



**Financial Statement of Sarantis Polska S.A.  
for the period  
from 1 January 2021 to 31 December 2021**

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**STATEMENT OF FINANCIAL POSITION**

	Nota	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	1	25 158 864	29 659 933
Intangible assets	2	9 884 658	10 361 280
Perpetual usufruct of land	3	4 019 000	3 264 000
Shares in affiliated companies	4	23 825 899	23 825 899
Loans granted to affiliated companies	10	85 761 488	60 688 800
Deferred tax assets	5	-	455 173
<b>Total fixed assets</b>		<b>148 649 909</b>	<b>128 255 085</b>
<b>Current assets</b>			
Inventory	6	76 524 781	74 359 986
Trade and other receivables	7	58 728 111	55 240 643
Loan granted to affiliated companies	10	2 777 333	6 953 030
Transitional accounts	9	2 843 926	9 431 524
Cash and cash equivalents	11	8 605 070	8 277 252
<b>Total current assets</b>		<b>149 479 221</b>	<b>154 262 435</b>
<b>TOTAL ASSETS</b>		<b>298 129 130</b>	<b>282 517 520</b>
<b>LIABILITIES</b>			
Nominal share capital	12	56 800 000	56 800 000
Nominal share premium	12	1 055 603	1 055 603
Capital from revaluation of property		3 660 865	3 004 776
Retained profits	13	122 245 046	96 857 083
<b>Total equity</b>		<b>183 761 514</b>	<b>157 717 462</b>
<b>Long-term liabilities</b>			
Long-term bank loans	15	26 159 088	27 688 800
Provision for retirement benefits		264 294	225 649
Deferred tax provision	5	503 378	-
Lease liabilities		2 293 458	5 864 738
<b>Total long-term liabilities</b>		<b>29 220 218</b>	<b>33 779 187</b>
<b>Short-term liabilities</b>			
Trade and other liabilities	18	76 614 779	76 587 787
Lease liabilities		3 475 729	3 447 075
Bank loan liabilities	15	2 587 163	6 922 200
Tax liabilities	19	2 448 517	4 043 438
Transitional accounts		21 210	20 371
<b>Total short-term liabilities</b>		<b>85 147 398</b>	<b>91 020 871</b>
<b>Total liabilities</b>		<b>298 129 130</b>	<b>282 517 520</b>

The Management Board:

*President of the Board*  
Kyriakos Sarantis

*Vice President of the Board*  
Konstantinos Rozakeas

*Vice President of the Board*  
Konstantinos Stamatiou

*Member of the Board*  
Meintanis Vasileios

*Member of the Board*  
Grigorios Sarantis

*Member of the Board*  
Elpiniki Sarantis

*Member of the Board*  
Grigorios Sarantis

**STATEMENT ON THE RESULT AND OTHER COMPREHENSIVE INCOME**

	Note	31 December 2021	31 December 2020
<b>Continuing of activity</b>			
<b>Sales income</b>	<b>20</b>	<b>369 507 251</b>	<b>364 226 692</b>
<b>Other income</b>	<b>21</b>	<b>1 810 589</b>	<b>786 185</b>
Change of the inventory product balance		(1 046 977)	2 314 041
Cost of work performed by the entity for its own needs		(1 966 025)	(2 379 793)
Depreciation		(5 394 464)	(4 630 862)
Consumption of materials and power		(79 630 424)	(72 070 550)
External services		(24 338 157)	(30 204 633)
Taxes and fees		(500 473)	(508 438)
Salaries		(20 424 846)	(22 048 733)
Social insurance and other benefits		(4 434 865)	(4 569 065)
Other cost by nature		(2 619 056)	(1 797 249)
Cost of trade goods and materials sold		(196 379 555)	(188 750 519)
Other costs	22	(2 405 123)	(3 270 467)
<b>Total cost on operating activity</b>		<b>(339 139 965)</b>	<b>(327 916 268)</b>
Profit from operating activities		<b>32 177 875</b>	<b>37 096 609</b>
Financial revenues	23	1 443 843	1 146 787
Financial expenses	23	(2 016 634)	(2 675 270)
<i>including leasing interest</i>		(165 079)	(194 983)
<b>Net financial revenues and expenses</b>		<b>(572 791)</b>	<b>(1 528 483)</b>
<b>Profit before tax</b>		<b>31 605 084</b>	<b>35 568 126</b>
Income tax	24	(6 217 121)	(7 074 877)
<b>Net profit</b>		<b>25 387 963</b>	<b>28 493 249</b>
<b>Net other comprehensive income</b>			
<i>Items not transferred to the financial result</i>			
Revaluation of property and plant		809 986	22 764
Income tax related to revaluation of property, plant and equipment		(153 897)	(4 325)
<b>Other net total income</b>		<b>656 089</b>	<b>18 439</b>
<b>Total comprehensive income</b>		<b>26 044 052</b>	<b>28 511 688</b>

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Konstantinos Stamatiou

*Member of the Board*  
Meintanis Vasileios

*Member of the Board*  
Grigorios Sarantis

*Member of the Board*  
Elpiniki Sarantis

*Member of the Board*  
Grigorios Sarantis

**STATEMENT OF CASH FLOWS**

	Note	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
<b>Cash flows - operational activity</b>			
Gross profit from the business activity		<b>31 605 084</b>	<b>35 568 126</b>
Adjustments for:		17 658 502	8 870 303
Depreciation and impairment of property, plant and equipment		5 394 464	4 630 862
(Profit)/loss on account of foreign exchange differences		86 218	(1 612 562)
Profit from the sale of property, plant and equipment		37 178	(20 213)
Interest income and profit sharing		(1 439 373)	(1 142 159)
Interest expenses		1 085 626	1 265 714
Increase/decrease in inventories		(2 164 795)	(21 518 545)
Increase in trade and other receivables	29	(3 487 468)	16 205 827
Increase in trade and other payables	29	18 528 754	20 433 595
Change in the value of accruals and deferrals		6 586 641	(5 621 091)
Change in provisions		38 645	9 620
Income tax paid		(7 007 388)	(3 760 745)
<b>Net cash flows from operating activities</b>		<b>49 263 586</b>	<b>44 438 429</b>
<b>Cash flows - investment activities</b>			
Revenues generated from sale of fixed assets	29	25 417	1 091
Revenues generated from sale of investment property	29	-	5 000 000
Repayment of loans from affiliates		24 246 114	-
Acquisition of tangible fixed assets and intangible assets	29	(575 615)	(1 573 245)
Payments for property investments	29	-	(61 038)
Loans granted to affiliates		(45 000 000)	(15 030 830)
Interest received from affiliated entities		1 442 851	1 199 696
<b>Net cash used in investing activities</b>		<b>(19 861 233)</b>	<b>(10 464 326)</b>
<b>Cash flow - financial activities</b>			
Revenues due to credit and loans		15 923 950	14 861 350
Repayment of loans and borrowings		(40 238 463)	(32 393 219)
Interest paid		(1 085 626)	(1 313 985)
Other financial expenses		(173 493)	(1 063 141)
Dividend paid to shareholders		-	(4 250 000)
Payments under finance leases		(3 495 552)	(2 185 710)
<b>Net cash provided by/(used in) financial activities</b>		<b>(29 069 184)</b>	<b>(26 344 705)</b>
Net change in cash and cash equivalents		333 169	7 629 398
Effect of exchange rate changes		(5 351)	3 453
Balance sheet change in the cash value		327 818	7 632 851
<b>Cash and cash equivalents on 1 January</b>		<b>8 277 252</b>	<b>644 401</b>
<b>Cash and cash equivalents on 31 December</b>		<b>8 605 070</b>	<b>8 277 252</b>

