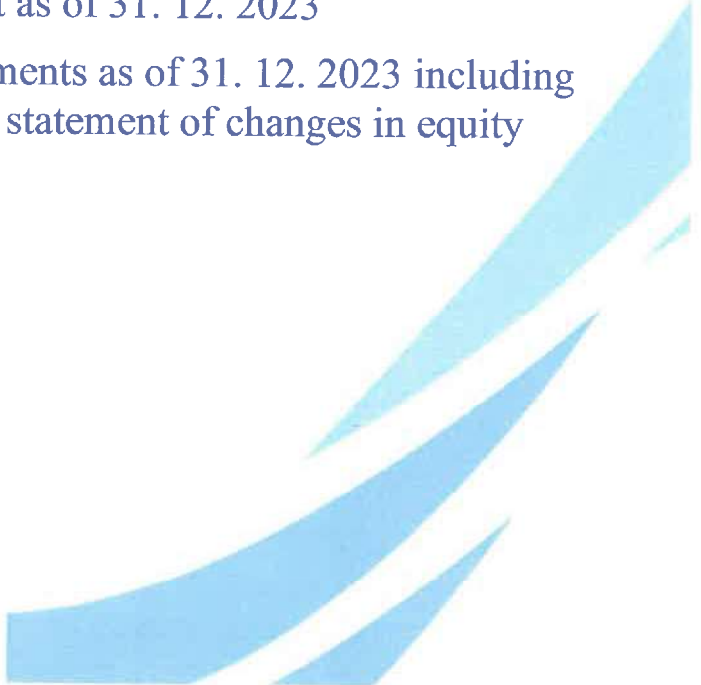


Annual report
company
Sarantis Czech Republic,
S. r. o.
for the year 2023

Content

- Results and development of the company
 - Balance sheet as of 31. 12. 2023
 - Profit and loss statement as of 31. 12. 2023
 - Notes to Financial statements as of 31. 12. 2023 including cash flow statement and statement of changes in equity
 - Report on relations
 - Audit report
- 

Basic information



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

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

Result and development of the company

The company Sarantis Czech Republic, s.r.o. occupies an important place among distributors of mass cosmetics and household goods in the Czech Republic. Our customers are national chains, wholesalers and retailers. In 2015, the company took over the distribution of Astrid products and significantly expanded the distribution of goods from the Conter supplier - Denim, Strep, Tesori d'Oriente and Vidal brands. In 2016, the company established cooperation with Tereza Maxová, who became the ambassador of the Astrid brand. New ambassador of the brand is a model Pavlína Němcová. In 2023, the company continued to present its Astrid brand through television commercials in the Czech Republic.

Another important brand of the company is the STR8 brand in the men's cosmetics category, which was also supported by a television campaign in 2023.

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

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

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

The average recalculated number of employees in 2023 is 47 people.

Future development

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

In 2024, the company plans to keep its market position despite of the conservative macroeconomic outlook and continue to intensively support the Astrid brand in the media (several waves of television campaigns, digital support throughout the year, PR activities, press campaigns accompanied by a massive presentation of samples).

Significant marketing support will also be given to the men's cosmetics brand STR8, which in 2019 came up with a modern re-design of products and launched a completely new line of antiperspirants and shower gels. In 2023 the brand came with new line called STR8 Game.

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

Environmental activities

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

Research and development activities

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

Information on labour relations

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

Information about organizational unit of the company abroad

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

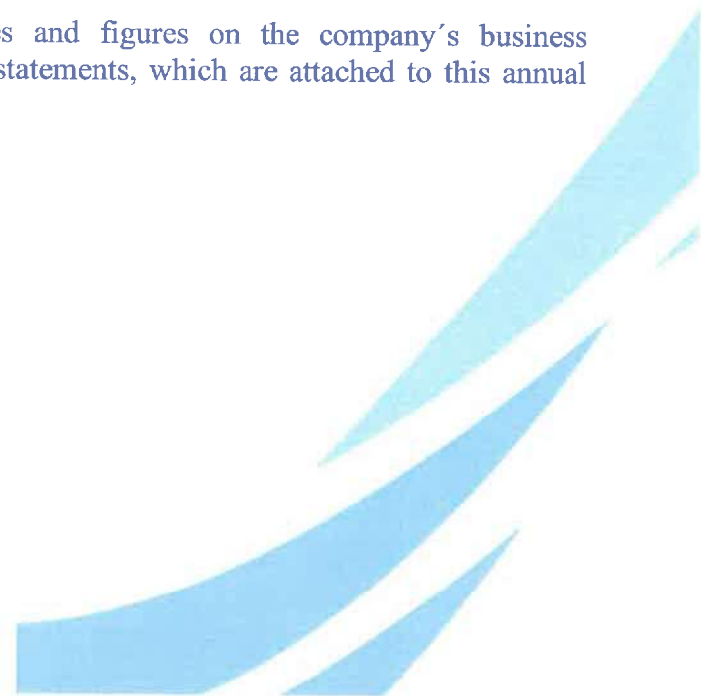
There were no significant events after the balance sheet date.

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

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

In Prague on 5.3.2024

Krzysztof Jan Kaminski
Statutory representative



**Financial Statement of Sarantis Czech Republic, s.r.o.
for the period
from 1 January 2023 to 31 December 2023**

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Sarantis Czech Republic, s.r.o.

