insurance and other benefits		-49.397	- 63 088
Cost of trade goods and materials sold	19	-3.885.178	- 2 756 473
Other costs	19	-101.687	- 52 757
		-4.862.140	-3 698 099
Total cost on operating activity			
Profit from operating activities		108.873	173 309
Financial revenues	23	71.720	40 331
Financial expenses	23	-119.557	-62 410
including leasing interest			
Net financial revenues and expenses	23	- 47.837	-29 919
Profit before tax		61.036	143 390
Income tax	24	-5.510	-8 741
Net profit		55.526	134 649
Net other comprehensive income			
Revaluation of property and plant			
Income tax related to revaluation of property, plant and equipment			
Other net total income			
Total comprehensive income		55.526	134 649

Management of the Company:

Csodó Tamás Ádám – managing director

STATEMENT OF CASH FLOWS

	Note	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
Cash flows - operational activity			
Gross profit from the business activity		**61 036**	**143 390**
Adjustments for:		-471 073	516 933
Depreciation and impairment of property, plant and equipment		94 697	92 417
(Profit)/loss on account of foreign exchange differences		47 047	17 732
Profit from the sale of property, plant and equipment			
Interest income and profit sharing		2 474	
Interest expenses		12 173	12 186
Increase/decrease in inventories		- 465 464	92 582
Increase in trade and other receivables	5	- 204 692	3 932
Increase in trade and other payables	15	59 212	536 914
Change in the value of accruals and deferrals		- 14 533	- 215 807
Change in provisions		- 5 818	-3 300
Income tax paid		3 231	- 11 860
Net cash flows from operating activities		**- 410 037**	**660 323**
Cash flows - investment activities			
Revenues generated from sale of fixed assets		-	-
Acquisition of tangible fixed assets and intangible assets		38 866	- 4 772
Loans granted to affiliates		-	-
Net cash used in investing activities		**38 866**	**- 4 772**
Cash flow - financial activities			
Repayment of loans and borrowings		-78 087	- 88 873
Interest paid			
Dividends paid		- 68 000	- 230 012
Other financial expenses		-12 173	-12 186
Net cash provided by/(used in) financial activities		**-158 260**	**-331 071**
Net change in cash and cash equivalents		- 529 431	324 480
Effect of exchange rate changes		- 47 647	17 732
Balance sheet change in the cash value		- 577 078	306 748
Cash and cash equivalents on 1 January		792 499	485 751
Cash and cash equivalents on 31 December		**215 421**	**792 499**

Management of the Company:

Csodó Tamás Ádám – managing director

STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Revaluation Reserve	Retained earnings	Total equity
Equity as at 1 January 2021	**1 319 410**			**277 017**	**1 596 427**
Net profit				134 649	134 649
Dividend to be paid to shareholders				-230 012	-230 012
Equity as at 31 December 2021	**1 319 410**			**181 654**	**1 501 064**
Net profit				55 526	55 526
Dividend paid to shareholders				-134 649	-134 649
Equity as at 31 December 2022	**1 319 410**			**102 531**	**1 421 941**

Management of the Company:

Csodó Tamás Ádám – managing director

ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

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

The business of Sarantis Hungary Kft., 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 27.07.1993 by the Court in Hungary under the number 13-09-156730.

Company address

Vasút utca 11. 2040, Budaörs.
The new address of the Company:_ Budafoki út 209. 1117, Budapest. It is under registration.

2. Management of the Company

On 31 December 2022 the Management of the Company is composed of:
Kyriakos Sarantis – Managing director
Csodó Tamás – Managing director

3. To represent the Company are entitled:
Managing Directors - individually

4. Statutory auditor
BDO Hungary Audit Ltd.
1103 Budapest, Kőér u. 2/A

The financial statement for financial year 2022 was prepared by Erzsebet Katlan. Registration n. 178958.

5. Name of the parent company
GR Sarantis SA, Greece

6. Principles of presentation

Information on principles adopted for preparation of financial statement for 2022

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 2022 and the comparative period from 1 January to 31 December 2021.
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 2022 and 31 December 2021, results of its activity and cash flows for the year ended 31 December 2022 and 31 December 2021.

7. Statement of the Management

1) The Management of the Company 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 the Company. 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 of the Company 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

Basis of the financial statement

Financial statement of the Company 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 forseeable 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

Functional currency is the currency of the primary economic environment in which the entity operates. Presentation currency is the currency in which financial statements are presented.
The Company operates in Hungary, which is the primary economic environment. Therefore, functional and presentation currencies are the Hungarian Forint.

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. 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. Fair 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.

Errors

Errors concerning certain parts of the financial statement's presentation or valuation may occur. A financial statement does not comply with IFRS, if

- It has errors over the materiality level
- It has non-material-, but deliberate error that distorts the IFRS required presentation.

Definition of the materiality of errors is the responsibility of the Chief Financial Officer. In case of the occurrence of an error, it has to be presented to the Chief Financial Officer.

Sarantis defines the materiality threshold as 2% of the total SOFP balance. Affected asset-, or liability or equity elements have to be re-measured retrospectively from the first feasible period.

INTANGIBLE FIXED ASSETS

An Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the Company as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

Intangible assets are initially recognized at acquisition cost. Following the initial recognition, intangible assets are measured at cost minus accumulated amortization and any impairment loss that may have emerged. In line with IAS 38, only directly attributable costs to the development of the intangible could be capitalized as an asset.

The Company's intangible assets mainly include the acquired SAP software used in production and other software licenses.

The amortization of the intangible fixed assets is calculated with the straight line method along their economic life.

Depreciation for SAP is determined as 22 years

For other intangibles 5 years

For low value asset 1 years

Low value asset is determined as assets, which has a gross values lower, than HUF 100,000. These are depreciated immediately, after acquisition. The useful economic life and depreciation method are reviewed at least at the end of each reporting period. If the estimated useful life have changed, the changes are accounted for as changes in accounting estimates.

TANGIBLE FIXED ASSETS

Property, plant, and equipment are measured at cost minus accumulated amortization and any impairment loss.

