



**GLOBAL
COSMED**

Consolidated quarterly report of
THE GLOBAL COSMED CAPITAL GROUP
for the period from 1 January till 30 September 2019
comprising:

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

and

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

LIST OF CONTENTS

KEY FINANCIALS	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDING ON 30 SEPTEMBER 2019	6
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING ON 30 SEPTEMBER 2019	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT 30 SEPTEMBER 2019	11
1. GENERAL INFORMATION	11
2. Declaration of compliance	17
3. Applied accounting principles and methods of estimation	17
4. Functional currency and currency in which financial statements are presented and exchange rates adopted for calculation of financial data	18
5. Change in the value of provisions, deferrals or accruals, assets write-offs and other estimates, income tax	19
6. Description of substantial accomplishments or failures in the reporting period	20
7. Description of factors and events, in particular of extraordinary nature, that had significant effect on assets, liabilities, capital, net financial result or cash flows	21
8. Explanations concerning seasonal or periodical nature of the Group's operations	21
9. Information about material purchase and sale transactions of tangible fixed assets and about material liabilities on account of tangible fixed assets purchase. Information concerning issue, purchase and redemption of debt and equity securities	21
10. Information concerning dividend paid or declared	21
11. Change in conditional liabilities and assets as well as other off-balance sheet items	21
12. Financial liabilities	22
13. Events following the end date of the reporting period	22
14. Transactions with affiliated entities	23
15. Changes in the Group's structure as a result of amalgamation between business units, acquisition or sale of entities in the Capital Group, long-term investments, division, restructuring or cessation of activity	24
16. Position of the Management Board as regards the possibility to achieve the previously published result forecasts	24

17. Information about shareholders holding at least 5% total votes on the general meeting of Global Cosmed S.A., specifying the number of shares held by such entities, percentage share in the share capital, number of votes granted thereby and their percentage share in the total number of votes on the general meeting, and indicating changes in the equity structure of large blocks of shares of Global Cosmed S.A. in the period from the submission date of the previous quarterly report.....	26
18. Description of shares ownership in Global Cosmed S.A. and rights to such shares to which managing and supervising persons are entitled, along with indication of changes in ownership in the period from the submission of the previous quarterly statement	26
19. Proceedings before courts, arbitration authorities or public administration authorities, including information about proceedings concerning liabilities or receivables of Global Cosmed S.A. or a subsidiary, whose value constitutes at least 10% of equities of Global Cosmed S.A. Information about material settlements on account of court proceeding.....	26
20. Conclusion by Global Cosmed S.A. or by a subsidiary of Global Cosmed S.A. of one or multiple transactions with affiliates if individually or jointly they are of material nature and were concluded on non-market conditions, specifying the value thereof .	26
21. Information about granting by Global Cosmed S.A. or by a subsidiary of credit or loan surety or guarantee – in respect of one entity or subsidiary of the total value of existing sureties or guarantees is the equivalent of at least 10% of equity of Global Cosmed S.A.	27
22. Information about the failure to pay a credit or a loan or about violation of material terms or conditions of a credit or loan agreement if no recovery operations were carried out till the end of the reporting period	27
23. Other information that in the opinion of the issuer are of material importance for the assessment of personnel, property, financial position as well as financial result and changes therein and information that are of material importance for assessing the capacity to perform obligations	27
24. Information about changes in economic situation and conditions of conducting activity that have a material impact on fair value of financial assets and financial liabilities of the entity, irrespective of whether such assets and liabilities are recognized in fair value or in adjusted purchase price	27
25. In the case of financial instruments measured at fair value – information about changes in the measurement method.....	27
26. Indication of threats and risks that in the assessment of the issuer will have an impact on achieved results for at least the next quarter	27
27. Abridged mid-year standalone financial statement for the period from 1 January till 30 September 2019	29

a.	Abridged mid-year standalone financial statement on financial position	29
b.	Abridged mid-year standalone statement on profit and loss and other comprehensive income	31
c.	Abridged mid-year standalone statement of cash flows.....	32
d.	Abridged mid-year standalone statement of changes in equity	33
e.	Supplementary information to the quarterly abridged financial statement	34
f.	Change of estimates	36
g.	Information about material purchase or sale transactions concerning tangible fixed assets and about material liabilities on account of tangible fixed assets purchase	37
h.	Change in conditional liabilities or assets and other off-balance sheet items that occurred after the end of the previous financial year	37
i.	Other information	37

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

	PLN '000		EUR '000	
	2019-01-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30	2019-01-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30
Sales revenue	235 342	223 361	54 621	52 512
Operating profit (loss)	4 801	(177)	1 114	(42)
EBITDA	12 934	7 582	3 002	1 783
Gross profit (loss)	2 321	(2 177)	539	(512)
Net income (loss) from continuing operations	1 130	(3 371)	262	(793)
Total comprehensive income	626	(3 471)	145	(816)
Comprehensive income attributable to:				
Shareholders of the parent company	1 130	(3 371)	262	(793)
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)	2.08	2.13	0.48	0.50
Net profit (loss) per share (PLN/EUR)	0.01	(0.04)	0.00	(0.01)

Selected data concerning the statement of financial position

	PLN '000		EUR '000	
	30.09.2019 Not audited	31.12.2018	30.09.2019 Not audited	31.12.2018
Goodwill	30 050	30 050	6 871	6 988
Tangible fixed assets	127 256	126 359	29 096	29 386
including Right of use assets	8 447	-	1 931	-
Investment property	2 100	2 100	480	488
Intangible assets	94 521	95 130	21 612	22 123
Fixed assets	253 927	253 639	58 059	58 986
Inventories	31 522	35 318	7 207	8 213
Trade receivables	36 749	34 480	8 402	8 019
Corporate income tax receivables	-	202	-	47
Other assets and other short-term receivables	5 980	7 947	1 367	1 848
Cash and cash equivalents	2 810	4 048	642	941
Total current assets	77 061	81 995	17 620	19 069
TOTAL ASSETS	330 988	335 634	75 679	78 054
Equity attributable to shareholders of the parent company	181 589	180 963	41 519	42 084
Equity attributable to non-controlling shareholders	-	-	-	-
Equity	181 589	180 963	41 519	42 084
Long-term liabilities	37 810	35 717	8 645	8 306
Short-term liabilities	111 589	118 954	25 514	27 664
TOTAL EQUITY AND LIABILITIES	330 988	335 634	75 679	78 054

Conversion of selected financial data

Selected financial data for the period from 1.01.2019 to 30.09.2019 and the period from 1.01.2018 to 30.09.2018 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 30.09.2019 was EUR 1 – 4.3736

exchange rate as at 31.12.2018 was EUR 1 – 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 30.09.2019 was: 4.3086

Arithmetic mean of middle exchange rates as at 30.09.2018 was: 4.2535

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

	30.09.2019 Not audited	31.12.2018
	PLN '000	PLN '000
ASSETS		
Fixed assets		
Goodwill on consolidation	30 050	30 050
Tangible fixed assets	127 256	126 359
including Right of use assets	8 447	-
Investment property	2 100	2 100
Intangible assets	94 521	95 130
Total fixed assets	253 927	253 639
Current assets		
Inventories	31 522	35 318
Trade receivables	36 749	34 480
Corporate income tax receivables	-	202
Other assets and other short-term receivables	5 980	7 947
Cash and cash equivalents	2 810	4 048
Total current assets	77 061	81 995
Total assets	330 988	335 634

