Polipak Sp. z o.o.

Financial Statements

for the period

from 1 January 2022 to 31 December 2022

TABLE OF CONTENTS

INTRODUCTION TO THE FINANCIAL STATEMENTS
GENERAL INFORMATION

1. Business name, head office, core business

The Company was formed by transformation of: Przedsiębiorstwo Produkcyjno-Handlowe "GG PLAST" Grzegorz Nowak i Wspólnicy Spółka Jawna (general partnership).

On 2 May 2005, the Company was registered with the District Court in Poznań, 21st Commercial Division of the National Court Register (at present: District Court in Poznań - Nowe Miasto and Wilda, 9th Commercial Division of the National Court Register), and entered into the National Company Register under no.: KRS 233546. On 26 June 2006, the Company's business name was changed to Polipak Sp. z o.o.

On 19 May 2022, Polipak Spółka z o.o. changed its registered address to:
ul. Fabryczna 7
63-000 Środa Wielkopolska

The Company's core business is manufacturing of polyethylene packaging dedicated for a large number of market segments. Packaging types include primarily garbage bags, frozen food and ice bags, as well as film bags for industrial uses. The following is the identification of the Company's business activity as per the Polish Classification of Economic Activity: 2222 Z.

2. Composition of the Company's Board of Directors

As at 31 December 2022, the Company's executive and management body was composed of the following persons:

Tomasz Tramś -	President of the Board of Directors
Artur Gwardiak -	Member of the Board of Directors

The President of the Board of Directors acting independently or two members of the Board of Directors acting jointly are authorised to represent the Company.

With effect from 01 June 2022, Justyna Nowak-Gajek was dismissed as the Vice President. The Vice President position was thereby terminated.

On March 2, 2023, Artur Gwardiak was dismissed from the Management Board and from that date the Management Board of the Company is composed of one person.

3. Company's shareholders

As at 31 December 2022, the following were the Company's shareholders:

a) Sarantis Polska S.A. of Piaseczno holding 8,000 shares with the face value of PLN 100.00 per share and the total value of PLN 800.000,00;
b) Grzegorz Nowak Investments Sp.k. of Poznań holding 2,000 shares with the face value of PLN 100.00 per share and the total value of PLN 200.000,00.

4. Business name of a parent

Sarantis Polska S.A.

5. Business name of an ultimate parent

GR Sarantis SA, Greece

6. Entity authorised to audit

Grant Thornton Polska P.S.A.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań

7. Presentation rules

These Financial Statements cover the period of 12 months from 1 January through 31 December 2022. These Financial Statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union and applicable to the periods from 1 January through 31 December 2022 and from 1 January through 31 December 2021, and with the accounting policies.

Presented herein, Statement of Financial Position conforms to all requirements of IFRS as adopted by the EU, and gives a true and fair view of the Company's financialand economic position as at 31 December 2022 and 31 December 2021; [moreover, there are:] Statement of Other Comprehensive Income, Cash Flow Statement, and Statement of Changes in Equity for the years ending 31 December 2022 and 31 December 2021, respectively.

8. Declaration of the Board of Directors

1) The Board of Directors of Polipak Spółka z o.o. declares to the best of their knowledge that the annual Statement of Financial Position and comparative figures have been prepared in accordance with the International Financial Reporting Standards approved by the European Union. The statements present in a true, reliable and clear manner the Company's financial and economic position as well as the Company's financial result and other comprehensive income, while the Director's annual Report offers a true description of the Company's development, achievements and situation, including the description of basic risks and exposures.

2) The entity authorised to audit the Financial Statements has been selected in accordance with legal regulations. The entity as well as statutory auditors, who performed the audit, fulfilled the criteria for issuing an unbiased and independent audit report in accordance with applicable national legal regulations.

Środa Wielkopolska

Tomasz Tramś - President of the Board of Directors

Podpis jest prawidłowy
Dokument podpisany przez Tomasz Adam Tramś
Data: 2023.03.17 15:42:00 CET

9. Basis for preparation, and accounting policies

Basis for preparation of separate Financial Statements

These separate Financial Statements of Polipak Spółka z o.o. have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union and effective for annual periods beginning 1 January 2022.

These Financial Statements have been prepared based on the accrual principle with the assumption that the Company will continue as a going concern in the foreseeable future. According to the Company's Management, the outbreak of the war in Ukraine in February 2022 does not pose any risk to the Company's continuing as a going concern in the coming twelve months. To date, the Company's Management has not identified any noticeable impact of the outbreak on the Company's sales or supply chain. The potential impact of military actions on the Company's operations is monitored on an on-going basis. As at the date of these Financial Statements, the war in Ukraine has not affected the Company's continuing as a going concern in any way whatsoever.

For complete presentation and understanding of the Company's financial and economic position, comparative data in the form of the Statement of Financial Position prepared as at 31 December 2021 as well as the Statement of Profit or Loss and Other Comprehensive Income, Cash Flow Statement, and Statement of Changes in Equity for 2021 are provided.

The following are fundamental accounting policies adopted by the Company:

1. A calendar year is the Company's financial year.

2. There is the following interim reporting period in the financial year:

Half-year - for measuring assets and liabilities, and determining a financial result in accordance with the adopted accounting policies. Semi-annual financial statements include: a statement of financial position as at 30 June, a statement of profit or loss and other comprehensive income, a statement of changes in equity, and a cash flow for the period from 1 January through 30 June.

3. As part of the adopted accounting policies, the Company adopts the IAS/IFRS benchmark treatment to present its Statements in a manner that is reliable and useful.

4. Presentation currency - the Statements are presented in the Polish currency (PLN) rounded to the nearest zloty. PLN is the Company's functional currency.

5. "Accounting policies", "Inventory count instructions" and internal regulations of the Board of Directors all govern cost records and allocation, stock-taking, measurement of assets, equity and liabilities, and procedures and rules adopted for data protection in IT systems in place in the Company.

6. Separate operating guidelines govern preparation, circulation and control of accounting evidence.

Judgments and estimates

The preparation of the Financial Statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that significantly affect the adopted policies and presented amounts of assets, equity, liabilities, income, and expenses.

The estimates and associated assumptions are based on historical expertise and other factors that are considered reasonable under the circumstances, and the results of which provide grounds for assessing carrying values of assets, equity, and liabilities, which are not apparent from other sources. Actual values may differ from estimated values.

The estimates and associated assumptions are verified on an on-going basis. Changes in estimates are reported for the period in which estimates were changed, or for current or future periods if changes in estimates relate both to current and future periods.

Property, plant and equipment

Property, plant and equipment are measured at acquisition or production cost that includes costs directly attributable to bringing the asset into use.

Production cost includes all expenditure directly attributable to producing and installing the assets, reasonable indirect costs, costs of dismantling and removing theasset, which are required to be incurred to bring the assets into use.

Property, plant and equipment are subject to depreciation and impairment. Costs of significant repairs and regular inspection programs are recognized under property, plant and equipment, and depreciated over the course of the economic life.

Costs of day-to-day maintenance and servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on straight-line basis over the estimated useful life of the asset; the following are useful lives for particular groups of property, plant and equipment:

Group	Useful life
Buildings and structures	20 – 60 years
Machines and equipment	5 – 20 years
Motor vehicles	2 – 10 years
Other property, plant and equipment	2-20 years

An asset is subject to depreciation when it is available for use, i.e. when it is adapted to the location and conditions necessary for it to be capable of starting operation.
Depreciation of an asset begins on the first day of the month following the one in which the asset was accepted for use. Economic lives and depreciation methods are revised on a yearly basis, leading to an adjustment, if any, of the depreciation charges in the subsequent years.

Items of property, plant and equipment, which are of negligible value, are subject to a simplified procedure, whereby they are subject to one-off depreciation charge. Items of property, plant and equipment of negligible value are those whose acquisition cost does not exceed PLN 7,000.00.

If there have been events or changes, which indicate that the carrying amount of property, plant and equipment, may not be recoverable, the assets are tested for impairment.

If there is any indication that the asset may be impaired and the carrying amount of the asset exceeds its recoverable value, then the value of the asset is reduced to its recoverable value by an impairment loss. The recoverable value of items of property, plant and equipment is higher of their net selling price or value in use.

Impairment losses are disclosed in the statement of comprehensive income under operating expenses.
The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net revenue and the carrying amount of the item, and disclosed as income or expense in the statement of comprehensive income.

A revaluation model is applied to measure buildings and land. The land asset is not depreciated because it has an infinite useful life. A fair value of land and buildings is determined on the basis of current market information by an independent appraiser in accordance with adopted principles, i.e. once every three to five years, provided that market conditions do not change significantly. Otherwise, the fair value is measured in the last quarter of the accounting year.

Land and building revaluation surpluses are credited to other comprehensive income and recognized in the aggregate amount in equity. An increase in the fair value of buildings and land is recognized as revenue to the extent that it reverses a revaluation decrease previously recognized under costs of the period. The decrease in the fair value of land and buildings is recognized under costs of the period. However, the revaluation decrease is recognized in other comprehensive income up to the amount of the revaluation surplus previously accumulated in equity.

A surplus arising from the change in the fair value of the asset, accumulated in equity, is transferred to retained earnings from previous years when the asset is removed from the statement of financial position. The item of property, plant and equipment may be removed from the statement of financial position upon its disposal. Gains or losses arising from the sale, retirement or abandonment of the assets are determined as the difference between the sales revenue and the net value of the assets. These gains or losses are recognized in profit or loss as other operating income or expenses.

In the reporting period, the Company performed a revaluation of the land and buildings based on the appraisal report prepared by the independent real estate appraiser Ewa Borkowska-Karwowska of Warsaw. As required under IAS 16 paragraphs 39 and 40, the effects of the revaluation are presented in the Statement of Profit or Loss in other comprehensive income and recognized as revaluation reserve.

Lease

Lease contracts, under which substantially all the risks and rewards are transferred to a lessee, are recognised in accordance with IAS 16 as the right to the use of the underlying assets on the asset side and as a current value of future lease payments on the equity and liability side.

The Company recognises the right-of-use asset and the lease liability. The right to the use is measured at acquisition cost consisting of the initial value of the liability and initial payments made on or before the start date. Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments that depend on a rate, and a final payment for purchase options provided that the exercise of the options is reasonably certain.

The depreciation policy for leased assets is consistent with that applicable to the assets owned by the Company, while depreciation is calculated as prescribed by IAS 16 and IAS 38.
Where there is no reasonable certainty that the lessee will obtain ownership before the end of the lease, the asset is depreciated over the shorter of the lease term and useful life of the asset.

Lease (rental) payments made by the Company are apportioned between the reduction of the outstanding balance of the lease liability and the finance cost. The finance cost is allocated and recognised in the statement of comprehensive income during the lease term.

Intangible assets

Intangible assets are recognized when it is probable that future economic benefits that might be directly attributable to the assets will flow to the entity.

Initially, intangible assets are stated at acquisition cost or production cost.
Intangible assets are measured at acquisition cost or production cost less accumulated amortisation and impairment losses.

Intangible assets with definite useful lives are amortised when they are ready for use, i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, over the course of its estimated economic life. Amortisation periods and the amortisation rates are reviewed not less often than at the financial year-end, and an adjustment, if any, of amortisation charges is made in the subsequent periods.

Intangible assets with indefinite useful lives are not amortised. Their value is reduced by impairment losses, if any.
The following are economic lives typically applied for intangible assets:

Group	Economic life
Concessions, licences and the like	2 – 10 years
Computer software	2 – 50 years

Intangible assets are tested for impairment if there are circumstances indicating that the carrying amount may not be recoverable. If there is any indication that the asset may be impaired and the carrying amount of the asset exceeds its recoverable value, then the value of the asset is reduced to its recoverable value and is the higher of: its net selling price or value in use.

Software maintenance costs incurred in subsequent periods are charged to expense of the period as incurred.

Construction in progress

Construction in progress classified as fixed assets is a fixed asset in the course of its construction, assembly, improvement, reconstruction or extension of the existing asset.
Construction in progress is measured at the amount of aggregate costs attributable to the acquisition (purchase) or construction of new investments, and costs incurred to improve, reconstruct or extend the asset that is already in use, starting from site preparation until the asset is brought into use, directly related to acquisition or internal generation of the asset. Where the asset is purchased, costs related to assembly and adaptation of the asset for use, incurred until the asset is brought into use, are classified as construction in progress.
The value of construction in progress is reduced by impairment losses.
Borrowing costs that are directly attributable to the purchase, construction or production of the asset are activated as part of the acquisition cost or production cost of the asset. Borrowing costs include interest and foreign exchange gains or losses, as well as cost of guarantees incurred in relation to borrowings.

