



**GLOBAL  
COSMED**

Consolidated mid-year report of  
**THE GLOBAL COSMED CAPITAL GROUP**  
for the period from 1 January till 30 June 2019  
comprising:

Abridged mid-year consolidated financial statement for the period from  
1 January till 30 June 2019

and

Abridged mid-year standalone financial statement for the period from  
1 January till 30 June 2019

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**Abridged mid-year consolidated financial statement for the  
period from 1 January till 30 June 2019**

**KEY FINANCIALS**
**Selected data concerning the statement of profit or loss and other comprehensive income**

	PLN '000		EUR '000	
	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
	Not audited		Not audited	
Sales revenue	150 294	142 675	35 050	33 654
Cost of sold products	(99 298)	(101 010)	(23 157)	(23 826)
Cost of sold goods and materials	(2 998)	(2 254)	(699)	(532)
Operating profit (loss)	2 887	2	673	0
EBITDA	8 378	5 173	1 954	1 220
Gross profit (loss)	894	(1 197)	208	(282)
Net income (loss) from continuing operations	27	(2 137)	6	(504)
<b>Total comprehensive income</b>	<b>60</b>	<b>(2 256)</b>	<b>14</b>	<b>(532)</b>
<b>Comprehensive income attributable to:</b>				
<b>Shareholders of the parent company</b>	<b>60</b>	<b>(2 256)</b>	<b>14</b>	<b>(532)</b>
Non-controlling shareholders	-	-	-	-
Weighted average number of ordinary shares	87 338 652	86 326 086	87 338 652	86 326 086
Book value per share (PLN/EUR)	2.07	2.15	0.49	0.49
Net profit (loss) per share (PLN/EUR)	0.00	(0.02)	0.00	(0.01)

**Selected data on the statement of financial position**

	PLN '000		EUR '000	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	Not audited		Not audited	
Goodwill	30 050	30 050	7 067	6 988
Tangible fixed assets	128 334	126 359	30 182	29 387
including Right of use assets	7 345	-	1 727	-
Investment property	2 100	2 100	494	488
Intangible assets	94 684	95 130	22 268	22 123
Deferred income tax assets	-	-	-	-
<b>Fixed assets</b>	<b>255 168</b>	<b>253 639</b>	<b>60 011</b>	<b>58 986</b>
Inventories	31 903	35 318	7 503	8 213
Trade receivables	33 612	34 480	7 905	8 019
Corporate income tax receivables	200	202	47	47
Other assets and other short-term receivables	7 714	7 947	1 814	1 848
Cash and cash equivalents	2 783	4 048	655	941
<b>Total current assets</b>	<b>76 212</b>	<b>81 995</b>	<b>17 924</b>	<b>19 068</b>
<b>TOTAL ASSETS</b>	<b>331 380</b>	<b>335 634</b>	<b>77 935</b>	<b>78 054</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>181 023</b>	<b>180 963</b>	<b>42 574</b>	<b>42 084</b>
Equity attributable to non-controlling shareholders	-	-	-	-
<b>Equity</b>	<b>181 023</b>	<b>180 963</b>	<b>42 574</b>	<b>42 084</b>
Long-term liabilities	42 194	35 717	9 923	8 306
Short-term liabilities	108 163	118 954	25 438	27 664
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>331 380</b>	<b>335 634</b>	<b>77 935</b>	<b>78 054</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDING ON 30 JUNE 2019**

	NOTE NO.	30.06.2019 Not audited PLN '000	31.12.2018 PLN '000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill on consolidation		30 050	30 050
Tangible fixed assets	8	128 334	126 359
including Right of use assets	8	7 345	-
Investment property		2 100	2 100
Intangible assets	9	94 684	95 130
<b>Total fixed assets</b>		<b>255 168</b>	<b>253 639</b>
<b>Current assets</b>			
Inventories	12	31 903	35 318
Trade receivables	11.1	33 612	34 480
Corporate income tax receivables	6.1	200	202
Other assets and other short-term receivables	11.2	7 714	7 947
Cash and cash equivalents	10.1	2 783	4 048
<b>Total current assets</b>		<b>76 212</b>	<b>81 995</b>
<b>Total assets</b>		<b>331 380</b>	<b>335 634</b>



	NOTE NO.	30.06.2019 Not audited PLN '000	31.12.2018 PLN '000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13.1	87 339	87 339
Supplementary capital	13.2	104 296	109 526
Capital reserves	13.2	28 415	28 415
Currency translation differences of subsidiaries	13.2	114	81
Retained revenue (loss) from previous years	13.2	(39 168)	(37 818)
Current year's net profit (loss)	13.2	27	(6 580)
<b>Equity attributable to controlling shareholders</b>		<b>181 023</b>	<b>180 963</b>
Equity attributable to non-controlling shareholders		-	-
<b>Total equity</b>		<b>181 023</b>	<b>180 963</b>
<b>Long-term liabilities</b>			
Loans and advances received as well as debt securities	14	26 855	24 345
Lease liabilities	17	5 375	1 910
Provisions for long-term employee benefits	16	1 094	1 094
Deferred income tax provision	6.2	8 870	8 368
<b>Total long-term liabilities</b>		<b>42 194</b>	<b>35 717</b>
<b>Short-term liabilities</b>			
Loans and advances received as well as debt securities	14	39 048	42 129
Lease liabilities	17	1 795	1 567
Provisions for short-term employee benefits	16	3 232	3 800
Trade liabilities	15.1	45 206	55 849
Other liabilities	15.2	13 640	10 123
Other equity and liabilities	15.3	5 242	5 486
<b>Total short-term liabilities</b>		<b>108 163</b>	<b>118 954</b>
<b>Total liabilities</b>		<b>150 357</b>	<b>154 671</b>
<b>Total equity and liabilities</b>		<b>331 380</b>	<b>335 634</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	NOTE NO.	01.01.2019- 30.06.2019	2019-04-01 - 2019-06-30	01.01.2018- 30.06.2018	2018-04-01 - 2018-06-30
		Not audited	Not audited		
		PLN '000	PLN '000	PLN '000	PLN '000
<b>I. INCOME STATEMENT</b>					
<b>a. Continuing operations</b>					
Revenue from sales	5.1,5.4	150 294	77 628	142 675	72 040
<b>Total sales revenue</b>		<b>150 294</b>	<b>77 628</b>	<b>142 675</b>	<b>72 040</b>
Change in stock of products	5.2	(1 195)	1 436	(3 716)	(1 396)
Amortization/depreciation	5.2	(5 491)	(2 741)	(5 171)	(2 551)
Consumption of raw materials and consumables	5.2	(88 298)	(46 037)	(84 095)	(42 443)
Third-party services	5.2	(11 095)	(5 534)	(8 075)	(3 526)
Taxes and fees	5.2	(1 971)	(976)	(1 945)	(950)
Costs of employee benefits	5.2	(26 080)	(12 955)	(24 561)	(12 555)
Other costs by type	5.2	(11 645)	(7 142)	(13 913)	(8 672)
Value of goods and materials sold	5.2	(2 998)	(1 877)	(2 254)	(839)
<b>Total operating expenses</b>		<b>(148 773)</b>	<b>(75 825)</b>	<b>(143 730)</b>	<b>(72 932)</b>
<b>Profit (loss) from sales</b>		<b>1 521</b>	<b>1 803</b>	<b>(1 055)</b>	<b>(892)</b>
Other operating revenue	5.6	2 705	1 028	2 826	1 765
Other operating expenses	5.7	(1 339)	(528)	(1 769)	(765)
<b>Operating profit (loss)</b>		<b>2 887</b>	<b>2 303</b>	<b>2</b>	<b>108</b>
Financial revenue	5.8	74	29	501	303
Finance expenses	5.9	(2 067)	(1 333)	(1 700)	(997)
<b>Profit (loss) before tax</b>		<b>894</b>	<b>999</b>	<b>(1 197)</b>	<b>(586)</b>
Income tax	6	(867)	20	(940)	(353)
<b>Net income (loss) from continuing operations</b>		<b>27</b>	<b>1 019</b>	<b>(2 137)</b>	<b>(939)</b>
<b>b. Discontinued operations</b>					
<b>Net profit (loss) from discontinued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT (LOSS)</b>		<b>27</b>	<b>1 019</b>	<b>(2 137)</b>	<b>(939)</b>
including:					
attributable to shareholders of the parent company		27	1 019	(2 137)	(903)
attributable to non-controlling shareholders		-	-	-	(36)
<b>II. Net comprehensive income for the financial year</b>					
<i>Items that will not be reclassified to the income statement in subsequent periods, including:</i>					
Actuarial profit (loss)		-	-	-	-
Exchange differences on translation of foreign operations attributable to shareholders of the parent	33	49	(119)	(129)	
Exchange differences on translation of foreign operations attributable to non-controlling interest		-	-	-	-
<i>Items that may be reclassified to the income statement in subsequent periods</i>					
-					
<b>III. Comprehensive income attributable to:</b>					
shareholders of the parent company	60	1 068	(2 256)	(1 032)	
non-controlling shareholders		-	-	-	(36)
<b>II. TOTAL COMPREHENSIVE INCOME</b>		<b>60</b>	<b>1 068</b>	<b>(2 256)</b>	<b>(1 068)</b>
<b>Weighted average number of ordinary shares</b>					
	7.1	87 338 652	86 326 086	86 326 086	86 326 086
<b>Diluted number of ordinary shares</b>					
	7.2	87 338 652	86 326 086	86 326 086	86 326 086
<b>Profit (loss) attributable to shareholders of the parent company</b>		<b>27</b>	<b>1 019</b>	<b>(2 137)</b>	<b>(903)</b>
<b>Profit (loss) attributable to shareholders of the parent company per share (in PLN per share):</b>					
<b>From continuing and discontinued operations:</b>					
Ordinary		0.00	0.01	(0.02)	(0.01)
Diluted		0.00	0.01	(0.02)	(0.01)



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING ON 30 JUNE 2019**

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Cash flows from operating activities</b>		
Gross profit	894	(1 197)
Adjustments of items:		
Amortization/depreciation	5 491	5 171
Interest and dividends	1 244	1 354
(Profit)/loss from investing activities	(1 177)	-
Change in receivables	1 101	(1 647)
Change in inventory	3 415	5 666
Change in liabilities	(7 126)	1 252
Change in deferred income	(244)	(241)
Change in provisions	(568)	285
Income tax paid/returned	(363)	371
Other adjustments	33	1 478
<b>Net cash flows from operating activities</b>	<b>2 700</b>	<b>12 492</b>
<b>Cash flows from investment activities</b>		
Sale of tangible fixed assets and intangible assets	1 212	247
Purchase of tangible fixed assets and intangible assets	(2 512)	(5 843)
Other investment expenditure	-	-
Write-off of goodwill	-	-
<b>Net cash flows from investment activities</b>	<b>(1 300)</b>	<b>(5 596)</b>
<b>Cash flows from financial activities</b>		
Share issue inflows	-	-
Interest and dividends inflows	-	103
Inflows from borrowings/credits	4 759	1 221
Repayment of borrowings/credits	(5 330)	(5 286)
Interest paid	(1 244)	(1 354)
Dividends paid to owners	-	-
Payment of liabilities under purchase of financial assets	(90)	(33)
Payment of lease liabilities	(760)	(1 041)
<b>Net cash from financial activities</b>	<b>(2 665)</b>	<b>(6 390)</b>
<b>Total net cash flows</b>	<b>(1 265)</b>	<b>506</b>
Net increase in cash and cash equivalents	(1 265)	506
Foreign exchange differences	-	1 000
<b>Opening balance of cash</b>	<b>4 048</b>	<b>5 144</b>
<b>Increase due to control takeover</b>	<b>-</b>	
<b>Closing balance of cash, including:</b>	<b>2 783</b>	<b>4 650</b>
<i>of which restricted cash</i>	92	145

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Supplementary capital	Reserve capitals	Foreign exchange differences	Retained revenue from previous years	Current year's net profit (loss)	Equity attributable to non-controlling shareholders	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2019</b>	<b>87 339</b>	<b>109 526</b>	<b>28 415</b>	<b>81</b>	<b>(44 398)</b>	-	-	<b>180 963</b>
Reclassification of the parent company's net loss to the supplementary capital	-	(5 230)	-	-	5 230	-	-	-
Financial result of the period	-	-	-	-	-	27	-	27
Foreign exchange differences	-	-	-	33	-	-	-	33
<b>As at 30 June 2019</b>	<b>87 339</b>	<b>104 296</b>	<b>28 415</b>	<b>114</b>	<b>(39 168)</b>	<b>27</b>	-	<b>181 023</b>

	Share capital	Supplementary capital	Reserve capitals	Foreign exchange differences	Retained revenue from previous years	Current year's net profit (loss)	Equity attributable to non-controlling shareholders	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2018</b>	<b>86 326</b>	<b>165 431</b>	<b>16 220</b>	<b>102</b>	<b>(84 321)</b>	-	<b>3 806</b>	<b>187 564</b>
Reclassification of the parent company's net loss to the supplementary capital	-	(58 497)	-	-	58 497	-	-	-
Financial result of the period	-	-	12 195	-	(12 195)	(6 580)	-	(6 580)
Issue of shares of GC SA	1 013	2 592	-	-	201	-	(3 806)	-
Foreign exchange differences	-	-	-	(21)	-	-	-	(21)
<b>As at 31 December 2018</b>	<b>87 339</b>	<b>109 526</b>	<b>28 415</b>	<b>81</b>	<b>(37 818)</b>	<b>(6 580)</b>	-	<b>180 963</b>

## ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT 30 JUNE 2019

### 1. GENERAL INFORMATION

#### 1.1. General information about the Global Cosmed Capital Group

Global Cosmed Group is one of the leading, medium-sized FMCG manufacturers in Europe in the field of chemicals and cosmetics. Thanks to its wide offer of specialized household chemicals and cosmetics, it is able to satisfy needs of consumers in the scope of care, hygiene and cleanliness in households. Innovative formulas, extensive experience of more than 180 years and an international team of experts contribute to the final process of product manufacture, which is appreciated by contracting parties in Poland and on international markets as well as by final consumers. Registered offices of companies from the Global Cosmed Capital Group are located in Poland and Germany.

#### Global Cosmed Group – Registered offices in Poland and Germany

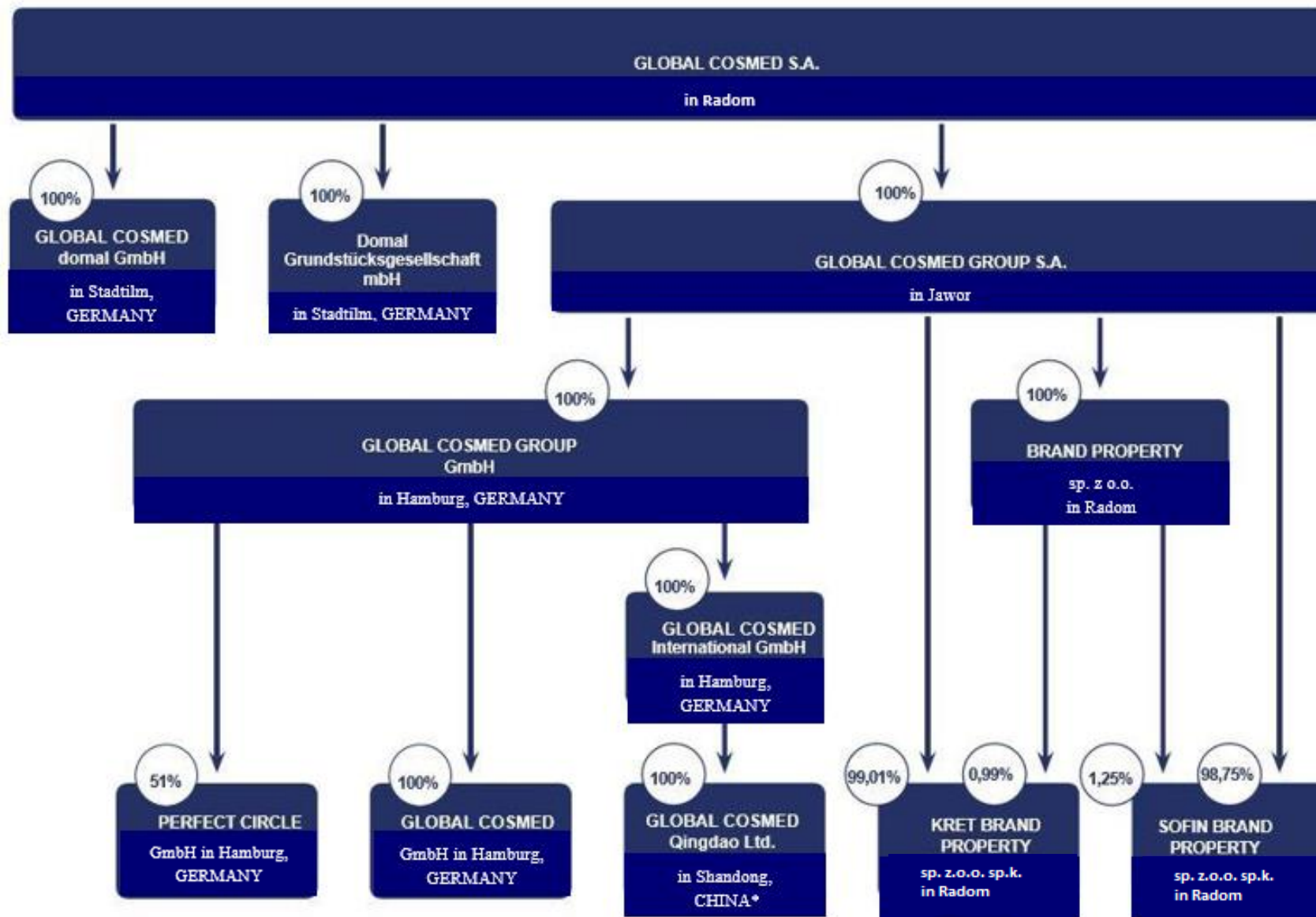


#### 1.2. General information about the Parent Company

Global Cosmed Spółka Akcyjna with its registered office in Radom, at ul. Wielkopolska 3, was established as a result of transformation of a limited liability company operating under the business name Global Cosmed Spółka z ograniczoną odpowiedzialnością Fabryki Kosmetyczne i Chemiczne in Radom into a joint stock company operating under the business name Global Cosmed Spółka Akcyjna. Entry to the Commercial Register Division B under no. 737 was made on 1 September 1997, entry to the National Court Register was made on 3 October 2001 under no. KRS 0000049539 by the District Court for the city of Warsaw, 21<sup>st</sup> Commercial Division of the National Court Register.

The Company has tax identification number NIP 796-006-93-71 and statistical number REGON 670990050. As per the Company's statutes, the Company's objects are:

- manufacture of cosmetic and toilet preparations,
- wholesale of perfumes and cosmetics,
- wholesale of chemical products,
- manufacture of soap and detergents, cleaning and polishing preparations.



In its consolidated statement of profit and loss and other income and in its consolidated statement of financial position, the Capital Group reports transactions with affiliated entities which are not controlled by the Parent Company and are not consolidated, but merely connected by the person of the main shareholder and the president of the Management Board of the Parent Company, i.e. Andreas Mielimonka.

As at 30 June 2019, Andreas Mielimonka exercised direct or indirect control of the following companies: Blackwire Ventures sp. z o.o., Blackwire Ventures Spółka z o.o. sp. k. Simultaneously, among companies controlled by Andreas Mielimonka, the company Blackwire Ventures sp. z o.o. is a shareholder of the Parent Company.

**1.3. Subsidiaries**

Parent company	Subsidiary	Office	Objects of activity	% share in the share capital as at 30.06.2019	% share in the share capital as at 31.12.2018
Global Cosmed S.A.	Global Cosmed domal GmbH	Stadtilm, Germany	Manufacture of chemical products and cosmetics, trading in chemical products	100%	100%
Global Cosmed S.A.	Domal Grundstücksgesellschaft mbH	Stadtilm, Germany	Purchase, administration, use, sale, lease/rental of real properties and buildings in own name or on behalf of third parties as well as purchase of shares for that purpose.	100%	100%
Global Cosmed S.A.	Global Cosmed Group S.A.	Jawor, Poland	Manufacture of soap and detergents, cleaning and polishing preparations	100%	100%
Global Cosmed Group S.A.	Brand Property sp. z o.o.	Radom, Poland	Management of limited partnerships	(GC S.A. holds 100% effective share through GCG S.A.)	(GC S.A. holds 100% effective share through GCG S.A.)
Global Cosmed Group S.A.	Kret Brand Property sp. z o.o. sp. k.	Radom, Poland	Lease of intellectual property and similar products, save for works protected by copyright	100% (GC S.A. holds 99.01% share through GCG S.A. and 0.99% through GCG SA and BP sp. z o.o.)	100% (GC S.A. holds 99.01% share through GCG S.A. and 0.99% through GCG SA and BP sp. z o.o.)
Global Cosmed Group S.A.	Sofin Brand Property sp. z o.o. sp.k.	Radom, Poland	Lease of intellectual property and similar products, save for works protected by copyright.	100% (GC S.A. holds 98.75% share through GCG S.A. and 1.25% through GCG SA and BP sp. z o.o.)	100% (GC S.A. holds 98.75% share through GCG S.A. and 1.25% through GCG SA and BP sp. z o.o.)
Global Cosmed Group S.A.	Global Cosmed Group GmbH	Hamburg, Germany	Marketing, development and sale of chemical products and cosmetics which do not require a permit in every field of application. Sublease and rental as well as letting for use of motor vehicles to affiliated companies, maintenance and management of own assets and participation in other enterprises of any kind.	100% (GC S.A. holds 100%* effective share through GCG S.A.)	100% (GC S.A. holds 100%* effective share through GCG S.A.)
Global Cosmed Group GmbH	Global Cosmed GmbH	Hamburg, Germany	Development and distribution of chemical products which do not require a permit in every field of application.	100% (GC S.A. holds 100%* effective share through GCG S.A. and GCG GmbH)	100% (GC S.A. holds 100%* effective share through GCG S.A. and GCG GmbH)
Global Cosmed Group GmbH	Global Cosmed International GmbH	Hamburg, Germany	Development and distribution of chemical products which do not require a permit in every field of application.	100% (GC S.A. holds 100%* effective share through GCG S.A. and GCG GmbH)	100% (GC S.A. holds 100%* effective share through GCG S.A. and GCG GmbH) 51%
Global Cosmed Group GmbH	Perfect Circle GmbH	Hamburg, Germany	Distribution of perfumes and deodorants	51% (GC S.A. holds 51% effective share through GCG SA and GCG GmbH)	100% (GC S.A. holds 51% effective share through GCG SA and GCG GmbH)
Global Cosmed International GmbH	Global Cosmed Qingdao	Qingdao China	Development and distribution of chemical products which do not require a permit in every field of application.	100% (GC S.A. holds 100%* effective share through GCG S.A. GCG GmbH and GCI GmbH)	100% (GC S.A. holds 100%* effective share through GCG S.A. GCG GmbH and GCI GmbH)



All of the aforementioned subsidiaries are fully consolidated.