	30.09.2019	31.12.2018
	Not audited	
	PLN '000	PLN '000
EQUITY AND LIABILITIES		
Equity		
Share capital	87 339	87 339
Supplementary capital	104 296	109 526
Capital reserves	28 415	28 415
Retained revenue from previous years	(39 168)	(37 818)
Current year's net profit (loss)	1 130	(6 580)
Currency translation differences of subsidiaries	(423)	81
Equity attributable to controlling shareholders	181 589	180 963
Equity attributable to non-controlling shareholders	-	-
Total equity	181 589	180 963
Long-term liabilities		
Loans and advances received as well as debt securities	22 655	24 345
Lease liabilities	5 423	1 910
Provisions for long-term employee benefits	1 094	1 094
Deferred income tax provision	8 638	8 368
Total long-term liabilities	37 810	35 717
Short-term liabilities		
Loans and advances received as well as debt securities	41 143	42 129
Lease liabilities	1 926	1 567
Provisions for short-term employee benefits	4 385	3 800
Trade liabilities	43 114	55 849
Other liabilities	15 806	10 123
Other equity and liabilities	5 215	5 486
Total short-term liabilities	111 589	118 954
Total liabilities	149 399	154 671
Total equity and liabilities	330 988	335 634

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019-01-01 - 2019-09-30 Not audited	2019-07-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30	2018-07-01 - 2018-09-30
	PLN '000	PLN '000	PLN '000	PLN '000
I. INCOME STATEMENT				
a. Continuing operations				
Revenue from sales	235 342	85 048	223 361	80 686
Total sales revenue	235 342	85 048	223 361	80 686
Change in stock of products	(2 041)	(846)	(2 687)	1 029
Amortization/depreciation	(8 133)	(2 642)	(7 759)	(2 588)
Consumption of raw materials and consumables	(135 311)	(47 013)	(135 615)	(51 520)
Third-party services	(19 152)	(8 057)	(14 647)	(6 572)
Taxes and fees	(2 904)	(933)	(2 840)	(895)
Costs of employee benefits	(39 493)	(13 413)	(37 574)	(13 013)
Other costs by type	(17 598)	(5 953)	(19 171)	(5 258)
Value of goods and materials sold	(5 301)	(2 303)	(3 629)	(1 375)
Total operating expenses	(229 933)	(81 160)	(223 922)	(80 192)
Profit (loss) from sales	5 409	3 888	(561)	494
Other operating revenue	1 636	(1 069)	2 868	42
Other operating expenses	(2 244)	(905)	(2 484)	(715)
Operating profit (loss)	4 801	1 914	(177)	(179)
Financial revenue	299	225	437	99
Finance expenses	(2 779)	(712)	(2 437)	(900)
Profit (loss) before tax	2 321	1 427	(2 177)	(980)
Income tax	(1 191)	(324)	(1 194)	(254)
Net income (loss) from continuing operations	1 130	1 103	(3 371)	(1 234)
b. Discontinued operations				
Net profit (loss) from discontinued operations	-	-	-	-
NET PROFIT (LOSS)	1 130	1 103	(3 371)	(1 234)
including:				
attributable to shareholders of the parent company	1 130	1 103	(3 371)	(1 234)
attributable to non-controlling shareholders	-	-	-	-
II. Net comprehensive income for the financial year				
Items that will not be reclassified				
Exchange differences on translation of foreign units attributable to shareholders of the parent company	(504)	(537)	(100)	19
Exchange differences on translation of foreign units attributable to non-controlling shareholders	(504)	(537)	(100)	19
Items that may be reclassified to the profit and loss statement in subsequent periods	-	-	-	-
III. Comprehensive income attributable to:				
shareholders of the parent company	626	566	(3 471)	(1 215)
non-controlling shareholders	-	-	-	-
Cash flows collateral	-	-	-	-
Tax income in respect of assets that may be reclassified to the following periods	-	-	-	-
II. TOTAL COMPREHENSIVE INCOME	626	566	(3 471)	(1 215)
Weighted average number of ordinary shares	87 338 652	87 338 652	86 326 086	86 326 086
Diluted number of ordinary shares	87 338 652	87 338 652	86 683 462	86 354 057
Profit (loss) attributable to shareholders of the parent company	1 130	1 103	(3 371)	(1 234)
Profit (loss) attributable to shareholders of the parent company per share (in PLN per share):				
From continuing and discontinued operations:				
Ordinary	0.01	0.01	(0.04)	(0.01)
Diluted	0.01	0.01	(0.04)	(0.01)

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

	2019-01-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30
	PLN '000	PLN '000
Cash flows from operating activities		
Gross profit	2 321	(2 177)
Adjustments of items:		
Amortization/depreciation	8 133	7 759
Interest and dividends	1 434	1 866
(Profit)/loss from investing activities	(1 342)	(246)
Change in receivables	(302)	5 521
Change in inventory	3 796	2 955
Change in liabilities	(7 052)	5 227
Change in deferred income	(271)	(365)
Change in provisions	585	90
Income tax paid/returned	(719)	(309)
Other adjustments	-	-
Net cash flows from operating activities	6 583	20 321
Cash flows from investment activities		
Sale of tangible fixed assets and intangible assets	1 509	340
Purchase of tangible fixed assets and intangible assets	(3 300)	(6 606)
Other investment expenditure		
Net cash flows from investment activities	(1 791)	(6 266)
Cash flows from financial activities		
Interest and dividends inflows	1 191	418
Inflows from borrowings/credits	4 801	882
Repayment of borrowings/credits	(7 477)	(12 657)
Interest paid	(2 625)	(2 284)
Dividends paid to owners	-	-
Payment of liabilities on account of purchase of financial assets	-	-
Payment of finance lease liabilities	(1 998)	(287)
Net cash from financial activities	(6 108)	(13 928)
Total net cash flows	(1 316)	127
Net increase in cash and cash equivalents	(1 316)	127
Foreign exchange differences	(78)	(92)
Opening balance of cash	4 048	5 144
Increase due to control takeover		
Closing balance of cash, including:	2 810	5 363
<i>of which restricted cash</i>	17	143

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
As at 1 January 2019	87 339	109 526	28 415	81	(44 398)	-	-	180 963
Reclassification of the parent company's net loss to the supplementary capital	-	(5 230)	-	-	5 230	-	-	-
Financial result of the period	-	-	-	-	-	1 130	-	1 130
Foreign exchange differences	-	-	-	(504)	-	-	-	(504)
As at 31 March 2019	87 339	104 296	28 415	(423)	(39 168)	1 130	-	181 589

	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
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

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT 30 SEPTEMBER 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

