Amica

for living

Amica S.A. Capital Group

ANNUAL REPORT

year 2021

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DEAR BUSINESS PARTNERS,

[GRI 102-14]

another year of conducting business in an environment of a pandemic is behind us. The coronavirus has limited many aspects of our private, professional and business life. The COVID-19 Crisis Response Team continued to actively work for the safety of our employees and maintaining the continuity of production and operational activities. Limited access to raw materials and components, their prices and high cost of sea freight were evident almost throughout the whole year, which we regularly communicated in our business environment.

However, it was a breakthrough year, because thanks to the increased efforts of scientists, societies all over the world received access to vaccination against the virus. At this difficult time, the Amica Group provided its employees not only with all protection measures at the workplace, but also organised the option to get vaccinated at the company's clinic. Thanks to the implemented safety measures, as well as the responsibility of the entire crew, the work at the factory was not disturbed by any of the subsequent mutations of the virus.

Despite the very volatile economic environment, in 2021 the we resumed the implementation of business plans in almost all geographical areas of its operations. We are successfully developing the potential of the Fagor brand, for which we conducted a marketing campaign for the first time based on sponsorship cooperation with the Atletico Madrid and Olympique Lyon football clubs, aime at the Spanish and French markets, respectively. We also have a very promising outlook for the prospective Central Asian market. Last year in Kazakhstan, we established Hansa Central Asia, which is the operations centre for the entire region. Both Kazakhstan and its neighbouring countries, including Uzbekistan, with a population of around 30 million, are markets with high growth potential.

We also continued investments, both in digitisation and technological processes, as well as increasing production capacity at the factory in Wronki. At the same time, we implemented a plan to increase energy independence and launched a large cogeneration project, which enables the recovery of approximately 30% of energy consumed in the production. We also installed photovoltaic panels.

The activities and investments carried out are consistent with mitigating the Environmental, Social, and Governance impact that the Amica Group has on its environment. We believe that responsible business is based on counteracting climate change, introducing elements of the circular economy, diversity of human capital, equal opportunities, respecting human rights, as well as high standards of business ethics and a transparent organisational model that takes into account the systemic approach to environmental and social issues. I have no doubts that the challenge of the coming decades will be climate change and companies striving to achieve environmental neutrality. It is also one of the important goals that we set ourselves in the entire value chain.

We also take this approach when creating a new strategy for the entire Capital Group, which will replace the current one – HIT 2023. We started work on it in 2021 and we will continue it in 2022. We are committed to implementing the strategy in a way that will inspire joint action of both the Group's employees and our other stakeholders. In times of high volatility in the economic and geopolitical environment, we must cooperate closely and make decisions flexibly. Resistance to external factors will determine our competitiveness over the next decade.

With all the complexity of the times we live in, we do not forget about our local communities. In 2021, we continued support for medical institutions, social organisations and families in need. We were involved in educational, sports and cultural projects. Particularly noteworthy is the work of the Amicis Foundation related to the Amica Group, which throughout the year provided aid in the territory of Greater Poland (Wielkopolska), with the operational support of firefighters from the Amica Volunteer Firefighter Brigade.

All the achievements of 2021 would not be possible without the involvement of our people at every level of the organisation. It was thanks to them that we were able to implement the previously planned activities and efficiently respond to the emerging challenges that we were facing in great numbers last year. I would like to thank my colleagues from the Management Board, managers in companies from the entire Group and all employees for their daily work.

I would also like to thank the Supervisory Board, which supported us throughout the year with its unique knowledge and experience.

I would also like to thank all customers, suppliers and business partners. Mutual trust is the foundation of our relationships and cooperation. I believe that we have more years of joint collaboration ahead of us.

2022 will be the most difficult period for the Amica Group in its history. The COVID-19 pandemic disrupted supply chains, increased raw material costs and caused other turmoil in international markets. The year 2022 began in February with a cruel war in Ukraine, the consequences of which are currently unpredictable. I am convinced that the crisis-proven management board and staff of the Amica Group will cope with unexpected challenges, and that our Group will emerge with new strength, as was the case in previous years.

In 2022, I wish you all health, perseverance and peace.

With kind regards,

Jacek Rutkowski

President of the Amica Group

Amica S.A. Capital Group

Management Board's report on company operations including non-financial information for 2021

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1. 2021 HIGHLIGHTS

3,433.9

million zł revenues in 2021

67

our products are sold in this many countries

16%

this is our share in the Polish household appliances market

73%

it is part of the sales we carry out outside of Poland

5

recognizable brands of household appliances

2.7

million zł was spent on social initiatives and programmes whose beneficiaries are nationwide and local communities

2.
SELECTED FINANCIAL DATA

TABLE 1:
Selected financial data of the Amica Capital Group

REVENUE	TOTAL ASSETS	EQUITY CAPITAL
3,434 million zł	2,586 million zł	1,143 million zł
vs 3,069 million zł	vs 2,192 million zł	vs 1,069 million zł
+ 11.8%	+ 18.0%	+7.0%

EBITDA MARGIN	INVESTMENT OUTLAYS
6.3 %	86.9 million zł
vs 8.5%	vs 29.0 million zł
– 2.2 pp	+ 199%

3. BASIC INFORMATION ABOUT THE CAPITAL GROUP

3.1. Strategy and business model

[GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI, GRI 102-5, GRI 102-8]

The Amica Capital Group is the largest Polish manufacturer of household appliances, a leader on the domestic market (share at about 16%), a strong brand in Poland with recognition above 80% and one of the largest household appliances companies in Europe. The main activity of the Group is the production and sale of household appliances and the sale of maintenance electrical and gas equipment services.

The company's headquarters is located in Wronki at ul. Mickiewicza 52 in Poland and at the same time it is the main production site, and the shares of the parent company (Amica S.A.) are listed on the Warsaw Stock Exchange. Due to its trading activities in various countries, the Group also has offices in Great Britain, France, Spain, Germany, Czechia, Denmark, Kazakhstan, Russia and Ukraine.

The Amica Capital Group is an employer of 3,337 people and cooperates with 1,321 people on an ongoing basis.

In 2021, the implementation of the 2014-2023 Strategy for was continued, the main goals of which are:

- increased Amica Group product user and customer satisfaction,
- be one of the three largest brands on the heating appliance market in Europe,
- strengthen recognisable local brands owned by the Company in individual countries and develop products with a predominance of kitchen appliances,
- increase shareholder satisfaction.

The Group's ability to efficiently and effectively adapt to changes is one of the Company's significant competitive advantages and a source of satisfaction for customers and shareholders.

Pillars of the Amica Group's Strategy for 2014–2023

The ambition and goal of the Amica Capital Group is to achieve the position of a key player on the market of household appliances and kitchen products, combined with continuous improvement of profitability.

At the turn of 2021 and 2022, work began on a new long-term S30+ strategy. By working on a new strategy, the Management Board of the Amica Group plans to prepare for further development and expansion on international markets, taking into account the current macroeconomic situation.

