Financial Statement of SARANTIS HUNGARY Kft.

for the period

from 1 January 2020 to 31 December 2020

Budaörs, 16 March 2021

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STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	31 December 2019
ASSETS			
Fixed assets			
Property, plant and equipment	3	10 026	12 573
Right-of-use assets	3	251 778	59 017
Intangible assets	4	49 096	51 645
Total fixed assets		**310 900**	**123 235**
Current assets			
Inventory	7	838 958	668 434
Trade and other receivables	8	669 868	795 387
Cash and cash equivalents	11	485 751	384 023
Total current assets		**1 994 577**	**1 847 844**
Assets classified as held for sale			
TOTAL ASSETS		**2 305 477**	**1 971 079**
LIABILITIES			
Nominal share capital		1 319 410	1 319 410
Retained profits	13	277 017	47 005
Total equity		**1 596 427**	**1 366 415**
Long-term liabilities			
Provision		3 300	
Deferred tax liability	6	1 821	921
Lease liabilities	16	173 132	4 064
Total long-term liabilities		**178 253**	**4 985**
Short-term liabilities			
Trade and other liabilities	18	381 303	508 013
Lease liabilities	16	79 497	57 134
Tax liabilities	19	69 997	34 532
Total short-term liabilities		**530 797**	**599 679**
Total liabilities and equity		**2 305 477**	**1 971 079**

Management of the Company:

Kyriakos Sarantis – managing director

Csodó Tamás Ádám – managing director

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2020	31 December 2019
Sales income	20	4 171 585	4 128 374
Other income	21	2 957	30 780
Depreciation	3,4	-76 021	-76 836
Consumption of materials and power		-28 997	-31 790
External services	22	-785 314	-871 129
Taxes and fees	22	-132 149	-130 661
Salaries	22	-241 159	-217 320
Social insurance and other benefits		-61 579	-64 328
Cost of trade goods and materials sold	22	-2 549 709	-2 516 970
Other costs	22	-38 450	-52 880
Total cost on operating activity		**-3 913 378**	**- 3 955 614**
Profit from operating activities		**261 164**	**203 540**
Financial revenues	23	51 162	22 128
Financial expenses	23	-62 833	-40 498
including leasing interest			
Net financial revenues and expenses	23	**-11 671**	**-18 370**
Profit before tax		**249 493**	**185 170**
Income tax	24	-19 481	-9 014
Net profit		**230 012**	**176 156**
Net other comprehensive income			
Revaluation of property and plant			
Income tax related to revaluation of property, plant and equipment			
Other net total income			
Total comprehensive income		**230 012**	**176 156**

Management of the Company:

Kyriakos Sarantis – managing director

Csodó Tamás Ádám – managing director

STATEMENT OF CASH FLOWS

	Note	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Cash flows - operational activity			
Gross profit from the business activity		249 493	185 170
Adjustments for:		- 29 962	79 857
Depreciation and impairment of property, plant and equipment		79 001	75 074
(Profit)/loss on account of foreign exchange differences		15 555	16 044
Profit from the sale of property, plant and equipment	27	- 94	- 156
Interest income and profit sharing		- 5 241	4
Interest expenses		9 985	10 512
Increase/decrease in inventories		- 170 524	- 43 502
Increase in trade and other receivables	27	125 519	209 028
Increase in trade and other payables	27	- 77 240	- 190 019
Change in the value of accruals and deferrals		8 358	10 512
Change in provisions		3 300	
Income tax paid		- 18 581	- 7 640
Net cash flows from operating activities		**219 531**	**265 027**
Cash flows - investment activities			
Revenues generated from sale of fixed assets		94	156
Acquisition of tangible fixed assets and intangible assets		- 266 667	- 134 218
Loans granted to affiliates		-	10 887
Net cash used in investing activities		**- 266 573**	**- 123 176**
Cash flow - financial activities			
Repayment of loans and borrowings	16	169 069	- 5 302
Interest paid		5 241	
Dividends paid		-	
Other financial expenses		- 9 985	- 10 512
Net cash provided by/(used in) financial activities		**164 326**	**-15 814**
Net change in cash and cash equivalents		117 283	126 037
Effect of exchange rate changes		- 15 555	-16 044
Balance sheet change in the cash value		101 728	109 993
Cash and cash equivalents on 1 January		384 023	274 030
Cash and cash equivalents on 31 December		**485 751**	**384 023**

Management of the Company:
Kyriakos Sarantis – managing director
Csodó Tamás Ádám – managing director

STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Revaluation Reserve	Retained earnings	Total equity
Equity as at 1 January 2019	1 319 410			-277 151	1 042 259
Net profit				176 156	176 156
Additional payment from owner reclassified to retained earnings				148 000	148 000
Profit (loss) from previous years					
Dividend paid to shareholders					
Equity as at 31 December 2019	**1 319 410**			**47 005**	**1 366 415**
Net profit				230 012	230 012
Dividend to be paid to shareholders					
Equity as at 31 December 2020	**1 319 410**			**277 017**	**1 596 427**

Management of the Company:
Kyriakos Sarantis – managing director
Csodó Tamás Ádám – managing director

ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

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

The business of Sarantis Hungary Kft., hereinafter referred to as statement "Company", is mainly the sales activity in the scope of household articles made of artificial materials and skin care cosmetics.
The Company was registered on 27.07.1993 by the Court in Hungary under the number 13-09-156730.

Company address
Vasút utca 11
2040, Budaörs

2. Management of the Company

On 31 December 2020 the Management of the Company is composed of :
Kyriakos Sarantis – Managing director
Csodó Tamás – Managing director

3. To represent the Company are entitled:

Managing Directors - individually

4. Statutory auditor

BDO Hungary Audit Ltd.
1103 Budapest, Kőér u. 2/A

The Company engaged RSM Hungary Plc. for preparing its financial statement for financial year 2020.

5. Name of the parent company

GR Sarantis SA, Greece

6. Principles of presentation

Information on principles adopted for preparation of financial statement for 2020

The financial statement has been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statement covers the period from 1 January to 31 December 2020 and the comparative period from 1 January to 31 December 2019.
The financial statement is compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as of 31 December 2020 and 31 December 2019, results of its activity and cash flows for the year ended 31 December 2020 and 31 December 2019.