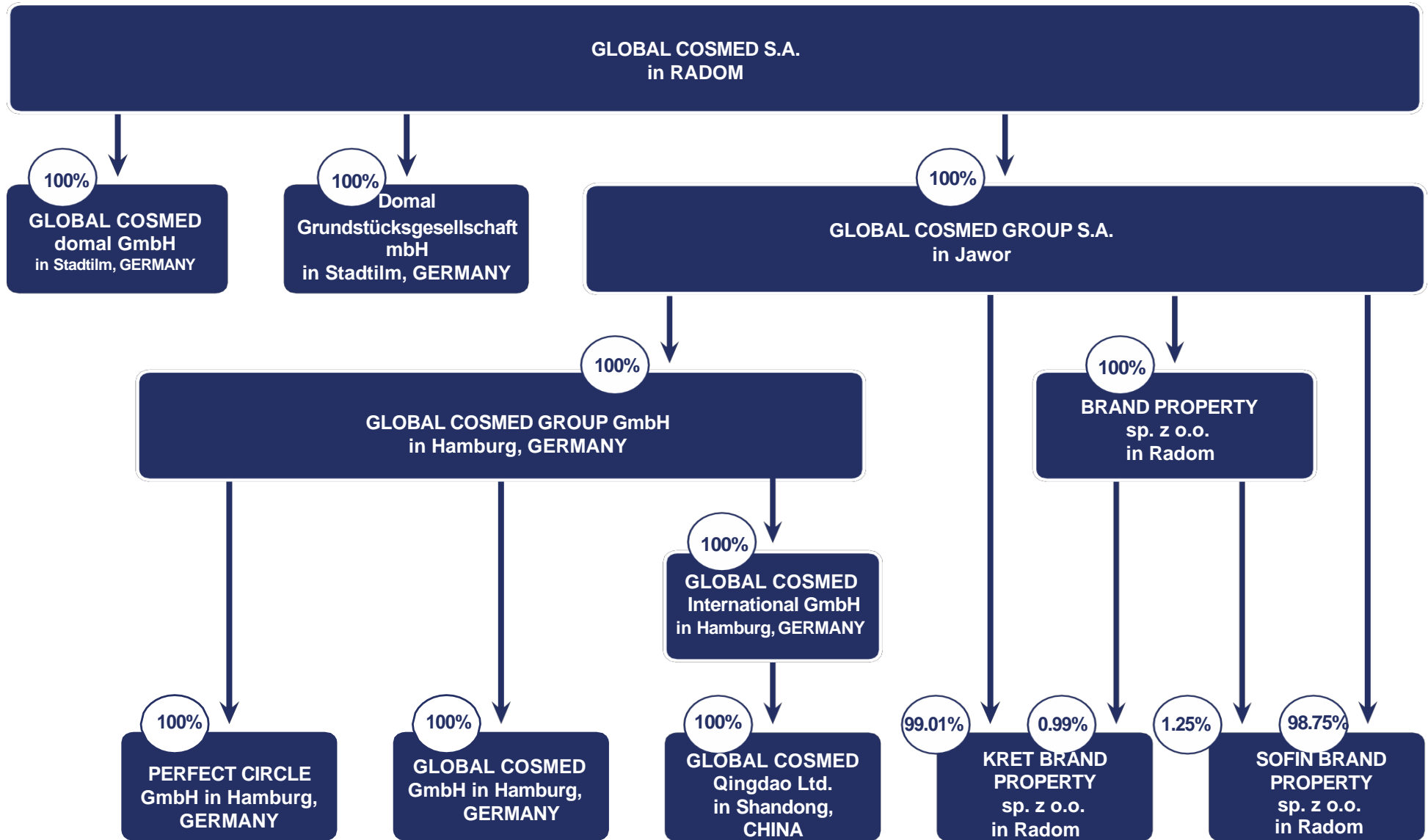


1.2. General information about the Parent Company

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, 21st 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 September 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.

Consolidated quarterly report for the period from 1 January till 30 September 2019

1.3. Subsidiaries

Parent company	Subsidiary	Office	Objects of activity	% share in the share capital as at 30.09.2019	% 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 Purchase, administration, use, sale, lease/rental of real properties and	100%	100%
Global Cosmed S.A.	Domal Grundstücksgesellschaft mbH	Stadtilm, Germany	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.	Jaw or, 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	Wholesale of chemical products, soap and detergents, cleaning products, wholesale of perfumes and deodorants, wholesale of other machinery and devices, non-specialized wholesale	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 S.A.	Kret Brand Property sp. z o.o.	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.	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% przez GCG SA and BP sp. through 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)
Global Cosmed Group GmbH	Perfect Circle GmbH	Hamburg, Germany	Distribution of perfumes and deodorants	100% (GC S.A. holds 51% effective share through GCG SA and GCG GmbH)	51% (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 reporting period, there were certain changes in the share structure of entities of the Global Cosmed Capital Group. On 1 July 2019, Global Cosmed Group GmbH purchased 49% of shares in the company Perfect Circle GmbH. Currently, Global Cosmed Group GmbH holds 100% shares in Perfect Circle GmbH.

1.4. Governing bodies composition in the Global Cosmed S.A. Parent Company

Management Board

As at 30 September 2019, the Management Board of Global Cosmed S.A. was composed of the following persons:

- Andreas Mielimonka – President of the Management Board
- Magdalena Anita Mielimonka – Vice-President of the Management Board
- Paweł Szymonik – Member of the Management Board

As at 31 December 2018, the Management Board of Global Cosmed S.A. was composed of the following persons:

- Andreas Mielimonka – President of the Management Board
- Magdalena Anita Mielimonka – Vice-President of the Management Board
- Paweł Szymonik – Member of the Management Board

In the period from 1 January 2019 till the report preparation date there were no changes in the composition of the Management Board.

Supervisory Board

As at 30 September 2019, the Supervisory Board of Global Cosmed S.A. was composed of the following persons:

- Aleksandra Gawrońska – President of the Supervisory Board
- Jolanta Kubicka – Deputy President of the Supervisory Board
- Michał Okoniewski – Member of the Supervisory Board
- Marian Sułek – Member of the Supervisory Board
- Miłosz Mariusz Wojszko – Member of the Supervisory Board

As at 31 December 2018, the Supervisory Board of Global Cosmed S.A. was composed of the following persons:

- Aleksandra Gawrońska – President of the Supervisory Board
- Jolanta Kubicka – Deputy President of the Supervisory Board
- Michał Okoniewski – Member of the Supervisory Board
- Marian Sułek – Member of the Supervisory Board
- Miłosz Mariusz Wojszko – Member of the Supervisory Board

In the period from 1 January 2019 till the report preparation date there were no changes in the composition of the Supervisory Board of the Company.

Commercial proxies

As at 30 September 2019, the following persons served as commercial proxies of Global Cosmed S.A.:

- Grażyna Łyżwińska – joint commercial proxy from 20 June 2016
- Marian Wittenbeck – joint commercial proxy from 29 June 2017
- Dorota Krużel – joint commercial proxy from 29 June 2017
- Robert Koziątek – joint commercial proxy from 18 September 2018

On 22 August 2019, Sławomir Miętka submitted his resignation as a commercial proxy of the Company.