The Management Board:

*President of the Board*  
*Kyriakos Sarantis*

*Vice President of the Board*  
*Konstantinos Rozakeas*

*Vice President of the Board*  
*Konstantinos Stamatiou*

*Member of the Board*  
*Meintanis Vasileios*

*Member of the Board*  
*Grigorios Sarantis*

*Member of the Board*  
*Elpiniki Sarantis*

*Member of the Board*  
*Grigorios Sarantis*

**STATEMENT OF CHANGES IN EQUITY**

	Nominal share capital	Nominal share premium	Revaluation Reserve	Retained earnings	Total equity
<b>Equity as at 1 January 2020</b>	<u>56 800 000</u>	<u>1 055 603</u>	<u>3 486 341</u>	<u>67 863 831</u>	<u>129 205 775</u>
Net profit	-	-	-	28 493 249	28 493 249
Capital from revaluation of property	-	-	(481 565)	500 003	18 439
<b>Equity as at 31 December 2020</b>	<u>56 800 000</u>	<u>1 055 603</u>	<u>3 004 776</u>	<u>96 857 083</u>	<u>157 717 462</u>
Net profit	-	-	-	25 387 963	25 387 963
Capital from revaluation of property	-	-	656 089	-	656 089
<b>Equity as at 31 December 2021</b>	<u>56 800 000</u>	<u>1 055 603</u>	<u>3 660 865</u>	<u>122 245 046</u>	<u>183 761 514</u>

The Management Board:

*President of the Board  
Kyriakos Sarantis*

*Vice President of the Board  
Konstantinos Rozakeas*

*Vice President of the Board  
Konstantinos Stamatiou*

*Member of the Board  
Meintanis Vasileios*

*Member of the Board  
Grigorios Sarantis*

*Member of the Board  
Elpiniki Sarantis*

*Member of the Board  
Grigorios Sarantis*

## **ADDITIONAL INFORMATION AND EXPLANATIONS**

### **The general information**

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

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

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

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

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

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

#### **Company address**

ul. Puławska 42 c  
05-500 Piaseczno

#### **Main Warehouse address**

Moszna Parcela  
05-840 Brwinów

#### **2. Management Board of the Company**

On 31 December 2021 the Management Board is composed of :

Kyriakos Sarantis – President of the Board  
Konstantinos Rozakeas – Vice President of the Board  
Konstantinos Stamatiou - Vice President of the Board  
Vasileios Meintanis – Member of the Board  
Grigorios Sarantis – Member of the Board  
Elpiniki Sarantis – Member of the Board  
Grigorios Sarantis – Member of the Board

To represent the Company are entitled:

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

### **3. Supervisory Board**

The composition of the Supervisory Board as of 31 December 2021 was as following:

Pantazis Sarantis

Elpiniki Sarantis

Aikaterini Sarantis

### **4. Statutory auditor**

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

ul. Abpa Antoniego Baraniaka 88 E

61-131 Poznań

### **5. Name of the parent company**

GR Sarantis SA, Greece

### **6. Principles of presentation**

#### **Information on principles adopted for preparation of financial statement for 2021**

The financial statement has been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statement covers the period from 1 January to 31 December 2021 and the comparative period from 1 January to 31 December 2020.

The financial statement is compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as of 31 December 2021 and 31 December 2020, results of its activity and cash flows for the year ended 31 December 2021 and 31 December 2020.

### **7. Statement of the Management Board**

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

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



## **Basis for the preparation of the report and accounting principles**

### **Basic of the financial statement**

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

### **Consolidated financial statement**

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

### **Functional currency and presentation currency of financial statements**

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

### **Judgments and evaluations**

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

### **Fixed assets**

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

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

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

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

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

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

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

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

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

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

Buildings and constructions 10 - 60 years

Machinery and equipment 8 - 10 years

Vehicles and others 3 - 20 years

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

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

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

### **Investment real estate property**

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

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

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

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

## **Leasing (from 2019)**

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

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

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

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

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

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

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

## **Intangible assets**

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

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

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

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

Acquired computer software 3 - 50 years

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

### **Valuation of shares in subsidiary entities**

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

### **Financial instruments**

#### *Financial instruments other than derivatives.*

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

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

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

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

#### *Financial instruments estimated by financial results at fair value*

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

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

#### *Investments retained until the maturity term*

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

Financial assets held to maturity include bonds.

#### *Receivables and loans*

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

#### *.Derivative Financial assets not available for sale*

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

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

#### **Inventories**

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

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

#### **Receivables**

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

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

#### **Cash and cash equivalent**

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

#### **Trade incomes**

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

#### **Sales revenues**

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

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

#### **Equity capital**

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

Share capital is presented in the nominal value, in the amount according to the Company Statute and entry in the commercial register. Declared but not made contributions are included by due contributions to the initial capital. Own funds of the Company are decreased by due contributions to the share capital.

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

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

#### **Loan and credits**

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

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

## Transactions in foreign currency

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

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

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

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

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

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

<i>Exchange rate at the day</i>	<i>31.12.2021</i>	<i>31.12.2020</i>
USD	4,0600	3,7584
EUR	4,5994	4,6148
CHF	4,4484	4,2641
CZK	0,1850	0,1753
CNY	0,6390	0,5744
GBP	5,4846	5,1327

## Income tax

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

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

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

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

- temporary differences resulted from the initial presentation of goodwill.

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

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

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

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

### **Fixed assets available to sale**

Fixed assets available to sale satisfy following criteria:

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

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

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

### **Provisions**

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

### **Liabilities**

Trade and other liabilities are measured at the due amount.



## Contingent liabilities

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

## Application of the accounting principles

The above principles are applicable for comparative data.

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

### Amendments to standards or interpretations in force and applied by the Company from 2021

New or amended standards and interpretations effective from January 1, 2021 and their impact on the Company's financial statements:

#### Amendment to IFRS 16 "Leases"

In connection with the COVID-19 pandemic, the IFRS Board introduced a simplification that allows not to assess whether the changed future flows resulting from concessions received from lessors that meet the conditions set out in the standard are a "lease change" under IFRS 16. Conditions that must be met by the relief received, so that a simplification can be applied to it:

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

In addition, in 2021, the IFRS Board changed one of the above amended conditions by changing the deadline of June 30, 2021 to June 30, 2022. This change has been in force since 2022, but it can be applied earlier.

The company did not apply the simplification provided for in the standard because it did not use any reliefs from lessors.

#### Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4, IFRS 16

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

- in the case of measurement at amortized cost, changes in estimated cash flows resulting directly from the IBOR reform are treated as a change in a floating interest rate, i.e. without recognizing the result,
- there is no need to terminate the hedging relationship if the only change is the effects of the IBOR reform and the other criteria for applying hedge accounting are met; the change regulates how to account for an alternative rate in a hedging relationship,

- the entity is required to disclose information about the risks arising from the reform and how it manages the transition to alternative reference rates.

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

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

#### Application of a standard or interpretation before its effective date

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

#### Published standards and interpretations that did not come into force for the periods beginning on 1 January 2021 and their impact on the Company's financial statements.

By the date of these financial statements, new or revised standards and interpretations have been published, applicable to the annual periods after 2021. The list also includes changes, standards and interpretations published but not yet approved by the European Union.

##### New IFRS 17 "Insurance Contracts"

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

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

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

##### Amendment to IFRS 1 "Presentation of Financial Statements"

The IFRS Board clarified the principles of classification of liabilities to long- or short-term, mainly in two aspects:

- clarified that the classification depends on the rights held by the entity as at the balance sheet date,
- the intentions of management with regard to accelerating or delaying the payment of a liability are not taken into account.

The changes are effective for annual periods beginning on or after January 1, 2023. Due to the fact that the Company, in the case of overdraft facilities granted for a period longer than one year, is guided by the management's intention of repayment, it is expected that the balances of such loans will be presented as long-term liabilities and not short-term as before.

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

- IFRS 1: additional exemption regarding the determination of cumulative exchange rate differences from consolidation;

- IFRS 9: (1) when testing the 10% of whether a modification should disqualify a liability, only fees that are exchanged between the obligor and the creditor should be included; (2) it was clarified that the fees incurred in the event of the liability being derecognised are recognized in the result, and if the liability is not derecognised, they should be referred to the value of the liability;
- IFRS 16: in Example 13, the issue of the lessor's incentive to cover fit-out costs incurred by the lessee, which raised interpretation doubts, was removed;
- IFRS 41: the prohibition on recognizing tax flows in the measurement of biological assets has been removed.

The amendments are effective for annual periods beginning on or after January 1, 2022 (except for the amendment to the example to IFRS 16, which is effective from the date of publication). The Company estimates that the above changes will not affect its financial statements.

Amendment to IFRS 16 "Property, plant and equipment"

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

Amendment to IFRS 37 "Provisions, Contingent Liabilities and Contingent Assets"

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

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

Amendment to IFRS 3 "Business Combinations"

The references to the definition of liabilities included in the conceptual assumptions and the definition of contingent liabilities from IFRS 37 have been made more precise. The company estimates that the change will not have an impact on its financial statements.

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

Amendment to IFRS 1 "Presentation of Financial Statements"

The IFRS Board clarified which information about the accounting policy applied by the entity is relevant and requires disclosure in the financial statements. The principles focus on tailoring disclosures to the individual circumstances of the entity. The Board advises against the use of standardized provisions copied from IFRS and expects that the basis of measurement of financial instruments is significant information. The company estimates that the change will not have an impact on its financial statements.

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

Amendment to IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The Board introduced the definition of an accounting estimate to the standard: Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

The company estimates that the change will not have an impact on its financial statements.

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

Amendment to IFRS 16 "Leases"

In 2020, the Council published simplifications for lessees receiving reliefs due to the COVID-19 pandemic. One of the conditions was that the discounts would apply only to payments maturing by the end of June 2021. Now this date has been postponed to June 2022. The company does not plan to use the simplification as it has not received any allowances. The change is effective for annual periods beginning on or after April 1, 2021, with earlier application permitted.

Amendment to IFRS 12 "Income Taxes"

The Supervisory Board introduced a rule that if a transaction results in both positive and negative temporary differences in the same amount, assets and a provision for deferred income tax should be recognized even if the transaction does not result from a merger and does not affect the accounting or tax result. This means that assets and a provision for deferred tax have to be recognized, for example when temporary differences exist in equal amounts in the case of a lease (a separate temporary difference from the liability and the right of use) or in the case of restoration liabilities. The principle stating that deferred income tax assets and liabilities are set off if the current tax assets and liabilities are set off has not been changed. The company estimates that the change will not affect its financial statements.

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

Amendment to IFRS 17 "Insurance Contracts"

The Board has established comparative transitional provisions for entities that simultaneously implement IFRS 17 and IFRS 9 to mitigate potential accounting mismatches resulting from differences between these standards. The company estimates that the amendment will not affect its financial statements as it does not conduct insurance activities.

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

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

## 1. Tangible fixed assets

	<b>31.12.2021</b>	<b>31.12.2020</b>
Buildings, premises and structures of land and water engineering	12 763 240	13 090 095
Machinery and technical equipment	5 354 819	5 951 755
Transportation means	270 628	289 377
Other fixed assets	1 288 414	1 419 055
Buildings – MSSF 16	2 696 693	4 804 702

Transportation means – MSSF 16	2 764 060	4 052 339
Advances for fixed assets under construction	21 010	14 254
Fixed assets under construction	-	38 356
<b>Total tangible fixed assets</b>	<b>25 158 864</b>	<b>29 659 933</b>

As at December 31, 2021, the Company made another revaluation of the property, in accordance with the appraisal report prepared by property appraiser Ewa Borkowska-Karwowska, license no. 4984.

According to the survey, the market value of the buildings was 12 749 000 PLN.

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

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

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

As at December 31, 2021, the Company had the right to use buildings in the net amount of 2 696 693 PLN and the right to use cars in the net amount of 2 764 061 PLN.

There are no tangible assets which are a security for liabilities of the company at 31st December 2021 and at 31st December 2020.

In 2021 and 2020, the Company did not make any changes to depreciation periods.

At December 31 ,2021 and December 31 ,2020 the Company had no future investment commitments.

## Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Buildings IFRS 16	Machinery and technical equipment	Transportation means	Transportation means IFRS 16	Other fixed assets	Assets under construction	Advances for fixed assets	Total
<b>Gross value of tangible fixed assets</b>									
<b>Gross value as at 1<sup>st</sup> January 2020</b>	<b>14 663 687</b>	<b>7 183 589</b>	<b>11 973 520</b>	<b>1 663 205</b>	<b>-</b>	<b>2 752 890</b>	<b>-</b>	<b>25 535</b>	<b>38 262 426</b>
Increases:	-	1 328 008	825 631	140 422	4 640 004	407 610	205 567	182 808	7 730 050
acquisition	-	1 328 008	825 631	140 422	4 640 004	391 910	205 567	182 808	7 714 350
transfer	-	-	-	-	-	15 700	-	-	15 700
Decreases:	15 962	-	33 984	-	-	-	167 211	194 089	411 246
sales	-	-	22 371	-	-	-	-	-	22 371
liquidation	-	-	11 613	-	-	-	-	-	11 613
revaluation	262	-	-	-	-	-	-	-	262
transfer	15 700	-	-	-	-	-	167 211	194 089	377 000
<b>Gross value as at 31<sup>st</sup> December 2020</b>	<b>14 647 725</b>	<b>8 511 597</b>	<b>12 765 167</b>	<b>1 803 627</b>	<b>4 640 004</b>	<b>3 160 500</b>	<b>38 356</b>	<b>14 254</b>	<b>45 581 230</b>
Increases:	62 828	47 518	340 802	77 307	226 799	71 890	15 954	21 010	864 108
acquisition	-	47 518	340 802	77 307	226 799	71 890	15 954	21 010	801 280
revaluation	62 828	-	-	-	-	-	-	-	62 828
Decreases:	-	-	171 352	33 889	321 391	-	54 310	14 254	595 196
sales	-	-	132 485	33 889	-	-	-	-	166 374
liquidation	-	-	38 867	-	321 391	-	-	-	360 258
transfer	-	-	-	-	-	-	54 310	14 254	68 564
<b>Gross value as at 31<sup>th</sup> December 2021</b>	<b>14 710 553</b>	<b>8 559 115</b>	<b>12 934 617</b>	<b>1 847 045</b>	<b>4 545 412</b>	<b>3 232 390</b>	<b>-</b>	<b>21 010</b>	<b>45 850 142</b>