In the reported period, there were no changes in the share structures of entities in the Global Cosmed Capital Group.

#### 1.4. Information about joint statement

Companies of the Group do not have branches preparing standalone financial statements.

#### 1.5. Duration of companies in the Group

Duration of companies in the Group is unlimited.

#### 1.6. Information about approval of the statement

This financial statement was approved for publication by the Management Board of Global Cosmed S.A. on 16 September 2019.

#### 1.7. Explanations concerning seasonal or periodical nature of Capital Group's operations

Operation of Companies in the Capital Group in the presented period was not subject to material fluctuations of seasonal or periodical nature.

#### 1.8. Shareholder structure in the Parent Company

According to information available to the Management Board of the Parent Company, the shareholder structure in Global Cosmed S.A. as of the statement date is as follows:

Name of the shareholder	Qty. of shares	Number of votes on GM	Nominal value of shares in PLN	Share in the number of votes on GM
Andreas Mielimonka	48 243 159	48 243 159	48 243 159	46.14%
Blackwire Ventures sp. z o.o.*	23 963 623	41 189 745	23 963 623	39.39%
Mielimonka Holding sp. z o.o.****	2 997 625	2 997 625	2 997 625	2.87%
Magdalena Anita Mielimonka**	80 000	80 000	80 000	0.08%
Arthur Raphael Mielimonka***	1 119 896	1 119 896	1 119 896	1.07%
Laura Agnes Mielimonka-Hofmann***	107 330	107 330	107 330	0.10%
Anja Katja Mielimonka***	107 330	107 330	107 330	0.10%
Others	10 719 689	10 719 689	10 719 689	10.25%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>

\* entities controlled by Andreas Mielimonka

\*\* spouse of Andreas Mielimonka

\*\*\* descendant of Andreas Mielimonka

\*\*\*\* entity controlled by descendants of Andreas Mielimonka

Shares comprising the share capital as of financial statement publication date:

Issue	Qty. of shares	Number of votes on the GM	Nominal value of shares in PLN	Share in the share capital
A* series	1 813 276	3 626 552	1 813 276	2.08%
B* series	15 412 846	30 825 692	15 412 846	17.65%
C series	7 253 104	7 253 104	7 253 104	8.30%
D series	6 254 085	6 254 085	6 254 085	7.16%
E series	200 000	200 000	200 000	0.23%
F series	4 600 000	4 600 000	4 600 000	5.27%
G series	38 055 089	38 055 089	38 055 089	43.57%
H series	2 961 125	2 961 125	2 961 125	3.39%
I series	4 653 197	4 653 197	4 653 197	5.33%
J series	4 873 363	4 873 363	4 873 363	5.58%
K series	250 000	250 000	250 000	0.29%
L series	1	1	1	0.00%
M series	1 012 566	1 012 566	1 012 566	1.16%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>

\* voting preference shares

17 226 122 34 452 244

Nominal value of 1 share:

1 PLN

### 1.9. Functional currency and currency in which financial statements are presented and principles adopted for calculation of financial data

This consolidated statement of Global Cosmed Capital Group has been prepared in Polish zlotys (PLN). Polish zloty is a functional and reporting currency of Global Cosmed S.A. and companies of the Group operating in Poland, EUR is a functional currency of companies of the Group operating in Germany, and yuan renminbi (CNY) is a functional currency of company Global Cosmed Qingdao Ltd. operating in China.

Data in the consolidated financial statement of Global Cosmed Capital Group have been expressed in PLN thousands. Any contingent differences between general amounts and the sum of component parts thereof are a result of rounding up or down.

Financial statements of foreign units for the purposes of preparing a consolidated financial statement as well as data resulting from a consolidated Group statement were recalculated according to following principles:

- in respect of data resulting from statement of financial position – an average exchange rate of EUR and CNY in force at the end of each period was used,
- in respect of data resulting from comprehensive income, summary of changes in equity and cash flows account – an average exchange rate for the given period calculated as an arithmetic average of exchange rates in force at the last day of each month in the given period.

#### Exchange rates used:

	30.06.2019 Not audited	31.12.2018
Exchange rate PLN/EUR	4.2520	4.3000
Exchange rate PLN/CNY	0.5437	0.5481

	01.01-30.06.2019	01.01-30.06.2018
Average exchange rate PLN/EUR of the period	4.2880	4.2447
Average exchange rate PLN/CNY of the period	0.5604	0.5516

### 1.10. Reporting period

The presented consolidated financial statement covers the period from 01.01.2019 till 30.06.2019, and reference financial data and explanatory notes cover the period from 01.01.2018 till 31.12.2018.

## 2. GROUNDS FOR PREPARATION OF THE FINANCIAL STATEMENT

### 2.1 Declaration of compliance

This Consolidated Financial Statement of the Group for the period from 01.01.2019 till 30.06.2019 has been prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting and in accordance with relevant accounting standards that are applicable to financial reporting, adopted by the European Union, published and in force as of the period when the Consolidated Financial Statement was being prepared.

The Management Board of Global Cosmed S.A. represents that to the best of its knowledge the presented consolidated financial statement, covering the period from 01.01.2019 till 30.06.2019, and comparative data were prepared in accordance with applicable accounting principles and that they reflect, in a true, fair and clear manner, the financial and property position of the Global Cosmed Capital Group as well as its financial result and that the report on activity of the Global Cosmed Capital Group contains a true image of development, achievements and situation of the Global Cosmed Capital Group, including the description of basic dangers and risks.

## **2.2 Going concern assumption**

The consolidated financial statement was prepared on the assumption that companies from the Capital Group will carry on their business activity in an unchanged form and scope, in the period of at least 12 months of the last day of the reporting period, and there are no reasons to suspect an intentional or forced cessation or material restriction of their current activities. As of the financial statement date, the Management Board of the Parent Company does not anticipate any facts or circumstances indicating a threat to continuation of business activity in the foreseeable future.

The consolidated financial statement has been prepared in accordance with the historic cost principle, save for financial liabilities, including credits and loans measured according to amortized cost based on effective interest rate.

## **2.3 Grounds for preparation of the consolidated financial statement**

The duration of companies from the Global Cosmed Capital Group is not limited. A calendar year is a financial year for companies in the Capital Group. The consolidated financial statement covers the period: 01.01.2019 – 30.06.2019 and reference data: for items from the statement of profit and loss and other comprehensive income – the period from 01.01.2018 till 30.06.2018, and for items from the consolidated statement on the financial position as at 31.12.2018.

The consolidated financial statement has been prepared on the basis of accounting principles compliant with the International Financial Reporting Standards which were approved by the European Union (EU) and were applicable as of the financial statement preparation date.

The consolidated financial statement, save for cash flows statement, has been prepared in accordance with accruals principle.

The presented financial statement meets all IFRS requirements accepted by the European Union and provides a reliable picture of financial and property situation as at 30.06.2019, 31.12.2018 and the result of its operation and cash flows for the period between 01.01.2019 -30.06.2019 and 01.01.2018 - 30.06.2018.

It is also compliant with the requirements set out in the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by securities issuers and conditions concerning the recognition of information required by provisions of law in a non-member state as equivalent (Journal of Laws of 2018, item 757).

Accounting principles used in the preparation of the consolidated financial statement for 2019 correspond to the principles used in the preparation of the annual consolidated financial statement for the previous year covered by the consolidated financial statement, with the exception of principles resulting from the introduction of new IFRS 16 “Leases” standard.

## **Statement of profit and loss and total comprehensive income**

The profit and loss statement and other comprehensive income comprises the statement of profit and loss and other comprehensive income. A comparative variant was assumed as the basic reporting format of costs in the statement of profit and loss. Profit and loss is a total amount resulting from deducting costs from revenue, with the exception of items of other comprehensive income.

## **Cash flows statement**

Cash flows from the operating activity are presented according to the indirect method.

## **2.4 Voluntary change of accounting principles**

In the preparation of this financial statement the Capital Group has not voluntarily changed any previously used accounting principles as compared to the previous periods.

## 2.5 New accounting standards and interpretations:

### Effect of application of new accounting standards and changes to the accounting policy

Accounting principles (policy) used in order to prepare this consolidated financial statement for the 6-month period ending on 30 June 2019 are consistent with those used in the preparation of the annual consolidated financial statement for the financial year which ended on 31 December 2018, save for changes specified below. The same principles were used for the current and reference periods.

### Standards and interpretations that were published and approved by EU

From the beginning of the financial year, the following new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) have been applicable.

- IFRS 16 "Leases"

The new standard was published on 13 January 2016 and is applicable to annual periods commencing on 1 January 2019 or later but can be applied to earlier periods as well (however, only in conjunction with IFRS 15). This standard replaces previous regulations in respect of lease (*inter alia*, IAS 17) and significantly changes the approach to lease agreements of various nature, obligating lessees to show liabilities on account of executed lease agreements, irrespective of their type, in the balance sheet. All lease transactions result in the lessee obtaining a right of use and the liability on account of the payment obligation. Therefore, IFRS 16 abolishes the classification into operating lease and finance lease, introducing one model used for the purpose of accounting treatment of lease by the lessee. According to the requirements of IFRS 16, the lessee presents in the statement on financial position or discloses in supplementary information new items: right of use (as assets) and corresponding short-term and long-term lease liabilities (as equity and liabilities). The Group decided to apply a simplified approach where reference data are not transformed. When using this approach, lease liabilities under previous lease contracts should be recognized in the amount of outstanding lease payments, discounted at the marginal interest rate, determined as at the effective date of the standard.

The application of this standard had no effect on financial results previously presented by the Group and there was no need to adjust the opening balance of profits retained as of 1 January 2019. The Group implemented the standard by identifying and analyzing the lease and tenancy agreements where the Group acts as the lessee. Due to the application of IFRS 16, the Group identified, in order to recognize and include, the amounts on account of rights of use and amounts of lease liabilities that it should present in the consolidated financial statement as of the day of first application, i.e. 01.01.2019. The Group has the usufruct right in respect of land that as of 31.12.2018 was treated as equal to the ownership right and was recognized in tangible fixed assets. As a result of introducing IFRS 16, the Group recognized lease liabilities at current value of remaining land usufruct right charges, discounted at marginal interest rate (4%) on the day of first application. Lease liabilities (land usufruct right charges) as of the day of first application of IFRS 16 amounted to PLN 3,833k. An asset on account of right of use was recognized by the Group in the amount of PLN 3,833k.

As of 1 January 2019, the Group recognized and included right of use assets in the amount of PLN 7,683k and right of use liabilities (lease) in the amount of PLN 7,776k. The Group took advantage of the simplified procedure provided for in the case of low value lease (not exceeding USD 5,000).

	Land, including perpetual usufruct right	Buildings and structures	Technical devices and machinery	Means of transport	Other fixed assets	Total
	k PLN	k PLN	k PLN	k PLN	k PLN	k PLN
<b>Assets</b>						
Right of use assets as of first application 01.01.2019	3 833	-	2 657	1 193	-	7 683
Right of use assets as of first application 30.06.2019	3 804	-	2 109	1 432	-	7 345
<b>Liabilities</b>						
<b>As of 01.01.2019</b>						
Long-term lease liabilities	3 589	-	1 678	522	-	5 789
Short-term lease liabilities	244	-	1 162	581	-	1 987
<b>As of 30.06.2019</b>						
Long-term lease liabilities	3 589	-	1 230	556	-	5 375
Short-term lease liabilities	164	-	960	671	-	1 795

- Amendment to IFRS 9: *Prepayment Features with Negative Compensation*

Amendment to IFRS 9 was published on 12 October 2017 and is applicable to annual periods commencing on 1 January 2019 or later. Its purpose is to provide measurement principles in respect of financial assets that may be repaid at an earlier date pursuant to contractual terms and which formally could not meet the requirements of the “payment of only principal and interest” test, which would prevent their measurement at amortized cost or fair value through other comprehensive income.

- IFRIC 23 “Uncertainty over Income Tax Treatments”

The new interpretation was published on 7 June 2017 and is applicable to annual periods beginning on 1 January 2019 or afterwards. The purpose of this interpretation is to specify how to classify income tax in financial statements where existing tax provisions give room for interpretation and difference of views between entities and tax authorities.

- Amendments to IAS 28 “Long-term shares in Associates and Joint Ventures”

Amendment to IAS 28 was published on 12 October 2017 and is applicable to annual periods beginning on 1 January 2019 or afterwards. Its purpose is to specify the rules of measurement for shares in associates and joint ventures where such shares are not measured according to the equity method.

- Amendments to various standards in connection with Annual Improvements 2015-2017 of the International Financial Reporting Standards

On 12 December 2017, as a result of inspection carried out by IFRS, certain minor improvements were introduced to the following standards:

- IFRS 3 *Business Combinations*, in order to specify that upon assuming control the business shall revalue the shares held in the joint venture,
- IFRS 11 *Joint Arrangements*, in order to specify that upon assuming joint control the business shall not revalue the shares held in the joint venture,
- IAS 12 *Income Taxes*, indicating that any tax consequences of dividend payments should be recognized according to the same method,
- IAS 23 *Borrowing Costs*, requiring that credits and loans which originally were intended to finance resulting assets were included among general sources of financing – once the assets are ready to use according to their intended purpose (use or sale).

They are applicable to annual periods commencing on 1 January 2019 or later.

- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*

Amendments to IAS 19 were published on 7 February 2018 and are applicable to annual periods commencing on 1 January 2019 or later. Amendments concern the revaluation method of plan of specific benefits should these be changed. Amendments to the standard imply that in the case of revaluation of net

assets/liabilities on account of the given plan updated assumptions should be used to determine current employment cost and interest cost for the periods after the plan amendment. Until now IAS 19 did not explain it specifically.

### Changes introduced by the Group itself

Variant in respect of financial statement for the mid-term:

The Group did not make any adjustment presentation of reference data as of 31 December 2018 and for the first half of the year ending on 30 June 2019.

### Standards and interpretations published and approved by EU – not applicable

In this financial statement, the Group decided against using the published standards or interpretations before their effective date.

The following standards or interpretations were issued by the International Accounting Standards Board or the International Financial Reporting Committee Interpretations but did not enter into force as of the balance-sheet date:

- IFRS 14 *Regulatory Deferral Accounts*

The new standard was published on 30 January 2014 and is applicable to annual periods commencing on 1 January 2016 or later. The new standard is temporary in nature due to IASB's ongoing work aimed at regulating the manner of settling operations in the conditions of price regulation. The standard introduces the rules concerning recognition of assets and liabilities arising from transactions with regulated prices where the entity has decided to transition to IFRS.

The Group will apply the new standard not earlier than on the date specified by the European Union as the effective date of such standard. Due to the temporary nature of such standard, the European Commission has decided not to commence the formal approval procedure of the standard and wait for the final standard.

- IFRS 17 *Insurance Contracts*

The new standard was published on 18 May 2017 and is applicable to annual periods commencing on 1 January 2021 or later. It is permissible to apply it from an earlier date (provided IFRS 15 and IFRS 9 are used in conjunction). The standard replaces previous regulations concerning insurance contracts (IFRS 4).

- Amendments to IFRS 3 *Business Combinations*

Amendments in IFRS 3 were published on 22 October 2018 and are applicable to annual periods commencing on 1 January 2020 or later.

It is the purpose of amendments to specify the definition of "business" and make it easier to differentiate between businesses and groups of assets for the purposes of settlement of combinations.

- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments in IFRS 10 and IAS 28 were published on 11 September 2014 and are applicable to annual periods commencing on 1 January 2016 or later (the effective date has been postponed without indicating the start date). Amendments bring clarification to accounting of transactions where the parent company loses control of its subsidiary, which does not constitute a "business" in the meaning of IFRS 3 *Business Combinations*, by way of sale of all or a portion of shares in such subsidiary to an associate or joint venture recognised under the equity method.

The Group will apply such amendments to standards not earlier than on the date specified by the European Union as the effective date of such standard. Currently, the European Commission has decided to postpone the formal approval procedure of amended standards.

- Amendments in IAS 1 and IAS 8: *Definition of "material"*

Amendments in IAS 1 and IAS 8 were published on 31 October 2018 and are applicable to annual periods commencing on 1 January 2020 or later.

It is the purpose of amendments to specify the definition of "material" and to make it easier to apply it in practice.

### Standards and interpretations accepted by IASB but not yet approved for application in the EU

IFRS in the form approved by EU do not substantially differ currently from regulations accepted by the International Accounting Standards Board (IASB), save for the following standards, interpretations and amendments thereto, which as of the financial statement approval date have not been approved for application in the EU Member States:



- IFRS 14 Regulatory Deferral Accounts published on 30 January 2014 (approval process for application in EU Member States on hold),
- IFRS 17 *Insurance Contracts*, published on 18 May 2017,
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between the investor and investor's affiliate or joint venture, published on 11 September 2014 (approval process for application in EU Member States on hold),
- Amendments to IFRS 3 *Business Combinations*, published on 22 October 2018,
- Amendments to IAS 1 and IAS 8: *Definition of "material"*, published on 31 October 2018.

According to estimations by the Parent Company, the aforementioned new standards and amendments to existing standards would not have a material impact on the financial statement were they used by the Capital Group as of the balance-sheet date.

### **3. ESTIMATIONS OF THE MANAGEMENT BOARD**

#### **3.1 Important estimations and assumptions**

The Management Board, guided by its subjective judgment, determines and applies accounting policies that ensure that the consolidated financial statement contains appropriate and reliable information that will correctly, clearly and fairly present the property and financial position of the Global Cosmed Capital Group, its economic results and cash flows, reflect the economic content of transactions, will be objective and prepared in accordance with prudent valuation principles and will be complete in any and all material aspects.

Preparation of the financial statement requires that the Management Boards of Companies carry out estimations since a multitude of information contained in the financial statement cannot be precisely measured. Estimations and judgments are constantly assessed and are based on previous experiences and other factors, including predictions concerning future events, that are likely to occur in a given situation. Companies of the Capital Group carry out estimations and accept assumptions concerning the future. Estimations and related assumptions are based on previous experience and other factors deemed material. Accounting estimations obtained in this way by definition rarely correspond to actual results and may be changed in the future.

Estimations and underlying assumptions are constantly verified. Change of estimates are recognized in the periods when a verification took place, provided it concerns solely this period, or in the present period and future periods, provided the change also concerns such future periods just as the current period.

Assumptions and methodology in respect of adopted estimations are based on similar principles as applied in the preparation of the annual financial statement.

As at the end of the reporting period, the Management Board of the Parent Company carried out the analysis of indications of impairment of assets. As a result of analysis which has been carried out, no significant indications regarding impairment of assets were detected. Impairment tests will be conducted as at the end of the financial year.

Write-offs of receivables were updated at the amount which allows for the level of risk of non-receipt of payment.

Provisions for retirement benefits and jubilee bonuses will be updated based on actuarial calculations as at 31.12.2019.

Provisions for unused leave will be updated based on expected employee salaries together with surcharge payable by the employer in respect of unused leave as at 31.12.2019.

Deferred tax assets will be recognized assuming tax profit allowing to use such assets will be obtained in the future.

#### 4. FINANCIAL INSTRUMENTS

##### 4.1 Financial instruments by categories – balance-sheet values

	30.06.2019	31.12.2018
	Not audited	
	PLN '000	PLN '000
Fair value financial assets through financial result	-	-
Financial assets in depreciated cost	36 879	39 704
Fair value financial assets and other comprehensive income	-	-
Fair value financial liabilities through financial result	566	266
Financial liabilities in depreciated cost	118 845	126 582

##### 4.2 Fair value of financial instruments

###### Fair value of financial assets and financial liabilities:

	30.06.2019		31.12.2018	
	Not audited			
	Balance-sheet value	Fair value	Balance-sheet value	Fair value
	PLN '000	PLN '000	PLN '000	PLN '000
Bank credits	65 903	65 903	66 474	66 474
Leasing	7 170	7 170	3 477	3 477
Financial assets	36 879	36 879	39 704	39 704
Trade liabilities	45 772	45 772	56 631	56 631
Liabilities on account of IRS contract measurement	566	566	266	266

As at 30 June 2019 and as at 31 December 2018 the balance-sheet value of cash and cash equivalents, short-term receivables and trade liabilities, short-term loans, own bonds and own receivables as well as short-term financial liabilities was measured at the amount due since the differences in measurement in comparison to measurement of corrected purchase price were insubstantial.

Fair value of financial instruments was determined by discounting the value of expected future cash flows, using the applicable zero-coupon interest rate. Fair values calculated in foreign currencies are converted into Polish zlotys at the exchange rate announced by the National Bank of Poland as at the end of the reporting period.

In reference to financial instruments which are not, as at the balance-sheet date, measured at fair value, i.e. in the case of the Capital Group instruments classified as: financial assets measured in amortized cost as well as liabilities measured in amortized cost, their balance-sheet value does not substantially differ from fair value due to the fact that the majority of those instruments are of short-term nature or are subject to interest at variable rates.

In the period of 01.01-30.06.2019, there was no transfer between levels in the hierarchy of fair value used in the measurement of fair value and there was no change in classification of financial assets as a result of change in purpose or method of use of such assets.

### 4.3 Net profit/loss and revenue/costs on account financial instruments

#### Net profit/loss on account financial instruments by categories

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Net profit or loss from receivables and liabilities - operating result (receivables write-off)	(241)	-
Net profit or loss from receivables and liabilities - financial revenue/costs	(175)	(156)
Net profit or loss from IRS contract measurement - financial revenue /costs	(42)	(76)
Net profit or loss from financial liabilities measured according to depreciated cost (save for trade debt) - financial revenue /costs	(1 055)	(1 045)
<b>Total net profit/loss on account financial instruments</b>	<b>(1 513)</b>	<b>(1 277)</b>
Other financial revenue /costs on account of other items than financial instruments	(721)	(58 132)
<b>Total</b>	<b>(2 234)</b>	<b>(59 409)</b>

### 4.4 Classes of financial instruments

#### Financial instruments by class – balance-sheet values

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Other assets and other short-term receivables meeting the definition of financial instruments	34 096	35 656
Cash and cash equivalents	2 783	4 048
<b>Total financial assets by categories</b>	<b>36 879</b>	<b>39 704</b>
Long-term credits and loans received as well as debt securities	26 855	24 345
Long-term liabilities on account of lease	5 375	1 910
Short-term credits and loans received as well as debt securities	39 048	42 129
Short-term liabilities on account of lease	1 795	1 567
Trade liabilities meeting the definition of financial instruments and others	46 338	56 897
<b>Total financial liabilities</b>	<b>119 411</b>	<b>126 848</b>

	30.06.2019 Not audited			31.12.2018		
	PLN '000			PLN '000		
	Financial assets measured at amortized cost	Fair-value financial liabilities through financial result	Financial liabilities measured at amortized cost	Financial assets measured at amortized cost	Fair-value financial liabilities through financial result	Financial liabilities measured at amortized cost
Other long-term investments						
Trade receivables and others	34 096			35 656		
Cash and cash equivalents	2 783			4 048		
Long-term liabilities on account of credits, loans and lease			32 230			26 255
Short-term liabilities on account of credits, loans and lease			40 843			43 696
Trade liabilities and others		566	45 772		266	56 631
<b>Total</b>	<b>36 879</b>	<b>566</b>	<b>118 845</b>	<b>39 704</b>	<b>266</b>	<b>126 582</b>

In order to hedge against the risk related to interest rate changes, the Parent Company used IRS-type hedging instruments. According to the requirements of credit agreements executed with mBank on 20 April 2016 concerning investment funding, Global Cosmed S.A. was obliged to limit the interest rate risk. Fulfilling the requirements of the Bank, Global Cosmed S.A. on 25 May 2016 executed an IRS-type transaction to the amount of PLN 27,553k, which constituted 100% of value of the credit remaining to be paid with due date by 30 April 2024. The IRS transaction consisted in converting interest payments according to a variable rate of WIBOR 3M to interest payments calculated according to the fixed interest rate. The IRS transaction measurement was, as at 30 June 2019, at PLN 566k, which decreased the financial result by PLN 42k.

