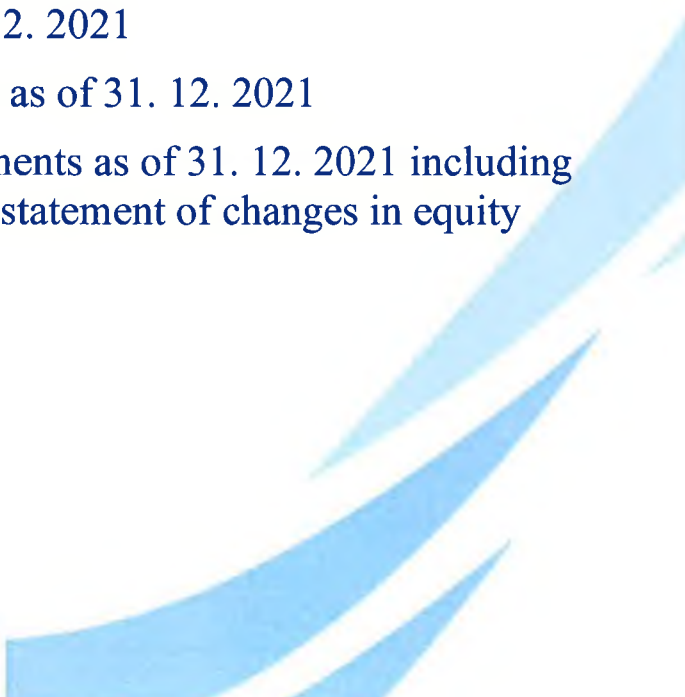


Annual report
company
Sarantis Czech Republic,
S. R. O.
for the year 2021

Content

- Results and development of the company
 - Audit report
 - Balance sheet as of 31. 12. 2021
 - Profit and loss statement as of 31. 12. 2021
 - Notes to Financial statements as of 31. 12. 2021 including cash flow statement and statement of changes in equity
 - Report on relations
- 

Basic information



Company:	Sarantis Czech Republic, s. r. o.
Seat:	Praha 3, Žerotínova 1133/32, PSČ 130 00
Legal form:	Limited liability company
ID:	25705971
Established:	29 th October 1998

Registration: business register maintained by Municipal Court in Prague, section C, insert 62867

Result and development of the company

The company Sarantis Czech Republic, s.r.o. The company occupies an important place among distributors of mass cosmetics and household goods in the Czech Republic. Our customers are national chains, wholesalers and retailers. In 2015, the company took over the distribution of Astrid products and significantly expanded the distribution of goods from the Conter supplier - Denim, Strep, Tesori d'Oriente and Vidal brands. In 2016, the company established cooperation with Tereza Maxová, who became the ambassador of the Astrid brand. New ambassador of the brand is Hana Vágnerová from 2019. In 2021, the company continued to present its Astrid brand through television commercials in the Czech Republic.

Another important brand of the company is the STR8 brand in the men's cosmetics category, which was also supported by a television campaign in 2021.

In the category of household and cooking utensils, the company is represented by FINO brand products, which were presented in print and digital campaigns with the support of the brand's ambassador - Karolína Kamberská, a successful cookbook author. Massive TV campaign is planned for next years.

A significant milestone for the company was the year 2018, when the Indulona brand was purchased by the Sarantis group. The company Sarantis Czech Republic, s.r.o. became a distributor of these brands on the domestic market in 2018.

Generally, the company tries to keep its growth strategy, both through new acquisitions such as the purchase or Indulona or Astrid brands, as well as organic growth in sales of the existing product portfolio. This strategy is successfully implemented by the company.

The average recalculated number of employees in 2021 is 46 people.

Future development

The goal of company is to become one of the most important players on the market in the field of mass cosmetics and household needs on the Czech market.

In 2022, the company plans to fully recover from the "Covid years" and continue to intensively support the Astrid brand in the media (several waves of television campaigns, digital support throughout the year, PR activities, press campaigns accompanied by a massive presentation of samples).

Significant marketing support will also be given to the men's cosmetics brand STR8, which in 2019 came up with a modern re-design of products and launched a completely new line of antiperspirants and shower gels. Within the entire range of marketing communication, the brand will use the brand's global ambassador – NBA star – Giannis Antetokounmp on the Czech market.

The Indulona brand will also continue to be supported by a television campaign that refers to the brand's more than 70-year history, while communicating the brand's traditional values in a modern and fresh style.

Environmental activities

According to Act No. 477/2001 Coll. about packaging Sarantis Czech Republic, s.r.o. contract with EKO-KOM, a.s. and ENVI-PAK, a.s.

Research and development activities

The company Sarantis Czech Republic, s.r.o. does not perform any development of products directly. The new products are developed in cooperation with Group or suppliers and only according to the current legislative of the Czech Republic and the EU, so that they are environmentally friendly.

Information on labour relations

The company Sarantis Czech Republic, s.r.o. employs citizens of the Czech Republic and other member states of the European Union.

Information about organizational unit of the company abroad

The company Sarantis Czech Republic, s.r.o. does not have an organizational unit abroad.

There were no significant events after the balance sheet date.

The company has not any litigation, administrative dispute or arbitration proceedings with significant impact.

The most important indicators, performances and figures on the company's business activities are part of the company's financial statements, which are attached to this annual report.

In Prague on 31.3.2022

Krzysztof Jan Kaminski
Statutory representative



INDEPENDENT AUDITOR'S REPORT

To the partner of

Sarantis Czech Republic s.r.o.
limited liability company with registered capital of CZK 39 320 000
Registered Address: Žerotínova 1133/32, Žižkov, 130 00 Praha 3
Company Identification Number (IČ): 25705971

Auditor's Opinion

We have audited the accompanying financial statements of Sarantis Czech Republic s.r.o. (hereinafter also the "Company") prepared in accordance International Financial Reporting Standards adopted by the European Union, showing a balance sheet total of 282 146 thds. CZK and a profit of 72 192 thds. CZK. These financial statements comprise statement of financial position as at 31 December 2021, income statement, statement of comprehensive income, 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 and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The Company's financial statements as of 31.12.2020 were audited by another auditor, who, in their report dated 31.03.2021, issued an unqualified opinion on these financial statements.

Other Information presented in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Managing Director is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material aspects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material aspects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, that the other information does not contain any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Managing Director (hereinafter also "Company's statutory body") for the Financial Statements

Company's statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the statutory body 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, the Company's statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing in the notes to the financial statements, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 the above mentioned regulations 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.

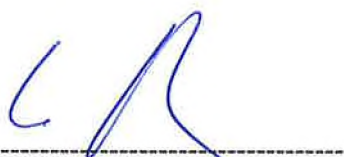
As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with the Company's statutory body and regarding, among other matters, the planned scope and timing of the audit and our significant audit findings, including any significant deficiencies identified in the internal controls.