7. Statement of the Management

1) The Management of the Company hereby honestly and sincerely declares that to the best of its knowledge the foregoing financial statement and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRS). The statement reflects true and fair view on financial position and its financial result of the Company. and that the Management Commentary on the Company's Operations presents true overview of Company's development, achievement and business situation of Company, including basic risks and exposures.
2)The Management of the Company declares that the entity, authorized to audit and conduct the audit of financial statements, was selected in compliance with the law and that entity and auditors conducting the audit met the conditions to issue an independent opinion in compliance with relevant regulations of the domestic law.

Basis for the preparation of the report and accounting principles

Basis of the financial statement

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

Consolidated financial statement

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

Functional currency and presentation currency of financial statements

Functional currency is the currency of the primary economic environment in which the entity operates. Presentation currency is the currency in which financial statements are presented.
The Company operates in Hungary, which is the primary economic environment. Therefore, functional and presentation currencies are the Hungarian Forint.

Judgments and evaluations

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

INTANGIBLE FIXED ASSETS

An Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the Company as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

Intangible assets are initially recognized at acquisition cost. Following the initial recognition, intangible assets are measured at cost minus accumulated amortization and any impairment loss that may have emerged. In line with IAS 38, only directly attributable costs to the development of the intangible could be capitalized as an asset.

The Comapany's intangible assets mainly include the acquired SAP software used in production and other software licenses.

The amortization of the intangible fixed assets is calculated with the straight line method along their economic life.

Depreciation for SAP is determined as 22 years

For other intangibles 5 years

For low value asset 1 years

Low value asset is determined as assets, which has a gross values lower, than HUF 100,000. These are depreciated immediately, after acquisition. The useful economic life and depreciation method are reviewed at least at the end of each reporting period. If the estimated useful life have changed, the changes are accounted for as changes in accounting estimates.

TANGIBLE FIXED ASSETS

Property, plant, and equipment are measured at cost minus accumulated amortization and any impairment loss.

The acquisition cost of fixed assets includes all expenses directly attributed to the acquisition of the assets. Subsequent expenses are registered as an increase of the tangible assets' book value or as a separate fixed asset, only to the extent where such expenses increase the future economic benefits expected to arise from the use of the fixed assets, and the cost of such may be reliably calculated. The cost of repairs and maintenance are recognized as cost in the SPLOCI.

Self-produced tangible assets constitute an addition to the acquisition cost of tangible assets at values that include the direct payroll cost for staff that participates in the construction, the cost of used materials and other general costs, directly attributable to the asset. The company uses straight-line method for calculating the depreciation rate of its tangible assets

The following general rates are used:

Buildings 16-17 years 6%

Machinery 6-7 years 14,50%

Office equipment 6-7 years 14,50%

IT equipment 3 years 33,33%

Low value assets >1 year 100%

Low value asset is determined as assets, which has a gross values lower, than HUF 100,000. These are depreciated immediately, after acquisition.

The residual values and useful economic lives of tangible fixed assets are subject to reassessment at each balance sheet date. When the residuals values, the expected useful life or expected consumption rate of future economic benefits incorporated in an asset have changed, the changes are accounted for as a change in accounting estimate

Leasing

IFRS 16 introduces a unified model for the accounting treatment on behalf of the lessee. The model requires that the lessee recognizes assets and liabilities for all leasing agreements with duration longer than 12 months, unless the underlying asset has no significant value.

The Company uses the following recognition exemptions:

i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election is made on a lease-by-lease basis. Low value leases are leases where the underlying asset has a lower value as USD 5000 (or the equivalent HUF amount)

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that contains a lease component and additional lease and non-lease components, such as the lease of an asset and the provision of a maintenance service, lessees shall allocate the consideration payable on the basis of the relative stand-alone prices, which shall be estimated if observable prices are not readily available.

The company applies the practical expedient in the case of vehicle leases, and does not separate non-lease components from lease components and instead accounts for all components as a single lease.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by The Company.

After lease commencement, The Company measures the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. Right-of-use asset is depreciated during the lease term in a straight line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The Company uses the incremental borrowing rates for all types of leases for both HUF and EUR leases.

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date.

The lease liability is subsequently remeasured to reflect changes in:
the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The remeasurements are treated as adjustments to the right-of-use asset. The Company remeasures the lease liability if the lease payments are indexed (inflation, CPI, etc.) at the end of the reporting period. The change is also accounted as an increase in the right-of-use asset.

When determining the lease term, the management reviews all relevant events and circumstances that create an economic incentive to exercise the right to extend the lease or to not exercise the right to terminate the lease. Extension rights (or periods of termination) are included in the lease term only if it is reasonably certain that it will be extended (or not terminated).
A reassessment of the lease term takes place with the occurrence of a significant event or a significant change in circumstances that affects this estimate and falls under the control of The Company to determine the reference borrowing rate to be used, the Company uses its judgment to set the appropriate reference rate and the corresponding credit spread.

The Company applies the IFRS 16 standard from the mandatory adoption date on the 1st of January 2019. The Company applies the simplified transition method and will not restate the comparative figures for the year prior to the first adoption of the standard.

Financial instruments

Financial assets are classified at initial recognition and subsequently measured at either:
- amortized cost,
- at fair value through other comprehensive income or
- fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial asset and the business model of the Company and the Group for their management. With the exception of trade receivables that do not contain a significant financial component, the Company and the Group initially measure financial assets at their fair value plus, in the case of a financial asset not valued through profit or loss, transaction costs.
Receivables from customers that do not have a significant financial component are valued at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at fair value through total income, cash flows that are "solely payment exclusive capital and interest payments (SPPIs)" of the original capital must be obtained.

The Company's and Group's business model for managing financial assets refers to the way in which it manages its financial capabilities to generate cash flows. The business model determines whether cash flows arise from the collection of contractual cash flows, the sale of financial assets, or both.
The purchase or sale of financial assets that require the delivery of assets within a timeframe specified by a regulation or a contract on the market is recognized on the trade date meaning on the date on which the Company commits to purchase or sell the asset.