Investment property

An investment property asset is land and or a building, or part of a building, or both held by the Company as a source of rental income or for capital appreciation or both, provided, however, that an investment property is not used in the production or supply of goods or services or for administrative purposes, or held for sale in the ordinary course of business.

In accordance with IAS 40, land and buildings that are considered investments are measured at fair value using an appraisal report prepared by an independent expert, and are not depreciated.

Interests in other entities

Interests in other entities are measured at their acquisition cost less impairment losses.

Financial assets

Financial assets are classified into the following categories:
(a) held-to-maturity investments;
(b) loans and receivables;
(c) available-for-sale financial assets;
(d) financial instruments measured through profit or loss.

The classification of the financial assets depends on the purpose for which investments have been acquired. At initial recognition, investments are measured at fair value which is increased for investments not classified as investments at fair value through profit and loss, by transaction costs which are directly attributable to the acquisition or issue of the investment item.

Investments are derecognised when the rights to rewards and risks of the investments have expired or have been transferred to a third party.

(a) *Held-to-maturity investments*

are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity intends and is able to hold to maturity, except assets which are classified to other groups. Assets, which will be realised or intended for sale or consumption during the entity's normal operating cycle, are included in current assets. Held-to-maturity investments are measured at amortised cost, using the effective interest method.

(b) *Loans and receivables*

are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and arise when money, goods or services are provided to a debtor with no intention of classifying those receivables as financial assets measured at fair value through profit or loss. They are included in current assets, except for maturities exceeding 12 months of the balance sheet date.
Trade and other receivables are measured at amortised cost, using the effective interest method, less any doubtful debt allowances made based on the age structure of the receivables.
On account of short payment periods that do not exceed 12 months, the Company assumes that differences between the measurement of trade receivables at amortised cost and the measurement thereof at amount to be paid are negligible. Therefore, the Company does not measure receivables at amortised cost.

(c) *Available-for-sale financial assets*

are non-derivative financial assets designated as available for sale or any other financial assets that are not classified into the category (a) or (b). They are included in current assets if the Company intends to dispose of them within 12 months after the balance sheet date. Available-for-sale financial assets are measured at fair value. Any gains and losses on the measurement of available-for-sale financial assets are recognised as separate item of equity until the time the assets are disposed of or by the time of the assets are impaired, in which time the accumulated profit or loss previously disclosed in equity is recognised in the statement of comprehensive income.

(d) *Investments measured at fair value through profit or loss*

An instrument is classified as an investment measured at fair value through profit or loss if it is intended for sale or is classified as such at initial recognition. Financial instruments are classified as those measured at fair value through profit or loss if the Company actively manages the investment and makes decisions as to its purchase or sale based on its fair value. After initial recognition, attributable transaction costs are recognized in profit or loss as incurred.
Any gains and losses attributable to the investment are recognised in the statement of comprehensive income.

Inventories

Inventories are measured and stated at the lower of acquisition cost or production cost and net realisable value. Acquisition cost or production cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Production cost of work in progress and finished products includes direct costs, including primarily materials, increased by a suitable portion of costs directly attributable to the production process (labour,.....) and production overheads, based on the normal capacity of the production facilities.

Costs of work in progress and finished products are assigned using the weighted average cost formula.
Costs of materials and commodities are assigned using the weighted average formula.
Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and costs necessary to make the sale.

Receivables

Trade and other receivables are recognised when they become due and payable to the Company. Trade and other receivables are disclosed in the amount expected to be paid, less doubtful debt allowances.

Bad debts are charged to comprehensive income at the time when they are considered uncollectible.
The change of the valuation method for credit losses on receivables, which losses are measured at amortised cost according to IFRS 9, had no impact on the financial statements. Calculations for valuation of losses on receivables were done following the model adopted and applied by the Group, and showed zero; there was no overdue receivables.

Cash and cash equivalents

Cash comprises cash at banks. The Company has no cash in hand.
Cash equivalents are short-term investments of high liquidity that are readily convertible into known amounts of cash and subject to insignificant risk of changes in their value.

Cash is stated at face value which corresponds with their value determined in acquisition cost.

In 2022, the Company recognized as cash the amounts received as part of projects subsidized by the National Centre for Research and Development, which amounts represent refunds of eligible costs or advance payments of such refunds under the following agreements:

- agreement no. POIR.01.01.01-00-0793/19 of 29 October 2019 – PLN 24 824.27;
- agreement no. POIR.01.01.01-00-0783/19 of 16 April 2020 – PLN 365 037.67.

Eligible costs are PLN 90 225 418.75, including PLN 42 127 098.75 in subsidy, and PLN 7 811 125.00, including PLN 4 300 825.00 in subsidy, for the first project and for second project, respectively.

Accruals, prepayments and deferred income

Current accruals and prepayments cover accrued expenses and prepaid expenses. Prepayments include expenses relating to periods following the period in which they were incurred. Consequently, the expenses increase costs of subsequent periods. They are deferred only if they meet the definition of assets.

Deferred income includes all income received in the period other than the period to which it relates. Deferred income includes subsidies received for the acquisition or generation of property, plant and equipment. A subsidy, which relates to a cost item, is calculated according to the project progress and recognised as income proportionally to the costs which the subsidy is to compensate.

A subsidy, which relates to an asset, is gradually recognised in profit as the revenue through periods proportionally to depreciation charges for that asset.

For the financial position presentation purposes, the Company does not reduce the carrying value of the assets by the value of subsidies, but discloses the subsidies as deferred income under "Accrued expenses and deferred income".

Equity

Equity is established by the Company in accordance with the binding regulations, i.e. applicable acts and the Company's Articles of Association.
Share capital arises from the Company's shares taken up by the Company's shareholders and is recognised at its nominal value, in the amount constituting the product of the number of shares taken up and properly paid up

and the nominal value of one share as per the Company's Articles of Association and the relevant entry into the National Court Register.

Other capital includes capital from accumulated other comprehensive income, which capital is classified into the following categories: share capital; supplementary capital intended for compensation of losses, if any; reserve capital intended for the Company's development; and other reserve capital.
Undistributed profit for prior years and the profit for the current year are presented in the statement of financial position as retained earnings.

Financial liabilities

Financial liabilities other than hedging derivatives are disclosed in the statement of financial position under the following items:

(a) loans, borrowings and other debt instruments;
(b) finance leases;
(c) trade and other payables;
(d) derivative financial instruments.

Following initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated as ones to be measured at fair value through profit or loss.
Financial liabilities measured at fair value through profit or loss include derivatives other than hedging instruments.
Current trade payables are measured at amounts to be paid, as the effect of discounting would be negligible.
Loans and borrowings are classified as current liabilities unless the Company has the right to defer their repayment for at least 12 months after the balance sheet date.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a legal or constructive obligation arising from future events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation. The timing and amount of a liability may be uncertain.
Provisions are made, among other, for:

- warranties given to provide after-sale support of products and services;
- pending lawsuits and litigation;
- restructuring, only if the Company is required to carry out the restructuring under separate regulations, or binding agreements have been made regarding the restructuring process.

Provisions are not recognized for future operating losses.
The amount of the provision is the best estimate of the expenditures required to settle the present obligation, based on most reliable evidence available on the date on which the financial statements are prepared, including evidence as to risks and uncertainties. Where the effect of the time value of money is material, a provision is measured by discounting expected future cash flows to their present value, using a discount rate that reflects current market assessment of the time value of money and risks, if any, specific to the liability. Where discounting is used, any provision increase reflecting the passage of time is recognised as finance cost.
Where the expenditure required to settle a provision is expected to be reimbursed, the reimbursement is treated as a separate asset when it is virtually certain that the reimbursement will be actually received.
The value of such asset cannot exceed the provision.
Where the outflow in settlement of the present obligation is unlikely, no contingent liability is recognised in the statement of financial position except for contingent liabilities identifiable in a business combination under IFRS3.
Any possible inflows of economic benefits to the Company, which do not yet meet the criteria to quality as assets, are classified as contingent assets, of which information is disclosed in the notes.

Employee benefits

Disclosed in the Statement of Financial Position, employee benefits payable and provisions for employee benefits comprise the following items:

- current employee benefits arising from wages and salaries, including bonuses, and social insurance contributions;
- provisions for accrued holiday entitlement;
- other non-current employee benefits, under which the Company includes services anniversary awards and retirement gratuity.

Current employee benefits
Current employee benefits payable are measured on an undiscounted basis and are reported in the statement of financial position at the amount to be paid.

Provisions for accrued holiday entitlement
The Company sets up a provision for costs of accumulating compensated absences, which the Company will have to pay as a result of the unused entitlement that has accumulated as at the balance sheet date. The provision for accrued holiday entitlement is classified as a current provision and is not discounted.

Retirement gratuity and service anniversary awards
In line with the payroll system in place in the Company, the Company's employees are entitled to service anniversary awards and retirement gratuities. Service anniversary awards are paid out to employees upon completion of a certain number of years of service (10 or 20 years) after a relevant resolution is adopted by the Board of Directors. A retirement gratuity is a one-off benefit, paid out when the employee retires. The amounts of retirement gratuity and service anniversary awards depend on the length of service and average remuneration of the employee.
The Company sets up a provision for future liabilities arising from retirement gratuities and anniversary service awards to allocate costs to the period in which the benefits become vested.
The present value of the provisions at each balance sheet date is estimated using actuarial methods. Accrued provisions are future discounted payments to be paid and relate to the period until the balance sheet date. Demographics data and information on employee turnover are based on historical records.
The effect of the measurement of the provision for future liabilities arising from retirement gratuities and service anniversary awards is recognized in the profit or loss.

Foreign currency transactions

The Company performs currency translation as follows:

(a) on an on-going basis when receivables and liabilities are posted – at the relevant average rate of exchange of the National Bank of Poland at the date preceding the sale or purchase transaction date. At the same time, revenue from the sales invoiced to business partners in foreign currencies, equal to the amounts of receivables, as well as purchases of supplies and services are translated using the same exchange rate.

(b) on an on-going basis when money flows, to post receivables received or liabilities paid, loans/borrowings contracted or repaid, and inflows and outflows of foreign currencies in hand or on a foreign currency bank account. Translation is made using the rate of exchange actually used for the foreign operation, or the relevant average rate of exchange of the National Bank of Poland at the date preceding the date when receivables are received/liabilities are paid, unless the nature of the operation indicates that any other rate of exchange should be applied.
(c) as at the balance sheet date for monetary items that relate to assets and liabilities expressed in foreign currencies, in order to revalue such items measured in PLN on account of changes in exchange rates, using the relevant average rate of exchange of the National Bank of Poland as at the balance sheet date.

Foreign exchange gains and losses arising from the settlement of such transactions and from the measurement of the monetary assets and liabilities as at the balance sheet date at the average rates of the National Bank of Poland at that date, are recognized at net value under finance income or finance cost in the statement of comprehensive income. Non-monetary items that are measured at historical cost in foreign currency are translated at the historical exchange rate at the date of the transaction.

Revenue recognition

Sales revenue from products, commodities and materials is recognized by the Company at the time the goods are delivered when risks and rewards are transferred to a purchaser, and when it is probable that the entity will gain economic benefits from the transaction and when the amount of revenue can be reliably assessed.

Sales revenue from products, commodities, materials and services are stated at net value, less VAT and discounts. Revenue is measured at fair value of the received or due payment.

Income tax

Income tax comprises current and deferred tax.
Liabilities arising from current tax result from the calculation of tax payable on taxable income according to general rules and rates specified in the Corporate Income Tax Act, in force in the given tax year, including deferred tax.

Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets or liabilities and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at binding tax rates that are expected to be applied when temporary differences realise, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are recognised regardless of when they are to be realised.
In the balance sheet, deferred tax assets and liabilities are classified and presented per account balance of both these values.

10. Effect of new standards and interpretations on the Company's Financial Statements

Amendments to standards or interpretations effective and applied by the Company from 2022

Standards and interpretations effective for the first time from 1 January 2022, and their effect on the Company's Statements. Amendments approved by the European Commission.

Amendment to IFRS 16 “Lease”

In response to the COVID-19 pandemic, the IASB has introduced a practical expedient that permits not to assess whether modified future cash flows resulting from concessions granted by lessors and meeting the conditions of the standard constitute “a lease modification” under IFRS 16. The following are the conditions that have to be met by concessions for the practical expedient to be applied thereto:

- total future consideration for the lease after the concession is provided is substantially the same as, or less then, the consideration for the lease preceding the concession;
- concession affects only payments due before 30 June 2021 (although increased lease payments may apply after that date); and
- there is no substantive change to other terms and conditions of the lease contract.

Moreover, in 2021, the IASB modified one of the conditions above, changing the date of 30 June 2021 into 30 June 2022.
The Company did not apply the practical expedient provided for by the standard.

