



GLOBAL
COSMED

CONSOLIDATED FINANCIAL STATEMENTS OF GLOBAL COSMED CAPITAL GROUP

FOR THE YEAR ENDED 31 DECEMBER 2018

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION

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KEY FINANCIALS

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

| | PLN '000 | | EUR '000 | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01.01.2018 -31.12.2018 | 01.01.2017 -31.12.2017 | 01.01.2018 -31.12.2018 | 01.01.2017 -31.12.2017 |
| Sales revenue | 300,817 | 305,519 | 70,500 | 71,977 |
| Cost of sales products | (201,446) | (260,298) | (47,211) | (61,323) |
| Cost of sales goods and materials | (6,672) | (6,894) | (1,564) | (1,624) |
| Operating profit (loss) | (217) | (20,695) | (51) | (4,875) |
| EBITDA | 10,204 | (10,645) | 2,391 | (2,508) |
| Gross profit (loss) | (3,505) | (81,190) | (821) | (19,127) |
| Net income (loss) from continuing operations | (6,580) | (81,130) | (1,542) | (19,113) |
| Total comprehensive income | (6,601) | (81,876) | (1,547) | (19,289) |
| Comprehensive income attributable to: | | | | |
| Shareholders of the parent company | (6,601) | (78,778) | (1,547) | (18,559) |
| Non-controlling shareholders | - | (2,875) | - | (677) |
| Weighted average number of ordinary shares | 87,338,652 | 86,152,798 | 87,338,652 | 86,152,798 |
| Book value per share (PLN/EUR) | 2.07 | 2.18 | 0.48 | 0.52 |
| Net profit (loss) per share (PLN/EUR) | (0.08) | (0.91) | (0.02) | (0.21) |

Selected data on the statement of financial position

| | PLN '000 | | EUR '000 | |
|--|----------------|----------------|---------------|---------------|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| Goodwill | 30,050 | 30,050 | 6 988 | 7,205 |
| Tangible fixed assets | 128,459 | 129,691 | 29,874 | 31,094 |
| Right-of-use assets | - | - | - | - |
| Intangible assets | 95,130 | 95,779 | 22,123 | 22,964 |
| Shares and interest in affiliated companies | - | - | - | - |
| Deferred income tax assets | - | - | - | - |
| Fixed assets | 253,639 | 255,520 | 58,986 | 61,263 |
| Inventories | 35,318 | 40,163 | 8,213 | 9,629 |
| Trade receivables | 34,480 | 38,821 | 8,019 | 9,308 |
| Corporate income tax receivables | 202 | 342 | 47 | 82 |
| Other assets and other short-term receivables | 7,947 | 7,888 | 1,848 | 1,891 |
| Cash and cash equivalents | 4,048 | 5,144 | 941 | 1,233 |
| Total current assets | 81,995 | 92,358 | 19,069 | 22,143 |
| TOTAL ASSETS | 335,634 | 347,878 | 78,054 | 83,406 |
| Equity attributable to shareholders of the parent company | 180 963 | 183,758 | 42,084 | 44,057 |
| Equity attributable to non-controlling shareholders | - | 3,806 | - | 913 |
| Equity | 180 963 | 187,564 | 42,084 | 44,970 |
| Long-term liabilities | 35 717 | 39,488 | 8,306 | 9,468 |
| Short-term liabilities | 118 954 | 120,826 | 27,664 | 28,969 |
| TOTAL EQUITY AND LIABILITIES | 335 634 | 347,878 | 78,054 | 83,406 |

Selected financial data converted into EUR

Selected financial data for the period from 1.01.2018 to 31.12.2018 and period from 1.01.2017 to 31.12.2017 have been converted into EUR according to the following rules:

I. Individual items of 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 31.12.2018 was EUR 1 – 4,3000

exchange rate as at 31.12.2017 was EUR 1 – 4,1709

II. Individual items of the statement of profit or loss and other comprehensive income and of 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 31.12.2018 was: 4.2669

