Polipak Sp. z o.o.

Financial Statement

for the period from 1 January 2021 to 31 December 2021

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INTRODUCTION TO THE FINANCIAL STATEMENTS
GENERAL INFORMATION

1. Business name, head office, core business

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

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

Head office of Polipak Spółka z o.o.
ul. Harcerska 16
63-000 Środa Wielkopolska

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

2. Composition of the Company's Board of Directors

As at 31 December 2021, the Company's executive and management body was composed of the following persons:

Artur Gwardiak -	President of the Board of Directors
Justyna Nowak-Gajek -	Vice President

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

With effect from 10 February 2022, Tomasz Tramś was appointed to serve on the Board of Directors as the President of the Board. Artur Gwardiak was dismissed as the President and appointed as a Member of the Board of Directors. The Vice President function remained unaffected.

3. Company's shareholders

As at 31 December 2021, the following were the Company's shareholders:

a) Sarantis Polska S.A. of Piaseczno holding 8,000 shares with the face value of PLN 100.00 per share and the total value of PLN 800,000.00;
b) Grzegorz Nowak Investments Sp. J. of Poznań holding 2,000 shares with the face value of PLN 100.00 per share and the total value of PLN 200,000.00

4. Business name of a parent

Sarantis Polska S.A.

5. Business name of an ultimate parent

GR Sarantis SA, Greece

6. Entity authorised to audit

Grant Thornton Polska Sp. z o.o. sp.k.
ul. Abpa A. Baraniaka 88A
61-131 Poznań

7. Presentation rules

These Financial Statements cover the period of 12 months from 1 January through 31 December 2021. These Financial Statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) that has been approved by the European Union and cover the period from 1 January through 31 December 2021 and the period from 1 January through 31 December 2020, and with the accounting policies.

Presented herein, a Statement of Financial Position conforms to all requirements of IFRS as adopted by the EU, and gives a true and fair view of the Company's financial and economic position as at 31 December 2021 and 31 December 2020; a Statement of Profit or Loss and Other Comprehensive Income, a Statement of Changes in Cash Flows and a Statement of Changes in Equity for the years ending 31 December 2021 and 31 December 2020, respectively.

8. Declaration of the Board of Directors

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

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

Środa Wielkopolska

Tomasz Tramś - President of the Board

Podpis jest prawidłowy
Dokument podpisany przez Tomasz Adam Tramś
Data: 2022.05.02 09:37:44 CEST

Justyna Nowak-Gajek - Vice President of the Board

Signed by / Podpisano przez:
Justyna Marta Nowak-Gajek
Date / Data: 2022-04-26 15:11

Artur Gwardiak - Member of the Board

Signed by / Podpisano przez:
Artur Gwardiak
Date / Data: 2022-04-26 16:27

9. Basis for preparation, and accounting policies

Basis for preparation of separate Financial Statements

These separate Financial Statements of Polipak Spółka z o.o. have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union and effective for annual periods beginning 1 January 2021.

These Financial Statements have been prepared based on the accrual principle with the assumption that the Company will continue as a going concern in the foreseeable future. According to the Company’s Management, events related to the coronavirus pandemic, which emerged in late 2019 and continues until this date, do not pose any risk to the Company’s continuing as a going concern in the foreseeable future. To date, the Company’s Management has not identified any noticeable impact on the Company’s sales or supply chain. The potential impact of the pandemic on the Company's operations is monitored on an on-going basis, and every effort is taken to mitigate any potential adverse impact of the pandemic on the Company’s operations. As at the date of these Financial Statements, the COVID pandemic has not affected the Company's continuing as a going concern in any way whatsoever.

For complete presentation and understanding of the Company's financial and economic position, comparative data in the form of the Statement of Financial Position prepared as at 31 December 2020 as well as the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Cash Flows, and Statement of Changes in Equity for 2020 are provided.

The following are fundamental accounting policies adopted by the Company:

1. A calendar year is the Company's financial year.
2. There are the following interim reporting periods in the financial year:

Month - for settling prime cost and reconciling detailed accounts with general ledger accounts. A statement of profit or loss is prepared in a single statement format, split into two sections: profit and loss account (up to the gross profit/loss items), by type and by function.

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

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

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

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

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

Judgments and estimates

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

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

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

Property, plant and equipment

Property, plant and equipment are measured at acquisition or production cost that includes costs directly attributable to bringing the asset into use. Land and real property considered to be investments are measured at fair value.

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

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

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

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

Group	Useful life
Buildings and structures	20 – 40 years
Machines and equipment	5 – 15 years
Motor vehicles	2 – 15 years
Other property, plant and equipment	2-10 years

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

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

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

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

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

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

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

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

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

Lease

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

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

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

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

Intangible assets

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

Initially, intangible assets are stated at acquisition cost or production cost.

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

Intangible assets with definite useful lives are amortised when they are ready for use, i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, over the course of their estimated economic lives. The amortisation period and the amortisation rates are reviewed at least at the financial year-end, and an adjustment, if any, of amortisation charges is made in the subsequent periods.

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

Group	Economic life
Concessions, licences and the like	2 – 10 years
Computer software	2 – 5 years

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

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

Construction in progress

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

Borrowing costs that are directly attributable to the purchase, construction or production of the asset are activated as part of the acquisition cost or production cost of the asset. Borrowing costs include interest and foreign exchange gains or losses, as well as guarantee fees incurred in relation to borrowings.

Interests in other entities

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

Financial assets

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

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

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

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

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

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

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

Inventories

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

Costs of work in progress and finished products are assigned using the weighted average cost formula.

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

Receivables

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

Bad debts are charged to comprehensive income at the time when they are considered uncollectible.

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

Cash and cash equivalents

Cash comprises cash in hand and cash at banks.
Cash equivalents are short-term investments of high liquidity that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in their value.

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

In 2021, the Company recognized as cash the amounts received as part of projects subsidized by the National Centre for Research and Development, which amounts constitute advance payments of refund of eligible costs under the following contracts:

- contract no. POIR.01.01.01-00-0793/19 of 29 October 2019 – PLN 80 181.88
- contract no. POIR.01.01.01-00-0783/19 of 16 April 2020 – PLN 441 175.70

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

Accruals, prepayments and deferred income

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

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

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

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

Equity

Equity is established by the Company in accordance with the binding regulations, i.e. applicable acts and the Company's Articles of Association.
Share capital arises from the Company's shares taken up by the Company's shareholders and is recognised at its nominal value, in the amount constituting the product of the number of shares taken up and properly paid up and the nominal value of one share as per the Company’s Articles of Association and the relevant entry into the National Court Register.

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

Financial liabilities

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

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

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

Provisions, contingent liabilities and contingent assets

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

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

Provisions are not recognized for future operating losses.
The amount of the provision is the best estimate of the expenditures required to settle the present obligation, based on most reliable evidence available on the date on which the financial statements are prepared, including evidence as to risks and uncertainties. Where the effect of the time value of money is material, a provision is measured by discounting expected future cash flows to their present value, using a discount rate that reflects current market assessment of the time value of money and risks, if any, specific to the liability. Where discounting is used, any provision increase reflecting the passage of time is recognised as finance cost.
Where the expenditure required to settle a provision is expected to be reimbursed, the reimbursement is treated as a separate asset when it is virtually certain that the reimbursement will be actually received.
The value of such asset cannot exceed the provision.
Where the outflow in settlement of the present obligation is unlikely, no contingent liability is recognised in the statement of financial position except for contingent liabilities identifiable in a business combination under IFRS 3.
Any possible inflows of economic benefits to the Company, which do not yet meet the criteria to quality as assets, are classified as contingent assets, of which information is disclosed in the notes.