The acquisition cost of fixed assets includes all expenses directly attributed to the acquisition of the assets. Subsequent expenses are registered as an increase of the tangible assets' book value or as a separate fixed asset, only to the extent where such expenses increase the future economic benefits expected to arise from the use of the fixod assets, and the cost of such may be reliably calculated. The cost of repairs and maintenance are recognized as cost in the SPLOCI.

Self-produced tangible assets constitute an addition to the acquisition cost of tangible assets at values that include the direct payroll cost for staff that participates in the construction, the cost of used materials and other general costs, directly attributable to the asset. The company uses straight-line method for calculating the depreciation rate of its tangible assets

The following general rates are used:

Buildings 16-17 years 6%

Machinery 6-7 years 14,50%

Office equipment 6-7 years 14,50%

IT equipment 3 years 33,33%

Low value assets >1 year 100%

Low value asset is determined as assets, which has a gross values lower, than HUF 100,000. These are depreciated immediately, after acquisition.

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the residuals values, the expected useful life or expected consumption rate of future economic benefits incorporated in an asset have changed, the changes are accounted for as a change in accounting estimate

Leasing

IFRS 16 introduces a unified model for the accounting treatment on behalf of the lessee. The model requires that the lessee recognizes assets and liabilities for all leasing agreements with duration longer than 12 months, unless the underlying asset has no significant value.

The Company uses the following recognition exemptions:

i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election is made on a lease-by-lease basis. Low value leases are leases where the underlying asset has a lower value as USD 5000 (or the equivalent HUF amount)

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that contains a lease component and additional lease and non-lease components, such as the lease of an asset and the provision of a maintenance service, lessees shall allocate the consideration payable on the basis of the relative stand-alone prices, which shall be estimated if observable prices are not readily available.

The company applies the practical expedient in the case of vehicle leases, and does not separate non-lease components from lease components and instead accounts for all components as a single lease.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by The Company.

After lease commencement, The Company measures the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. Right-of-use asset is depreciated during the lease term in a straight line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be

readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The Company uses the incremental borrowing rates for all types of leases for both HUF and EUR leases.
Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date.

The lease liability is subsequently remeasured to reflect changes in:
the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The remeasurements are treated as adjustments to the right-of-use asset. The Company remeasures the lease liability if the lease payments are indexed (inflation, CPI, etc.) at the end of the reporting period. The change is also accounted as an increase in the right-of-use asset.

When determining the lease term, the management reviews all relevant events and circumstances that create an economic incentive to exercise the right to extend the lease or to not exercise the right to terminate the lease. Extension rights (or periods of termination) are included in the lease term only if it is reasonably certain that it will be extended (or not terminated).
A reassessment of the lease term takes place with the occurrence of a significant event or a significant change in circumstances that affects this estimate and falls under the control of The Company to determine the reference borrowing rate to be used, the Company uses its judgment to set the appropriate reference rate and the corresponding credit spread.

The Company applies the IFRS 16 standard from the mandatory adoption date on the 1st of January 2019. The Company applies the simplified transition method and will not restate the comparative figures for the year prior to the first adoption of the standard.

Financial instruments

Financial assets are classified at initial recognition and subsequently measured at either:
- amortized cost,
- at fair value through other comprehensive income or
- fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial asset and the business model of the Company and the Group for their management. With the exception of trade receivables that do not contain a significant financial component, the Company and the Group initially measure financial assets at their fair value plus, in the case of a financial asset not valued through profit or loss, transaction costs.
Receivables from customers that do not have a significant financial component are valued at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at fair value through total income, cash flows that are "solely payment exclusive capital and interest payments (SPPIs)" of the original capital must be obtained.

The Company's and Group's business model for managing financial assets refers to the way in which it manages its financial capabilities to generate cash flows. The business model determines whether cash flows arise from the collection of contractual cash flows, the sale of financial assets, or both.

The purchase or sale of financial assets that require the delivery of assets within a timeframe specified by a regulation or a contract on the market is recognized on the trade date meaning on the date on which the Company commits to purchase or sell the asset.

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- Financial assets measured at fair value through profit or loss

  Financial assets valued at fair value through profit or loss include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for sale or repurchase in the near future. Derivatives, including embedded derivatives, are also classified as held for trading, unless defined as effective hedging instruments. Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model.

- Financial assets at amortized cost

  The Company and the Group measure financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is retained in a business model in order to hold financial assets for the collection of contractual cash flows; and (b) the contractual clauses of the financial asset generate cash flows on specific dates that consist only of capital and interest payments on the balance of the original capital.

- Financial assets measured at fair value through total income without recycling of cumulative gains and losses on de-recognition

  Upon initial recognition, the Company and the Group may choose to irrevocably classify its equity investments as equity instruments at fair value through other comprehensive income when they meet the definition of equity in accordance with IAS 32 Financial Instruments: Presentation and not held for trading purposes. Classification is determined by financial instrument.

  Profits and losses from these financial assets are never recycled to profits or losses. Dividends are recognized in the income statement when the payment entitlement has been established, unless the Company benefits from such income as a recovery of part of the cost of the financial asset, so that the gains are recognized in the statement of comprehensive income. Equity instruments measured at fair value through total income are not subject to an impairment test.

A financial asset is derecognized primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company and the Group have transferred their rights to receive cash flows from the asset or have undertaken to fully pay the cash flows received without significant delay to a third party under a pass-through agreement and either (a) the Company and the Group have transferred substantially all the risks and rewards of the asset or (b) the Company and the Group have not transferred or held substantially all the risks and estimates of the asset but have transferred the control of the asset.
- When the Company and the Group have transferred the rights to receive cash flows from an asset or have entered into a transfer agreement, they assess whether and to what extent they own the risks and rewards of ownership.

When the Company and the Group have not transferred or hold substantially all the risks and rewards of the asset and have not transferred ownership of the asset, they continue to recognize the transferred asset to the extent of its continued involvement. In this case, the Company and the Group also recognize any relevant obligation. The transferred asset and the related liability are valued on the basis of the rights and obligations that the Company and the Group hold.