Grant Thornton Audit s.r.o.
Audit Firm
Pujmanové 1753/10a, Praha 4
Licence No. 603

Prague on 03 May 2022



Ing. Leoš Horváth
Auditor, Licence No. 2013
Proxy



**Financial Statement of Sarantis Czech Republic, s.r.o.
for the period
from 1 January 2021 to 31 December 2021**

Contents:

Statement of financial position	3
Statement of profit or loss	4
Cash Flow statement	5
Statement of changes in equity	6
ADDITIONAL INFORMATION AND EXPLANATIONS	7
The general information	7
1. Basis for the preparation of the report and accounting principles	9
2. Property plant and equipment	26
3. Intangible fixed assets	28
4. Investment in associated companies	29
5. Inventories	30
6. Trade receivables and other receivables	30
7. Other receivables	32
8. Related party transaction	32
9. Deferred costs and accruals	34
10. Cash and cash equivalents	34
11. Assets classified as held for sale	35
12. Share capital	35
13. Retained profits and limitations connected with capital	35
14. Suggested division of profit for 2021	35
15. Other reserves	35
16. Deferred tax	36
17. Lease liabilities	36
18. Right-of-Use Assets	37
19. Short-term trade and other payables	37
20. Tax liabilities	37
21. Other liabilities	38
22. Accruals and deferred income	38
23. Sales revenue	39
24. Other operating income	39
25. Raw materials and consumables used	39
26. Services	39
27. Employee benefit expenses	40
28. Other expenses	40
29. Financial costs and revenues	40
30. Income tax	41
31. Credit risk management	41
32. Changes in liabilities arising from financing activities	43
33. Bank guarantees	43
34. Capital management	44
35. Contingent assets and liabilities	44
36. Tax settlements	44
37. Structure of employment	44
38. Key management personnel compensation	44
39. Events after date of balance sheet day	45

Sarantis Czech Republic, s.r.o.
Statement of financial position
for the year ended 31 December 2021

Note	31/12/2021	31/12/2020	01/01/2020	
ASSETS				
Non-current assets				
Property, plant and equipment	2	9 688	7 114	8 637
Intangible assets	3	30 490	31 541	32 601
Other non-current assets		573	573	573
Non-current assets		40 751	39 228	41 811
Current assets				
Inventories	5	108 847	130 908	116 982
Trade receivables	6	72 470	88 900	74 771
Other receivables	7	520	3 000	4 572
Accruals and deferred costs	9	11 455	6 152	6 759
Cash and cash equivalents	10	48 103	63 459	75 278
Current assets		241 395	292 419	278 362
TOTAL ASSETS		282 146	331 647	320 173
LIABILITIES				
Non-current liabilities				
Lease liabilities	17	5 116	2 142	4 201
Deferred tax liability	16	5 163	5 134	5 367
Non-current liabilities		10 279	7 276	9 568
Current liabilities				
Trade and other payables	19	103 615	118 757	108 273
Lease liabilities	17	3 862	4 052	3 474
Tax liabilities	20	9 795	4 883	1 647
Other liabilities	21	6 428	9 051	3 694
Accruals and deferred income	22	6 920	9 365	9 296
Current liabilities		130 620	146 108	126 384
TOTAL LIABILITIES		140 899	153 384	135 952
NET ASSETS		141 247	178 263	184 221
EQUITY				
Share capital	12	39 320	39 320	39 320
Other reserves	15	3 932	3 932	3 932
Retained earnings	13	97 995	135 011	140 969
TOTAL EQUITY		141 247	178 263	184 221

Statutory representative: Krzysztof Jan Kaminski



Sarantis Czech Republic, s.r.o.

Statement of profit or loss

for the year ended 31 December 2021

	Note	31/12/2021	31/12/2020
Revenue	23	735 181	676 872
Other operating income	24	6 256	6 681
Changes in inventories of finished goods and work in progress			
Raw materials and consumables used	25	398 060	381 249
Services	26	201 238	188 081
Depreciation and amortisation expense		6 173	6 214
Employee benefit expenses	27	43 184	39 470
Other expenses	28	3 396	9 305
Finance income	29	5 808	7 011
Finance expense	29	6 248	12 802
PROFIT BEFORE TAX		88 946	53 443
Tax expense	30	16 754	10 807
PROFIT OR LOSS		72 192	42 636

Statutory representative: Krzysztof Jan Kaminski



Sarantis Czech Republic, s.r.o.

Cash Flow statement

for the year ended 31 December 2021

	31/12/2021	31/12/2020
Cash and cash equivalents, beginning of the period	63 459	75 278
Cash flows from Operating Activities	102 926	46 484
Profit before Tax	88 946	53 443
Adjustments:		
Depreciation & amortization	6 173	6 214
Plus/minus adjustments for changes in working capital accounts	12 415	-603
Decrease / (increase) in receivables	18 910	-12 557
Decrease / (increase) in inventories	22 061	-13 926
Decrease / (increase) in transitional assets accounts	-5 303	607
(Decrease) / increase in liabilities (other than to banks)	-15 939	10 860
(Decrease) / increase in transitional liability accounts	-2 445	69
Interest income and other related income	-1	-28
Interest expense and other related expenses	4 163	4 083
Tax Paid	-13 639	-2 823
Cash flows from Investment Activities	-7 695	-3 610
Interest received	1	28
Revenues from sale of tangible and intangible assets		
Acquisition of tangible and intangible assets	-7 696	-3 631
Dividends received		
Cash flows from Financial Activities	-110 587	-54 693
Interest paid	-4 163	-4 083
Dividends paid	-109 208	-48 594
Inflows/ (Outflows) loans		
Inflows/ (Outflows) from leases	2 784	-1 481
Cash and cash equivalents, end of the period	48 103	63 459

Statutory representative: Krzysztof Jan Beminski



Sarantis Czech Republic, s.r.o.

Statement of changes in equity

for the year ended 31 December 2021

	Share capital	Share premium account	Other reserve fund	Retained earnings	Total equity
Balance 1/1/2020	39 320		3 932	140 969	184 221
Profit for the period				42 636	42 636
Other equity changes					
Dividend paid to shareholders				-48 594	-48 594
					0
Balance 31/12/2020	39 320		3 932	135 011	178 263
Profit for the period				72 192	72 192
Other equity changes					
Dividend paid to shareholders				-109 208	-109 208
Balance 31/12/2021	39 320		3 932	97 995	141 247

Statutory representative: Krzysztof Jan Kaminski



ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

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

The company Sarantis Czech Republic, s.r.o. hereinafter referred to as statement "Company", is an important distributor of mass cosmetics and household products on the market of Czech Republic. The Company's customers are international retail chains and local retailers and wholesalers.

The Company was registered on 29.10.1998 by the Municipal Court in Prague, section C, insert 62867.

Company ID 25705971

Company address

Žerotínova 1133/32
130 00 Prague 3 - Žižkov

2. Statutory representatives of the Company

On 31 December 2021 the statutory representative of the Company is:

Krzysztof Jan Kaminski

The Company is represented by the statutory representative. The Company has one statutory representative.

3. Supervisory Board

The Supervisory Board is not obligatory for limited liability companies and was not established.