The Capital Group classifies the rules of measuring fair value of financial instruments using the following hierarchy, depicting the weight of source data being the basis of measurement:

- Level 1: quotations on active markets for identical assets or liabilities,
- Level 2: other source data than quotations included in Level 1, observable for assets or liabilities directly or indirectly,
- Level 3: source data for assets or liabilities which are not based on observable market data (non-observable source data).

According to these assumptions, the IRS transaction measurement as at 30 June 2019 in the amount of PLN 566k was classified by the Company as Level 2.

In the first half of 2019 the companies from the Capital Group made no shifts of financial instruments in their possession between levels of classification concerning the measurement of fair value.

#### 4.5 Securing liabilities and conditional liabilities on financial assets

Securing of liabilities and conditional liabilities on financial assets has been specified in note no. 19.

## 5. REVENUES AND COSTS

### 5.1 Sales revenue

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Continuing operations</b>		
Revenue from the sale of products	144 766	137 305
Revenue from the sale of goods and materials	5 099	4 809
Revenue from the provision of services	429	557
Other operating revenue	-	4
Other operating revenue – adjustment to value	-	-
<b>Total revenue from continuing operating activity</b>	<b>150 294</b>	<b>142 675</b>
<b>Total revenue from continuing operating activity</b>	<b>150 294</b>	<b>142 675</b>
<i>including from affiliated entities</i>	<i>4</i>	<i>0</i>

### 5.2 Costs of operating activity

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Continuing operations</b>		
Change in products, manufacture in progress (+/-)	(1 195)	(3 716)
Amortization of tangible fixed assets and intangible assets	(5 491)	(5 171)
Consumption of raw materials and energy	(88 298)	(84 095)
Third-party services	(11 095)	(8 075)
Taxes and fees	(1 971)	(1 945)
Costs of employee benefits	(26 080)	(24 561)
Other costs by type	(11 645)	(13 913)
Value of goods and materials sold	(2 998)	(2 254)
<b>Costs of continuing operating activity</b>	<b>(147 578)</b>	<b>(140 014)</b>
<b>Costs of discontinued operating activity</b>	<b>-</b>	<b>-</b>
<b>Total costs of operating activity</b>	<b>(148 773)</b>	<b>(143 730)</b>

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Continuing operations</b>		
Own cost of products sold	(99 298)	(101 010)
Trade costs	(11 712)	(14 159)
Overhead expenses	(34 764)	(26 307)
Cost of goods and materials sold	(2 998)	(2 254)
<b>Costs of continuing operating activity</b>	<b>(148 773)</b>	<b>(143 730)</b>
<b>Costs of discontinued operating activity</b>	<b>-</b>	<b>-</b>
<b>Total costs of operating activity</b>	<b>(148 773)</b>	<b>(143 730)</b>

### 5.3 Operating segments

The principal and exclusive object of activity of companies from the Capital Group is the manufacture and sale of cosmetics, toiletries and household chemicals. In light of Companies' focus on one type of activity, the Capital Group isolates one operating segment - manufacture of cosmetics, toiletries and household chemicals. Therefore, data presented in the consolidated financial statement concern the aforementioned segment.

#### 5.4 Geographic structure of revenue

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Country	65 839	66 901
Abroad	84 455	75 774
<b>Total</b>	<b>150 294</b>	<b>142 675</b>

Revenues from external clients for the sale of products, goods and materials in international trade in the period from 1.01. to 30.06.2019 constituted 56% (in the period from 1.01. to 30.06.2018 constituted 53%) of the total amount of net revenues from external clients for the sale of products, goods and materials. The Capital Group sells mainly to Germany.

#### 5.5 Information concerning main clients

In the period from 1.01. to 30.06.2019 the Capital Group achieved revenues from the sale of goods and products exceeding 10% of total revenues of the Capital Group from the sale of goods and products with the following clients: Schwarz Group, Rossmann Group. Turnover with any other client of the Capital Group did not exceed 10% of total turnover.

In the period from 1.01. to 31.12.2018 the Capital Group achieved revenues from the sale of goods and products exceeding 10% of total revenues of the Capital Group from the sale of goods and products with the following clients: Schwarz Group, Rossmann Group. Turnover with any other client of the Capital Group did not exceed 10% of total turnover

#### 5.6 Other operating revenues

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Profit from sale of property, plant and equipment, including:	1 177	196
<i>Revenues from sale and liquidation of property, plant and equipment</i>	1 212	272
<i>Net value of property, plant and equipment sold and liquidated</i>	(35)	(76)
Revenues from transactions re-invoicing assets and services:	-	36
Reversal of write-offs in respect of:	-	526
<i>Inventory</i>	-	54
<i>Receivables</i>	-	472
Subsidies/Funding	243	243
Compensation, penalties received	15	155
Surplus inventory	225	53
Reversal of provisions	-	25
Reversal of receivables write-offs	43	-
Reversal of inventory write-offs	-	1 070
Sale of additional services	18	143
Other revenues	984	379
<b>Total other operating revenues</b>	<b>2 705</b>	<b>2 826</b>



## 5.7 Other operating costs

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Establishment of write-offs from:	(241)	-
<i>Receivables</i>	(241)	-
Transactions re-invoicing assets and services	(656)	-
Donations	(10)	(1)
Contributions to organization	-	(9)
Compensation, penalties paid	(22)	(85)
Costs of liquidation of goods, damage	(245)	(754)
Other costs of operating activity	(165)	(920)
<b>Total other costs of operating activity</b>	<b>(1 339)</b>	<b>(1 769)</b>

## 5.8 Financial revenues

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Interest	74	111
<i>interest on loans and receivables</i>	51	14
<i>interest on bills of exchange</i>	5	-
<i>others</i>	18	97
Surplus of positive over negative exchange rate differences	-	390
<b>Total financial revenues</b>	<b>74</b>	<b>501</b>

## 5.9 Financial costs

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '00
Interest	(1 470)	(1 456)
<i>Interest on credits</i>	(1 055)	(1 045)
<i>Interest on leasing</i>	(80)	(94)
<i>Interest on factoring</i>	(109)	(147)
<i>Other interest</i>	(226)	(170)
Surplus of negative over positive exchange rate differences	(152)	(4)
IRS transaction measurement	(42)	(76)
Others	(403)	(164)
<b>Total financial costs</b>	<b>(2 067)</b>	<b>(1 700)</b>

## 6. INCOME TAX

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 31.12.2018	01.01.2018- 30.06.2018
	PLN '000	PLN '000	PLN '000
Current income tax	318	1 381	523
Deferred income tax	549	1 694	417
<b>Total income tax</b>	<b>867</b>	<b>3 075</b>	<b>940</b>
Including:			
Continuing activity	867	3 075	940
Discontinued activity	-	-	-

### 6.1 Current income tax

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 31.12.2018	01.01.2018- 30.06.2018
	PLN '000	PLN '000	PLN '000
Profit (loss) before taxes	894	(3 505)	(1 197)
Non-taxable revenues	3 289	10 254	2 902
Taxable revenues presented in other reporting periods (accrual-based recognition)	1 020	3 060	921
Non-tax-deductible expenses	7 892	13 393	7 179
Tax-deductible expenses presented in other reporting periods (accrual-based recognition in the current period)	8 397	11 889	7 584
Loss from capital profits	-	-	(670)
Tax depreciation	619	-	1
Tax base	(2 499)	(9 195)	(3 584)
Exclusions / donations	6	215	-
<b>Current income tax</b>	<b>1 079</b>	<b>1 381</b>	<b>523</b>
<b>Tax paid throughout the year</b>	<b>57</b>	<b>209</b>	<b>182</b>
<b>Corporate income tax receivables</b>	<b>200</b>	<b>202</b>	<b>253</b>
<b>Corporate income tax liabilities</b>	<b>1 609</b>	<b>-</b>	<b>282</b>

### Determining the effective tax rate

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Profit (loss) before taxes	894	(1 197)
Tax calculated at the rate of the Parent Company (2019: 19 %, 2018: 19%)	170	-
Tax consequences of non-taxable book revenues	(431)	(551)
Tax consequences of non-tax-deductible book expenses	(96)	(77)
Transitional differences – deferred tax	549	417
Tax depreciation	(118)	-
Income tax indicated in the statement of profit and loss	(867)	(940)
	97%	0%

In the presented years, the tax rate of 19% was applicable for Polish companies and circa 30% for German companies. Costs or revenues which do not affect the tax base comprise costs or revenues which are not, temporarily or permanently, treated as non-tax according to applicable tax provisions. Tax authorities may inspect books and accounting reports at any time, within five years of the end of the year when tax return was filed.

In a letter of 26 June 2017, the Head of Lower Silesian Tax Office in Wrocław initiated tax proceedings against a subsidiary, Global Cosmed Group S.A. with its registered office in Jawor, in respect of corporate income tax for the period from 01.01.2014 till 31.12.2014. The proceedings pertain to transfer prices used in transactions between affiliates, including Global Cosmed S.A. The initiated proceedings are a result of tax audit carried out by the Head of Lower Silesian Tax Office for this period, which inter alia concerned the transfer prices employed by the company. In the course of audit, the auditing authority questioned certain transfer prices used in the Capital Group, indicating that in its assessment they were of non-market character.

As a consequence of conducted proceedings, the authority issued a decision of 18 January 2019, where it held that margins obtained by Global Cosmed Group S.A. fall within the range of margins generated by affiliates, but they do deviate from the median. This resulted in the taxable income of Global Cosmed Group S.A. being upward adjusted by the Tax Authority in the amount of PLN 3.9 million and establishment of a tax liability in the amount of PLN 759,109. The Company appealed against this decision and argued that margins obtained by Global Cosmed Group S.A. are within market range.

The appellate authority in its decision issued on 19 July 2019 supported the Company's stance and as a result overruled the previous decision and submitted the case for further examination. In the opinion of the appellate authority, the first instance authority failed to determine the facts in an exhaustive and sufficient manner in order to make a resolution based on applicable provisions of law, therefore the Chamber was unable to issue a substantive resolution. As a consequence, this decision contains instructions for the first instance authority which should be taken into account in re-examination. The Chamber pointed to the need to carry out a deep analysis of transfer prices, taking into consideration any and all circumstances (conditions) referred to in the Corporate Income Tax Act and the Minister of Finance regulation as well as OECD instructions and the most up-to-date explanations of the Minister of Finance.

## 6.2 Deferred tax recognized in the statement of financial position

Deferred tax is a result of transitional differences between tax value and balance-sheet value of assets and liabilities. Deferred tax was calculated according to the currently applicable rate at 19% in Poland and at 30% in Germany. The Management Board of the Parent Company is certain that, in the case of items providing the basis for deferred tax, the Capital Group will in the future achieve taxable income allowing to use the negative transitional differences.

### Deferred tax provision

	30.06.2019 Not audited	31.12.2018	30.06.2018
	PLN '000	PLN '000	PLN '000
Tangible fixed assets and intangible assets	10 360	10 019	10 158
Unrealized positive foreign exchange differences	1 865	1 646	418
Bonuses	149	22	-
Non-taxable revenues	48	48	48
<b>Deferred income tax provision</b>	<b>12 422</b>	<b>11 735</b>	<b>10 624</b>

## Deferred tax assets

	30.06.2019 Not audited	31.12.2018	30.06.2018
	PLN '000	PLN '000	PLN '000
Share write-offs	400	400	400
Doubtful receivables write-offs	469	664	668
Financial fixed assets write-offs	-	-	-
Inventory write-offs	234	217	234
Employee benefits provision	412	411	481
Other provisions	926	645	1 053
Accrued and suspended revenues	214	170	129
Unrealized negative foreign exchange differences	206	24	318
Adjustments to depreciation	34	-	62
IRS transaction measurement	108	100	65
Cost correction (Article 15b)	437	609	-
Unpaid remunerations, social security contributions	112	127	112
<b>Deferred income tax assets in financial result</b>	<b>3 552</b>	<b>3 367</b>	<b>3 522</b>
<b>Deferred income tax assets in currency transactions reevaluation funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax assets total</b>	<b>3 552</b>	<b>3 367</b>	<b>3 522</b>

## 7. PROFIT PER ONE SHARE

### 7.1 Basic profit per one share

Basic profit per one share is calculated as a ratio between net profit and weighted average number of ordinary shares in circulation in a period, with the exception of ordinary shares of Global Cosmed S.A. purchased by companies from the Capital Group. The profit and weighted average number of ordinary shares used for the purpose of calculating basic profit per one share:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
Weighted average of shares	87 338 652	86 152 798
Net profit for 12 months for shareholders of the Parent Company	27	(2 137)
<b>Net profit/loss for one share in PLN</b>	<b>0.00</b>	<b>(0.02)</b>
<i>Including:</i>		
<i>From continuing operations</i>	0.00	(0.02)
<i>From discontinued operations</i>	-	-

### 7.2 Diluted profit per one share

Diluted profit per one share is calculated by adjusting the weighted average number of ordinary shares in circulation in a period, assuming the impact of all potentially dilutive ordinary shares.

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
Diluted number of ordinary shares	87 338 652	86 152 798
Weighted average of potential ordinary shares	-	-
Net profit for 12 months for shareholders of the Parent Company	27	(2 137)
<b>Diluted net profit/loss for one share in PLN</b>	<b>0.00</b>	<b>(0.02)</b>
<i>Including:</i>		
<i>From continuing operations</i>	0.00	(0.02)
<i>From discontinued operations</i>	-	-

**8. TANGIBLE FIXED ASSETS**

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Own land	11 001	7 203
Buildings and structures	72 340	72 977
Technical devices and machinery	31 706	33 379
Means of transport	2 808	2 295
Other tangible assets	2 506	2 778
Tangible assets in construction	7 973	7 727
	<b>128 334</b>	<b>126 359</b>

**Table of tangible fixed assets movements**

	Own land	Buildings and structures	Technical devices and machinery	Means of transport	Other tangible assets	Tangible assets in construction	Total
	k PLN	k PLN	k PLN	k PLN	k PLN	k PLN	k PLN
<b>Base value</b>							
<b>As at 1 January 2018</b>	<b>7 490</b>	<b>71 431</b>	<b>64 224</b>	<b>8 774</b>	<b>6 220</b>	<b>24 113</b>	<b>182 252</b>
Increases	205	17 374	4 249	1 333	1 627	1 147	25 935
Decreases, including:	-	-	(181)	(1 076)	(3)	-	(1 260)
<i>Sale</i>	-	-	(181)	(1 076)	(3)	-	(1 260)
Reclassification	-	-	-	-	-	(17 542)	(17 542)
Currency translation foreign exchange differences	10	63	126	40	41	9	289
<b>As at 31 December 2018</b>	<b>7 705</b>	<b>88 868</b>	<b>68 418</b>	<b>9 071</b>	<b>7 885</b>	<b>7 727</b>	<b>189 674</b>
Application of IFRS 16	3 833	-	464	-	-	-	4 297
<b>As at 1 January 2019</b>	<b>11 538</b>	<b>88 868</b>	<b>68 882</b>	<b>9 071</b>	<b>7 885</b>	<b>7 727</b>	<b>193 971</b>
Increases	-	356	815	1 085	108	853	3 217
Decreases, including:	-	-	(4)	(1 536)	(7)	-	(1 547)
<i>Sale</i>	-	-	-	(1 536)	(4)	-	(1 540)
<i>Liquidation</i>	-	-	(4)	-	(3)	-	(7)
<i>Reclassification</i>	-	270	-	-	-	(604)	(334)
Currency translation foreign exchange differences	(6)	(42)	(62)	(15)	(17)	(3)	(145)
<b>As at 30 June 2019</b>	<b>11 532</b>	<b>89 452</b>	<b>69 631</b>	<b>8 605</b>	<b>7 969</b>	<b>7 973</b>	<b>195 162</b>

**Cancellation**

<b>As at 1 January 2018</b>	<b>502</b>	<b>13 846</b>	<b>29 280</b>	<b>6 513</b>	<b>4 520</b>	<b>-</b>	<b>54 661</b>
Current depreciation	-	2 040	5 782	1 164	559	-	9 545
Decreases, including:	-	-	(105)	(919)	(3)	-	(1 027)
<i>Sale</i>	-	-	(105)	(919)	(3)	-	(1 027)
Currency translation foreign exchange differences	-	5	82	18	31	-	136
<b>As at 1 January 2019</b>	<b>502</b>	<b>15 891</b>	<b>35 039</b>	<b>6 776</b>	<b>5 107</b>	<b>-</b>	<b>63 315</b>
Current depreciation	29	1 225	2 933	520	378	-	5 085
Decreases, including:	-	-	(4)	(1 493)	(7)	-	(1 504)
<i>Sale</i>	-	-	-	(1 493)	(4)	-	(1 497)
<i>Liquidation</i>	-	-	(4)	-	(3)	-	(7)
Currency translation foreign exchange differences	-	(4)	(43)	(6)	(15)	-	(68)
<b>As at 30 June 2019</b>	<b>531</b>	<b>17 112</b>	<b>37 925</b>	<b>5 797</b>	<b>5 463</b>	<b>-</b>	<b>66 828</b>

**Balance-sheet value**

<b>As at 1 January 2019</b>	<b>11 036</b>	<b>72 977</b>	<b>33 379</b>	<b>2 295</b>	<b>2 778</b>	<b>7 727</b>	<b>130 192</b>
<b>As at 30 June 2019</b>	<b>11 001</b>	<b>72 340</b>	<b>31 706</b>	<b>2 808</b>	<b>2 506</b>	<b>7 973</b>	<b>128 334</b>

As at 30 June 2019 and as at 31 December 2018, there were no significant indications that tangible fixed assets write-offs need to be established.

Fixed assets serving as collateral of credits have been described in note no. 19.

**Right of use assets**

	<b>30.06.2019</b> Not audited	<b>31.12.2018</b>
	<b>PLN k</b>	<b>PLN k</b>
Own land	3 804	3 833
Technical devices and machinery	2 110	2 657
Means of transport	1 431	1 193
	<b>7 345</b>	<b>7 683</b>



**Table of right of use assets movement**

	Own land	Technical devices and machinery	Means of transport	Total
	k PLN	k PLN	k PLN	k PLN
<b>Base value</b>				
<b>As at 31 December 2018</b>	-	5 045	2 310	7 355
Application of IFRS 16	3 833	-	-	3 833
<b>As at 1 January 2019</b>	<b>3 833</b>	<b>5 045</b>	<b>2 310</b>	<b>11 188</b>
Increases	-	-	485	485
Reclassification	-	(687)	(482)	(1 169)
Currency translation foreign exchange differences	-	(8)	-	(8)
<b>As at 30 June 2019</b>	<b>3 833</b>	<b>4 350</b>	<b>2 313</b>	<b>10 496</b>
<b>Cancellation</b>				
<b>As at 1 January 2019</b>	<b>0</b>	<b>2 388</b>	<b>1 117</b>	<b>3 505</b>
Current depreciation	29	543	248	820
Reclassification	-	(687)	(483)	(1 170)
Currency translation foreign exchange differences	-	(4)	-	(4)
<b>As at 30 June 2019</b>	<b>29</b>	<b>2 240</b>	<b>882</b>	<b>3 151</b>
<b>Balance-sheet value</b>				
<b>As at 1 January 2019</b>	<b>3 833</b>	<b>2 657</b>	<b>1 193</b>	<b>7 683</b>
<b>As at 30 June 2019</b>	<b>3 804</b>	<b>2 110</b>	<b>1 431</b>	<b>7 345</b>

## 9. INTANGIBLE ASSETS

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Licenses	637	991
Concessions and patents	232	262
Trade marks	93 771	93 821
Other intangible assets	44	56
	<b>94 684</b>	<b>95 130</b>

### Table of intangible assets movements

	Licenses	Concessions patents	Trade marks	Other intangible assets	Total
	k PLN	k PLN	k PLN	k PLN	k PLN
<b>Base value</b>					
<b>As at 1 January 2018</b>	<b>4 588</b>	<b>306</b>	<b>96 429</b>	<b>1 315</b>	<b>102 638</b>
Increases	17	212	-	-	229
Decreases, including:	-	-	(31)	-	(31)
Liquidation	-	-	(31)	-	(31)
Currency translation foreign exchange differences	32	-	-	5	37
<b>As at 1 January 2019</b>	<b>4 637</b>	<b>518</b>	<b>96 398</b>	<b>1 320</b>	<b>102 873</b>
Increases	9	-	-	-	9
Decreases, including:	-	-	(7)	-	(7)
Sale	-	-	(7)	-	(7)
Currency translation foreign exchange differences	(10)	-	-	(1)	(11)
<b>As at 30 June 2019</b>	<b>4 636</b>	<b>518</b>	<b>96 391</b>	<b>1 319</b>	<b>102 864</b>

### **Cancellation**

<b>As at 1 January 2018</b>	<b>2 893</b>	<b>236</b>	<b>594</b>	<b>1 236</b>	<b>4 959</b>
Current depreciation	739	20	93	26	<b>878</b>
Decreases, including:	-	-	(10)	-	<b>(10)</b>
Liquidation	-	-	(10)	-	<b>(10)</b>
Currency translation foreign exchange differences	14	-	-	2	<b>16</b>
<b>As at 1 January 2019</b>	<b>3 646</b>	<b>256</b>	<b>677</b>	<b>1 264</b>	<b>5 843</b>
Current depreciation	363	30	46	13	<b>452</b>
Decreases, including:	-	-	(3)	-	<b>(3)</b>
Sale	-	-	(3)	-	<b>(3)</b>
Currency translation foreign exchange differences	(10)	-	-	(2)	<b>(12)</b>
<b>As at 30 June 2019</b>	<b>3 999</b>	<b>286</b>	<b>720</b>	<b>1 275</b>	<b>6 280</b>

### **Write-offs**

<b>As at 1 January 2018</b>	-	-	-	-	-
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
<b>As at 1 January 2019</b>	-	-	1 900	-	<b>1 900</b>
Increase due to control takeover	-	-	-	-	-
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
<b>As at 30 June 2019</b>	-	-	<b>1 900</b>	-	<b>1 900</b>

### **Balance-sheet value**

<b>As at 1 January 2019</b>	<b>991</b>	<b>262</b>	<b>93 821</b>	<b>56</b>	<b>95 130</b>
<b>As at 30 June 2019</b>	<b>637</b>	<b>232</b>	<b>93 771</b>	<b>44</b>	<b>94 684</b>

Intangible assets with a specific period of use (licenses, concessions, patents) are amortized by the period of their estimated economic lifetime (2 – 5 years). Trade marks are not amortized, but are tested in terms of impairment.