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- Financial assets measured at fair value through profit or loss

  Financial assets valued at fair value through profit or loss include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for sale or repurchase in the near future. Derivatives, including embedded derivatives, are also classified as held for trading, unless defined as effective hedging instruments. Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model.

- Financial assets at amortized cost

  The Company and the Group measure financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is retained in a business model in order to hold financial assets for the collection of contractual cash flows; and (b) the contractual clauses of the financial asset generate cash flows on specific dates that consist only of capital and interest payments on the balance of the original capital.

- Financial assets measured at fair value through total income without recycling of cumulative gains and losses on de-recognition

  Upon initial recognition, the Company and the Group may choose to irrevocably classify its equity investments as equity instruments at fair value through other comprehensive income when they meet the definition of equity in accordance with IAS 32 Financial Instruments: Presentation and not held for trading purposes. Classification is determined by financial instrument.

  Profits and losses from these financial assets are never recycled to profits or losses. Dividends are recognized in the income statement when the payment entitlement has been established, unless the Company benefits from such income as a recovery of part of the cost of the financial asset, so that the gains are recognized in the statement of comprehensive income. Equity instruments measured at fair value through total income are not subject to an impairment test.

A financial asset is derecognized primarily when:
- The rights to receive cash flows from the asset have expired, or
- The Company and the Group have transferred their rights to receive cash flows from the asset or have undertaken to fully pay the cash flows received without significant delay to a third party under a pass-through agreement and either (a) the Company and the Group have transferred substantially all the risks and rewards of the asset or (b) the Company and the Group have not transferred or held substantially all the risks and estimates of the asset but have transferred the control of the asset.
- When the Company and the Group have transferred the rights to receive cash flows from an asset or have entered into a transfer agreement, they assess whether and to what extent they own the risks and rewards of ownership.

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

Financial liability and effective interest method

An instrument is classified as a financial liability if it is:
• a contractual obligation:
  – to deliver cash or other financial assets; or
  – to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions (for the issuer of the instrument); or

• a contract that will or may be settled in the entity's own equity instruments and is:
  – a non-derivative that comprises an obligation for the entity to deliver a variable number of its own equity instruments; or
  – a derivative that will or may be settled other than by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Subsequent to initial recognition, financial liabilities are measured at amortised cost calculated under the effective interest method except for liabilities:
• measured at FVTPL;
• that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;
• that are commitments to provide a loan at a below-market interest rate and not measured at FVTPL; and
• that are financial guarantee contracts

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

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

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability. [IFRS 9.A]

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

The effective interest rate is revised as a result of:

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

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

Inventories

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

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

Inventories are written-down to net realisable value, if there is indication, that the NRV is significantly lower, than the book value of inventory. Indicators included inventories with a slow turnover period (above 180 days). At every closing date inventories are investigated based on their inventory turnover.

Receivables

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

Impairment of trade receivables

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

The applied method is the following:

- Step 1: Total amount of debtors for the years for the former four fiscal years from current fiscal year and for the current fiscal year – so total five year-period (the amount that is presented in BL - debtors with credit outstanding balance should not be included).
- Step 2: For the period defined: a fiscal year is defined: the line items which were posted during 01.01 and 31.12 of the exact fiscal year and are open (not paid) until 30.09. of the following fiscal year etc.
- Step 3: Calculate for the first three years average ratio (so from the first one to the third one): overdue/total debtors – period 1
- Step 4: Apply the ratio (step 3) to debtors balances of the forth fiscal year
- Step 5: The amount that derives from Step 4 will be posted to Equity (IFRS 9 1st adoption 01.01. of the current fiscal year
- Step 6: Calculate the average ratio for the period from second fiscal year to fourth fiscal year: overdue/total debtors – period 2
- Step 7: Apply the ratio (step 3) to debtors balances of current fiscal year
- Step 8: The difference of Step 4 vs Step 7 will be the provision of the current fiscal year (could be income or loss)
- Step 9: A table should be prepared that will depict for the periods Current / 01-09 /91-180/181-270/ 271-360/ 361+ a) Total Debtors of the fourth fiscal year (step 1) and b) the overdue amounts of the fourth fiscal year (step 2). Complete overdue allocation table (sheet Overdue allocation)

The Company chooses to recognize expected credit losses at a higher of

(i) 1% the total trade receivables balance and

(ii) the ratio calculated with the above methodology

Cash and cash equivalent

Cash & cash equivalents include cash in banks and in hand, as well as short-term highly liquid investments such as repos and bank deposits with a maturity less than three months.

Sales revenues

IFRS 15 establishes a five-step model for determining revenue from customer contracts.

The five steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Step 1: Identify the contract with the customer

A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;

- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

If a contract with a customer does not yet meet all of the above criteria, Sarantis will continue to re-assess the contract going forward to determine whether it subsequently meets the above criteria. From that point, the entity will apply IFRS 15 to the contract.

If certain conditions are met, a contract modification will be accounted for as a separate contract with the customer. If not, it will be accounted for by modifying the accounting for the current contract with the customer. Whether the latter type of modification is accounted for prospectively or retrospectively depends on whether the remaining goods or services to be delivered after the modification are distinct from those delivered prior to the modification. Further details on accounting for contract modifications can be found in the Standard

Step 2: Identify the performance obligations in the contract. At the inception of the contract, the entity should assess the goods or services that have been promised to the customer, and identify as a performance obligation
- a good or service (or bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A series of distinct goods or services is transferred to the customer in the same pattern if both of the following criteria are met:
- each distinct good or service in the series that the entity promises to transfer consecutively to the customer would be a performance obligation that is satisfied over time (see below);
and
- a single method of measuring progress would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

A good or service is distinct if both of the following criteria are met:
- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
- the entity's promise to transfer the good or service to the customer is separately idenitifable from other promises in the contract.

Factors for consideration as to whether a promise to transfer goods or services to the customer is not separately identifiable include, but are not limited to:
- the entity does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
- the goods or services significantly modify or customise other goods or services promised in the contract;
- the goods or services are highly interrelated or highly interdependent.

The performance obligations of the Company are usually the goods to be sold.

Step 3: Determine the transaction price
The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services. When making this determination, an entity will consider past customary business practices.