4. Statutory auditor

Grant Thornton Audit s.r.o.
Budova Parkview
Pujmanové 1753/10a
140 00 Prague

5. Name of the parent company

GRIGORIS SARANTIS ANONYMI VIOMICHANIKI & EMPORIKI ETAIRIA KALLYNTIKON ENDYMATON
OIKIAKON & PHARMAKEFTIKON EIDONGR, hereinafter GR Sarantis SA

Address: 15125 Marousi, Amarousiou - Halandriou 26, Greece

Registration: 72405

Legal form: Limited liability company

Share: 100%



6. Principles of presentation

Information on principles adopted for preparation of financial statement for 2021

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 2021 and the comparative period from 1 January to 31 December 2020.

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 2021 and 31 December 2020, results of its activity and cash flows for the year ended 31 December 2021 and 31 December 2020.

7. Statement of the Statutory representative

1) The statutory representative of Sarantis Czech Republic, s.r.o. 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 Czech Republic, s.r.o. and that the statutory representative 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 statutory representative of Sarantis Czech Republic, s.r.o. 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.



1. Basis for the preparation of the report and accounting principles

First time adoption

The financial statement for the period 1 January to 31 December 2020 was the Company's first financial statement prepared in accordance with IFRSs, together with the comparative period data as at and for the year ended 31 December 2019. For periods up to and including the year ended 31 December 2019, the entity prepared its Financial Statements in accordance with Czech Generally Accepted Accounting Principles (the "Czech GAAP").

Basic of the financial statement

Financial statement of Sarantis Czech Republic, s.r.o. 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.

The consolidated financial statement, the audit report by the certified auditor and the management report of the Board of Directors of GR SARANTIS S.A. are being presented on the address:

<https://saranlisgroup.com/investor-relations/financial-briefing/results-release/>

Accounting period

The Financial statements are reported for period of 12 months from 1 January 2021 to 31 December 2021. Comparative data relates to period of 12 months from 1 January 2020 to 31 December 2020.

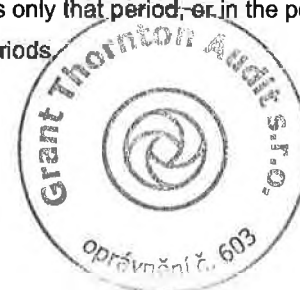
Functional currency and presentation currency of financial statements

The financial statement is presented in thousands of Czech Crowns. The Czech crown is a functional and reporting currency of the Company.

Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

Estimation of the useful life of assets

The Company value the useful lives of tangible and intangible fixed assets. These estimates shall be reviewed at least on a yearly basis taking into account new circumstances and market conditions.

Assets with right of use

The Company's most significant estimates regarding right of use assets relate to the determination of the existence of leases in specific transactions, the terms of renewal of leases and the determination of the discount rate.

Provision for income tax

The income tax provision under IAS 12 "Income Taxes" relates to the amounts of taxes that are expected to be paid to the tax authorities and includes the provision for current income tax and the provision for any additional taxes that may arise as a result of control by the tax authorities.

Income tax expense may differ from these estimates due to changes in tax legislation, significant changes in the laws or unforeseen consequences from the final determination of the tax liability of each fiscal year by the tax authorities. These changes may have an impact on the Company's financial position. In the event, that the resulting additional taxes are different from the amounts initially recorded, these differences will affect income tax and deferred tax provisions in the use that has been made to determine tax differences.

Inventories

Inventories are valued at the lower of their acquisition cost and their net realizable value. Net realizable value is the estimated selling price in the ordinary course of business of the Company less the estimated cost necessary to make the sale. The management makes estimates for the calculation of any provision for impairment of inventories, including, but not limited to, the maturity of inventories, their movement through use, planning for the next period, and an estimate of the future selling price.

Provisions for expected credit losses from customer receivables and contract assets

The Company applies the simplified approach of IFRS 9 for the calculation of expected credit losses, according to which the provision for impairment is always measured at the amount of the expected credit losses over the life of the receivables from customers. At each balance sheet date, the historical percentages used and the estimates of the future financial situation are updated.

The correlation between the historical data, the future financial situation and the expected credit losses includes significant estimates. The amount of expected credit losses depends to a large extent on the changes in the conditions and forecasts of the future financial situation. In addition, past experience and forecasts for the future may not lead to conclusions indicative of the actual amount of customer default in the future

Property, plant and equipment

Property, plant and equipment are presented at acquisition cost minus accumulated depreciations and possible impairment losses. The acquisition cost includes all expenses directly attributed to the acquisition of the assets. Subsequent expenses are registered as an increase of the asset 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 fixed



assets, and the cost of such may be reliably calculated. The cost of repairs and maintenance is registered in the results of the period where such are realized.

Property, plant and equipment are depreciated (amortized) using the straight-line method and impairment losses. The depreciation is reported in Statement of profit or loss under the line "Depreciation and amortization expense". 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	30 years
Machinery and equipment	3 - 5 years
Vehicles and others	5 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 property

The Company does not hold any investment property.

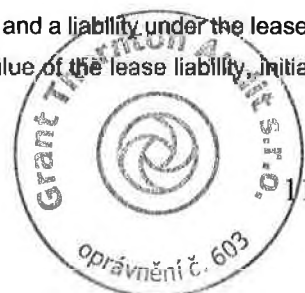
Leases

For each contract concluded on or after January 1, 2019, the Company decides whether the contract is or includes leasing according to IFRS 16. 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 Company,
- 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

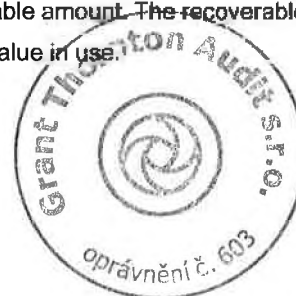
Intangible assets are recognized if it is probable that expected future economic benefits, which are directly attributable to the assets, will cause increase of entity. Initially intangible assets are stated at acquisition or construction cost. After initial recognition, intangible assets are measured 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.

Amortization of intangible asset is recognized on a straight-line basis over their estimated useful lives. The depreciation is reported in Statement of profit or loss under the line "Depreciation and amortization expense". The standard economic useful lives for amortization of intangible assets are following:

Acquired licenses, patents, and similar intangible assets 5 - 50 years

Acquired computer software 5 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.



Financial instruments

Financial assets and financial liabilities are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

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 for the management. Receivables from customers that do not have a significant financial component are valued at the transaction price determined in accordance with IFRS 15.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

A financial asset is derecognized primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has 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 has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred or held substantially all the risks and estimates of the asset but have transferred the control of the asset.

When the Company has 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 has 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 also recognizes any relevant obligation. The transferred asset and the related liability are valued on the basis of the rights and obligations that the Company holds.

Financial assets at amortized cost

The Company measures 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.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Trade 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 has 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 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.

Regarding non-doubtful trade receivables, the Company applies 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 amount of the provision is recognized in the statement of comprehensive income.

Liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

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 unfavorable conditions (for the issuer of the instrument); or
- A contract that will or may be settled in the entity's own equity instrument and is:
 - A non-derivative that comprises an obligation 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 amortized cost calculated under the effective interest method except for liabilities:

- Measured at FVTPL
- That arise when a transfer of a financial assets does not qualify for derecognition or is accounted for using the continuity involvement approach;
- That are commitments to provide a loan at a bellow-market interest rate and not measured at FVTPL; and
- That are financial guarantee contracts



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

The effective interest rate is calculated on initial recognition of financial asset or financial liability. It is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instruments to:

- The gross carrying amount on the financial asset; or
- The amortized cost of the financial liability

On initial recognition, the gross carrying amount on financial asset, or the amortized cost of a financial liability, is generally equal to 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 adjustment at the date on which an entity begins to amortize 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 amortized cost of credit-impaired assets) or the amortized costs 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.

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.

Accruals and deferred costs

Accruals and deferred expense/cost is an asset that represents either:

- a deferred expense is a cost that has already been incurred, but which has not yet been consumed.
- an accrued income, that has been earned, but has yet to be received. The accrued income is recognized when it is earned in accordance with accrual accounting method.



Accruals and deferred income

Accruals and deferred income is a liability that represents either:

- an accrued expense, which are payments that a company is obligated to pay in the future for which goods and services have already been delivered.

a deferred income is unearned revenue, when company receives payment from a customer before the product or service has been delivered.

Revenues

Under IFRS 15, revenue is recognized in the amount that the Company expects to be entitled to in exchange for the transfer of the goods or services to a customer.

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.

The Company recognizes revenue when (or as it) meets the obligation to execute a contract by transferring the goods or services promised to the customer. 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.

The Company's revenue is derived from selling goods with revenue recognized at point of time. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

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. The incentives deducted from sales comprise of contractual discounts, promotional discounts and all trade expenses (fixed bonuses, performance bonuses, logistic bonuses, marketing bonuses etc.), that are provided to customers in a form of an issued credit note.

The goods sold by the Company do not include any special warranty or right of return except the standard rights, that are given by general local legislation. The Company does not record any separate performance obligation in this respect.

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 has satisfied its 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 to issue an invoice. 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 component.

The contract liability is recognized when the Company receives 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.

Classification of revenue is as follows:

Sales of goods

Sales of goods are recognized when the Group delivers the property and risks associated with the ownership of the goods to the customers, the goods are accepted by them and the collection of the receivable is reasonably assured. The transaction price is therefore allocated to the revenue from sale of goods.

Interest income

Interest income is recognized on a time proportion basis using the effective interest rate.

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.

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

Reserve fund is reported as a part of equity and represents legal reserve fund. Based on the Commercial Code, the Company was obliged to contribute to the legal reserve fund from the annual approved profit. Currently the Company is not obliged to further contribute the legal reserve fund.

Transactions in foreign currency

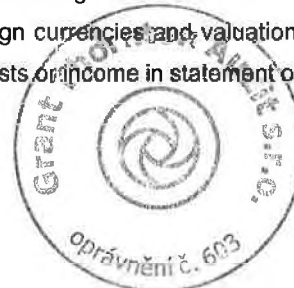
Transactions in foreign currency are carried out in accordance with exchange rate :

- 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) Czech National Bank official daily rate, published for particular currency, if the use of the exchange rate as in point 1 above is not possible and for the all other operations.

Exchange rate differences and evaluations of financial assets and liabilities on the balance sheet date, in accordance with Czech National Bank 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>31.12.2021</i>	<i>31.12.2020</i>
USD	21,951	21,387
EUR	24,860	26,245
PLN	5,408	5,755

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.



Employee benefit expenses

Employee benefits are recognized as an expense on an accrual basis. The employee benefit expenses comprise of gross salaries, social and health insurance paid by employer, other employee benefits and untaken holiday. The untaken holiday is calculated per individual employee as number of untaken hours as of closing date multiplied by average gross salary of the employee and attributable social and health insurance expense paid by employer.

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 also for comparative data.



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

Changes in standards or interpretations in force and applied by the company since 2021.

The following new or amended standards become effective from 1 January 2021, but did not have any material impact on the Company's financial statements:

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2**

The International Accounting Standards Board (IASB) issued 'Interest Rate Benchmark Reform — Phase 2 with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The changes in Interest Rate Benchmark Reform — Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9**

The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

In September 2016, the IASB published "Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts" (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach"),
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach").

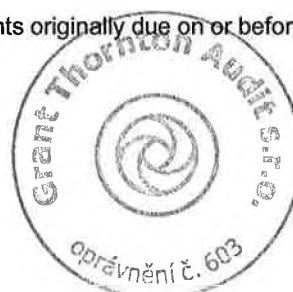
In June 2020, the Amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023 (instead of 1 January 2021).

- **Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021**

In May 2020, the International Accounting Standards Board (IASB) issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases.

The amendment permits lessees not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.



Standards and Interpretations issued by the IASB that are not yet effective

International Accounting Standards Board (IASB) has prepared new standards and the amendments of current IFRS's with effect for the next year. We brief inform about these new standards and amendments with their description, which have been published but have not yet effective. You can see the list of amendments below:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3, IAS 16, IAS 37, and Annual Improvements 2018–2021
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Asset - Onerous Contracts

- **IFRS 17 Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied.

- **Amendments to IFRS 3, IAS 16, IAS 37, and Annual Improvements 2018–2021**

The International Accounting Standards Board has issued several small amendments to IFRS Standards, effective from 1.1.2022.

- Amendments to IFRS 3 Business Combinations
 - update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment
 - prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
 - specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements 2018–2021
 - make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

- **Amendments to IFRS 3 Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.



Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

- **Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets— Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.



Standards and Interpretations issued by the IASB that are not yet endorsed

International Accounting Standards Board (IASB) has prepared new standards, interpretation and the amendments of current IFRS's that is not approved as of the date of 31 December 2021. You can see the list of amendments below:

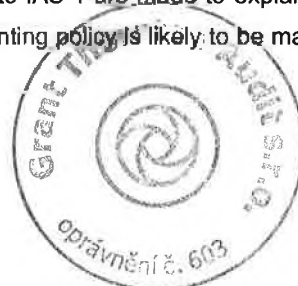
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
 - Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
 - Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
 - Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures
 - Amendments IFRS 17 Insurance contracts
 - Amendments to IAS 12 Income Taxes
-
- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**

The IASB has issued Amendments to IAS 1: Classification of Liabilities as Current and Non-current, which relate only to the recognition of liabilities in the statement of financial position (not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items). The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier application is permitted.

The amendments:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability,
 - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and
 - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
-
- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies**

Amendments to IAS 1 was issued on 12 February 2021. The amendments change the requirements in IAS 1 regarding to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.



To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

Amendments to IAS 1 was issued on 12 February 2021. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted by the IASB.

- **Amendments IFRS 17 Insurance contracts**

The amendments to IFRS 17 clarify the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. There are no changes to the transition requirements in IFRS 9. An entity that elects to apply the amendment applies it when it first applies IFRS 17.

Version issued by the IASB is effective for annual periods beginning on or after 1 January 2023.



- **Amendments to IAS 12 Income Taxes**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted by the IASB.