As at 30 June 2019, there were no indications that intangible assets write-offs need to be established. There were also no indications that economic lifetimes of intangible assets need to be changed.

Global Cosmed S.A. upon taking control over Global Cosmed Group S.A. exercises control of trade marks, such as: KRET, SOFIN, APART and BOBINI. The balance-sheet value of those trade marks as at 30.06.2019 was PLN 93 125k.

The aforementioned trade marks have indefinite economic lifetimes. As a result of analysis concerning indications of possible impairment, as at 30 June 2019, there were no significant indications that write-offs need to be established.

Moreover, the Capital Group also holds other trade marks with the balance-sheet value of PLN 760k. An economic lifetime between 10 and 20 years has been specified for those marks. They are also subject to amortization.

Trade marks are not used as collateral of credit agreements referred to in note no. 14.

## 10. FINANCIAL ASSETS

### 10.1 Cash and cash equivalents

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Funds in hand and in the bank	2 783	4 042
Short-term high-liquidity securities	-	6
<b>Cash and cash equivalents total</b>	<b>2 783</b>	<b>4 048</b>
- including restricted access funds	92	13

Companies in the Capital Group are in possession of unallocated cash on their bank accounts which allows to settle financial liabilities, on a current and timely basis, towards business partners and State Treasury.

## 11. RECEIVABLES

### 11.1 Trade receivables

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Trade receivables:		
<i>From affiliated entities</i>	618	1 140
<i>From other entities</i>	35 057	36 429
<b>Total gross</b>	<b>35 675</b>	<b>37 569</b>
Receivables write-offs	2 063	3 089
<b>Total net</b>	<b>33 612</b>	<b>34 480</b>

The companies of the Capital Group recorded write-offs in value of receivables, allowing for the likelihood of payment.

**Age analysis of trade receivables:**

	30.06.2019	31.12.2018
	Not audited	
	PLN '000	PLN '000
Non-overdue	27 065	23 314
Overdue:	8 610	14 255
0-30 days	3 385	7 988
31-90 days	1 007	1 038
91-180 days	183	288
181-365 days	1 278	283
more than 365 days	2 757	4 658
<b>Total</b>	<b>35 675</b>	<b>37 569</b>

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
	Not audited	
	PLN '000	PLN '000
As at the beginning of the period:	3 089	3 847
a) increases on account of:	41	811
- doubtful receivables	41	811
b) decreases on account of:	(1 067)	(1 569)
- use	(1 067)	(1 569)
- write-down	-	-
c) Other (foreign exchange differences)	-	-
<b>As at the end of the period:</b>	<b>2 063</b>	<b>3 089</b>

**11.2 Other assets and other short-term receivables**

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
	Not audited	
	PLN '000	PLN '000
Tax receivables	2 303	2 418
Accrued expenses	928	362
Fixed assets deliveries prepayments	667	714
Loans granted	-	4
Share sale receivables	770	1 458
Deposits	140	142
Other receivables	2 906	2 849
<b>Total gross</b>	<b>7 714</b>	<b>7 947</b>
Other receivables write-offs		
<b>Total net</b>	<b>7 714</b>	<b>7 947</b>
including:		
short-term	7 714	7 947
long-term	-	-

## 12. INVENTORIES

	Balance-sheet value		Write-off value		Purchase price / manufacture cost		Net realizable value	
	30.06.2019 Not audited	31.12.2018	30.06.2019 Not audited	31.12.2018	30.06.2019 Not audited	31.12.2018	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Balance-sheet value								
Materials	15 691	17 681	1 077	804	16 768	18 485	15 691	17 681
Work in progress	1 212	1 497	6	118	1 218	1 615	1 212	1 497
Finished products	13 988	15 384	159	74	14 147	15 458	13 988	15 384
Goods	1 012	756	-98	170	914	926	1 012	756
	<b>31 903</b>	<b>35 318</b>	<b>1 144</b>	<b>1 166</b>	<b>33 047</b>	<b>36 484</b>	<b>31 903</b>	<b>35 318</b>

### Write-off of inventories

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
	PLN '000	PLN '000
<b>As at the beginning of the period:</b>	<b>1 166</b>	<b>2 452</b>
a) increases from:	1 384	3 088
- impairment	1 384	3 088
- reclassification	-	-
b) decreases from:	(1 283)	(4 374)
- cancellation	(1 283)	(4 374)
<b>As at the end of the period:</b>	<b>1 267</b>	<b>1 166</b>

Inventories serving as collateral of credits have been described in note no. 19.

## 13. CAPITAL

### 13.1 Elements of the share capital

According to information in the possession of the Company, the shareholding structure of the Parent Company as of the mid-year report provision date was as follows:

Shareholder name	Qty. of shares	Number of votes on GM	Share	
			nominal value in PLN	Voting share on GM
Andreas Mielimonka	48 243 159	48 243 159	48 243 159	46.14%
Blackwire Ventures sp. z o.o.*	23 963 623	41 189 745	23 963 623	39.39%
Mielimonka Holding sp. z o.o.****	2 997 625	2 997 625	2 997 625	2.87%
Magdalena Anita Mielimonka**	80 000	80 000	80 000	0.08%
Arthur Raphael Mielimonka***	1 119 896	1 119 896	1 119 896	1.07%
Laura Agnes Mielimonka-Hofmann***	107 330	107 330	107 330	0.10%
Anja Katja Mielimonka***	107 330	107 330	107 330	0.10%
Others	10 719 689	10 719 689	10 719 689	10.25%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>

\* entities controlled by Andreas Mielimonka

\*\* spouse of Andreas Mielimonka

\*\*\* descendant of Andreas Mielimonka

\*\*\*\* entity controlled by descendants of Andreas Mielimonka

Shares constituting share capital as at 30 June 2019:

Issue	Qty. of shares	Number of votes on GM	Share nominal value in PLN	Share in the share capital
A* series	1 813 276	3 626 552	1 813 276	2.08%
B* series	15 412 846	30 825 692	15 412 846	17.65%
C series	7 253 104	7 253 104	7 253 104	8.30%
D series	6 254 085	6 254 085	6 254 085	7.16%
E series	200 000	200 000	200 000	0.23%
F series	4 600 000	4 600 000	4 600 000	5.27%
G series	38 055 089	38 055 089	38 055 089	43.57%
H series	2 961 125	2 961 125	2 961 125	3.39%
I series	4 653 197	4 653 197	4 653 197	5.33%
J series	4 873 363	4 873 363	4 873 363	5.58%
K series	250 000	250 000	250 000	0.29%
L series	1	1	1	0.00%
M series	1 012 566	1 012 566	1 012 566	1.16%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>
* voting preference shares	17 226 122	34 452 244		
Nominal value of 1 share is:		1 PLN		

Share capital as at 31 December 2018 according to the entry in the National Court Register

Issue	Qty. of shares	Number of votes on GM	Share nominal value in PLN	Share in the share capital
A* series	1 813 276	3 626 552	1 813 276	3.5%
B* series	15 412 846	30 825 692	15 412 846	29.5%
C series	7 253 104	7 253 104	7 253 104	6.9%
D series	6 254 085	6 254 085	6 254 085	6.0%
E series	200 000	200 000	200 000	0.2%
F series	4 600 000	4 600 000	4 600 000	4.4%
G series	38 055 089	38 055 089	38 055 089	36.4%
H series	2 961 125	2 961 125	2 961 125	2.8%
I series	4 653 197	4 653 197	4 653 197	4.5%
J series	4 873 363	4 873 363	4 873 363	4.7%
K series	250 000	250 000	250 000	0.2%
L series	1	1	1	0.0%
M series	1 012 566	1 012 566	1 012 566	1.0%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>
* voting preference shares	17 226 122	34 452 244		
Nominal value of 1 share is:		1 PLN		

In the reporting period, there were no changes in the share capital of the Parent Company Global Cosmed S.A.

### 13.2 Elements of supplementary capital and capital reserves

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Supplementary capital	104 296	109 526
<i>Supplementary capital from retained profits</i>	46 209	-
<i>Supplementary capital from issue price surplus</i>	57 352	108 791
<i>Supplementary capital from management scheme measurement</i>	735	735
Capital reserves	28 415	28 415
<i>Capital reserves from retained profits</i>	28 415	28 415
Exchange rate differences	114	81
Retained profits	(39 168)	(37 818)
Net profit (loss) in the current year	27	(6 580)
<b>Total other elements of equity</b>	<b>93 684</b>	<b>93 624</b>



Retained profits include undistributed profits from previous years.

Change in the supplementary capital was a result of covering the loss of the parent company for 2018 from the supplementary capital in the amount of – PLN 5,230k.

#### 14. CREDITS AND LOANS

Credits and loans are being repaid on a timely basis and there have been no violations of repayment of principal or credit and loan interest.

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 31.12.2018
	PLN '000	PLN '000
<b>Long-term</b>		
Bank credits	26 855	24 345
	<b>26 855</b>	<b>24 345</b>
<b>Short-term</b>		
Bank credits	72	4 652
Overdraft credit and revolving credit	38 976	37 477
	<b>39 048</b>	<b>42 129</b>
	<b>65 903</b>	<b>66 474</b>

As at 30 June 2019, the sum of credits in the Capital Group was mainly comprised of credits of Global Cosmed S.A. and Global Cosmed Group S.A. as well as Global Cosmed domal GmbH and Global Cosmed GmbH.

The company Global Cosmed S.A. had the following financial liabilities on account of credits:

Creditor	Credit type	Agreement of	Due date	Liability amount as per the Agreement	Current debt as of 31.12.2018 in PLN '000	Current debt as of 30.06.2019 in PLN '000	Form of collateral and value specified in the Agreement
Bank Pekao S.A.	Overdraft credit	12.12.2012	31.05.2020	10,000,000 (in PLN)	9 253	9 960	1) power of attorney in respect of bank accounts of the Borrower in Bank Pekao S.A.; 2) contractual mortgage up to PLN 4 million on a land in Jawor, at ul. Cukrownicza 32, being in perpetual usufruct of Global Cosmed S.A., KW LE1J000128542; 3) registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 15 million, being the property of the Borrower together with the assignment of rights under insurance policy against fire and other random events; 4) blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed Group S.A. in Jawor, Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Miellmonka Holding sp. z o.o. in Radom; 5) notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings; 6) assignment of trade receivables in the amount of at least PLN 937,500 without notice and without the need to confirm the assignment by debtors; 7) registered pledge, at the first place, on a set of new fixed assets with net book value as at 31 March 2019, for the total amount of PLN 18,470,502.70, located in Radom, Świętochłowice and Jawor, together with the assignment of rights under insurance policy against fire and other random events; This pledge replaces the previous registered pledges on fixed assets.
Bank Pekao S.A.	Overdraft credit	12.01.2015	31.05.2020	1,325,000 (in EUR)	5 866	4 271	1) power of attorney in respect of bank accounts of the Borrower in Bank Pekao S.A.; 2) registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 15 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events; 3) blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed Group S.A. in Jawor; 4) notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings; 5) assignment of trade receivables from contracting parties reconciling in EUR, to the amount of EUR 1.6 million, without notice and without the need to confirm the assignment by debtors; 6) registered pledge, at the first place, on a set of new fixed assets with net book value as at 31 March 2019, for the total amount of PLN 18,470,502.70, located in Radom, Świętochłowice and Jawor, together with the assignment of rights under insurance policy against fire and other random events; This pledge replaces the previous registered pledges on fixed assets;
Bank Pekao S.A.	Advance Credit (renewable)		31.05.2020	3,000,000 PLN	2 315	2 975	1) power of attorney in respect of bank accounts of the Borrower in Bank Pekao S.A.; 2) contractual mortgage up to PLN 4 million, entry on the 1st place on a real estate located in Jawor, at ul. Cukrownicza 32, in perpetual usufruct of Global Cosmed S.A., KW LE1J000128542; 3) registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 15 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events and against theft; 4) blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed Group S.A., Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Miellmonka Holding sp. z o.o. in Radom; 5) notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings; 6) registered pledge, at the first place, on a set of new fixed assets with net book value as at 31 March 2019, for the total amount of PLN 18,470,502.70, located in Radom, Świętochłowice and Jawor, together with the assignment of rights under insurance policy against fire and other random events; This pledge replaces the previous registered pledges on fixed assets;
Bank	Revolving credit (non-renewable)	29.01.2019	01.05.2020	3,000,000 PLN	0	3 000	1) power of attorney in respect of bank accounts of the Borrower in Bank Pekao S.A.; 2) contractual mortgage up to PLN 4 million, entry on the 1st place on a real estate in perpetual usufruct of Global Cosmed S.A., located in Jawor, at ul. Cukrownicza 32, KW LE1J000128542; 3) registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 15 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events and against theft; 4) blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed Group S.A., Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Miellmonka Holding sp. z o.o. in Radom; 5) notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings; 6) registered pledge, at the first place, on a set of new fixed assets with net book value as at 31 March 2019, for the total amount of PLN 18,470,502.70, located in Radom, Świętochłowice and Jawor, together with the assignment of rights under insurance policy against fire and other random events; This pledge replaces the previous registered pledges on fixed assets.
mBank S.A.	Revolving credit	19.11.2013	30.07.2019	6,000,000 (in PLN)	6 000	6 000	1) blank promissory note; 2) contractual mortgage on a real property in perpetual usufruct of Global Cosmed S.A., located in Świętochłowice, at ul. Lagiewnicka 1C, plot of land no. 802/187, cadastral zone of 1-Chropaczów, and on a building real property being the property of Global Cosmed S.A., developed on that land, constituting separate property (KW no. KA1C/000040796, resulting from the contract establishing mortgage no. 39/013/13 of 19.11.2013 up to PLN 9 million); 3) registered pledge on machinery and devices being the property of Global Cosmed S.A. to the amount of PLN 1,002,442; 4) assignment of rights under movables insurance policy, constituting the object of insurance to the amount of PLN 1,064,625; 5) borrower's declaration on submission to enforcement up to PLN 7.8 million, declaration of Global Cosmed Group S.A. to submission to enforcement up to PLN 9 million; 6) maintenance of monthly average inflows to the account not lower than PLN 8 million.
mBank S.A.	Overdraft credit	20.04.2016	30.04.2019	2,000,000 (in PLN)	0	0	1) blank promissory note, issued by the Borrower, availed by Global Cosmed Group S.A., availed with the Borrower's promissory note declaration of 20.04.2016; 2) joint contractual mortgage to the total amount of PLN 66 million on the land in perpetual usufruct by Global Cosmed S.A., located in Radom, at ul. Welkopolska 3, constituting plots of land nos. 111/10, 111/15, 158/1, 113/15, 113/13, and nos. 1605, 1603, 111/12, 111/14, 111/16, 158/2 on a building real estate being the property of Global Cosmed S.A., developed on that land, constituting separate property, for which the District Court in Radom, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW RA1R/00073248/6 and RA1/00057452/1, under the contract establishing mortgage no. 39/009/16 of 20.04.2016; 3) registered pledge with the value of PLN 5,541,657.26 on machinery and devices purchased as part of the investment: construction of liquid blending plant together with storage facilities and waste treatment plant being the property of Global Cosmed SA, under a pledge agreement no. 39/001/17 executed on 7.09.2017.
mBank S.A.	Investment credit	20.04.2016	30.04.2019	2,615,370 (in EUR)	1 250	0	1) blank promissory note, issued by the Borrower, availed by Global Cosmed Group S.A., availed with the Borrower's promissory note declaration of 20.04.2016; 2) joint contractual mortgage to the total amount of PLN 66 million on the land in perpetual usufruct by Global Cosmed S.A., located in Radom, at ul. Welkopolska 3, constituting plots of land nos. 111/10, 111/15, 158/1, 113/15, 113/13, and nos. 1605, 1603, 111/12, 111/14, 111/16, 158/2 on a building real estate being the property of Global Cosmed S.A., developed on that land, constituting separate property, for which the District Court in Radom, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW RA1R/00073248/6 and RA1/00057452/1, under the contract establishing mortgage no. 39/009/16 of 20.04.2016; 3) registered pledge with the value of PLN 5,541,657.26 on machinery and devices purchased as part of the investment: construction of liquid blending plant together with storage facilities and waste treatment plant being the property of Global Cosmed SA, under a pledge agreement no. 39/001/17 executed on 7.09.2017.
mBank S.A.	Investment credit	20.04.2016	20,600,000 by 30.04.2024 8,080,730 by 31.12.2024	28,680,730 (in PLN)	27 081	26 507	1) blank promissory note, issued by the Borrower, availed by Global Cosmed Group S.A., availed with the Borrower's promissory note declaration of 20.04.2016; 2) joint contractual mortgage to the total amount of PLN 66 million on the land in perpetual usufruct by Global Cosmed S.A., located in Radom, at ul. Welkopolska 3, constituting plots of land nos. 111/10, 111/15, 158/1, 113/15, 113/13, and nos. 1605, 1603, 111/12, 111/14, 111/16, 158/2 on a building real estate being the property of Global Cosmed S.A., developed on that land, constituting separate property, for which the District Court in Radom, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW RA1R/00073248/6 and RA1/00057452/1, under the contract establishing mortgage no. 39/009/16 of 20.04.2016; 3) registered pledge with the value of PLN 5,541,657.26 on machinery and devices purchased as part of the investment: construction of liquid blending plant together with storage facilities and waste treatment plant being the property of Global Cosmed SA, under a pledge agreement no. 39/001/17 executed on 7.09.2017.
						52 713	

The company Global Cosmed Group S.A. had the following financial liabilities on account of credits:

Creditor	Credit type	Agreement of	Due date	Liability amount as per the Agreement	Current debt as of 31.12.2018 in PLN '000	Current debt as of 30.06.2019 in PLN '000	Form of collateral and value specified in the Agreement
PEKAO S.A.	Overdraft credit	14.12.2012	31.05.2019	7,000,000 (credit in PLN)	6 432	6 701	1) contractual mortgage up to PLN 8 million, entry on the 1 <sup>st</sup> place on a real estate of the Borrower in Radom, at ul. Wielkopolska 3, KW RA1R000775195 together with the assignment of rights under insurance policy (joint collateral with advance credit no. 20018/42 dated 29 June 2018); 2) joint mortgage up to PLN 7.8 million, entered on the next position after current entries on real properties in perpetual usufruct of Global Cosmed S.A., located in Chropaczów and Świętobłociszewo (KW KA1C000040796, KW KA1C000050803, KW KA1C000184650) and declaration on submission to enforcement from the object of collateral, i.e. the aforementioned real properties, in accordance with Article 777 of the Code of Civil Proceedings (joint collateral with advance credit no. 20018/42 dated 29 June 2018); 3) notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings; 4) registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 5 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events (joint collateral with advance credit no. 20018/42 dated 29 June 2018); 5) assignment of trade receivables in the amount of at least PLN 4.9 million without notice and without the need to confirm the assignment by debtors; 6) blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed S.A., Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp.k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Melinonka Holding sp. z o.o. in Radom; 7) power of attorney in respect of bank accounts of the Borrower in the Bank;
PEKAO S.A.	Advance credit (renewable)	29.06.2018 No. 2018/42	31.05.2019	3,000,000 PLN	2 811	2 996	1) power of attorney in respect of a bank account, constituting Appendix no. 5 to the Agreement; 2) contractual mortgage up to PLN 8 million, entry on the 1 <sup>st</sup> place on a real estate in perpetual usufruct of the Borrower and on a building being the property of the Borrower, located in Radom, at ul. Wielkopolska 3, for which the District Court in Radom, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register book no. RA1R000775195, together with the assignment of rights under insurance policy. This mortgage constitutes joint collateral with an overdraft credit granted pursuant to Overdraft Credit Agreement no. 16CK/2012 dated 14 December 2012, as amended, executed between the Bank and the Borrower; 3) joint contractual mortgage up to PLN 7.8 million, entered on the next position after current entries on the real property in perpetual usufruct by Global Cosmed SA and building owned by Global Cosmed SA, located in Chropaczów and Świętobłociszewo, for which the District Court in Chorzów, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW KA1C000040796, KA1C000050803, KA1C000184650 and declaration on submission to enforcement from the object of collateral in accordance with Article 777 of the Code of Civil Proceedings together with the assignment of rights under insurance policy. This mortgage constitutes joint collateral with an overdraft credit granted pursuant to Overdraft Credit Agreement no. 16CK/2012 dated 14 December 2012, as amended, executed between the Bank and the Borrower; 4) registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 5 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events and against theft. This pledge constitutes joint collateral with an overdraft credit granted pursuant to Overdraft Credit Agreement no. 16CK/2012 dated 14 December 2012, as amended, executed between the Bank and the Borrower. The bank consents to incomplete insurance of machines and devices against theft under the condition of 24-hour a day security in facilities where such machines and devices are located, to be provided by a licensed property security agency or facility services of the Borrower; 5) blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed S.A., Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property Sp. z o.o. sp. k. in Radom, Melinonka Holding Sp. z o.o. in Radom; 6) notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings.
SANTANDER BANK POLSKA S.A.	Investment credit	15.02.2012	28.02.2019	7,000,000 (credit in PLN)	177	0	1) Borrower's declaration on submission to enforcement up to PLN 14 million; 2) settlements via current accounts so that the monthly average inflows on such account is no lower than PLN 2.5 million; 3) irrevocable power of attorney – and in the case of natural persons – not expiring upon death of the borrower for the Bank to dispose of current accounts and other accounts of the borrower; 4) blank promissory note securing the credit debt, issued by the Borrower, guaranteed by Global Cosmed S.A. together with promissory note declaration; 5) assignment for the benefit of the Bank of the rights under the Real Property insurance agreement against fire and other random events, in particular fire, lightning strike, hailstorm, hurricane, explosion, rescue operation carried out in connection with the aforementioned events, consequences of water and sewage damage, flood, for which the premium was paid in full, to the minimum amount of PLN 8 million (throughout the entire period of credit); 6) joint mortgage for the benefit of the Bank up to PLN 18 million, established on the right of perpetual usufruct of real properties located in Chropaczów, for which the District Court in Chorzów, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW KA1C000050803, KA1C000184650, KA1C000040796 and ownership of buildings and other facilities developed thereon ("Mortgage"), to which Global Cosmed S.A. is entitled. The Mortgage constitutes joint collateral also for credit nos. KON1621152, KRN1626339.
SANTANDER BANK POLSKA S.A.	Overdraft credit, contract no. KRB/1605339	18.03.2016	21.06.2019	2,800,000 (credit in PLN)	3 800	2 698	1) joint mortgage for the benefit of the Bank up to PLN 18 million, established on the right of perpetual usufruct of real properties located in Chropaczów, for which the District Court in Chorzów, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW KA1C000050803, KA1C000184650, KA1C000040796 and ownership of buildings and other facilities developed thereon ("Mortgage"), to which Global Cosmed S.A. is entitled. The Mortgage constitutes joint collateral also for credit nos. KON1621152, KRN1626339; 2) assignment of receivables for the benefit of the Bank on account of insurance contracts in respect of buildings/structures on the Real Property, with the minimum insurance amount not lower than PLN 8 million; 3) endorsement granted by Global Cosmed S.A., together with declaration of promissory note guarantor; 4) declaration on submission to enforcement in accordance with Article 777 (1) of the Code of Civil Proceedings; 5) blank promissory note;
SANTANDER BANK POLSKA S.A.	Non-renewable revolving credit	15.09.2016	02.09.2019	4,000,000 (credit in PLN)	1 000	375	1) irrevocable power of attorney – and in the case of natural persons – not expiring upon death of the Borrower for the Bank to dispose of current accounts and other bank accounts kept in the Bank; 2) blank promissory note securing the credit debt, issued by the Borrower, guaranteed by Global Cosmed S.A. together with promissory note declaration; 3) assignment for the benefit of the Bank of the rights under the Real Property insurance agreement against fire and other random events, in particular fire, lightning strike, hailstorm, hurricane, explosion, rescue operation carried out in connection with the aforementioned events, consequences of water and sewage damage, flood, for which the premium was paid in full, to the minimum amount of PLN 8 million (throughout the entire period of credit), for a minimum amount of PLN 8 million; 4) irrevocable and not expiring upon death of promissory note guarantors (in the case of natural persons conducting business activity) power of attorney authorizing the Bank to dispose of all bank accounts of promissory note guarantors, kept with the Bank – provided they have or will have such accounts; 5) declaration on submission to enforcement in accordance with Article 777 (1) (5) of the Code of Civil Proceedings of 17 November 1964 in the form of a notarial deed. Declaration on submission to enforcement must include the obligation to pay a sum on account of any and all receivables due to the Bank under the Credit Agreement (including the amount of the Credit, Interest, Fees, Commission and Costs) and must include submission to enforcement in respect of this obligation up to the amount of PLN 8 million, indicate the event on which the performance of the obligation to pay the amount is dependent, i.e. failure to pay the debt under the Credit Agreement to the Bank, under the repayment terms and conditions and within the deadline determined therein or in the event of fulfillment of circumstances provided for in the Credit Agreement, authorizing the Bank to demand the payment of the debt within the agreed deadline, and must also specify the deadline by which the Bank may request the provisions of an enforcement clause in respect of the debt, expiring on 02.09.2022. The borrower undertakes to maintain insurance of real properties being the object of credit's collateral throughout the entire term of Credit Documentation and each time to make transfers of receivables on this account to the Bank; 6) joint mortgage for the benefit of the Bank up to PLN 18 million, established on the right of perpetual usufruct of real properties located in Chropaczów, for which the District Court in Chorzów, 6 <sup>th</sup> Land and Mortgage Register Division keeps the land and mortgage register books nos. KW KA1C000050803, KA1C000184650, KA1C000040796 and ownership of buildings and other facilities developed thereon ("Mortgage"), to which Global Cosmed S.A. is entitled, in order to secure the Bank's receivables concerning the payment of (i) the Credit, (ii) interest (capital interest and default interest) and (iii) incidental dues, including Fees and Commission related to the Credit, granted under such Credit Agreement, as well as Costs, which should be entered into land and mortgage register kept for the right of perpetual usufruct of real properties and related thereto ownership of real properties, described above, on the 1 <sup>st</sup> position. The Mortgage constitutes joint collateral also for credit nos. KRB/1605339, KRN1202578.
<b>Total</b>					<b>14 220</b>	<b>12 770</b>	