Where a contract contains elements of variable consideration, the entity will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. Variable consideration is also present if an entity's right to consideration is contingent on the occurrence of a future event. Variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved

Type	Description	Handling IFRS
Financial discount	Discount given for early payment	Revenue decreasing
Invoiced price discount	the sales invoice contains the discount on the spot,	Revenue decreasing
A posteriori price discount	Price discount given subsequently (eg. Due to achieving a number of orders). Modifying discount issued	Revenue decreasing
Rebate	Discount given subsequently	Revenue decreasing
Debt forgiveness	Debt released	Other expense
Marketing payments 1	Marketing payment depending on the quantity of the sold goods	Revenue decreasing
Marketing payments 2	Marketing services received	Revenue decreasing, if marketing service is distinct: service

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, an entity will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the entity will need to estimate it. Any overall discount compared to the aggregate of standalone selling prices is allocated between performance obligations on a relative standalone selling price basis. In certain circumstances, it may be appropriate to allocate such a discount to some but not all of the performance obligations.
Where consideration is paid in advance or in arrears, the entity will need to consider whether the contract includes a significant financing arrangement and, if so, adjust for the time value of money.
The Company applies the practical expedient, where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months, then there is no financing components.
The Companyi usually has a single performance obligation, therefore, allocation is rarely necessary.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to.

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan; and
- holding the asset.

An entity recognises revenue over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The customer acquires control of the good or service if the customer is able to direct the use and derive virtually all the economic benefits from that good or service. Control is passed over a period or at a specific time.

If an entity does not satisfy its performance obligation over time, it satisfies it at a point in time.

Revenue will therefore be recognised when control is passed at a certain point in time. Factors that may indicate the point in time at which control passes include, but are not limited to:

- the entity has a present right to payment for the asset;
- the customer has legal title to the asset;
- the entity has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset;

and

- the customer has accepted the asset.

The Company is active in the production and distribution of consumer products. The main products of the Company and the Group are perfumes, personal care products, sunscreen products, hair care products as well as food packaging products, plastic garbage bags and household cleaning products. Net proceeds from sales are measured at the fair value of the consideration received or receivable and are declared net of discounts on sales and the consideration paid to customers.

These are, in particular, incentives to promote sales which are recorded as deductions from sales.

Performance obligation is performed at a point in time.

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

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

Equity capital

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

The Equity consists of share capital and reserves.

- Share capital: paid capital by owner(s).
- Reserves: consist of result carried forward from former fiscal years and current fiscal year's result.

Dividends to pay are recognized against the reserves.

Before categorizing anything as equity it should be determined that it is not a liability.

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

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

Transactions in foreign currency

Profit and losses from foreign exchange difference, which arise from the settlement of such transactions during the period and from the conversion of monetary items expressed in foreign currency with the effective exchange rates during the balance sheet date, are registered in the results.

A foreign currency transaction should be recorded initially at the rate of exchange at the date of the transaction. The Company uses exchange rates published by National Bank of Hungary.

At each subsequent balance sheet date:

- foreign currency monetary amounts should be reported using the closing National Bank of Hungary rate
- non-monetary items carried at historical cost should be reported using the exchange rate at the date of the transaction
- non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined.

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

Exchange rate at the day	*31.12.2020*	*31.12.2019*
USD	297,36	294,74
EUR	365,13	330,52
PLN	79,29	77,59

CURRENT AND DEFERRED TAXATION

Current tax for the current and prior periods is recognised as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due.

The period's charge with income tax consists of current taxes and deferred taxes. Tax is recognized in the "Statement of comprehensive income", unless it is related to amounts recognized directly in "Equity". In the latter case tax is also recognized in Equity.

Income tax on earnings, is calculated based on the tax law in effect during the balance sheet date and is recognized as an expense during the period when earnings are gained. Management periodically reviews cases where the relevant tax law needs clarifications when interpreted. When deemed necessary provisions are made on the amounts expected to be paid to the tax authorities.

Deferred income tax is calculated according to the liability method which results from the temporary differences between the book value of assets or liabilities in the financial statements with their respective tax base. Deferred income tax is not recorded if such results from the initial recognition of an asset or liability in a transaction, apart from a business combination, which did not affect the accounting or the tax profit or loss when realized. Deferred tax is defined according to the tax rates and laws in effect during the balance sheet date and those expected to be effective when the deferred tax assets will be realized or the deferred tax liabilities repaid.

Deferred tax liability is recognised for all taxable temporary differences. Deferred tax assets are recognized to the extent that there will be future taxable profit for the use of the temporary difference that creates the deferred tax asset.

Deferred tax assets and liabilities are offset only when the law permits the offsetting of tax assets and liabilities and given that the deferred tax assets and liabilities arise from the same tax authority on one entity that is taxed or on different entities when the settlement is intended to take place through offsetting.

The Company will determine the deferred tax asset to be recognized based on a 5 year simplified forecast.

Based on the normal operation the Company has the following normal transactions which results in deferred tax:

- Accounts receivables: According impairment of receivables is not allowed as a tax deduction in the calculation corporate income tax (only if it is deemed unrecoverable).

IFRS 9 requirements for providing for expected losses will also increase the booked impairment resulting in a differed tax asset.

- Loss carry forward: Local tax authority allows the entity to carry forward the loss and use that loss as a deductible item in order to lower its taxable income in the following periods (the amount depending on the tax rules), this creating a deferred tax asset. Loss carry forward balances are reviewed annually regarding their usability.
- Non-current assets: the difference in accounting and tax depreciation rates relating to fixed assets and intangibles
- Leases: leases at initial recognition have no deferred tax effect, although in later periods will have deferred tax effect, since the tax value of the right of use asset and the lease liability is zero.

Fixed assets available to sale

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the SPLOCI. Assets classified as held for sale, and the assets and liabilities included within a disposal group classified as held for sale, must be presented separately on the face of the statement of financial position.

In general, the following conditions must be met for an asset (or 'disposal group') to be classified as held for sale

- management is committed to a plan to sell
- the asset is available for immediate sale
- an active programme to locate a buyer is initiated
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

The assets need to be disposed of through sale. Regarding their measurement, the following principles applied:
- At the time of classification as held for sale
- After classification as held for sale
- Impairment
- Assets carried at fair value prior to initial classification.
- Subsequent increases in fair value
- No depreciation

Provisions

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

Application of the accounting principles

The above principles are applicable for comparative data.