Statement of financial position as at 31 December 2023

	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	7 257	6 989
Intangible assets	3	28 745	29 855
Other non-current assets		573	573
Non-current assets		36 575	37 417
Current assets			
Inventories	5	98 651	124 446
Trade receivables	6	94 445	95 898
Other receivables	7	1 428	1 964
Accruals and deferred costs	9	9 040	8 409
Cash and cash equivalents	10	55 800	34 234
Current assets		259 364	264 951
TOTAL ASSETS		295 939	302 368
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	2 520	2 329
Deferred tax liability	16	5 229	4 748
Non-current liabilities		7 749	7 077
Current liabilities			
Trade and other payables	19	72 678	113 243
Lease liabilities	17	4 576	4 376
Tax liabilities	20	5 095	5 077
Other liabilities	21	14 089	10 152
Accruals and deferred income	22	27 382	17 436
Current liabilities		123 820	150 284
TOTAL LIABILITIES		131 569	157 361
NET ASSETS		164 370	145 007
EQUITY			
Share capital	12	39 320	39 320
Other reserves	15	4 312	3 932
Retained earnings	13	120 738	101 755
TOTAL EQUITY		164 370	145 007

Statutory representative: Krzysztof Jan Kaminski

Sarantis Czech Republic, s.r.o.

Statement of profit or loss

for the year ended 31 December 2023

	Note	31/12/2023	31/12/2022
Revenue	23	1 098 067	859 917
Other operating income	24	14 441	16 313
Raw materials and consumables used	25	627 542	480 735
Services	26	294 828	236 931
Depreciation and amortisation expense		6 454	6 142
Employee benefit expenses	27	51 949	48 478
Other expenses	28	5 825	8 106
Finance income	29	6 366	5 815
Finance expense	29	13 925	7 602
PROFIT BEFORE TAX		118 351	94 051
Tax expense	30	23 416	18 099
PROFIT OR LOSS		94 935	75 952

Statutory representative: Krzysztof Jan Kaminski



Sarantis Czech Republic, s.r.o.

Cash Flow statement

for the year ended 31 December 2023

	31/12/2023	31/12/2022
Cash and cash equivalents, beginning of the period	34 234	48 103
Cash flows from Operating Activities	105 912	67 610
Profit before Tax	118 351	94 051
Adjustments:		
Depreciation & amortization	6 454	6 142
Plus/minus adjustments for changes in working capital accounts	-188	-15 483
Decrease / (increase) in receivables	1 989	-24 872
Decrease / (increase) in inventories	25 795	-15 599
Decrease / (increase) in transitional assets accounts	-631	3 046
(Decrease) / increase in liabilities (other than to banks)	-37 287	11 426
(Decrease) / increase in transitional liability accounts	9 946	10 516
Interest income and other related income	-1 179	-140
Interest expense and other related expenses	4 732	4 346
Tax Paid	-22 258	-21 306
Cash flows from Investment Activities	-4 433	-2 668
Interest received	1 179	140
Revenues from sale of tangible and intangible assets		
Acquisition of tangible and intangible assets	-5 612	-2 808
Dividends received		
Cash flows from Financial Activities	-79 913	-78 811
Interest paid	-4 732	-4 346
Dividends paid	-75 952	-72 192
Inflows/ (Outflows) stock options	380	
Inflows/ (Outflows) from leases	391	-2 273
Cash and cash equivalents, end of the period	55 800	34 234

Statutory representative / Krzysztof Jan Kaminski

Sarantis Czech Republic, s.r.o.

Statement of changes in equity

for the year ended 31 December 2023

	Share capital	Other reserve fund	Stock options	Retained earnings	Total equity
Balance 1/1/2022	39 320	3 932		97 995	141 247
Profit for the period				75 952	75 952
Other equity changes					
Dividend paid to shareholders				-72 192	-72 192
					0
Balance 31/12/2022	39 320	3 932	0	101 755	145 007
Profit for the period				94 935	94 935
Other equity changes			380		380
Dividend paid to shareholders				-75 952	-75 952
Balance 31/12/2023	39 320	3 932	380	120 738	164 370

Statutory representative: Krzysztof Jan Kaminski



ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

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

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

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

Company ID 25705971

Company address

Žerotínova 1133/32
130 00 Prague 3 - Žižkov

2. Statutory representatives of the Company

On 31 December 2023 the statutory representative of the Company is:
Krzysztof Jan Kaminski

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

3. Supervisory Board

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

4. Statutory auditor

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

5. Name of the parent company

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

Address: 15125 Marousi, Amarousiou - Halandriou 26, Greece

Registration: 72405

Legal form: Limited liability company

Share: 100%

6. Principles of presentation

Information on principles adopted for preparation of financial statement for 2023

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 2023 and the comparative period from 1 January to 31 December 2022.

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 2023 and 31 December 2022, results of its activity and cash flows for the year ended 31 December 2023 and 31 December 2022.

7. Statement of the Statutory representative

1) The statutory representative of Sarantis Czech Republic, s.r.o. hereby honestly and sincerely declares that to the best of its knowledge the foregoing financial statement and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRS). The statement reflects true and fair view on financial position and its financial result of Sarantis Czech Republic, s.r.o. and that the statutory representative commentary on the Company's operations presents true overview of Company's development, achievement and business situation of Company, including basic risks and exposures.

2) The statutory representative of Sarantis Czech Republic, s.r.o. declares that the entity, authorized to audit and conduct the audit of financial statements, was selected in compliance with the law and that entity and auditors conducting the audit met the conditions to issue an independent opinion in compliance with relevant regulations of the domestic law.

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

First time adoption

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

Basic of the financial statement

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

Consolidated financial statement

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

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

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

Accounting period

The Financial statements are reported for period of 12 months from 1 January 2023 to 31 December 2023. Comparative data relates to period of 12 months from 1 January 2022 to 31 December 2022.