2. Property plant and equipment

	31. 12.2021	31. 12.2020
Equipment and machinery	344	455
Furniture	-	-
ROU Vehicles	4 288	4 625
ROU Buildings	5 056	2 034
Tangible FA under construction	-	-
Total property plant and equipment	9 688	7 114

Changes of property plant and equipment were following in 2021:

Gross value	ROU Buildings	Equipment and machinery	ROU Vehicles	Furniture	Tangible FA under construction	Total
Balance 1 January 2021	5 685	4 250	7 756	560	-	18 251
Increases:						
acquisition	5 057	230	2 771	-	-	8 058
Decreases:						
Disposals	-361	-	-855	-	-	-1 216
Balance 31 December 2021	10 381	4 480	9 672	560	-	25 093

Accumulated depreciation and impairment loss	ROU Buildings	Equipment and machinery	ROU Transportation Means	Furniture	Tangible FA under construction	Total
Balance 1 January 2021	3 651	3 755	3 131	560	-	11 137
Increases:						
depreciation for the year	1 674	341	3 108	7	-	5 123
Decreases:						
disposals	-	-	-855	-	-	-855
Balance 31 December 2021	5 325	4 136	5 384	560	-	15 405

Net accounting value:

as at 31st December 2020	2 034	455	4 625	-	-	7 114
as at 31st December 2021	5 056	344	4 288	-	-	9 688

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



Changes of property plant and equipment were following in 2020:

Gross value	ROU Buildings	Equipment and machinery	ROU Vehicles	Furniture	Tangible FA under construction	Total
Balance 1 January 2020	5 029	3 941	6 222	560	104	15 856
Increases:						
acquisition	656	309	2 769	-	-	3 630
Decreases:						
Disposals	-	-	-1 235	-	-104	-1 339
Balance 31 December 2020	5 685	4 250	7 756	560	-	18 251

Accumulated depreciation and impairment loss	ROU Buildings	Equipment and machinery	ROU Transportation Means	Furniture	Tangible FA under construction	Total
Balance 1 January 2020	1 676	3 441	1 549	553	-	7 219
Increases:						
depreciation for the year	1 975	354	2 817	7	-	5 153
Decreases:						
disposals	-	-	-1 235	-	-	-1 235
Balance 31 December 2020	3 651	3 755	3 131	560	-	11 137

Net accounting value:

as at 31st December 2019	3 353	500	4 673	7	104	8 637
as at 31st December 2020	2 034	455	4 625	-	-	7 114

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



3. Intangible fixed assets

	31. 12.2021	31. 12.2020
Computer software	6 707	7 205
Property rights	23 783	24 336
Total intangible fixed assets	30 490	31 541

Property rights are represented by exclusive distribution contract for Astrid products. The distribution contract was owned by Henkel ČR, spol. s r.o. and related rights were transferred to the Company in 2014. Useful live of this property right was set at 50 years.

Changes of intangible fixed assets were following in 2021

Gross value	Computer software	Property rights Astrid	Total
Balance 1 January 2021	11 754	27 655	39 409
Increases:			
Acquisition	-	-	-
Decreases:			
Disposals	-	-	-
Balance 31 December 2021	11 754	27 655	39 409

Accumulated depreciation and impairment loss	Computer software	Property rights Astrid	Total
Balance 1 January 2021	4 550	3 318	7 868
Increases:			
depreciation for the year	497	554	1 051
Decreases:			
disposals	-	-	-
Balance 31 December 2021	5 047	3 872	8 919

Net accounting value:

as at 31st December 2020	7 204	24 336	31 541
as at 31st December 2021	6 707	23 783	30 490

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



Changes of intangible fixed assets were following in 2020

Gross value	Computer software	Property rights Astrid	Total
Balance 1 January 2020	11 754	27 655	39 409
Increases:			
acquisition	-	-	-
Decreases:			
Disposals	-	-	-
Balance 31 December 2020	11 754	27 655	39 409

Accumulated depreciation and impairment loss	Computer software	Property rights Astrid	Total
Balance 1 January 2020	4 043	2 765	7 219
Increases:			
depreciation for the year	507	553	1 060
Decreases:			
disposals	-	-	-
Balance 31 December 2020	4 550	3 318	7 868

Net accounting value:

as at 31st December 2019	7 711	24 890	32 601
as at 31st December 2020	7 204	24 336	31 541

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

4. Investment in associated companies

The company does not hold any share in associated companies.

The company held 100% share in Saneca Trade CZ, s.r.o. until 31.12.2018. Effective 1.1.2019 Saneca Trade CZ, s.r.o. was merged with the company and dissolved at the same time.



5. Inventories

	31.12.2021	31.12.2020
Merchandise in warehouse incl. provision	98 909	127 988
Packaging	1 163	1 097
Merchandise in transfer	8 775	1 823
Advances for the delivery of goods	-	-
	108 847	130 908

As at 31 December 2021 and 31 December 2020 has been not established any pledge on the inventories to secure the Company's liabilities. There was write-off on damaged or unsalable inventories in 2021 of TCZK 2 473.

The Company has recorded, in line with internal policies, an adjustment to inventory of TCZK 1 223 as of 31 December 2021 and an adjustment of 1 322 TCZK as of 31 December 2020.

Movements regarding the inventory provision were following:

	2021	2020
Beginning of a period	1 322	964
Increases	1 223	499
Usage	1 322	141
Decreases – reversal	-	-
At the end of a period	1 223	1 322

6. Trade receivables and other receivables

	31.12.2021	31.12.2020
Trade receivables domestic	70 355	78 195
Trade receivables foreign	928	8 286
Trade receivables from related parties	480	179
Trade receivables from other entities	1 909	5 034
Provision for bad debts on trade receivables	-1 202	-2 794
Short-term receivables	72 470	88 900

Trade receivables are interest-free and their term of payment is 14 - 60 days. The Company has recorded, in line with internal policies, a bad debt provision of TCZK 1 202 as of 31 December 2021 (2020: 2 794 TCZK).



Movements regarding provision for bad debts were following:

	2021	2020
Beginning of a period	2 794	2 434
Increases	-	360
Usage	-128	-
Decreases – reversal	-1 464	-
At the end of a period	1 202	2 794

Below is an analysis of trade receivables as at December 31, 2021 and December 31, 2020 in respect of the overdue receivables. The balances are stated before compensation against relevant trade payables and accrual for trade expenses. Negative balances represent credit notes not yet matched with open trade receivables.

Overdue, but recoverable

Year	Total	Not overdue	< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2021	111 800	101 669	6 809	2 803	645	-	-126
2020	124 897	95 607	30 392	1 160	-1 874	-	-388

Expected loss rates are based on the historical credit losses of the Company, that occurred during the three-year period before the end of the period. Historical loss rates are then adjusted for current and future information on macroeconomic factors affecting the Company's customers.

The tables below present the credit risk analysis of the Company:

Trade receivables	Current	0 - 60 days	60 - 90 days	90 -120 days	> 120 days
Total trade receivables	101 669	9 612	645	-	-126
Expected credit loss	753	414	35	-	-
% of expected credit loss	0,74%	4,31%	5,36%	9,67%	31,30%



Currency structure of short-term trade receivables and other receivables

	31.12.2021	31.12.2020
Receivables in the local currency	72 678	84 450
Receivables in the foreign currency	994	7 244
	73 672	91 694
	31.12.2021	31.12.2020
Receivables in EUR	981	7 184
Receivables in PLN	13	60
Receivables in CZK	72 678	84 450
	73 672	91 694

The Company's credit risk, connected with trade receivables is very limited due to the high number of the customers. The key customers are international chains.