Audit Committee

As at 30 September 2019, the Audit Committee was composed of the following persons:

- Michał Okoniewski – President of the Audit Committee
- Aleksandra Gawrońska – Member of the Audit Committee
- Marian Sułek – Member of the Audit Committee

As at 31 December 2018, the Audit Committee was composed of the following persons:

- Michał Okoniewski – President of the Audit Committee
- Aleksandra Gawrońska – Member of the Audit Committee
- Marian Sułek – Member of the Audit Committee

Members of the Audit Committee are appointed by the Supervisory Board from among the members of the Supervisory Board for the term thereof. In the period from 1 January 2019 till the report preparation date there were no changes in the composition of the Audit Committee of the Company.

1.5. Other information concerning the abridged consolidated financial statement

This consolidated statement of the Global Cosmed Capital Group comprises the period of 9 months which ended on 30 September 2019 as well as reference data: the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows contains data for the period of 9 months which ended on 30 September 2018, whereas statement of financial position contains data as at 31 December 2018. Data from published financial statements were presented as reference data. Reference data in the consolidated financial statement as at 30 September 2018 concerning 2018 pertain to published consolidated data for 3 quarters of 2018.

The consolidated financial statement of the Capital Group as at 30 September 2019 was not audited or inspected by an expert auditor.

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, subject to the intention of acquisition in accordance with merger plans as at 30.10.2019 concerning the companies Kret Brand Property Sp. z o.o. and Sofin Brand Property Sp. z o.o. to be acquired by Global Cosmed Group S.A. There are no other 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. In the reporting period, companies of the Capital Group did not make any adjustments for errors from preceding periods.

Companies of the Group do not have branches preparing standalone financial statements. Duration of companies in the Capital Group is unlimited.

The quarterly report for the period from 1 January 2019 till 30 September 2019 should be read in conjunction with the consolidated financial statement comprising the period from 1 January 2018 till 31 December 2018, published on 1 April 2019.

This financial statement was approved for publication by the Management Board of Global Cosmed S.A. on 18 November 2019.

2. Declaration of compliance

This Consolidated Financial Statement of the Group for the period from 1 January 2019 till 30 September 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 30.09.2019, 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.

3. Applied accounting principles and methods of estimation

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. 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). In this consolidated financial statement, the general term IFRS shall be applicable both to the International Financial Reporting Standards and the International Accounting Standards.

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

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

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

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 30.09.2019, 31.12.2018 and the result of its operation and cash flows for the period between 01.01.2019 -30.09.2019 and 01.01.2018 - 30.06.2018

Accounting principles (policy) used in order to prepare this consolidated financial statement for the 9-month period ending on 30 September 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 in the accounting policy resulting from the introduction of IFRS 16 “Leases” commencing from 1 January 2019. The Group decided against the application of IFRS 16 from an earlier date. The same principles were used for the current and reference periods.

3.1 Application of 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 assets and 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 holds perpetual 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 perpetual land usufruct right charges, discounted at marginal interest rate (4%) on the day of first application. Lease liabilities (perpetual 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.

	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
Assets						
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 30.09.2019	3 790	-	1 875	1 945	-	7 610
Liabilities						
As of 01.01.2019						
Long-term lease liabilities	3 589	-	1 678	522	-	5 789
Short-term lease liabilities	244	-	1 162	581	-	1 987
As of 30.09.2019						
Long-term lease liabilities	3 548	-	1 021	854	-	5 423
Short-term lease liabilities	165	-	932	829	-	1 926

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).

4. Functional currency and currency in which financial statements are presented and exchange rates 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 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 as of the last day of each month in a given period.

Exchange rates used:

	Period ending on	Period ending on
	30.09.2019	31.12.2018
Exchange rate PLN/EUR	4.3736	4.3000
Exchange rate PLN/CNY	0.5602	0.5481

	Period	Period
	01.01-30.09.2019	01.01-30.09.2018
Period average PLN/EUR rate	4.3086	4.2535

5. Change in the value of provisions, deferrals or accruals, assets write-offs and other estimates, income tax

	31.12.2018	establishment	use	cancellation	other change	30.09.2019 Not audited
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Write-offs:						
- receivables	4 225	44	-	(2 072)	5	2 202
- inventories	1 166	1 319	-	(1 364)	1	1 122
Provisions on account of:	-					
- retirement benefits and similar	4 894	6 041	-	(5 503)	47	5 479
- other provisions	3 393	14 609	-	(10 515)	-	7 487
Total	13 678	22 675	-	(19 454)	53	16 952

	30.09.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Current income tax	(961)	1 381
Deferred tax	(230)	1 694
Total	(1 191)	3 075

In the financial result of the current period, the results of updating or establishing estimates of future liabilities (provisions) were settled, in particular on account of:

- provisions and accrued expenses. The provided amounts reflect the most appropriate estimate of cash expenditure that is necessary to fulfill the current obligation (existing as of the balance-sheet date) in the future;
- recognition of tax assets. The Group recognized a deferred tax asset assuming that tax profit allowing to use such asset will be obtained in the future.

In the current period, the amount of accrued expenses was increased by PLN 4,094k (PLN 14,609k – establishment, PLN 10,515k – cancellation). The amount of provisions on account of retirement benefits was changed by PLN 585k.

The amount of receivables write-offs was decreased by PLN 2,023k (write-offs established in the amount of PLN 44k; write-offs cancelled or used in the amount of PLN 2,072k), and the amount of inventory write-offs was decreased by PLN 44k (write-offs established in the amount of PLN 1,319k; write-offs cancelled or used in the amount of PLN 1,364k).

Updating other estimate changes had no substantial impact on the results in the current period.

6. Description of substantial accomplishments or failures in the reporting period

Below are presented the most important items from the statement of profit and loss for 9 months in 2019 as compared to results achieved in an analogical period of the preceding year, as well as basic economic indices.

SELECTED DATA FROM THE STATEMENT OF COMPREHENSIVE INCOME	9 months of 2019	9 months of 2018
	PLN '000	PLN '000
Sales revenue	235 342	223 361
Profit (loss) from sales	5 409	-561
Operating profit (loss)	4 801	-177
Gross profit (loss)	2 321	-2 177
Net profit (loss)	1 130	-3 371
Financial activity result	-2 480	-2 000
Amortization/depreciation	8 133	7 759

SELECTED DATA FROM THE STATEMENT OF FINANCIAL POSITION	30.09.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Fixed assets	253 927	253 639
Current assets	77 061	81 995
Inventories	31 522	35 318
Short-term trade receivables	36 749	34 480
Cash and cash equivalents	2 810	4 048
Assets total	330 988	335 634
Equity	181 589	180 963
Share capital	87 339	87 339
Long-term receivables total	37 810	35 717
Short-term receivables total	111 589	118 954
Loans and credits	63 798	66 474

The selected financial indices achieved by the Company in the periods of: 1.01. – 30.09.2019 and 1.01. – 30.09.2018 are presented below, along with methodology of calculation thereof.

Details		2019-01-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30
EBITDA	PLN	12 934	7 582
Profitability of sale (profit (loss) from sales/sales revenue)	%	2.3	-0.3
Net profitability of sale (net financial result / sales revenue)	%	0.5	-1.5
Receivables turnover (trade receivables x 270 / sales revenue)	days	42	42
Inventory turnover (inventories x 270 / sales revenue)	days	36	45
Liquidity I (current assets / short-term liabilities)	ratio	0.69	0.71
Liquidity II (current assets - inventories) / short-term liabilities)	ratio	0.41	0.40

Over the three quarters of 2019, the Capital Group achieved the sales revenue at the level of PLN 235,342k, i.e. 5% more than in the analogical period of the preceding year. The Capital Group generated net profits of PLN 1,130k.