VISION

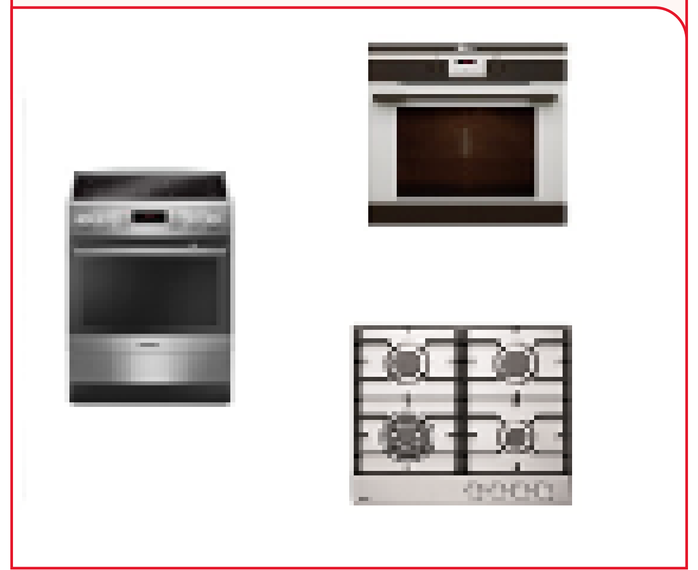
TO BECOME ONE OF THE TOP THREE PLAYERS IN HEATING APPLIANCES IN EUROPE
4 BILLION ZŁ IN TURNOVER, 8% EBITDA

FOCUS ON EUROPE AND SUSTAINABLE GROWTH IN THE OVER SEAS MARKETS

RECOGNISABLE LOCAL BRANDS

Amica
Hansa Haushaltsgeräte
GRAM
CDA Built for your life
FAGOR ELECTRODOMÉSTICO

CONCENTRATION ON HEATING APPLIANCES



CONSISTENT PORTFOLIO OF HOUSEHOLD APPLIANCES

EFFECTIVE PRODUCTION IN CEE COUNTRIES

AMICA 4.0 – DIGITAL TRANSFORMATION IN ALL AREAS OF THE ORGANISATION

EFFECTIVE INTERNAL PROCESSES AND A COMMITTED TEAM, RESPONSIBLE AND SUSTAINABLE ACTIVITIES

3.2. Market position and brands of the Amica Group

[GRI 102-6, GRI 102-7]

TABLE 2:
The scale and structure of the Amica Group's revenues in 2021

	2021	2020	Change [%]
Sale of products and goods:	**3,295**	**2,968**	**11%**
Poland	883	813	9%
East	553	480	15%
North	266	237	12%
South	223	203	10%
West	1,370	1,236	11%
Other sales, including:	140	101	27%
– spare parts	105	72	45%
– services	36	29	24%
Total revenue from sales	**3,434**	**3,069**	**11.8%**

INFORMATION ON AMICA CAPITAL GROUP

Table 3:

Brands and distribution companies that are part of the Amica Capital Group

[GRI 102-2]

AMICA remains the most famous and recognisable brand on the Polish household appliances market, which has been confirmed by industry surveys and surveys for years. In 2021, the brand consistently continued the implementation of the strategy based on emphasizing the usefulness of the offered products (*for living*) and adapting to the real needs of today's consumers. Amica expanded its range of household appliances with products offering steam functions (apart from ovens, we also offer dishwashers and washing machines). In 2021, Amica brand products again recorded positive results on the German, Czech and Slovak markets

One of the most famous and popular Spanish brands of household appliances in the Iberian Peninsula, North Africa and Latin America. Fagor brand products are primarily large kitchen appliances characterised by high quality at a very affordable price. The brand is known not only for the production of home appliances, but also commercial units, used in other industries on 5 continents. 2021 was primarily a period of rebuilding the strong market position of this brand in Spain – a large communication campaign was carried out, under which the Fagor brand emphasized, among others, cooperation with one of the largest football clubs, Atletico Madrid.

Hansa is a brand present in over 20 countries and preferred on the markets of Eastern Europe. Hansa kitchen appliances help to create a comfortable and friendly kitchen environment. They also feature innovative technologies, modern design and quality at an affordable price. Hansa is also developing dynamically on Asian markets, gaining more and more popularity, which translated into sales results on the Kazakh market, and then the establishment of a dedicated company there tasked with further sales development and maintaining high brand positioning.

TABLE 3, CONTINUED:

Brands and distribution companies that are part of the Amica Capital Group

[GRI 102-2]

GRAM
Inspireret af dig siden 1901

GRAM is a Danish brand with over 120 years of tradition specialising in large household appliances. GRAM brand products are characterised by Scandinavian design and high quality of workmanship. In 2021, a special communication campaign was carried out, which will be continued for the next 3-4 years, supporting brand recognition and sales in markets such as Denmark, Finland and Norway, and the most demanding Swedish market. The brand is perceived as prestigious, primarily due to its long history and reputation.

CDA
Built for your life

CDA is a British, popular brand of kitchen appliances. Thanks to its own goods delivery solution, it maintains direct relationships with consumers. The 9-acre facility in Nottinghamshire is home to the brand, but also includes a state-of-the-art research laboratory, warehouse facilities and its own customer service centre. Thanks to this, CDA can deliver an appliance to every household within 24 hours. CDA is the fastest growing appliance manufacturer in the UK and an industry leader in product categories such as wine coolers.

SIDEME

SIDEME is a distributor of household appliances, which specializes in the supply of a wide portfolio of products under the distributors' trademarks and private labels: Curtiss, Le Chai, Caviss. These brands are recognised primarily in France and the Benelux countries. SIDEME associates large development plans with the distribution of products under the FAGOR brand on the domestic French market.

Table 4:
Key non-financial performance indicators of the Amica Group

	2021
Environment	
CO_2 emissions in scope 1 and 2 (location-based)	25,897 tCO_2e
The emission intensity index for 1 million zł of revenue	7.54
The emission intensity index for 1 household appliance unit	0.01
Water consumption [m³]	66,891
Water consumption intensity index per 1 million zł of revenue	19.48
Water consumption intensity index for 1 household appliance unit produced	0.02
Total amount of sewage [m³]	45,613
Waste water discharged per 1 million zł of revenue	13.28
Waste water discharged per 1 household appliance unit produced	0.02
Employee area	
Employee turnover indicator	4.88%
Female participation in senior management (board members and directors)	28.13%
Gender Pay Gap indicator	11.5%
Glass Ceiling Ratio for senior management	20.88%
Glass Ceiling Ratio for middle management	4.96%
Involvement in local communities	
Amount allocated to social initiatives and programs	2.7 million zł
Household appliances	
Number of household appliances produced	2.8 million units

CALENDAR

Significant awards, rankings and distinctions in 2021

FEBRUARY

The Amica Group was included in the prestigious ranking of Forbes magazine and the research company Statista. The **"Poland's Best Employers 2021"**ranking distinguishes the best employers in Poland.

JUNE

The **"Polska Kronika Amica"** campaign, carried out in cooperation with the H2H.tech agency, received Golden Arrow awards in two categories: B2B direct shipping and B2B sales promotion. The jury's attention was also drawn to the project **"Amica Decades"**, which won a distinction in the B2B loyalty scheme category.

JULY

vice president of the Amica Group, received the title of the **Polish Business Women Awards** for "quality, affordability and innovation" in the creation of household appliances, during the 13th edition of the competition organized by the editorial office of "Businesswoman & life."

SEPTEMBER

The Amica Group won the **"Investor Without Borders"** title for its export expansion and successful acquisitions that built the position of the European leader in the production of household appliances. The award was granted by the editors of the WNP website and the Nowy Przemysł magazine.

OCTOBER

During the most important event of the SAP community in Poland – SAP NOW. New chapter – The Amica Group was awarded as one of the seven organisations that use solutions from the SAP ecosystem in the most innovative way. The company chose the SAP S / 4HANA solution to automate production and resource management. Winning **SAP Innovation Award** confirms the right direction on the path of digital transformation carried out as part of the Amica 4.0 project.

NOVEMBER

Marcin Bilik, 1st Vice President of the Amica Group, was awarded the **2021 Symbol of Modern Technologies**. The jury appreciated the technologies implemented both in production and in the internal processes of the Amica Group, as well as responsiveness to the customers' needs.

DECEMBER

Jacek Rutkowski, president of the Amica Group, was awarded the jury of the **2021 Leaders of Tomorrow competition (ICAN Management Review)** in the "Foreign expansion" category for building the position of a leading manufacturer of household appliances in Europe.

Alina Jankowska-Brzóska, Vice President of the Management Board of the Amica Group, took the 7th place in the prestigious ranking of **100 Business Women**, organized by Puls Biznesu. The competition supports and promotes the entrepreneurship of women in the Polish business world, the courage to introduce changes, and their impact on the economy.