Functional currency and presentation currency of financial statements

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Estimation of the useful life of assets

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

Assets with right of use

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

Provision for income tax

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

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

Inventories

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

Provisions for expected credit losses from customer receivables and contract assets

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

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

Property, plant and equipment

Property, plant and equipment are presented at acquisition cost minus accumulated depreciations and possible impairment losses. The acquisition cost includes all expenses directly attributed to the acquisition of the assets. Subsequent expenses are registered as an increase of the asset book value or as a separate fixed asset, only to the extent where such expenses increase the future economic benefits expected to arise from the use of the fixed

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

Property, plant and equipment are depreciated (amortized) using the straight-line method and impairment losses. The depreciation is reported in Statement of profit or loss under the line "Depreciation and amortization expense". The costs of current maintenance of assets affect the financial result of the period in which they were incurred.

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

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

Buildings and constructions	30 years
Machinery and equipment	3 - 5 years
Vehicles and others	5 years

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

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

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

Investment property

The Company does not hold any investment property.

Leases

For each contract concluded on or after January 1, 2019, the Company decides whether the contract is or includes leasing according to IFRS 16. Leasing is defined as a contract or part of a contract that delegates the right to control the use of an identified asset (underlying asset) for a given period in exchange for consideration. To this reason, three basic aspects are analyzed:

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

At the commencement date, the Company recognizes an asset under the right of use and a liability under the lease. The right of use is initially measured at the purchase price consisting of the initial value of the lease liability, initial

direct costs, an estimate of the costs expected in connection with the dismantling of the underlying asset and the lease payments paid on or before the start date, less leasing incentives.

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

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

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

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

Intangible assets

Intangible assets are recognized if it is probable that expected future economic benefits, which are directly attributable to the assets, will cause increase of entity. Initially intangible assets are stated at acquisition or construction cost. After initial recognition, intangible assets are measured at acquisition or construction cost less amortization and impairment allowances. Intangible assets with a definite useful life are amortized when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management over their estimated economic useful life. The correctness of the applied amortization periods and rates is periodically reviewed, at least at the end of the reporting year, and potential adjustments to amortization allowances are made in the subsequent periods. Intangibles with indefinite useful life are not subject to depreciation. Their value is reduced by potential impairment allowances.

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

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

Acquired computer software 5 years

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

Financial instruments

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

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial asset and the business model of the Company for the management. Receivables from customers that do not have a significant financial component are valued at the transaction price determined in accordance with IFRS 15.

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

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

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

A financial asset is derecognized primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred their rights to receive cash flows from the asset or have undertaken to fully pay the cash flows received without significant delay to a third party under a pass-through agreement and either (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred or held substantially all the risks and estimates of the asset but have transferred the control of the asset.

When the Company has transferred the rights to receive cash flows from an asset or have entered into a transfer agreement, they assess whether and to what extent they own the risks and rewards of ownership.

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

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is retained in a business model in order to hold financial assets for the collection of contractual cash

flows; and (b) the contractual clauses of the financial asset generate cash flows on specific dates that consist only of capital and interest payments on the balance of the original capital.

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

Trade receivables

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

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

Liabilities

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

Financial liability and effective interest method

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

- A contractual obligation:
 - To deliver cash or other financial assets; or
 - To exchange financial assets or financial liabilities with another entity under potentially unfavorable conditions (for the issuer of the instrument); or
- A contract that will or may be settled in the entity's own equity instrument and is:
 - A non-derivative that comprises an obligation to deliver a variable number of its own equity instruments; or
 - A derivative that will or may be settled other than by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

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

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

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

On initial recognition, the gross carrying amount on financial asset, or the amortized cost of a financial liability, is generally equal to fair value of the instrument, adjusted for transaction costs.

The effective interest rate is revised as a result of :

- Periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest
- Fair value hedge adjustment at the date on which an entity begins to amortize them; and
- It appears, costs and fees arising as part of modifications that do not result in derecognition.

To calculate interest income or expense in each relevant period, the effective interest rate is applied to the gross carrying amount of the asset (or amortized cost of credit-impaired assets) or the amortized costs of the liability.

Inventories

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

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

Cash and cash equivalent

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

Accruals and deferred costs

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

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

Accruals and deferred income

Accruals and deferred income is a liability that represents either:

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

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

Revenues

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

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

The Company recognizes revenue when (or as it) meets the obligation to execute a contract by transferring the goods or services promised to the customer. The customer acquires control of the good or service if the customer is able to direct the use and derive virtually all the economic benefits from that good or service.

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

The Company is active in the production and distribution of consumer products. The main products of the Company and the Group are perfumes, personal care products, sunscreen products, hair care products as well as food packaging products, plastic garbage bags and household cleaning products. Net proceeds from sales are measured at the fair value of the consideration received or receivable and are declared net of discounts on sales and the consideration paid to customers. These are, in particular, incentives to promote sales which are recorded as deductions from sales. The incentives deducted from sales comprise of contractual discounts, promotional discounts and all trade expenses (fixed bonuses, performance bonuses, logistic bonuses, marketing bonuses etc.), that are provided to customers in a form of an issued credit note.

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

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

applies the practical expedient, where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months, then there is no financing component.