Amendments to IFRS 1, IFRS 9, illustrative examples to IFRS 16, IAS 41 as part of Annual Improvements 2018-2020

* **IFRS 1:** additional exemption relating to the measurement of cumulative translation differences for consolidation;
* **IFRS 9:** (1) when applying the "10 per cent" test in assessing whether to derecognize a liability following modification, an entity includes only fees paid or received between the borrower and the lender; (2) the amendment clarifies that fees borne where a liability is derecognised are charged to profit or loss, while fees borne where a liability is not derecognised increase such liability;
* **IFRS 16:** lease incentives for fit-out costs reimbursement to the lessor are removed from illustrative example 13, as they might raise doubts about interpretation;
* **IFRS 41:** the requirement to exclude taxation cash flows when measuring biological assets.

The amendments have no effect on the Company's financial statements.

Amendment to IAS 16 "Property, plant and equipment"

The amendment clarifies that items produced as part of testing an asset before it is available for use should be recognised as (2) inventories in line with IAS 2 or (2) revenue if the items are sold.

The amendment has no effect on the Company's financial statements.

Amendment to IAS 37 "Provisions, contingent liabilities and contingent assets"

The amendment clarifies that the cost of fulfilling onerous contracts comprise incremental costs (e.g. direct labour) or an allocation of other costs that relate directly to fulfilling contracts, e.g. depreciation charge.
The amendment made has no effect on the Company's financial statements as the Company has no onerous contracts.

Amendment to IFRS 3 "Business combination"

The amendment clarifies the reference to the Conceptual Framework for the definition of liabilities and to IAS 37 for the definition of contingent liabilities.
According to the Company, the amendment has not effect on the Company's financial statements.

For standards and interpretations published by the IASB but not yet approved by the European Union, please see below the section on standards and interpretations that have not become effective.

<u>Application of the standard or interpretation before its effective date</u>

In these Financial Statements, voluntary early application of a standard or interpretation is not used.

<u>Published standards and interpretations that have not become effective for the period beginning 1 January 2022 and their effect on the Company's Statements.</u>

Until the date of preparation of these Financial Statements, new or amended standards and interpretations effective for annual periods beginning after 2022 have been published. The following list includes also amendments, standards and interpretations published but not yet approved by the European Union.

New IFRS 17 "Insurance contracts"

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces IFRS 4.
As the Company is not engaged in any insurance business, the new standard will have no effect on the Company's financial statements.
The standard is effective for annual periods beginning on 1 January 2023.

Amendment to IFRS 4 "Insurance contracts"

The amendment extended the exemption from applying IFRS 9 until 2023.

Amendments to IAS 1 "Presentation of financial statements"

The IASB clarified the following two aspects of the classification of liabilities as current and non-current:

* the classification should be based on rights the entity enjoys as at a balance sheet date;
* management's intentions as regards acceleration or deferral of payment of liabilities should not be taken into account.

The amendments are effective for annual periods beginning on 1 January 2023.
Given the fact that, for overdraft credit facilities extended for more than a year, the Company is guided by the Management's intention to repay such facilities, it is expected that balances of the facilities will be presented as non-current liabilities rather than current liabilities.

Amendment to IAS 1 "Presentation of financial statements"

The IASB has clarified which information on the accounting policy adopted by the entity is material and required to be disclosed in financial statements. The guidelines are focused on adapting disclosures to particular circumstances of the entity. The IASB cautions against copying standardized requirements of the relevant IFRS, and expects a measurement basis for financial instruments to be considered material information. The Company continues to estimate an effect of the amendment on the Company's financial statements.

The amendment is effective for annual periods beginning on 1 January 2023.

Amendment to and IAS 8 "Accounting policies, changes in accounting estimates and errors"

The IASB has included a definition of accounting estimates in the standard: *Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.*
The Company estimates an effect of the amendment on the Company's financial statements.
The amendment is effective for annual periods beginning on 1 January 2023.

Amendment to IFRS 16 "Lease"

The amendment clarifies requirements for the measurement of a lease liability in a sale and leaseback. The amendment is to prevent the improper recognition of any amount of the gain or loss that relates to the retained right of use where lease payments are variable and do not depend on an index or rate.
The amendment is effective for annual periods beginning on or after 1 January 2024.

Amendment to IAS 12 "Income taxes"

The IASB has introduced the rule that, where a transaction gives rise to both deductible and taxable temporary differences, deferred tax assets and deferred tax liabilities should be recognized even if the transaction is not a business combination and affects neither accounting profit nor taxable profit (tax loss). This means that deferred tax assets and deferred tax liabilities have to be recognized if, for example, equal amounts of taxable and deductible temporary differences arise from a lease (separate temporary difference on a liability and on a right of use) or reclamation liabilities. The rule that deferred tax assets and deferred tax liabilities can be offset as long as current tax assets and current tax liabilities can be offset has remained unaffected. The Company continues to estimate an effect of the amendment on the Company's financial statements.

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

Amendment to IFRS 17 "Insurance contracts"

The IASB has laid down transition regulations governing comparative information presented by entities applying IFRS 17 and IFRS 9 at the same time, to reduce potential accounting mismatches resulting from differences in the standards.

As the Company is not engaged in any insurance business, the amendment to IFRS 17 will have no effect on the Company's financial statements.

The amendment is effective for annual periods beginning on 1 January 2023.

The Company intends to implement the regulations above on dates specified by relevant standards or interpretations.

Środa Wielkopolska

Person responsible for preparation of these Financial Statements:
Patrycja Prusakiewicz-Błaszczuk

Podpis jest prawidłowy

Dokument podpisany
przez Patrycja
Prusakiewicz-Błaszczuk
Data: 2023.03.17 13:30:17
CET

Board of Directors:

Tomasz Tramś
President of the Board of Directors

Podpis jest prawidłowy

Dokument podpisany przez
Tomasz Adam Tramś
Data: 2023.03.17 15:42:59 CET

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 DECEMBER 2022

ASSETS		Note	31 December 2022	31 December 2021
A	**Fixed assets**			
I	Property, plant and equipment	1	197 987 494	196 754 970
II	Intangible assets	2	2 745 491	422 168
III	Land, including the right of perpetual usufruct of land	3	7 022 000	9 220 619
IV	Investment properties	4	20 045 000	0
V	Financial assets in other entities		0	0
VI	Deferred tax assets	5	0	0
Total fixed assets			**227 799 985**	**206 397 756**
B	**Current assets**			
I	Inventories	7	33 491 000	24 019 037
II	Trade accounts receivable from other entities, and other receivables	8	21 072 146	17 521 841
	including: VAT receivable		*4 819 441*	*5 608 356*
III	Trade receivables from related entities	8	15 219 248	11 436 018
IV	Current income tax receivables		1 863 330	0
V	Current prepayments and accrued income	9	147 834	303 921
VI	Cash and cash equivalents	11	497 931	1 430 510
Total current assets			**72 291 488**	**54 711 327**
Total assets			**300 091 473**	**261 109 084**

EQUITY AND LIABILITIES

		Note	31 December 2022	31 December 2021
A	**Equity**			
I	Share capital	12	1 000 000	1 000 000
II	Share premium	12	3 607 059	3 607 059
III	Retained earnings:	12	44 082 219	43 038 713
Total equity			**48 689 277**	**47 645 772**
B	**Non-current liabilities**			
I	Loans and borrowings	14	0	62 500 000
II	Loans and borrowings from related entities	14	84 000 000	78 000 000
III	Other non-current liabilities	14	1 145 677	1 311 158
IV	Deferred income tax liability	5	903 348	942 407
V	Employee benefit payable and provisions for employee benefits	6	724 840	656 619
VI	Lease liabilities	14	150 079	150 338
VII	Non-current accrued expenses and deferred income	9	31 537 436	14 246 458
Total non-current liabilities			**118 461 379**	**157 806 980**
C	**Current liabilities**			
I	Trade and other payables	16	26 964 376	26 091 970
	including: *VAT payable*			*0*
	personal income tax		*256 114*	*215 386*
	Social Insurance Institution		*1 280 274*	*914 692*
	special funds		*12 793*	*29 914*
II	Trade accounts payable to related entities	16	107 066	40 802
III	Loans and borrowings payable	14	95 057 359	21 690 781
IV	Loans and borrowings payable to related entities	14	579 002	190 170
V	Lease liabilities	14	137 453	136 137
VI	Current income tax payable	16	0	236 619
VII	Employee benefit payable and provisions for employee benefits	16	2 123 161	1 454 281
VIII	Current accrued expenses and deferred income	9	7 972 400	5 815 572
Total current liabilities			**132 940 817**	**55 656 332**
Total equity and liabilities			**300 091 473**	**261 109 084**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

		Note	31 December 2021	31 December 2020
Continuing operations				
I	Revenue from sales of products	17	219 019 495	153 565 385
II	Revenue from sales of commodities and materials	17	4 480 876	3 697 085
III	Revenue from sales of services	17	344 174	8 641
A	**Sales revenue**		**224 204 545**	**157 271 111**
B	**Other operating revenue**	18	**2 154 509**	**2 079 343**
I	Increase/decrease in product inventories		9 825 976	(120 380)
II	Production cost of products for the entity's own purposes		(1 620 923)	(519 367)
III	Amortisation and depreciation		(6 613 708)	(4 898 469)
IV	Consumption of materials and energy		(161 162 173)	(106 613 081)
V	External services		(22 616 188)	(15 562 167)
VI	Taxes and charges		(489 340)	(589 096)
VII	Payroll		(18 738 191)	(15 390 904)
VIII	Social insurance contributions and other benefits		(4 876 608	(3 766 307)
IX	Other costs by type		(960 057)	(409 830)
X	Value of goods and materials sold		(3 375 396)	(2 447 300)
XI	Other operating expenses	189	(3 835 475)	(326 622)
C	**Total operating expenses**		**(214 462 083)**	**(150 643 524)**
Gain on operating activities			**11 896 971**	**8 706 930**
I	Finance income	20	268	417
II	Finance cost	21	(11 706 468)	(886 059)
D	**Net finance income and cost**		**(11 706 200)**	**(885 643)**
Earnings before tax			**190 771**	**7 821 287**
Income tax		**22**	**(283 954)**	**(1 083 195)**
Net profit or loss			**-93 183**	**6 738 092**
	Other comprehensive income:	12	1 136 688	1 212 270
	Items not transferred to profit or loss			
	Revaluation of property, plant and equipment		1 403 319	1 496 630
	Income tax relating to items not transferred to profit or loss		(266 631)	(284 360)
Total comprehensive income			**1 043 505**	**7 950 362**

CASH FLOW STATEMENT

for the year ended 31 December 2022

	Note	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Gross profit on continuing operations		**190 771**	**7 821 287**
Adjustments by:			
Amortisation and depreciation		6 613 708	4 898 469
Gain (loss) on foreign exchange		548	(35 882)
Interest and profit sharing (dividends)		10 624 684	561 769
Gain (loss) on disposal of property, plant and equipment		145 726	(18 447)
Increase/decrease in provisions		68 221	41 548
Increase/decrease in inventories		(9 471 963)	(6 187 790)
Increase/decrease in receivables		(7 333 534)	(9 338 008)
Increase/decrease in liabilities		19 035 028	11 111 082
Increase/decrease in prepayments and accruals		2 912 927	4 179
Income tax paid		(3 009 445)	(3 135 691)
Other adjustments		(24 680)	(971)
Net cash from operating activities		**19 751 991**	**5 721 276**
Investing activities			
Inflows from sales of property, plant, equipment and intangible assets		539 191	33 732
Inflows from sales of financial assets		0	0
Acquisition of property, plant, equipment and intangible assets		(26 591 498)	(103 119 001)
Prepayments for fixed assets		0	0
Acquisition of financial assets		0	0
Net cash from investing activities		**(26 052 307)**	**(103 085 268)**
Financing activities			
Loans and borrowings		29 530 383	99 432 201
Repayment of loans and borrowings received		(12 500 000)	-
Payments under financial lease contracts		(158 876)	(682 835)
Interest paid		(11 503 771)	(1 645 207)
Dividends and other payments to shareholders		0	0
Other financial inflows		0	0
Other financial outflow		0	0
Net cash from financing activities		**5 367 737**	**97 104 158**
Increase/decrease in cash and cash equivalents		(932 579)	(259 834)
Effect of exchange rates changes on the foreign currency cash balance		(548)	35 882
Balance-sheet increase/decrease in cash		(933 127)	(223 952)
Cash and cash equivalents as at 1 January		**1 430 510**	**1 690 344**
Cash and cash equivalents as at 31 December		**497 931**	**1 430 510**
Restricted access cash		**398 374**	**549 617**

STATEMENT ON CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Share capital	Share premium	Retained earnings	Total equity
Equity as at 1 January 2022	**1 000 000**	**3 607 059**	**43 038 713**	**47 645 772**
Comprehensive income	-	-	1 136 688	1 136 688
Net profit/loss for the period	-	-	(93 183)	(93 183)
Dividend distribution to shareholders	-	-	-	-
Transfer of profit or loss from the prior period to capital	-	-	-	-
Equity as at 31 December 2022	**1 000 000**	**3 607 059**	**44 082 219**	**48 689 277**
Equity as at 1 January 2021	**1 000 000**	**3 607 059**	**35 088 351**	**39 695 410**
Comprehensive income	-	-	1 212 270	1 212 270
Net profit/loss for the period	-	-	6 738 092	6 738 092
Dividend distribution to shareholders	-	-	-	-
Transfer of profit or loss from the prior period to capital	-	-	-	-
Equity as at 31 December 2021	**1 000 000**	**3 607 059**	**43 038 713**	**47 645 772**

ADDITIONAL INFORMATION AND EXPLANATION TO THE FINANCIAL STATEMENTS

Note 1. Property, plant and equipment

The Company presents its items of property, plant and equipment classified to Group 1 and Group 2 – land and buildings - using the revaluation model for measurement, which model is based on the fair value of the items.