**Changes in tangible fixed assets according to the category criterion:**

	Buildings, premises and structures of land and water engineering	Buildings IFRS 16	Machinery and technical equipment	Transportation means	Transportation means IFRS 16	Other fixed assets	Assets under construction	Advances for fixed assets	Total
<b>Accumulated depreciation and impairment loss</b>									
<b>as at 31<sup>st</sup> January 2020</b>	<b>1 182 611</b>	<b>1 690 256</b>	<b>5 937 558</b>	<b>1 448 842</b>	<b>-</b>	<b>1 547 064</b>	<b>-</b>	<b>-</b>	<b>11 806 330</b>
Increases:	381 848	2 016 638	909 314	65 408	587 665	194 382	-	-	4 155 255
Depreciation for the year	381 848	2 016 638	909 314	65 408	587 665	187 579	-	-	4 148 452
transfer	-	-	-	-	-	6 803	-	-	6 803
Decreases:	6 829	-	33 459	-	-	-	-	-	40 288
sales	-	-	21 846	-	-	-	-	-	21 846
liquidation	-	-	11 613	-	-	-	-	-	11 613
revaluation	26	-	-	-	-	-	-	-	26
transfer	6 803	-	-	-	-	-	-	-	6 803
<b>Accumulated depreciation and impairment loss as at 31<sup>st</sup> December 2020</b>	<b>1 557 630</b>	<b>3 706 894</b>	<b>6 813 413</b>	<b>1 514 250</b>	<b>587 665</b>	<b>1 741 445</b>	<b>-</b>	<b>-</b>	<b>15 921 297</b>
Increases:	389 683	2 155 528	892 428	78 772	1 193 687	202 530	-	-	4 912 628
Depreciation for the year	381 841	2 155 528	892 428	78 772	1 193 687	202 530	-	-	4 904 786
revaluation	7 842	-	-	-	-	-	-	-	7 842
Decreases:	-	-	126 041	16 606	-	-	-	-	142 647
sales	-	-	87 174	16 606	-	-	-	-	103 780
liquidation	-	-	38 867	-	-	-	-	-	38 867
<b>Accumulated depreciation and impairment loss as at 31<sup>th</sup> December 2021</b>	<b>1 947 313</b>	<b>5 862 422</b>	<b>7 579 800</b>	<b>1 576 416</b>	<b>1 781 352</b>	<b>1 943 975</b>	<b>-</b>	<b>-</b>	<b>20 691 278</b>
<b>Net accounting value:</b>									
as at 1 <sup>st</sup> January 2020	13 481 076	5 493 333	6 035 962	214 363	-	1 205 826	-	25 535	26 456 096
as at 31 <sup>st</sup> December 2020	13 090 095	4 804 703	5 951 754	289 377	4 052 339	1 419 055	38 356	14 254	29 659 933
as at 31 <sup>th</sup> December 2021	<b>12 763 240</b>	<b>2 696 693</b>	<b>5 354 817</b>	<b>270 629</b>	<b>2 764 060</b>	<b>1 288 415</b>	<b>-</b>	<b>21 010</b>	<b>25 158 864</b>

**2. Intangible fixed assets**

	<b>31. 12.2021</b>	<b>31. 12.2020</b>
Computer software	2 740 267	3 032 949
Trademarks, licenses	7 144 391	7 328 331
<b>Total intangible fixed assets</b>	<b>9 884 658</b>	<b>10 361 280</b>

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	Trademarks, licenses	Computer software	Total
<b>Gross value as at 1st January 2020</b>	<b>9 457 483</b>	<b>8 277 651</b>	<b>17 735 134</b>
Increases:	-	61 000	61 000
acquisition	-	61 000	61 000
<b>Gross value as at 31st December 2020</b>	<b>9 457 483</b>	<b>8 338 651</b>	<b>17 796 134</b>
Increases:	-	13 057	13 057
acquisition	-	13 057	13 057
<b>Gross value as at 31st December 2021</b>	<b>9 457 483</b>	<b>8 351 708</b>	<b>17 809 191</b>

Accumulated depreciation and impairment loss	Trademarks, licenses	Computer Software	Total
<b>as at 1st January 2020</b>	<b>1 945 213</b>	<b>5 007 232</b>	<b>6 952 445</b>
Increases:	183 940	298 469	482 409
depreciation for the year	183 940	298 469	482 409
<b>Accumulated depreciation and impairment loss as at 31st December 2020</b>	<b>2 129 153</b>	<b>5 305 701</b>	<b>7 434 854</b>
Increases:	183 940	305 739	489 679
depreciation for the year	183 940	305 739	489 679
<b>Accumulated depreciation and impairment loss as at 31st December 2021</b>	<b>2 313 093</b>	<b>5 611 440</b>	<b>7 924 533</b>

**Net accounting value:**

as at 1st January 2020	7 512 270	3 270 419	10 782 689
as at 31st December 2020	7 328 330	3 032 950	10 361 280
as at 31st December 2021	<b>7 144 390</b>	<b>2 740 268</b>	<b>9 884 658</b>

In 2021 and 2020, the Company did not make any changes to depreciation periods.

**3. Perpetual usufruct**

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

As at December 31, 2021, the Company performed another revaluation of the right in accordance with the appraisal report prepared by Ewa Borkowska-Karwowska, property appraiser, license 4984. According to the survey, the value of the perpetual usufruct right was 4 019 000 PLN.