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

Classification of revenue is as follows:

Sales of goods

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

Interest income

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

Equity capital

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

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

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

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

Transactions in foreign currency

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

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

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

Non-cash assets and liabilities, included in accordance with historical cost expressed in foreign currency are presented with historical exchange rate from the transaction day. Non-cash assets and liabilities included in accordance with fair value, expressed in foreign currency are calculated by exchange rate from the valuation day. Exchange rate differences resulting from clearance of transactions in foreign currencies and valuation of assets and liabilities in cash on the balance sheet day are presented as financial costs or income in statement of complete income in net amount.

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

<i>Exchange rate at the day</i>	<i>31.12.2023</i>	<i>31.12.2022</i>
USD	22,376	22,616
EUR	24,725	24,115
PLN	5,694	5,152

Income tax

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

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

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

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

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

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

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

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

Employee benefit expenses

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

Contingent liabilities

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

Application of the accounting principles

The above principles are applicable also for comparative data.

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

Changes in standards or interpretations in force and applied by the company since 2023.

The following new or amended standards become effective from 1 January 2023, but did not have any material impact on the Company's financial statements:

- **IFRS 17 Insurance Contracts**

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

The Company/Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the annual consolidated financial statements of the Company/Group.

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making materiality judgements**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Company/Group but affect the disclosure of accounting policies of the Group.

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

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Company/Group.

- **Amendments to IAS 12 Income Taxes**

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

These amendments had no effect on the financial statements of the Company/Group.

- **International Tax reform – Pillar Two Model rules (Amendments to IAS 12 Income Taxes)**

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two. Model Rules, in response to stakeholder concerns on 23 May 2023.

Management has determined that the Company/Group is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company/Group.

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

International Accounting Standards Board (IASB) has prepared new standards and the amendments of current IFRS's with effect for the next year. We briefly inform about these new standards and amendments with their description, which have been published but have not yet effective. The Company is currently investigating impact of the new standards and amendments on its financial statements. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

You can see the list of amendments below:

- Amendments IFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements – Non-Current liabilities with covenants

- **Amendments IFRS 16 Leases - Lease Liability in a Sale and Leaseback**

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**

The IASB has issued Amendments to IAS 1: Classification of Liabilities as Current and Non-current, which relate only to the recognition of liabilities in the statement of financial position (not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items). The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. Earlier application is permitted.

The amendments:

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

- **Amendments to IAS 1 Presentation of Financial Statements – Non-current liabilities with Covenants**

The amendments to IAS 1 published in October 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments to IAS 1 are applied retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

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

International Accounting Standards Board (IASB) has prepared new standards, interpretation and the amendments of current IFRS's that is not approved as of the date of 31 December 2023. You can see the list of amendments below:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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

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

The effective date of the amendments has been temporarily removed by the IASB.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements**

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement

- Liquidity risk information

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability**

The amendments state that a currency is exchangeable when an entity is able to exchange that currency for another currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose.

A currency is not exchangeable into another currency if an entity can only obtain an insignificant amount of the other currency.

If a currency is not exchangeable at the measurement date, the entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions.

If a currency is not exchangeable, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

An entity does not apply the amendments retrospectively. Instead, an entity recognises any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. If an entity uses a presentation currency other than its functional currency, it recognises the cumulative amount of translation differences in equity.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025.

2. Property plant and equipment

	31. 12.2023	31. 12.2022
Equipment and machinery	241	362
Furniture	-	-
ROU Vehicles	4 998	3 128
ROU Buildings	2 018	3 499
Tangible FA under construction	-	-
Total property plant and equipment	7 257	6 989

Changes of property plant and equipment were following in 2023:

Gross value	ROU Buildings	Equipment and machinery	ROU Vehicles	Furniture	Tangible FA under construction	Total
Balance 1 January 2023	10 542	3 912	11 585	257	-	26 296
Increases:						
acquisition	469	118	5 283			5 870
Decreases:						
Disposals			-2 431			-2 431
Balance 31 December 2023	11 011	4 030	14 437	257	-	29 735

Accumulated depreciation and impairment loss	ROU Buildings	Equipment and Machinery	ROU Transportation Means	Furniture	Tangible FA under construction	Total
Balance 1 January 2023	7 043	3 550	8 457	257	-	19 307
Increases:						
depreciation for the year	1 950	238	3 155			5 343
Decreases:						
disposals			-2 172			-2 172
Balance 31 December 2023	8 993	3 788	9 440	257	-	22 478

Net accounting value:

as at 31st December 2022	3 499	362	3 128	-	-	6 989
as at 31st December 2023	2 018	242	4 997	-	-	7 257

In 2023, the Company did not make any changes to depreciation periods.

Changes of property plant and equipment were following in 2022:

Gross value	ROU Buildings	Equipment and machinery	ROU Vehicles	Furniture	Tangible FA under construction	Total
Balance 1 January 2022	10 381	4 480	9 672	560	-	25 093
Increases:						
acquisition	161	308	2 249	-	-	2 718
Decreases:						
Disposals	-	-876	-336	-303	-	-1 515
Balance 31 December 2022	10 542	3 912	11 585	257	-	26 296

Accumulated depreciation and impairment loss	ROU Buildings	Equipment and machinery	ROU Transportation Means	Furniture	Tangible FA under construction	Total
Balance 1 January 2022	5 325	4 136	5 384	560	-	15 405
Increases:						
depreciation for the year	1 718	290	3 073	-	-	5 081
Decreases:						
disposals	-	-876	-	-303	-	-1 179
Balance 31 December 2022	7 043	3 550	8 457	257	-	19 307

Net accounting value:

as at 31st December 2021	5 056	344	4 288	-	-	9 688
as at 31st December 2022	3 499	362	3 128	-	-	6 989