Arithmetic mean of middle exchange rates as at 31.12.2017 was: 4.2447

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDING ON 31 DECEMBER 2018

| | 31.12.2018 | 31.12.2017 |
|---|----------------|----------------|
| | PLN '000 | PLN '000 |
| ASSETS | | |
| Fixed assets | | |
| Goodwill on consolidation | 30,050 | 30,050 |
| Tangible fixed assets | 128,459 | 129,691 |
| Right-of-use assets | - | - |
| Intangible assets | 95,130 | 95,779 |
| Total fixed assets | 253,639 | 255 520 |
| Current assets | | |
| Inventories | 35,318 | 40,163 |
| Trade receivables | 34,480 | 38,821 |
| Corporate income tax receivables | 202 | 342 |
| Other assets and other short-term receivables | 7,947 | 7,888 |
| Cash and cash equivalents | 4,048 | 5,144 |
| Total current assets | 81,995 | 92,358 |
| Total assets | 335,634 | 347,878 |

| | 31.12.2018 | 31.12.2017 |
|--|----------------|----------------|
| | PLN '000 | PLN '000 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 87,339 | 86,326 |
| Supplementary capital | 109,526 | 165,431 |
| Capital reserves | 28,415 | 16,220 |
| Retained earnings from previous years | (37,818) | (6,072) |
| Current year's net profit (loss) | (6,580) | (78,249) |
| Currency translation differences of subsidiaries | 81 | 102 |
| Equity attributable to controlling shareholders | 180,963 | 183,758 |
| Equity attributable to non-controlling shareholders | - | 3,806 |
| Total equity | 180,963 | 187,564 |
| Long-term liabilities | | |
| Loans and advances received as well as debt securities | 24,345 | 29,050 |
| Lease liabilities | 1,910 | 2,655 |
| Provisions for long-term employee benefits | 1,094 | 1,108 |
| Deferred income tax liability | 8,368 | 6,675 |
| Total long-term liabilities | 35,717 | 39,488 |
| Short-term liabilities | | |
| Loans and advances received as well as debt securities | 42,129 | 52,547 |
| Lease liabilities | 1,567 | 1,908 |
| Provisions for short-term employee benefits | 3,800 | 2,916 |
| Trade liabilities | 55,849 | 48,731 |
| Other liabilities | 10,123 | 8,752 |
| Other equity and liabilities | 5,486 | 5,972 |
| Total short-term liabilities | 118,954 | 120,826 |
| Total liabilities | 154,671 | 160,314 |
| Total equity and liabilities | 335,634 | 347,878 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 01.01.2018 -31.12.2018 | 01.01.2017 -31.12.2017 |
|---|---------------------------|---------------------------|
| | PLN '000 | PLN '000 |
| I. INCOME STATEMENT | | |
| a. Continuing operations | | |
| Revenue from sales of products | 300,817 | 305,519 |
| Total sales revenue | 300,817 | 305,519 |
| Change in stock of products | (2,961) | 1,103 |
| Amortization/depreciation | (10,421) | (10,050) |
| Consumption of raw materials and consumables | (180,212) | (190,000) |
| Third-party services | (16,958) | (22,707) |
| Taxes and fees | (3,834) | (3,823) |
| Costs of employee benefits | (51,806) | (50,530) |
| Other costs by type | (26,935) | (38,842) |
| Value of goods and materials sold | (6,672) | (6,894) |
| Total operating expenses | (299,799) | (321,743) |
| Profit (loss) from sales | 1,018 | (16,224) |
| Other operating revenue | 2,997 | 8,815 |
| Other operating expenses | (4,232) | (13,286) |
| Operating profit (loss) | (217) | (20 695) |
| Financial revenue | 380 | 215 |
| Finance expenses | (3,668) | (60,710) |
| Profit (loss) before tax | (3,505) | (81,190) |
| Income tax | (3,075) | (1,098) |
| Net income (loss) from continuing operations | (6,580) | (82,288) |
| b. Discontinued operations | - | 1,158 |
| Net profit (loss) from discontinued operations | - | 1,158 |
| NET PROFIT (LOSS) | (6,580) | (81,130) |
| including: | | |
| attributable to shareholders of the parent company | (6,580) | (78,249) |
| attributable to non-controlling shareholders | - | (2,881) |
| II. Net comprehensive income for the financial year | | |
| Items that will not be reclassified | (21) | (746) |
| Actuarial profit (loss) | - | (223) |
| Exchange differences on translation of foreign operations attributable to shareholders of the parent | (21) | (529) |
| Exchange differences on translation of foreign operations attributable to non-controlling interest | - | 6 |
| Items that may be reclassified to the income statement in subsequent periods | - | - |
| III. Comprehensive income attributable to: | - | - |
| shareholders of the parent company | (6,601) | (78,778) |
| non-controlling shareholders | - | (2,875) |
| Cash flow hedge | - | - |
| Income tax attributable to items that may remain | - | - |
| II. TOTAL COMPREHENSIVE INCOME | (6,601) | (81,876) |
| Weighted average number of ordinary shares | 87,338,652 | 86,152,798 |
| Diluted number of ordinary shares | 87,338,652 | 86,152,798 |
| Profit (loss) attributable to shareholders of the parent company | (6,580) | (78,249) |
| Profit (loss) attributable to shareholders of the parent company per share (in PLN per share): | | |
| from continuing and discontinued operations: | | |
| Ordinary | (0,08) | (0,91) |
| Diluted | (0,08) | (0,91) |