New standard and amendments

For reporting periods beginning on or after 1 January 2020	
Related Standard	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	2020.01.01
Amendments to IFRS 3: Definition of Business	2020.01.01
Amendments to IAS 1 and IAS 8: Definition of Material	2020.01.01
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	2020.01.01
Amendment to IFRS 16 Leases: Covid 19-Related Rent Concessions	2020.06.01

For financial years of later reporting periods	Effective date
IFRS 17 Insurance Contracts	2023.01.01 but EU has not endorsed yet
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	2023.01.01 but EU has not endorsed yet
Amendments to IFRS 3: Reference to the Conceptual Framework	2022.01.01
Amendments to IAS 16: Proceeds before Intended Use	2022.01.01
Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract	2022.01.01
Annual Improvements to IFRS Standards 2018–2020	2022.01.01
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	2021.01.01
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	2021.01.01

The Company does not apply these standards and it is not expected to have any impact, but it will be reviewed in detail in 2021.

1. Transition of comparative data for the Statement of financial position.

	31.dec.19 (before transition)	Correction	31.dec.19 (after transition)
ASSETS			
Fixed assets			
Property, plant and equipment	12 573		12 573
Right-of use asset		59 017	59 017
Intangible assets	36 841	14 805	51 645
Total fixed assets	**49 414**	**73 822**	**123 235**
Current assets			
Inventory	668 434		668 434
Trade and other receivables	905 266	- 109 877	795 387
Cash and cash equivalents	384 023		384 023
Total current assets	**1 957 723**	**- 109 877**	**1 847 844**
TOTAL ASSETS	**2 007 137**	**- 36 055**	**1 971 080**
LIABILITIES			
Nominal share capital	1 319 410		1 319 410
Tied up reserve	36 808	- 36 808	0
Retained profits	885	46 120	47 005
Total equity	**1 357 103**	**-138 688**	**1 366 415**
Long-term liabilities			
Provision	6 313	- 6 313	0
Deferred tax provision		921	921
Long-term Lease liabilities		4 064	4 064
Total long-term liabilities	**6 313**	**- 1 328**	**4 985**

Short-term liabilities			
Trade and other liabilities	609 190	101 173	508 013
Short-term Lease liabilities		57 134	57 134
Tax liabilities	34 532		34 532
Total short-term liabilities	**643 722**	**-44 041**	**599 679**
TOTAL LIABILITIES AND EQUITY	**2 007 137**	**-36 056**	**1 971 079**

Correction means reclassifications, IFRS 16 and IFRS 9 application.

Opening figures of equity from Hungarian GAAP to IFRS:

	Nominal share capital	Reserves	Retained earnings	Deferred	Total equity
According to Hungarian GAAP					
Equity as at 1 January 2019	**1 319 410**	**195 990**	**-382 927**	**62 361**	**1 042 259**
Deferred earining to retained earning			62 361	-62 361	176 156
Additional payment from owner reclassified to retained earnings		-148 000			- 148 000
IFRS corrections		-47 990	43 415		-4 575
According to IFRS					
Equity as at 1 January 2019	**1 319 410**		- **277 151**		**1 042 259**

IFRS corrections were the reclassification of tied up reserve and the impairment differences and depreciation differences in immaterial assets.

Presentation of Equity compliance

According to Hungarian Accounting law 114/B section, there is no modification item in equity which have to be presented.

	IFRS - equity 2019.12.31	Reclassification of current compr.income	IFRS equity modifed 2019.12.31
Nominal share capital	1 319 410		1 319 410
Retained earning	- 129 151	176 156	47 005
Reserve			
Tied-up reserve			-
Total comprehensive income	176 156	- 176 156	-
Total equity	1 366 415	-	1 366 415

	IFRS - equity 2020.12.31	Reclassification of current compr.income	IFRS equity modifed 2020.12.31
Nominal share capital	1 319 410		1 319 410
Retained earning	47 005	230 012	277 017
Reserve			
Tied-up reserve			-
Total comprehensive income	230 012	- 230 012	-
Total equity	1 596 427	-	1 596 427

2. Transition of comparative data for Statement of profit and loss and comprehensive income:

	31.dec.19 (before transition)	Correction	31.dec.19 (after transition)
Sales income	4 158 042	- 29 668	4 128 374
Other income	56 181	- 25 401	30 780
Depreciation	- 16 506	- 60 329	-76 836
Consumption of materials and power	- 35 098	3 308	-31 790
External services	- 955 792	84 662	-871 129
Taxes and fees	- 130 661		-130 661
Salaries	- 217 320		-217 320
Social insurance and other benefits	- 64 327		-64 327
Cost of trade goods and materials sold	- 2 510 670		-2 510 670
Other costs	- 99 421	46 541	-52 880
Total cost on operating activity	-4 029 795	74 182	-3 955 614
Profit from operating activities	**184 428**	**19 112**	**203 540**
Financial revenues	16 132	- 4 177	22 128
Financial expenses	- 30 325		-40 498
including leasing interest			0
Net financial revenues and expenses	-14 193	-4 177	-18 370
Profit before tax	**170 235**	**14 935**	**185 170**
Income tax	- 7 965	- 1 049	-9 014
Net profit	**162 270**	**13 886**	**176 156**
Total compehensive income	**162 270**	**13 886**	**176 156**

Correction means reclassifications between categories, IFRS 16 and IFRS 9 application.