3.3. The Management Board and Supervisory Board of Amica SA

[GRI 102-18] [GRI 102-19] [GRI 102-20]

Selection, role and remuneration policy in relation to the Management Board and Supervisory Board

Only highly skill and competent and experienced persons are appointed to the Management Board and the Supervisory Board. Members of the Management Board and Supervisory Board of the Company are elected by the General Meeting of the Amica Group, therefore the final decision on the composition of these bodies rests with the Company's shareholders. Thus, the Company may at best provide for mechanisms thanks to which the Company's shareholders will be able to ensure the versatility of these bodies (e.g. by defining the requirements for members of the Company's bodies or by enabling the submission of appropriately diversified candidates).

Management

As at 31 December, 2021, the Management Board of Amica SA was composed of:

JACEK RUTKOWSKI

President of the Management Board of Amica Group

Guides the work of the Management Board, shaping the Company's strategy, including business development.

MARCIN BILIK

Vice President of the Management Board responsible for Operational Affairs

Manages production activities, the product research and development department, the certification and ecology department, investments and maintenance, the component purchasing department, the health and safety and fire protection department, and the quality management department.

ALINA JANKOWSKA – BRZÓSKA

Vice-President of the Management Board for Trade and Marketing

Conducts all work related to commercial and marketing activities in all companies of the Amica Capital Group

BŁAŻEJ SROKA

Member of the Management Board for Purchasing and Logistics

Oversees the Group's logistics strategy, including supply chain management, relations with suppliers and subcontractors, and supervision of operational activities in this area.

ROBERT STOBIŃSKI

Member of the Management Board for Digital Transformation

IT system management, supervision over data security and technological development of the Group.

MICHAŁ RAKOWSKI

Member of the Management Board for Finance and Human Resources

Responsible for financial management of the Amica Capital Group, including management of the accounting department, treasury, controlling and ESG management in corporate governance, compliance, risk and strategic management of the human resources department.

In the Environmental, Social, and Governance area, the Management Board Member for Finance and Human Resources is supported in his daily work by the HR Director and the Corporate Communications and ESG Manager reporting to him, who in turn works with the Ecology and Certification Manager, reporting to the Vice President for Operations.

In 2021, the Management Board gained knowledge in the Environmental, Social, and Governance aspects, in particular in the area of environmental issues, climate change and social issues. He supervised, participated, validated and received reports pertaining to a comprehensive ESG significance study, in which external and internal stakeholders of the Amica Capital Group participated, and was involved in the study of risks related to climate change.

Supervisory Board

As at 31 December, 2021, the Supervisory Board of Amica SA was composed of:

MR TOMASZ RYNARZEWSKI

Chair of the Supervisory Board

Chair of the Operating Committee

Member of the Committee Recruitment and Remuneration

PAWEŁ MAŁYSKA

Independent Member of the Supervisory Board

Vice-chair of the Supervisory Board

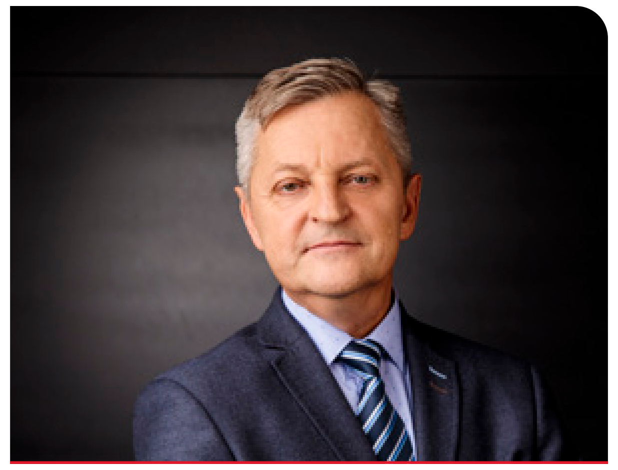
Member of the Audit Committee

MR ANDRZEJ KONOPACKI

Independent Member of the Supervisory Board

Chair of the Audit Committee

Member of the Committee Recruitment and Remuneration



JACEK MARZOCH

Member of the Supervisory Board

Member of the Operating Committee

PIOTR RUTKOWSKI

Member of the Supervisory Board

Member of the Operating Committee

PAWEŁ WYRZYKOWSKI

Member of the Supervisory Board

Member of the Audit Committee

Chair of the Committee Recruitment and Remuneration

The Standing Committees of the Supervisory Board include: Audit Committee, Operational Committee and Remuneration and Recruitment Committee.

In terms of ESG issues, the Supervisory Board is a body that validates strategic plans, including in the area of IT and digitisation, minimising the Group's impact on the natural environment or in the area of human resource management, and supervises implementation. In addition, the Supervisory Board is informed on an ongoing basis about the progress and results of work on individual strategic projects, including those in the field of Environmental, Social, and Governance.

Audit Committee

Members of the Audit Committee include:

- Mr Andrzej Konopacki, Chair of the Committee,
- Mr Paweł Małyska
- Mr Paweł Wyrzykowski

The responsibilities of the Audit Committee include, in particular:

- Monit the financial reporting process;
- Monitor the effectiveness of internal control, risk management and internal audit systems, including in the field of financial reporting;
- Monitor the performance of financial audit activities, in particular the conduct of audits by the audit firm, taking into account the conclusions and findings of the supervisory authority over audit firms
- Verify and monitor of the independence of the statutory auditor and the audit firm carrying out the audit of the Company's financial statements
- Inform the Supervisory Board of the results of audits of the Company's financial statements
- Assess the independence of the statutory auditor and the audit firm auditing the Company's financial statements and expressing consent for provision of services other than the audit of the Company's financial statements to the Company;
- Develop a policy and procedures for selecting an audit firm for auditing the Company's financial statements;
- Develop a policy under which an audit firm in charge of auditing the Company's financial statements, its associates or members of its audit network may provide other permitted services different than audit of the Company's financial statements;
- Present recommendations to the Supervisory Board regarding the selection of a statutory auditor or an audit firm to audit the Company's financial statements.
- Present the Supervisory Board and the Management Board with the recommendations aimed at ensuring the reliability of the Company's financial reporting process.

Operating Committee

The Operations Committee is composed of:

- Mr Tomasz Rynarzewski – Chair of the Operations Committee,
- Mr. Jacek Marzoch
- Mr. Piotr Rutkowski

The responsibilities of the Operations Committee include:

- Provide opinions on the overall current operations of the Company and the Amica Capital Group, in particular in the area of operations, production, commerce, HR, purchasing, logistics, IT, service, product quality and organisation, taking into account potential opportunities and risks
- Provide opinions on the long-term development strategy and annual operational and financial tasks developed by the Management Board
- Assess and monitor the impact of the Company's investment activities on the Company's assets as well as its development and on-going operation;
- Assess of the acquisition capacity in line with the development strategy objectives adopted by the Company and assess its short, medium and long-term impact on the Company's financial results
- Review strategic documents, in particular regarding the purchase, sale or encumbrance of significant assets of the Company

Compensation and Nomination Committee.

The Compensation and Nomination Committee is composed of:

- Mr Paweł Wyrzykowski – Chair of the Committee
- Mr. Andrzej Konopacki
- Mr. Tomasz Rynarzewski

The responsibilities of the Compensation and Nomination Committee include:

- prepare and present opinions to the Supervisory Board regarding the terms of employment and compensation for Members of the Management Board of the Company;
- prepare and present to the Company's Supervisory Board proposals regarding the terms of employment and compensation for Members of the Management Board, ensuring compliance of the proposals with the principles of remuneration adopted by the Company as well as the performance assessment for individual Members of the Management Board;
- Participate in the recruitment of Members of the Management Board of the Company and provid the Supervisory Board with recommendations regarding the recruitment of Members of the Management Board of the Company

Amica Capital Group has a Remuneration Policy in relation to Members of the Management Board and Members of the Supervisory Board of adopted by Resolution No. 25/2020 of the Ordinary General Meeting of "Amica Spółka Akcyjna" of 27 August, 2020 and the document is available on the corporate website of the Group https://ir.amica.pl/lad-korporacyjny.