The measurement is made using an appraisal report prepared by the independent expert who is a certified appraiser. The measurement is based on output data from an active market as at 31 December 2022.

The effects of the revaluation of the land and buildings classified into Groups "1" and "2", performed as at 31 December 2022, increased both the gross carrying value of items of property, plant and equipment, and depreciation by PLN 2 049 090.10 and PLN 632 306.14, respectively. The increase is credited to other comprehensive income and recognized in the total amount of revaluation reserve.

	31.12.2022	**31.12.2021**
Buildings, structures, premises and civil engineering structures	70 786 000	17 045 803
Technical equipment and machinery	39 426 560	29 501 695
Motor vehicles	3 635 353	912 909
Other property, plant and equipment	2 513 129	534 843
Construction in progress	81 626 452	148 759 719
Total property, plant and equipment	**197 987 494**	**196 754 970**

The following is the gross value of fully depreciated items of property, plant and equipment that are still in use:

as at 31 December 2022	6 628 761
as at 31 December 2021	7 772 854

Effective as of 31 March 2022, the Company terminated its long-term lease contract for office and staff premises in Środa Wielkopolska, ul. Plantaża 20.

In accordance with IFRS 16, the Company recognizes the right-of-use assets for lease contracts for Arval's passenger cars in the Company's Statement of Financial Position as at 31 December 2022

The following is the carrying value of items of property, plant and equipment held under rental agreements or finance lease contracts (ROU):

as at 31 December 2022	284 145
as at 31 December 2021	277 878

The following is the depreciation cost for particular groups of the right-of-use assets in 2022:

Buildings	26 894
Motor vehicles	127 408
Total depreciation	**154 302**

Increase/decrease in items property, plant and equipment by category:

	Buildings & structures	Technical equipment & machinery	Motor vehicles	Other property, plant, and equipment	Construction in progress	Total
Net carrying value as of 01 January 2022	**17 045 803**	**29 501 695**	**912 909**	**534 843**	**148 759 719**	**196 754 970**
Increase (acquisition, construction, lease)	0	0	181 498	0	24 985 337	25 166 835
Decrease (disposal, retirement)(-)	-322 783	-793 551	-20 929	-37 952	0	-1 175 214
Transfer to investment property (-)	-17 600 000	0	0	0	0	-17 600 000
Revaluation to fair value (+/-)	1 416 784	0	0	0	-98 446	1 318 338
Transfer to property, plant and equipment/acceptance for use	71 875 572	14 614 120	3 154 842	2 404 677	-92 020 158	29 054
Depreciation (-)	-1 629 377	-3 895 704	-592 967	-388 439	0	-6 506 488
Impairment losses (-)	0	0	0	0	0	0
Reversal of impairment losses	0	0	0	0	0	0
Net currency translation profit/loss (+/-)	0	0	0	0	0	0
Net carrying value as at 31 December 2022	**70 786 000**	**39 426 560**	**3 635 353**	**2 513 129**	**81 626 452**	**197 987 494**

	Buildings & structures	Technical equipment & machinery	Motor vehicles	Other property, plant, and equipment	Construction in progress	Total
Net carrying value as of 01 January 2021	**17 399 268**	**31 554 901**	**1 312 861**	**658 409**	**46 834 902**	**97 760 340**
Increase (acquisition, construction, lease)	0	0	0	0	105 353 791	105 353 791
Decrease (change in the lease contract value)(-)	-765 732		-28 855			-794 587
Decrease (disposal, retirement)(-)	0	-50 125	-180 340	0	0	-230 464
Revaluation to fair value (+/-)	1 284 462	0	0	0	0	1 284 462
Transfer to property, plant and equipment/acceptance for use		1 555 760	43 849	0	-3 428 974	-1 829 365
Depreciation (-)	-872 195	-3 558 841	-234 606	-123 566	0	-4 789 208
Impairment losses (-)	0	0	0	0	0	0
Reversal of impairment losses	0	0	0	0	0	0
Net currency translation profit/loss (+/-)	0	0	0	0	0	0
Net carrying value as at 31 December 2021	**17 045 803**	**29 501 695**	**912 909**	**534 843**	**148 759 719**	**196 754 970**

On 22 April 2020, the Company entered into the long-term rental agreement number 972/22042020 for passenger cars with Arval Service Lease Polska Sp. z o.o., which agreement is classified as a lease contract for balance sheet purposes.

The following are future minimum lease payments as at the balance sheet date:

As at 31 December 2022	Payments under lease contracts, due			
	within 1 year	between 1 to 5 years	after 5 years	total
Future minimum lease payments	141 712	152 932	-	294 644
Finance costs (-)				0
Current value of future minimum lease payments	**141 712**	**152 932**	**-**	**294 644**

As at 31 December 2021	Payments under lease contracts, due			
	within 1 year	between 1 to 5 years	after 5 years	total
Future minimum lease payments	140 162	152 304	-	292 466
Finance costs (-)	0	0	0	0
Current value of future minimum lease payments	**140 162**	**152 304**	**-**	**292 466**

The Company does not recognize liabilities arising from short-term leases and leases for which the underlying asset is of low value. In addition, contingent lease payments are not included in themeasurement of liabilities. The following are costs related to these items in the reporting period from 1 January through 31 December 2022:

	from 01.01.2022 through 31.12.2022
Short-term lease	0
Lease of low-value assets	0
Variable lease payments	0
Total	**0**

In the period from 1 January through 31 December 2022, there was no income from sub-lease of right-of-use assets.

Impairment losses

In the accounting period from 1 January through 31 December 2022, the Company did not identify any need for recognizing impairment losses for items of property, plant and equipment.

Note 2. Intangible assets

Increase/decrease in intangible assets

	Development work	Software	Total
Net carrying value as of 01 January 2022	**0**	**422 168**	**422 168**
Increase (acquisition, construction, lease)	1 062 247	1 368 296	2 430 543
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	0	0
Amortisation (-)	0	-107 220	-107 220
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2022	**1 062 247**	**1 683 244**	**2 745 491**

	Development work	Software	Total
Net carrying value as of 01 January 2021	**0**	**375 862**	**375 862**
Increase (acquisition, construction, lease)	0	155 568	155 568
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	0	0
Amortisation (-)	0	-109 261	-109 261
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2021	**0**	**422 168**	**422 168**

The value of development work consists of expenditures the Company incurred on development work connected with the projects subsidized by the National Centre for Research and Development.

Note 3. Land, including perpetual usufruct right

On 01 June 2020, the Company purchased land of 5.2981ha, located in Środa Wielkopolska, ul. Fabryczna 7, and on 25 May 2022, the Company purchased additional land of 0.2966 ha adjacent to the aforesaid land purchased in 2020.

In connection with the construction of a new manufacturing plant with internal and external technical infrastructure, the Company applied for a permanent change in land use from agricultural to non-agricultural purposes for the land purchased in 2020. As the Company received the decision permitting the permanent change in land use from agricultural to non-agricultural purposes for the said land, the Company increased the initial value of the land by PLN 1748 210.36 in 2021, which amount represents a fee specified in the decision for the use of the land so converted for non-agricultural or non-forest purposes.

Moreover, the Company holds in perpetual usufruct the land of 23 744 square metres located at Środa Wielkopolska, ul. Harcerska 16.

The land and the perpetual usufruct right were measured as at 31 December 2022, using the appraisal report prepared by the independent expert who is a certified appraiser, based on output data from the active market as at 31 December 2022. Effects of revaluation of the land and of the right of perpetual usufruct of the land made as at 31 December 2022 triggered an increase in the gross carrying value of fixed assets by PLN 84 981.31. The increase is presented in other comprehensive income and recognized in the revaluation reserve.

	31.12.2022	31.12.2021
Land	6 937 019	6 775 619
Perpetual usufruct right - value at acquisition cost	0	2 331 278
Increase/decrease in value (revaluation)	84 981	113 722
Book value:	**7 022 000**	**9 220 619**

Increase/decrease in the land, including the right of perpetual usufruct of the land:

	Land	Right of perpetual usufruct of the land	Total
Net carrying value as of 01 January 2022	**6 775 619**	**2 445 000**	**9 220 619**
Increase (acquisition, construction, lease)	161 400		161 400
Decrease arising from transfer to investment property (-)		-2 445 000	-2 445 000
Revaluation to fair value (+/-)	84 981		84 981
Amortisation/depreciation (-)			0
Impairment losses (-)			0
Reversal of impairment losses			0
Net currency translation profit/loss (+/-)			0
Net carrying value as at 31 December 2022	**7 022 000**	**0**	**7 022 000**

	Land	Right of perpetual usufruct of the land	Total
Net carrying value as of 01 January 2021	**5 017 932**	**2 331 278**	**7 349 210**
Increase (acquisition, construction, lease)	1 757 687	0	1 757 687
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	113 722	113 722
Amortisation/depreciation (-)	0	0	0
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2021	**6 775 619**	**2 445 000**	**9 220 619**

Note 4. Investment property

An investment property asset is land and or a building, or part of a building, or both held by the Company as a source of rental income or for capital appreciation or both, provided, however, that an investment property is not used in the production or supply of goods or services or for administrative purposes, or held for sale in the ordinary course of business.

As the Company's head office and business was moved to the new location in Środa Wielkopolska, ul. Fabryczna 7, in September 2022 and, consequently, operations at the old address were ceased, the land and structures classified to groups 0-2 and located at the old address in Środa Wielkopolska, ul. Harcerska 16, are presented in these Financial Statements in accordance with IAS 40 as investment property and measured at fair value using the appraisal report prepared by the independent expert as at 31 December 2022.

The investment property is not depreciated.

The Company has leased a part of the investment property to two lessees for the term of 12 months ending on 31 August 2023 and 31 October 2023, respectively. Contracts do not meet the condition for being disclosed in the books as leases granted.