Employee benefits

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

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

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

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

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

Foreign currency transactions

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

(b) on an on-going basis when money flows, to post receivables received or liabilities paid, loans/borrowings contracted or repaid, and inflows and outflows of foreign currencies in hand or at bank (foreign currency bank account). For translation, the rate of exchange actually used for the foreign operation, or the relevant average rate of exchange of the National Bank of Poland at the date preceding the date when receivables are received/liabilities are paid, unless the nature of the operation indicates that any other rate of exchange should be applied.

(c) as at the balance sheet date for monetary items that relate to assets and liabilities expressed in foreign currencies, in order to revalue such items measured in PLN on account of changes in exchange rates, using the relevant average rate of exchange of the National Bank of Poland as at the balance sheet date.

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

Revenue recognition

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

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

Income tax

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

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

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

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

Deferred tax assets and liabilities are recognised for all taxable temporary differences.

The assets and liabilities are recognised regardless of when they are to be realised.

In the balance sheet, deferred tax assets and liabilities are classified and presented per account balance of both these values.

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

Amendments to standards or interpretations effective and applied by the Company from 2021

New or revised standards and interpretations effective from 1 January 2021, and their effect on the Company's Statements:

Amendment to IFRS 16 "Lease"

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

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

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

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

Due to the interest rate benchmark reform (WIBOR, LIBOR, etc.), the IASB has introduced further amendments to accounting principles applicable to financial instruments:

- when an instrument is measured at amortised cost, changes to cash flows that relate directly to the reform are to be treated as changes to a floating interest rate, so no profit or loss is recognized;
- relief from discontinuing a hedge relationship as long as effects of the IBOR reform are the only changes and other criteria for hedge accounting are met; the amendment regulates how to include an alternative rate in a hedge relationship;

- an entity is required to disclose information on the risk exposure resulting directly from the reform, and on how the entity is managing the process of transition to alternative benchmark rates.

These amendments are effective for annual reporting periods beginning on or after 1 January 2021.

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

Application of the standard or interpretation before its effective date

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

Published standards and interpretations that have not become effective for the period beginning 1 January 2021 and their impact on the Company's Statements.

Until the date of preparation of these consolidated Financial Statements, new or amended standards and interpretations effective for annual periods beginning after 2021 have been published. The following list includes also amendments, standards and interpretations published but not yet approved by the European Union.

New IFRS 17 "Insurance contracts"

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces IFRS 4.
The Company estimates that the new standard will have no effect on the Company's financial statements because the Company is not engaged in any insurance business.

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

Amendments to IAS 1 "Presentation of financial statements"

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

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

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

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

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

The amendments are effective for annual periods beginning on or after 1 January 2022. The Company has not completed its analysis of an impact of the amendments on financial statements.

Amendment to IAS 16 "Property, plant and equipment"

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

The Company estimates that the amendment will have no effect on the Company's financial statements. The amendment is effective for annual periods beginning on or after 1 January 2022.

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

The amendment clarifies that the cost of fulfilling onerous contracts comprise incremental costs (e.g. direct labour) or an allocation of other costs that relate directly to fulfilling contracts, e.g. depreciation charge. The Company estimates that the amendment will have no impact on the Company's financial statements as the Company has not identified any onerous contracts so far.

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

Amendment to IFRS 3 "Business combination"

The amendment clarifies the reference to the Conceptual Framework for the definition of liabilities and to IAS 37 for the definition of contingent liabilities. The Company under review estimates that the amendment will have no impact on the Company's financial statements.

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

Amendment to IAS 1 "Presentation of financial statements"

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

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

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

The IASB has included a definition of accounting estimates in the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

The Group continues to estimate an impact of the amendment on its financial statements.
The amendment is effective for annual periods beginning on or after 1 January 2023.

Amendment to IFRS 16 "Lease"

In 2020, the IASB published the practical expedients for lessees that have been granted COVID-19-related concessions. One of the conditions was that the concession should only affect payments due by the end of June 2021. Now, the application period has been extended to June 2022. The Group does not intend to apply the expedients. The amendment is effective for annual periods beginning on or after 1 April 2021, with early adoption permitted.

Amendment to IAS 12 "Income taxes"

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

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

Amendment to IFRS 17 "Insurance contracts"

The IASB has laid down transition regulations governing comparative information presented by entities applying IFRS 17 and IFRS 9 for the first time, to reduce potential accounting mismatches resulting from differences in the standards. The Group estimates that the amendment will have no effect on its financial statements because the Group is not engaged in any insurance business.

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

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

Środa Wielkopolska

Person responsible for preparation of these Financial Statements:

Patrycja Prusakiewicz-Błaszczuk   Finance Manager

Podpis jest prawidłowy
Dokument podpisany przez Patrycja Prusakiewicz-Błaszczuk
Data: 2022.04.26 13:30:40 CEST

Board of Directors:

Tomasz Tramś -   President of the Board

Podpis jest prawidłowy
Dokument podpisany przez Tomasz Adam Tramś
Data: 2022.05.02 09:39:44 CEST

Justyna Nowak-Gajek -   Vice President of the Board

Signed by / Podpisano przez:
Justyna Marta Nowak-Gajek
Date / Data: 2022-04-26 15:13

Artur Gwardiak -   Member of the Board

Signed by / Podpisano przez:
Artur Gwardiak
Date / Data: 2022-04-26 16:29

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 DECEMBER 2021

ASSETS		Note	31 December 2021	31 December 2020
A	**Fixed assets**			
I	Property, plant and equipment	1	196 754 970	97 760 340
II	Intangible assets	2	422 168	375 862
III	Land, including the right of perpetual usufruct of land	3	9 220 6119	7 349 210
IV	Financial assets in other entities		0	0
V	Deferred tax assets	4	0	0
Total fixed assets			**206 397 756**	**105 485 412**
B	**Current assets**			
I	Inventories	6	24 019 037	17 831 247
II	Trade accounts receivable from other entities, and other receivables	7	17 521 841	15 487 908
	including: VAT receivable		*5 608 356*	*4 189 586*
III	Trade receivables from related entities	7	11 436 018	4 131 944
IV	Current income tax receivables		0	0
V	Current prepayments and accrued income	8	303 921	239 597
VI	Cash and cash equivalents	10	1 430 510	1 690 344
Total current assets			**54 711 327**	**39 381 039**
Total assets			**261 109 084**	**144 866 451**

EQUITY AND LIABILITIES

		Note	31 December 2021	31 December 2020
A	**Equity**			
I	Share capital	11	1 000 000	1 000 000
II	Share premium	11	3 607 059	3 607 059
III	Retained earnings:	11	43 038 713	35 088 351
Total equity			**47 645 772**	**39 695 410**
B	**Non-current liabilities**			
I	Loans and borrowings	13	62 500 000	21 263 260
II	Loans and borrowings from related entities	13	78 000 000	33 000 000
III	Other non-current liabilities		1 311 158	0
III	Deferred income tax liability	4	942 407	913 580
IV	Employee benefit payable and provisions for employee benefits	5	656 619	615 071
V	Lease liabilities	13	150 338	1 263 310
VI	Non-current accrued expenses and deferred income	8	14 246 458	10 177 811
Total non-current liabilities			**157 806 980**	**67 233 032**
C	**Current liabilities**			
I	Trade and other payables	15	26 091 970	19 471 387
	including: *VAT payable*		*0*	*0*
	personal income tax		*215 386*	*188 008*
	Social Security Office		*914 692*	*877 945*
	special funds		*29 914*	*40 799*
II	Trade accounts payable to related entities	15	40 802	219 343
III	Loans and borrowings payable	13	21 690 781	8 331 515
IV	Loans and borrowings payable to related entities	13	190 170	30 830
V	Lease liabilities	13	136 137	490 302
VI	Current income tax payable	15	236 619	2 033 852
VII	Employee benefit payable and provisions for employee benefits	15	1 454 281	1 464 118
VIII	Current accrued expenses and deferred income	8	5 815 572	5 896 661
Total current liabilities			**55 656 332**	**37 938 009**
Total equity and liabilities			**261 109 084**	**144 866 451**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