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

3. Intangible fixed assets

	31. 12.2023	31. 12.2022
Computer software	5 643	6 625
Property rights	23 102	23 230
Total intangible fixed assets	28 745	29 855

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

Changes of intangible fixed assets were following in 2023

Gross value	Computer software	Property rights Astrid	Total
Balance 1 January 2023	12 179	27 655	39 834
Increases:			
Acquisition			
Decreases:			
Disposals			
Balance 31 December 2023	12 179	27 655	39 834

Accumulated depreciation and impairment loss	Computer software	Property rights Astrid	Total
Balance 1 January 2023	5 554	4 425	9 979
Increases:			
depreciation for the year	557	553	1 110
Decreases:			
disposals			
Balance 31 December 2023	6 111	4 978	11 089

Net accounting value:

as at 31st December 2022	6 625	23 230	29 855
as at 31st December 2023	6 068	22 677	28 745

In 2023, the Company did not make any changes to depreciation periods.

Changes of intangible fixed assets were following in 2022

Gross value	Computer software	Property rights Astrid	Total
Balance 1 January 2022	11 754	27 655	39 409
Increases:			
Acquisition	425	-	425
Decreases:			
Disposals	-	-	-
Balance 31 December 2022	12 179	27 655	39 834
Accumulated depreciation and impairment loss			
Balance 1 January 2022	5 047	3 872	8 919
Increases:			
depreciation for the year	507	553	1 060
Decreases:			
disposals	-	-	-
Balance 31 December 2022	5 554	4 425	9 979
Net accounting value:			
as at 31st December 2021	6 707	23 783	30 490
as at 31st December 2022	6 625	23 230	29 855

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

4. Investment in associated companies

The company does not hold any share in associated companies.

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

5. Inventories

	31.12.2023	31.12.2022
Merchandise in warehouse incl. provision	92 640	113 839
Packaging	2 119	1 274
Merchandise in transfer	3 892	9 333
Advances for the delivery of goods	-	-
	<u>98 651</u>	<u>124 446</u>

As at 31 December 2023 and 31 December 2022 has been not established any pledge on the inventories to secure the Company's liabilities. There was write-off on damaged or unsalable inventories in 2023 of TCZK 3 833 (2022 – TCZK 2 473).

The Company has recorded, in line with internal policies, an adjustment to inventory of TCZK 768 as of 31 December 2023 and an adjustment of 2 173 TCZK as of 31 December 2022.

Movements regarding the inventory provision were following:

	2023	2022
Beginning of a period	2 173	1 223
Increases	768	2 173
Usage	2 173	1 223
Decreases – reversal	-	-
At the end of a period	<u>768</u>	<u>2 173</u>

6. Trade receivables and other receivables

	31.12.2023	31.12.2022
Trade receivables domestic	70 239	77 789
Trade receivables foreign	22 104	14 370
Trade receivables from related parties	54	100
Trade receivables from other entities	3 730	5 081
Provision for bad debts on trade receivables	-1 682	-1 442
Short-term receivables	<u>94 445</u>	<u>95 898</u>

Trade receivables are interest-free and their term of payment is 14 - 60 days. The Company has recorded, in line with internal policies, a bad debt provision of TCZK 1 682 as of 31 December 2023 (2022: TCZK 1 442).

Movements regarding provision for bad debts were following:

	2023	2022
Beginning of a period	1 442	1 202
Increases	240	240
Usage	-	-
Decreases – reversal	-	-
At the end of a period	1 682	1 442

Below is an analysis of trade receivables as at December 31, 2023 and December 31, 2022 in respect of the overdue receivables. The balances are stated before compensation against relevant trade payables and accrual for trade expenses. Negative balances represent credit notes not yet matched with open trade receivables.

Year	Total	<i>Overdue, but recoverable</i>					
		Not overdue	< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2023	175 880	151 456	19 179	3 200	1 407	-57	695
2022	161 870	127 154	22 160	5 240	4 633	1 112	1 571

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

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

Trade receivables	Current	0 - 60 days	60 - 90 days	90 -120 days	> 120 days
Total trade receivables	151 456	22 379	1 407	-57	695
Expected credit loss	1 212	269	37	-	165
% of expected credit loss	0,8%	1,2%	2,6%	8,0%	23,8%

Currency structure of short-term trade receivables and other receivables

	31.12.2023	31.12.2022
Receivables in the local currency	79 788	84 518
Receivables in the foreign currency	16 339	12 822
	<u>96 127</u>	<u>97 340</u>
	31.12.2023	31.12.2022
Receivables in EUR	16 199	12 709
Receivables in PLN	140	113
Receivables in CZK	79 788	84 518
	<u>96 127</u>	<u>97 340</u>

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

7. Other receivables

	31.12.2023	31.12.2022
Paid advances for rent	1 107	817
Paid advances for services	311	-
VAT receivable	-	1 145
Other	10	2
	<u>1 428</u>	<u>1 964</u>

8. Related party transaction

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

Receivables from related parties	31.12.2023	31.12.2022
GR. Sarantis SA, Greece	-	5
Sarantis Bulgaria Ltd.	-	26
Sarantis Polska SA	-	21
Sarantis Belgrade d.o.o.	54	14
Astrid T.M., a.s.	-	30
Sarantis Romania SA	-	4
Ergopack LLC, Ukraine	-	-
	<u>54</u>	<u>100</u>