The Capital Group consistently implements the adopted development strategy which achieves intended results. The results were improved both in the brand and private label segments. The Group is planning to increase investment expenditure on its own brands in Poland and abroad, also by introducing new products.

Significant events in 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.

7. Description of factors and events, in particular of extraordinary nature, that had significant effect on assets, liabilities, capital, net financial result or cash flows

In the period from 1 January till 30 September 2019, there were no events of extraordinary nature that had a significant effect on assets, liabilities, capital, net financial result or cash flows, save for those referred to in the preceding parts of the report.

8. Explanations concerning seasonal or periodical nature of the Group's operations

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

9. Information about material purchase and sale transactions of tangible fixed assets and about material liabilities on account of tangible fixed assets purchase. Information concerning issue, purchase and redemption of debt and equity securities

In the period of 01.01 – 30.09.2019, there was no significant increase of tangible fixed assets. In the reporting period, the Group did not issue, purchase or redeem debt and equity securities.

10. Information concerning dividend paid or declared

The goal of the Parent Company in managing the capital is the protection of the Capital Group's ability to carry on the operation whilst maximizing profits for shareholders. Management Boards, on a current basis, inspect the index of return on capital and the level of dividend for 1 ordinary share. On 20 May 2015, the Management Board of the Parent Company adopted a resolution on a dividend policy for 2015-2017. Dividend policy for the following years has not been set. In the reporting period, dividend has not been paid to shareholders nor declared.

11. Change in conditional liabilities and assets as well as other off-balance sheet items

In the third quarter of 2019, there were no material changes in the amount of conditional liabilities and assets serving as collateral of liabilities.

12. Financial liabilities

Financial liabilities of the Group in the reporting period are as follows:

	30.09.2019 Not audited	31.12.2018
	PLN '000	PLN '000
Long-term liabilities		
Credits and loans received as well as debt securities	22 655	24 345
Finance lease liabilities	5 423	1 910
Long-term liabilities total	28 078	26 255
Short-term liabilities		
Credits and loans received as well as debt securities	41 143	42 129
Finance lease liabilities	1 926	1 567
Short-term liabilities total	43 069	43 696
Total financial liabilities	71 147	69 951

The company Global Cosmed S.A. concluded on 29 January 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 28 February 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 S.A. concluded on 13 June 2019 an amendment to overdraft credit 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.

The company Global Cosmed Group S.A. concluded on 27 June 2019 an amendment to overdraft credit 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 July 2019. The last installment in the amount of PLN 1,700k will be payable by 21 June 2020.

On 26 July 2019 Global Cosmed S.A. executed with mBank S.A. an amendment to revolving credit agreement no. 39/102/13/Z/OB, where the credit payment deadline of 30 August 2021 was set.

On 14 August 2019, Global Cosmed S.A. executed with mBank S.A. the agreement on electronic payment of liabilities no. 39/044/19/Z/ZE, according to which the Bank paid for Company's liabilities towards suppliers up to the set upper limit of PLN 750k. The agreement was concluded till 28 August 2020.

On 2 September 2019, the non-revolving credit of Global Cosmed Group S.A. granted by Deutsche Bank Polska S.A. (currently: Santander Bank Polska S.A.) no. KON/1621152 was repaid in a timely manner.

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

13. Events following the end date of the reporting period

On 30.10.2019, Global Cosmed Group S.A. acquired Brand Property Sp. z o.o. by means of transfer of all assets of the acquired company to the acquiring company. The merger was carried out in a simplified manner due to the fact that Global Cosmed Group S.A. held 100% shares in the share capital of Brand Property sp. z o.o. On 30.10.2019, plans concerning the merger between Kret Brand Property sp. z o.o. and Sofin Brand Property Sp. z

o.o. on one hand and Global Cosmed Group S.A. on the other hand were agreed. The merger between the acquired companies and the acquiring company will be carried out in a simplified manner by means of transfer of all assets Kret Brand Property Sp. z o.o. and Sofin Brand Property Sp. z o.o. to Global Cosmed Group S.A. due to the fact that Global Cosmed Group S.A. holds 100% shares in the share capital of acquired companies.

14. Transactions with affiliated entities

The following are affiliated entities in the Global Cosmed Capital group as of 30.09.2019:

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. – 30.09.2019 the following commercial transactions have been concluded with affiliated entities which were not eliminated on account of consolidation:

Name of the entity	Operating revenue	Operating costs	Receivables	Liabilities
	PLN '000	PLN '000	PLN '000	PLN '000
Dr Andreas Mielimonka	-	-	2	141
Arthur Mielimonka	-	-	1	-
Mielimonka Holding sp. z o.o.	-	-	2	-
Blackwire Ventures spółka z o. o. Sp. k.	4	500	789	61
Total	4	500	794	202

In the period: 1.01. – 30.09.2019 the following commercial transactions have been concluded with affiliated entities which were eliminated on account of consolidation:

Name of the entity	Revenue	Costs	Receivables	Liabilities
	PLN '000	PLN '000	PLN '000	PLN '000
Global Cosmed S.A.	59 198	2 486	12 606	2 918
Global Cosmed Group S.A.	5 787	46 932	11 825	5 913
Global Cosmed domal GmbH	47 563	701	17 081	601
Global Cosmed GmbH	1 399	59 492	4 794	22 909
Global Cosmed International GmbH	268	6 158	77	17 359
Kret Brand Property Sp. z o.o. Sp. k.	1 255	-	2 646	-
Sofin Brand Property Sp. z o.o. Sp. k.	304	-	1 753	-
Brand Property Sp. z o.o.	-	-	-	212
Domal Grundstücksgesellschaft mbH	-	5	-	870
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	-	-	-	3 538
Total	115 774	115 774	54 320	54 320

ASSETS as:

trade receivables	49 685
other assets and other short-term receivables	1 097
Cash and cash equivalents	3 538

LIABILITIES

Trade liabilities	50 782
Other liabilities	3 538

15. Changes in the Group's structure as a result of amalgamation between business units, acquisition or sale of entities in the Capital Group, long-term investments, division, restructuring or cessation of activity

In the period from 1 January till 30 September 2019 there were no changes in the Global Cosmed Capital Group's structure as a result of amalgamation between business units, acquisition or sale of entities in the Group, long-term investments, division, restructuring or cessation of activity.

16. Position of the Management Board as regards the possibility to achieve the previously published result forecasts

On 11 February 2019, the Management Board of the Parent Company presented result forecasts for the period from 1 January 2019 till 31 December 2019 which included:

– consolidated sales revenue of the Global Cosmed capital group: PLN 304 million,

– consolidated EBITDA of the Global Cosmed capital group: PLN 14 million.

EBITDA is defined as a result from the operating activity increased by amortization/depreciation and non-financial fixed assets write-offs.