3.4. Shares, shareholding structure of Amica SA and investor relations

[GRI 102-5]

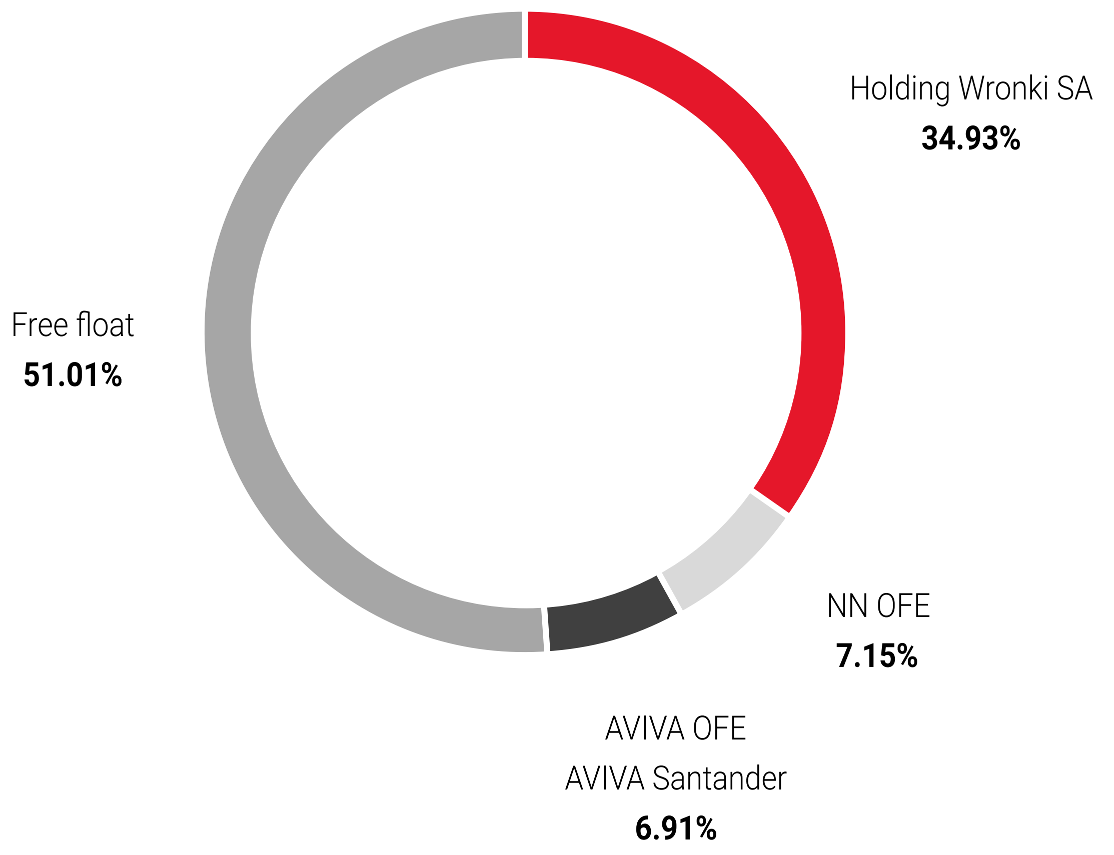
The structure of shareholders holding, directly or indirectly, at least 5% of the total number of votes in Amica S.A. as at 31 December, 2021 [1] is presented in the table below:

	31.12.2021		31.12.2021	
	Number of shares	% share in the shareholding	Number of votes at the General Meeting of Shareholders	% share in the total number of votes
Holding Wronki Sp. z o.o. (34,93%)	2,715,771	34.93%	5,431,542	51.77%
NATIONALE-NEDERLANDEN PTE S.A. (7.15%) [1]	555,952	7.15%	555,952	5.30%
AVIVA PTE AVIVA Santander S.A. (6.91%) [1]	537,497	6.91%	537,497	5.12%
Others [2]	3,716,053	51.01%	3,967,360	37.81
Total number of shares	**7,775,273**	**100%**	**10,492,351**	**100%**

[1] Data indicated based on the content of the notifications received by the Company from its Shareholders, and drawn up under Article 69 of the Public Offering Act of 29 July, 2005.

[2] The Company, under the Own Shares Buyback Program, the Company acquired 250,000 ordinary bearer shares of Amica S.A. marked with the ISIN PLAMICA00010 code (see: Current Report No. 35/2018 of 16 October, 2018); the pool of shares granted to the eligible persons as part of the Incentive Scheme settlement for the financial year 2019 amounted to a total of 48,017 shares; the pool of shares granted to the eligible persons as part of the Incentive Scheme settlement for the financial year 2020 amounted to a total of 54,846 shares;

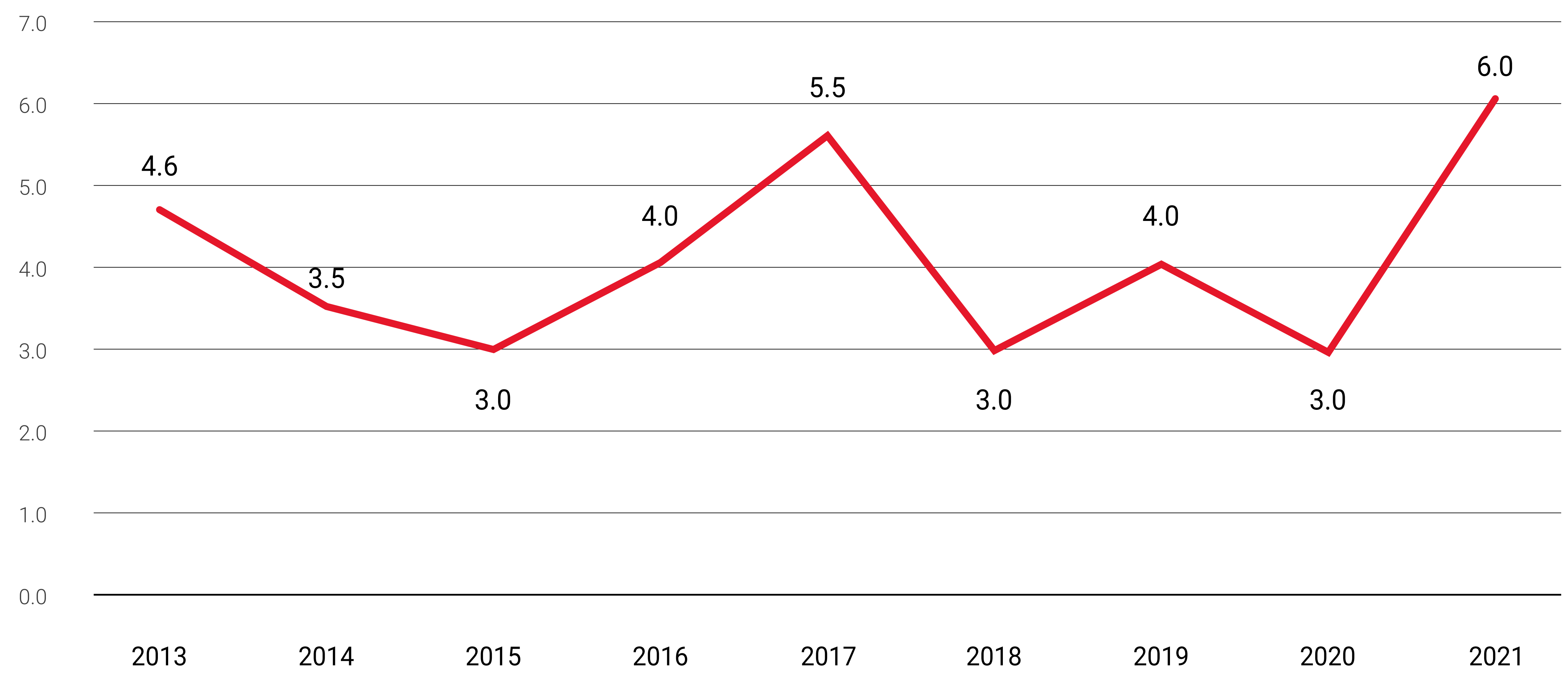
CHART 5:
The structure of shareholders holding, directly or indirectly, at least 5% of the total number of votes in Amica S.A. as at 31 December, 2021.