Accrued revenues to related parties	31.12.2023	31.12.2022
GR. Sarantis SA Greece	-	-
Sarantis Slovakia, s.r.o.	8 454	7 801
	8 454	7 801
Liabilities to related parties	31.12.2023	31.12.2022
GR. Sarantis SA, Greece	8 124	46 710
Sarantis Belgrade d.o.o.	108	-
Sarantis Polipak SA	2 610	5 194
Sarantis Polska SA	8 971	8 470
Sarantis Romania SA	-	-4
Astrid T.M., a.s.	5 064	4 279
Sarantis Slovakia, s.r.o.	5 538	1 577
Sarantis Hungary kft	207	16
	22 498	66 242
Income from sales and other revenue	31.12.2023	31.12.2022
GR. Sarantis SA Greece	-	95
Sarantis Belgrade d.o.o.	929	836
Sarantis Polska SA	271	225
Sarantis Hungary kft	-	358
Sarantis Bulgaria Ltd.	104	80
Ergopack LLC, Ukraine	-	139
Sarantis Romania SA	1 787	59
Sarantis Slovakia, s.r.o.	160 083	85 311
	163 174	87 103
Purchases of goods and services	31.12.2023	31.12.2022
GR. Sarantis SA Greece	208 885	175 721
Sarantis Belgrade d.o.o.	105	-
Sarantis Bulgaria Ltd.	14	225
Sarantis Polipak SP z.o.o.	39 122	30 388
Sarantis Polska SA	45 108	42 644
Sarantis Hungary kft	884	452
Sarantis Romania SA	870	1 004
Ergopack LLC, Ukraine	719	-
Astrid T.M., a.s.	4 794	4 787
Sarantis Slovakia, s.r.o.	-	15 713
	300 501	270 934

9. Deferred costs and accruals

Deferred costs	31.12.2023	31.12.2022
IT services	71	94
Marketing services	-	-
Other	515	513
	586	607

Accrued revenues - assets	31.12.2023	31.12.2022
Services to subsidiaries	8 454	7 801
Other	-	1
Compensation for marketing support Denim	-	-
	8 454	7 802

10. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash in hand	-	10
Cash in banks	55 800	34 224
Vouchers	-	-
	55 800	34 234

	31.12.2023	31.12.2022
In local currency	51 753	27 945
In foreign currency	4 047	6 289
	55 800	34 234

	31.12.2023	31.12.2022
Cash in EUR	3 160	3 721
Cash in USD	424	1 761
Cash in PLN	463	807
	4 047	6 289

Right to dispose with the cash funds does not have any limitation, except the cash on deposit account of 4 030 TCZK.

11. Assets classified as held for sale

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

12. Share capital

Share capital of Sarantis Czech Republic, s.r.o., a.s. on 31 of December 2023 is 39 320 TCZK and comprises of:
100% share owned by GR Sarantis S.A.

Share capital has been paid in whole amount.

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

13. Retained profits and limitations connected with capital

	31.12.2023	31.12.2022
Profits retained from the previous years	26 580	26 580
Other profit/loss from previous years	-777	-777
Net profit in current period	94 935	75 952
Total retained profits	120 738	101 755

According to the resolution of the General Meeting of Shareholders, the Net profit for the period 2022 was distributed as dividend in 2023.

14. Suggested division of profit for 2023

The Statutory representative proposes a net profit for 2023, in amount of 94 935 TCZK, allocate:

- in the amount of 94 935 TCZK – to distribute as dividend

15. Other reserves

	31.12.2023	31.12.2022
Legal reserve fund	3 932	3 932
	3 932	3 932

16. Deferred tax

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Fixed assets	-	-	5 972	5 575	- 5 972	- 5 575
Receivables	353	274	-	-	353	274
Inventories	161	413	-	-	161	413
Provisions & Other	229	140	-	-	229	140
Tax losses carried forward		-		-		-
Deferred tax asset/(liability)	743	827	5 972	5 575	-5 229	-4 748

In accordance with the accounting policy, a tax rate of 19% was used to calculate deferred tax as at 31 December 2023 and 31 December 2022.

17. Lease liabilities

As at December 31, 2023 and December 31, 2022, the Company reports only lease liabilities, divided into the long term part and short term part.

Short term	31.12.2023	31.12.2022
Lease liability – transportation means	2 518	2 624
Lease liability – building	2 058	1 752
Total short term liability	4 576	4 376

Long term	31.12.2023	31.12.2022
Lease liability – transportation means	2 520	541
Lease liability – building	-	1 788
Total long term liability	2 520	2 329

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

As of 31.12.2023	Lease payments payable in the period:			
	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Lease liability – transportation means	2 518	2 520	-	5 038
Lease liability – building	2 058	-	-	2 058
Current value	4 576	2 520		7 096

18. Right-of-Use Assets

The value of property, plant and equipment includes right-of-use assets with the following carrying amount that relate to the following classes of underlying assets and which were subject to the following depreciation charges in 2023:

The underlying asset class	Carrying amount of the right of use	Depreciation of the right of use
	31.12.2023	from 01.01 to 31.12.2022
ROU Buildings	2 018	3 499
ROU Transportation means	4 997	3 128
Total	7 015	6 627

19. Short-term trade and other payables

	31.12.2023	31.12.2022
Trade payables to related parties	25 083	66 242
Trade payables domestic	4 502	13 582
Trade payables foreign	43 085	33 419
Other liabilities	8	-
Total short-term liabilities	72 678	113 243

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

Currency structure of short-term liabilities

	31.12.2023	31.12.2022
Liabilities in local currency	8 363	11 932
Liabilities in foreign currency	64 315	101 311
	72 678	113 243

20. Tax liabilities

	31.12.2023	31.12.2022
Corporate income tax	5 365	4 688
Personal income tax – withheld from wages	371	389
VAT payable	-641	-
Other tax payable	-	-
	5 095	5 077

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

21. Other liabilities

	31.12.2023	31.12.2022
Payroll liabilities	4 821	5 071
Other liabilities – negative balances reclass	9 268	5 081
	14 089	10 152

The payroll liabilities include provision for untaken holiday.