#### 4. Investment in associated companies

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

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

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

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

#### 5. Deferred tax

Deferred tax as at 31 December 2021 and 31 December 2020 is resulting from:

<b>Assets due to deferred tax</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Accruals	1 530 235	2 019 756
Assets for the temporary differences – inventories	215 769	336 905
Balance sheet valuation in foreign currency	278 011	613 652
Assets for the temporary differences – fixed assets	14 386	11 576
Assets – provisions for returns of goods	109 839	251 093
Assets arising from temporary differences - receivables	41 940	115 359
Liabilities not paid	18 297	15 051
Assets - provisions for retirement benefits	50 215	42 873
Other	552	7 111
	<b>2 259 244</b>	<b>3 413 376</b>
<b>Provision for deferred tax</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Assets and liabilities valuation in foreign currency	185 492	486 688
Provision for the temporary differences - assets	2 327 232	2 373 511
Property valuation	153 897	4 325
Reserve under IFRS 16	58 602	86 407
Unpaid interest on receivables	37 399	7 272
	<b>2 762 622</b>	<b>2 958 203</b>

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

**6. Inventories**

	<b>31.12.2021</b>	<b>31.12.2020</b>
Trade goods	62 440 914	60 320 008
Finished products	6 411 536	7 532 960
Materials	6 878 227	6 032 929
Advances for the delivery of goods	794 104	474 089
	<b>76 524 781</b>	<b>74 359 986</b>

As at 31 December 2021 and 31 December 2020 has been not established any pledge on the inventories to secure the Company's liabilities. In 2021, the Company did not create write-downs of inventories.

In 2020, the Company created write-downs of 312 433 PLN.

**7. Trade receivables and other receivables**

	<b>31.12.2021</b>	<b>31.12.2020</b>
Trade receivables from affiliated entities	11 628 345	7 896 761
Trade receivables from other entities	45 031 673	47 375 821
Provision for bad debts on trade receivables	(99 693)	(1 638 164)
Prepayment delivery of services	6 891	1 738
Other receivables from other entities	2 332 707	1 793 118
Provision for bad debts on other receivables	(171 812)	(188 631)
<b>Short-term receivables</b>	<b>58 728 111</b>	<b>55 240 643</b>

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2021 receivables in amount of 271 505 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	<b>01.01.2021-</b>	<b>01.01.2020-</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Beginning of a period</b>	<b>1 826 795</b>	<b>1 660 677</b>
Increases	16 018	216 998
Usage	(1 523 047)	(38 317)
Decreases – reversal	(48 261)	(12 563)
<b>At the end of a period</b>	<b>271 505</b>	<b>1 826 795</b>

Starting from 2018, in addition to write-offs for receivables created on an individual basis, the Company estimates general provisions for credit losses, assuming that a significant increase in risk occurs when the receivables are overdue for more than 90 days. As at 31 December 2021 and 31 December 2020, the Company did not need to create a provision in this respect.

Below is an analysis of trade receivables, which as at December 31, 2021 and December 31, 2020 were overdue, but not considered to be doubtful:

Year	Total	Not overdue	<i>Overdue, but recoverable</i>				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2021	56 560 325	56 560 325	-	-	-	-	-
2020	53 634 418	52 838 062	796 356	-	-	-	-

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

	31.12.2021	31.12.2020
Receivables in the local currency	46 221 029	43 547 189
Receivables in the foreign currency	12 507 082	11 693 454
	<b>58 728 111</b>	<b>55 240 643</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
Receivables in EUR	12 222 480	11 368 794
Receivables in GBP	284 602	324 660
	<b>12 507 082</b>	<b>11 693 454</b>

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

**8. Transactions with affiliated entities**

<b>Loans granted</b>	31.12.2021	31.12.2020
Polipak Sp. z o.o. - Poland	78 000 000	33 000 000
Gr. Sarantis SA, Greece	10 348 650	34 611 000
	<b>88 348 650</b>	<b>67 611 000</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Receivables from affiliated entities</b>		
Sarantis Czech Republic s.r.o.	1 877 031	1 587 550
Gr. Sarantis SA, Greece	2 685 260	2 906 747
Sarantis Romania SA Romania	2 767 718	1 159 237
Sarantis D.O.O., Serbia	(64 432)	-
Sarantis Bulgaria Ltd. Bulgaria	857 553	927 693
Sarantis Hungary Kft. Hungary	1 980 372	103 407
Sarantis Portugal LDA, Portugal	118 156	376 665
Ergopack LTD, Ukraine	982 344	633 061
Sarantis Slovakia s. r. o., Slovakia	358 286	202 402
Polipak Sp. z o.o. - Poland	1 625	-
	<b>11 563 913</b>	<b>7 896 762</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Other receivables – interest on loans</b>		
Polipak Sp. z o.o. - Poland	190 170	30 830
Gr. Sarantis SA, Greece	3 413	5 708
	<b>193 583</b>	<b>36 538</b>

	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Liabilities to affiliated entities</b>		
Sarantis Czech Republic s.r.o.	15 612	9 243
Gr. Sarantis SA Greece	-	3 144 213
Sarantis Hungary Kft. Hungary	130 082	29 883
Sarantis D.O.O., Serbia	370	76 876
Ergopack LTD, Ukraine	62 366	-
Sarantis Bulgaria Ltd. Bulgaria	129	-
Polipak Sp. z o.o. Poland	6 750 091	694 725
	<b>6 958 650</b>	<b>3 954 940</b>
<b>Liabilities for prepayments</b>		
Sarantis D.O.O., Serbia	1 238 977	372 798
Sarantis Hungary Kft. Hungary	72 724	903 859
	<b>1 311 701</b>	<b>1 276 657</b>
<b>Other liabilities</b>		
Gr. Sarantis SA, Greece	2 149 171	193 653
	<b>2 149 171</b>	<b>193 653</b>
<b>Liabilities due to loans received</b>		
Sarantis D.O.O., Serbia	18 397 600	-
	<b>18 397 600</b>	<b>-</b>
<b>Income from the sales</b>		
Sarantis Czech Republic s.r.o.	7 652 597	5 971 191
Gr. Sarantis SA Greece	9 025 945	9 877 302
Sarantis Romania SA, Romania	11 116 359	7 912 749
Sarantis D.O.O. Serbia	7 217 308	9 663 891
Sarantis Bulgaria Ltd., Bulgaria	4 927 442	3 904 444
Sarantis Hungary Kft., Hungary	8 199 493	8 659 560
Sarantis Portugal LDA, Portugal	582 499	862 402
Ergopack LTD, Ukraine	1 919 572	610 463
Sarantis Slovakia s. r. o., Slovakia	1 178 782	826 454
Polipak Sp. z o.o. Poland	1 321	7 672
	<b>51 821 318</b>	<b>48 296 128</b>
<b>Other revenues</b>		
Sarantis Czech Republic s.r.o.	4 009	4 149
Sarantis Hungary Kft.	-	914
Gr. Sarantis S.A.,Greece	11 545	11 810
Polipak Sp. z o.o. Poland	303 951	5 118 814
Sarantis D.O.O., Serbia	-	269
Ergopack LTD, Ukraine	(37 857)	34 348
Sarantis Slovakia s. r. o., Slovakia	-	430