		Note	31 December 2021	31 December 2020
Continuing operations				
I	Revenue from sales of products	16	153 565 385	146 585 296
II	Revenue from sales of commodities and materials	16	3 697 085	2 198 989
III	Revenue from sales of services	16	8 641	8 023
A	**Sales revenue**		**157 271 111**	**148 792 307**
B	**Other operating revenue**	17	**2 079 343**	**4 070 919**
I	Increase/decrease in product inventories		(120 380)	1 880 421
II	Production cost of products for the entity's own purposes		(519 367)	(440 648)
III	Amortisation and depreciation		(4 898 469)	(4 832 378)
IV	Consumption of materials and energy		(106 613 081)	(91 998 731)
V	External services		(15 562 167)	(17 615 801)
VI	Taxes and charges		(589 096)	(458 429)
VII	Payroll		(15 390 904)	(14 240 592)
VIII	Social security contributions and other benefits		(3 766 307)	(3 646 352)
IX	Other costs by type		(409 830)	(391 457)
X	Value of goods and materials sold		(2 447 300)	(1 598 189)
XI	Other operating expenses	18	(326 622)	(472 521)
C	**Total operating expenses**		**(150 643 524)**	**(133 814 677)**
Gain on operating activities			**8 706 930**	**19 048 549**
I	Finance income	19	417	13 178
II	Finance cost	20	(886 059)	(1 101 869)
D	**Net finance income and cost**		**(885 643)**	**(1 088 691)**
Earnings before tax			**7 821 287**	**17 959 858**
Income tax		**21**	**(1 083 195)**	**(3 157 450)**
Net profit			**6 738 092**	**14 802 408**
	Other comprehensive income:	11	1 212 270	1 089 901
	Items not posted off to profit or loss			
	Revaluation of property, plant and equipment		1 496 630	1 345 557
	Income tax relating to items not transferred to profit or loss		(284 360)	(255 656)
Total comprehensive income			**7 950 362**	**15 892 308**

CASH FLOW STATEMENT

for the year ended 31 December 2021

	Note	**01.01.2021-31.12.2021**	**01.01.2020-31.12.2020**
Gross profit on continuing operations		**7 821 287**	**17 959 858**
Adjustments by:			
Amortisation and depreciation		4 898 469	4 832 378
Gain (loss) on foreign exchange		(35 882)	47 217
Interest and profit sharing (dividends)		561 769	685 878
Gain (loss) on disposal of property, plant and equipment		(18 447)	(220 754)
Increase/decrease in provisions		41 548	57 299
Increase/decrease in inventories		(6 187 790)	(4 084 427)
Increase/decrease in receivables		(9 338 008)	2 446 029
Increase/decrease in liabilities		11 111 082	(1 512 846)
Increase/decrease in prepayments and accruals		4 179	1 696 650
Income tax paid	23	(3 135 691)	(1 770 339)
Other adjustments		(971)	225 867
Net cash from operating activities		**5 721 276**	**20 362 808**
Investing activities			
Inflows from sales of property, plant, equipment and intangible assets		33 732	380 402
Inflows from sales of financial assets		-	-
Acquisition of property, plant, equipment and intangible assets		(103 119 001)	(40 319 794)
Prepayments for fixed assets		-	-
Acquisition of financial assets		-	-
Net cash from investing activities		**(103 085 268)**	**(39 939 393)**
Financing activities			
Loans and borrowings		99 432 201	36 263 260
Repayment of loans and borrowings received		-	(20 190 313)
Payments under financial lease contracts		(682 835)	(841 184)
Interest paid		(1 645 207)	(689 611)
Dividends and other payments to shareholders		-	-
Other financial inflows		-	-
Other financial outflow		-	-
Repayment of subsidy from the Company Fund for Rehabilitation of Disabled Persons		-	-
Net cash from financing activities		**97 104 158**	**14 542 152**
Increase/decrease in cash and cash equivalents		(259 834)	(5 034 433)
Effect of exchange rates changes on the foreign currency cash balance		35 882	(47 217)
Balance-sheet increase/decrease in cash		(223 952)	(5 081 650)
Cash and cash equivalents as at 1 January		**1 690 344**	**6 724 778**
Cash and cash equivalents as at 31 December		**1 430 510**	**1 690 344**
Restricted access cash		**549 617**	**1 039 800**

STATEMENT ON CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share capital	Share premium	Retained earnings	Total equity
Equity as at 1 January 2021	**1 000 000**	**3 607 059**	**35 088 351**	**39 695 410**
Comprehensive income	-	-	1 212 270	1 212 270
Net profit for the period	-	-	6 738 092	6 738 092
Dividend distribution to shareholders	-	-	-	-
Transfer of profit or loss from the prior period to capital	-	-	-	-
Equity as at 31 December 2021	**1 000 000**	**3 607 059**	**43 038 713**	**47 645 772**
Equity as at 1 January 2020	**1 000 000**	**3 607 059**	**19 196 043**	**23 803 101**
Comprehensive income	-	-	1 089 901	1 089 901
Net profit for the period	-	-	14 802 408	14 802 408
Dividend distribution to shareholders	-	-	-	-
Transfer of profit or loss from the prior period to capital	-	-	-	-
Equity as at 31 December 2020	**1 000 000**	**3 607 059**	**35 088 351**	**39 695 410**

ADDITIONAL INFORMATION AND EXPLANATION TO THE FINANCIAL STATEMENTS

Note 1. Property, plant and equipment

The Company presents assets classified to Group 1 and Group 2 using the revaluation model for measurement, which model is based on the fair value of assets.

The measurement is made using an appraisal report prepared by the independent expert who is a certified appraiser. The valuation is based on output data from an active market as at 31 December 2021.

The effects of the revaluation of the real properties classified into Groups "1" and "2", performed as at 31 December 2021, increased the gross carrying value of property, plant and equipment, and depreciation by PLN 1 804 358.89 and PLN 519 896.93, respectively. The increase is credited to other comprehensive income and recognized in the total amount of revaluation reserve.

	31.12.2021	31.12.2020
Buildings, structures, premises and civil engineering structures	17 045 803	17 399 268
Technical equipment and machinery	29 501 695	31 554 901
Motor vehicles	912 909	1 312 861
Other property, plant and equipment	534 843	658 409
Construction in progress	148 759 719	46 834 902
Total property, plant and equipment	**196 754 970**	**97 760 340**

The following is the gross value of fully depreciated assets that are still in use:

as at 31 December 2021	7 772 854
as at 31 December 2020	6 649 000

In line with IFRS 16, the Company recognizes in the Company's Statement of Financial Position as at 31 December 2021 the right-of-use assets for lease contracts for: office and staff premises located in Środa Wielkopolska, ul. Plantaża 20; and Arval's passenger cars.