The Management Board of Global Cosmed S.A. prepared the presented consolidated result forecasts based on detailed plans of all companies forming the Capital Group. The forecast assumes profitability of distribution companies operating on foreign markets in the brand and private label segments, operational improvement in the scope of manufacturing and logistics. Revenue forecast allows for organic development of strategic brands sales on all markets and private label portfolio optimization. As a result, the Management Board of the Parent Company anticipates comparable revenues in 2019 as in 2018. The sale of products under brands belonging to the Global Cosmed group will, in the opinion of the Management Board, record additional increases both locally and on international markets. The Management Board anticipates single-digit improvement of sales in 2019 in Poland and substantial, double-digit dynamics of sale abroad. The main factor in the development will be the bobini brand in Asia (South Korea, Vietnam), and expanding the scale in Africa and Middle East. Revenues of private labels will see a decrease in 2019 due to the end of cooperation with one of the clients and further optimization of contracts as regards the volume and profitability. However, key clients of the Group will report sales increase in 2019.

Projections assume improvement of the EBITDA margin to 4.6% in 2019 from 3.4% in 2018, which will result from development of own brands and increased efficiency in terms of manufacture and logistics. Investments in efficient manufacturing machinery in cosmetics and household chemicals will be continued, taking into account automatization and further vertical integration. Batch extensions and better planning should translate into increased efficiency and faster rotation, which in turn will result in more optimized distribution of fixed costs.

The forecast provides for increases in electricity and packaging costs in the total amount of circa PLN 3 million, which is a result of explosive growth of energy prices in Poland. The forecast does not assume any acquisitions, although the Company is systematically monitoring the market in the country and abroad. Development through acquisition is an element of the development strategy of Global Cosmed and the Management Board does not exclude the possibility of such transactions. When preparing the forecast, the Management Board of the Company took into account mostly: previous results, market analysis, strategy continuation, Company's market participation and position, financial position and potential changes thereof. Having regard to assumptions to the forecast and result for three quarters in 2019, the Management Board of the Parent Company sees no threat to the possibility to fulfill the forecast for 2019.

17. Information about shareholders holding at least 5% total votes on the general meeting of Global Cosmed S.A., specifying the number of shares held by such entities, percentage share in the share capital, number of votes granted thereby and their percentage share in the total number of votes on the general meeting, and indicating changes in the equity structure of large blocks of shares of Global Cosmed S.A. in the period from the submission date of the previous quarterly report

According to information held by Global Cosmed S.A., the share structure of the Parent Company as of financial statement submission date was as follows (data concerning the number of shares and number of votes granted by shares):

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	46.1%
Blackwire Ventures sp. z o.o.*	23 963 623	41 189 745	23 963 623	39.4%
Mielimonka Holding sp. z o.o.****	2 997 625	2 997 625	2 997 625	2.9%
Magdalena Anita Mielimonka**	80 000	80 000	80 000	0.1%
Arthur Raphael Mielimonka***	1 119 896	1 119 896	1 119 896	1.1%
Laura Agnes Mielimonka-Hofmann***	107 330	107 330	107 330	0.1%
Anja Katja Mielimonka***	107 330	107 330	107 330	0.1%
Others	10 719 689	10 719 689	10 719 689	10.3%
Total	87 338 652	104 564 774	87 338 652	100.0%

* entities controlled by Andreas Mielimonka

** spouse of Andreas Mielimonka

*** descendant of Andreas Mielimonka

**** entity controlled by descendants of Andreas Mielimonka

The Company's share capital is PLN 87,338,652 and is divided into 87,338,652 shares with the nominal value of 1 PLN each. Shareholders have no other voting rights than granted by shares.

Shareholders hold no special control rights.

There are no restrictions on the exercise of voting rights by shareholders.

As of the quarterly report submission date, shareholders holding more than 5% votes on the General Meeting of Global Cosmed S.A. are the following:

- Andreas Mielimonka holds 48,243,159 shares, i.e. 46.14% of the share capital granting 48,243,159 votes, i.e. 46.14% of the total votes;
Andreas Mielimonka holds together with subsidiaries and affiliates: Blackwire Ventures sp. z o.o. with its registered office in Radom, holding 23,963,623 (17,226,122 registered and 6,737,500 bearer's shares) granting 41,189,745 votes, Mielimonka Holding sp. z o. o. with its registered office in Radom, holding 2,997,625 bearer's shares, granting 2,997,625 votes, spouse: Magdalena Mielimonka, holding 80,000 bearer's shares, granting 80,000 votes, children: Arthur Mielimonka, holding 1,119,896 bearer's shares, granting 1,119,896 votes, Laura Mielimonka, holding 107,330 bearer's shares, granting 107,330 votes and Anja Mielimonka, holding 107,330 bearer's shares, granting 107,330 votes, totaling 76,618,963 (17,226,122 registered and 59,392,841 bearer's shares) shares in Global Cosmed S.A., constituting 87.73% of shares in the share capital and granting in total 93,845,085 votes on the general meeting, which constitutes 89.75% in the total number of votes on the general meeting;
- Blackwire Ventures Sp. z o.o. holds 23,963,623 shares, i.e. 27.44% of the share capital granting 41,189,745 votes, i.e. 39.39% of the total votes.

From the submission date of the previous financial statement, there were no changes in the shareholding structure of the Parent Company.

Shares in the share capital of the financial statement submission date:

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%
Total	87 338 652	104 564 774	87 338 652	100.0%

* voting preference shares on GM

17 226 122

34 452 244

18. Description of shares ownership in Global Cosmed S.A. and rights to such shares to which managing and supervising persons are entitled, along with indication of changes in ownership in the period from the submission of the previous quarterly statement

According to information in the possession of the Company, ownership of shares Global Cosmed S.A. and rights to such shares to which managing and supervising persons are entitled is as follows:

Managing and supervising persons	Qty. of shares	% shares	Qty. of votes	% votes
Andreas Mielimonka*	48 243 159	55.24%	48 243 159	46.14%
Andreas Mielimonka**	76 618 963	87.73%	93 845 085	89.75%
Magdalena Mielimonka*	80 000	0.09%	80 000	0.08%
Magdalena Mielimonka**	76 618 963	87.73%	93 845 085	89.75%
Aleksandra Gawrońska*	50 000	0.06%	50 000	0.05%

* directly

** with close relatives

According to information in the possession of the Company, in the period from 16 September 2019 till the statement preparation date there were no changes in the ownership of shares in the Parent Company or rights to such shares to which managing and supervising persons of Global Cosmed S.A. are entitled.

19. Proceedings before courts, arbitration authorities or public administration authorities, including information about proceedings concerning liabilities or receivables of Global Cosmed S.A. or a subsidiary, whose value constitutes at least 10% of equities of Global Cosmed S.A. Information about material settlements on account of court proceedings

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.

20. Conclusion by Global Cosmed S.A. or by a subsidiary of Global Cosmed S.A. of one or multiple transactions with affiliates if individually or jointly they are of material nature and were concluded on non-market conditions, specifying the value thereof

In the reporting period, Global Cosmed S.A. and units of the Global Cosmed Capital Group concluded no transactions with affiliates on non-market conditions.

21. Information about granting by Global Cosmed S.A. or by a subsidiary of credit or loan surety or guarantee – in respect of one entity or subsidiary of the total value of existing sureties or guarantees is the equivalent of at least 10% of equity of Global Cosmed S.A.