Increase/decrease in the investment property:

	Right of perpetual usufruct of the land	Buildings and structures	Total
Net carrying value as of 01 January 2022	**0**	**0**	**0**
Increase (acquisition, construction, lease)	2 445 000	17 600 000	20 045 000
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	0	0
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2022	**2 445 000**	**17 600 000**	**20 045 000**

	Right of perpetual usufruct of the land	Buildings and structures	Total
Net carrying value as of 01 January 2021	**0**	**0**	**0**
Increase (acquisition, construction, lease)	0	0	0
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	0	0
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2021	**0**	**0**	**0**

Note 5. Deferred tax liabilities and assets, increase/decrease for each deferred tax liability/asset type:

	As at 01.01.2022	Increase/decrease:		as at 31.12.2022
		profit or loss	other comprehensive income	
Deferred tax liabilities	**1 310 347**	**408 694**	**-17 729**	**1 701 312**
exchange differences from valuation of receivables	0	0	0	0
exchange differences from valuation of cash	6 819	-6 819		0
exchange differences from valuation of liabilities	3 875	2 152		6 026
liabilities arising from purchase bonuses	51 304	37 449	0	88 753
difference between the right of use and liability	0		0	0
difference between depreciation for balance-sheet and tax purposes	1 248 350	375 912	-17 729	1 606 533
Deferred tax assets	**367 940**	**430 023**	**0**	**797 963**
exchange differences from valuation of cash	0	104	0	104
exchange differences from valuation of liabilities	0	0	0	0
exchange differences from valuation of receivables	7 724	-4 805	0	2 919
unpaid remuneration and burdens	90 744	32 427	0	123 171
unpaid interest and charges on liabilities arising from loans and borrowings	40 277	194 626	0	234 903
difference between the right of use and liability	1 634	-990	0	644
provision for bad debts	5 029	117 516	0	122 544
provision for services	1 796	22 994	0	24 790
other unpaid employee benefits	220 738	68 151	0	288 888
Total deferred income tax	**942 407**	**-21 329**	**-17 729**	**903 349**

	As at 01.01.2021	Increase/decrease: profit or loss	Increase/decrease: other comprehensive income	as at 31.12.2021
Deferred tax liabilities	**1 277 163**	**4 480**	**28 704**	**1 310 347**
exchange differences from valuation of receivables	40 414	-40 414	0	0
exchange differences from valuation of cash	0	6 819		6 819
exchange differences from valuation of liabilities	0	3 875		3 875
liabilities arising from purchase bonuses	75 852	-24 548	0	51 304
difference between the right of use and liability	168 004	-168 004	0	0
difference between depreciation for balance-sheet and tax purposes	992 893	226 753	28 704	1 248 350
Deferred tax assets	**363 583**	**4 357**	**0**	**367 940**
exchange differences from valuation of cash	8 971	-8 971	0	0
exchange differences from valuation of liabilities	34 383	-34 383	0	0
exchange differences from valuation of receivables	0	7 724	0	7 724
unpaid remuneration and burdens	89 041	1 703	0	90 744
unpaid interest and charges on liabilities arising from loans and borrowings	6 777	33 500	0	40 277
difference between the right of use and liability	4 689	-3 055	0	1 634
provision for bad debts	0	5 029	0	5 029
provision for services	0	1 796	0	1 796
other unpaid employee benefits	219 722	1 016	0	220 738
Total deferred income tax	**913 580**	**123**	**28 704**	**942 407**

In the Statement of Financial Position, deferred tax assets and deferred tax liabilities are disclosed per account balance of both these values.

Note 6. Employee benefits payable and provisions for employee benefits

	31.12.2022	31.12.2021
Provisions for employee benefits	**1 520 472**	**1 161 785**
including: non-current	724 840	656 619
current	795 632	505 166

The table below shows increases/decreases in provisions for employee benefits:

	as at 01.01.2022	decrease	increase	as at 31.12.2022
Provisions for employee benefits	***1 161 785***	***(1 161 785)***	***1 520 472***	***1 520 472***
for accrued holiday entitlement	*505 166*	*(505 166)*	*698 705*	*698 705*
for retirement gratuities	*204 385*	*(204 385)*	*223 572*	*223 572*
for service anniversary awards	*452 234*	*(452 234)*	*598 195*	*598 195*

Note 7. Inventories

The inventories include raw materials and consumables (46.4%), commodities, work in progress and finished products (53.6%).

	31.12.2022	31.12.2021
Materials	15 532 859	15 778 382
Commodities	0	1 144
Finished products	13 001 084	4 464 328
Work in progress	4 957 057	3 775 182
	33 491 000	**24 019 037**

As at 31 December 2022 and 31 December 2021, the Company's inventories were not pledged by the Company to secure its liabilities.

7.1. Allowances for inventories

As at the balance sheet date, the Company performs an inventory age structure analysis for materials, commodities and products in warehouses, and makes an individual assessment of whether they are likely to be used in the nearest future or of a realizable price as at the balance sheet date, and on the basis thereof, the Company makes a decision on making an allowance. The Company did not make any allowance for inventories as the analysis had not identified such a need.

The value of eliminated inventories were PLN 238 946.36 and PLN 112 619.37 in the periods from 1 January through 31 December 2022 and from 1 January through 31 December 2021, respectively.

Note 8. Trade and other receivables

	31.12.2022	31.12.2021
Trade accounts receivable from related entities	**15 219 248**	**11 436 018**
Trade accounts receivable from other entities	16 821 839	11 882 346
Allowances for receivables	(644 971)	(26 466)
Other receivables	75 837	57 605
VAT receivable	4 819 441	5 608 356
Total accounts receivable from other entities	**21 072 146**	**17 521 841**

Trade receivables are recognised at originally invoiced amounts. Receivables are usually due within 30, 45 or 60 days (for clients from the Group). Allowances for receivables are made based on individual assessment of probability of receiving payment.

8.1. Allowances for receivables

The Company carries out a revaluation of trade receivables at each balance sheet date.
In determining the recoverability of trade receivables, changes in trade receivables from the date of granting the trade credit until the date of preparing the financial statements are taken into account. Credit risk concentration occurs for clients who are in arrears with payment for commodities they received.

The Company makes an allowance for overdue receivables based on individual assessment of probability of receiving overdue payment, and based on past experience.

In the period under review, the Company made 4 intra-Community supplies to France, which supplies ultimately proved to be fraud. The Company reported the fact of having fallen victim to business fraud to relevant authorities, and made an allowance for bad debts of PLN 618 505.12 relating to the said supplies.

8.2. Increase/decrease in allowances: creation and reversal of allowances for receivables

	1.01.2022-31.12.2022	1.01.2021-31.12.2021
Allowances for receivables as at the beginning of the period	**26 466**	**51 583**
Creation of allowances	618 505	-
Reversal of allowances		(25 117)
Allowances for receivables as at the end of the period	**644 971**	**26 466**

8.3. Age structure analysis for trade receivables which are past due but not impaired:

	Past due but collectible				
As at:	**<30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**> 120 days**
31 December 2022	1 936 028	71 427	12 925	8 260	139 315
31 December 2021	1 351 509	512 187	130 872	144 019	71 448

8.4. Currency structure of current trade receivables

	31.12.2022	**31.12.2021**
Receivables in local currency	19 921 932	16 355 699
Receivables in foreign currencies	12 119 155	6 962 665
	32 041 087	23 318 364

	31.12.2022	**31.12.2021**
Receivables in EUR	10 515 589	6 962 665
Receivables in USD	1 603 567	0
	12 119 155	6 962 665

The above-presented structure of the receivables exposes the Company to foreign currency risk, which the Company tries to mitigate, primarily by balancing currency items of receivables and payables stated in foreign currencies. The following are realised foreign exchange losses and gains recognised in the Statement of Comprehensive Income under finance cost or income, respectively:

	Finance income	**Finance cost**
for the period from 1 January through 31 December 2022	1 313 684	1 467 663
for the period from 1 January through 31 December 2010	873 841	971 837

Note 9. Other assets, equity and liabilities

Prepayments and accrued income - assets	**31.12.2022**	**31.12.2021**
Insurance	4 170	374
Annual service fee of Exact	38 808	34 680
Materials for later use	0	81 271
Other	104 856	187 596
	147 834	**303 921**

Accruals and deferred income - liabilities	**31.12.2022**	**31.12.2021**
Deferred income		
Subsidies to finance fixed assets	74 896	162 819
Advance payments and sales to be settled in next periods	0	0
POIR.01.01.01-00-03/0379/19 - subsidy to support the purchase of fixed assets	35 568 972	19 066 932
POIR.01.01.01-00-0783/19 - subsidy to support the purchase of fixed assets	3 078 137	808 616
Other accruals and deferred income	787 830	23 663
including: settlement of finance cost	*657 328*	*23 663*
	39 509 836	**20 062 031**

Deferred income	**31.12.2022**	**31.12.2021**
non-current	31 537 436	14 246 458
current	7 972 400	5 815 572
	39 509 836	**20 062 031**

Subsidies received by the Company are recognised as deferred income in "Accruals and deferred income".

In 2013, the Company contracted the loan with Bank Handlowyin Warsaw S.A., with 10% financial support for energy efficiency, for the total amount of EUR 107 165 (PLN 453 171.94) for three sealing machines, of which the revenue of PLN 15 066.29 remained unsettled as at 31 December 2022. Between 2016 and 2020, the Company received funding from the National Labour Office to subsidize jobs through the purchase of forklift trucks, IT equipment, and a control panel with a touchpad, in the total net amount of PLN 177 290.48, of which the revenue of PLN 59 829.60 remained unsettled as at 31 December 2022.

Pursuant to the agreement of 27 September 2019, as part of the project number POIR.01.01.-00-03/0379/19 subsidized by the National Centre for Research and Development, the Company received the subsidy for the development and implementation of high-performance automated and robotic technology for manufacturing knurled eco-friendly garbage bags from three-layer free-blown extruded film. The eligible cost of the project is PLN 90 225 418.75, including PLN 42 127 098.75 in subsidy. The project is divided into two parts: industrial research and development work. The eligible cost for industrial research is PLN 24 147 725.00, including PLN 15 696 021.25 in subsidy. For development work, the eligible cost is PLN 66 077 693.75, including PLN 26 437 077.50 in subsidy. Since the beginning of the project until 31 December 2022, the Company received a total of PLN 40 014 687.61 from the National Centre for Research and Development. The Company calculates its revenue from the subsidy based on project progress.

Pursuant to the agreement number POIR.01.01.01-00.0783/19 of 16 April 2020, the Company received a subsidy from the National Centre for Research and Development for a line to manufacture high quality reprocessed granules from the Company's own waste from the production of printed film in a closed-loop system. The eligible cost of the project is PLN 7 811 125.00, including PLN 4 300 825.00 in subsidy. The project is divided into two parts: industrial research and development work. The eligible cost for industrial research is PLN4 705 500.00, including PLN 3 058 575.00 in subsidy. The eligible cost development work is PLN 3 105 625.00, including PLN 1 242 250.00 in subsidy. Until 31 December 2022, the Company received a total of PLN 4 095 990.18 from the National Centre for Research and Development. The Company calculates its revenue from the subsidy based on project progress.

The subsidies to support the purchase of fixed assets under both of the projects subsidized by National Centre for Research and Development will be settled together with depreciation of fixed assets.

Note 10. Transactions with related entities

	Gain on operating activities	
Sales to:	**01.01.2022-31.12.2022**	**01.01.2021-31.12.2021**
Parent	33 485 339	25 539 818
Other related entities	33 417 402	27 451 092
Total	**66 902 741**	**52 990 910**

	Receivables	
Sales to:	**01.01.2022-31.12.2022**	**01.01.2021-31.12.2021**
Parent	9 398 314	6 750 091
Other related entities	5 820 934	4 685 927
Total	**15 219 248**	**11 436 018**

	Purchase (costs, assets)	
Purchase from:	**01.01.2022-31.12.2022**	**01.01.2021-31.12.2021**
Parent	6 171 746	1 134 529
Other related entities	754 493	346 510
Total	**6 926 239**	**1 481 039**

	Liabilities	
Purchase from:	**01.01.2022-31.12.2022**	**01.01.2021-31.12.2021**
Parent	579 002	191 795
Other related entities	107 066	39 176
Total	**586 068**	**230 972**

Loans advanced to:	31.12.2022 Advanced in the period	31.12.2022 Accumulated balance	31.12.2021 Advanced in the period	31.12.2021 Accumulated balance
Parent	0	0	0	0
Subsidiary	0	0	0	0
Associated entity	0	0	0	0
Joint venture	0	0	0	0
Other related entities	0	0	0	0
Total	0	0	0	0

Loans received from:	31.12.2022 Received in the period	31.12.2022 Accumulated balance	31.12.2021 Received in the period	31.12.2021 Accumulated balance
Parent	6 000 000	84 000 000	45 000 000	78 000 000
Subsidiary	0	0	0	0
Associated entity	0	0	0	0
Joint venture	0	0	0	0
Other related entities	0	0	0	0
Total	**6 000 000**	**84 000 000**	**45 000 000**	**78 000 000**

Note 11. Cash and cash equivalents

Cash:	**31.12.2022**	**31.12.2021**
at banks	99 583	880 893
deposited on the account of the Company Employee Benefit Fund	8 486	28 259
deposited on the account for project no. POIR.01.01-00-03/0379/19	24 824	80 182
deposited on the account for project no. POIR.01.01-00-0783/19	365 038	441 176
	497 931	**1 430 510**
in local currency	494 949	957 931
in foreign currencies	2 982	472 579
	497 931	**1 430 510**
Cash in EUR	2 982	75 810
Cash in USD	0	12 136

Excepts funds deposited on the Company Employee Benefit Fund accounts and on the subsidy accounts, the Company has no other restricted access funds. As far as cash is concerned, concentration of credit risk is limited; the Company maintains cash in several recognised financial institutions. These are: Santander Bank Polska S.A., BNP Paribas Bank Polska S.A., and Bank Millennium S.A.

The Company has no cash in hand.