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

as at 31 December 2021	277 878
as at 31 December 2020	2 613 167

The following is the depreciation cost for particular groups of the assets specified herein above in 2021:

Buildings	10 510
Technical equipment and machinery	1 051 648
Motor vehicles	(81 048)
Other property, plant and equipment	-
Total depreciation	**981 109**

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

	Buildings & structures	Technical equipment & machinery	Motor vehicles	Other property, plant, and equipment	Construction in progress	Total
Net carrying value as of 01 January 2021	**17 399 268**	**31 554 901**	**1 312 861**	**658 409**	**46 834 902**	**97 760 340**
Increase (acquisition, construction, lease)	-1 021 583	1 682 347	14 994	0	106 780 575	107 456 333
Decrease (disposal, retirement)(-)	0	-485 184	-259 800	-22 756	0	-767 740
Revaluation to fair value (+/-)	1 804 359	0	0	0	0	1 804 359
Transfer to property, plant and equipment/acceptance for use	0	0	0	0	-4 855 757	-4 855 757
Depreciation (-)	-1 136 241	-3 250 369	-155 146	-100 809		-4 642 565
Impairment losses (-)	0	0	0	0	0	0
Reversal of impairment losses	0	0	0	0	0	0
Net currency translation profit/loss (+/-)	0	0	0	0	0	0
Net carrying value as at 31 December 2021	**17 045 803**	**29 501 695**	**912 909**	**534 843**	**148 759 719**	**196 754 970**

	Buildings & structures	Technical equipment & machinery	Motor vehicles	Other property, plant, and equipment	Construction in progress	Total
Net carrying value as of 01 January 2020	**16 810 379**	**32 600 020**	**975 316**	**479 069**	**1 685 061**	**52 549 845**
Increase (acquisition, construction, lease)	1 676 959	2 518 610	626 762	350 630	51 225 699	56 398 660
Decrease (disposal, retirement)(-)	-1 468 610	-943 205	-468 683	-92 346	0	-2 972 845
Revaluation to fair value (+/-)	1 794 643	0	0	0	0	1 794 643
Transfer to property, plant and equipment/acceptance for use	0	0	0	0	-6 075 859	0
Depreciation (-)	-1 414 103	-2 620 523	179 465	-78 944	0	-10 009 963
Impairment losses (-)	0	0	0	0	0	0
Reversal of impairment losses	0	0	0	0	0	0
Net currency translation profit/loss (+/-)	0	0	0	0	0	0
Net carrying value as at 31 December 2020	**17 399 268**	**31 554 901**	**1 312 861**	**658 409**	**46 834 902**	**97 760 340**

The value of property, plant and equipment includes right-of-use assets with the following carrying value, for the following classes of underlying assets:

Underlying assets	**31.12.2021**
Buildings and structures	26 894
Motor vehicles	250 984
Total	**277 878**

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

In 2021, the Company entered into a lease assignment agreement whereby the obligations under the lease contract for the Audi passenger car have been transferred to another member of the Group, i.e. Sarantis Polska S.A.

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

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

	Payments under lease contracts, due			
As at 31 December 2020	within 1 year	between 1 to 5 years	after 5 years	total
Future minimum lease payments	506 429	859 479	514 080	1 879 987
Finance costs (-)	0	0	0	0
Current value of future minimum lease payments	**506 429**	**859 479**	**514 080**	**1 879 987**

The Company does not recognize liabilities arising from short-term leases and leases for which the underlying asset is of low value. In addition, contingent lease payments are not included in the measurement of liabilities. In the reporting period from 1 January through 31 December 2021, the following were costs related to these items:

	from 01.01.2021 through 31.12.2021
Short-term lease	0
Lease of low-value assets	0
Variable lease payments	0
Total	**0**

In the period from 1 January through 31 December 2021, there was no income from sub-lease of right-of-use assets.

Impairment losses

In the accounting period from 1 January through 31 December 2021, the Company did not identify any need for recognizing impairment losses for property, plant and equipment.

Note 2. Intangible assets

Increase/decrease in intangible assets

	Trademarks, licences	Computer software	Total
Net carrying value as of 01 January 20201	**0**	**375 862**	**375 862**
Increase (acquisition, construction, lease)	0	155 568	155 568
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	0	0
Amortisation (-)	0	-109 261	-109 261
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2021	**0**	**422 168**	**422 168**

	Trademarks, licences	Computer software	Total
Net carrying value as of 01 January 2020	**0**	**345 998**	**345 998**
Increase (acquisition, construction, lease)	0	134 377	134 377
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	0	0	0
Amortisation (-)	0	-104 513	-104 513
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2020	**0**	**375 862**	**375 862**

Note 3. Land, including perpetual usufruct right

On 01 June 2020, the Company purchased land with the surface area of 5.2981 square metres, located in Środa Wielkopolska, ul. Fabryczna 7.

In connection with the construction of a new manufacturing plant with internal and external technical infrastructure, the Company applied for a permanent change in land use from agricultural to non-agricultural purposes for the land purchased in 2020. As the Company received the decision permitting the permanent change in land use from agricultural to non-agricultural purposes for the said land, the Company increased the initial value of the land by PLN 1 748 210.36 in 2021, which amount represents a fee specified in the decision for the use of the land so converted for non-agricultural or non-forest purposes.

Moreover, Company uses state-owned land of 23 744 square metres, located at Środa Wielkopolska, ul. Harcerska 16.

The perpetual usufruct right was measured as at 31 December 2021, using the appraisal report prepared by the independent expert who is a certified appraiser, based on output data from the active market as at 31 December 2021. Effects of revaluation of the land and of the right of perpetual usufruct of the land made as at 31 December 2021 triggered an increase in the gross carrying value of fixed assets by PLN 113 722.009. The increase is presented in other comprehensive income and recognized in the revaluation reserve.

	31.12.2021	31.12.2020
Land	6 775 619	5 016 885
Perpetual usufruct right - value at acquisition cost	2 331 278	2 314 637
Increase/decrease in value (revaluation)	113 722	17 689
Book value:	**9 220 619**	**7 349 210**

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

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

	Land	Right of perpetual usufruct of the land	Total
Net carrying value as of 01 January 2020	**0**	**2 314 637**	**2 314 637**
Increase (acquisition, construction, lease)	5 016 885	0	5 016 885
Decrease (disposal, retirement)(-)	0	0	0
Revaluation to fair value (+/-)	1 048	16 641	17 689
Amortisation/depreciation (-)	0	0	0
Impairment losses (-)	0	0	0
Reversal of impairment losses	0	0	0
Net currency translation profit/loss (+/-)	0	0	0
Net carrying value as at 31 December 2020	**5 017 932**	**2 331 278**	**7 349 210**

Note 4. Deferred tax liabilities and assets, increase/decrease for each deferred tax liability/asset type:

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

	As at 01.01.2020	Increase/decrease: profit or loss	Increase/decrease: other comprehensive income	as at 31.12.2020
Deferred tax liabilities	**958 994**	**62 513**	**255 656**	**1 277 163**
exchange differences from valuation of receivables	-	40 414	-	40 414
exchange differences from valuation of liabilities	8 180	(8 180)	-	-
liabilities arising from purchase bonuses	64 575	11 277	-	75 852
difference between the right of use and liability	127 320	40 684	-	168 004
difference between depreciation for balance-sheet and tax purposes: components	3 963	(3 963)	-	-
difference between depreciation for balance-sheet and tax purposes: buildings and premises	754 956	(17 719)	255 656	992 893
Deferred tax assets	**327 518**	**36 065**	**-**	**363 583**
exchange differences from valuation of receivables and cash	17 106	(8 135)	-	8 971
exchange differences from valuation of liabilities	5 213	29 170	-	34 383
unpaid remuneration and burdens	78 918	10 123	-	89 041
unpaid interest and charges on liabilities arising from loans and borrowings	19 154	(12 377)	-	6 777
difference between the right of use and liability	3 543	1 146	-	4 689
other unpaid employee benefits	203 584	16 138	-	219 722
Total deferred income tax	**631 476**	**26 448**	**255 656**	**913 580**

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

Note 5. Employee benefits payable and provisions for employee benefits

	31.12.2021	31.12.2020
Provisions for employee benefits	**1 161 785**	**1 156 439**
including: non-current	656 619	615 071
current	505 166	541 369

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

	as at 31.12.2020	decrease	increase	as at 31.12.2021
Provisions for employee benefits	***1 156 439***	***(1 156 439)***	***1 161 785***	***1 161 785***
for accrued holiday entitlement	*541 369*	*(541 369)*	*(505 166)*	*505 166*
for retirement gratuities	*202 277*	*(202 277)*	*204 385*	*204 385*
for service anniversary awards	*412 793*	*(412 793)*	*452 234*	*452 234*

Note 6. Inventories

The inventories include raw materials and consumables (65.71%), commodities, work in progress and finished products (34.3%).