Global Cosmed GmbH held the following financial liabilities on account credit:

Creditor	Credit type	Agreement of	Due date	Liability amount as per the Agreement	Current debt as of 30.06.2019 in EUR '000	Current debt as of 30.06.2019 in PLN '000	Current debt as of 31.12.2018 in EUR '000	Current debt as of 31.12.2018 in PLN '000	Form of collateral and value specified in the Agreement
Mercedes Benz Bank	Investitionskredit	14.05.2016	14.04.2019	28.571 (EUR)	0	0	12	52	No collateral
BMW Bank	Investitionskredit	30.06.2016	30.05.2019	92.029 (EUR)	44	187	51	219	No collateral
BMW Bank	Investitionskredit	30.11.2016	30.10.2018	18.686 (EUR)	0	0	0	0	No collateral
BMW Bank	Investitionskredit	09.02.2017	30.01.2019	26.737 (EUR)	0	0	10	43	No collateral
Mercedes Benz Bank	Investitionskredit	18.06.2018	31.05.2021	36.975 (EUR)	32	136	35	151	No collateral
Santander Consumer Bank	Investitionskredit	01.10.2018	15.09.2020	8740 (EUR)	8	34	8	34	No collateral
Daimler AG	Investitionskredit	01.06.2019	20.06.2022	60750 (EUR)	49	208	0	0	No collateral
<b>Total</b>					<b>133</b>	<b>565</b>	<b>116</b>	<b>499</b>	

Global Cosmed domal GmbH held the following financial liabilities on account of credit:

Creditor	Credit type	Agreement of	Due date	Liability amount as per the Agreement	Current debt as of 30.06.2019 in EUR '000	Current debt as of 30.06.2019 in PLN '000	Current debt as of 31.12.2018 in EUR '000	Current debt as of 31.12.2018 in PLN '000	Form of collateral and value specified in the Agreement
Daimler AG	Investment credit	11.12.2016	11.11.2020	32.400 (in EUR)	22	94	27	113	No collateral
<b>Total</b>					<b>22</b>	<b>94</b>	<b>27</b>	<b>113</b>	

The company Global Cosmed S.A. concluded on 29.01.2019 a Revolving credit agreement (non-renewable) for the amount of PLN 3 million with Bank Pekao S.A. The credit was being launched gradually up to PLN 3 million, together with the reduction of the amount of Advance Credit from PLN 6 million to PLN 3 million, granted by the Bank pursuant to Agreement no. 2018/43 of 29 June 2018 as amended so as not to exceed the total engagement on account of both credits of PLN 6 million.

On 30.04.2019, the investment credit in mBank S.A. no. 39/027/16/D/IN was repaid in a timely manner.

The company Global Cosmed S.A. concluded on 13 June 2019 an amendment to overdraft credit agreement no. 5/CK/2015 granted by Bank Pekao S.A. where it was specified that the credit availability as of 29 June is in the amount of EUR 1,325,000 and that the amount of credit made available will be decreased by EUR 25k per month.

On 28.02.2019, the investment credit of Global Cosmed Group S.A. granted by Deutsche Bank Polska S.A. (currently: Santander Bank Polska S.A.) no. KIN/1202578 was repaid in a timely manner.

The company Global Cosmed Group S.A. concluded on 27 June 2019 an amendment to overdraft agreement no. KRB/1605339 granted by Deutsche Bank Polska S.A. in the amount of PLN 5 million (currently Santander Bank Polska S.A.), where it was specified that the amount of credit made available will be decreased monthly by the amount of PLN 100k, commencing from 31.07.2019. The last installment in the amount of PLN 1,700k will be payable by 21.06.2020.

As of the balance-sheet date, covenants specified in credit agreements were not fulfilled, which does not result in immediate termination of credit agreements.

## 15. LIABILITIES ON ACCOUNT OF DELIVERIES, OTHER LIABILITIES

### 15.1 Short-term trade liabilities

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 31.12.2018
	PLN '000	PLN '000
Trade liabilities		
<i>from affiliated entities</i>	32	77
<i>from other entities</i>	45 174	55 772
<b>Total</b>	<b>45 206</b>	<b>55 849</b>

### 15.2 Other short-term liabilities

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 31.12.2018
	PLN '000	PLN '000
Liabilities on account of remunerations	1 100	1 422
Tax and social security liabilities	6 265	3 956
Cost accruals	4 539	3 393
IRS measurement liabilities	566	524
Dividend liabilities	5	-
Other liabilities	1 165	828
<b>Total</b>	<b>13 640</b>	<b>10 123</b>

### 15.3 Other liabilities

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 31.12.2018
	PLN '000	PLN '000
Deferred revenue	5 242	5 486
<b>Total</b>	<b>5 242</b>	<b>5 486</b>

Subsidies received by the Capital Group are included in accruals and prepayments of revenue.

The amount of PLN 5,242 includes the following subsidies remaining to be settled:

- expanding the offer of Global Cosmed S.A. with a new line of innovative cosmetics with the addition of prebiotics PLN 605k,
- biotechnology for the benefit of environment PLN 1,725k,
- expanding the offer with innovative fabric conditioners PLN 2,912k.

## 16. PROVISIONS FOR EMPLOYEE BENEFITS AND UNUSED LEAVE

Provision for employee benefits and unused leave	
PLN '000	
<b>As at 1 January 2019</b>	<b>4 894</b>
Increase	2 956
Used	(3 524)
<b>As at 30 June 2019</b>	<b>4 326</b>
including:	
short-term	3 232
long-term	1 094

<b>Provision for employee benefits and unused leave</b>	
<b>PLN '000</b>	
<b>As at 1 January 2018</b>	<b>4 020</b>
Increase	2 312
Used	(1 029)
Cancellation	(409)
<b>As at 31 December 2018</b>	<b>4 894</b>
including:	
short-term	3 800
long-term	1 094

## 17. LEASE LIABILITIES

### Lease liabilities as at 30 June 2019:

	Short-term up to	Long-term		Total
	1 year	1-5 years	Above 5 years	
	k PLN	k PLN	k PLN	k PLN
<b>Current value of minimum leasing fees</b>	1 795	5 375	-	7 170
Future financial costs on account of finance lease	108	58	-	166
<b>Nominal value of minimum leasing fees</b>	<b>1 903</b>	<b>5 433</b>	<b>-</b>	<b>7 336</b>

### Lease liabilities as at 31 December 2018:

	Short-term up to	Long-term		Total
	1 year	from 1 to 5 years	Above 5 years	
	k PLN	k PLN	k PLN	k PLN
<b>Current value of minimum leasing fees</b>	1 567	1 910	-	3 477
Future financial costs on account of finance lease	110	71	-	181
<b>Nominal value of minimum leasing fees</b>	<b>1 677</b>	<b>1 981</b>	<b>-</b>	<b>3 658</b>

## 18. TRANSACTIONS WITH AFFILIATED ENTITIES

The following are affiliated entities in the Global Cosmed Capital group as of 30.06.2018:

Majority shareholder  
Andreas Mielimonka

Affiliated entities:  
Blackwire Ventures Sp. z o.o.  
Mielimonka Holding Sp. z o.o.  
Blackwire Ventures sp. z o.o. sp.k.  
Magdalena Mielimonka  
Arthur Rafael Mielimonka  
Laura Agnes Mielimonka  
Anja Katja Mielimonka

**In the period: 1.01. – 30.06.2019 the following commercial transactions have been concluded with affiliated entities which were not eliminated on account of consolidation:**

Name of the entity	Operating revenues	Operating costs	Receivables	Liabilities
	k PLN	k PLN	k PLN	k PLN
Dr Andreas Mielimonka	-	-	2	-
Blackwire Ventures spółka z o. o. Sp. k. (previously Laboratorium Kosmetyczne MALWA Sp. z o.o.)	4	156	615	32
Mielimonka Holding sp. z o.o.	-	-	1	-
<b>Total</b>	<b>4</b>	<b>156</b>	<b>618</b>	<b>32</b>
<b>as trade receivables</b>			<b>618</b>	
<b>as other assets and other short-term receivables</b>			-	
<b>as cash</b>			-	
<b>as trade liabilities</b>				<b>32</b>
<b>as other short-term liabilities</b>				-

**In the period: 1.01. – 30.06.2019 the following commercial transactions have been concluded with affiliated entities which were eliminated on account of consolidation:**

Name of the entity	Revenues	Costs	Receivables	Liabilities
	PLN '000	PLN '000	PLN '000	PLN '000
Global Cosmed S.A.	38 981	1 530	12 782	1 864
Global Cosmed Group S.A.	3 786	30 595	11 568	6 179
Global Cosmed domal GmbH	30 981	515	16 543	415
Global Cosmed GmbH	859	38 840	4 076	22 929
Global Cosmed International GmbH	-	4 124	504	17 254
Kret Brand Property Sp. z o.o. Sp. k.	817	-	2 665	-
Sofin Brand Property Sp. z o.o. Sp. k.	-	-	1 680	-
Brand Property Sp. z o.o.	-	-	-	-
DomalGrundstücksgesellschaft mbH	180	-	225	509
Global Cosmed Group GmbH	-	-	-	234
Global Cosmed S.A. Promissory notes	-	-	1 300	-
Kret Brand Property Sp. z o.o. Sp. k. Promissory notes	-	-	1 261	-
Sofin Brand Property Sp. z o.o. Sp. k. Promissory notes	-	-	977	-
Global Cosmed Group S.A. Promissory note	-	-	-	4 197
<b>Total</b>	<b>75 604</b>	<b>75 604</b>	<b>53 581</b>	<b>53 581</b>

**ASSETS as:**

<b>as trade receivables</b>	48 557
<b>as other assets and other short-term receivables</b>	1 486
<b>Cash and cash equivalents</b>	3 538

**LIABILITIES**

<b>Long-term credits and loans received and debt securities</b>	371
<b>Short-term credits and loans received and debt securities</b>	234
<b>Trade liabilities</b>	48 319
<b>Other liabilities</b>	4 657

## 19. CONDITIONAL ITEMS AND COLLATERAL ON ASSETS

### Assets constituting collateral for liabilities

#### Assets constituting collateral for credit liabilities in Bank Pekao S.A.: Global Cosmed S.A.

- Contractual mortgage up to PLN 4 million on a land in Jawor, at ul. Cukrownicza 32, being in perpetual usufruct of Global Cosmed S.A., KW LE1J/00012854/2, entry on the 1st place (joint collateral with Advance Credit no. 2018/43 of 29 June 2018, Revolving credit (non-renewable) no. 19CRA143KON of 29 January 2019 and Overdraft credit no. 15/CK/2012 of 12 December 2012);
- Blank promissory note with promissory note declaration issued by the Borrower (Overdraft credit no. 15/CK/2012 of 12 December 2012);
- Blank promissory note with promissory note declaration issued by the Borrower (Overdraft credit no. 5/CK/2015 of 12 January 2015);
- Notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings (Overdraft credit no. 5/CK/2015 of 12 January 2015);
- notarial declaration on submission to enforcement by the Borrower in accordance with Article 777 of the Code of Civil Proceedings (Overdraft credit no. 15/CK/2012 of 12 December 2012);
- Blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed Group S.A. in Jawor, Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Mielimonka Holding sp. z o.o. in Radom (Advance Credit no. 2018/43 of 29 June 2018);
- Notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings (Advance Credit no. 2018/43 of 29 June 2018);
- Blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed Group S.A. in Jawor, Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Mielimonka Holding sp. z o.o. in Radom (Revolving credit (non-renewable) no. 19CRA143KON of 29 January 2019);
- notarial declaration on submission to enforcement by the Borrower in accordance with Article 777 of the Code of Civil Proceedings (Revolving credit (non-renewable) no. 19CRA143KON of 29 January 2019);
- Registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 15 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events (joint collateral with Overdraft credit no. 5/CK/2015 of 12 January 2015, Revolving credit (non-renewable) no. 19CRA143KON of 29 January 2019, Overdraft credit no. 15/CK/2012 of 12 December 2012 and Advance Credit no. 2018/43 of 29 June 2018);
- Assignment of trade receivables in the amount of at least PLN 937,500 without notice and without the need to confirm the assignment by debtors (Overdraft credit no. 5/CK/2015 of 12 January 2015);
- Assignment of trade receivables from contracting parties reconciling in EUR, to the amount of EUR 1.6 million, without notice and without the need to confirm the assignment by debtors (Overdraft credit no. 5/CK/2015 of 12 January 2015);
- Registered pledge, entry on the 1st place, on a set of fixed assets with net book value, as at 31 March 2019, for the total amount of PLN 18 470 502.70 PLN, located in Radom, w Świętochłowice and Jawor, together with the assignment of rights under insurance policy against fire and other random events. This pledge replaces previous registered pledges on fixed assets (joint collateral with Advance credit no. 2018/43 of 29 June 2018, Revolving credit (non-renewable) no. 19CRA143KON of 29 January 2019, Overdraft credit no. 5/CK/2015 of 12 January 2015 and Overdraft credit no. 15/CK/2012 of 12 December 2012).

#### Global Cosmed Group S.A.

- Contractual mortgage up to PLN 8 million, entry on the 1<sup>st</sup> place on a real estate of the Borrower in Radom, at ul. Wielkopolska 3, KW RA1R/00077519/5, together with the assignment of rights under insurance policy (joint collateral with Advance Credit no. 2018/42 of 29 June 2018 and Overdraft credit no. 16/CK/2012 of 14 December 2012);



- Joint contractual mortgage up to PLN 7.8 million, entered on the next position after current entries on the real properties disclosed in KW KA1C/00004079/6, KA1C/00005080/3, KA1C/00018465/0 and declaration on submission to enforcement from the object of collateral, i.e. the aforementioned real properties, in accordance with Article 777 of the Code of Civil Proceedings (joint collateral with Advance Credit no. 2018/42 of 29 June 2018 and Overdraft credit no. 16/CK/2012 of 14 December 2012);
- Blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Mielimonka Holding sp. z o.o. in Radom (Overdraft credit no. 16/CK/2012 of 14 December 2012);
- Blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed S.A. (Overdraft credit no. 16/CK/2012 of 14 December 2012);
- Notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings (Overdraft credit no. 16/CK/2012 of 14 December 2012);
- Blank promissory note with promissory note declaration issued by the Borrower, guaranteed by Global Cosmed S.A., Brand Property Sp. z o.o. in Radom, Kret Brand Property Sp. z o.o. sp. k. in Radom, Sofin Brand Property sp. z o.o. sp. k. in Radom, Mielimonka Holding sp. z o.o. in Radom (Advance Credit no. 2018/42 of 29 June 2018);
- Notarial declaration on submission to enforcement by the Borrower and promissory note guarantors in accordance with Article 777 of the Code of Civil Proceedings (Advance Credit no. 2018/42 of 29 June 2018);
- Assignment of trade receivables in the amount of at least PLN 4.9 million without notice and without the need to confirm the assignment by debtors (Overdraft credit no. 16/CK/2012 of 14 December 2012);
- Registered pledge on movables specified as to their kind, i.e. inventory with book value of at least PLN 5 million, being the property of the Borrower, together with the assignment of rights under insurance policy against fire and other random events (joint collateral with Advance Credit no. 2018/42 of 29 June 2018 and Overdraft credit no. 16/CK/2012 of 14 December 2012).

#### **Assets constituting collateral for credit liabilities in mBank S.A.**

##### **Global Cosmed S.A.**

- Joint contractual mortgage to the total amount of PLN 66 million on the land in perpetual usufruct by Global Cosmed S.A., located in Radom, at ul. Wielkopolska 3, constituting plots of land nos. 111/10, 111/15, 158/1, 113/15, 113/13, and nos. 160/5, 160/3, 111/12, 111/14, 111/16, 158/2 on a building real estate being the property of Global Cosmed S.A., developed on that land, constituting separate property, for which the District Court in Radom, 6th Land and Mortgage Register Division keeps the land and mortgage register books nos. KW RA1R/00073248/6 and RA1/00057452/1, under the contract establishing mortgage no. 39/009/16 of 20.04.2016 (Investment credit up to the amount of EUR 2,615,370 of 20 April 2016 and Investment credit up to the amount of PLN 28,680,730 of 20 April 2016);
- Blank promissory note, issued by the Borrower, availed by Global Cosmed Group S.A. (Revolving credit up to the amount of PLN 6,000,000 of 19 November 2013);
- Registered pledge on machinery and devices being the property of Global Cosmed S.A. to the amount of PLN 1,002,442, together with the assignment of rights under insurance policy (Revolving credit up to the amount of PLN 6,000,000 of 19 November 2013);
- Registered pledge with the value of PLN 5,541,657.26 on machinery and devices purchased as part of the investment: construction of liquid blending plant together with storage facilities and waste treatment plant being the property of Global Cosmed SA, under a pledge agreement no. 39/001/17 executed on 7.09.2017 (Investment credit up to the amount of EUR 2,615,370 of 20 April 2016 and Investment credit up to the amount of PLN 28,680,730 of 20 April 2016);
- Contractual mortgage up to PLN 9 million on a real property in perpetual usufruct of Global Cosmed S.A., located in Świętochłowice, at ul. Łagiewnicka 1C, plot of land no. 802/187, cadastral zone of 1-Chropaczów, and on a building real property being the property of Global Cosmed S.A., developed on that land, constituting separate property (KW KA1C/00004079/6) (Revolving credit up to the amount of PLN 6,000,000 of 19 November 2013);
- Blank promissory note, issued by the Borrower, availed by Global Cosmed Group S.A. up to the amount of current credit debt (Borrower's promissory note declaration of 20.04.2016), being as of 30 June 2019 in the amount of PLN 26,506,941 (Investment credit up to the amount of PLN 28,680,730 of 20 April 2016).

**Assets constituting collateral for credit liabilities in Santander Bank Polska S.A. (previously Deutsche Bank S.A.) Global Cosmed Group S.A.**

- Joint mortgage for the benefit of the Bank up to PLN 18 million, established on the right of perpetual usufruct of real properties located in Chropaczów, for which the District Court in Chorzów, 6th Land and Mortgage Register Division keeps the land and mortgage register books nos. KW KA1C/00005080/3, KA1C/00018465/0, KA1C/00004079/6 and ownership of buildings and other facilities developed thereon, to which Global Cosmed S.A. is entitled (the mortgage constitutes joint collateral for credits nos. KON\1621152, KRB\1605339);
- Blank promissory note, issued by Global Cosmed Group S.A., guaranteed by Global Cosmed S.A., together with promissory note declaration (concerns credit KRB\1605339);
- Blank promissory note, issued by Global Cosmed Group S.A., guaranteed Global Cosmed S.A., together with promissory note declaration (concerns credit KON\1621152);
- Assignment for the benefit of the Bank of the rights under the Real Property insurance agreement against fire and other random events, in particular fire, lightning strike, hailstorm, hurricane, explosion, rescue operation carried out in connection with the aforementioned events, consequences of water and sewage damage, flood, for which the premium was paid in full, to the minimum amount of PLN 8 million (joint collateral for credits nos. KON\1621152, KRB\1605339).

**20. GOODWILL**

According to the Management Board of the Parent Company, there are no reasons to carry out the goodwill impairment tests as of 30 June 2019. Therefore, goodwill will remain at the previous level.