22. Accruals and deferred income

	31.12.2023	31.12.2022
Accrued marketing expenses	20 390	13 553
Accrued operational expenses	6 087	2 664
Other accrued expenses	905	1 219
	27 382	17 436

23. Sales revenue

	31.12.2023	31.12.2022
Revenue from goods sales – domestic	910 678	759 976
Revenue from goods sales – foreign	164 752	88 519
Recharged services	22 637	11 422
	<u>1 098 067</u>	<u>859 917</u>

24. Other operating income

	31.12.2023	31.12.2022
Recharge of operational expenses to related parties	8 454	7 801
Sale of pallets	-	-
Inventory surplus	338	468
Revenues from released liabilities	5 535	6 473
Other re invoicing and inventory revenues	114	1 571
	<u>14 441</u>	<u>16 313</u>

25. Raw materials and consumables used

	31.12.2023	31.12.2022
Cost of goods sold	609 208	468 297
Energy consumption	928	685
Samples and testers	3 430	2 861
Stands and pallets	9 570	5 237
Office consumption	384	572
Fuel consumption	2 034	2 217
Other material consumption	1 988	866
	<u>627 542</u>	<u>480 735</u>

26. Services

	31.12.2023	31.12.2022
Marketing and advertising costs	80 019	60 021
Trade expenses	162 734	132 623
Warehousing costs	16 286	12 656
Transportation	13 616	11 511
Contractors expenses	5 222	5 734
Hospitality	1 216	764
IT external services	2 252	2 273
Legal, audit and advisory services	346	231
License fee	4 794	4 265
Merchandising services	1 252	1 331
Travel expenses	1 321	1 056
Other external services	5 770	4 466
	<u>294 828</u>	<u>236 931</u>

27. Employee benefit expenses

	31.12.2023	31.12.2022
Gross salaries	37 742	35 464
Social and health insurance	12 889	12 283
Other employee benefits	1 318	731
	<u>51 949</u>	<u>48 478</u>

Average number of employees in 2023 was 47 (in 2022 number of employees was 47).

Other employee benefits include contributions to employees, that are allowed by local legislation. Key part of the other benefits is meal contribution. From 2023 includes also expected stock option expense.

28. Other expenses

	31.12.2023	31.12.2022
Taxes and rates	64	17
Contractual fees and penalties	1 967	2 730
Provisions (inventory and receivables)	-1 165	1 190
Insurance	284	245
Inventory write off	3 833	3 214
Permutation of inventory	291	120
Bad debts write off	-	-
Other operating expenses	551	590
	<u>5 825</u>	<u>8 106</u>

The contractual penalties include penalties charged by customers for non-delivered goods and penalties charged by suppliers.

29. Financial costs and revenues

Financial revenue	31.12.2023	31.12.2022
Interest revenue	1 179	140
FX gains on currency conversion	5 188	5 675
Others financial revenue	-	-
	<u>6 366</u>	<u>5 815</u>

Financial costs	31.12.2023	31.12.2022
Financial bonuses - customers	4 478	3 996
Bank commissions, charges	342	396
FX losses on currency conversion	8 961	3 055
Interest expense on lease liabilities	144	155
	<u>13 925</u>	<u>7 602</u>

30. Income tax

Major components of income tax for the years ended 31 December 2023 and 31 December 2022 are as follows:

	31.12.2023	31.12.2022
Current income tax	22 992	18 595
Creation/ reversal of deferred tax	481	- 415
Corrections of income tax from the previous years	-57	-81
Income tax shown in the profit and loss account	23 416	18 099

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

	31.12.2023	31.12.2022
Gross financial results	118 351	94 051
The amount of the tax according to the tax rate 19%	22 487	17 870
- correction of income tax from previous years	-57	-81
- tax effects of utilization tax losses	-	-
- tax effects of costs and revenues not tax effective	986	310
Current income tax	23 416	18 099
Effective tax rate	19,8%	19,2%

31. Credit risk management

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

Credit risk

Credit exposure is monitored currently according with the credit policy realized by the Company. As of 31 December 2023, the Statutory representative considers that there is not significant credit risk, because of the great number of customers. The key customers are stable multinational chains and important local wholesalers. Part of the trade receivables is also covered by a credit insurance.

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

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

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

Exchange rate risk

Transactions of purchase goods in foreign currency are the main sources of exchange rate risk. Significant part of trade payables is in foreign currency specially in EUR. The sales are generally conducted in domestic functional currency – Czech crown.

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

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

Financial instrument in TCZK	Accounting value of financial instrument	Average exchange rate in 2022	Influence on financial results	Influence on equity	Influence on financial results	Influence on equity
			Increase by 10%	Increase by 10%	Decrease by 10%	Decrease by 10%
Assets denominated in currency:						
EUR	27 813	24,007	2 781	2 781	-2 781	-2 781
PLN	603	5,65	60	60	-60	-60
USD	424	22,457	42	42	-42	-42
Liabilities denominated in currency:						
EUR	59 569	24,007	-5 957	-5 957	5 957	5 957
PLN	1063	5,65	-106	-106	106	106
USD	3 684	22,457	-368	-368	368	368
Total			-3 548	-3 548	3 548	3 548

Liquidity risk

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

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

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

Enclosed is an analysis of trade payables as at December 31, 2023 and December 31, 2022 in respect of the overdue payables. The balances are stated before compensation against relevant trade receivables.