	31.12.2021	31.12.2020
Materials	15 778 382	9 194 156
Commodities	1 144	98 045
Finished products	4 464 328	5 980 677
Work in progress	3 775 182	2 558 369
	24 019 037	**17 831 247**

As at 31 December 2021 and 31 December 2020, the Company's inventories were not pledged by the Company to secure its liabilities.

6.1. Allowances for inventories

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

The values of eliminated inventories were PLN 112 619.37 and PLN 132 446.12 in the periods from 1 January through 31 December 2021 and from 1 January through 31 December 2020, respectively.

Note 7. Trade and other receivables

	31.12.2021	31.12.2020
Trade accounts receivable from related entities	**11 436 018**	**4 131 944**
Trade accounts receivable from other entities	11 882 346	11 306 538
Allowances for receivables	(26 466)	(51 583)
Other receivables	57 605	43 366
VAT receivable	5 608 356	4 189 586
Total accounts receivable from other entities	**17 521 841**	**15 487 908**

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

7.1. Allowances for receivables

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

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

In the period under review, the Company partly reversed the allowance for receivables following the acceptance of penalties for the failure to deliver after the change in the product range in prior periods.

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

	1.01.2021-31.12.2021	1.01.2020-31.12.2020
Allowances for receivables as at the beginning of the period	**51 583**	**93 813**
Creation of allowances	0	0
Reversal of allowances	(25 117)	(42 231)
Allowances for receivables as at the end of the period	**26 466**	**51 583**

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

	Past due but collectible				
As at:	**<30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**> 120 days**
31 December 2021	1 351 509	512 187	130 872	144 019	71 448
31 December 2020	1 555 930	401 222	40 896	1 086	97 093

7.4. Currency structure of current trade receivables

	31.12.2021	31.12.2020
Receivables in local currency	16 355 699	8 364 338
Receivables in foreign currencies	6 962 665	7 074 144
	23 318 364	15 438 482

	31.12.2021	31.12.2020
Receivables in EUR	6 962 665	7 074 144
Receivables in USD	0	0
	6 962 665	7 074 144

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

	Finance income	Finance cost
for the period from 1 January through 31 December 2021	873 841	971 837
for the period from 1 January through 31 December 2020	938 229	1 111 851

Note 8. Other assets, equity and liabilities

Prepayments and accrued income - assets	**31.12.2021**	**31.12.2020**
Insurance	374	13 597
Annual service fee of Exact	34 680	33 100
Materials for later use	81 271	20 801
Other	133 926	67 389
VAT to be settled	53 670	104 709
	303 921	**239 597**

Accruals and deferred income - liabilities	**31.12.2021**	**31.12.2020**
Deferred income		
Subsidies to finance fixed assets	162 819	225 624
Advance payments and sales to be settled in next periods	0	249 269
other accruals and deferred income	19 899 212	15 599 580
including: settlement of finance cost	*23 663*	*4 836*
subsidy POIR.01.01.01-00-03/0379/19 - advance payments to be settled	*19 066 932*	*14 625 939*
subsidy POIR.01.01.01-00-0783/19 - advance payments to be settled	*808 616*	*959 355*
	20 062 031	**16 074 472**

Deferred income	31.12.2021	31.12.2020
non-current	14 246 458	10 177 811
Current	5 815 572	5 896 661
	20 062 031	**16 074 472**

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

In 2013, the Company contracted the loan with Bank Handlowy, with 10% financial support for energy efficiency, for the total amount of EUR 107 165 (PLN 453 171.94) for three sealing machines, of which the revenue of PLN 42 964.69 remained unsettled as at 31 December 2021. Between 2016 and 2020, the Company received funding from the National Labour Office to subsidize jobs through the purchase of forklift trucks, IT equipment, and a control panel with a touchpad, in the total net amount of PLN 177 290.48, of which the revenue of PLN 119 854.02 remained unsettled as at 31 December 2021.

Pursuant to the agreement of 27 September 2019, as part of project number POIR.01.01.-00-03/0379/19 subsidized by the National Centre for Research and Development, the Company received a subsidy for the development and implementation of high-performance automated and robotic technology for manufacturing knurled eco-friendly garbage bags from three-layer free-blown extruded film. The eligible cost of the project is PLN 90 225 418.75, including PLN 42 127 098.75 in subsidy. The project is divided into two parts: industrial research and development work. The eligible cost for industrial research is PLN 24 147 725.00, including PLN 15 696 021.25 in subsidy. For development work, the eligible cost is PLN 66 077 693.75, including PLN 26 437 077.50 in subsidy. Since the beginning of the project until 31 December 2021, the Company received a total of PLN 23 236 412.79 from the National Centre for Research and Development. As at 31 December 2021, the eligible cost subject to a refund by 31 December 2021 was PLN 1 241 620.21. The Company calculates its revenue from the subsidy based on project progress.

Pursuant to agreement number POIR.01.01.01-00.0783/19 of 16 April 2020, the Company received a subsidy from the National Centre for Research and Development for a line to manufacture high quality reprocessed granules from the Company’s own waste from the production of printed film in a closed-loop system. The eligible cost of the project is PLN 7 811 125.00, including PLN 4 300 825.00 in subsidy. The project is divided into two parts: industrial research and development work. The eligible cost for industrial research is PLN 4 705 500.00, including PLN 3 058 575.00 in subsidy. The eligible cost development work is PLN 3 105 625.00, including PLN 1 242 250.00 in subsidy. Until 31 December 2021, the Company received the advance payment of PLN 1 000 000.00 as part of the project, including the eligible cost of PLN 236 933.86 subject to a refund as at the balance sheet date. The Company calculates its revenue from the subsidy based on project progress.

Note 9. Transactions with related entities

	Gain on operating activities	
Sales to:	**01.01.2021-31.12.2021**	**01.01.2020-31.12.2020**
Parent	25 539 818	23 823 838
Other related entities	27 451 092	24 959 749
Total	**52 990 910**	**48 783 587**

	Receivables	
Sales to:	**01.01.2021-31.12.2021**	**01.01.2020-31.12.2020**
Parent	6 750 091	694 725
Other related entities	4 685 927	3 437 219
Total	**11 436 018**	**4 131 944**

	Purchase (costs, assets)	
Purchase from:	**01.01.2021-31.12.2021**	**01.01.2020-31.12.2020**
Parent	1 134 529	5 108 746
Other related entities	346 510	710 818
Total	**1 481 039**	**5 819 563**

	Liabilities	
Purchase from:	**01.01.2021-31.12.2021**	**01.01.2020-31.12.2020**
Parent	39 176	30 830
Other related entities	191 795	210 434
Total	**230 972**	**241 264**

	31.12.2021		31.12.2020	
Loans advanced to:	**Advanced in the period**	**Accumulated balance**	**Advanced in the period**	**Accumulated balance**
Parent	0	0	0	0
Subsidiary	0	0	0	0
Associated entity	0	0	0	0
Joint venture	0	0	0	0
Other related entities	0	0	0	0
Total	0	0	0	0

	31.12.2021		31.12.2020	
Loans received from:	**Received in the period**	**Accumulated balance**	**Received in the period**	**Accumulated balance**
Parent	45 000 000	78 000 000	15 000 000	33 000 000
Subsidiary	0	0	0	0
Associated entity	0	0	0	0
Joint venture	0	0	0	0
Other related entities	0	0	0	0
Total	**45 000 000**	**78 000 000**	**15 000 000**	**33 000 000**