	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net profit	38.2	94.5	56.2	78.5	128.6	148.7	109.8	150.7	111.2
Dividend	35.0	27.2	23.3	31.1	42.8	23.3	30.1	22.6	45.4
Dividend per share	**4.6**	**3.5**	**3.0**	**4.0**	**5.5**	**3.0**	**4.0**	**3.0**	**6.0**

The payment of dividends in a given year concerns the distribution of profit for the previous year.

CHART 6:
Paid dividend per share
PLN



The Amica Capital Group shapes relations with investors on the basis of published current and periodic reports, as well as through the convening of the Ordinary General Meeting of Shareholders and regular meetings with investors that accompany quarterly results conferences.

In 2021, the Group organised an investor chat with a financial management board member and started work on a new investor relations website.

3.5. Structure of the Group

[GRI 102-5] [GRI 102-10]

The Amica Capital Group consists of the parent company Amica S.A. and 14 subsidiaries with headquarters in Poland, Great Britain, France, Germany, Spain, Denmark, Czechia, Russia, Ukraine and Kazakhstan.

All the indicated subsidiaries are subject to full consolidation. In 2021, a company was established in Kazakhstan – Hansa Central Asia LLP, which develops the presence of the Hansa brand in the entire Central Asia region.

As the parent company, AMICA S.A. defines the Group's development strategy and, by participating in the statutory bodies of its subsidiaries, makes key decisions regarding both the scope of operations and finances of the entities making up the Group. The capital ties of AMICA S.A. with the Group companies strengthen the ties of a commercial nature.

AMICA CAPITAL GROUP

PRODUCTION	TRADE AND DISTRIBUTION	ACTIVITIES SUPPORTING SPACE LEASE
Amica S.A. Parent company	**Amica International GmbH** 100% Germany	**Inteco Business Solutions sp. z o.o.** 100% Poland
Marcelin Management sp. z o.o. 100% Poland	**Amica Commerce s.r.o.** 100% Poland	**Nowa Panorama Sp. z o. o.** 100% of shares are held by Marcelin Management Sp. z o.o.
	Amica Handel i Marketing sp. z o.o. 100% Poland	**Nowe Centrum Sp. z o. o.** 100% of shares are held by Marcelin Management Sp. z o.o.
	Gram Domestic A/S 100% Denmark	
	Hansa OOO 100% Russia	
	Hansa Ukraina OOO 100% Ukraine	
	Electrodomesticos Iberia S.L. 100% Spain	
	The CDA Group Limited 100% Great Britain	
	Sideme S.A. 95% France	
	Hansa Central Asia LLP 100% Kazakhstan	

3.6. Approach to sustainable development

[GRI 102-12] [GRI 102-13]

The Amica Capital Group implements the UN Sustainable Development Goals

Through its production, trade, operations and distribution activities in Poland, Europe and around the world, the Amica Capital Group has an impact on the natural environment and communities and supports the implementation of 17 *Sustainable Development Goals* (SDGs) defined by the United Nations for 2015-2030 and to fill the so-called 2015 Paris Agreements adopted under the United Nations Framework Convention on Climate.

We carry out activities in the area of 9 UN goals:

3.7. Ethics and standards in the Group

An important reporting issue:

Ethics, relations with suppliers and subcontractors, and human rights

Purpose 16:

- We have updated and implemented the Group's Code of Ethics
- We counteract all forms of abuse, including corruption and bribery
- We promote and enforce non-discriminatory law

Purpose 17:

- We are involved in local and European industry initiatives
- We develop indicators to measure progress in Environmental, Social, and Governance areas, including in terms of ethics and human rights.

Amica S.A. participates in shaping the economic and social environment locally and throughout Poland and is a member of the following organisations:

[GRI 102-12] [GRI 102-13]

- Association of Household Appliance Employers APPLIA Polska
- Association of Stock Exchange Issuers (SEG)
- Polish-Russian Chamber of Commerce and Industry (PRIHP)
- Greater Poland Council of Thirty
- Greater Poland Chamber of Commerce and Industry
- and the Responsible Business Forum (FOB), which promotes Sustainable Development

In addition, for over 3 years, the Amica Capital Group has been cooperating with Food Banks and runs its own campaign "Better store than waste" and is involved in helping organisations located throughout Poland, including donating fridge-freezers. In the social area, in 2021, we continued the "Amica for others" campaign, which brings together activities aimed at seniors, medical personnel and helping those in need.

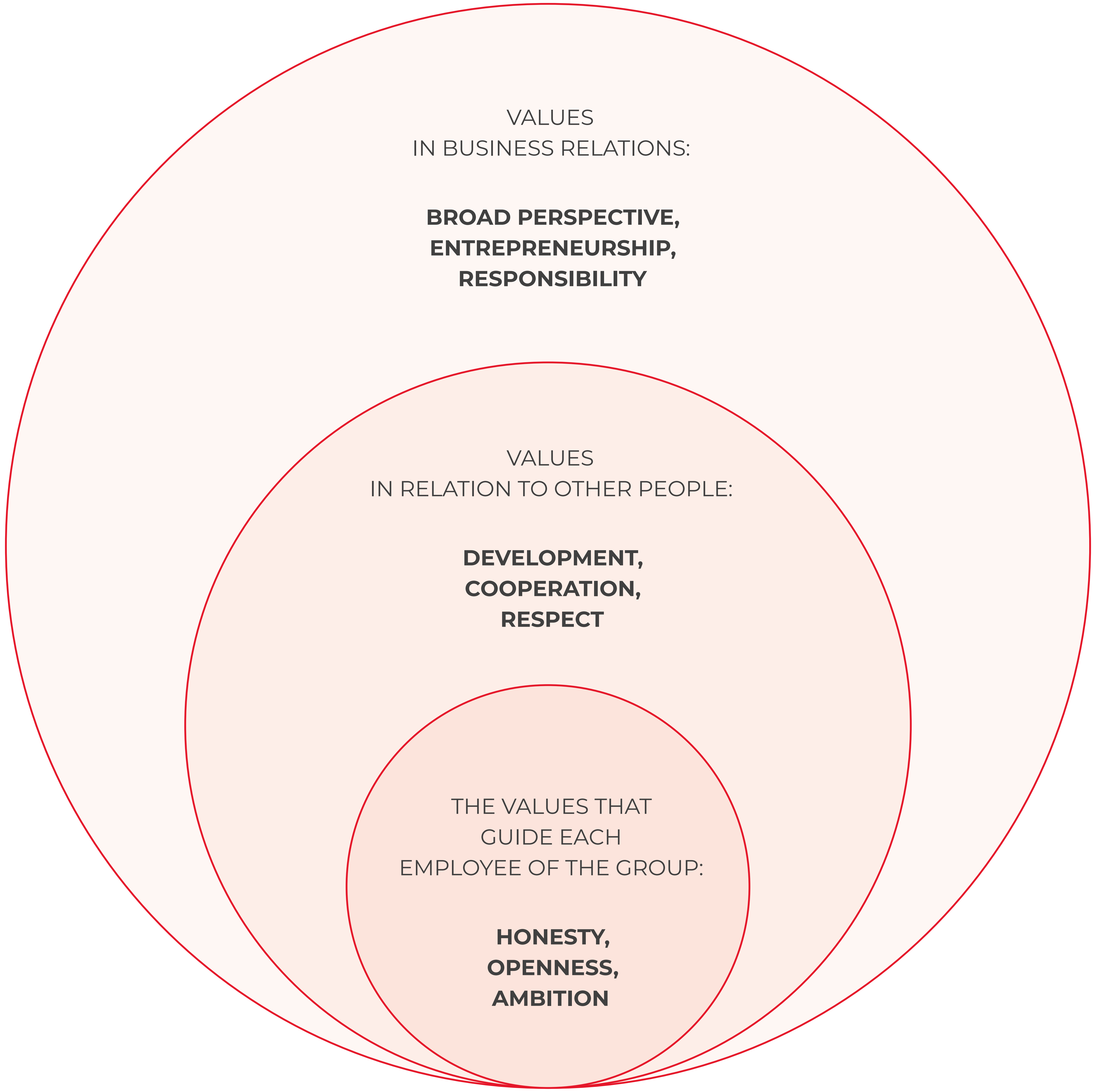
After Russia began military operations in Ukraine, the Amica Capital Group and its employees focus on helping refugees, including the families of Ukrainian workers. In the first week after the outbreak of the war, the Management Board of Amica S.A. decided to delegate HR Director as a Plenipotentiary for Ukraine aid, and the Plenipotentiary appointed a Ukraine Aid Team, which coordinates social activities in this area. In the first month of the war, the Group organised accommodation for over 40 people, as well as wide support, which enables refugees to quickly adapt to the new environment.