**21. EVENTS FOLLOWING THE END DATE OF THE REPORTING PERIOD**

On 1 July 2019 Global Cosmed Group GmbH purchased 49% shares in the company Perfect Circle GmbH. Currently, Global Cosmed Group GmbH has 100% shares in Perfect Circle GmbH.

In the current report of 15 July 2019, the Parent Company Global Cosmed S.A. notified of becoming aware of the claim for the payment on account of mandatory share purchase for the benefit of Lartiq Quantum Absolute Return Fundusz Inwestycyjny Zamknięty, Lartiq Quantum Neutral Fundusz Inwestycyjny Zamknięty, Lartiq Quantum Polskie Perły Fundusz Inwestycyjny Zamknięty.

On 5 August 2019, a subsidiary Kret Brand Property Sp. z o.o. Sp.k. was transformed into Kret Brand Property Sp. z o.o. and on 6 August 2019 Sofin Brand Property Sp. z o.o. Sp.k. was transformed into Sofin Brand Property Sp. z o.o.

On 16 August 2019 a claim against AB Industry S.A. was submitted on connection with defective performance of the liquid blending plant in a facility of Global Cosmed S.A. in Radom in order to pursue claims resulting from defectively designed and constructed blending plant.

## 22. STANDALONE FINANCIAL STATEMENT FOR THE PERIOD FROM 1 JANUARY TILL 30 JUNE 2019

### KEY FINANCIALS

#### Selected data concerning the statement of comprehensive income

Specification	PLN '000		EUR '000	
	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
	Not audited		Not audited	
Sales revenue	93 150	85 460	21 723	20 158
Cost of sales products	(69 469)	(68 487)	(16 201)	(16 154)
Cost of sales goods and materials	(247)	(513)	(58)	(121)
Operating profit (loss)	1 460	(899)	340	(212)
EBITDA*	5 748	3 047	1 340	719
Gross profit (loss)	188	(1 875)	44	(442)
Net income (loss) from continuing operations	180	(2 043)	42	(482)
<b>Total comprehensive income</b>	<b>180</b>	<b>(2 043)</b>	<b>42</b>	<b>(482)</b>
Weighted average number of ordinary shares	87 338 652	86 326 086	87 338 652	86 326 086
Book value per share (PLN/EUR)	2.52	2.58	0.59	0.59
Net profit (loss) per share (PLN/EUR)	0.00	(0.02)	0.00	(0.01)

\* profit (loss) from operating activity + amortization

#### Selected data on the statement of financial position

Specification	PLN '000		EUR '000	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	Not audited		Not audited	
Tangible fixed assets	115 222	113 021	27 098	26 284
Right of use assets	6 779	-	1 594	-
Investment property	2 100	2 100	494	488
Intangible assets	120	262	28	61
Shares in affiliates	165 611	165 611	38 949	38 514
Deferred income tax assets	-	-	-	-
<b>Fixed assets</b>	<b>283 053</b>	<b>280 994</b>	<b>66 569</b>	<b>65 347</b>
Inventories	18 206	20 500	4 282	4 767
Trade receivables	24 866	28 531	5 848	6 635
Other assets and other short-term receivables	3 961	2 935	932	683
Cash and cash equivalents	1 385	1 533	326	357
<b>Total current assets</b>	<b>48 418</b>	<b>53 499</b>	<b>11 388</b>	<b>12 442</b>
<b>TOTAL ASSETS</b>	<b>331 471</b>	<b>334 493</b>	<b>77 957</b>	<b>77 789</b>
Equity	220 007	219 827	51 742	51 124
Long-term liabilities	38 453	32 041	9 044	7 451
Short-term liabilities	73 011	82 625	17 171	19 215
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>331 471</b>	<b>334 493</b>	<b>77 957</b>	<b>77 789</b>

#### Conversion of selected financial data

Selected financial data for the period from 1.01.2019 – 30.06.2019 and the period from 1.01.2018 – 31.12.2018 have been converted into EUR according to the following rules:

I. Individual items on the statement of financial position – at the middle exchange rate of the National Bank of Poland applicable as at the last day of the balance-sheet period:

exchange rate as at 30.06.2019 was EUR 1 – 4.2520

exchange rate as at a 31.12.2018 was EUR – 4.3000.

II. Individual items on the statement of profit or loss and other comprehensive income and on the statement of cash flows – at the middle exchange rates which are the arithmetic mean of the rates announced by the National Bank of Poland on the last day of each month of the year:

Arithmetic mean of middle exchange rates as at 30.06.2019 was: 4.2880

Arithmetic mean of middle exchange rates as at 30.06.2018 was: 4.2395.

**STANDALONE STATEMENT OF PROFIT AND LOSS AND OF OTHER COMPREHENSIVE INCOME**

	NOTE NO.	01.01.2019- 30.06.2019 Not audited	01.04.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018	01.04.2018- 30.06.2018
		PLN '000	PLN '000	PLN '000	PLN '000
<b>I. INCOME STATEMENT</b>					
<b>a. Continuing operations</b>					
Revenue from sales	22.4.1,22.4.4	93 150	49 569	85 460	43 426
<b>Total sales revenue</b>		<b>93 150</b>	<b>49 569</b>	<b>85 460</b>	<b>43 426</b>
Change in stock of products	22.4.2	(1 422)	(647)	(3 780)	(1 280)
Amortization/depreciation	22.4.2	(4 288)	(2 222)	(3 946)	(1 951)
Consumption of raw materials and consumables	22.4.2	(58 719)	(30 327)	(55 175)	(28 230)
Third-party services	22.4.2	(10 693)	(5 827)	(7 054)	(3 644)
Taxes and fees	22.4.2	(875)	(444)	(911)	(415)
Costs of employee benefits	22.4.2	(14 588)	(7 311)	(14 143)	(7 071)
Other costs by type	22.4.2	(1 323)	(765)	(1 056)	(609)
Value of goods and materials sold	22.4.2	(247)	(99)	(513)	(247)
<b>Total operating expenses</b>		<b>(92 155)</b>	<b>(47 642)</b>	<b>(86 578)</b>	<b>(42 167)</b>
<b>Profit (loss) from sales</b>		<b>995</b>	<b>1 927</b>	<b>(1 118)</b>	<b>(21)</b>
Other operating revenue	22.4.6	859	156	1 439	746
Other operating expenses	22.4.7	(394)	(99)	(1 220)	(493)
<b>Operating profit (loss)</b>		<b>1 460</b>	<b>1 984</b>	<b>(899)</b>	<b>232</b>
Financial revenue	22.4.8	56	15	157	51
Finance expenses	22.4.9	(1 328)	(843)	(1 133)	(654)
<b>Profit (loss) before tax</b>		<b>188</b>	<b>1 156</b>	<b>(1 875)</b>	<b>(371)</b>
Income tax	22.5	(8)	98	(168)	(70)
<b>Net income (loss) from continuing operations</b>		<b>180</b>	<b>1 254</b>	<b>(2 043)</b>	<b>(441)</b>
<b>b. Discontinued operations</b>					
<b>Net profit (loss) from discontinued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT (LOSS)</b>		<b>180</b>	<b>1 254</b>	<b>(2 043)</b>	<b>(441)</b>
<b>II. Net comprehensive income for the financial year</b>					
<i>Items that will not be reclassified to the income statement in subsequent periods – actuarial profit</i>		-	-	-	-
<i>Items that may be reclassified to the income statement in subsequent periods</i>		-	-	-	-
<i>Cash flows security</i>		-	-	-	-
<i>Income tax concerning assets that may be reclassified to subsequent periods</i>		-	-	-	-
<b>II. TOTAL COMPREHENSIVE INCOME</b>		<b>180</b>	<b>1 254</b>	<b>(2 043)</b>	<b>(441)</b>
<b>NOTE NO.</b>					
		01.01.2019- 30.06.2019 Not audited	01.04.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018	01.04.2018- 30.06.2018
		PLN '000	PLN '000	PLN '000	PLN '000
<b>Weighted average number of ordinary shares</b>	22.6.1	<b>87 338 652</b>	<b>87 338 652</b>	<b>86 326 086</b>	<b>86 326 086</b>
<b>Diluted number of ordinary shares</b>	22.6.2	<b>87 338 652</b>	<b>87 338 652</b>	<b>86 354 057</b>	<b>86 354 057</b>
<b>Profit (loss) attributable to shareholders:</b>		<b>180</b>	<b>1 254</b>	<b>(2 043)</b>	<b>(441)</b>
<b>Profit (loss) per one share (strata) from continuing and discontinued operations (in PLN per share):</b>					
Ordinary		0.00	0.01	(0.02)	(0.01)
Diluted		0.00	0.01	(0.02)	(0.01)

**STATEMENT OF FINANCIAL POSITION**

	NOTE NO.	30.06.2019 Not audited PLN '000	31.12.2018 PLN '000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	22.7	115 222	113 021
<i>including Right of use assets</i>	22.8	6 779	-
Investment property	22.8	2 100	2 100
Intangible assets	22.9	120	262
Shares in affiliates	22.10.1	165 611	165 611
Deferred income tax assets	22.5	-	-
<b>Total fixed assets</b>		<b>283 053</b>	<b>280 994</b>
<b>Current assets</b>			
Inventories	22.12	18 206	20 500
Trade receivables	22.11.1	24 866	28 531
Other assets and other short-term receivables	22.11.2	3 961	2 935
Cash and cash equivalents	22.10.2	1 385	1 533
<b>Total current assets</b>		<b>48 418</b>	<b>53 499</b>
<b>Total assets</b>		<b>331 471</b>	<b>334 493</b>

**STATEMENT OF FINANCIAL POSITION**

	NOTE NO.	30.06.2019 Not audited PLN '000	31.12.2018 PLN '000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22.13	87 339	87 339
Supplementary capital	22.13	104 296	109 526
Capital reserves	22.13	28 415	28 415
Retained revenue from previous years	22.13	(223)	(223)
Current year's net profit (loss)	22.13	180	(5 230)
<b>Total equity</b>		<b>220 007</b>	<b>219 827</b>
<b>Long-term liabilities</b>			
Loans and advances received as well as debt securities	22.14	26 507	23 987
Lease liabilities	22.16	5 373	1 488
Provisions for long-term employee benefits	22.15.4	932	932
Deferred income tax provision	22.5	5 641	5 634
<b>Total long-term liabilities</b>		<b>38 453</b>	<b>32 041</b>
<b>Short-term liabilities</b>			
Loans and advances received as well as debt securities	22.14	26 206	27 778
Lease liabilities	22.16	1 441	1 154
Provisions for short-term employee benefits	22.15.4	859	859
Trade liabilities	22.15.1	33 289	43 067
Other liabilities	22.15.2	5 974	4 281
Other equity and liabilities	22.15.3	5 242	5 486
<b>Total short-term liabilities</b>		<b>73 011</b>	<b>82 625</b>
<b>Total liabilities</b>		<b>111 464</b>	<b>114 666</b>
<b>Total equity and liabilities</b>		<b>331 471</b>	<b>334 493</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Reserve capitals	Retained revenue from previous years	Current year's result	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2019</b>	<b>87 339</b>	<b>109 526</b>	<b>28 415</b>	<b>(5 453)</b>	-	<b>219 827</b>
Financial result of the period	-	-	-	-	180	180
Share issue	-	-	-	-	-	-
Reclassification of the net loss to the supplementary capital	-	(5 230)	-	5 230	-	-
<b>As at 30 June 2019</b>	<b>87 339</b>	<b>104 296</b>	<b>28 415</b>	<b>(223)</b>	<b>180</b>	<b>220 007</b>

	Share capital	Supplementary capital	Reserve capitals	Retained revenue from previous years	Current year's result	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2018</b>	<b>86 326</b>	<b>165 431</b>	<b>28 415</b>	<b>(58 720)</b>	-	<b>221 452</b>
Financial result of the period	-	-	-	-	(5 230)	(5 230)
Share issue	1 013	2 592	-	-	-	3 605
Reclassification of the net profit to the supplementary capital	-	(58 497)	-	58 497	-	-
<b>As at 31 December 2018</b>	<b>87 339</b>	<b>109 526</b>	<b>28 415</b>	<b>(223)</b>	<b>(5 230)</b>	<b>219 827</b>

**STATEMENT OF CASH FLOWS**

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Cash flows from operating activities</b>		
Gross profit	188	(1 875)
Adjustments of items:		
Amortization/depreciation	4 288	3 946
Interest and dividends	984	803
(Profit)/loss from investing activities	54	19
Change in receivables	2 639	4 387
Change in inventory	2 294	4 412
Change in liabilities	(8 085)	(4 712)
Change in deferred income	(244)	(244)
Change in provisions	-	-
Income tax paid/returned	-	-
Other adjustments	-	36
	<b>2 118</b>	<b>6 772</b>
<b>Net cash flows from operating activities</b>		
<b>Cash flows from investment activities</b>		
Sale of tangible fixed assets and intangible assets	293	43
Purchase of tangible fixed assets and intangible assets	(1 657)	(3 209)
	<b>(1 364)</b>	<b>(3 166)</b>
<b>Net cash flows from investment activities</b>		
<b>Cash flows from financial activities</b>		
Share issue inflows	-	-
Interest inflows	56	90
Inflows from borrowings/credits	4 368	898
Repayment of borrowings/credits	(3 418)	(3 985)
Interest paid	(1 040)	(893)
Dividends paid to owners	-	-
Payment of liabilities under purchase of financial assets	-	(19)
Payment of lease liabilities	(868)	(863)
	<b>(902)</b>	<b>(4 772)</b>
<b>Net cash from financial activities</b>		
	<b>(148)</b>	<b>(1 166)</b>
<b>Total net cash flows</b>		
Net increase in cash and cash equivalents	(148)	(1 166)
	1 533	2 636
<b>Opening balance of cash</b>		
<b>Closing balance of cash, including:</b>	<b>1 385</b>	<b>1 470</b>
<i>of which restricted cash</i>	6	13

## ADDITIONAL NOTES AND EXPLANATIONS TO THE STANDALONE FINANCIAL STATEMENT

### 22.1 GENERAL INFORMATION ABOUT THE COMPANY

#### 22.1.1 Information about joint statement

The Company has no branches preparing standalone financial statements.

#### 22.1.2 Duration of the Company

Duration of the Company is not limited. The Company has been conducting its operations since 1990.

#### 22.1.3 Information about approval of the statement

This financial statement was approved for publication by the Management Board of Global Cosmed S.A. on 16 September 2019.

#### 22.1.4 Foreign exchange assumed for evaluating items expressed in foreign currencies and inflation

	30.06.2019	31.12.2018
PLN/USD exchange rate	3,7336	3,7597
PLN/EUR exchange rate	4,2520	4,3000

Increase of the national price index for the period which ended on 30.06.2019 was 1.4 % (as compared to 1.8% for the period which ended on 30.06.2018).

#### 22.1.5 Explanations concerning seasonal or periodical nature of the Company's operations

Operation of the Company in the presented period was not subject to fluctuations of seasonal or periodical nature.

#### 22.1.6 Reporting period

A calendar year is the reporting period in the Company.

### 22.2 ACCOUNTING PRINCIPLES

#### 22.2.1 Declaration of compliance

This Standalone Financial Statement for the period from 01.01.2019 till 30.06.2019 has been prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting and in accordance with relevant accounting standards that are applicable to financial reporting, adopted by the European Union, published and in force as of the period when the Financial Statement was being prepared. In the scope not governed by the aforementioned standards, this financial statement has been prepared in accordance with requirements set out in Accounting Act of 29 September 1994 (uniform text in Journal of Laws of 2019, item 351), as amended, and in accordance with executive provisions issued thereunder. In this standalone financial statement, the term “IFRS” shall be used in relation to International Financial Reporting Standards and International Accounting Standards,

As of this standalone financial statement publication date, considering the adaptation process of IFRS by the European Union, there are no differences between accounting principles adopted by the Company in accordance with IFRS and IFRS approved by the European Union.

This standalone financial statement has been prepared in accordance with historic cost principle, save for cash, financial liabilities, including credits and loans measured according to nominal value.



### **22.2.2 Going concern assumption**

The standalone financial statement was prepared on the assumption that the Company will carry on its business activity in an unchanged form and scope, in the period of at least 12 months of the last day of the reporting period, and there are no reasons to suspect an intentional or forced cessation or material restriction of their current activities. As of the financial statement date, the Management Board of the Company does not anticipate any facts or circumstances indicating a threat to continuation of business activity in the foreseeable future

### **22.2.3 Grounds for preparation of the standalone financial statement**

The duration of the Company is not limited.

Global Cosmed S.A. as an issuer of securities admitted to public trading pursuant to § 82 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by securities issuers and conditions concerning the recognition of information required by provisions of law in a non-member state as equivalent (Journal of Laws of 2018, item 757) is obliged to prepare and publish interim reports, including mid-term reports.

This standalone financial statement of Global Cosmed S.A. for the period from 1 January 2019 till 30 June 2019 has been prepared in accordance with accounting principles compliant with the International Financial Reporting Standards which were approved by the European Union (EU) and were applicable as of the financial statement preparation date. This statement does not contain any and all information and disclosures that are required to be provided in the annual financial statement and should be read in conjunction with the financial statement of Global Cosmed S.A. for the financial year which ended on 31 December 2018, prepared in accordance with accounting principles compliant with the International Financial Reporting Standards which were approved by the European Union.

### **22.2.4 Amendments to accounting principles, error correction and presentation**

#### **Effect of application of new accounting standards and changes to the accounting policy**

Accounting principles (policy) used in order to prepare this standalone financial statement for the 6-month period ending on 30 June 2019 are consistent with those used in the preparation of the annual consolidated financial statement for the financial year which ended on 31 December 2018, save for changes specified below. The same principles were used for the current and reference periods.

#### **Standards and interpretations that were published and approved by EU**

From the beginning of the financial year, the following new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) have been applicable.

- IFRS 16 "Leases"

The new standard was published on 13 January 2016 and is applicable to annual periods commencing on 1 January 2019 or later but can be applied to earlier periods as well (however, only in conjunction with IFRS 15). This standard replaces previous regulations in respect of lease (inter alia, IAS 17) and significantly changes the approach to lease agreements of various nature, obligating lessees to show liabilities on account of executed lease agreements, irrespective of their type, in the balance sheet. All lease transactions result in the lessee obtaining a right of use and the liability on account of the payment obligation. Therefore, IFRS 16 abolishes the classification into operating lease and finance lease, introducing one model used for the purpose of accounting treatment of lease by the lessee. According to the requirements of IFRS 16, the lessee presents in the statement on financial position or discloses in supplementary information new items: right of use (as assets) and corresponding short-term and long-term lease liabilities (as equity and liabilities). The Company decided to apply a simplified approach where reference data are not transformed. When using this approach, lease liabilities under previous lease contracts should be recognized in the amount of outstanding lease payments, discounted at the marginal interest rate, determined as at the effective date of the standard.

The application of this standard had no effect on financial results previously presented by the Company and there was no need to adjust the opening balance of profits retained as of 1 January 2019. The Company implemented the standard by identifying and analyzing the lease and tenancy agreements where the Company acts as the lessee. Due to the application of IFRS 16, the Company identified, in order to recognize and include,

the amounts on account of rights of use and amounts of lease liabilities that it should present in the consolidated financial statement as of the day of first application, i.e. 01.01.2019. The Company has the usufruct right in respect of land that as of 31.12.2018 was treated as equal to the ownership right and was recognized in tangible fixed assets. As a result of introducing IFRS 16, the Company recognized lease liabilities at current value of remaining land usufruct right charges, discounted at marginal interest rate (4%) on the day of first application. Lease liabilities (land usufruct right charges) as of the day of first application of IFRS 16 amounted to PLN 3,754k. An asset on account of right of use was recognized by the Company in the amount of PLN 3,754k. As of 1 January 2019, the Company recognized and included right of use assets in the amount of PLN 7,263k and right of use liabilities (lease) in the amount of PLN 7,470k. The Company took advantage of the simplified procedure provided for in the case of low value lease (not exceeding USD 5,000).

	Land, including perpetual usufruct right	Buildings and structures	Technical devices and machinery	Means of transport	Other fixed assets	Total
	k PLN	k PLN	k PLN	k PLN	k PLN	k PLN
<b>Assets</b>						
Right of use assets as of first application 01.01.2019	3 754	267	2 502	740	-	<b>7 263</b>
Right of use assets as of first application 30.06.2019	3 726	240	2 017	796	-	<b>6 779</b>
<b>Liabilities</b>						
<b>As of 01.01.2019</b>						
Long-term lease liabilities	3 514	178	1 595	362	-	<b>5 649</b>
Short-term lease liabilities	240	89	1 088	404	-	<b>1 821</b>
<b>As of 30.06.2019</b>						
Long-term lease liabilities	3 514	178	1 246	435	-	<b>5 373</b>
Short-term lease liabilities	162	60	850	369	-	<b>1 441</b>

- **Amendment to IFRS 9: *Prepayment Features with Negative Compensation***

Amendment to IFRS 9 was published on 12 October 2017 and is applicable to annual periods commencing on 1 January 2019 or later. Its purpose is to provide measurement principles in respect of financial assets that may be repaid at an earlier date pursuant to contractual terms and which formally could not meet the requirements of the “payment of only principal and interest” test, which would prevent their measurement at amortized cost or fair value through other comprehensive income.

- **IFRIC 23 “Uncertainty over Income Tax Treatments”**

The new interpretation was published on 7 June 2017 and is applicable to annual periods beginning on 1 January 2019 or afterwards. The purpose of this interpretation is to specify how to classify income tax in financial statements where existing tax provisions give room for interpretation and difference of views between entities and tax authorities.

- **Amendments to IAS 28 “Long-term shares in Associates and Joint Ventures”**

Amendment to IAS 28 was published on 12 October 2017 and is applicable to annual periods beginning on 1 January 2019 or afterwards. Its purpose is to specify the rules of measurement for shares in associates and joint ventures where such shares are not measured according to the equity method.

- **Amendments to various standards in connection with Annual Improvements 2015-2017 of the International Financial Reporting Standards**

On 12 December 2017, as a result of inspection carried out by IFRS, certain minor improvements were introduced to the following standards:

- IFRS 3 *Business Combinations*, in order to specify that upon assuming control the business shall reevaluate the shares held in the joint venture,
- IFRS 11 *Joint Arrangements*, in order to specify that upon assuming joint control the business shall not reevaluate the shares held in the joint venture,
- IAS 12 *Income Taxes*, indicating that any tax consequences of dividend payments should be recognized according to the same method,
- IAS 23 *Borrowing Costs*, requiring that credits and loans which originally were intended to finance resulting assets were included among general sources of financing – once the assets are ready to use according to their intended purpose (use or sale).

They are applicable to annual periods commencing on 1 January 2019 or later.

- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*

Amendments to IAS 19 were published on 7 February 2018 and are applicable to annual periods commencing on 1 January 2019 or later. Amendments concern the revaluation method of plan of specific benefits should these be changed. Amendments to the standard imply that in the case of revaluation of net assets/liabilities on account of the given plan updated assumptions should be used to determine current employment cost and interest cost for the periods after the plan amendment. Until now IAS 19 did not explain it specifically.