7. Other receivables

	31.12.2021	31.12.2020
Paid advances for rent	514	600
Paid advances for services	-	233
Reclassified vendors with negative balance	-	2 165
Other	6	2
	520	3 000

8. Related party transaction

The Company's transactions with related parties comprise mainly from sale and purchase of goods. The purchases and sales were made at market prices. Minor part of the transactions with related parties belong to services and license fee charges.

Receivables from related parties	31.12.2021	31.12.2020
GR. Sarantis SA, Greece	78	-
Sarantis Bulgaria Ltd.	1	-
Sarantis Polska SA	84	52
Sarantis Hungary kft	-	19
Sarantis Slovakia, s.r.o.	-	116
Sarantis Romania SA	204	-
Ergopack LLC, Ukraine	112	-
	479	187



Accrued revenues to related parties	31.12.2021	31.12.2020
GR. Sarantis SA Greece	-	-
Sarantis Slovakia, s.r.o.	5 288	4 849
	5 288	4 849

Liabilities to related parties	31.12.2021	31.12.2020
GR. Sarantis SA, Greece	30 857	37 345
Sarantis Belgrade d.o.o.	9	376
Sarantis Polipack SA	1 549	2 062
Sarantis Polska SA	10 145	9 027
Astrid T.M., a.s.	2 516	6 207
Sarantis Slovakia, s.r.o.	1 257	145
Sarantis Hungary kft	158	-
	46 491	55 162

Income from sales and other revenue	31.12.2021	31.12.2020
GR. Sarantis SA Greece	90	167
Sarantis Belgrade d.o.o.	1 395	366
Sarantis Polska SA	1 359	1 113
Sarantis Hungary kft	-	398
Sarantis Bulgaria Ltd.	51	-
Ergopack LLC, Ukraine	116	-
Sarantis Romania SA	339	-
Sarantis Slovakia, s.r.o.	19 956	22 330
	23 306	24 374

Purchases of goods and services	31.12.2021	31.12.2020
GR. Sarantis SA Greece	132 615	129 059
Sarantis Belgrade d.o.o.	105	372
Sarantis Bulgaria Ltd.	68	-
Sarantis Polipak SA	15 252	9 496
Sarantis Polska SA	43 054	35 222
Sarantis Hungary kft	236	88
Ergopack LLC, Ukraine	114	-
Astrid T.M., a.s.	3 772	3 300
Sarantis Slovakia, s.r.o.	9 606	2 169
	204 822	179 706



9. Deferred costs and accruals

Deferred costs	31.12.2021	31.12.2020
IT services	227	264
Marketing services	381	278
Other	92	54
	700	596

Accrued revenues - assets	31.12.2021	31.12.2020
Services to subsidiaries	5 288	5 556
Compensation for marketing support Denim	5 467	-
	10 755	5 556

10. Cash and cash equivalents

	31.12.2021	31.12.2020
Cash in hand	10	12
Cash in banks	48 093	63 367
Vouchers	-	80
	48 103	63 459

	31.12.2021	31.12.2020
In local currency	44 506	42 615
In foreign currency	3 587	20 844
	48 103	63 459

	31.12.2021	31.12.2020
Cash in EUR	2 208	18 470
Cash in USD	854	2 063
Cash in PLN	525	311
	3 587	20 844

Right to dispose with the cash funds does not have any limitation, except the cash on deposit account of 3 921 TCZK.



11. Assets classified as held for sale

At the balance sheet date, the Company did not identify any assets as held for sale.

12. Share capital

Share capital of Sarantis Czech Republic, s.r.o., a.s. on 31 of December 2021 is 39 320 TCZK and comprises of:
100% share owned by GR Sarantis S.A.

Share capital has been paid in whole amount.

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

13. Retained profits and limitations connected with capital

	31.12.2021	31.12.2020
Profits retained from the previous years	26 580	93 152
Other profit/loss from previous years	-777	-777
Net profit in current period	72 192	42 636
Total retained profits	97 995	135 011

According to the resolution of the General Meeting of Shareholders, the Net profits for the periods 2019 and 2020 were distributed as dividend in 2021.

14. Suggested division of profit for 2021

The Statutory representative proposes a net profit for 2021, in amount of 72 192 TCZK, allocate:

- in the amount of 72 192 TCZK – to distribute as dividend

15. Other reserves

	31.12.2021	31.12.2020
Legal reserve fund	3 932	3 932
	3 932	3 932



16. Deferred tax

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Fixed assets	-	-	5 746	5 943	-5 746	-5 943
Receivables	229	531	-	-	229	531
Inventories	232	251	-	-	232	251
Provisions & Other	122	27	-	-	122	27
Tax losses carried forward	-	-	-	-	-	-
Deferred tax asset/(liability)	583	809	5 746	5 943	-5 163	-5 134

In accordance with the accounting policy, a tax rate of 19% was used to calculate deferred tax as at 31 December 2021 and 31 December 2020.

17. Lease liabilities

As at December 31, 2021 and December 31, 2020, the Company reports only lease liabilities, divided into the long term part and short term part.

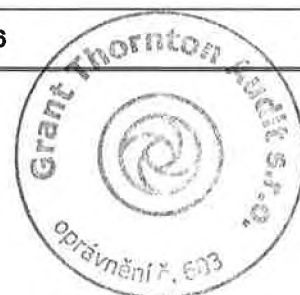
Short term	31.12.2021	31.12.2020
Lease liability – transportation means	2 364	2 147
Lease liability – building	1 498	1 905
Total short term liability	3 862	4 052

Long term	31.12.2021	31.12.2020
Lease liability – transportation means	1 706	2 142
Lease liability – building	3 410	-
Total long term liability	5 116	2 142

Future minimum lease payments remaining as at the balance sheet date might analyzed as follows:

Lease payments payable in the period:

As of 31.12.2021	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Lease liability – transportation means	2 364	1 706	-	4 070
Lease liability – building	1 498	3 410	-	4 908
Current value	3 862	5 116		8 978



18. Right-of-Use Assets

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 2021:

The underlying asset class	Carrying amount of the right of use	Depreciation of the right of use
	31.12.2021	from 01.01 to 31.12.2021
ROU Buildings	5 056	1 674
ROU Transportation means	4 288	3 108
Total	9 344	4 782

19. Short-term trade and other payables

	31.12.2021	31.12.2020
Trade payables to related parties	46 491	55 162
Trade payables domestic	31 588	32 335
Trade payables foreign	25 536	31 160
Other liabilities	-	100
Total short-term liabilities	103 615	118 757

Trade payables are interest-free and usually settled within 14 - 90 days.

Currency structure of short-term liabilities

	31.12.2021	31.12.2020
Liabilities in local currency	26 895	26 778
Liabilities in foreign currency	76 720	91 979
	103 615	118 757

20. Tax liabilities

	31.12.2021	31.12.2020
Corporate income tax	7 481	4 395
Personal income tax – withheld from wages	359	493
VAT payable	1 812	-
Other tax payable	143	-5
	9 795	4 883

Payable related to corporate income tax was compensated against advances paid to corporate income tax and the company report net balance.