Note 12. Share capital

As at 31 December 2022, the share capital of Polipak Sp. z o.o. was PLN 1 000000.00 and comprised:

8 000 shares of PLN 100 each, held by Sarantis Polska S.A. of Piaseczno	800 000
2 000 shares held by GNI Investments Grzegorz Nowak Sp.k. of Poznań	200 000
	1 000 000

Pursuant to the Company's Articles of Association of 11 April 2005, executed in the form of anotary's deed entered into the Roll of deeds under no. A/2903/2005, the supplementary capital is thesurplus of assets value over the par value of the shares of PPH "GG Plast" Grzegorz Nowak i Wspólnicy Spółka jawna PPH "GG Plast" Grzegorz Nowak i Wspólnicy Spółka jawna transformed into GG Plast spółka z o.o.

	31.12.2022	31.12.2021
Supplementary capital which is the share premium	3 607 059	3 607 059

Retained earnings include the following items:

Retained earnings	**31.12.2022**	**31.12.2021**
supplementary capital	29 910 460	23 172 368
reserve capital	7 537 000	7 537 000
revaluation reserve	6 727 942	5 591 253
net profit/loss	(93 183)	6 738 092
undistributed profit of prior years	0	0
Total retained earnings	**44 082 219**	**43 038 713**

The revaluation reserve was PLN 6 727 941.62 as at the 31 December 2022 and showed the following increases/decreases in periods concerned:

	31.12.2022	**31.12.2021**
Revaluation of property, plant and equipment	1 403 319	1 496 630
Deferred tax liability relating to revaluation of fixed assets, on items not transferred to profit or loss	(266 631)	(284 360)
	1 136 688	**1 212 270**

The revaluation reserve from the revaluation of the property, plant and equipment comes from the revaluation of land, buildings and structures located in Środa Wielkopolska, ul. Harcerska 16 and ul. Fabryczna.
The revaluation was performed as at the balance sheet date, based on the appraisal report prepared by the independent real estate appraiser Ewa Borkowska-Karwowska of Warsaw as at 31 December 2022.

The carrying amount of all assets increased as a result of the revaluation, and the surplus resulting from the revaluation is transferred directly to other comprehensive income and disclosed in the total amount in the revaluation reserve. The difference between the carrying amount of revalued assets and the value of the same for tax purposes constitutes a temporary difference; the deferred tax liability is recognised in other comprehensive income.

In the event that a revalued items of plant, property or equipment is sold, an effectively realised portion of revaluation reserve associated with an asset is transferred directly to retained earnings. The revaluation reserve is not available for distribution.

The Company monitors the level of capital based on the carrying amount of equity, manages capital to ensure the Company's ability to continue as a going concern and to ensure owners the expected rate of return.

Reserve capital

The Company was creating its reserve capital from a portion of its profit generated in previous years and was accumulating such capital for a long period of time. As at 31 December 2022 the reserve capital was PLN 7 537 000.00.

Supplementary capital

The Company was creating its supplementary capital as decided by the Meeting of Shareholders, from a portion of its profit, and was accumulating such supplementary capital for years. On 19 May 2022, the Ordinary Meeting of Shareholders adopted its resolution on the distribution and allocation of 2022 profit, allocating that profit in its entirety to the Company's supplementary capital. The Company's supplementary capital was PLN 29 910 459.97 as at 31 December 2022.

Note 13. Proposed distribution of the Company's profit for 2022

On 26 June 2020, the Extraordinary Meeting of Shareholders adopted a resolution amending the Articles of Association as far as profit distribution is concerned. By the resolution, 2019-2022 profits shall not be allocated for distribution and shall not be distributed to shareholders in dividends. 2019-2022 profits shall be transferred to the supplementary or reserve capital upon an end of a relevant financial year, and then distributed and paid out in full to the Company's shareholders in proportion to shares held by the shareholders, not later than on 30 June 2023.

Note 14. Financial liabilities

14.1. Loans and borrowings payable

	31.12.2022	31.12.2021
loan from the related entity - Sarantis Polska S.A.	84 000 000	78 000 000
overdraft facility - BNP Paribas Bank Polska S.A.	16 304 742	4 970 466
overdraft facility - Bank Millennium S.A.	16 252 617	4 220 314
investment credit facility - BNP Paribas Bank Polska S.A.	62 500 000	75 000 000
	179 057 359	**162 190 781**

	31.12.2022	31.12.2021
non-current liabilities	84 000 000	140 500 000
current liabilities	95 057359	21 690 781
	179 057 359	**162 190 781**

	31.12.2022	31.12.2021
in local currency	179 057 359	162 190 781
in foreign currencies (EUR)	0	0
	179 057 359	**162 190 781**

14.2. Loans payable to related entities

	31.12.2021	31.12.2021
Sarantis Polska S.A.	84 000 000	78 000 000
	84 000 000	**78 000 000**

Liabilities arising from the loan granted by Sarantis Polska SA consist of interest accrued and unpaid, and are as follows as at 31 December,:

31.12.2022	31.12.2021
579 002	190 170

As at 31 December 2022, the Company had credit facilities provided by the followings banks:

1. BNP Paribas Bank Polska S.A.

Overdraft facility under credit line agreement no. WAR/3012/16/141/CB of 01 July 2016.
The Bank granted the line of PLN 10 000 000 to the Company, for the purpose of financing current operations.
By Annex No. 6 of 27 April 2022, the limit has been changed up to the maximum amount of PLN 22 000 000.
The liability arising from the facility is PLN 16 304 742.19 as at 31 December 2022.

On the actually used portion of the facility, the bank charges interest at a variable rate of WIBOR 1M plus bank margin of 0.85 pp per annum for the PLN portion and EURIBOR 3M plus bank margin of 0.95 pp per annum for the EUR and USD portion.

Pursuant to Annex no. 3, the facility is secured with:

* unconditional, irrevocable corporate guarantee up to USD 11 000 000.00, issued by Gr. Sarantis and payable on each and every demand;
* Borrower's statement on submission to collection proceedings under Article 777 up to USD11 000 000,00;
* Sarantis Polska's statement on submission to collection proceedings under Article 777 up to USD 11 000 000,00.

In addition to the security above, the line agreement imposes the additional requirements on the Company that have to be satisfied during the term of the credit facility:

* all sales revenue from the Borrower's business activity shall be routed throughcurrent accounts maintained by the Bank.

2. BNP Paribas Bank Polska S.A.

Non-revolving credit facility under agreement no. WAR/3012/20/416/CB of 28 October 2020.
The Bank granted the credit facility of PLN 75 000 000.00 to finance and refinance costs associated with the construction of the production facility with an accompanying administrative back-office and necessary infrastructure in Środa Wielkopolska, ul. Fabryczna 7, as part of the investment project "Development and implementation of high-performance automated and robotic technology for manufacturing knurled eco-friendly garbage bags from three-layer free-blown extruded film".

The credit facility was made available in a series of tranches, and was financed and refinanced based on invoices submitted by the Company up to 100% of their net value, through the Company's current account, with the Company alone being responsible for settling accounts with subcontractors who did work constituting the purpose of the credit facility. On 15 November 2021, the Company drew down the last available tranche.

The availability period for the credit facility is 64 months from the agreement date. The principal amount is to be repaid in quarterly instalments of PLN 3 125 000.000 plus interest, over the period of 4 years, starting with the first quarter of 2022. At the end of the period of financing, there will be a balloon payment of PLN 25 000 000.00 to be made.

The Company repaid a total of PLN 12 500 000.00 as credit facility repayment instalments in 2022.
The credit facility carries a variable interest rate of WIBOR 3M plus bank margin of 1.65 pp. The Company paid the front-end-fee of PLN 187 500.00 for the credit facility. Other costs include the commitment fee of 0.1 pp per annum on an unused portion of the credit facility, and an administrative charge of 0.025 pp payable on a quarterly basis. Polipak is released from an earlier repayment charge.

The credit facility is secured with:

* unconditional, irrevocable corporate guarantee of PLN 82 500 000.00, issued by Gr. Sarantis and payable on each and every demand;
* unconditional, irrevocable corporate guarantee PLN 82 500000.00, issued by Sarantis Polska S.A. and payable on each and every demand;
* Borrower's statement on submission to collection proceedings under Article 777 up to PLN 82 500 000.00;
* Sarantis Polska's statement on submission to collection proceedings under Article 777 up to PLN 82 500 000.00.

In addition to the security above, the credit facility agreement imposes additional requirements on the Company that have to be satisfied during the term of the credit facility:

* all sales revenue from the Borrower's business activity shall be routed through current accounts maintained by the Bank;
* the Borrower undertakes to ensure that the General Meeting of Shareholders of Sarantis Polska S.A. and the General Meeting of Shareholders of the Borrower will not without the Bank's consent adopt any resolution on dividend distribution by 2022;
* the Borrower undertakes that, during the term of the agreement, the Borrower will not without the Bank's consent encumber, or permit any encumbrance of, the Borrower's assets;
* the Borrower promises that in the event that any loan is granted to the Borrower, a lender will enter into an arrangement with the Bank, whereby the lender shall assume a commitment to the Bank that the lender will not pursue any loan-related claims before the debt under the agreement is repaid; moreover, the Borrower undertakes to enter the aforesaid arrangement within the aforesaid timeframe;

* submission of monthly reports on the investment project status to the Product Monitor
* standard loan-to-cost clause; LTC ratio up to 39%.

As at 31 December 2022, the condition set by the Loan-To-Cost covenant was not met. After the balance sheet date, the Bank accepted the LTC ratio slightly exceeding the LTC ratio set by the covenant.
The liability arising from the credit facility is PLN 62 500 000.00 as at 31 December 2022.

In accordance with the principles resulting from MRS 1, the Company presented the entire debt as a short-term loan as a result of exceeding the covenant as at December 31,2022. Due to the achievement of the contractually required ratio as at February 28, 2023, the Entity will again present the loan broken down into short-term and long-term parts in subsequent reporting periods.

3. Bank Millennium S.A.
PLN 13 000 000.00 overdraft facility under multi-product line agreement no. 12040/18/M/04 of 04 December 2018, for the purpose of financing current operations.

By Annex no. A1/12040/18/M/04 of 14 June 2019, the limit was changed and the global limit of PLN 20 000 000.00 with the overdraft sublimit of PLN 18000 000.00 was introduced. By Annex no. A4/12040/18/M/04 of 30 December 2020, the global limit has been changed to PLN 25000 000.00. Within this limit, the Bank has made the following product sub-limits available to the Company:

* PLN overdraft credit facility of PLN 20 000 000.00;
* EUR overdraft credit facility up to EUR 2 500 000.00;
* bank guarantee line up to PLN 5 000 000.00

On the actually used portion of the facility, the bank charges interest at a variable rate of WIBOR 1M plus bank margin of 0.85 pp per annum for the PLN portion and EURIBOR 1M plus bank margin of 0.85 pp per annum for the EUR portion.

Pursuant to Annex No. 4A/12040/18/M/04 of 30 December 2020, the facility is secured with:
* Borrower's statement on submission to collection proceedings under Article 777 up to PLN 40 000 000.00;
* corporate guarantee issued by Gr Sarantis SA for up to PLN 25 000 000.00 valid until 13 December 2027;

By Annex No. A6/12040/18/M/04, the facility has become available until 12 March 2025. The liability arising from the facility is PLN 16 252 616.76 as at 31 December 2022.

In addition to the security above, the line agreement imposes additional requirements on the Company that have to be satisfied during the term of the credit facility:
* average monthly sales revenue of PLN 2,000,000.00 from the Borrower's business activity shall be routed through current accounts maintained by the Bank;
* the Borrower undertakes to maintain security in favour of the Bank not lesser than security for transactions under agreements made with other banks; the Bank's written consent is required for this condition to be unsatisfied;
* the Borrower undertakes to include no such clauses in agreements made with other banks for a term exceeding 36 months which would be more restrictive than the clauses contained in the agreement and which would forbid certain activities or impose an obligation on the Borrower to satisfy conditions.

3. Sarantis Polska S.A. of Piaseczno

The Company utilizes the loan granted by Sarantis Polska S.A. under the following agreements:
* loan agreement of 29 January 2016 with the Annex of 24 March 2016, Annex of 15 December 2017, Annex of 10 September 2018, and Annex of 5 December 2018, and Annex of 15 September 2020, under which Sarantis granted the Company the loan of PLN 3 000 000.00 to finance current operating activities. The loan repayment deadline is 31 December 2026;
* loan agreement of 24 March 2016 with the Annex of 15 September 2017, Annex of 10 September 2018, Annex of 5 December 2018, Annex of 05 September 2019, and Annex of 15 September 2020, under which Sarantis increased the amount of the loan up to PLN 15 000 000.00 to be disbursed in amounts and on dates to be agreed on by the parties on an on-going basis. The loan repayment deadline is 31 December 2026. The loan is for the current and investing business activities.
* loan agreement of 15 July 2020 with the Annex of 15 September 2020, under which Sarantis granted Polipak the loan of PLN 60 000 000.00 for current and investing business activities. The loan repayment deadline is 31 December 2026;
* loan agreement of 09 March 2022, under Sarantis granted Polipak the loan of PLN 2000 000.00. The loan repayment deadline is 31 December 2026;
* loan agreement of 29 April 2022, under Sarantis granted Polipak the loan of PLN 2 000 000.00. The loan repayment deadline is 31 December 2026;
* loan agreement of 09 May 2022, under Sarantis granted Polipak the loan of PLN 2000 000.00. The loan repayment deadline is 31 December 2026;

The total liability arising from the loans above is PLN 84 000 000.00 as at 31 December 2022.