Financial liability and effective interest method

An instrument is classified as a financial liability if it is:

• a contractual obligation:

  - to deliver cash or other financial assets; or
  - to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions (for the issuer of the instrument); or

• a contract that will or may be settled in the entity's own equity instruments and is:

  - a non derivative that comprises an obligation for the entity to deliver a variable number of its own equity instruments; or
  - a derivative that will or may be settled other than by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Subsequent to initial recognition, financial liabilities are measured at amortised cost calculated under the effective interest method except for liabilities:

• measured at FVTPL;

• that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;

• that are commitments to provide a loan at a below-market interest rate and not measured at FVTPL; and

• that are financial guarantee contracts

The 'effective interest method' is a method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the relevant period. It differs from the straight-line method in that the amortisation under the effective interest method reflects a constant periodic return on the carrying amount of the asset or liability.

The effective interest rate is calculated on initial recognition of a financial asset or a financial liability. It is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
• the gross carrying amount of the financial asset; or
• the amortised cost of the financial liability. [IFRS 9.A]
On initial recognition, the gross carrying amount of a financial asset, or the amortised cost of a financial liability, is generally equal to the fair value of the instrument, adjusted for transaction costs

The effective interest rate is revised as a result of:
• periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest
• fair value hedge adjustments at the date on which an entity begins to amortise them; and
• it appears, costs and fees arising as part of modifications that do not result in derecognition.
To calculate interest income or expense in each relevant period, the effective interest rate is applied to the gross carrying amount of the asset (or amortised cost of credit-impaired assets) or the amortised cost of the liability.

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.
Inventories are written-down to net realisable value, if there is indication, that the NRV is significantly lower, than the book value of inventory. Indicators included inventories with a slow turnover period (above 180 days). At every closing date inventories are investigated based on their inventory turnover.

Receivables

Receivables from customers are recognized when there is an unconditional right to receive the consideration for the client's contractual obligations to the entity. A contract asset is recognized when the Company and the Group have satisfied their obligations to the customer before the customer pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the Company's right and also the Group's right to issue an invoice. Receivables from customers on credit are initially recognized at their fair value, which corresponds to the nominal value, net of impairment losses.

Impairment of trade receivables
Regarding non-doubtful trade receivables, the Company and the Group apply the simplified approach of IFRS 9 and calculate the expected credit losses over the life of the receivables. For this purpose, the Company uses a maturity forecast table based on the historical data for credit losses, adjusted for future factors in relation to borrowers and the economic environment. The bad debts are evaluated one by one for the calculation of the relevant provision. The calculation is updated every year.

The applied method is the following:

- Step 1: Total amount of debtors for the years for the former four fiscal years from current fiscal year and for the current fiscal year – so total five year-period (the amount that is presented in BL - debtors with credit outstanding balance should not be included).

- Step 2: For the period defined: a fiscal year is defined: the line items which were posted during 01.01 and 31.12 of the exact fiscal year and are open (not paid) until 30.09. of the following fiscal year etc.

- Step 3: Calculate for the first three years average ratio (so from the first one to the third one): overdue/total debtors – period 1

- Step 4: Apply the ratio (step 3) to debtors balances of the forth fiscalyear

- Step 5. The amount that derives from Step 4 will be posted to Equity (IFRS 9 1st adoption 01.01. of the current fiscal year

- Step 6: Calculate the average ratio for the period from second fiscal year to fourth fiscal year: overdue/total debtors – period 2

- Step 7: Apply the ratio (step 3) to debtors balances of current fiscalyear

- Step 8: The difference of Step 4 vs Step 7 will be the provision of the current fiscal year (could be income or loss)

- Step 9: A table should be prepared that will depict for the periods Current / 01-09 /91-180/181-270/ 271-360/ 361+ a) Total Debtors of the fourth fiscal year (step 1) and b) the overdue amounts of the fourth fiscal year (step 2). Complete overdue allocation table (sheet Overdue allocation)

The Company chooses to recognize expected credit losses at a higher of

(i) 1% the total trade receivables balance and

(ii) the ratio calculated with the above methodology

Cash and cash equivalent

Cash & cash equivalents include cash in banks and in hand, as well as short-term highly liquid investments such as repos and bank deposits with a maturity less than three months.

Sales revenues

IFRS 15 establishes a five-step model for determining revenue from customer contracts.

The five steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in thecontract
- Recognise revenue when (or as) the entity satisfies a performanceobligation.

Step 1: Identify the contract with the customer

A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can beidentified;
- the contract has commercial substance; and

- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

If a contract with a customer does not yet meet all of the above criteria, Sarantis will continue to re-assess the contract going forward to determine whether it subsequently meets the above criteria. From that point, the entity will apply IFRS 15 to the contract.
If certain conditions are met, a contract modification will be accounted for as a separate contract with the customer. If not, it will be accounted for by modifying the accounting for the current contract with the customer. Whether the latter type of modification is accounted for prospectively or retrospectively depends on whether the remaining goods or services to be delivered after the modification are distinct from those delivered prior to the modification. Further details on accounting for contract modifications can be found in the Standard

Step 2: Identify the performance obligations in the contract. At the inception of the contract, the entity should assess the goods or services that have been promised to the customer, and identify as a performance obligation
- a good or service (or bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
A series of distinct goods or services is transferred to the customer in the same pattern if both of the following criteria are met:
- each distinct good or service in the series that the entity promises to transfer consecutively to the customer would be a performance obligation that is satisfied over time (see below);
and
- a single method of measuring progress would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.
A good or service is distinct if both of the following criteria are met:
- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
- the entity's promise to transfer the good or service to the customer is separately idenitifable from other promises in the contract.
Factors for consideration as to whether a promise to transfer goods or services to the customer is not separately identifiable include, but are not limited to:
- the entity does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
- the goods or services significantly modify or customise other goods or services promised in the contract;
- the goods or services are highly interrelated or highly interdependent.

The performance obligations of the Company are usually the goods to be sold.

Step 3: Determine the transaction price
The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services. When making this determination, an entity will consider past customary business practices.