In the reporting period, Global Cosmed S.A. and entities in the Global Cosmed Capital Group did not grant new credit or loan sureties or guarantees. Granted sureties concerned annually renewable credits.

22. Information about the failure to pay a credit or a loan or about violation of material terms or conditions of a credit or loan agreement if no recovery operations were carried out till the end of the reporting period

In the reporting period, there were no cases of failure to pay the principal or interest or violation of terms and conditions of redemption of liabilities. There were no violations of terms and conditions of credit or loan agreements that would result in them being immediately payable.

23. Other information that in the opinion of the issuer are of material importance for the assessment of personnel, property, financial position as well as financial result and changes therein and information that are of material importance for assessing the capacity to perform obligations

The Capital Group holds sufficient cash to cover due liabilities and has secured additional funding thanks to credit lines it received. As part of processes aimed at limiting the risk of liquidity loss, the Capital Group forecasts cash flows in connection with analyzing the level of asset liquidity and monitors liquidity and secures the funding by means of executed credit agreements. In the period of three quarters of 2019, the Global Cosmed Capital Group demonstrated full capacity to meet incurred liabilities towards other entities. There have also been no violations of agreements resulting in acceleration of the due dates of liabilities.

It is the objective of the Global Cosmed Capital Group to maintain balance between continuity and flexibility of funding by making use of various sources of funding, such as overdraft credits, bank credits, factoring, advance credits. As at 30 September 2019, the level of credits used by companies of the Group was PLN 63,798k and decreased in the period of 1.01. – 30.09.2019 by PLN 2,676k. The Group analyses on an ongoing basis the trade receivables portfolio – at the end of the 3rd quarter of 2019 the level of liabilities was PLN 36,749k, and their rotation amounted to 42 days.

24. Information about changes in economic situation and conditions of conducting activity that have a material impact on fair value of financial assets and financial liabilities of the entity, irrespective of whether such assets and liabilities are recognized in fair value or in adjusted purchase price

In the 3rd quarter of 2019, there were no significant changes in economic situation and conditions of conducting activity that have a material impact on fair value of financial assets and financial liabilities of the Capital Group.

25. In the case of financial instruments measured at fair value – information about changes in the measurement method

In the period of 1.01. – 30.09.2019, the Group did not carry out any changes in the measurement method of financial instruments measured at fair value and there were no changes in the classification of financial assets as a result of changing the purpose or manner of use of such assets.

26. Indication of threats and risks that in the assessment of the issuer will have an impact on achieved results for at least the next quarter

It is the main objective of the Group's strategy to increase the share value of Global Cosmed S.A. by increasing revenues from sale in the country and abroad, expanding to new foreign markets and increasing the profitability of conducted activity. This strategy is based on consistency in diversified development

of own brands and private labels portfolio in connection with investments improving internal efficiency and within the framework of vertical integration (e.g. own manufacturing of packaging).

The following should be listed as basic threats and risks that in the assessment of the Company could affect financial results achieved in future periods:

Risks connected with the operation of the Group:

- risk related to failure to fulfill the strategy of the Parent Company - Global Cosmed S.A.;
- risk related to prevailing price increase tendencies in respect of key components of manufactured goods;
- risk related to being dependent on one client;
- risk related to provisions of contracts with business partners;
- risk related to danger to life or health of consumers;
- risk related to research and development works in respect of new products;
- risk related to failures of assembly lines;
- risk related to pollution of environment;
- risk related to untimely payment of amounts due by business partners.

Risks connected with the environment in which the Group is operating:

- risk related to macroeconomic situation;
- risk related to increased interest rates;
- risk related to changes in provisions of law and their interpretation;
- risk related to extraordinary events, random events and weather changes;
- risk related to significant currency exchange changes;
- risk related to prevailing tendencies on cosmetics and household chemicals market
- risk related to increased competition.

The Management Board of Global Cosmed S.A. is on an ongoing basis monitoring internal and external threats and risks that could significantly affect the Group's operation. If there are any dangers, it takes action so as to implementing the objectives of the Group in the most efficient manner.

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

a. Abridged mid-year standalone financial statement on financial position

	30.09.2019 Not audited	31.12.2018
	PLN '000	PLN '000
ASSETS		
Fixed assets		
Tangible fixed assets	113 839	113 021
including Right of use assets	7 658	-
Investment property	2 100	2 100
Intangible assets	93	262
Shares and stock in affiliates	165 611	165 611
Total fixed assets	281 643	280 994
Current assets		
Inventories	18 054	20 500
Trade receivables	27 506	28 531
Other assets and other short-term receivables	2 788	2 935
Cash and cash equivalents	1 760	1 533
Total current assets	50 108	53 499
Total assets	331 751	334 493

	30.09.2019 Not audited	31.12.2018
	PLN '000	PLN '000
EQUITY AND LIABILITIES		
Equity		
Share capital	87 339	87 339
Supplementary capital	104 296	109 526
Capital reserves	28 415	28 415
Retained revenue from previous years	(223)	(223)
Current year's net profit (loss)	624	(5 230)
Total equity	220 451	219 827
Long-term liabilities		
Loans and advances received as well as debt securities	22 630	23 987
Financial lease liabilities	5 359	1 488
Provisions for long-term employee benefits	932	932
Deferred income tax provision	5 451	5 634
Total long-term liabilities	34 372	32 041
Short-term liabilities		
Loans and advances received as well as debt securities	29 501	27 778
Financial lease liabilities	1 452	1 154
Provisions for short-term employee benefits	859	859
Trade liabilities	33 733	43 067
Other liabilities	6 263	4 281
Other equity and liabilities	5 120	5 486
Total short-term liabilities	76 928	82 625
Total liabilities	111 300	114 666
Total equity and liabilities	331 751	334 493

b. Abridged mid-year standalone statement on profit and loss and other comprehensive income

	2019-01-01 - 2019-09-30 Not audited	2019-07-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30	2018-07-01 - 2018-09-30
	PLN '000	PLN '000	PLN '000	PLN '000
I. INCOME STATEMENT				
Continuing operations				
Revenue from sales	144 907	51 757	132 686	47 226
Revenue from sales	144 907	51 757	132 686	47 226
Change in stock of products	(2 209)	(787)	(2 963)	817
Amortization/depreciation	(6 417)	(2 129)	(5 850)	(1 904)
Consumption of raw materials and consumables	(91 174)	(32 455)	(88 422)	(33 247)
Third-party services	(16 947)	(6 254)	(11 537)	(4 483)
Taxes and fees	(1 260)	(385)	(1 291)	(380)
Costs of employee benefits	(22 148)	(7 560)	(21 616)	(7 473)
Other costs by type	(2 170)	(847)	(1 739)	(683)
Value of goods and materials sold	(378)	(131)	(802)	(289)
Total operating expenses	(142 703)	(49 761)	(134 220)	(48 459)
Profit (loss) from sales	2 204	1 209	(1 534)	(416)
Other operating revenue	1 499	640	1 406	(33)
Other operating expenses	(1 432)	(1 038)	(1 788)	(568)
Operating profit (loss)	2 271	811	(1 916)	(1 017)
Financial revenue	105	49	111	21
Finance expenses	(1 935)	(607)	(1 611)	(545)
Profit (loss) before tax	441	253	(3 416)	(1 541)
Income tax	183	191	(108)	60
Net income (loss) from continuing operations	624	444	(3 524)	(1 481)
Discontinued operations				
Net profit (loss) from discontinued operations	-	-	-	-
NET PROFIT (LOSS)	624	444	(3 524)	(1 481)
II. Net comprehensive income for the financial year				
<i>Items that will not be reclassified to the income statement in subsequent periods</i>	-	-	-	-
<i>Items that may be reclassified to the income statement in subsequent periods</i>	-	-	-	-
<i>Cash flows security</i>	-	-	-	-
<i>Income tax in respect of assets that may be reclassified to future periods</i>	-	-	-	-
II. TOTAL COMPREHENSIVE INCOME	624	444	(3 524)	(1 481)