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING ON 31 DECEMBER 2018

| | 01.01.2018 -31.12.2018 | 01.01.2017 -31.12.2017 |
|--|---------------------------|---------------------------|
| | PLN '000 | PLN '000 |
| Cash flows from operating activities | | |
| Gross profit | (3,505) | (81,190) |
| Adjustments of items: | | |
| Amortization/depreciation | 10,421 | 10,050 |
| Interest and dividends | 2,515 | 2,695 |
| (Profit)/loss from investing activities | 199 | 63 |
| Change in receivables | 4,282 | 15,367 |
| Change in inventory | 4,845 | 2,506 |
| Change in liabilities | 8,489 | (763) |
| Change in deferred income | (486) | (487) |
| Change in provisions | 870 | 66 |
| Income tax paid/returned | (1,242) | 1,112 |
| Other adjustments | (21) | 59,892 |
| Net cash flows from operating activities | | |
| Cash flows from investment activities | | |
| Proceeds from sale of property, plant and equipment, and intangible assets | 389 | 934 |
| Purchases of property, plant and equipment, and intangible assets | (8,045) | (5,671) |
| Other investment expenditure | | |
| Net cash flows from investment activities | (7,656) | (4,737) |
| Cash flows from financial activities | | |
| Interest and dividends inflows | 128 | - |
| Inflows from borrowings/credits | 4,804 | 12,255 |
| Repayment of borrowings/credits | (20,053) | (12,300) |
| Interest paid | (2,515) | (2,695) |
| Dividends paid to owners | - | - |
| Payment of liabilities under purchase of financial assets | (14) | - |
| Payment of finance lease liabilities | (2,068) | (1,801) |
| Net cash from financial activities | (19,718) | (4,541) |
| Total net cash flows | (1,007) | 33 |
| Net increase in cash and cash equivalents | (1,011) | 33 |
| Foreign exchange differences | 85 | - |
| Opening balance of cash | 5,144 | 5,111 |
| Increase due to control takeover | - | - |
| Closing balance of cash, including: | 4,048 | 5,144 |
| <i>of which restricted cash</i> | 99 | 100 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Supplementary capital | Capital reserves | Foreign exchange differences | Retained earnings 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 |
| As at 1 January 2018 | 86,326 | 165,431 | 16,220 | 102 | (84,321) | - | 3,806 | 187,564 |
| 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 S.A. | 1,013 | 2,592 | - | - | 201 | - | (3,806) | - |
| Foreign exchange differences | - | - | - | (21) | - | - | - | (21) |
| As at 31 December 2018 | 87,339 | 109,526 | 28,415 | 81 | (37,818) | (6,580) | - | 180,963 |

| | Share capital | Supplementary capital | Capital reserves | Foreign exchange differences | Retained earnings 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 |
| As at 1 January 2017 | 86,076 | 164,696 | 19,745 | 857 | (2,299) | | (1,335) | 267,740 |
| Financial result of the period | - | - | - | - | - | (78,249) | (2,881) | (81,130) |
| Issue of shares of GC S.A. | 250 | 735 | - | - | - | - | - | 985 |
| Acquisition of shares in the subsidiary GCG SA | - | - | - | - | 3,378 | - | 3,806 | 7,184 |
| Acquisition of shares in the subsidiary GCG GmbH | - | - | - | - | (11,109) | - | 4,210 | (6,899) |
| Acquisition of shares in the subsidiary GCI GmbH | - | - | - | - | (394) | - | - | (394) |
| Reclassification of the parent company's net loss to the capital reserves | - | - | (3,525) | - | 3,525 | - | - | - |
| Other | - | - | - | - | 601 | - | - | 601 |
| Foreign exchange differences | - | - | - | (755) | 226 | - | 6 | (523) |
| As at 31 December 2017 | 86,326 | 165,431 | 16,220 | 102 | (6,072) | (78,249) | 3,806 | 187,564 |

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, April 1st, 2019