At the same time, the Group carries out large-scale donations of household appliances. In this action, he focuses on helping the Greater Poland region by donating household appliances, to a temporary support point at the Poznań International Fair, the Municipal Social Welfare Centre in Wronki, the Barka Foundation and other organisations. In addition, in cooperation with the Polish Development Fund Foundation, the Group equipped 70 apartments in Mińsk Mazowiecki with household appliances, which is a total of 280 appliances. Nearly 200 more appliances were delivered to the capital city of Warsaw, which organises acommodation for refugees.

At the same time, thanks to the commitment of its employees, the Group sent medical dressings and basic necessities for women and children to a warehouse near Lviv.

The values that guide us in the Amica Group:

[GRI 102-16]



A comprehensive Compliance system, i.e. the Group's approach to ethics, relations with suppliers and subcontractors and human rights

[GRI 102-17]

A comprehensive Compliance system is implemented in the Amica Capital Group, which ensures compliance with Polish and European law, internal regulations, ethical standards and the Group's values. Member of the Management Board for Finance and Human Resources is the person responsible for strategic management of the Compliance function in the entire Amica Capital Group. On the other hand, the Compliance Unit, which controls the activities of employees, is responsible for the day-to-day operation of the management system, including monitoring the compliance of business units' activities.

The Compliance System of the Amica Capital Group is a set of universal rules of conduct, common to the entire Group and constituting the basis for the established Compliance Management System (CMS). This system also ensures compliance throughout the Group with regard to the Personal Data Security Policy, which is supervised by the Group Personal Data Protection Inspector. As part of this system, the Procedure for reporting personal data incidents has been adopted, which explains the method of reporting any irregularities related to violations in this area (e.g. loss of documents, sending an e-mail to an unauthorised person, theft of data carriers, etc.).

All employees of the Group are bound by the following corporate documents:

- The Code of Business Conduct and the Management Manual
- Policy of Counteracting Fraud and Irregularities
- Code of Ethics

The Code of Ethics of the Amica Capital Group:

1. **Comply with the law, policies and procedures of the Amica Group**
2. **Respect, treat equally and do not discriminate**
3. **Prevent mobbing**
4. **Prevent sexual harassment**
5. **Communicate internally based on respect**
6. **Prevent nepotism**
7. **Properly use the Amica Group resources**
8. **Avoid and prevent conflict of interest**
9. **Ensure personal data is protected and secure**
10. **Protect the image of employees and Amica Group as a common good**
11. **Comply with the policy for receiving and giving gifts and gratuities**
12. **Respect the natural environment**

All of the above three corporate documents are available on the Company's intranet. In addition, each employee performing a managerial function, team manager or director is obliged to comply with the Leadership Code. These documents are the guidelines for the conduct of every manager, manager and director in the Company. Moreover, the values and principles enshrined in the above-mentioned corporate documents are present in many procedures and mechanisms operating in the Amica Capital Group, and some of their elements are present in the criteria applied to suppliers, subcontractors and in cooperation with the Company's business partners and other external stakeholders.

In addition, each employee performing a managerial function, team manager or director is obliged to comply with the Leadership Code.

In 2021 work in this area was devoted to the full consolidation of compliance policies and procedures, including ethics management and anti-corruption, so that all mechanisms operate in the same way for each Company in the Capital Group.

From 2019, the Group has a whistleblowing procedure for reporting all irregularities, in particular in the area of human rights, ethics, anti-corruption policy or the environment, which allows employees and external stakeholders to report suspected, observed or experienced non-compliance with the Company's principles set out in the Code of Business Conduct and Management Manual, the Policy of Counteracting Fraud and Irregularities or the Code of Ethics. Each employee has the option of reporting suspicions and / or confirming fraud anonymously manner (hotline, *report.whistleb.com/pl/*amica platform, e-mail address: *ethics@amica.com.pl*) or using internal communication channels (contact the Ethics Committee – send correspondence to the Company's address with the note Ethics Committee).

In 2021, 10 reports were received. In relation to 9 reports, the incident investigation procedure was launched, appropriate actions were taken and the persons submitting the inquiry were provided answers. Most of the reports concerned ethical issues and conflict situations between employees. One report was a general comment regarding the Company and the matter was resolved comprehensively.

[GRI 206-1]

In 2021, the Company did not report any violations of the principles of free competition or antitrust policies

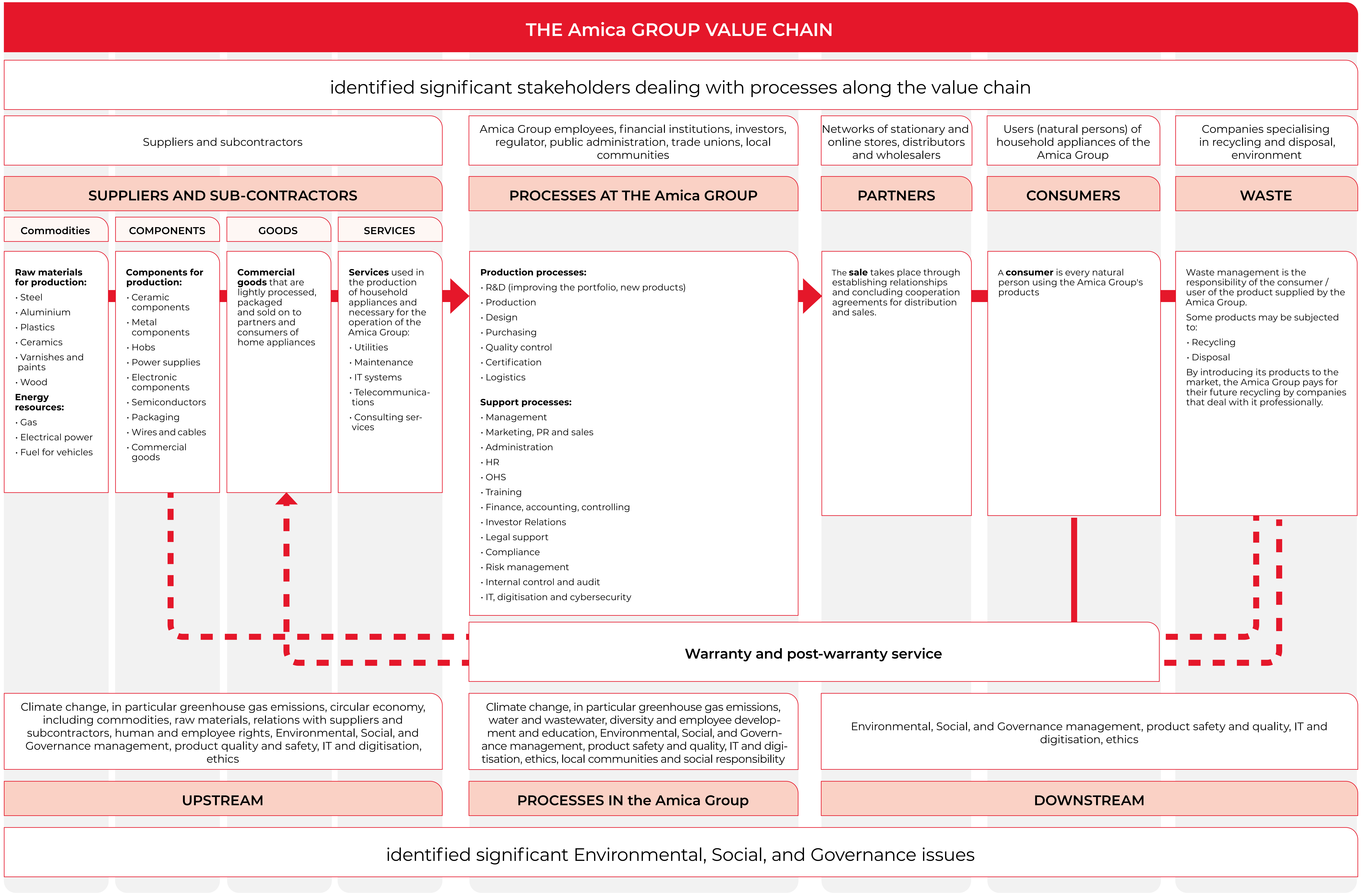
[GRI 205-2]