Where a contract contains elements of variable consideration, the entity will estimate the amount of variable consideration to which it will be entitled under the contract. Variable considerationcan arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. Variable consideration is also present if an entity's right to consideration is contingent on the occurrence of a future event. Variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved

Type	Description	Handling IFRS
Financial discount	Discount given for early payment	Revenue decreasing
Invoiced price discount	the sales invoice contains the discount on the spot,	Revenue decreasing
A posteriori price discount	Price discount given subsequently (eg. Due to achieving a number of orders). Modifying discount issued	Revenue decreasing
Rebate	Discount given subsequently	Revenue decreasing
Debt forgiveness	Debt released	Other expense
Marketing payments 1	Marketing payment depending on the quantity of the sold goods	Revenue decreasing
Marketing payments 2	Marketing services received	Revenue decreasing, if marketing service is distinct: service

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, an entity will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the entity will need to estimate it. Any overall discount compared to the aggregate of standalone selling prices is allocated between performance obligations on a relative standalone selling price basis. In certain circumstances, it may be appropriate to allocate such a discount to some but not all of the performance obligations.
Where consideration is paid in advance or in arrears, the entity will need to consider whether the contract includes a significant financing arrangement and, if so, adjust for the time value of money.
The Company applies the practical expedient, where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months, then there is no financing components.
The Companyi usually has a single performance obligation, therefore, allocation is rarely necessary.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is defined as the amount that an entity expects to be entitled to receive in exchange for the goods or services it has transferred to a client, except for amounts collected on behalf of third parties (value added tax, other sales tax). Variable amounts are included in the consideration and are calculated using either the "expected value" method or the "most likely amount" method.

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to.

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan; and
- holding the asset.

An entity recognises revenue over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The customer acquires control of the good or service if the customer is able to direct the use and derive virtually all the economic benefits from that good or service. Control is passed over a period or at a specific time.

If an entity does not satisfy its performance obligation over time, it satisfies it at a point in time.

Revenue will therefore be recognised when control is passed at a certain point in time. Factors that may indicate the point in time at which control passes include, but are not limited to:

- the entity has a present right to payment for the asset;
- the customer has legal title to the asset;
- the entity has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset;

and

- the customer has accepted the asset.

The Company is active in the production and distribution of consumer products. The main products of the Company and the Group are perfumes, personal care products, sunscreen products, hair care products as well as food packaging products, plastic garbage bags and household cleaning products. Net proceeds from sales are measured at the fair value of the consideration received or receivable and are declared net of discounts on sales and the consideration paid to customers.

These are, in particular, incentives to promote sales which are recorded as deductions from sales.

Performance obligation is performed at a point in time.

The customer receivable is recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the customer. A contract asset is recognized when the Company and the Group have satisfied their obligations to the customer before the customer pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the Company's right and Group to issue an invoice.

The contractual obligation is recognized when the Company and the Group receive a consideration from the client (prepayment) or when it retains the right to a price that is unconditional (deferred income) before performing the obligations of the contract and the transfer of the goods or services. The contractual obligation is de-recognized when the contractual obligations are executed and the income is recorded in the income statement.

Equity capital

Equity capital is divided by the types accordance with low rights and resolutions of Company Statute.
The Equity consists of share capital and reserves.
- Share capital: paid capital by owner(s).
- Reserves: consist of result carried forward from former fiscal years and current fiscal year's result.

Dividends to pay are recognized against the reserves.
Before categorizing anything as equity it should be determined that it is not a liability.
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 founds of the Company are decreased by due contributions to the share capital.
Non-divided profits for the previous years and the current results (profits) are presented in the financial statement as the retained profits.

Transactions in foreign currency

Profit and losses from foreign exchange difference, which arise from the settlement of such transactions during the period and from the conversion of monetary items expressed in foreign currency with the effective exchange rates during the balance sheet date, are registered in the results.
A foreign currency transaction should be recorded initially at the rate of exchange at the date of the transaction. The Company uses exchange rates published by National Bank of Hungary.
At each subsequent balance sheet date:
- foreign currency monetary amounts should be reported using the closing National Bank of Hungary rate
- non-monetary items carried at historical cost should be reported using the exchange rate at the date of the transaction
- non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined.

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

Exchange rate at the day	*31.12.2022*	*31.12.2021*
USD	375,68	325,71
EUR	400,25	369
PLN	85,35	80,3

CURRENT AND DEFERRED TAXATION

Current tax for the current and prior periods is recognised as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due.

The period's charge with income tax consists of current taxes and deferred taxes. Tax is recognized in the "Statement of comprehensive income", unless it is related to amounts recognized directly in "Equity". In the latter case tax is also recognized in Equity.

Income tax on earnings, is calculated based on the tax law in effect during the balance sheet date and is recognized as an expense during the period when earnings are gained. Management periodically reviews cases where the relevant tax law needs clarifications when interpreted. When deemed necessary provisions are made on the amounts expected to be paid to the tax authorities.

Deferred income tax is calculated according to the liability method which results from the temporary differences between the book value of assets or liabilities in the financial statements

with their respective tax base. Deferred income tax is not recorded if such results from the initial recognition of an asset or liability in a transaction, apart from a business combination, which did not affect the accounting or the tax profit or loss when realized. Deferred tax is defined according to the tax rates and laws in effect during the balance sheet date and those expected to be effective when the deferred tax assets will be realized or the deferred tax liabilities repaid.

Deferred tax liability is recognised for all taxable temporary differences. Deferred tax assets are recognized to the extent that there will be future taxable profit for the use of the temporary difference that creates the deferred tax asset. Deferred tax assets and liabilities are offset only when the law permits the offsetting of tax assets and liabilities and given that the deferred tax assets and liabilities arise from the same tax authority on one entity that is taxed or on different entities when the settlement is intended to take place through offsetting.

The Company will determine the deferred tax asset to be recognized based on a 5 year simplified forecast.

Based on the normal operation the Company has the following normal transactions which results in deferred tax:

- Accounts receivables: According impairment of receivables is not allowed as a tax

deduction in the calculation corporate income tax (only if it is deemed unrecoverable).