3. Transition of comparative data for the Statement of cash flows

	Note	01.01.2019-31.12.2019 (before transition)	correction	01.01.2019-31.12.2019 (after transition)
Cash flow operating activities				
Profit from continued activity		**170 235**	**14 935**	**185 170**
Adjustments for:		- 63 610	143 468	79 858
Non-cash:				
Depreciation and impairment of property, plant and equipment		49 460	25 614	75 074
(Profi)/loss on account of foreign exchange differences		- 298	16 342	16 044
(Profit)/loss on sale of fixed assets and intangible assets		- 156		- 156
Interest income and profit sharing			4	4
Interest expense			10 512	10 512
Change of working capital				
Increase/decrease in inventories		- 43 502	0	- 43 502
Increase/decrease in trade and other receivables		210 857	- 1 829	209 028
Decrease in trade and other payables		- 253 533	63 514	- 190 019
Change in the value of accrued assets and transitional accounts		- 24 786	35 298	10 512
Income tax paid		- 7 965	325	- 7 640
Change in reserves		6 313	- 6 313	0
Net cash flows from operating activities		**106 625**	**158 403**	**265 028**
Cash flow – investments activities				
Revenues generated from sale of fixed assets and intangible assets		156	-	156
Acquisition of tangible fixed assets and intangible assets		- 7 968	- 126 250	- 134 218
Loans granted to affiliates				10 887
Net cash used in investing activities		**- 7 812**	**- 126 250**	**- 123 176**
Cash flow – financila activities				
Repayment of loans and borrowings		-4	- 5 298	- 5 302
Other financial receipts			- 10 512	- 10 512
Net cash provided by / (used in) financial activities		**- 4**	**- 15 810**	**- 15 814**

Net change in cash and cash equivalents	109 696	16 342	126 038
Effect of exchange rate changes	298	-16 342	-16 044
Balance sheet change in the cash value	109 994	0	109 994
Cash and cash equivalents at 1st January	274 030		274 030
Cash and cash equivalents at 31th December	**384 023**		**384 023**

4. **Tangible fixed assets**

	31.12.2020	31.12.2019
Buildings, premises and structures of land and water engineering	1 079	1 216
Right-of-use asset	251 778	59 017
Machinery and technical equipment	8 947	11 357
Transportation means		
Total tangible fixed assets	**261 804**	**71 590**

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Property, Plant and equipment	Right-Of-use asset	Total
Gross value as at 1st January 2019	**78 880**	**0**	**78 880**
Increases:			
acquisition	7 968	128 864	136 832
revaluation			
Decreases:			
sales	1 762	851	2 613
liquidation			
transfer			
Gross value as at 31st December 2019	**85 086**	**128 013**	**213 099**
Gross value as at 01st January 2020	**85 086**	**128 013**	**213 099**
Increases:			
acquisition	1 861	264 806	266 667
Decreases:			
sales	4 329		4 329
liquidation	327	39 803	40 130
transfer			
Gross value as at 31th December 2020	**82 291**	**353 016**	**435 307**

Changes of tangible fixed assets were following:

Gross value of tangible fixed assets	**Property, Plant and equipment**	**Right-Of-use asset**	**Total**
Gross value as at 1st January 2019	**78 880**	**0**	**78 880**
Increases:			
acquisition	7 968	128 864	136 832
Decreases			
disposal	1 762	851	2 613
Gross value as at 31st December 2019	**85 086**	**128 013**	**213 099**
Increases:			
acquisition	1 861	77 140	79 001
revaluation		187 666	187 666
Decreases			
disposal	4 329		4 329
write off	327	39 803	40 130
Gross value as at 31st December 2020	**82 291**	**353 016**	**453 307**

	Property, Plant and equipment	**Right-Of-use asset**	**Total**
Accumulated depreciation and impairment loss as at 1st January 2019	**69 041**	**0**	**69 041**
Increases:			
depreciation for the year	5 233	68 996	74 229
depreciation of disposal, write off	1 762		1 762
Accumulated depreciation and impairment loss as at 31st December 2019	**72 512**	**68 996**	**141 508**
Increases:			
depreciation for the year	4 304	69 169	73 473
depreciation of disposal, write off	4 551	36 928	41 479
Accumulated depreciation and impairment loss as at 31st December 2020	**72 265**	**101 237**	**173 502**
Net accounting value:			
as at 1st January 2019	9 839	0	
as at 31st December 2019	12 573	59 017	
as at 31st December 2020	**10 026**	**251 778**	

In 2020 and 2019, the Company did not make any changes to depreciation periods.

5. Intangible fixed assets

	31. 12.2020	31. 12.2019
Computer software	49 096	51 645
Total intangible fixed assets	**49 096**	**51 645**

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	Computer software	Total
Gross value as at 1st January 2019	129 414	129 414
Increases:		
acquisition		
Gross value as at 31st December 2019	129 414	129 414
Increases:		
acquisition		
Decreases:		
disposal	205	
Gross value as at 31st December 2020	129 209	129 414

	Computer Software	Total
Accumulated depreciation and impairment loss as at 1st January 2019	75 161	75 161
Increases:		
depreciation for the year	2 607	2 607
Accumulated depreciation and impairment loss as at 31st December 2019	77 768	77 768
Increases:		
depreciation for the year	2 549	2 549
depreciation of disposal	-205	-205
Accumulated depreciation and impairment loss as at 31st December 2020	**80 112**	**80 112**
Net accounting value:		
as at 1st January 2019	54 253	54 253
as at 31st December 2019	51 645	51 645
as at 31st December 2020	**49 096**	**49 096**

In 2020 and 2019, the Company did not make any changes to depreciation periods.

6. Deferred tax

Deferred tax as at 31 December 2020 and 31 December 2019 is resulting from:

Liabilities due to deferred tax	31.12.2020	31.12.2019
Right of Use asset	-76	-196
Bad debt	-215	-215
Intangible asset – SAP	2 112	1 332
	1 821	**921**

As of 2020, deferred tax assets and deferred tax liabilities are presented in net value with the amount of 1 821 THUF liabilities.

7. Inventories

	31.12.2020	31.12.2019
Trade goods	828 139	661 018
Materials	10 819	7 416
	838 958	**668 434**

In 2019 the Company has written off inventories in the amount of 6.300 THUF. In 2020 there was not any write-off.

8. Trade receivables and other receivables

	31.12.2020	31.12.2019
Trade receivables from related parties	3 713	707
Trade receivables from other entities	772 947	911 686
Expected credit loss on trade receivables	-30 827	-30 834
Prepayment of stock	71 668	0
Other items and trade accruals	-147 633	-86 130
Short-term receivables	**669 868**	**795 387**

Trade receivables' term of payment is 30-60 days. As at 31 December 2020 receivables in amount of 30 827 THUF have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Beginning of a period	**30 834**	**14 509**
Increases	30 827	30 834
Usage		
Decreases – reversal	30 834	14 509
At the end of a period	**30 827**	**30 834**

The Company uses a maturity forecast table based on the historical data for credit losses, adjusted for future factors in relation to borrowers and the economic environment. The bad debts are evaluated one by one for the calculation of the expected credit loss. As at December 31, 2020 and December 31, 2019 the amount of expected credit loss is 30.827 THUF and 30.834 THUF accordingly.