	2019-01-01 - 2019-09-30 Not audited	2019-07-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30	2018-07-01 - 2018-09-30
	PLN '000	PLN '000	PLN '000	PLN '000
Weighted average number of ordinary shares	87 338 652	87 338 652	86 326 086	86 326 086
Diluted number of ordinary shares	87 338 652	87 338 652	86 683 462	86 354 057
Profit (loss) attributable to shareholders:	624	444	(3 524)	(1 481)
Profit (loss) per share from continuing operations				
Ordinary	0,01	0,01	(0,04)	(0,02)
Diluted	0,01	0,01	(0,04)	(0,02)

c. Abridged mid-year standalone statement of cash flows

	2019-01-01 - 2019-09-30 Not audited	2018-01-01 - 2018-09-30
	PLN '000	PLN '000
Cash flows from operating activities		
Gross profit	441	(3 416)
Adjustments of items:		-
<i>Amortization/depreciation</i>	6 417	5 850
<i>Interest and dividends</i>	1 830	1 500
<i>(Profit)/loss from investing activities</i>	(122)	16
<i>Change in receivables</i>	1 172	7 371
<i>Change in inventory</i>	2 446	3 515
<i>Change in liabilities</i>	(7 352)	(2 508)
<i>Change in deferred income</i>	(366)	(368)
<i>Change in provisions</i>	-	-
<i>Income tax paid/returned</i>	-	-
<i>Other adjustments</i>	-	-
Net cash flows from operating activities	4 466	11 960
Cash flows from investment activities		
Sale of tangible fixed assets and intangible assets	149	69
Purchase of tangible fixed assets and intangible assets	(1 667)	(3 627)
Net cash flows from investment activities	(1 518)	(3 558)
Cash flows from financial activities		
Interest and dividends inflows	105	111
Inflows from borrowings/credits	4 193	467
Repayment of borrowings/credits	(3 827)	(7 172)
Interest paid	(1 935)	(1 611)
Payment of finance lease liabilities	(1 257)	(1 297)
Net cash from financial activities	(2 721)	(9 502)
Total net cash flows	227	(1 100)
Net increase in cash and cash equivalents	227	(1 100)
Opening balance of cash	1 533	2 636
Closing balance of cash, including:	1 760	1 536
<i>of which restricted cash</i>	5	13

d. Abridged mid-year standalone statement of changes in equity

	Share capital	Supplementary capital	Reserve capitals	Retained revenue from previous years	Current year's profit (loss)	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 January 2019	87 339	109 526	28 415	(5 453)	-	219 827
Financial result of the period	-	-	-	-	624	624
Reclassification of net profit to supplementary/reserve capital	-	(5 230)	-	5 230	-	-
As at 30 September 2019	87 339	104 296	28 415	(223)	624	220 451

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

e. Supplementary information to the quarterly abridged financial statement

This Consolidated Financial Statement of the Group for the period from 1 January 2019 till 30 September 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. 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.

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. The format, basis and scope of this financial statement complies with the requirements of the aforementioned Regulation.

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.

This standalone financial statement 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. Accounting principles used in the preparation of the consolidated financial statement for the period from 1 January 2019 till 30 September 2019 correspond to the principles used in the preparation of the annual financial statement for the previous year covered by the consolidated financial statement, save for changes specified below.

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 assets and 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 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 perpetual 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 perpetual land usufruct right charges, discounted at marginal interest rate (4%) on the day of first application. Lease liabilities (perpetual 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 7,740k. 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
Assets						
Right of use assets as of first application 01.01.2019	3 754	267	2 502	740	-	7 263
Right of use assets as of first application 30.09.2019	3 712	227	2 060	1 659	-	7 658
Liabilities						
As of 01.01.2019						
Long-term lease liabilities						
Short-term lease liabilities	3 514	178	1 595	362	-	5 649
As of 30.09.2019						
Long-term lease liabilities						
Short-term lease liabilities	3 475	164	190	1 530	-	5 359
	162	60	69	1 161	-	1 452

- **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.

The same principles were used for the current and reference periods.

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.

f. Change of estimates

	31.12.2018	establishment	use	cancellation	30.09.2019 Not audited
	k PLN	k PLN	k PLN	k PLN	k PLN
Write-offs in respect of:					
- receivables	1 251	18	-	(678)	591
- inventories	876	1 091	-	(956)	1 011
Provisions on account of:					
- retirement benefits and similar	1 791	-	-	-	1 791
- other provisions	1 104	3 545	-	(2 649)	2 000
Total	5 022	5 316	-	(4 283)	6 055

Income tax:

	30.09.2019 Not audited	31.12.2018
	k PLN	k PLN
Current corporate income tax	-	-
Deferred tax	183	(1 214)
Total	183	(1 214)

In the financial result of the current period, the results of updating or establishing estimates of future liabilities (provisions) were settled, in particular on account of:

- write-offs in respect of assets and provisions, accrued expenses. The provided amounts reflect the most appropriate estimate of cash expenditure that is necessary to fulfill the current obligation (existing as of the balance-sheet date) in the future;
- recognition of tax assets. The Group recognized a deferred tax asset assuming that tax profit allowing to use such asset will be obtained in the future.

In the current period, the amount of inventory write-offs was increased by PLN 135k (write-offs were established at the amount of PLN 1,091k and cancelled at the amount of PLN 956k).

The amount of accrued expenses was decreased by PLN 896k. The amount of provisions on account of retirement benefits was not changed.

Updating other estimate changes had no substantial effect on the results in the current period.

g. Information about material purchase or sale transactions concerning tangible fixed assets and about material liabilities on account of tangible fixed assets purchase

In the period of 01.01. – 30.09.2019, Global Cosmed S.A. had no material investment expenditures.

h. Change in conditional liabilities or assets and other off-balance sheet items that occurred after the end of the previous financial year

In the reporting period, there were no changes in conditional liabilities or assets and other off-balance sheet items of Global Cosmed S.A.

i. Other information

Other information and disclosures required by provisions of Regulation of the Minister of Finance 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, including: the description of significant achievements in the period of 01.01. – 30.09.2019 as well as factors and events affecting the achieved financial results of Global Cosmed S.A., explanations concerning seasonal or periodical nature of the Company's operations, information concerning issue, purchase and redemption of non-equity and equity securities and concerning events following the balance sheet date have been provided in explanatory notes to the consolidated financial statement for the period from 1 January till 30 September 2019.

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, 14 November 2019