Year	<i>Liabilities due in the period</i>						
	Total	Not overdue	< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2023	101 698	85 183	10 556	749	902	-	4 308
2022	142 960	130 823	6 104	2 435	-	-	3 598

Price risk

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

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

The Company regularly monitors the profitability of individual products and on the basis of these data takes action related to the optimization of the purchase price or the sale of products.

32. Changes in liabilities arising from financing activities

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

	Lease liability	Total
Balance 1 January 2023	6 705	6 705
Cash transactions – repayments & sourcing	391	391
Non-cash transactions	-	-
Balance 31 December 2023	7 096	7 096

33. Bank guarantees

Československá Obchodní banka, a.s. provided to the Company bank guarantees in value of 0 TUSD as of December 31, 2023 (605 TUSD as of 31.12.2022). The bank guarantees relate to deliveries from China, that are secured by Letter of Credits.

34. Capital management

The Company monitors capital which comprises all components of equity, i.e. share capital, other reserves and retained earnings. The main purpose of Company capital management is retaining a good credit rating and safe capital indexes, which will support operational activity of the Company and increase value for its shareholders. For the purpose of retaining or correcting of capital structure, the company can regulate the dividend payment for shareholders or return the capital to shareholders.

35. Contingent assets and liabilities

As at December 31, 2023 and December 31, 2022, the Company does not have any contingent assets or liabilities.

36. Tax settlements

Regulations regarding VAT, corporate and personal income tax, social insurance contributions are liable to frequent changes. As a result, there are often no references to recorded regulations or legal precedents. Regulations which are in force are ambiguous, causing differences in opinions about legal interpretations of tax regulations between bodies of state administration and companies. Tax settlements and other settlements can be a subject of control conducted by bodies of state administration, which are able to impose significant fines, and additional liabilities may be charged with interest. These facts create tax risk in Czech Republic which is higher than in countries with more stabilized tax systems. Tax settlements may be subject to inspection for a period of three years from the end of the year in which the tax was due. The period might be significantly prolonged under certain conditions, i.e. utilization of tax losses. As a result of inspections, the existing tax settlements may be subject to additional tax liabilities.

37. Structure of employment

	31.12.2023	31.12.2022
Management	6	6
Sales and marketing	25	25
Administration	16	16
	<u>47</u>	<u>47</u>

38. Key management personnel compensation

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

39. Events after date of balance sheet day

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2023.

The company's management has also assessed the current international situation, in particular the ongoing war in Ukraine, sanctions imposed on Russia, the significant increase in commodity prices, etc. and concluded that the Financial statements as at 31 December 2023 do not require additional adjustments to the valuation of fixed assets, inventories, receivables and provisions.

Date: 8 March 2024

Representative:

Krzysztof Jan Kaminski, statutory executive
bytem 83-112 Lubiszewo, ul. Sportowa 1
Polská republika



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

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

for the period 2023

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

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

1.1. Definition of the controlling entity and the controlled entity

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

Hereinafter Sarantis

The controlling entity to the company Sarantis for the accounting period 2022 is the sole shareholder GR SARANTIS SA, 26 Amaroussiou – Halandriou STR, GR 151 25, Amaroussion - Greece.

Hereinafter GR Sarantis SA

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

1.2. Definition the entities controlled by the same controlling entity

The statutory representative of a company acting with due diligence are aware of other persons who were controlled by one controlling entity in the accounting period 2023, i.e. GR SARANTIS SA:

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

- 100%, SARANTIS SLOVAKIA, s.r.o.
- 100%, ASTRID T.M., a.s.
- 100%, SARANTIS PORTUGAL Lda
- 100%, ZETAFIN LTD
- 100%, POLIPAK sp. z.o.o.
- 100%, ZETA COSMETICS LTD
- 100%, ELODE FRANCE S.A.R.L.
- 100%, SARANTIS FRANCE S.A.R.L.
- 100%, IVYBRIDGE VENTURES LTD
- 100%, ERGOPACK LLC

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

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

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

3. Method and means of control

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

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

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

In the accounting period 2023, the company Sarantis has not concluded any contracts with the controlling entity.

4.2. Overview of acts performed in the accounting period 2023, which were initiated or in the interest of the controlling entity or its controlled entities, if such conduct concerned assets that exceed 10% of the controlled entity's equity determined according to the last financial statements

In the accounting period of 2023, Sarantis purchased from GR Sarantis SA goods in the total value of 8 664 TEUR and license fees and other services in the amount of 37 TEUR.

In the accounting period of 2023, Sarantis purchased goods and services from Sarantis Polska S.A. in the total amount of 1 879 TEUR.

In the accounting period of 2023, Sarantis purchased goods and services from Polipak sp.z.o.o. in the total amount of 1 630 TEUR.

In the accounting period of 2023, Sarantis sold goods and services to Sarantis Slovakia s.r.o. in the total amount of 6 668 TEUR.

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

In the accounting period 2023, the company Sarantis has not concluded any contracts with the controlling entity.

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

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

7. Evaluation of advantages and disadvantages

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

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

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

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

In the accounting period 2023, no other acts were performed in the interest of the controlling entity or in the interest of other entities controlled by the same controlling entity.

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

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

Conclusion

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

In Prague, 5. 3. 2024



Krzysztof Jan Kaminski
Statutory representative