Below is an analysis of trade receivables, which as at December 31, 2020 and December 31, 2019 which confirms the amount of overdue receivables.

Year	Total (THUF)	Not overdue	01-90 days	*Overdue, but recoverable* 91 - 180 days	181 - 270 days	271 -360 days	> 361 days
2020	745 833	655 939	83 590	-264	-338	313	6 593
2019	881 559	768 358	66 021	21 957	8 815	16 408	0

Currency structure of short-term trade receivables and other receivables

	31.12.2020	31.12.2019
Receivables in the local currency	557 481	772 147
Receivables in the foreign currency	112 385	23 240
	669 866	**795 387**

	31.12.2020	31.12.2019
Receivables in EUR	40 718	23 240
Receivables in PLN	71 667	
	112 385	**23 240**

9. Transactions with related parties

The Management of the company declares that the related party transactions took place on market prices.

Receivables from related parties	31.12.2020	31.12.2019
Gr. Sarantis SA	3 880	
Sarantis Slovakia s. r. o.	71 500	707
	75 380	**707**

Liabilities to related parties	31.12.2020	31.12.2019
Gr. Sarantis S.A.	110 983	47 196
Polipak SP. Z O.O.	26 669	9 580
Sarantis D.O.O.	0	1 291
Sarantis Polska S.A.	5 660	105 622
Sarantis Czech Republic s.r.o.	270	4 384
Ergopack	13 266	0
	156 848	**168 073**

Income from the sales	31.12.2020	31.12.2019
Sarantis Czech Republic s.r.o.	1 105	3 248
Gr. Sarantis SA	3 925	26
Sarantis Polska	4 472	1 538
SARANTIS d.o.o.	712	
Sarantis Slovakia	0	683
	10 214	**5 495**

Goods purchased from related parties	31.12.2020	31.12.2019
Gr. Sarantis SA	382 071	305 275
Polipak SP. Z O.O.	149 572	136 232
Sarantis Czech Republic s.r.o.	5 119	30 906
Sarantis D.O.O	463	1 271
Sarantis Polska	683 326	700 577
Sarantis Romania	0	135
ERGOPACK	13 174	
	1 233 726	**1 174 396**

10. Deferrals and accruals

Deferred expenses - assets	31.12.2020	31.12.2019
Other revenue		402
Other expenses	437	
	437	**402**

11. Cash and cash equivalents

	31.12.2020	31.12.2019
Cash in hand	87	95
Cash in banks	485 664	383 928
	485 751	**384 023**

	31.12.2020	31.12.2019
In local currency	433 859	319 625
In foreign currency	51 892	64 398
	485 751	**384 023**

	31.12.2020	31.12.2019
Cash in HUF	433 772	319 530
Cash in EUR	17 735	47 879
Cash in USD	31 288	5 920
Cash in PLN	2 869	10 599
	485 664	**383 928**

12. Assets classified as held for sale

At the balance sheet date, the Company has no any assets held for sale.

13. Retained profits and limitations connected with capital

	31.12.2020	31.12.2019
Profit (loss) from previous years	47 005	- 129 151
Net profit in current period	230 012	176 156
Total retained profits	**277 017**	**47 005**

Based on the Act V of 2013 on the Civil code § 3:133 if a business association's equity is not sufficient to cover the subscribed capital prescribed for its specific corporate form over two consecutive financial years, and the members fail to provide for the necessary equity within a period of three months after approval of the annual account for the second year, the business association shall be required to adopt a decision within sixty days of this deadline for its transformation. Instead of transformation the business association may opt dissolution without succession or for merger.

According to the resolution of the General Meeting of Shareholders dated 31 March, 2021, the Company will pay dividend in the total result of financial year with the amount of 230 011 418 HUF.

14. Suggested division of profit for 2020

The Management proposes a net profit for 2020, in amount of 230 012 THUF payable as dividend.

15. Credits, loans and other liabilities

As at December 31, 2020, there is no any banking loans or credit limits.

16. Leasing

The company has right-of-use assets (office and cars) with the following carrying amount that relate to the following classes of underlying assets and which were subject to the following depreciation charges in 2020:

The underlying asset class	Carrying amount of the right of use	depreciation of the right of use
	31.12.2020	from 01.01 to 31.12.2020
Buildings and structures	285 107	93 454
Cars	67 908	7 783
Total	**353 015**	**101 237**

The leasing agreement in progress in 2020 are the lease of an office/warehouse and cars with a carrying value of the right of use in the amount of 353 015 THUF as at the balance sheet day. The office and the car leasing agreement were concluded until January, 2024.

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

	Lease payments payable in the period:			
	up to1 year	from 1 to 5 years	over 5 years	Total
As of 31.12.2020				
Leasing fees - building	58 198 eFt	134 041 eFt	0	192 239 eFt
Leasing fees - cars	21 298 eFt	39 091 eFt	0	60 390 eFt
Current value		172 232 eFt	0	252 629 eFt

The Company does not recognize liabilities under short-term leases and leases in respect of which the underlying asset is of low value.