Sarantis Bulgaria Ltd, Bulgaria	-	430
Sarantis Romania SA, Romania	-	484
	<b>281 648</b>	<b>5 171 648</b>
<b>Financial income</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Polipak Sp. z o.o.- Poland - interest	854 312	336 042
GR Sarantis SA, Greece - interest	587 360	806 063
Polipak Sp. z o.o.- Poland - loan guarantee	-	4 020
	<b>1 441 672</b>	<b>1 146 125</b>
<b>Goods purchased from affiliated entities</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Sarantis Czech Republic s.r.o	240 285	182 586
Gr. Sarantis SA, Greece	28 426 065	30 418 783
Sarantis Hungary Kft., Hungary	142 415	56 741
Sarantis D.O.O., Serbia	4 658	29 441
Polipak Sp. z o.o., Poland	25 528 478	23 798 902
Ergopack LTD, Ukraine	224 250	104 860
Sarantis Bulgaria Ltd., Bulgaria	24 174	-
	<b>54 590 325</b>	<b>54 591 313</b>
<b>Other purchase affiliated entities</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Gr. Sarantis SA, Greece	509 678	1 828 311
Polipak Sp. z o.o., Poland	11 752	43 096
Sarantis Czech Republic s.r.o	1 509	-
Sarantis Romania SA, Romania	1 563	-
	<b>524 502</b>	<b>1 871 407</b>
<b>Financial costs - affiliates</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Sarantis Skopje Macedonia - interest	250 020	272 472
Sarantis D.O.O., Serbia - interest	123 701	-
Gr. Sarantis SA, Greece – costs of loan guarantees	179 606	189 977
Gr. Sarantis SA, Greece – Luksja license fee	1 965 874	-
	<b>2 519 201</b>	<b>462 449</b>
<b>9. Deferrals and accruals</b>		
<b>Deferred expenses - assets</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Subscriptions	11 082	22 251
VAT to deduct in next periods	2 615 465	9 194 613
Interest on the bond loan for GR Sarantis	3 413	5 708
Other	18 750	208 952
	<b>2 843 926</b>	<b>9 431 524</b>

**10. Loans granted**

	<b>31.12.2021</b>	<b>31.12.2020</b>
Loans granted – long-term	85 761 488	60 688 800
Loans granted – short-term	2 777 333	6 953 030
	<b>88 538 821</b>	<b>67 641 830</b>

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

**11. Cash and cash equivalents**

	<b>31.12.2021</b>	<b>31.12.2020</b>
Cash in hand	18 993	24 550
Cash in banks	8 507 476	8 211 648
Cash in bank of the Social Fund	78 601	41 054
	<b>8 605 070</b>	<b>8 277 252</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
In local currency	7 636 888	7 876 526
In foreign currency	968 182	400 726
	<b>8 605 070</b>	<b>8 277 252</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
Cash in EUR	962 360	382 934
Cash in USD	4 079	13 335
Cash in GBP	425	3 267
Cash in CNY	1 223	1 100
Cash in CZK	95	90
	<b>968 182</b>	<b>400 726</b>

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

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

Share capital of Sarantis Polska S.A. on 31 of December 2021 is 56 800 000 PLN and includes:

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

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

The nominal value of the shares is 10 PLN.

Supplementary capital from the issuance of shares above their nominal value as at 31<sup>st</sup> December of 2021 is 1 055 603 PLN. It is a remained part of share premium (after the coverage of loss from the previous years), connected with the issuance of B series shares in 2003 (stock issue price was 20,12 PLN).

### 13. Retained profits and limitations connected with capital

	<b>31.12.2021</b>	<b>31.12.2020</b>
Profits retained from the previous years-supplementary capital	17 877 731	17 877 731
Profits retained from the previous years	78 979 352	50 486 103
Net profit in current period	25 387 963	28 493 249
<b>Total retained profits</b>	<b>122 245 046</b>	<b>96 857 083</b>

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

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

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

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

In 2021, the value of the reserve capital was increased by of the profit for 20120 in the amount of 28 493 248 PLN. The value of the reserve capital as at December 31, 2021 was 78 979 352 PLN.

In 2021, no dividend was paid.

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

### 14. Suggested division of profit for 2021

The Management Board proposes to allocate the net profit for 2021, in the amount of 25 387 963 PLN, to reserve capital.

### 15. Credits, loans and other liabilities

As at 31 December 2021 loan liabilities accounted for a total amount of 28 746 251 PLN.

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

On September 25, 2019, the Company took out a long-term loan of 7 500 000 EUR to finance the GR loan. Sarantis S.A. with a repayment date within 4 years of signing the contract. During 2021, the Company repaid the loan in the amount of 5 250 000 EUR, the loan balance as at December 31, 2021 was 2 250 000 EUR.

At the end of the reporting period, the Company had multi-purpose banking lines for a total value of 61 330 000 PLN including available credit limits for a total value of 54 330 000 PLN.

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

In the period from January 27, 2021 to December 08, 2021, the Company benefited from a loan granted from Sarantis-Skopje from Macedonia in the amount of 3 500 000 EUR. The loan was repaid on December 08, 2021. On October 15, 2021, the Company received a long-term loan from Sarantis Serbia in the amount of 4 000 000 EUR with a maturity date of October 15, 2024.

## 16. Leasing

The value of property, plant and equipment includes right-of-use assets with the following carrying amount that relate to the following classes of underlying assets and which were subject to the following depreciation charges in 2021:

The underlying asset class	Initial value of the right of use	depreciation of the right of use
	31.12.2021	31.12.2021
Buildings and structures	8 559 115	5 862 422
Transportation means	4 545 412	1 781 351
<b>Total</b>	<b>13 104 527</b>	<b>7 643 773</b>

In 2021, the Company continued the lease agreement for a high-bay warehouse.

The value of the right to use assets was 2 696 693 PLN as at the balance sheet date.

The lease agreement was concluded until March 31, 2023.

On April 22, 2020, the Company concluded a car rental agreement with Arval Service Lease Polska Sp.z o.o. and on October 01, 2021 with Millennium Leasing Sp. z o.o..

The carrying amount of the right to use these assets totaled 2 764 061 PLN

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

	Lease payments payable in the period:			
	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>As of 31.12.2021</b>				
Leasing fees	3 400 884	2 279 128		-
Financial costs (-)	(77 918)	(24 340)		-
Current value	3 322 966	2 254 788	-	-

The Company does not recognize liabilities under short-term leases and leases in respect of which the underlying asset is of low value. In addition, contingent lease payments that depend on factors other than the index or rate are not included in the value of lease liabilities. In 2021, costs of car leasing constituting short-term leasing amounted to 90 227 PLN.



Total leasing expenditure in 2021 was:

	<b>from 01.01 to 31.12.2021</b>
Repayment of leasing liabilities	3 495 552
Interest repayment	165 079
Short-term leasing	90 227
<b>Total expenses</b>	<b>3 750 858</b>

As at the balance sheet date, the Company is obliged under short-term leases, to which it applies the simplification provided for in IFRS 16, to pay 3 000 PLN in the future.