In 2021, webinars were conducted in Polish and English on the Code of Ethics at the Amica Capital Group. The purpose of these meetings was to present the assumptions, the most important principles and mechanisms (discussion of procedures, presentation of instructions) resulting from the Code of Ethics. In addition, the path of reporting irregularities, which is related to the report submission procedure and protecting the whistleblower, was also discussed. These webinars were addressed to members of the Management Board and managers of the Amica Capital Group.

The Code of Leaders contains all standards and principles of ethics and applies to every director and manager in the Group.

3.8. Value chain

The value chain model of the Amica Capital Group was developed on the basis of an analysis of material flows and business processes taking place in the Company. This analysis covers the extraction of raw materials, the production of materials and components and their delivery to the Group, the production of household appliances and all business processes taking place in the Group, distribution and sale of the Amica Group's products and their use by consumers. This model is the basis for the calculation of greenhouse gas emissions and for the analysis of the Group's impact on Environmental, Social, and Governance and stakeholder issues.



Key stakeholders

[GRI 102-40]

As a result of the materiality test, the key stakeholders of the Amica Capital Group are:

Table 7:
Key stakeholders of the Amica Capital Group

Stakeholder category	Involvement	Purpose and issues covered
Consumers	• Information and marketing campaigns • Survey • Social media, corporate and commercial website of the Amica Group and individual brands	• Quality and price of Amica products
Suppliers and subcontractors	• Regular contact throughout the year as part of cooperation • Enforcing contract provisions	• Price and quality of raw materials and components
Employees	• Internal communication system, which includes 9 different communication channels (internal meetings, quarterly magazine, mailing, chat, posters, etc.) as well as meetings that engage and expand the knowledge about the company. • Participation in the Environmental, Social, and Governance significance study	• The strategy and results of the Company • Goals of individual departments • Training and professional development • Working conditions, benefits
Business partners	• Ongoing contact as part of commercial cooperation throughout the year • Participation in the Environmental, Social, and Governance significance study	• Discussion of the results of cooperation • Goals and expectations of the parties in subsequent cooperation
State administration	• Cooperation with the APPLIA industry organisation associating manufacturers of household appliances in Poland and Europe • Ongoing interaction and cooperation on social and corporate projects	• Monitoring changes in Polish and EU regulations
Trade Unions	• Ongoing cooperation and contact throughout the year	• The strategy and results of the Company • Discussing current affairs
Investors	Ongoing, year-round contact with persons responsible for investor relations • Current and periodic reports • Participation in the Environmental, Social, and Governance significance study	• Company results • Strategy of the Amica Group
Financial institutions, including banks and insurance companies	• Ongoing, year-round interaction within the framework of cooperation • Current and periodic reports • Participation in the Environmental, Social, and Governance significance study	• Company results • Strategy of the Amica Group
Local communities	• Cooperation and ongoing interaction throughout the year and during the implementation of social programmes	• Discuss the results of cooperation, ongoing programmes and social campaigns

Applying the due diligence principle in the Amica Capital Group

[GRI 102-11]

The Group has a Purchasing Policy in place, which is one of the main corporate documents aimed at maintaining high standards of cooperation and which imposes procedures and criteria for the quality of materials, components and non-production goods. The detailed supplier selection process is described in the Company's operational materials and complies with the ISO 14001 standard. The second important corporate document from the point of view of the supply chain of the Amica Capital Group is the Code of Business Conduct with a declaration of compliance.

Additionally, the Amica Capital Group has a supplier monitoring and evaluation system that covers such issues as the financial standing of the partner, environmental issues (having appropriate and up-to-date environmental certificates) and issues in the area of human and employee rights, including health and safety.

Supply chain in the Amica Group

[GRI 102-9, GRI 102-10]