The Lender is entitled to charge interest on the loans at a variable rate of WIBOR 1M plus margin of 1.14 pp per annum, accruing at the end of each month and due by the 10th day of the following month.
In 2022, total interest on the open loans was PLN 5 567 431.25.

Most credit facilities carry variable interest rates determined according to the WIBOR 1M or WIBOR3M reference rates that were 6.93% and 7.02%, respectively, as at 31 December 2022; in the preceding year, WIBOR 1M was 2.23% and WIBOR3M was 2.54% as at 31 December 2021.

No security over the Company's assets is used for any of the credit facilities.

14.3. Other non-current liabilities

The fee for the use of the converted land for non-agricultural or non-forest purposes is disclosed under other non-current liabilities by the Company; according to the decision of the County Governor of Środa Wielkopolska, the initial value of the fee was PLN 1 748 210.36, while the relevant balances as at 31 December are as follows:

	31.12.2022	**31.12.2021**
	1 145 677	1 311 158
	1 145 677	**1 311 158**

14.4. Lease

Under rental agreements and finance lease contracts, the Company uses:

* passenger cars under the long-term rental agreement, i.e. for the term exceeding 24 months, signed on 22 April 2020.

The following are future minimum rental payments and the net current value of minimum payments:

Liabilities:	**31.12.2022**	**31.12.2021**
Liabilities due within 1 year	141 712.08	140 162
Liabilities due between 1 to 5 years	152 931.93	152 304
Liabilities due after 5 years	0	0
	294 644	**292 466**

Net current value:	**31.12.2022**	**31.12.2021**
Liabilities due within 1 year	137 453	136 137
Liabilities due between 1 to 5 years	150 079	150 338
Liabilities due after 5 years	0	0
	287 532	**286 475**

The total cost of interest on lease and rental liabilities was PLN 5 672.56 in 2022.

Note 15. Financial instruments

The value of financial assets presented in the Statement of Financial Position relates to the following categories of financial instruments specified in IFRS 9:

IFRS 9:

1 – measured at amortised cost (MAC)
2 – measured at fair value through other comprehensive income (MFV-CI)
3 – measured at fair value through profit or loss (MFV-PL)
4 – capital instruments measured at fair value through other comprehensive income (CIMFV-CI)
5 – hedging instruments (HI)

Financial asset class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-CI	MFV-PL	CIMFV-CI	HI	
As at 31.12.2022						
Fixed assets:						
Receivables and loans	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	**0**
Other non-current financial assets	0	0	0	0	0	**0**
Current assets:						
Trade and other receivables	31 471 953	0	0	0	0	**31 471 953**
Loans	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	**0**
Cash and cash equivalents	497 931	0	0	0	0	**497 931**
Total financial asset categories	**31 969 883**	**0**	**0**	**0**	**0**	**31 969 883**

Financial asset class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-CI	MFV-PL	CIMFV-CI	HI	
As at 31.12.2021						
Fixed assets:						
Receivables and loans	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	**0**
Other non-current financial assets	0	0	0	0	0	**0**
Current assets:						
Trade and other receivables	23 349 503	0	0	0	0	**23 349 503**
Loans	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	**0**
Cash and cash equivalents	1 430 510	0	0	0	0	**1 430 510**
Total financial asset categories	**24 780 013**	**0**	**0**	**0**	**0**	**24 780 013**

The value of financial liabilities presented in the Statement of Financial Position relates to the following categories of financial instruments specified in IFRS 9:

IFRS 9:

1 – measured at amortised cost (MAC)
2 – measured at fair value through profit or loss (MFV-PL)
3 – financial guarantee contract (FGC)
4 – contingent consideration in a business combination (CC-BC)
5 – hedging instruments (HI)

Financial liability class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-PL	FGC	CC-BC	HI	
As at 31.12.2022						
Non-current liabilities:						
Loans, borrowings, and other derivative financial instruments	84 000 000	0	0	0	0	**84 000 000**
Other liabilities	1 145 677	0	0	0	0	**1 145 677**
Current liabilities:						
Trade and other payables	27 071 442	0	0	0	0	**27 071 442**
Loans, borrowings, and other debt instruments	95 636 361	0	0	0	0	**95 636 361**
Derivative financial instruments	0	0	0	0	0	**0**
Total financial liability categories	**207 853 480**	**0**	**0**	**0**	**0**	**207 853 480**

Financial liability class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-PL	FGC	CC-BC	HI	
As at 31.12.2021						
Non-current liabilities:						
Loans, borrowings, and other derivative financial instruments	140 500 000	0	0	0	0	**140 500 000**
Other liabilities	1 311 158	0	0	0	0	**1 311 158**
Current liabilities:						
Trade and other payables	26 132 772	0	0	0	0	26 132 772
Loans, borrowings, and other debt instruments	21 880 951	0	0	0	0	21 880 951
Derivative financial instruments	0	0	0	0	0	**0**
Total financial liability categories	**189 824 880**	**0**	**0**	**0**	**0**	**189 824 880**

Note 16. Current trade and other payables

	31.12.2022	31.12.2021
Trade accounts payables to related entities	107 066	40 802
Other payables to related entities	579 002	190 170
Total current payables to related entities	**686 068**	**230 972**
Trade and other payables	26 964 376	26 091 970
including: VAT payable		0
personal income tax	*256 114*	*215 386*
Social Insurance Institution	*1 280 274*	*914 692*
Special funds	*12 793*	*29 914*
Total current payables to other entities	**26 964 376**	**26 091 970**

Trade payables bear no interest and are settled within various deadlines. Trade payables relating to raw materials such as granules, reprocessed granules, colorants and additives, cardboard boxes, labels are usually due within 30-90 days.

Other payables are usually due within 14 or 30 days.

Interest on late payments is paid upon a receipt of a relevant note, within a relevant deadline.

Personal income tax payables are those resulting from tax returns for December 2022, while the Social Insurance Institution liabilities are relating to statements for December 2022 and January 2023.

Currency structure of current trade payables

	31.12.2022	31.12.2021
Local currency payables	16 510 390	15 810 337
Foreign currency payables	8 622 295	8 053 145
	25 132 685	**23 863 482**

	31.12.2022	31.12.2021
Payables in EUR	8 470 643	8 053 145
Payables in USD	151 652	0

Note 16.1 - Current income tax payable

	31.12.2022	31.12.2021
income tax	0	236 619
including: corporate income tax	*0*	*236 619*

Note 16.2 - Current employee benefits payable

	31.12.2022	31.12.2021
employee benefits	2 026 234	1 454 281
including: current provisions for other payables arising from accrued holiday entitlement	*698 705*	*505 166*

Note 17. Sales revenue

The Company was performing a single type of a business activity that was considered its core business: the Company was generating revenue from sales of products, constituting 97.7% of its total revenue.

The following division into two geographic segments applies: domestic operations and operations within or outside the European Union. The segmentation is done based on the Company's assets location.

	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Revenue from sales of products	219 019 495	153 565 385
Revenue from sales of services	344 174	8 641
Revenue from sales of commodities and materials	4 840 876	3 697 085
	224 204 545	**157 271 111**
Domestic sales revenue	72 667 323	57 055 669
Foreign sales revenue	151 537 223	100 215 442
	224 204 545	**157 271 111**

As far as revenue from sales of products is concerned, the following table shows a structure of clients that represent 10% or more of the Company's total revenue:

Client	2022		2021	
	PLN	%	PLN	%
Sarantis PL	33 485 339	14.94	25 529 046	16.23
Lidl PL	27 251 615	12.15	20 262 440	12.88
Helmut Krapp GmbH	24 380 344	10.87	7 449 677	4.82
GR Sarantis	16 469 625	7.35	16 135 423	10.26

Note 18. Other operating income

	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Gains on disposal of assets:	**0**	**-145 726**
gain on the sale of fixed assets	0	-145 726
Subsidies:	**1 248 621**	**1 800 890**
wage and salary subsidies	191 686	259 531
settlement of revenue for project no. POIR.01.01.01-00-03/0379/19	276 235	1 241 620
settlement of revenue for project no. POIR.01.01.01-00-0783/19	740 274	236 934
depreciation of fixed assets in the part financed with the energy efficiency support and with the support from the State Labour Office	40 426	62 805
Other operating income	**366 698**	**244 720**
reversal of allowances for receivables	0	25 117
income from renting out investment property	71 600	0

income from increased value of inventories	49 609	35 707
other	245 489	183 897
Attributable to continuing operations	**1 615 319**	**1 899 884**
Attributable to discontinued operations	**0**	**0**

Other operating income includes revenues and gains that are not directly connected with the Company's operating activities.

This category includes wage and salary subsidies for the disabled persons employed, financial support from the Labour Office, gains on the sale of property, plant and equipment, damages received, and reimbursement of property and personal insurance premiums overpaid, reversal of allowances for receivables, impairment losses relating to fixed assets.

Note 19. Other operating expenses

	01.01.2022-31.12.2022	**01.01.2021-31.12.2021**
Loss on disposal of assets:	**145 726**	**0**
loss on the sale of fixed assets	145 726	0
Other operating expenses	**3 150 558**	**311 337**
donations	75 421	29 836
bad debt written off	0	0
allowance for receivables	618 505	0
retirement of fixed assets	469 369	47 573
elimination of inventories	238 946	112 619
cost of moving to the new head office	1 366 972	5 940
maintenance cost of investment property	321 721	0
other	59 624	115 368
Attributable to continuing operations	**3 296 584**	**311 337**
Attributable to discontinued operations	**0**	**0**

Other operating expenses include costs and losses that are not directly connected with the Company's operating activities. This category includes losses on the sale of fixed assets, donations to other entities, whether in kind or in cash.

Other operating expenses include also costs of allowances for receivables, impairment losses, as well as retirement cost of fixed assets and elimination cost of inventories.

In 2022, the Company recognized as other operating expenses costs of moving to, and putting machines into operation in, the new location of the Company's head office and business in Środa Wielkopolska, ul. Fabryczna 7

Note 19. Finance income

	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Interest income	**0**	**61**
interest on receivables	61	61
Other finance income	**268**	**356**
other	268	356
Attributable to continuing operations	**268**	**417**
Attributable to discontinued operations	**0**	**0**

Finance income includes interest income on depositing, and investing in various financial instruments. Finance income includes also gains on exchange differences and interest on receivables.

Note 21. Finance cost

	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Interest expense	**10 631 898**	**595 652**
interest on loans and borrowings, including overdraft facilities	10 624 684	561 769
lease interest	5 673	33 558
interest on liabilities	1 541	324
Other finance cost	**1 074 571**	**290 407**
loss on exchange differences	151 798	133 979
bank fees and charges	213 294	133 356
cost of commission fees for sureties and guarantees	707 201	23 073
other	2 277	0
Attributable to continuing operations	**11 706 468**	**886 059**
Attributable to discontinued operations	**0**	**0**

Finance cost includes costs arising from the use of external sources of finance, interest, and other costs payable under lease agreements entered by the Company, interest on, and fees arising from factoring arrangements, and interest on late payment of liabilities. Finance cost includes also losses on exchange differences.

Note 22. Income tax

Income tax is calculated on gross profit, taking into account the net deferred tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases.

Current tax and deferred tax assets and liabilities are calculated using the tax rate of 19% which applies at present and at the balance sheet date and is expected to apply when temporary differences are expected to realise.

Deferred tax assets are recognised for deductible temporary differences and unrealised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be realised.

Deferred tax liabilities are recognised for all taxable temporary differences. Liabilities are recognised when the Company has a legal or constructive obligation arising from future events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation.

The liabilities are reviewed as at the balance sheet date and adjusted to reflect the current best estimate as at that date. In the provisions, the Company includes deferred tax liabilities and provisions for employee benefits such as: retirement gratuity, service anniversary awards, and accrued holiday entitlement.

Assets and liabilities are recognised regardless of when the assets and liabilities are to be realised, classified and presented as fixed assets, or as liabilities and provisions for liabilities in the balance sheet.