21. Other liabilities

	31.12.2021	31.12.2020
Payroll liabilities	4 518	4 017
Other liabilities – negative balances reclass	1 910	5 034
	6 428	9 051

The payroll liabilities include provision for untaken holiday.

22. Accruals and deferred income

	31.12.2021	31.12.2020
Accrued marketing expenses	4 329	3 351
Accrued operational expenses	2 076	4 279
Other accrued expenses	515	1 735
	6 920	9 365



23. Sales revenue		
	31.12.2021	31.12.2020
Revenue from goods sales – domestic	704 100	646 710
Revenue from goods sales – foreign	25 452	29 952
Recharged services	5 629	210
	735 181	676 872
24. Other operating income		
	31.12.2021	31.12.2020
Recharge of operational expenses to related parties	5 288	4 849
Sale of pallets	707	800
Inventory surplus	62	52
Other re invoicing	199	980
	6 256	6 681
25. Raw materials and consumables used		
	31.12.2021	31.12.2020
Cost of goods sold	382 263	365 908
Energy consumption	387	477
Samples and testers	8 408	6 355
Stands and pallets	4 115	5 940
Office consumption	443	637
Fuel consumption	1 703	1 591
Other material consumption	741	341
	398 060	381 249
26. Services		
	31.12.2021	31.12.2020
Marketing and advertising costs	46 801	46 301
Trade expenses	112 418	99 558
Warehousing costs	13 028	13 040
Transportation	9 800	9 445
Contractors expenses	6 226	5 755
Hospitality	530	477
IT external services	2 222	2 261
Legal, audit and advisory services	203	718
License fee	3 772	3 300
Merchandising services	1 196	1 626
Travel expenses	679	590
Other external services	4 363	5 010
	201 238	188 081



27. Employee benefit expenses

	31.12.2021	31.12.2020
Gross salaries	31 697	29 493
Social and health insurance	10 853	9 362
Other employee benefits	634	615
	<u>43 184</u>	<u>39 470</u>

Average number of employees in 2021 was 46 (in 2020 number of employees was 45).

Other employee benefits include contributions to employees, that are allowed by local legislation. Key part of the other benefits is meal contribution.

28. Other expenses

	31.12.2021	31.12.2020
Taxes and rates	73	32
Contractual fees and penalties	1 594	7 538
Provisions (inventory and receivables)	-1 692	- 219
Insurance	216	260
Inventory write off	2 473	-
Permutation of inventory	432	523
Bad debts write off	128	-
Other operating expenses	172	733
	<u>3 396</u>	<u>9 305</u>

The contractual penalties include penalties charged by customers for non-delivered goods and penalties charged by suppliers. The key part of 2020 contractual penalties related to termination of cooperation with supplier Saneca Pharmaceuticals a.s., producer of Indulona products.

29. Financial costs and revenues

Financial revenue	31.12.2021	31.12.2020
Interest revenue	1	28
FX gains on currency conversion	5 807	6 983
Others financial revenue	-	-
	<u>5 808</u>	<u>2 217</u>

Financial costs	31.12.2021	31.12.2020
Financial bonuses - customers	3 867	3 784
Bank commissions, charges	333	267
FX losses on currency conversion	1 909	8 562
Interest expense on lease liabilities	139	189
	<u>6 248</u>	<u>12 802</u>



30. Income tax

Major components of income tax for the years ended 31 December 2021 and 31 December 2020 are as follows:

	31.12.2021	31.12.2020
Current income tax	16 795	11 170
Creation/ reversal of deferred tax	29	-130
Corrections of income tax from the previous years	-70	-233
Income tax shown in the profit and loss account	16 754	10 807

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:

	31.12.2021	31.12.2020
Gross financial results	88 946	53 443
The amount of the tax according to the tax rate 19%	16 900	10 154
- correction of income tax from previous years	-70	-233
- tax effects of utilization tax losses	-	-
- tax effects of costs and revenues not tax effective	-76	886
Current income tax	16 754	10 807
Effective tax rate	18,8%	20,2%

31. 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. As of 31 December 2020, the Statutory representative considers that there is not significant credit risk, because of the great number of customers. The key customers are stable multinational chains and important local wholesalers. Part of the trade receivables is also covered by a credit insurance.

The Company applies simplified approach of IFRS 9 for calculation of expected credit losses for trade receivables across their total life. Expected loss rates are based on the historical credit losses of the Company that occurred during the three-year period before the end of the period. Historical loss rates are then adjusted for current and future information on macroeconomic factors affecting the Company's customers. The expected loss rates are not applied to related party receivables.

For all financial assets the carrying amount represents the maximum exposure to credit loss.

Bad debt provision was booked to cover general risks related credit management.



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. The sales are generally conducted in domestic functional currency – Czech crown.

Financial results might be impacted by significant EUR exchange rate fluctuations. The company did not conclude any hedge instruments in line with group policy.

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

Financial instrument in TCZK	Accounting value of financial instrument	Average exchange rate in 2020	Influence on financial results	Influence on equity	Influence on financial results	Influence on equity
			Increase by 10%	Increase by 10%	Decrease by 10%	Decrease by 10%
Assets denominated in currency:						
EUR	3 189	25,645	319	319	-319	-319
PLN	538	5,619	54	54	-54	-54
USD	854	21,682	85	85	-85	-85
Liabilities denominated in currency:						
EUR	70 134	25,645	-7 013	-7 013	7 013	7 013
PLN	710	5,619	-71	-71	71	71
USD	5 876	21,682	-588	-588	588	588
Total			-7 214	-7 214	7 214	7 214

Liquidity risk

The Company is exposed to liquidity risk arising from the relationship of current liabilities to current assets. The Company manages and regularly monitors its working capital in order to minimize any possible liquidity and cash flow risks. The management monthly receives analysis of aged receivables and aged payables including cash flow projection for next period.

Generally, operating activities of the Company are carried out under the assumption of maintaining a constant excess of liquidity.

In the opinion of the Statutory representative, because of a significant amount of cash on the balance sheet date, good standing of the Company's financial result and aged structure of trade receivables, the liquidity risk should be assessed as insignificant.



Enclosed is an analysis of trade payables as at December 31, 2021 and December 31, 2020 in respect of the overdue payables. The balances are stated before compensation against relevant trade receivables.

Year	Total	Not overdue	<i>Liabilities due in the period</i>				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2021	113 354	101 790	7 528	1 993	53	-	1 990
2020	137 257	104 043	23 712	2 040	1 419	574	5 469

Price risk

Price of purchased goods is a component which has a major impact on the total profitability of Company. The price of the goods depends on global prices of production materials and also transportation prices.

Selling prices realized mainly on the domestic retail market are quite stable, which is driven by stable competition on the domestic market.

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.