## 17. Financial instruments

Financial instruments in accordance with category:	<b>31.12.2021</b>	<b>31.12.2020</b>
Granted loans and own receivables:	<b>146 577 846</b>	<b>122 880 735</b>
- loans granted	85 761 488	60 688 800
- trade receivables	56 560 324	53 634 419
- other receivables	4 256 034	8 557 516
Cash	8 586 077	8 252 702
	<b>155 163 923</b>	<b>131 133 437</b>

Financial liabilities valued to the fair value by financial result

Trade liabilities	73 333 348	72 582 875
Loans and advances liabilities	2 587 163	6 922 200
Lease liabilities	5 769 187	9 311 812
Credit Suisse long-term loan liabilities	7 761 488	27 688 800
	<b>89 451 186</b>	<b>116 505 687</b>

## 18. Short-term trade payables and other liabilities

	<b>31.12.2021</b>	<b>31.12.2020</b>
Trade payables to affiliated entities	9 172 253	4 148 593
Trade payables to other entities	64 161 095	68 434 282
Liabilities towards to the State Budget	1 730 055	2 408 227
Prepayment from affiliated companies	1 311 702	1 276 657
Salary payables	67 992	139 509
Other liabilities	107 428	149 169
Special funds	64 254	31 350
<b>Total short-term liabilities</b>	<b>76 614 779</b>	<b>76 587 787</b>

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

Year	Total	Not overdue	Overdue liabilities				
			< 30 days	30 - 60 day	60- 90 day	90-120 day	> 120 day
2021	73 333 348	57 828 208	12 394 307	2 257 327	525 810	-	327 696
2020	72 582 875	59 255 089	9 999 289	3 095 958	130 738	30 069	71 732

**Currency structure of short-term liabilities**

	31.12.2021	31.12.2020
Liabilities in local currency	39 107 249	43 342 441
Liabilities in foreign currency	37 507 530	33 245 346
	<b>76 614 779</b>	<b>76 587 787</b>
Liabilities in EUR	21 836 670	14 811 429
Liabilities in USD	8 541 945	7 584 945
Liabilities in GBP	7 128 915	10 848 972
	<b>37 507 530</b>	<b>33 245 346</b>
<b>19. Income tax liabilities</b>		
	<b>31.12.2021</b>	<b>31.12.2020</b>
Income tax liabilities	2 448 517	4 043 438
	<b>2 448 517</b>	<b>4 043 438</b>
<b>20. Sales revenue</b>		
	<b>31.12.2021</b>	<b>31.12.2020</b>
Revenue from goods sales	254 386 711	262 640 599
Revenue from products sales	115 026 957	101 480 086
Revenue from materials sales	93 583	106 007
	<b>369 507 251</b>	<b>364 226 692</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
Revenue from domestic sales	303 074 814	299 487 146
Revenue from export	66 432 437	64 739 546
	<b>369 507 251</b>	<b>364 226 692</b>

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

**21. Other revenue**

	31.12.2021	31.12.2020
Profits from sales of services	1 392 470	132 909
Profits from sales of fixed assets	-	20 213
Received compensations	9 775	15 813
Reversal of provision for bad debts	48 261	12 563
Return of court fees	5 219	8 430
Stock count differences	150 899	210 692

Other	203 965	385 565
	<b>1 810 589</b>	<b>786 185</b>

## 22. Other operating costs

	<b>31.12.2021</b>	<b>31.12.2020</b>
Liquidation and decomposition of inventories	2 068 111	2 177 509
Provision for bad debts	16 018	216 998
Costs of legal proceedings	-	1 792
Donations	5 726	5 877
Insurance of receivables	155 781	251 405
Liquidation of property damages costs	-	19 073
Inventory write-off	16 636	312 433
Provisions for retirement benefit	38 645	9 620
Others	67 028	275 760
Loss on disposal of fixed assets	37 178	-
	<b>2 405 123</b>	<b>3 270 467</b>

## 23. Financial costs and revenues

<b>Financial revenue</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Interest revenue	1 439 373	1 142 159
Interest on receivables	4 469	4 130
Bank interest	1	498
	<b>1 443 843</b>	<b>1 146 787</b>

<b>Financial costs</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Interest on liabilities	7 021	2 576
Bank interest	519 909	766 414
Interest on loans	400 638	272 472
Commissions, charges	52 729	256 335
Net exchange rate differences	691 652	996 533
Costs of loan guarantees	179 606	185 957
Interest under the leasing agreements	165 079	194 983
	<b>2 016 634</b>	<b>2 675 270</b>

## 24. Income tax

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

	<b>31.12.2021</b>	<b>31.12.2020</b>
Current income tax	5 412 467	8 737 310

Creation/ reversal of deferred tax	804 654	(1 662 433)
<b>Income tax shown in the profit and loss account</b>	<b>6 217 121</b>	<b>7 074 877</b>

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

	<b>31.12.2021</b>	<b>31.12.2020</b>
Gross financial results	31 605 084	35 568 126
The amount of the tax according to the tax rate <b>19%</b>	6 004 966	6 757 944
- tax effects of costs which are not revenue-earning costs	212 155	316 933
<b>Current income tax</b>	<b>6 217 121</b>	<b>7 074 877</b>
<b>Effective tax rate</b>	<b>19,67%</b>	<b>19,89%</b>

## 25. Credit risk management

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

### *Credit risk*

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

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

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Company's losses. The maximum exposition to risk is 57 893 418 PLN.

Year	Total	Not overdue	Overdue receivables, which do not lose their values				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
<b>2021</b>	57 893 418	57 011 994	620 386	261 038	-	-	-
<b>2020</b>	54 309 966	53 069 611	1 240 355	-	-	-	-

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

The credit risk related to bank deposits in the amount of 8 586 077 PLN is considered insignificant as the Company deposits its cash in institutions with an established financial position.

*Interest rate risk*

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

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

*Interest rate risk*

Liabilities with variable interest	Accounting value of financial instruments	Average interest rate in 2021	Influence on financial results ( Increase by 500 pb)	Influence on equity capital ( Increase by 500 pb)	Influence on financial results (Decrease by 500 pb)	Influence on equity capital (Decrease by 500 pb)
The average overdraft value in 2021	2 829 539	0,46%*	-141 477	-141 477	141 477	141 477
The maximum value of overdraft that can be used	54 330 000	0,46%*	-2 716 500	-2 716 500	2 716 500	2 716 500

\* average WIBOR1M rate in 2021

In 2021, there was a multiple increase in interest rates, which translated into an increase in WIBOR1M from 0.2% at the beginning of 2021 to 2.23% at the end of 2021.

The table above presents the impact of the change in WIBOR1M on interest costs for overdraft facilities, for the average value of an overdraft facility and the maximum value that can be taken, assuming a 5% (500 bp) change in WIBOR1M.