Note 10. Cash and cash equivalents

Cash	**31.12.2021**	**31.12.2020**
in hand	-	6 243
at banks	880 893	644 301
deposited on the account of the Company Employee Benefit Fund	28 259	39 800
deposited on the account for project no. POIR.01.01-00-03/0379/19	80 182	-
deposited on the account for project no. POIR.01.01-00-0783/19	441 176	1 000 000
	1 430 510	**1 690 344**
in local currency	957 931	1 294 884
in foreign currencies	472 579	395 460
	1 430 510	**1 690 344**
Cash in EUR	391 734	75 810
Cash in USD	80 845	12 136

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

Note 11. Share capital

As at 31 December 2021, the share capital of Polipak Sp. z o.o. was PLN 1 000 000.00 and comprised:

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

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

	31.12.2021	**31.12.2020**
	3 607 059	3 607 059

Retained earnings include the following items:

Retained earnings	**31.12.2021**	**31.12.2020**
supplementary capital	23 172 368	8 369 960
reserve capital	7 537 000	7 537 000
revaluation reserve	5 591 253	4 378 983
net profit	6 738 092	14 802 408
undistributed profit of prior years	0	0
Total retained earnings	**43 038 713**	**35 088 351**

The revaluation reserve was PLN 5 591 253.36 as at the 31 December 2021, and included:

	31.12.2021	**31.12.2020**
Revaluation of property, plant and equipment	1 496 630	1 345 557
Deferred tax liability relating to revaluation of fixed assets, on items not transferred to profit or loss	(284 360)	(255 656)
	1 212 270	**1 089 901**

The revaluation reserve from the revaluation of the property, plant and equipment comes from the revaluation of land, buildings and structures located in Środa Wielkopolska, ul. Harcerska 16 and ul. Fabryczna.
The revaluation was performed as at the balance sheet date, based on the appraisal report prepared by the independent real estate appraiser Ewa Borkowska-Karwowska of Warsaw as at 31 December 2021.

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

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

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

Reserve capital

The Company was creating its reserve capital from a portion of its profit generated in previous years and was accumulating such capital for a long period of time. As at 31 December 2021, the reserve capital was PLN 7 537 000.00.

Supplementary capital

The Company was creating its supplementary capital as decided by the Meeting of Shareholders, from a portion of its profit, and was accumulating such supplementary capital for years. On 26 May 2021, the Ordinary Meeting of Shareholders adopted its resolution on the distribution and allocation of 2021 profit, allocating that profit in its entirety to the Company's supplementary capital. As at 31 December 2021, the Company's supplementary capital was PLN 23 172 367.68.

Note 12. Proposed distribution of the Company's profit for 2021

On 20 June 2020, the Extraordinary Meeting of Shareholders adopted a resolution amending the Articles of Association as far as profit distribution is concerned. By the resolution, 2019-2022 profits shall not be allocated for distribution and shall not be distributed to shareholders in dividends. 2019-2022 profits shall be transferred to the supplementary or reserve capital upon an end of a relevant financial year, and then distributed and paid out in full to the Company's shareholders in proportion to shares held by the shareholders, not later than on 30 June 2023.

Note 13. Financial liabilities

13.1. Loans and borrowings payable

	31.12.2021	**31.12.2020**
loan for day-to-day purposes - Sarantis Polska	3 000 000	3 000 000
investment loan - Sarantis Polska	75 000 000	30 000 000
overdraft facility - BNP Paribas SA	4 970 466	4 721 309
overdraft facility - Millennium Bank SA	4 220 314	3 610 205
investment credit facility - BNP Paribas Polska	75 000 000	21 263 260
	162 190 781	**62 594 775**

	31.12.2021	**31.12.2020**
non-current liabilities	140 500 000	54 263 260
current liabilities	21 690 781	8 331 515
	162 190 781	**62 594 775**

	31.12.2021	**31.12.2020**
in local currency	162 190 781	62 594 775
in foreign currencies (EUR)	0	0
	162 190 781	**62 594 775**

13.2. Loans payable to related entities

	31.12.2021	31.12.2020
Sarantis Polska SA - loan for current operations	3 000 000	3 000 000
Sarantis Polska SA – investment loan	75 000 000	30 000 000
	78 000 000	**33 000 000**

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

31.12.2021	31.12.2020
190 170	30 830

As at 31 December 2021, the Company had loans provided by the followings banks:

1. BNP Paribas SA
Overdraft facility under credit line agreement no. WAR/3012/16/141/CB of 01 July 2016.
The Bank granted the line of PLN 10 000 000 to the Company, for the purpose of financing current operations. By Annex No. 4 of 19 July 2019, the limit has been changed to USD 5 500 000.00.

The liability arising from the facility is PLN 4 970 466.40 as at 31 December 2021.

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

Pursuant to Annex no. 3, the line is secured with:
- unconditional, irrevocable corporate guarantee up to USD 11 000 000.00, issued by Gr. Sarantis and payable on each and every demand;
- Borrower's statement on submission to collection proceedings under Article 777 up to USD 11 000 000,00;
- Sarantis Polska's statement on submission to collection proceedings under Article 777 up to USD 11 000 000,00.

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

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

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

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

The credit facility is secured with:
- unconditional, irrevocable corporate guarantee of PLN 82 500 000.00, issued by Gr. Sarantis and payable on each and every demand;
- unconditional, irrevocable corporate guarantee PLN 82 500 000.00, issued by Sarantis Polska S.A. and payable on each and every demand;
- Borrower's statement on submission to collection proceedings under Article 777 up to PLN 82 500 000.00;
- Sarantis Polska's statement on submission to collection proceedings under Article 777 up to PLN 82 500 000.00.

The liability arising from the credit facility is PLN 75 000 000.00 as at 31 December 2021.

3. Millennium Bank S.A.

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

By Annex no. A1/12040/18/M/04 of 14 June 2019, the limit has been changed and the global limit of PLN 20 000 000.00 with the overdraft sublimit of PLN 18 000 000.00 has been introduced. By Annex no. A4/12040/18/M/04 of 30 December 2020, the global limit has been changed to PLN 25 000 000.00. Within this limit, the Bank has made the following product sub-limits available to the Company:
- PLN overdraft credit facility of PLN 20 000 000.00;
- EUR overdraft credit facility up to EUR 2 500 000.00;
- bank guarantee line up to PLN 5 000 000.00

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

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

By Annex No. 4A/12040/18/M/04, the facility has become available until 12 January 2023. The liability arising from the facility is PLN 4 220 314.20 as at 31 December 2021.

3. Sarantis Polska S.A of Piaseczno

The Company utilizes the loan granted by Sarantis Polska S.A. under the following three agreements:
- loan agreement of 29 January 2016 with the Annex of 24 March 2016, Annex of 15 December 2017, Annex of 10 September 2018, and Annex of 5 December 2018, and Annex of 15 September 2020, under which Sarantis granted the Company under review the loan of PLN 3 000 000.00 to finance current operating activities. The loan repayment deadline is 31 December 2026;

- loan agreement of 24 March 2016 with the Annex of 15 September 2017, Annex of 10 September 2018, Annex of 5 December 2018, Annex of 05 September 2019, and Annex of 15 September 2020, under which Sarantis increased the amount of the loan up to PLN 15 000 000.00 to be disbursed in amounts and on dates to be agreed on by the parties on an on-going basis. The loan repayment deadline is 31 December 2026. The loan is for the current and investing business activities.

- loan agreement of 15 July 2020 with the Annex of 15 September 2020, under which Sarantis granted Polipak the loan of PLN 60 000 000.00 for current and investing business activities. The loan repayment deadline is 31 December 2026;

The total liability arising from the loans above is PLN 78 000 000.00 as at 31 December 2021.