### Changes introduced by the Company itself

Variant in respect of financial statement for the mid-term:

The Company did not make any adjustment presentation of reference data as of 31 December 2018 and for the first half of the year ending on 30 June 2019

### Standards and interpretations published and approved by EU – not applicable

In this financial statement, the Company decided against using the published standards or interpretations before their effective date.

The following standards or interpretations were issued by the International Accounting Standards Board or the International Financial Reporting Committee Interpretations but did not enter into force as of the balance-sheet date:

- IFRS 14 *Regulatory Deferral Accounts*

The new standard was published on 30 January 2014 and is applicable to annual periods commencing on 1 January 2016 or later. The new standard is temporary in nature due to IASB's ongoing work aimed at regulating the manner of settling operations in the conditions of price regulation. The standard introduces the rules concerning recognition of assets and liabilities arising from transactions with regulated prices where the entity has decided to transition to IFRS.

The Company will apply the new standard not earlier than on the date specified by the European Union as the effective date of such standard. Due to the temporary nature of such standard, the European Commission has decided not to commence the formal approval procedure of the standard and wait for the final standard.

- IFRS 17 *Insurance Contracts*

The new standard was published on 18 May 2017 and is applicable to annual periods commencing on 1 January 2021 or later. It is permissible to apply it from an earlier date (provided IFRS 15 and IFRS 9 are used in conjunction). The standard replaces previous regulations concerning insurance contracts (IFRS 4).

- Amendments to IFRS 3 *Business Combinations*

Amendments in IFRS 3 were published on 22 October 2018 and are applicable to annual periods commencing on 1 January 2020 or later.

It is the purpose of amendments to specify the definition of “business” and make it easier to differentiate between businesses and groups of assets for the purposes of settlement of combinations.

- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments in IFRS 10 and IAS 28 were published on 11 September 2014 and are applicable to annual periods commencing on 1 January 2016 or later (the effective date has been postponed without indicating the start date). Amendments bring clarification to accounting of transactions where the parent company loses control of its subsidiary, which does not constitute a “business” in the meaning of IFRS 3 Business Combinations, by way of sale of all or a portion of shares in such subsidiary to an associate or joint venture recognised under the equity method.

The Company will apply such amendments to standards not earlier than on the date specified by the European Union as the effective date of such standard. Currently, the European Commission has decided to postpone the

formal approval procedure of amended standards.

- Amendments in IAS 1 and IAS 8: *Definition of "material"*

Amendments in IAS 1 and IAS 8 were published on 31 October 2018 and are applicable to annual periods commencing on 1 January 2020 or later.

It is the purpose of amendments to specify the definition of "material" and to make it easier to apply it in practice.

### **Standards and interpretations accepted by IASB but not year approved for application in the EU**

IFRS in the form approved by EU do not substantially differ currently from regulations accepted by the International Accounting Standards Board (IASB), save for the following standards, interpretations and amendments thereto, which as of the financial statement approval date have not been approved for application in the EU Member States:

- IFRS 14 *Regulatory Deferral Accounts* published on 30 January 2014 (approval process for application in EU Member States on hold),
- IFRS 17 *Insurance Contracts*, published on 18 May 2017,
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between the investor and investor's affiliate or joint venture*, published on 11 September 2014 (approval process for application in EU Member States on hold),
- Amendments to IFRS 3 *Business Combinations*, published on 22 October 2018,
- Amendments to IAS 1 and IAS 8: *Definition of "material"*, published on 31 October 2018.

According to estimations by the Company, the aforementioned new standards and amendments to existing standards would not have a material impact on the financial statement were they used by the Company as of the balance-sheet date.

## **22.3 ESTIMATIONS OF THE MANAGEMENT BOARD**

### **Important estimations and assumptions**

Assumptions and methodology to the estimations are based on similar principles as in the case of preparing the annual financial statement.

As at the end of the reporting period, the Company carried out the analysis of indications of impairment of assets. As a result of analysis which has been carried out, no significant indications regarding impairment of assets were detected. Impairment tests will be conducted as at the end of the financial year.

Write-offs of receivables were updated at the amount which allows for the level of risk of non-receipt of payment.

Provisions for retirement benefits and jubilee bonuses will be updated based on actuarial calculations as at 31.12.2019.

Provisions for unused leave will be updated based on expected employee salaries together with surcharge payable by the employer in respect of unused leave as at 31.12.2019.

Deferred tax assets will be recognized by the Company assuming tax profit allowing to use such assets will be obtained in the future.

## 22.4 FINANCIAL INSTRUMENTS

### 22.4.1 Financial instruments by categories – balance-sheet values

	30.06.2019	31.12.2018
	Not audited	
	PLN '000	PLN '000
Fair value financial assets through financial result	-	-
Financial assets in depreciated cost	27 078	30 901
Fair value financial assets and other comprehensive income	-	-
Fair value financial liabilities through financial result	566	524
Financial liabilities in depreciated cost	92 816	97 474

### 22.4.2 Fair value of financial instruments

#### Fair value of financial assets and financial liabilities:

	Not audited		31.12.2018	
	Balance-sheet value	Fair value	Balance-sheet value	Fair value
	PLN '000	PLN '000	PLN '000	PLN '000
Bank credits	52 713	52 713	51 765	51 765
Leasing	6 814	6 814	2 642	2 642
Loans granted	827	827	837	837
Financial assets	26 251	26 251	30 064	30 064
Trade liabilities	33 289	33 289	43 067	43 067
Liabilities on account of IRS contract measurement	566	566	524	524

As at 30 June 2019 and as at 31 December 2018 the balance-sheet value of cash and cash equivalents, short-term receivables and trade liabilities, short-term loans, own bonds and own receivables as well as short-term financial liabilities was measured at the amount due since the differences in measurement in comparison to measurement of corrected purchase price were insubstantial.

Fair value of financial instruments was determined by discounting the value of expected future cash flows, using the applicable zero-coupon interest rate. Fair values calculated in foreign currencies are converted into Polish zlotys at the exchange rate announced by the National Bank of Poland as at the end of the reporting period.

In the period of 01.01-30.06.2019, there was no transfer between levels in the hierarchy of fair value used in the measurement of fair value and there was no change in classification of financial assets as a result of change in purpose or method of use of such assets.

### 22.4.3 Net profit/loss and revenue/costs on account financial instruments

#### Net profit/loss on account financial instruments by categories

	01.01.2019-30.06.2019	01.01.2018-30.06.2018
	Not audited	
	PLN '000	PLN '000
Net profit or loss from receivables and liabilities - operating result (receivables write-off)	43	-
Net profit or loss from receivables and liabilities - financial revenue/costs	(82)	(61)
Net profit or loss from financial liabilities measured according to depreciated cost (save for trade debt) - financial revenue /costs	(824)	(718)
<b>Total net profit/loss on account financial instruments</b>	<b>(863)</b>	<b>(779)</b>
Other financial revenue /costs on account of other items than financial instruments	(366)	(197)
<b>Total</b>	<b>(1 229)</b>	<b>(976)</b>

#### 22.4.4 Classes of financial instruments

##### Financial instruments by class – balance-sheet values

	30.06.2019 Not audited PLN '000			31.12.2018 PLN '000		
	Financial assets measured at amortized cost	Fair-value financial liabilities through financial result	Financial liabilities measured at amortized cost	Financial assets measured at amortized cost	Fair-value financial liabilities through financial result	Financial liabilities measured at amortized cost
Other long-term investments						
Trade receivables and others	25 693			29 368		
Cash and cash equivalents	1 385			1 533		
Long-term liabilities on account of credits, loans and lease			31 880			25 475
Short-term liabilities on account of credits, loans and lease			27 647			28 932
Trade liabilities and others		566	33 289		524	43 067
<b>Total</b>	<b>27 078</b>	<b>566</b>	<b>92 816</b>	<b>30 901</b>	<b>524</b>	<b>97 474</b>

In order to hedge against the risk related to interest rate changes, the Company used IRS-type hedging instruments. According to the requirements of credit agreements executed with mBank on 20 April 2016 concerning investment funding, the Company was obliged to limit the interest rate risk. Fulfilling the requirements of the Bank, the Company on 25 May 2016 executed an IRS-type transaction to the amount of PLN 27,553k, which constituted 100% of value of the credit remaining to be paid with due date by 30 April 2024. The IRS transaction consisted in converting interest payments according to a variable rate of WIBOR 3M to interest payments calculated according to the fixed interest rate. The IRS transaction measurement was, as at 30 June 2019, at PLN 566k.

In other cases, the Company bases its funding on variable interest rate. Depending on the currency of funding, this is carried out according to 1M, 3M or 6M - WIBOR or EURIBOR plus margin. The margin reflects risk related to funding of the Company, and as at the balance-sheet date does not exceed 3 percent. Interest rate risk resulting from other balance-sheet items was insignificant.

The Company classifies the rules of measuring fair value of financial instruments using the following hierarchy, depicting the weight of source data being the basis of measurement:

- Level 1: quotations on active markets for identical assets or liabilities,
- Level 2: other source data than quotations included in Level 1, observable for assets or liabilities directly or indirectly,
- Level 3: source data for assets or liabilities which are not based on observable market data (non-observable source data).

According to these assumptions, the IRS transaction measurement as at 30 June 2019 in the amount of PLN 566k was classified by the Company as Level 2.

In the first half of 2019 the companies from the Company made no shifts of financial instruments in their possession between levels of classification concerning the measurement of fair value.

#### 22.4.5 Collateral of liabilities and conditional liabilities on financial assets

Description of collateral of liabilities and conditional liabilities on financial assets of the Company has been provided in Note no. 22.18 concerning credit and loans received and debt securities, contained in explanatory notes to the consolidated financial statement of the Global Cosmed Capital Group, covering the period of 01.01. – 30.06.2019.

### 22.5 REVENUES AND COSTS

#### 22.5.1 Sales revenue of the Company:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Continuing operations</b>		
Revenue from the sale of products	88 406	80 128
Revenue from the sale of goods and materials	1 368	2 293
Revenue from the provision of services	3 376	3 039
<b>Total revenue from continuing operating activity</b>	<b>93 150</b>	<b>85 460</b>
<b>Revenue from discontinued operating activity</b>	-	-
<b>Total revenue from continuing operating activity</b>	<b>93 150</b>	<b>85 460</b>
<i>including from affiliated entities</i>	<i>38 981</i>	<i>47 388</i>

#### 22.5.2 Costs of operating activity of the Company:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Continuing operations</b>		
Change in products, manufacture in progress (+/-)	(1 422)	(3 780)
Amortization	(4 288)	(3 946)
Consumption of raw materials and energy	(58 719)	(55 175)
Third-party services	(10 693)	(7 054)
Taxes and fees	(875)	(911)
Costs of employee benefits	(14 588)	(14 143)
Other costs by type	(1 323)	(1 056)
Value of goods and materials sold	(247)	(513)
<b>Costs of continuing operating activity</b>	<b>(92 155)</b>	<b>(86 578)</b>
<b>Costs of discontinued operating activity</b>	-	-
<b>Total costs of operating activity</b>	<b>(92 155)</b>	<b>(86 578)</b>

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>Continuing operations</b>		
Own cost of products sold	(69 469)	(68 487)
Trade costs	(8 756)	(4 743)
Overhead expenses	(13 683)	(12 835)
Cost of goods and materials sold	(247)	(513)
<b>Costs of continuing operating activity</b>	<b>(92 155)</b>	<b>(86 578)</b>
<b>Costs of discontinued operating activity</b>	-	-
<b>Total costs of operating activity</b>	<b>(92 155)</b>	<b>(86 578)</b>

#### 22.5.3 Operating segments

The principal and exclusive object of activity of the Company is the manufacture and sale of cosmetics, toiletries and household chemicals. In light of Company's focus on one type of activity, the Company isolates one operating segment - manufacture of cosmetics, toiletries and household chemicals. Therefore, data presented in the consolidated financial statement concern the aforementioned segment.

#### 22.5.4 Geographic structure of revenue

Sales revenue of products, goods, raw materials and provisions of services for external clients:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Country	48 867	49 152
Abroad	44 283	36 308
<b>Total</b>	<b>93 150</b>	<b>85 460</b>

Revenues from external clients for the sale of products, goods and materials in international trade in the period from 1.01. to 30.06.2019 constituted 48% (in the period from 1.01. to 30.06.2018 constituted 42%) of the total amount of net revenues from external clients for the sale of products, goods and materials. The Company sells mainly to Germany.

#### 22.5.5 Information concerning main clients

In the period from 1.01. to 30.06.2019 the Company achieved revenues from the sale of goods and products exceeding 10% of total revenues of the Company from the sale of goods and products with the following clients: Schwarz Group, Rossmann Group. Turnover with any other client of the Company did not exceed 10% of total turnover.

#### 22.5.6 Other operating revenues

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Profit from sale of property, plant and equipment, including:	54	-
<i>Revenues from sale and liquidation of property, plant and equipment</i>	81	-
<i>Net value of property, plant and equipment sold and liquidated</i>	27	-
Revenues from transactions re-invoicing assets and services:	-	1
Subsidies/Funding	243	243
Compensation, penalties received	(27)	(11)
Surplus inventory	139	26
Reversal of receivables write-offs	43	-
Reversal of inventory write-offs	-	1 070
Other revenues	407	110
<b>Total other operating revenues</b>	<b>859</b>	<b>1 439</b>



### 22.5.7 Other operating costs

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Loss from sale of tangible fixed assets, including	-	(19)
<i>Revenues from sale and liquidation of property, plant and equipment</i>	-	43
<i>Net value of property, plant and equipment sold and liquidated</i>	-	(62)
Establishment of write-offs from:		
<i>Inventory</i>	(215)	-
Donations	(215)	-
Compensation, penalties paid	(5)	-
Costs of liquidation of goods, damage	(5)	(28)
Costs of liquidation of goods, damage	(208)	(416)
Other costs of operating activity	39	(757)
<b>Total other costs of operating activity</b>	<b>(394)</b>	<b>(1 220)</b>

### 22.5.8 Financial revenues

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Interest	56	90
<i>interest on loans and receivables</i>	51	1
<i>others</i>	5	89
Surplus of positive over negative exchange rate differences	-	67
<b>Total financial revenues</b>	<b>56</b>	<b>157</b>

### 22.5.9 Financial costs

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Interest	(1 040)	(893)
<i>Interest on credits</i>	(824)	(718)
<i>Interest on leasing</i>	(55)	(74)
<i>Interest on factoring</i>	(28)	(39)
<i>Other interest</i>	(133)	(62)
Surplus of negative over positive exchange rate differences	(34)	-
IRS transaction measurement	(42)	(76)
Others	(212)	(164)
<b>Total financial costs</b>	<b>(1 328)</b>	<b>(1 133)</b>

## 22.6 INCOME TAX

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Current income tax	-	-
Deferred income tax	8	168
<b>Total income tax</b>	<b>8</b>	<b>168</b>
Including:		
Continuing activity	8	168
Discontinued activity	-	-

### 22.6.1 Current income tax

Reconciliation of tax base to accounting profit:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Profit (loss) before taxes	188	(1 875)
Non-taxable revenues	1 235	2 606
Non-tax-deductible expenses	3 448	2 942
Tax-deductible expenses presented in other reporting periods (accrual-based recognition in the current period)	1 782	1 245
Tax depreciation	619	-
Tax base	-	(2 784)
<b>Current income tax</b>	-	-
<b>Tax paid throughout the year</b>	-	-
<b>Corporate income tax liabilities</b>	-	-
<b>Corporate income tax receivables</b>	-	-

In the presented years, the tax rate of 19% was applicable. Costs or revenues which do not affect the tax base comprise costs or revenues which are not, temporarily or permanently, treated as non-tax according to applicable tax provisions. Tax authorities may inspect books and accounting reports at any time, within five years of the end of the year when tax return was filed.

### Determining the effective tax rate

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Profit (loss) before taxes	188	(1 875)
Tax calculated at the rate of the Parent Company (2019: 19%, 2018: 19%)	36	-
Tax consequences of non-taxable book revenues	(235)	(495)
Tax consequences of non-tax-deductible book expenses	317	323
Transitional differences – deferred tax	(110)	168
Income tax indicated in the statement of profit and loss	8	168
Effective tax rate	4%	0%

### 22.6.2 Deferred tax recognized in the statement of financial position

Deferred tax is a result of transitional differences between tax value and balance-sheet value of assets and liabilities. Deferred tax was calculated according to the currently applicable rate at 19%. The Management Board is certain that, in the case of items providing the basis for deferred tax, the Company will in the future achieve taxable income allowing to use the negative transitional differences.

Deferred income tax in the reported period results from the following items:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Tangible fixed assets	6 800	5 738
Unrealized positive foreign exchange differences	49	184
<b>Total deferred income tax provision</b>	<b>6 849</b>	<b>5 922</b>

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Doubtful receivables write-offs	200	280
Inventory write-offs	207	194
Employee benefits provision	357	397
Other provisions	196	182
Unrealized negative foreign exchange differences IRS transaction measurement	51	129
Unpaid remunerations, social security contributions	89	88
<b>Deferred income tax assets in financial result</b>	<b>1 208</b>	<b>1 335</b>
<b>Deferred income tax assets in currency transactions reevaluation funds</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax assets total</b>	<b>1 208</b>	<b>1 335</b>

## 22.7 PROFIT PER ONE SHARE

### 22.7.1 Basic profit per one share

Basic profit per one share is calculated as a ratio between net profit and weighted average number of ordinary shares in circulation in a period, with the exception of ordinary shares purchased by the Company.

The profit and weighted average number of ordinary shares used for the purpose of calculating basic profit per one share:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
Weighted average of shares	87 338 652	86 326 086
Net loss for 12 months for shareholders of the Parent Company	180	(2 043)
<b>Net profit/loss for one share in PLN</b>	<b>0.00</b>	<b>(0.02)</b>
<i>Including:</i>		
<i>From continuing operations</i>	0.00	(0.02)
<i>From discontinued operations</i>	-	-

### 22.7.2 Diluted profit per one share

Diluted profit per one share is calculated by adjusting the weighted average number of ordinary shares in circulation in a period, assuming the impact of all potentially dilutive ordinary shares.

The profit and weighted average number of ordinary shares and potential ordinary shares used for the purpose of calculating diluted profit per one share:

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
Diluted number of ordinary shares	87 338 652	86 354 057
Weighted average of potential ordinary shares	-	-
Net loss for 12 months for shareholders of the Parent Company	180	(2 043)
<b>Diluted net profit/loss for one share in PLN</b>	<b>0.00</b>	<b>(0.02)</b>
<i>Including:</i>		
<i>From continuing operations</i>	0.00	(0.02)
<i>From discontinued operations</i>	-	-

Diluted profit per one share is calculated by adjusting the weighted average number of ordinary shares in circulation in a period, assuming the impact of all potentially dilutive ordinary shares.

## 22.8 TANGIBLE FIXED ASSETS

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Not audited</b>	
	<b>PLN '000</b>	<b>PLN '000</b>
Own land	10 212	6 486
Buildings and structures	63 459	64 293
Technical devices and machinery	30 358	31 669
Means of transport	1 515	962
Other tangible assets	2 006	2 241
Tangible assets in construction	7 672	7 370
	<b>115 222</b>	<b>113 021</b>

**Table of tangible fixed assets movements**

	Own land	Buildings and structures	Technical devices and machinery	Means of transport	Other tangible assets	Tangible assets in construction	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Base value</b>							
<b>As at 1 January 2018</b>	<b>6 983</b>	<b>63 649</b>	<b>58 933</b>	<b>3 843</b>	<b>5 040</b>	<b>23 808</b>	<b>162 256</b>
Increases	-	15 697	3 623	307	1 542	1 019	<b>22 188</b>
Decreases, including:	-	-	(86)	(159)	(3)	(17 457)	<b>(17 705)</b>
Sale	-	-	(86)	(159)	(3)	-	<b>(248)</b>
Reclassification	-	-	-	-	-	(17 457)	<b>(17 457)</b>
<b>As at 31 December 2018</b>	<b>6 983</b>	<b>79 346</b>	<b>62 470</b>	<b>3 991</b>	<b>6 579</b>	<b>7 370</b>	<b>166 739</b>
Application of IFRS 16	3 754	267	309	498	-	-	<b>4 828</b>
<b>As at 1 January 2019</b>	<b>10 737</b>	<b>79 613</b>	<b>62 779</b>	<b>4 489</b>	<b>6 579</b>	<b>7 370</b>	<b>171 567</b>
Increases	-	-	815	367	65	626	<b>1 873</b>
Decreases, including:	-	-	(4)	(293)	(3)	(324)	<b>(624)</b>
Sale	-	-	-	(293)	-	-	<b>(293)</b>
Liquidation	-	-	(4)	-	(3)	-	<b>(7)</b>
Reclassification	-	-	-	-	-	(324)	<b>(324)</b>
<b>As at 30 June 2019</b>	<b>10 737</b>	<b>79 613</b>	<b>63 590</b>	<b>4 563</b>	<b>6 641</b>	<b>7 672</b>	<b>172 816</b>

**Cancellation**

<b>As at 1 January 2018</b>	<b>497</b>	<b>13 261</b>	<b>25 938</b>	<b>2 607</b>	<b>3 955</b>	-	<b>46 258</b>
Current depreciation	-	1 792	4 873	476	386	-	<b>7 527</b>
Decreases, including:	-	-	(10)	(54)	(3)	-	<b>(67)</b>
Sale	-	-	(10)	(54)	(3)	-	<b>(67)</b>
<b>As at 1 January 2019</b>	<b>497</b>	<b>15 053</b>	<b>30 801</b>	<b>3 029</b>	<b>4 338</b>	-	<b>53 718</b>
Current depreciation	28	1 101	2 435	285	300	-	<b>4 149</b>
Decreases, including:	-	-	(4)	(266)	(3)	-	<b>(273)</b>
Sale	-	-	-	(266)	-	-	<b>(266)</b>
Liquidation	-	-	(4)	-	(3)	-	<b>(7)</b>
<b>As at 30 June 2019</b>	<b>525</b>	<b>16 154</b>	<b>33 232</b>	<b>3 048</b>	<b>4 635</b>	-	<b>57 594</b>

**Balance-sheet value**

<b>As at 1 January 2019</b>	<b>10 240</b>	<b>64 560</b>	<b>31 978</b>	<b>1 460</b>	<b>2 241</b>	<b>7 370</b>	<b>117 849</b>
<b>As at 30 June 2019</b>	<b>10 212</b>	<b>63 459</b>	<b>30 358</b>	<b>1 515</b>	<b>2 006</b>	<b>7 672</b>	<b>115 222</b>

As at 30.06.2019 and as at 31.12.2018, there were no indications that tangible fixed assets and intangible assets write-offs need to be established.

### Tangible fixed assets pledged as collateral

Description of collateral established on tangible assets being the property of the Company has been provided in Note no. 22.18 concerning credit and loans received and debt securities, contained in explanatory notes to the consolidated financial statement of the Global Cosmed Capital Group, covering the period of 01.01. – 30.06.2019.