IFRS 9 requirements for providing for expected losses will also increase the booked impairment resulting in a differed tax asset.

- Loss carry forward: Local tax authority allows the entity to carry forward the loss and use that loss as a deductible item in order to lower its taxable income in the following periods (the amount depending on the tax rules), this creating a deferred tax asset. Loss carry forward balances are reviewed annually regarding their usability.
- Non-current assets: the difference in accounting and tax depreciation rates relating to fixed assets and intangibles
- Leases: leases at initial recognition have no deferred tax effect, although in later periods will have deferred tax effect, since the tax value of the right of use asset and the lease liability is zero.

Fixed assets available to sale

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the SPLOCI. Assets classified as held for sale, and the assets and liabilities included within a disposal group classified as held for sale, must be presented separately on the face of the statement of financial position.

In general, the following conditions must be met for an asset (or 'disposal group') to be classified as held for sale

- management is committed to a plan to sell
- the asset is available for immediate sale
- an active programme to locate a buyer is initiated
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

The assets need to be disposed of through sale. Regarding their measurement, the following principles applied:
- At the time of classification as held for sale
- After classification as held for sale
- Impairment
- Assets carried at fair value prior to initial classification.
- Subsequent increases in fair value
- No depreciation

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.

Application of the accounting principles

The above principles are applicable for comparative data.

New standard and amendments

For reporting periods beginning on or after 1 January 2021	
Related Standard	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	2020.01.01
Amendments to IFRS 3: Definition of Business	2020.01.01
Amendments to IAS 1 and IAS 8: Definition of Material	2020.01.01
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	2020.01.01
Amendment to IFRS 16 Leases: Covid 19-Related Rent Concessions	2020.06.01

For financial years of later reporting periods	Effective date
IFRS 17 Insurance Contracts	2023.01.01 but EU has not endorsed yet
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	2023.01.01 but EU has not endorsed yet
Amendments to IFRS 3: Reference to the Conceptual Framework	2022.01.01
Amendments to IAS 16: Proceeds before Intended Use	2022.01.01
Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract	2022.01.01
Annual Improvements to IFRS Standards 2018–2020	2022.01.01
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	2021.01.01
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	2021.01.01

The Company does not apply these standards and it is not expected to have any impact, but it will be reviewed in detail in 2023.

1. Tangible fixed assets

	31.12.2022	31.12.2021
Buildings, premises and structures of land and water engineering	1 135	942
Right-of-use asset	39 634	169 844
Machinery and technical equipment	4 860	5 889
Transportation means		
Total tangible fixed assets	**45 629**	**176 675**

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Property, Plant and equipment	Right-Of-use asset	Total
Gross value as at 1st January 2021	**82 291**	**353 016**	**435 307**
Increases:			
acquisition	1 347	12 424	13 771
revaluation			
Decreases:			
sales			
liquidation	2 766	10 379	13 147
transfer			
Gross value as at 31st December 2021	**80 872**	**355 061**	**435 933**
Gross value as at 01st January 2022	**80 872**	**355 061**	**435 933**
Increases:			
acquisition	1 179	21 979	23 158
Decreases:			
sales			
liquidation	6 150	230 464	236 614
transfer			
Gross value as at 31th December 2022	**75 901**	**146 576**	**222 477**

Changes of tangible fixed assets were following:

Gross value of tangible fixed assets	Property, Plant and equipment	Right-Of-use asset	Total
Gross value as at 31st December 2021	80 872	355 061	435 933
Increases:			
acquisition	1 179	21 979	23 158
revaluation			
Decreases			
disposal			
write off	6 150	230 464	236 614
Gross value as at 31st December 2022	75 901	146 576	222 477

Accumulated depreciation and impairment loss	Property, Plant and equipment	Right-Of-use asset	Total
Accumulated depreciation and impairment loss as at 1st January 2021	72 265	101 237	173 502
Increases:			
depreciation for the year	4 542	85 359	89 901
depreciation of disposal, write off	-2 766	-1 379	-4 146
Accumulated depreciation and impairment loss as at 31st December 2021	74 040	185 217	259 257
1st January 2022	74 040	185 217	259 257
Increases:			
depreciation for the year	2 016	90 165	92 181
depreciation of disposal, write off	-6 150	-168 439	-174 589
Accumulated depreciation and impairment loss as at 31st December 2022	69 906	106 943	176 849
Net accounting value:			
as at 31st December 2021	6 831	169 844	
as at 31st December 2022	5 995	39 634	

In 2022 and 2021, the Company did not make any changes to depreciation periods.

2. Intangible fixed assets

	31. 12.2022	31. 12.2021
Computer software	44 064	46 580
Total intangible fixed assets	**44 064**	**46 580**

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	**Computer software**	**Total**
Gross value as at 31st December 2021	129 209	129 209
Increases:		
acquisition		
Decreases:		
disposal		
Gross value as at 31st December 2022	129 209	129 209

	Computer Software	**Total**
Accumulated depreciation and impairment loss as at 1st January 2021	80 112	80 112
Increases:		
depreciation for the year	2 516	2 516
depreciation of disposal		
Accumulated depreciation and impairment loss as at 31st December 2021	82 628	82 628
Increases:		
depreciation for the year	2 516	2 516
depreciation of disposal		
Accumulated depreciation and impairment loss as at 31st December 2022	85 144	85 144
Net accounting value:		
as at 31st December 2021	46 580	46 580
as at 31st December 2022	44 064	44 064

In 2022 and 2021, the Company did not make any changes to depreciation periods.

3. Deferred tax

Deferred tax as at 31 December 2022 and 31 December 2021 is resulting from:

	31.12.2022	31.12.2021
Right of Use asset	1 298	1 084
Bad debt	184	214
Intangible asset – SAP	0	0
	1 482	**1 298**

As of 2022, deferred tax assets and deferred tax liabilities are presented in net value with the amount of 1 482 THUF asset.

4. Inventories

	31.12.2022	31.12.2021
Trade goods	1 196 337	735 114
Materials	15 803	11 262
	1 212 140	**746 376**

In 2020 there was not any write- off. In 2021 the Company decided to write off inventories with 7.600 THUF, in 2022 there was not any write-off.