32. Changes in liabilities arising from financing activities

The tables below present the change from liabilities arising from financing activities:

	Lease liability	Total
Balance 1 January 2020	7 675	7 675
Cash transactions - repayments	-1 481	-1 481
Non-cash transactions	-	-
Balance 31 December 2020	6 194	6 194
Balance 1 January 2021	6 194	6 194
Cash transactions	-	-
Non-cash transactions	2 784	2 784
Balance 31 December 2021	8 978	8 978

33. Bank guarantees

Československá Obchodní banka, a.s. provided to the Company bank guarantees in value of 490 TUSD as of December 31, 2021. The bank guarantees relate to deliveries from China, that are secured by Letter of Credits.



33. Capital management

The Company monitors capital which comprises all components of equity, i.e. share capital, other reserves and retained earnings. 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. For the purpose of retaining or correcting of capital structure, the company can regulate the dividend payment for shareholders or return the capital to shareholders.

34. Contingent assets and liabilities

As at December 31, 2021 and December 31, 2020, the Company does not have any contingent assets or liabilities.

35. 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 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 Czech Republic which is higher than in countries with more stabilized tax systems. Tax settlements may be subject to inspection for a period of three years from the end of the year in which the tax was due. The period might be significantly prolonged under certain conditions, i.e. utilization of tax losses. As a result of inspections, the existing tax settlements may be subject to additional tax liabilities.

36. Structure of employment

	31.12.2021	31.12.2020
Management	5	5
Sales and marketing	25	24
Administration	16	16
	<u>46</u>	<u>45</u>

37. Key management personnel compensation


Members of management were not provided with any compensation beyond the scope of the employment contracts. There were also no payments in form of company's shares and no specific benefits.



38. Events after date of balance sheet day

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2021.

Date: 31 March 2022



Sarantis Czech Republic, s. r. o. ID: 25705971, seat 130 00 Praha, Žerotínova 1133/32

**REPORT ON RELATION BETWEEN
THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND
BETWEEN CONTROLLED ENTITY AND THE ENTITIES CONTROLLED
BY THE SAME CONTROLLING ENTITY**

for the period 2021

**Statutory representative of the company Sarantis Czech Republic, s.r.o., prepared this report in
according with Section 82 of the Commercial Corporations Act.**

**1. Definition of the controlling entity, controlled entity and the entities controlled by
the same controlling entity**

1.1. Definition of the controlling entity and the controlled entity

The controlled entity whose statutory authority prepared this report, is company Sarantis
Czech Republic, s.r.o., ID: 25705971 seat 130 00 Praha, Žerotínova 1133/32.

Hereinafter Sarantis

The controlling entity to the company Sarantis for the accounting period 2021 is the sole
shareholder GR SARANTIS SA, 26 Amaroussiou – Halandriou STR, GR 151 25,
Amaroussion - Greece.

Hereinafter GR Sarantis SA

The share of the controlling entity in the share capital of the controlled entity is 100%.

1.2. Definition the entities controlled by the same controlling entity

**The statutory representative of a company acting with due diligence are aware of other
persons who were controlled by one controlling entity in the accounting period 2021, i.e.
GR SARANTIS SA:**

- 100%, SARANTIS BELGRADE D.O.O.
- 100%, SARANTIS BULGARIA LTD.
- 100%, SARANTIS ROMANIA S.A.
- 100%, SARANTIS BANJA LUKA D.O.O.
- 100%, SARANTIS SKOPJE D.O.O.
- 100%, SARANTIS POLSKA S.A.
- 100%, SARANTIS HUNGARY kft.
- 100%, SARANTIS CZECH REPUBLIC, s.r.o.



- 100%, SARANTIS SLOVAKIA, s.r.o.
- 100%, SARANTIS PORTUGAL Lda
- 100%, ZETA FIN LTD
- 80%, POLIPAK sp. z.o.o.
- 100%, ZETA COSMETICS LTD
- 100%, WALDECK LTD
- 100%, ELODE FRANCE S.A.R.L.
- 100%, SARANTIS FRANCE S.A.R.L.
- 90%, IVYBRIDGE VENTURES LTD
- 100%, SARANTIS UKRAINE LLC
- 90%, ERGOPACK LLC
- 90%, HOZTORG LLC

2. The role of the controlled entity in relation to the controlling entity

The controlling entity is part of the group, which further consists of the Controlling entity and the entities listed in in part 1.2 of this report.

The controlled entity is so-called regional company of the group.

3. Method and means of control

The controlling influence is applied mainly through appointment and dismissal of the statutory bodies of the controlled entity and making of decision by the controlling entity within the competence of the sole shareholder of the controlled entity in the sense of the provisions of Section 12 of Act No. 90/2012 Coll., on Business Corporations.

4. Overview of contracts concluded in the last accounting period between the controlled entity and the controlling entity and between the controlled entity and other entities controlled by the same controlling entity

4.1. Overview of contracts concluded between the controlled entity and the controlling entity

In the accounting period 2021, the company Sarantis has not concluded any contracts with the controlling entity.

4.2. Overview of acts performed in the accounting period 2021, which were initiated or in the interest of the controlling entity or its controlled entities, if such conduct concerned assets that exceed 10% of the controlled entity's equity determined according to the last financial statements

In the accounting period of 2021, Sarantis purchased from GR Sarantis SA goods in the total value of 5 134 TEUR and license fees and other services in the amount of 36 TEUR.



In the accounting period of 2021, Sarantis purchased goods and services from Sarantis Polska S.A. in the total amount of 1 678 TEUR.

In the accounting period of 2021, Sarantis purchased goods and services from Polipak sp.z.o.o. in the total amount of 595 TEUR.

5. Overview of mutual agreements concluded between the controlled entity and the controlling entity or between the controlled entity and other controlled entities

In the accounting period 2021, the company Sarantis has not concluded any contracts with the controlling entity.

6. Assessment of whether the controlled entity has suffered damage and assessment of its compensation

Sarantis did not suffer any loss from the contracts, other legal acts or measures mentioned in this report.

7. Evaluation of advantages and disadvantages

All relations between the controlling entity and controlled entity took place and were concluded under normal business conditions.

The statutory body of the company states that from the relations with persons in Part I of this report significantly prevail the benefits for the company resulting from participation in a multinational business group.

The statutory body of the company states that they are not aware of any significant risks arising from relations with the persons listed in Part I of this report.

8. Indication of other legal acts that were performed in the interest of the controlling entity or in the interest of other entities controlled by the same controlling entity

In the accounting period 2021, no other acts were performed in the interest of the controlling entity or in the interest of other entities controlled by the same controlling entity.



9. Indication of all other measures taken or implemented by the controlled entity in the interest of or at the initiative of the controlling entity and in the interest of or at the instigation of other entities controlled by the same controlling entity, their advantage and disadvantage

Sarantis has not taken or implemented any other measures in the interest of or at the instigation of or at the instigation of other entities controlled by the same controlling entity.

Conclusion

The Company's management declared that it has prepared this Report with due diligence and that it has included in this report all known relationships between the controlled entities and the controlling entity and the controlled entity controlled by the same controlling entity and that it had the necessary information to prepare this Relationship Report.

In Prague, 31. 3. 2022

Krzysztof Jan Kaminski
Statutory representative