The following are primary components of tax burden for the years ended 31 December 2022 and 31 December 2021:

	Period ended 31.12.2022	**Period ended 31.12.2021**
Current income tax	1 021 442	1 608 022
Income tax – amended tax returns filed in the current period	(431 798)	(269 294)
Origination/reversal of temporary differences	(305 690)	(255 533)
Income tax disclosed in the statement of comprehensive income	**283 954**	**1 083 195**

A difference between the tax amount disclosed in the statement of comprehensive income and the tax amount calculated at the relevant rate on profit before taxation results from the following items:

	Period ended 31.12.2022	**Period ended 31.12.2021**
Gross profit	190 771	7 821 287
Tax at a rate of 19% applicable in Poland	1 021 771	1 608 022
Tax effect of non-deductible costs and non-taxable income	(305 690)	(255 533)
Current tax liability	715 752	1 352 489

23. Contingent liabilities

A contingent liability is understood to mean a possible obligation to perform, which arises from certain events. As at 31 December 2022, the Company had no contingent liabilities.

24. Tax filings

Laws governing value added tax, corporate income tax, individual income tax, or social insurance contributions are subject to frequent amendments, thereby preventing any reference to well-established regulations. Current legislation is also marked by obscurity, leading to differences in opinions concerning legal interpretation of tax laws both within tax authorities and between state authorities and corporate taxpayers. Tax fillings may be audited by relevant agencies authorised to impose penalties, and any additional amounts due established through such audits have to be paid along with interest thereon. These phenomena make tax exposure in Poland higher than in countries that enjoy more developed tax systems.

Tax fillings may be audited within five years following an end of a year in which relevant tax was paid. As a result of an audit, the Company's tax treatments may be questioned and an additional tax liability may arise.

25. Financial risk management

The Company is exposed to the following risk pertaining to financial instruments:

* market risk comprising currency risk and interest rate risk
* credit risk
* liquidity risk
* interest rate risk

The risk management process is mostly focused on identification, measurement, and mitigation of risks, including currency and interest rate fluctuations aspects.

In economic terms, transactions on the financial markets are entered into for the purpose ofhedging against specific risks.

Market risk

The Company's exposure to currency risk results from sales and purchases in foreign currencies, primarily in EUR and, to a lesser extent, in USD.

Moreover, the Company uses dual-currency overdraft facilities (PLN/EUR/USD). To minimize the currency risk, the Company tries to adjust the value andmaturity dates of assets and due dates of liabilities. A human factor of control and collaboration among people, who have influence on which market to choose for sales purposes and which purchase to make, is the most important and effective factor in developing the currency risk management strategy. The following are the Company's financial assets and liabilities, other than derivatives stated in foreign currencies, translated into PLN using the closing rate applicable as at the balance sheet date:

	Value in foreign currency		**Before**	**After**
As at 31 December 2022	**EUR**	**USD**	**translation**	**translation**
Financial assets (+)				
Loans	0	0	0	0
Trade receivables and other financial receivables	2 242 178	364 298	12 134 515	12 119 155
Other financial assets	0	0	0	0
Cash and cash equivalents	636	0	3 529	2 982
Financial liabilities (-)				
Loans and borrowings				
Lease liabilities				
Trade payables and other financial liabilities	(1 806 146)	(34 452)	(8 654 012)	(8 622 295)
Total currency risk exposure	**436 668**	**329 846**	**3 484 033**	**3 499 842**

	Value in foreign currency		**Before**	**After**
As at 31 December 2021	**EUR**	**USD**	**translation**	**translation**
Financial assets (+)				
Loans	0	0	0	0
Trade receivables and other financial receivables	1 513 820	0	7 005 312	6 962 665
Other financial assets	0	0	0	0
Cash and cash equivalents	85 171	19 913	436 697	472 579
Financial liabilities (-)				
Loans and borrowings	0	0	0	0
Lease liabilities	0	0	0	0
Trade payables and other financial liabilities	(1 750 920)	0	(8 035 167)	(8 053 145)
Total currency risk exposure	**(151 929)**	**19 913**	**(593 158)**	**(617 900)**

Credit risk

The Board of Directors applies the credit policy, under which the Board monitors clients' and debtors' arrears in payments, by reviewing the credit risk on a case by case basis. Moreover, as part of its credit risk management, the Company enters into transactions with partners whose creditworthiness is confirmed. Based on historical data on overdue payments, the receivables, which are past due and for which no impairment losses have been recognised, do not show any significant deterioration in quality: most of them fall into the "within 1 month" category, and there is no doubt as to their collectability. According to the Board of Directors' assessment, the assets disclosed as at the balance sheet date may be considered good credit quality assets.As at 31 December 2022, the balance of the allowance for receivables was PLN 644 971.02 and was relating to Lidl BG and Lidl SK which are subject to preliminary investigation in progress, and to Brico Depot whose purchase transaction proved to be business fraud, with persons representing Brico Depot using false data, which fact has been reported to relevant law enforcement authorities by the Company. As at the balance sheet date, relevant preliminary investigation is in progress.

In the current year, the Company concluded that there was no significant increase in credit risk (no adverse change in the age structure of trade receivables). As far as trade receivables are concerned that are the major class of assets exposed to credit risk, the Company is not exposed to any significant risk as the Company continues to maintain accounts receivable insurance with a third-party agency. In consequence, the amount of a relevant write-off, which is estimated primarily based on historical trending for past due receivables and on linking arrears to actual repayment rates for the last three years, is insignificant. As at the balance sheet date, no need for creating an allowance for trade receivables, resulting from expected credit losses, was identified.

Liquidity risk

While conducting its operating activities, the Company maintains a fixed amount of excess liquid cash, and open lines of credit. The Company manages the liquidity risk by monitoring payment dates and demand for cash with regard to the current liabilities (transactions are monitored on a fortnight basis). The demand for cash is compared with the available sources of funding, in particular by evaluating the ability to source funds under a credit facility or a loan , in comparison with current inflows.

For a financial risk management policy, see Director's Report on the Company's Operation, Section 6. Risk factors.

Interest rate risk

The Company is exposed to interest rate risk as finance for its core operations and investment activities is obtained through credit facilities offered by banks and through loans from the related entity, which carry floating interest rates. As at 31 December 2022, the face value of the portfolio of credit facilities and loans used by the Company was PLN 179 057 359. Following the Monetary Policy Council's decisions, which raised benchmark interest rates in Poland several times between October 2021 and balance end date, the Company analysed its risk associated with interest rates that are WIBOR1M-based for the overdrafts and for the loans from the related entity, and WIBOR3M-based for the investment loan:

As at 31 December 2022

Credit obligations exposed to floating interest rate risk	**Value of balance-sheet items**	**Effect on financial result**		**Effect on financial result**	
		+100bps	-100pbs	+300pbs	-300bps
Overdrafts	32 557 359	325 574	-325 574	976 721	-976 721
Loans from the related entity	84 000 000	840 000	-840 000	2 520 000	-2 520 000
Investment loan	62 500 000	625 000	-625 000	1 875 000	-1 875 000
Total	**179 057 359**	**1 790 574**	**-1 790 574**	**5 371 721**	**-5 371 721**
Total value of available overdrafts	*40 000 000*	*400 000*	*-400 000*	*1 200 000*	-1 200 000
Total including overdrafts fully used:	***186 500 000***	***1 865 000***	***-1 865 000***	***5 595 000***	***-5 595 000***

25. Employment structure

The following is the Company's average headcount by employee groups, and employee turnover:

	01.01.2022-31.12.2022	**01.01.2021-31.12.2021**
White-collar workers	61	59
Blue-collar workers	154	148
Total FTE	215	209
Workers engaged under commission contracts	4	2
Workers engaged by the Employment Agency	149	121
Number of workers hired	87	30
Number of workers terminated	47	38

27. Remuneration for the Board of Directors

	01.01.2022-31.12.2022	**01.01.2021-31.12.2021**
under the contract of employment	725 446	425 650
under the appointment agreement	187 008	228 386
	912 454	**654 036**

In 2022, the Company neither received any loan from, nor granted any loan to, the Company's key management staff in the period covered by the consolidated financial report.

In the reporting period, the Company did not purchase from its key management staff or its parent's key management staff either.

Note 28. Other information

Effect of the war in Ukraine on business continuity.

On 24 February 2022, Russia began its military operations on the territory of Ukraine or a neighbouring country of Poland. Many countries across Europe and globally started introducing sanctions against Russia as well as against Belarus which openly supports Russia's attack. Therefore, the Company carried out a business risk analysis which, however, did not identify any significant business continuity risk arising from a negative impact of the war.

The analysis examined sales markets of the Company that was selling to neither Russia nor Belarus in the past reporting period. And as plans for expansion into new selling markets do not include the said countries either, there is no risk of any drop in potential revenue.

The Company's supply chains were also looked at, especially in the context of transit routes going through Ukraine or Belarus. As the Company does not purchase raw materials in the East, the Management does not expect any major disruptions in the supply of raw materials.

Investment tax credit

On 27 March 2020, the Company received a decision on support for its new investment under the Polish Investment Zone program. The new investment will be carried out at Polipak through substantial modification of a production process of the existing plant.

The decision remains valid for 10 years from its date of issuance.

The decision specifies conditions to be met by the Company in connection with the new investment:
(a) the new investment shall be in Środa Wielkopolska, ul. Fabryczna 7, on the Company-owned land with the surface area of 5.2981 ha;
(b) the net headcount shall be increased by four new workers over the average headcount of 12 months preceding the receipt date of the decision on support, and such increased headcount understood to mean the 4 new workers plus the average headcount referred to above shall be maintained during the period from 31 December 2020 through 31 December 2023;
(c) eligible cost for the new investment of at least PLN 65 850 000.00 shall be incurred at the investment site by 31 July 2024;
(d) new investment shall be completed by 31 July 2024, after which date no investment cost incurred by the Company will be deemed eligible cost;
(e) maximum eligible cost, which may be considered when determining a maximum amount of public support, shall be PLN 85 605 000.00.

In their decision, WSSE confirmed that the investment meets the quantitative criterion. Polipak has undertaken to incur at least PLN 3 000 000.00 of the eligible cost of the new investment.

In their decision, WSSE bound the Company to meet the following qualitative criteria within the period of maintaining the new investment:

- sustainable economic development criterion (an appropriate level of sales is to be reached; membership in the Key National Cluster is to be maintained; and R&D activities are to be conducted with R&D personnel in the new investment to account for 2% of FTE for all workers employed);

- sustainable social development criterion (specialized jobs are to be created to carry out business activity covered by the new investment, including the hiring of workers, who have a specified level of education, under contracts of employment; business activity is to be conducted with low negative impact on the environment as confirmed by adequate certificates; the acquisition of education and vocational qualifications is to be supported; and collaboration is to be established between the Company and vocational schools as far as provision of machinery and tools to the schools is concerned).

In contrast to other tax credits, where the investment tax credit under the Polish Investment Zone program is received, investment costs are not deducted from revenue but are directly subtracted from the tax an enterprise owes.

Support received by Polipak meets the definition of the investment tax credit. Investment tax credits are excluded from the scopes of IAS 12 and IAS 20. Moreover, in accordance with IAS 12, no asset arising from a deductible temporary difference that originates on initial recognition of a difference arising from the said tax credit in the balance sheet can be recognized.

Therefore and given the right to select its accounting policy under IAS 8, the Company's Board of Directors introduced the principle to the accounting policy, whereby no deferred tax asset is recognised for the investment tax credit.

29. Post-balance sheet events

On 10 February 2023, the Company received a confirmation letter from BNP Paribas Bank S.A. that the Bank accepts the LTC ratio slightly exceeding the LTC ratio set by the covenant and that the investment credit facility will not be thus made immediately due and payable.
As at 28 February 2023, the Company reached the required level of the LTC ratio.

In accordance with the principles resulting from MRS 1, the Company presented the entire debt as a short-term loan as a result of exceeding the covenant as at December 31, 2022. Due to the achievement of the contractually required ratio as at February 28, 2023, the Entity will again present the loan broken down into short-term and long-term parts in subsequent reporting periods.

On March 2, 2023, Artur Gwardiak was dismissed from the Management Board of Polipak. Since then, the Company's Management Board has been composed of one person.

Środa Wielkopolska

Person responsible for preparation of these Financial Statements:

Patrycja Prusakiewicz-Błaszczuk

Podpis jest prawidłowy

Dokument podpisany przez Patrycja Prusakiewicz-Błaszczuk
Data: 2023.03.17 13:32:09 CET

Board of Directors:

Tomasz Tramś - President of the Board of Directors

Podpis jest prawidłowy

Dokument podpisany przez Tomasz Adam Tramś
Data: 2023.03.17 15:43:41 CET