5. Trade receivables and other receivables

	31.12.2022	31.12.2021
Trade receivables from related parties	414	17 113
Trade receivables from other entities	851 742	691 804
Expected credit loss on trade receivables	-16 472	-15 485
Prepayment of stock	0	5 840
Other items and trade accruals	37 097	-25 472
Short-term receivables	**872 781**	**673 800**

Trade receivables' term of payment is 30-60 days. The Company created provision for bad debts 15 485 THUF in 2021 and 987 THUF in 2022.

Movements regarding provision for bad debts were following:

	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Beginning of a period	**15 485**	**30 827**
Increases	987	15 485
Usage		
Decreases – reversal		30 827
At the end of a period	**16 472**	**15 485**

The Company uses a maturity forecast table based on the historical data for credit losses, adjusted for future factors in relation to borrowers and the economic environment. The bad debts are evaluated one by one for the calculation of the expected credit loss. As at December 31, 2022 and December 31, 2021 the amount of expected credit loss is 16 472 THUF and 15.486 THUF accordingly.

Below is an analysis of trade receivables, which as at December 31, 2022 and December 31, 2021 which confirms the amount of overdue receivables.

			Overdue, but recoverable				
Year	**Total (THUF)**	**Not overdue**	**01-90 days**	**91 - 180 days**	**181 - 270 days**	**271 -360 days**	**> 361 days**
2022	872 781	893 537	-27 684	6 579	-4	508	-155
2021	693 432	692 569	864	173	-16	6	-163

Currency structure of short-term trade receivables and other receivables

	31.12.2022	**31.12.2021**
Receivables in the local currency	837 205	599 434
Receivables in the foreign currency	35 576	74 366
	872 781	**673 800**

	31.12.2022	**31.12.2021**
Receivables in EUR	35 576	68 759
Receivables in PLN	0	5 607
	35 576	**74 366**

6. Transactions with related parties

The Management of the company declares that the related party transactions took place on market prices.

Receivables from related parties	31.12.2022	31.12.2021
Gr. Sarantis SA		2 074
Sarantis Polska	140	10 399
Sarantis Slovakia s. r. o.		
Sarantis Czech Republic, s.r.o	274	2 387
Ergopack		2 253
	414	**17 113**

Liabilities to related parties	31.12.2022	31.12.2021
Gr. Sarantis S.A.	334 234	90 124
Polipak SP. Z O.O.	26 773	30 653
Sarantis D.O.O.	0	0
Sarantis Polska S.A.	250 858	159 073
Sarantis Czech Republic s.r.o.		
Ergopack	6 711	13 790
	618 576	**293 641**

Income from the sales	31.12.2022	31.12.2021
Sarantis Czech Republic s.r.o.	7 208	3 337
Gr. Sarantis SA		2 035
Sarantis Polska	3 844	11 183
SARANTIS d.o.o.		6 179
Ergopack		2 211
Sarantis Bosnia d.o.o		1 009
	11 052	**25 953**

Goods purchased from related parties	31.12.2022	31.12.2021
Gr. Sarantis SA	484 702	320 843
Polipak SP. Z O.O.	196 808	136 002
Sarantis Czech Republic s.r.o.	6 285	0
Sarantis D.O.O	1 493	921
Sarantis Polska	1 269 062	645 324
ERGOPACK	44 220	48 633
Sarantis Bulgaria	1 832	
	2 004 401	**1 151 723**

7. Deferrals and accruals

Deferred expenses - assets	31.12.2022	31.12.2021
Other revenue		
Other expenses	2 976	3 187
	2 976	**3 187**

8. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash in hand	15	123
Cash in banks	215 407	792 370
	215 422	**792 499**

	31.12.2022	31.12.2021
In local currency	53 518	625 116
In foreign currency	161 904	167 383
	215 422	**792 499**

	31.12.2022	31.12.2021
Cash in HUF	53 503	624 993
Cash in EUR	161 383	25 705
Cash in USD	290	118 952
Cash in PLN	231	22 725
	215 407	**792 375**

9. Assets classified as held for sale

At the balance sheet date, the Company has no any assets held for sale.

10. Retained profits and limitations connected with capital

	31.12.2022	31.12.2021
Profit (loss) from previous years	181 654	277 017
Net profit in current period	55 526	134 649
Paid dividend	-134 649	-230 012
Total retained profits	**102 531**	**181 654**

Based on the Act V of 2013 on the Civil code § 3:133 if a business association's equity is not sufficient to cover the subscribed capital prescribed for its specific corporate form over two consecutive financial years, and the members fail to provide for the necessary equity within a period of three months after approval of the annual account for the second year, the business association shall be required to adopt a decision within sixty days of this deadline for its transformation. Instead of transformation the business association may opt dissolution without succession or for merger.

11. Suggested division of profit for 2022

The Management proposes a net profit for 2022, in amount of 55 526 THUF payable as dividend.

12. Credits, loans and other liabilities

As at December 31, 2022, there is no any banking loans or credit limits.

13. Leasing

The company has right-of-use assets (office and cars) with the following carrying amount that relate to the following classes of underlying assets and which were subject to the following depreciation charges in 2022:

The underlying asset class	**Carrying amount of the right of use**	**depreciation of the right of use**
	31.12.2022	**from 01.01 to 31.12.2022**
Buildings and structures	66 923	52 572
Cars	79 654	54 371
Total	**146 577**	**106 943**

The leasing agreement in progress in 2022 are the lease of an office/warehouse and cars with a carrying value of the right of use in the amount of 146 577 THUF as at the balance sheet day. The office and the car leasing agreement were concluded until March, 2025.

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

	Lease payments payable in the period:			
	up to1 year	from 1 to 5 years	over 5 years	Total
As of 31.12.2022				
Leasing fees - building	13 765		0	13 765
Leasing fees - cars	19 753	6 172	0	25 925
Current value			0	39 690

The Company does not recognize liabilities under short-term leases and leases in respect of which the underlying asset is of low value.