The Lender is entitled to charge interest on the loans at a variable rate of WIBOR 1M plus margin of 0.9 pp per annum, accruing at the end of each month and due by the 10th day of the following month.
In 2021, total interest on the open loans was PLN 854 312.33

13.3. Lease

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

- real property located in Środa Wielkopolska, ul. Plantaża 20, comprising the office and staff premises with the total area of 240 square metres. The agreement provides for the payment of PLN 12 992.00, including the rental fee of PLN 10 080.00 and the charge of PLN 2 912.00 for utilities. The agreement has been made for a definite term until 31 March 2022.

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

On 15 September 2021, the Company entered into a lease assignment agreement whereby the obligations under the lease contract of 16 August 2019 for the Audi passenger car have been transferred to the assignee, i.e. Sarantis Polska S.A.

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

Liabilities:	**31.12.2021**	**31.12.2020**
Liabilities due within 1 year	140 162	506 429
Liabilities due between 1 to 5 years	152 304	859 479
Liabilities due after5 years	-	514 080
	292 466	**1 879 987**

Net current value:	**31.12.2021**	**31.12.2020**
Liabilities due within 1 year	136 137	490 302
Liabilities due between 1 to 5 years	150 338	779 529
Liabilities due after 5 years	-	483 782
	286 475	**1 753 613**

The total cost of interest on lease and rental liabilities was PLN 33 558.44 in 2021.

Note 14. Financial instruments

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

IFRS 9:

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

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

Financial asset class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-CI	MFV-PL	CIMFV-CI	HI	
As at 31.12.2020						
Fixed assets:						
Receivables and loans	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	**0**
Other non-current financial assets	0	0	0	0	0	**0**
Current assets:						
Trade and other receivables	15 430 265	0	0	0	0	**15 430 265**
Loans	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	**0**
Cash and cash equivalents	1 690 344	0	0	0	0	**1 690 344**
Total financial asset categories	**17 120 610**	**0**	**0**	**0**	**0**	**17 120 610**

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

IFRS 9:

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

Financial liability class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-PL	FGC	CC-BC	HI	
As at 31.12.2021						
Non-current liabilities:						
Loans, borrowings, and other derivative financial instruments	140 500 000	0	0	0	0	**140 500 000**
Other liabilities	0	0	0	0	0	**1 263 310**
Current liabilities:						
Trade and other payables	26 632 059	0	0	0	0	**26 632 059**
Loans, borrowings, and other debt instruments	21 880 951	0	0	0	0	**21 880 951**
Derivative financial instruments	0	0	0	0	0	**0**
Total financial liability categories	**190 276 321**	**0**	**0**	**0**	**0**	**190 276 321**

Financial liability class	Financial instrument categories as per IFRS 9					Total
	MAC	MFV-PL	FGC	CC-BC	HI	
As at 31.12.2020						
Non-current liabilities:						
Loans, borrowings, and other derivative financial instruments	54 263 260	0	0	0	0	**54 263 260**
Other liabilities	150 338	0	0	0	0	**150 338**
Current liabilities:						
Trade and other payables	18 797 630	0	0	0	0	**18 797 630**
Loans, borrowings, and other debt instruments	8 362 345	0	0	0	0	**8 362 345**
Derivative financial instruments	0	0	0	0	0	**0**
Total financial liability categories	**81 573 573**	**0**	**0**	**0**	**0**	**81 573 573**

Note 15. Current trade and other payables

	31.12.2021	**31.12.2020**
Trade accounts payables to related entities	40 802	26 512
Other payables to related entities	190 170	192 831
Total current payables to related entities	**230 972**	**219 343**
Trade and other payables	27 403 128	19 471 387
including: VAT payable	0	0
personal income tax	*215 386*	*188 008*
Social Security Office	*914 692*	*877 945*
Special funds	*29 914*	*40 799*
Total current payables to other entities	**27 403 128**	**19 471 387**

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

Other payables are usually due within 14 or 30 days.
Interest on late payments is paid upon a receipt of a relevant debit note, within a relevant deadline.

Personal income tax payables are those resulting from tax returns for December 2021, while the Social Security Office liabilities are relating to statements for December 2021 and January 2022.

Currency structure of current trade payables

	31.12.2021	31.12.2020
Local currency payables	15 810 337	13 615 297
Foreign currency payables	8 053 145	4 992 935
	23 863 482	**18 608 232**

	31.12.2021	31.12.200
Payables in EUR	8 053 145	4 992 935
Payables in USD	0	0

Note 15.1 - Current income tax payable

	31.12.2021	31.12.2020
income tax	236 619	2 033 852
including: corporate income tax	*236 619*	*2 033 852*

Note 15.2 - Current employee benefits payable

	31.12.2021	31.12.2020
employee benefits	1 454 281	1 464 118
including: current provisions for other payables arising from accrued holiday entitlement	*505 166*	*541 369*

Note 16. Sales revenue

The Company was performing a single type of a business activity that was considered its core business: the Company was generating revenue from sales of products, constituting 97.6% of its total revenue.

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

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Revenue from sales of products	153 565 385	146 585 296
Revenue from sales of services	8 641	8 023
Revenue from sales of commodities and materials	3 697 085	2 198 989
	157 271 111	**148 792 307**
Domestic sales revenue	57 055 669	53 281 334
Foreign sales revenue	100 215 442	95 510 974
	157 271 111	**148 792 307**

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

Client	**2021**		**2020**	
	PLN	**%**	**PLN**	**%**
Sarantis PL	25 529 046	16.23	23 827 448	16.01
Lidl PL	20 262 440	12.88	18 952 888	12.74
GR Sarantis	16 135 423	10.26	15 369 834	10

Note 17. Other operating income

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Gains on disposal of assets:	**-**	**167 485**
gain on the sale of fixed assets	-	167 485
Subsidies:	**1 800 890**	**3 401 644**
wage and salary subsidies	259 531	413 981
settlement of revenue for project no. POIR.01.01.01-00-03/0379/19	1 241 620	2 887 983
settlement of revenue for project no. POIR.01.01.01-00-0783/19	236 934	40 645
depreciation of fixed assets in the part financed with the subsidy, energy efficiency support	62 805	59 034
Other operating income	**244 720**	**288 873**
bonuses on purchases	0	0
reversal of allowances for receivables	25 117	42 231
other	219 603	246 642
Attributable to continuing operations	**2 045 610**	**3 858 002**
Attributable to discontinued operations	**0**	**0**

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

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

Note 18. Other operating expenses

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Loss on disposal of assets:	**29 126**	**-**
loss on the sale of fixed assets	-	-
Other operating expenses	**263 764**	**286 810**
donations	29 836	53 964
bad debt written off	-	-
allowance for receivables	-	-
other	233 928	232 846
Attributable to continuing operations	**292 889**	**286 810**
Attributable to discontinued operations	**0**	**0**

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

Other operating expenses include also costs of allowances for receivables and inventories, as well as impairment losses.