*Exchange rate risk*

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

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

*Exchange rate risk*

Financial statement item	Accounting value of financial instruments	Average exchange rate in 2021	Influence on financial results ( Increase by 20%)	Influence on equity capital ( Increase by 20%)	Influence on financial results (Decrease by 20%)	Influence on equity capital (Decrease by 20%)
<b><u>Assets denominated in currency</u></b>						
Receivable in EUR	12 222 480	4,5670	2 444 496	2 444 496	-2 444 496	-2 444 496
Receivable in GBP	284 602	5,3144	56 920	56 920	-56 920	-56 920
Cash in EUR	962 360	4,5670	192 472	192 472	-192 472	-192 472
Cash in USD	4 079	3,8647	816	816	-816	-816
Cash in CNY	1 223	0,5993	245	245	-245	-245
Cash in CZK	95	0,1781	19	19	-19	-19
Cash in GBP	425	5,3144	85	85	-85	-85

<b>Liabilities denominated in currency</b>						
Liabilities in EUR	21 836 670	4,5670	-4 367 334	-4 367 334	4 367 334	4 367 334
Liabilities in USD	8 541 945	3,8647	-1 708 389	-1 708 389	1 708 389	1 708 389
Liabilities in GBP	7 128 915	5,3144	-1 425 783	-1 425 783	1 425 783	1 425 783
<b>Total</b>			<b>-4 806 453</b>	<b>-4 806 453</b>	<b>4 806 453</b>	<b>4 806 453</b>

**Liquidity risk**

The Company is exposed to liquidity risk arising from of the relationship of current liabilities to current assets. Operating activities are carried out under the assumption of maintaining a constant excess liquidity and credit lines. Receivables units are analyzed in Note 7. In accordance with the age structure, 98% of receivables are not overdue on 31 December 2021, and 98% as of 31 December 2020. Management believes that the carrying value of financial assets and liabilities reflect their fair value. In the opinion of the Management Board, because of a significant amount of cash on the balance sheet date, available credit, and good standing of the Company's financial result, the liquidity risk should be assessed as insignificant.

The maturity analysis of financial liabilities in 2021 and 2020 was as follows:

Year	Total	Due before	<i>Liabilities due in the period</i>				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
<b>2021</b>	73 333 348	15 505 140	32 333 979	20 354 382	4 443 685	696 162	-
<b>2020</b>	72 582 875	13 327 787	43 835 584	11 111 305	3 745 325	551 968	10 906

**Price risk**

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

**26. Capital management**

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

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

**27. Conditional liabilities**

	31.12.2021	31.12.2020	Expiry date
Guarantee issued for MLP Pruszków III Sp. z o.o. for security of liabilities execution	205 500 EUR	215 559 EUR	31.12.2022 r.
Guarantee issued for the Director of the Tax Administration Chamber in Łódź, which is a security for the value of presents for a promotional lottery (JN brand)	-	230 222 PLN	05.09.2021 r.
Guarantee of loan repayment for Polipak Sp. z o.o. granted to BNP Paribas Bank S.A	82 500 000 PLN	82 500 000 PLN	14.02.2029 r.
Letters of credit opened in banks:	3 023 511 USD	5 218 396 USD	

**28. Tax settlements**

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

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

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Balance sheet change of trade receivables and other receivables	(3 487 468)	17 138 954
Change in income tax receivables	-	(933 127)
<b>Change of receivables in cash flow</b>	<b>(3 487 468)</b>	<b>16 205 827</b>
	<b>01.01.2021 - 31.12.2021</b>	<b>01.01.2020 - 31.12.2020</b>
Balance sheet change of long term liabilities	(5 100 992)	(2 260 882)
Balance sheet change of trade liabilities and other liabilities	(5 874 310)	8 611 141
Change in liabilities due to loans and advances	24 262 350	17 531 869
Change in lease liabilities	3 542 625	(3 782 302)
Change in income tax liability	1 594 921	(4 043 438)
Change in financial liabilities due to dividends	-	4 250 000
Change resulting from investment liabilities	104 160	127 207
<b>Change of liabilities in cash flow</b>	<b>18 528 754</b>	<b>20 433 595</b>
	<b>01.01.2021 - 31.12.2021</b>	<b>01.01.2020 - 31.12.2020</b>
Net accounting value of fixed assets sold	62 595	525
Profit from fixed assets sold	(37 178)	566
Net accounting value of investments property sold	-	4 980 353
Profit from investments property sold	-	19 647
<b>Income from fixed assets and intangibles sale</b>	<b>25 417</b>	<b>5 001 091</b>

	<b>01.01.2021- 31.12.2021</b>	<b>01.01.2020 - 31.12.2020</b>
Accounting value of fixed assets and intangibles purchased	471 455	1 446 038
Change resulting from investment liabilities	104 160	127 207
<b>Expenses for purchase of fixed assets and intangibles</b>	<b>575 615</b>	<b>1 573 245</b>

	<b>01.01.2021- 31.12.2021</b>	<b>01.01.2020 - 31.12.2020</b>
Book value of investments property purchased	-	81 699
Income from the conversion of plots	-	(20 661)
<b>Expenditure for purchase of investment property</b>	<b>-</b>	<b>61 038</b>

### 30. Structure of employment

Average employment in Company was as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Sales and marketing	98,5	117,6
Supply chain group and production	99,6	73,7
Administration	35,7	67,6
	<b>233,8</b>	<b>258,9</b>

### 31. Salaries of key management personnel

Total value of salaries paid in 2021 for key management personnel was 4 245 648 PLN. In 2020 total amount of salaries paid for key management personnel was 4 887 549 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

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

In 2021, the Company continued the preventive measures introduced in 2020 against the spread of COVID-19, including temporary remote work, suspension of business travel, and at the same time took steps to optimize operating costs. These activities allowed for the continuity of work and limitation of staff absenteeism.

In 2021, the company's sales amounted to PLN 369.51 million compared to PLN 364.23 million in 2020, which means an increase by 1.45%. The company did not observe the increased consumer demand for antibacterial or protective products, therefore we consider the result achieved on sales to be stable.

Profit before interest and tax (EBIT) decreased by 13.26% in 2021, reaching PLN 32.18 million compared to PLN 37.10 million in 2020, and the EBIT margin was 8.71% in 2021 compared to to the level of 10.19% in the same period of 2020.

The measures and preventive actions taken so far to ensure uninterrupted continuity of operation of all processes in the organization and the safety of employees, combined with the high market position and strong financial position of the Company, ensure safety and certainty that the Company will be able to meet the challenges related to COVID-19 and continue your long-term goals.

Despite the Company's very good performance in 2021, management is closely monitoring information on the spread of COVID-19 and its impact on the economy and consumption both domestically and internationally.



### 33. Events after date of balance sheet day

On February 24, 2022, the Russian armed attack on Ukraine began.

The uncertainty as to the further course of the conflict is currently very high, which makes it impossible to realistically assess the potential economic consequences for Poland. Taking into account the high dependence of Poland and the European Union on the import of energy resources from Russia, it is the potential clear and permanent increase in oil and gas prices as a result of the Russian invasion that may be the most important factor affecting the economy.

The company has no significant involvement in commercial relations with business entities in Ukraine, Russia and Belarus.

The management carefully monitors the information on the course of the conflict in order to be able to react appropriately in the dynamically changing economic reality.

On February 28, 2022, Sarantis Polska S.A. signed an acquisition agreement aimed at acquiring 100% of shares in Stella Pack S.A. - a company that is a significant player in the production and distribution of household goods, with a 25-year presence on the market in the categories of garbage bags, food packaging and household cleaning products.

Acquisition of shares in Stella Pack S.A. is fully in line with the strategic development plan of the Sarantis Group and strengthens its leading position in the consumer products industry and ensures further geographic development.

The completion of the acquisition is subject to the fulfillment of standard formal conditions for this type of transaction, including obtaining the consent of the anti-monopoly authorities in the countries in which Stella Pack operates.

#### The Management Board:

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