Total leasing expenditure in 2022 was:

	from 01.01 to 31.12.2022
Repayment of leasing liabilities	110 410
Interest repayment	2 663
Total expenses	113 073

14. Financial instruments

Financial instruments in accordance with category:	31.12.2022	31.12.2021
Granted loans and own receivables:		
- trade receivables	835 683	693 432
- other receivables	37 097	- 19 632
Cash	215 422	792 499
	1 088 203	**1 466 299**
Liabilities:		
Trade payables	736 682	680 516
Lease liabilities	39 690	181 889
	776 372	**862 405**

15. Short-term trade payables and other liabilities

	31.12.2022	31.12.2021
Trade payables to related parties	535 835	293 640
Trade payables to other entities	200 847	386 875
Customer reclass	82 739	0
Liabilities towards to the State Budget	14 361	14 137
Deferrals and accruals	14 533	20 680
Total short-term liabilities	**848 923**	**715 332**

			Overdue liabilities				
Year	**Total (THUF)**	**Not overdue**	**01-90 days**	**91 - 180 days**	**181 - 270 days**	**271 -360 days**	**> 361 days**
2022	736 682	490 013	246 669	0	0	0	0
2021	680 516	679 812	572	0	0	132	0

Currency structure of short-term liabilities

	31.12.2022	31.12.2021
Liabilities in local currency	173 403	168 020
Liabilities in foreign currency	675 520	547 312
	848 923	**715 332**

	31.12.2022	31.12.2021
Liabilities in EUR	409 237	372 580
Liabilities in USD	3 509	645
Liabilities in PLN	262 774	174 087
	675 520	**547 313**

16. Income tax liabilities

	31.12.2022	31.12.2021
Corporate income tax	0	0
Innovation contribution	1 338	701
VAT payable	79 789	28 819
Other	7 759	9 423
	88 886	**38 943**

17. Sales revenue

	31.12.2022	31.12.2021
Revenue from goods sales	4 970 176	3 792 431
Revenue from recharged expenses and price reduction	0	0
	4 970 176	**3 792 429**

	31.12.2022	31.12.2021
Revenue from domestic sales	4 959 124	3 766 478
Revenue from export	11 052	25 953
	4 970 176	**3 792 431**

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

18. Other revenue

	31.12.2021	31.12.2020
Stock count differences	0	2 095
Other	837	76 882
	837	**78 977**

19. Cost of operating activity

Other cost

	31.12.2022	31.12.2021
Provision for stock write off	432	7 600
Provision for bad debts	1 000	0
Late payment	4 463	14 381
Insurances	2 679	2 260
Shopper expenses	920	562
Others	76 932	25 228
Stock count differences	5 751	2 719
Bank charges, dues	9 510	7 800
	101 687	**52 757**

External services

	31.12.2022	31.12.2021
Transportation	106 887	80 600
Other	0	40 140
Marketing	66 260	79 100
Repairing and maintenance	45 453	46 367
Market research	3 245	24 234
Other consultant	8 794	3 007
Royalty fee	16 090	14 834
Travelling	1 984	1 232
	248 7213	**289 514**

Taxes, contribution

	31.12.2022	31.12.2021
Environmental Tax	116 499	101 898
Municipality tax	31 179	28 439
Innovation contribution	4 913	4 490
Other taxes	7 521	
Rehabilitation tax	2 700	2 174
	162 812	**137 001**

Salaries

	31.12.2022	31.12.2021
Gross salaries	249 426	236 650
Bonuses	21 391	30 938
Other (severance, sick leave)	8 959	9 230
	279 776	**276 818**

Cost of goods sold

	31.12.2022	31.12.2021
COGS	3 885 178	2 756 473
	3 885 178	**2 756 473**

20. Financial costs and revenues

Financial revenue	**31.12.2022**	**31.12.2021**
Interest on receivables	0	0
Exchange rate differences	69 246	40 331
Bank interest	2 474	0
Others	0	0
	71 720	**40 331**

Financial costs	**31.12.2022**	**31.12.2021**
Exchange rate differences	116 894	58 064
Interest under the leasing agreements	2 663	4 340
Other	0	7 846
	119 557	**70 250**

21. Income tax

Major components of income tax for the years ended 31 December 2022 and 31 December 2021 are as follows:

	31.12.2022	31.12.2021
Current income tax	5 694	11 805
Corrections of income tax in current year	0	-1 298
Creation/ reversal of deferred tax	-184	-1 821
Income tax shown in the profit and loss account	**5 510**	**8 741**

	31.12.2022	31.12.2021
Gross financial results	61 036	143 391
Taxbase increasing items	*101 531*	*113 790*
- Depreciation based on Accounting law	94 697	95 184
- Non-business-related expenditure	5 751	3 075
- Penalty	83	7
- Impairment of receivables	1 000	15 524
- Provision		
- Impairment of debtors		
- Write off bad debts		
Taxbase decreasing items:	*99 903*	*126 011*
- Depreciation based on Tax Law	94 697	95 184
- Reversal of impairment for bad debts	0	30 827
- Loss carried forward	0	0
- Other revenue regarding PY	5 206	
Calculated tax base	**62 664**	**131 170**
Current income tax 9%	**5 639**	**11 805**

Effective tax rate 9%

In the current year, the Company has tax liability payment for previous years, the amount of which is 55 THUF payable corporate tax.

Corporate income tax calculation based on IFRS for financial year 2022 was not calculated so the above tax calculation represents the Hungarian rules for corporate income tax.

22. 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.

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. Receivables are weekly monitored by financial department.

Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures and discussed weekly at the Sales Meeting.

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Company's losses.

Year	Total (THUF)	Not overdue	Overdue receivables < 91 days	91 - 180 days	181 - 270 days	271 -360 days	> 361 days
2022	872 781	893 537	-27 684	6 579	-4	508	-155
2021	693 432	692 569	864	173	-16	6	-163

As of 31 December 2022, 59% of all receivables were receivables from the Key Accounts, 31% from the Wholesalers, 1% from Affiliates and 6% from the foreign partners. 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 in line with the accounting policy.