Note 19. Finance income

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Interest income	**61**	**115**
interest on bank deposits	61	115
Other finance income	**356**	**13 062**
gain on exchange differences	0	0
allowances for interest receivable, reversed	0	0
other	356	13 062
Attributable to continuing operations	**417**	**13 178**
Attributable to discontinued operations	**0**	**0**

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

Note 20. Finance cost

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Interest expense	**595 652**	**737 427**
interest on loans, including overdraft facilities	561 769	685 878
lease interest	33 558	51 003
interest on liabilities	324	546
Other finance cost	**290 407**	**364 441**
loss on exchange differences	133 979	109 258
bank fees and charges	133 356	97 792
cost of sureties and bank guarantees	23 073	156 075
other	-	1 316
Attributable to continuing operations	**886 059**	**1 101 869**
Attributable to discontinued operations	**0**	**0**

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

Note 21. Income tax

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

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

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

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

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

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

The following are primary components of tax burden for the years ended 31 December 2021 and 31 December 2020:

	Period ending 31.12.2020	Period ending 31.12.2020
Current income tax	1 608 022	3 416 321
Income tax – amended tax returns filed in the current period	(269 294)	(285 319)
Origination/reversal of temporary differences	(255 533)	26 448
Income tax disclosed in comprehensive income	**1 083 195**	**3 157 450**

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

	Period ending 31.12.2021	Period ending 31.12.2020
Gross profit	7 821 287	17 959 858
Tax at a rate of 19% applicable in Poland	1 608 022	3 416 321
Tax effect of non-deductible costs and non-taxable income	(255 533)	26 448
Current tax liability	1 352 489	3 442 769
Effective tax rate	17%	19%

22. Contingent liabilities

A contingent liability is understood to mean a possible obligation to perform, which arises from certain events.

As at 31 December 2021, the Company had no contingent liabilities.

23. Tax settlements

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

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

24. Financial risk management

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

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

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

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

Market risk

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

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

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

	Value in foreign currency		Before translation	After translation
As at 31 December 2020	**EUR**	**USD**		
Financial assets (+)				
Loans Trade receivables and other financial receivables Other financial assets	3 004 120	-	6 842 501	7 055 206
Cash and cash equivalents	75 810	12 136	442 677	395 460
Financial liabilities (-)				
Loans and borrowings Lease liabilities Trade payables and other financial liabilities	(1 063 277)	-	(4 819 222)	(4 949 543)
Total currency risk exposure	**2 016 654**	**12 136**	**2 465 956**	**2 501 123**

Credit risk

The Board of Directors applies the credit policy, under which the Board monitors its clients' and debtors' arrears in payments, by reviewing the credit risk on a case by case basis. Moreover, as part of its credit risk management, the Company enters into transactions with partners whose creditworthiness is confirmed. Based on historical data on overdue payments, the receivables, which are past due and for which no impairment losses have been recognised, do not show any significant deterioration in quality: most of them fall into the "within 1 month" category, and there is no doubt as to their collectability. According to the Board of Directors' assessment, the assets disclosed as at the balance sheet date may be considered good credit quality assets. As at 31 December 2021, the balance of the allowance for receivables was PLN 26 465.90 and was relating to Lidl BG and Lidl SK which are subject to preliminary investigation in progress.

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

Liquidity risk

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

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

Interest rate risk

The Company is exposed to interest rate risk as finance for its core operations and investment activities is obtained through credit facilities offered by banks and through loans from the related entity, which carry floating interest rates. As at 31 December 2021, the face value of the portfolio of credit facilities and loans used by the Company was PLN 162 190 780.53. Following the Monetary Policy Council's decisions, which raised benchmark interest rates in Poland six times between October 2021 and February 2022, the Company analysed its risk associated with interest rates that are WIBOR1M-based for the overdrafts and for the loans from the related entity, and WIBOR3M-based for the investment loan:

As at 31 December 2021					
Credit obligations exposed to floating interest rate risk	**Value of balance-sheet items**	**Effect on financial result**		**Effect on financial result**	
		+100bps	-100pbs	+300pbs	-300bps
Overdrafts	9 190 781	91 908	-91 908	275 723	-275 723
Loans from the related entity	78 000 000	780 000	-780 000	2 340 000	-2 340 000
Investment loan	75 000 000	750 000	-750 000	2 250 000	-2 250 000
Total	**162 190 781**	**1 621 908**	**-1 621 908**	**4 865 723**	**-4 865 723**
Total value of available overdrafts	*40 000 000*	*400 000*	*-400 000*	*1 200 000*	-1 200 000
Total including overdrafts fully used:	***193 000 000***	***1 930 000***	***-1 930 000***	***5 790 000***	**-5 790 000**

25. Employment structure

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

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
White-collar workers	59	57
Blue-collar workers	148	152
Total FTE	209	209
Workers engaged under commission contracts	2	7
Workers engaged by the Employment Agency	121	133
Number of workers hired	30	33
Number of workers terminated	38	29

26. Remuneration for the Board of Directors

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
under the contract of employment	425 650	532 861
under the appointment agreement	228 386	200 496
	654 036	**733 357**

Note 27. Other information

Effect of the COVID pandemic on business continuity.

In 2021, the coronavirus pandemic was ongoing. Consecutive mutations in the virus, which continued to adversely affect all and any aspects of life, were emerging across the globe.

So far, the Company’s Management has not identified any noticeable impact on the Company’s sales or supply chain. The Company has stocks of raw materials and any slight supply-chain disruptions should not have any adverse impact on the Company's revenue levels. Therefore, no need arose to reduce production levels during the reporting period. The Company experienced no difficulty in recovering debts or timely settling its liabilities. According to the Management, the pandemic will continue to have no impact on the Company's liquidity, especially because the Company’s major suppliers and recipients have not been affected. In addition, the Company did not experience any loss of selling markets.

The Management is monitoring the potential impact of the pandemics on the Company’s operations on a day-to-day basis and takes all and any steps to mitigate any potential adverse effects on the Company. Uncertainty relating to the pandemic in Poland and globally resulted in a number of organisational measures having been taken to accommodate legal and regulatory factors, these being primarily connected with movement restrictions and tighter health rules.

As at the date of these Financial Statements, the COVID pandemic had no impact whatsoever on the Company’s continuing as a going concern.

Investment tax credit

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

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

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

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

In their decision, WSSE bound the Company to meet the following qualitative criteria within the period of maintaining the new investment:
- sustainable economic development criterion (an appropriate level of sales is to be reached; membership in the Key National Cluster is be maintained; and R&D activities are to be conducted with R&D personnel in the new investment to account for 2% of FTE for all workers employed);
- sustainable social development criterion (specialized jobs are to be created to carry out business activity covered by the new investment, including the hiring of workers, who have a specified level of education, under contracts of employment; business activity is to be conducted with low negative impact on the environment as confirmed by adequate certificates; the acquisition of education and vocational qualifications is to be supported; and collaboration is to be established between the Company and vocational schools as far as provision of machinery and tools to the schools is concerned).

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

Support received by Polipak meets the definition of the investment tax credit. Investment tax credits are excluded from the scopes of IAS 12 and IAS 20. Given the right to select its accounting policy under IAS 8, the Company's Board of Directors introduced the principle to the accounting policy, whereby no deferred tax asset is recognised for the investment tax credit.

28. Post-balance sheet events

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

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

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

The employment structure was also verified in the context of workers' citizenship. As at the balance sheet date, the Company employed 5 production employees holding Ukrainian citizenship, while temporary employment agencies made 99 Ukrainian citizens available as workers to the Company. Therefore, in the event of any outflow of workers, the Company does not expect any problems with acquiring new workers who, according to binding contracts, have to be supplied by the temporary employment agency.

Środa Wielkopolska

Person responsible for preparation of these Financial Statements:

Patrycja Prusakiewicz-Błaszczuk Finance Manager

Podpis jest prawidłowy
Dokument podpisany przez Patrycja Prusakiewicz-Błaszczuk
Data: 2022.04.26 13:32:33 CEST

Board of Directors:

Tomasz Tramś - President of the Board

Podpis jest prawidłowy
Dokument podpisany przez Tomasz Adam Tramś
Data: 2022.05.02 09:13:55 CEST

Justyna Nowak-Gajek - Vice President of the Board

Signed by / Podpisano przez:
Justyna Marta Nowak-Gajek
Date / Data: 2022-04-26 15:16

Artur Gwardiak - Member of the Board

Signed by / Podpisano przez:
Artur Gwardiak
Date / Data: 2022-04-26 16:30