Total leasing expenditure in 2020 was:

	from 01.01 t 31.12.202
Repayment of leasing liabilities	73 43
Interest repayment	1 29
Total expenses	**70 43**

As at the balance sheet date, the Company is obliged under short-term leases, to

17. Financial instruments

Financial instruments in accordance with category:	31.12.2
Granted loans and own receivables:	
- trade receivables	745
- other receivables	- 75
Cash	485
	1 155
Liabilities:	
Trade payables	336
Lease liabilities	252
	589 0

18. Short-term trade payables and other liabilities

	31.12.20
Trade payables to related parties	156 8
Trade payables to other entities	179 5
Customer reclass	1 5
Liabilities towards to the State Budget	12 9
Other liabilities	
Deferrals and accruals	30 4
Total short-term liabilities	**381 3**

			Overdue liabilities		
Year	**Total (THUF)**	**Not overdue**	**01-90 days**	**91 - 180 days**	**181 - 27 days**
2020	336 373	330 045	3 761	0	0
2019	462 668	478 790	-16 118	39	(

Currency structure of short-term liabilities

	31.12.20
Liabilities in local currency	98 8
Liabilities in foreign currency	282 4
	381 3

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differences

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nses (from customer)

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nd maintenance

arch

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Salaries

	31.12.2020	31.12.2019
Gross salaries	211 115	206 220
Bonuses	21 806	10 191
Other (severance, sick leave)	8 238	909
	241 159	**217 320**

Cost of goods sold

	31.12.2020	31.12.2019
COGS	2 549 709	2 510 670
	2 549 709	**2 510 670**

23. Financial costs and revenues

Financial revenue	**31.12.2020**	**31.12.2019**
Interest on receivables	1 361	
Exchange rate differences	45 921	22 132
Bank interest		4
Others	3 880	
	51 162	**22 128**

Financial costs	**31.12.2020**	**31.12.2019**
Exchange rate differences	61 476	38 176
Interest under the leasing agreements	1 298	2 287
Other	59	35
	62 833	**40 498**

24. Income tax

Major components of income tax for the years ended 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020	31.12.2019
Current income tax	17 408	7 965
Corrections of income tax in current year	1 174	-325
Creation/ reversal of deferred tax	900	1 373
Income tax shown in the profit and loss account	**19 481**	**9 014**

	31.12.2020	31.12.2019
Gross financial results	249 493	170 235
Taxbase increasing items		
- Depreciation based on Accounting law	80 787	16 506
- Non-business-related expenditure	1 927	1 467
- Penalty	3 300	33
- Impairment of receivables	30 827	
- Provision		6 313
- Impairment of debtors		28 444
- Write off bad debts		67
Taxbase decreasing items:		
- Depreciation based on Tax Law	80 777	16 506
- Reversal of impairment for bad debts	30 834	3 344
- Loss carried forward	61 296	88 503
- Other revenue regarding PY		26 209
Calculated tax base	**193 426**	**88 503**
Current income tax 9%	**17 408**	**7 965**

Effective tax rate 9%

Corporate income tax calculation based on IFRS for financial year 2019 was not calculated so the above tax calculation represents the Hungarian rules for corporate income tax.

25. Credit risk management

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

Credit risk

Credit exposure is monitored currently according with the credit policy realized by the Company. Evaluation of credibility is conducted in relation with clients lending needs over the determined amount. Receivables are weekly monitored by financial department.

Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures and discussed weekly at the Sales Meeting.

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Copmany`s losses.

Year	Total (THUF)	Not overdue	Overdue receivables < 91 days	91 - 180 days	181 - 270 days	271 -360 days	> 361 days
2020	745 833	655 939	83 590	-264	-338	313	6 593
2019	881 559	768 358	66 021	21 957	8 815	16 408	0

As of 31 December 2020, 60% of all receivables were receivables from the Key Accounts, 27% from the Wholesalers, 6% from related parties and 6% from the foreign partners. The Management considers that there is not significant concentration of credit risk, because of the great number of customers. Expected credit loss was made in line with the accounting policy.

Exchange rate risk

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

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

Financial statement item (THUF)	Accounting value of financial instruments	Average exchange rate in 2020	Influence on financial results	Influence on equity capital	Influence on financial results	Influence on equity capital
			Increase by 20%	**Increase by 20%**	**Decrease by 20%**	**Decrease by 20%**
Assets denominated in currency						
Receivable in EUR (in THUF)	51 698	351,12	10 340	10 340	-10 340	-10 340
Cash in EUR (in THUF)	17 735	351,12	3 547	3 547	-3 547	-3 547
Cash in USD (in THUF)	31 288	307,97	6 258	6 258	-6 258	-6 258
Cash in PLN (in THUF)	2 869	79,02	574	574	-574	-574
Liabilities denominated in currency						
Liabilities in EUR (in THUF)	-269 846	351,12	-53 969	-53 969	53 969	53 969
Liabilities in USD (in THUF)	-546	307,97	-109	-109	109	109
Liabilities in PLN (in THUF)	-12 095	79,02	-2 419	-2 419	2 419	2 419
Total			**-35 779**	**-35 779**	**35 779**	**35 779**

31.12.2020	(transformed data)
39 586	120 876
65 991	8 052
151 926	96 205
125 521	**209 028**
126 319	240 100
49 079	50 081
-77 240	**190 019**
01.01.2020-31.12.2020	**01.01.2019-31.12.2019**
104	0
198	156
94	**156**

Liquidity risk

The Company is not exposed

Operating activities are carri

lines. In accordance with the

as of 31 December 2019. M

their fair value. In the opinior

date, available credit, and gc

as insignificant.

The maturity analysis of financ

Year	Total (THUF)	N ove
2020	336 373	330
2019	462 668	478

31.12.2020	31.12.2019
1,75	3
28,61	29,23
30,36	**32,23**

Price risk

Price of materials is a compon

used in repackaging.

Price risk of goods is a comp

prices of purchasing goods ca

the exchange rates. In connersonnel was 105 763 THUF. In 2019 total amount of

exchange rates, purchase deIUF.

different sources, to measure

price risk minimization. The C

these data takes action relatec

26. Capital management

The main purpose of compar

which will support operatic

The Company manages the

adjustments are made. For th

the dividend payment for share

l from 1 January 2020 to 31 December 2020 (in THUF)

heet changes of some items and changes resulting

01.01.2020 -	**01.01.2019 -**

30. Events after date of balance sheet day

There was no any events after date of balance sheet day which had been affect of the Company's operation or the Financial Statement.
The world has to face with COVID-19. Pandemia has no significant effect on the Company's operation or liquidity. The previously planned marketing cost was reduced during the financial year and the year-end result exceeded the planned target. Strict rules have been introduced to protect the health of employees and the homeoffice has became the preferred way of working for office workers. The Company was able to retain its employees during the financial year.

The financial statements were authorised for issue on 31 March, 2021 by GR. Sarantis as the sole member of the Company.

Budaörs, 16th March, 2021

The Management of the Company:

Kyriakos Sarantis – managing director

Csodó Tamás Ádám – managing director