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, in EUR, in USD and in PLN. The sales is generally conducted in Hungarian currency HUF.

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

Financial statement item (THUF)	Accounting value of financial instruments	Average exchange rate in 2022	Influence on financial results	Influence on equity capital	Influence on financial results	Influence on equity capital
			Increase by 20%	Increase by 20%	Decrease by 20%	Decrease by 20%
Assets denominated in currency						
Receivable in EUR (in THUF)	33 465	391,27	40 374	40 374	-40 374	-40 374
Cash in EUR (in THUF)	161 883	391,27	194 260	194 260	-194 260	-194 260
Liabilities denominated in currency						
Liabilities in EUR (in THUF)	-407 140	391,27	-488 568	-488 568	-488 568	-488 568
Liabilities in USD (in THUF)	-3 509	373,04	-4 211	-4 211	-4 211	-4 211
Liabilities in PLN (in THUF)	-262 774	83,44	-315 329	-315 329	-315 329	-315 329
Total			**-573 474**	**-573 474**	**-573 474**	**-573 474**

Liquidity risk

The Company is not 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. In accordance with the age structure, 99% of receivables are not overdue on 31 December 2022. Management believes that the carrying value of financial assets and liabilities reflect their fair value. In the opinion of the Management, 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 2022 and 2021 was as follows:

			Liabilities due in the period				
Year	**Total (THUF)**	**Not overdue**	**< 91 days**	**91 - 180 days**	**181- 270 days**	**270-360 days**	**> 361 days**
2022	**736 682**	**490 013**	**246 669**	**0**	**0**	**0**	**0**
2021	**680 516**	**679 812**	**572**	**0**	**0**	**132**	**0**

Price risk

Price of materials is a component, which has a minor impact on the total profitability of Company as they are only used in repackaging.

Price risk of goods is a component, which has a major impact on the total profitability of Company. Changes in prices of purchasing goods 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 departments of Sarantis companies make 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. The Company regularly monitors the profitability of individual products and on the basis of these data takes action related to the optimization of the sale of products.

23. 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.

24. Structure of employment

Average employment in Company was as follows:

	31.12.2022	31.12.2021
Full time employees		
- blue collar worker	0,11	1
- white collar worker	30,35	29,85
	30,46	**30,85**

25. Salaries of key management personnel

Total value of gross salaries in 2022 for key management personnel was 88 120 THUF. In 2021 total amount of gross salaries paid for key management personnel was 110 396 THUF.

26. Events after date of balance sheet day

There was no any events after date of balance sheet day which had been affect of the Company's operation or the Financial Statement.

Budapest, 24th February, 2023

The Management of the Company:

Csodó Tamás Ádám – managing director

BUSINESS REPORT

to the 2022 annual report of Sarantis Hungary Kft.

I. Brief introduction of the Company:

Saratnis Hungary Commercial Limited Liability Company was established on 27.07.1997 for an indefinite period. Saratnis Hungary was registered on 30.11.1994 by the Commercial Court of the Municipal Court of Budapest.

Tax number of the company: 10862412-2-13
Company registration number: 13 09 156730
Registration number: 10862412-4649-113-13
Registered office: 2040 Budaörs, Vasút utca 11. The new address of the company is 1117 Budapest, Budafoki út 209, which is currently under registration.
Legal form: Limited Liability Company
Financial year. from 01.01. to 31.12. of each year (calendar year)
Main activity: 4649'08 Wholesale of other household articles

The company's history includes the acquisition of Trade 90' KFT, a Hungarian manufacturer of household packaging products, which had been present in the household segment since 1993. Thanks to the acquisition, the group has acquired a company that has homogeneously integrated and expanded Sarantis' activities, while at the same time further increasing its presence in the Hungarian FMCG sector.

In 2011, the Hungarian household products brand DOMET, also present in the cleaning equipment category, was acquired. This acquisition further strengthened the company's position in the Hungarian household products market.

II. Sarantis Hungary Kft. in 2021, the Company in the economic environment

Our company sells own-brand cosmetic and household products, and also distributes additional cosmetic brands. Sarantis Group also manufactures private label products for Hungarian and international chains. The discount distribution of our products covers all domestic channels and our brands are available in domestic and international chains, drugstores and wholesalers.

In 2022, Sarantis Hungary Kft's main objective was again to make its products as widely known as possible and to achieve market growth with the existing portfolio.

We closed 2022 profitably, despite the difficult economic situation, which led to a significant increase in purchasing costs.

III. Expected developments in 2023

For the year 2023, the company expects profit levels to normalise and rise, after the sharp increase in foreign exchange rates and energy costs during the second half of 2022 seems to stabilise.

IV. Other

1. Employment

The employment policy of the Company remains unchanged. Employee performance is measured and evaluated on an ongoing basis.

2. Financing

The cash flow situation of Sarantis Hungary Kft. is stable, also due to the good financial results. In 2022, no borrowing was required either within the Group or from third parties. The company was able to finance its costs in 2022 from its own resources.

Overall, at the end of 2022, the company's receivables portfolio was fully monitored, self-managed and not problematic in terms of its composition. The receipt of financial settlements is continuously ensured due to the daily contacts with the counterparties.

3. Establishment, environmental protection

The Company's headquarters, in rented offices, is the central administrative location with negligible environmental impact.

In terms of environmental protection, new employees are informed of what is expected of them on the site (office).

Sarantis Hungary Kft pays special attention to the protection of the environment. By discontinuing the marketing of single-use plastics, sustainable, recyclable and reusable alternatives have been introduced into our portfolio. When selecting our equipment, we pay attention to its environmental classification.

4. Material events after the balance sheet date

There were no material events after the balance sheet date up to the date of preparation of the balance sheet (24/02/2023).

Sarantis Hungary Kft did not carry out any research and development activities in 2022.

The management of Sarantis Kft is satisfied with the results for 2022 and is looking forward to 2023 with confidence.

Budapest, 24/02/2023

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Tamás Ádám Csodó
Managing Director

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Budafoki út. 209.
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