### 22.9 RIGHT OF USE ASSETS

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Usufruct right of land	3 726	-
Buildings and structures	240	-
Technical devices and machinery	2 017	2 192
Means of transport	796	243
	<b>6 779</b>	<b>2 435</b>

### Table of right of use assets movement

	Own land	Buildings and structures	Technical devices and machinery	Means of transport	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Base value</b>					
<b>As at 31 December 2018</b>	-	-	4 245	719	4 964
Application of IFRS 16	3 754	267	309	498	4 828
<b>As at 1 January 2019</b>	<b>3 754</b>	<b>267</b>	<b>4 554</b>	<b>1 217</b>	<b>9 792</b>
Increases	-	-	-	218	218
Decreases, including:	-	-	(687)	(155)	(842)
Reclassification	-	-	(687)	(155)	(842)
<b>As at 30 June 2019</b>	<b>3 754</b>	<b>267</b>	<b>3 867</b>	<b>1 280</b>	<b>9 168</b>

### Cancellation

<b>As at 1 January 2019</b>	-	-	<b>2 053</b>	<b>476</b>	<b>2 529</b>
Current depreciation	28	27	484	163	<b>702</b>
Decreases, including:	-	-	(687)	(155)	<b>(842)</b>
Reclassification	-	-	(687)	(155)	<b>(842)</b>
<b>As at 30 June 2019</b>	<b>28</b>	<b>27</b>	<b>1 850</b>	<b>484</b>	<b>2 389</b>

### Balance-sheet value

<b>As at 1 January 2019</b>	<b>3 754</b>	<b>267</b>	<b>2 501</b>	<b>741</b>	<b>7 263</b>
<b>As at 30 June 2019</b>	<b>3 726</b>	<b>240</b>	<b>2 017</b>	<b>796</b>	<b>6 779</b>

### 22.10 INVESTMENT PROPERTIES

The company Global Cosmed S.A., as at 30 June 2019, was in possession of an investment property with the value of PLN 2,100k.

### 22.11 INTANGIBLE ASSETS

Intangible assets	30.06.2019	31.12.2018
	Not audited	
	PLN '000	PLN '000
Licenses	120	262
	<b>120</b>	<b>262</b>

As at 30 June 2019, just as on 31.12.2018, there were no indications that periods of use of intangible assets need to be changed. The Company did not use in the period of 01.01. – 30.06.2019 and in 2018 intangible assets pursuant to financial lease agreements.

	Licenses	Concessions Patents	Trade marks	Other tangible assets	Total
	k PLN	k PLN	k PLN	k PLN	k PLN
<b>Base value</b>					
<b>As at 1 January 2018</b>	<b>2 396</b>	<b>20</b>	<b>3</b>	<b>1 165</b>	<b>3 584</b>
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
<b>As at 1 January 2019</b>	<b>2 396</b>	<b>20</b>	<b>3</b>	<b>1 165</b>	<b>3 584</b>
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
<b>As at 30 June 2019</b>	<b>2 396</b>	<b>20</b>	<b>3</b>	<b>1 165</b>	<b>3 584</b>
<b>Cancellation</b>					
<b>As at 1 January 2018</b>	<b>1 817</b>	<b>20</b>	<b>3</b>	<b>1 165</b>	<b>3 005</b>
Current depreciation	317	-	-	-	317
Decreases	-	-	-	-	-
<b>As at 1 January 2019</b>	<b>2 134</b>	<b>20</b>	<b>3</b>	<b>1 165</b>	<b>3 322</b>
Current depreciation	142	-	-	-	142
Decreases	-	-	-	-	-
<b>As at 30 June 2019</b>	<b>2 276</b>	<b>20</b>	<b>3</b>	<b>1 165</b>	<b>3 464</b>
<b>Balance-sheet value</b>					
<b>As at 1 January 2019</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262</b>
<b>As at 30 June 2019</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120</b>



**22.12 FINANCIAL ASSETS, SHARES IN AFFILIATES, CASH**
**22.12.1 Financial assets, shares in affiliated entities**

	Shares in subsidiaries	Shares in affiliates	Total
	PLN '000	PLN '000	PLN '000
<b>Value at cost</b>			
<b>As at 1 January 2018</b>	<b>202 751</b>	<b>-</b>	<b>202 751</b>
Increases, including:			
Purchase	3 604	-	3 604
Revaluation	-	-	-
<b>As at 1 January 2019</b>	<b>206 355</b>	<b>-</b>	<b>206 355</b>
Increases, including:			
Purchase	-	-	-
Share take-over	-	-	-
<b>As at 30 June 2019</b>	<b>206 355</b>	<b>-</b>	<b>206 355</b>

**Write-offs**

<b>As at 1 January 2018</b>	<b>(40 744)</b>	<b>-</b>	<b>(40 744)</b>
Increases	-	-	-
Decreases	-	-	-
<b>As at 1 January 2019</b>	<b>(40 744)</b>	<b>-</b>	<b>(40 744)</b>
Increases	-	-	-
Decreases	-	-	-
<b>As at 1 June 2019</b>	<b>(40 744)</b>	<b>-</b>	<b>(40 744)</b>

**Balance-sheet value**

<b>As at 1 January 2019</b>	<b>165 611</b>	<b>-</b>	<b>165 611</b>
<b>As at 30 June 2019</b>	<b>165 611</b>	<b>-</b>	<b>165 611</b>

As at 30 June 2019 the Company had the following shares:

Entity name	Office	Objects of activity	% share in the share capital	Share % in total number of votes	Share value	Impairment write-off	Balance- sheet value
Global Cosmed Group S.A.	Jawor	Manufacture of chemical products and cosmetics, trading in chemical products	100	100	190 882	(40 744)	150 138
Global Cosmed domal GmbH	Stadtilm	Manufacture of chemical products and cosmetics, trading in chemical products	100	100	11 285	-	11 285
Domal Grundstücksgesellschaft mbH	Stadtilm	Purchase, administration, use, sale, lease/rental of real properties and buildings in own name or on behalf of third parties as well as purchase of shares for that purpose	100	100	4 188	-	4 188
					206 355	(40 744)	165 611

### 22.12.2 Cash and cash equivalents

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Funds in hand and in the bank	85	227
Short-term high-liquidity securities – promissory notes	1 300	1 306
<b>Cash and cash equivalents total</b>	<b>1 385</b>	<b>1 533</b>
- including restricted access funds	6	13

The Company is in possession of unallocated cash on its bank accounts which allows to settle financial liabilities, on a current and timely basis, towards business partners and State Treasury.

### 22.13 RECEIVABLES, OTHER ASSETS, ASSETS FOR SALE

#### 22.13.1 Trade receivables

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Trade receivables:		
<i>From affiliated entities</i>	12 102	16 182
<i>From other entities</i>	13 814	13 600
<b>Total gross</b>	<b>25 916</b>	<b>29 782</b>
Receivables write-offs	1 050	1 251
<b>Total net</b>	<b>24 866</b>	<b>28 531</b>

#### Age analysis of trade receivables:

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Non-overdue	16 044	15 062
Overdue:	9 872	14 720
<i>Including from affiliates</i>	5 445	7 382
0-30 days	1 824	7 994
31-90 days	3 359	5 201
91-180 days	1 821	265
181-365 days	1 697	25
more than 365 days	1 171	1 235
<b>Total</b>	<b>25 916</b>	<b>29 782</b>

The Company recorded write-offs of receivables, allowing for the likelihood of payment. No need of further write-offs has been established.

**Change in write-offs in respect of short-term receivables**

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>As at the beginning of the period:</b>	1 251	1 537
a) increases on account of:	15	376
- revaluation	-	-
- doubtful receivables	15	376
- error correction	-	-
b) decreases on account of:	(216)	(662)
- use	(216)	(662)
- others (revaluation)	-	-
<b>As at the end of the period:</b>	<b>1 050</b>	<b>1 251</b>

**22.13.2 Other assets and other short-term receivables**

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
Tax receivables	1 755	1 158
Accrued expenses	680	166
Fixed assets deliveries prepayments	667	714
Loans granted	827	837
Other receivables	32	60
<b>Total gross</b>	<b>3 961</b>	<b>2 935</b>
Other receivables write-offs	-	-
<b>Total net</b>	<b>3 961</b>	<b>2 935</b>
	including:	
short-term	3 961	2 935
long-term	-	-

**22.14 INVENTORIES**

	Balance-sheet value		Write-of value		Purchase price / manufacture cost		Net realizable value	
	30.06.2019 Not audited	31.12.2018	30.06.2019 Not audited	31.12.2018	30.06.2019 Not audited	31.12.2018	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Materials	12 018	12 868	925	677	12 943	13 545	12 018	12 868
Work in progress	1 008	1 364	6	118	1 014	1 482	1 008	1 364
Finished products	5 161	6 200	159	74	5 320	6 274	5 161	6 200
Goods	19	68	1	7	20	75	19	68
	<b>18 206</b>	<b>20 500</b>	<b>1 091</b>	<b>876</b>	<b>19 297</b>	<b>21 376</b>	<b>18 206</b>	<b>20 500</b>

As of 30 June 2019, the Company made a write-off of inventories in connection with impairment of inventories in the amount of PLN 1,091k. At the same time, a write-off of inventories due to cancellation in the amount of PLN 876k was reduced.

	01.01.2019- 30.06.2019 Not audited	01.01.2018- 30.06.2018
	PLN '000	PLN '000
<b>As at the beginning of the period:</b>	<b>876</b>	<b>2 004</b>
a) increases from:	1 091	2 306
- impairment	1 091	2 306
b) decreases from:	(876)	(3 434)
- cancellation	(876)	(3 434)
<b>As at the end of the period:</b>	<b>1 091</b>	<b>876</b>

### Inventories serving as collateral

Description of collateral on inventories being the property of the Company has been provided in Note no. 22.18 concerning credit and loans received and debt securities, contained in explanatory notes to the consolidated financial statement of the Global Cosmed S.A. Capital Group, covering the period of 01.01. – 30.06.2019.

## 22.15 CAPITAL

According to information in the possession of the Company, the shareholding structure of the Parent Company as of the mid-year report provision date was as follows:

Shareholder name	Qty. of shares	Number of votes on GM	Share nominal value in PLN	Voting share on GM
<b>Andreas Mielimonka</b>	48 243 159	48 243 159	48 243 159	46.14%
<b>Blackwire Ventures sp. z o.o.*</b>	23 963 623	41 189 745	23 963 623	39.39%
<b>Mielimonka Holding sp. z o.o.****</b>	2 997 625	2 997 625	2 997 625	2.87%
<b>Magdalena Anita Mielimonka**</b>	80 000	80 000	80 000	0.08%
<b>Arthur Raphael Mielimonka***</b>	1 119 896	1 119 896	1 119 896	1.07%
<b>Laura Agnes Mielimonka-Hofmann***</b>	107 330	107 330	107 330	0.10%
<b>Anja Katja Mielimonka***</b>	107 330	107 330	107 330	0.10%
<b>Others</b>	10 719 689	10 719 689	10 719 689	10.25%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>

\* entities controlled by Andreas Mielimonka

\*\* spouse of Andreas Mielimonka

\*\*\* descendant of Andreas Mielimonka

\*\*\*\* entity controlled by descendants of Andreas Mielimonka

Share capital as at 30.06.2019 according to the entry in the National Court Register

Issue	Qty of shares	Number of votes on GM	Share nominal value in PLN	Share in the share capital
A* series	1 813 276	3 626 552	1 813 276	2.08%
B* series	15 412 846	30 825 692	15 412 846	17.65%
C series	7 253 104	7 253 104	7 253 104	8.30%
D series	6 254 085	6 254 085	6 254 085	7.16%
E series	200 000	200 000	200 000	0.23%
F series	4 600 000	4 600 000	4 600 000	5.27%
G series	38 055 089	38 055 089	38 055 089	43.57%
H series	2 961 125	2 961 125	2 961 125	3.39%
I series	4 653 197	4 653 197	4 653 197	5.33%
J series	4 873 363	4 873 363	4 873 363	5.58%
K series	250 000	250 000	250 000	0.29%
L series	1	1	1	0.00%
M series	1 012 566	1 012 566	1 012 566	1.16%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>
* voting preference shares on GM	17 226 122	34 452 244		

Share capital as at 31.12.2018 according to the entry in the National Court Register

Issue	Qty. of shares	Number of votes on GM	Share nominal value in PLN	Share in the share capital
A* series	1 813 276	3 626 552	1 813 276	2.1%
B* series	15 412 846	30 825 692	15 412 846	17.6%
C series	7 253 104	7 253 104	7 253 104	8.3%
D series	6 254 085	6 254 085	6 254 085	7.2%
E series	200 000	200 000	200 000	0.2%
F series	4 600 000	4 600 000	4 600 000	5.3%
G series	38 055 089	38 055 089	38 055 089	43.6%
H series	2 961 125	2 961 125	2 961 125	3.4%
I series	4 653 197	4 653 197	4 653 197	5.3%
J series	4 873 363	4 873 363	4 873 363	5.6%
K series	250 000	250 000	250 000	0.3%
L series	1	1	1	0.0%
M series	1 012 566	1 012 566	1 012 566	1.2%
<b>Total</b>	<b>87 338 652</b>	<b>104 564 774</b>	<b>87 338 652</b>	<b>100%</b>
* voting preference shares on GM	17 226 122	34 452 244		

## Other elements of equity

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Supplementary capital	104 296	109 526
<i>Supplementary capital from retained profits</i>	49 111	-
<i>Supplementary capital from issue price surplus</i>	54 140	108 481
<i>Supplementary capital from management scheme measurement</i>	1 045	1 045
Capital reserves	28 415	28 415
<i>Capital reserves from retained profits</i>	28 415	28 415
Revaluation reserve	-	-
Retained profits	(223)	(223)
Net profit (loss) in the current year	180	(5 230)
<b>Total other elements of equity</b>	<b>132 668</b>	<b>132 488</b>

**22.16 CREDITS AND LOANS RECEIVED AND DEBT SECURITIES**

Information about credits and loans received by companies of the Group has been provided in Note no. 14 of explanatory notes to the consolidated financial statement of the Global Cosmed Capital Group, covering the period of 01.01. – 30.06.2019.

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
<b>Long-term</b>		
Bank credits	26 507	23 987
	<b>26 507</b>	<b>23 987</b>
<b>Short-term</b>		
Bank credits	-	4 344
Overdraft credit and revolving credit	26 206	23 434
	<b>26 206</b>	<b>27 778</b>
	<b>52 713</b>	<b>51 765</b>

Credits and loans are being repaid on a timely basis and there have been no violations of repayment of principal or credit and loan interest.

A detailed list of credit liabilities of Global Cosmed S.A. has been provided in the consolidated financial statement in Note no. 14.

## 22.17 LIABILITIES ON ACCOUNT OF DELIVERIES, OTHER LIABILITIES, REVENUES OF FUTURE PERIODS

### 22.17.1 Short-term trade liabilities

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Trade liabilities		
<i>from affiliated entities</i>	1 870	1 094
<i>from other entities</i>	31 419	41 973
<b>Total</b>	<b>33 289</b>	<b>43 067</b>

### 22.17.2 Other short-term liabilities

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Liabilities on account of remunerations	837	1 055
Tax and social security liabilities	3 513	1 560
Cost accruals	1 031	1 104
IRS measurement liabilities	566	524
Other liabilities	27	38
<b>Total</b>	<b>5 974</b>	<b>4 281</b>

### 22.17.3 Other liabilities

	30.06.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Deferred revenue	5 242	5 486
<b>Total</b>	<b>5 242</b>	<b>5 486</b>

Subsidies received by the Company are included in accruals and prepayments of revenue, including: The amount of PLN 5,242 includes the following subsidies remaining to be settled:

- expanding the offer of Global Cosmed S.A. with a new line of innovative cosmetics with the addition of prebiotics PLN 605k,
- biotechnology for the benefit of environment PLN 1,725k,
- expanding the offer with innovative fabric conditioners PLN 2,912k.

### 22.17.4 Provisions

	Provision for employee benefits and unused leave
	PLN '000
<b>As at 1 January 2019</b>	1 791
Increase	-
Use	-
Reclassification	-
Cancellation	-
<b>As at 30 June 2019</b>	<b>1 791</b>
including:	
short-term	859
long-term	932

	<b>Provision for employee benefits and unused leave</b>
	<b>PLN '000</b>
<b>As at 1 January 2018</b>	1 999
Increase	-
Use	-
Reclassification	-
Cancellation	(208)
<b>As at 31 December 2018</b>	<b>1 791</b>
including:	
short-term	859
long-term	932

## 22.18 FINANCE LEASE LIABILITIES

### Finance lease liabilities as at 30 June 2019:

	Short-term up to 1 year	Long-term		Total
	k PLN	1-5 years k PLN	Above 5 years k PLN	k PLN
<b>Current value of minimum leasing fees</b>	1 441	5 373	-	6 814
Future financial costs on account of lease	67	39	-	106
<b>Nominal value of minimum leasing fees</b>	<b>1 508</b>	<b>5 412</b>	<b>-</b>	<b>6 920</b>

### Financial lease liabilities as at 31 December 2018:

	Short-term up to 1 year	Long-term		Total
	k PLN	1-5 years k PLN	Above 5 years k PLN	k PLN
<b>Current value of minimum leasing fees</b>	1 154	1 488	-	2 642
Future financial costs on account of lease	82	59	-	141
<b>Nominal value of minimum leasing fees</b>	<b>1 236</b>	<b>1 547</b>	<b>-</b>	<b>2 783</b>

## 22.19 TRANSACTIONS WITH AFFILIATED ENTITIES

The following are affiliated entities in the Global Cosmed Capital group as of 30.06.2019:

Majority shareholder:

Dr Andreas Mielimonka

Subsidiaries:

Global Cosmed Group S.A.

Global Cosmed domal GmbH

Domal Grundstücksgesellschaft mbH

Global Cosmed Group GmbH

Global Cosmed GmbH

Global Cosmed International GmbH

Global Cosmed Qingdao Ltd.

Perfect Circle GmbH

Brand Property Sp. z o.o.

Sofin Brand Property Sp. z o.o. Sp.k.  
Kret Brand Property Sp. z o.o. Sp. k.

Affiliated entities:

Blackwire Ventures Sp. z o.o.  
Mielimonka Holding Sp. z o.o.  
Blackwire Ventures sp. z o.o. sp.k.  
Magdalena Mielimonka  
Arthur Rafael Mielimonka  
Laura Agnes Mielimonka  
Anja Katja Mielimonka

**In the period: 1.01. - 30.06.2019 the following commercial transactions have been concluded with affiliated entities and subsidiaries:**

Name of the entitv	Operating revenues	Operating costs	Receivables	Liabilities
	k PLN	k PLN	k PLN	k PLN
Global Cosmed Group S.A.	29 696	748	1 513	-
Brand Property Sp. z o.o.	-	-	108	-
Global Cosmed International GmbH	-	-	383	-
Global Cosmed GmbH	8 978	592	10 373	608
Blackwire Ventures spółka z o. o. Sp. k. (prev. Laboratorium Kosmetyczne MALWA Sp. z o.o.)	-	-	38	-
Kret Brand Property Sp. z o.o. Sp. k.	-	62	-	158
Sofin Brand Property Sp. z o.o. Sp. k.	-	2	-	-
Global Cosmed domal GmbH	307	128	57	1 104
Domal Grundstücksgesellschaft mbH	-	-	457	-
Global Cosmed Group S.A. promissory note	-	-	1 300	-
<b>Total</b>	<b>38 981</b>	<b>1 532</b>	<b>14 229</b>	<b>1 870</b>
<b>as trade receivables</b>			<b>12 102</b>	
<b>as other assets and other short-term receivables</b>			<b>827</b>	
<b>as cash</b>			<b>1 300</b>	
<b>as trade liabilities</b>				<b>1 870</b>
<b>as other short-term liabilities</b>				

\* Receivable fully written off

## 22.20 CONDITIONAL ITEMS AND COLLATERAL ON ASSETS

### Conditional liabilities of Global Cosmed S.A.:

- Blank promissory note guarantee, issued by Global Cosmed Group S.A., to the Overdraft credit no. 16/CK/2012 of 14 December 2012, granted to Global Cosmed Group S.A. by Bank Pekao S.A.;
- Notarial declaration on submission to enforcement in accordance with Article 777 of the Code of Civil Proceedings to the Overdraft credit no. 16/CK/2012 of 14 December 2012, granted to Global Cosmed Group S.A. by Bank Pekao S.A.;
- Guarantee of blank promissory note issued by Global Cosmed Group SA., to the Advance credit no. 2018/42 of 29 June 2018, granted to Global Cosmed Group S.A. by Bank Pekao S.A.;
- Notarial declaration on submission to enforcement in accordance with Article 777 of the Code of Civil Proceedings to the Advance credit no. 2018/42 of 29 June 2018, granted to Global Cosmed Group S.A. by Bank Pekao S.A.;
- Guarantee of blank promissory note issued by Global Cosmed Group S.A., together with promissory note declaration, to the credit no. KRB\1605339 granted to Global Cosmed Group S.A. by Santander Bank Polska S.A. (previously Deutsche Bank Polska S.A.);
- Guarantee of blank promissory note issued by Global Cosmed Group S.A., together with promissory note declaration, to the credit no. KON\1621152 granted to Global Cosmed Group S.A. by Santander Bank Polska S.A. (previously Deutsche Bank Polska S.A.).

## 22.21 EVENTS FOLLOWING THE END DATE OF THE REPORTING PERIOD

Events following the end of the reporting period of Global Cosmed S.A. have been described in the consolidated



## **DECLARATION OF THE MANAGEMENT BOARD**

### **Concerning the reliability of financial statements**

The Management Board of Global Cosmed S.A. represents that to the best of its knowledge the consolidated financial statement of the Global Cosmed Capital Group and the standalone financial statement of Global Cosmed S.A. prepared as of 30 June 2019 and reference data were prepared in accordance with applicable accounting principles and that they reflect, in a true, fair and clear manner, the financial and property position of the Global Cosmed Capital Group and Global Cosmed S.A. as well as their financial result.

The Management Board of Global Cosmed S.A. represents that to the best of its knowledge the Management Board's report on activity of the Global Cosmed Capital Group and Global Cosmed S.A. contains a true image of development, achievements and situation of the Global Cosmed Capital Group and Global Cosmed S.A., including the description of basic dangers and risks.

### **Concerning the auditing company inspecting the financial statements**

The Management Board of Global Cosmed S.A. represents that the auditing company which inspects the consolidated financial statement of the Global Cosmed Capital Group and the standalone financial statement of Global Cosmed S.A., prepared as of 30 June 2019, has been selected in accordance with provisions of law.

The aforementioned entity and expert auditors inspecting such statements fulfilled the requirements necessary to issue independent and impartial reports, in accordance with applicable provisions and professional standards.

**Management Board of Global Cosmed S.A.:**

**President of the Management Board      Andreas Mielimonka      .....**

**Vice-President of the Management Board      Magdalena Mielimonka      .....**

**Member of the Management Board      Paweł Szymonik      .....**

Radom, 12 September 2019