Chart 8:
Purchase structure of components

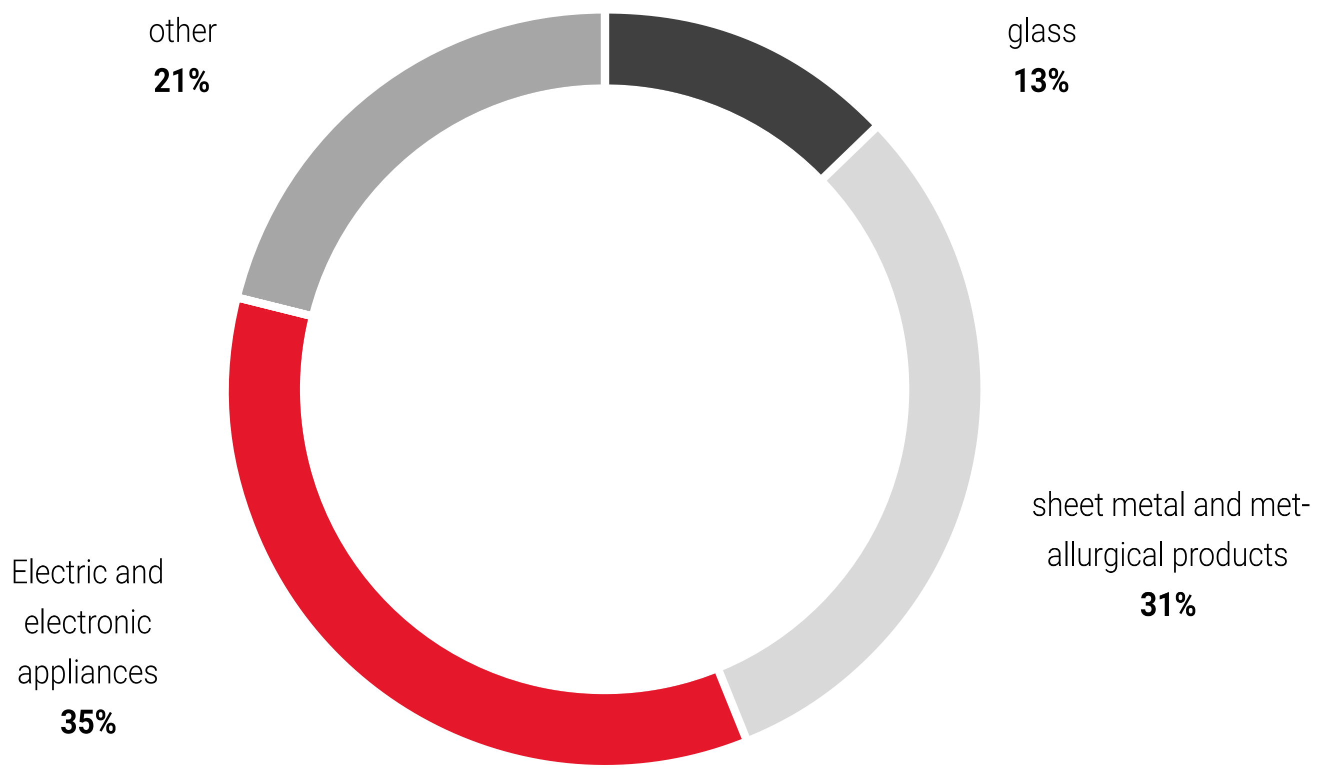
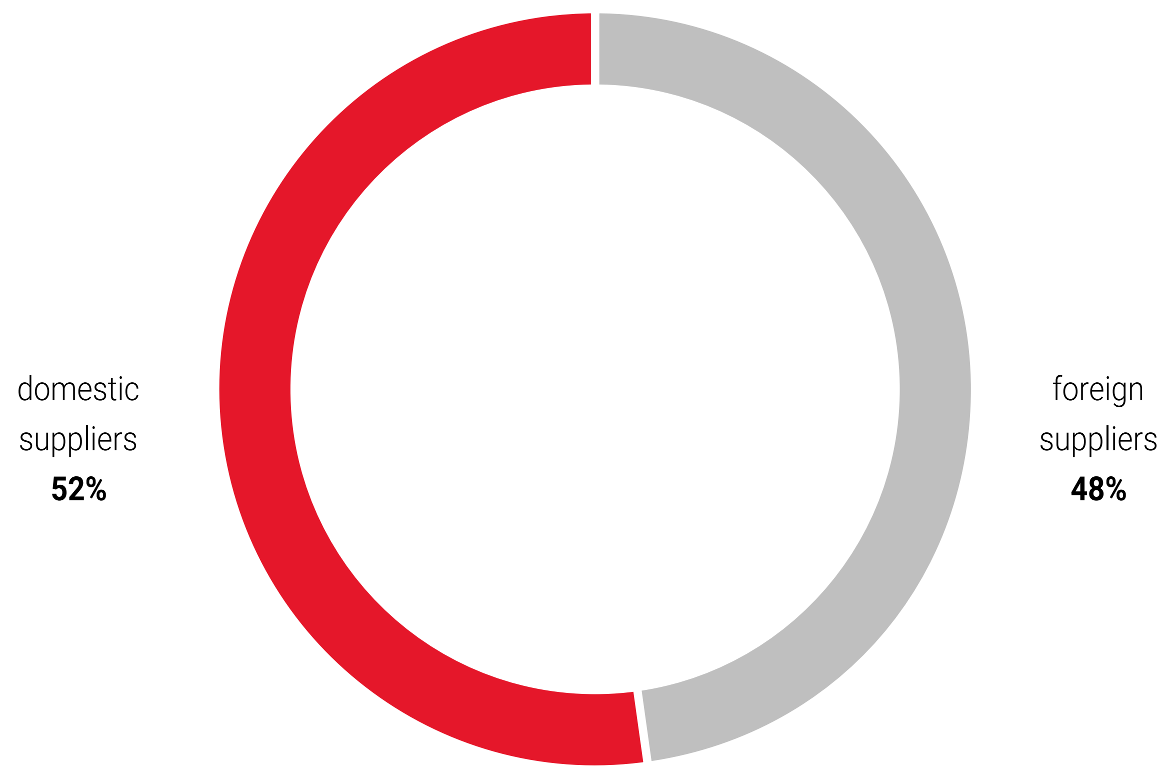


Chart 9:
Purchase structure of components by origin



Commodities, raw materials and components

[GRI 308-1] [GRI 414-1]

In terms of supplying components, the Amica Capital Group makes purchases based on the adopted purchasing strategy for a given year. The selection of suitable suppliers is on the basis of market analyses and inquiries. Additionally, an analysis of key raw materials is carried out along with the prevailing trends on global markets. The Group executes supplies of components both from domestic and foreign suppliers.

The share of domestic suppliers was approximately 52% in terms of value, and 53% in terms of volume (the number of Polish suppliers compared to all suppliers).

In 2021, cooperation with nearly 30 new suppliers was started. Half of these new suppliers have been audited using environmental and social criteria. Each new and larger supplier of the Amica Capital Group – regardless of its geographic location, is required to complete an extensive questionnaire. In the next step, and based on previously completed questionnaires, remote or on-site audits are carried out in cooperation with an external auditing company.

Commercial goods

Purchases of goods are carried out directly from the manufacturers. The Amica Capital Group cooperates with over a dozen manufacturers from all over the world, has a highly diversified portfolio of suppliers and imports goods, in particular from European and Asian markets. In 2021, none of the suppliers exceeded 10% of the share in turnover with the Issuer or the Group.

The vast majority of imports of commercial goods is intermodal transport (a combination of sea, rail and road transport. Component deliveries are characterised by the majority of road transport. In turn, for shipments from the warehouse (sales), the Group uses 100% road transport.

Safe product

[GRI 417-1] [GRI 416-1]

Product quality labelling and responsible marketing

The compliance of products with Polish and European regulations, in particular in eco-design and new labelling, including the placement of a QR code with direct access to product information are of great importance for the Amica Capital Group. The company also makes sure that its marketing communication is responsible and ethical.

Research and marketing campaigns are carried out by Amica Handel i Marketing Sp. z o. o The Group conducts continuous tracking research and cyclical ethnographic research, in which users test Amica products at their homes. Based on their input we create strategies of product implementation and promotion.

For years, Amica brand has one goal: to create functional appliances adapted to the changing requirements and needs of consumers. Therefore, Amica products are the combination of innovative technological solutions and savings with great aesthetics.

In the face of the dynamic growth of the market in the category of appliances with steam functionality, in 2021 Amica launched the "Mężczyzna idealny szuka pary" – "The perfect man is looking for a companion" (play of words — in Polish and in this context, the word for "companion" and "steam" is the same) A dynamic, music spot promotes the latest Amica appliances with a steam function, which allow you to meet everyday challenges. According to the brand, an ideal man is a person who values equality and shared responsibility for the household. The issue of equal sharing of household chores has been the key theme for the brand for a long time. In materials promoting household appliances, the main characters are men and children helping with household chores, thus drawing attention to the need for mutual support and nurturing family relationships.

Documents regulating the rights of customers and after-sales service

The documents that regulate the rights of consumers are the warranty cards of the Amica Group's products and the provisions on warranty. For after-sales service, customers can use a shop with wearable parts and components (*https://czescizamienne.amica.pl*). In turn, products under warranty that require repair are reported by the hotline, on-line contact form (*https://wsparcie.amica.pl/centrum-pomocy*) or directly in the store where the purchase was made. For the convenience of customers, short instructional videos how to operate the Group's products are made available on the website.

Security of customer data

Issues regarding the security of clients' personal data are regulated by the Personal Data Security Policy, including the procedure for reporting incidents regarding personal data of the Amica Capital Group, which is applicable in all Group companies and is applicable in all situations in which activities related to Processing take place, including in customer relations.

[GRI 418-1]

In 2021, there were no complaints in the Amica Capital Group regarding breach of customer privacy or loss of personal data. There were only 3 incidents relating to data security and they were resolved on an ongoing basis by the relevant organisational units of the Group.

An important reporting issue:

IT and digitisation

[GRI 103-1, GRI 103-2, GRI 103-3]

Digitisation and automation, including innovation, are strategic issues in the Amica Capital Group and the person responsible for this area of activity is the member of the management board for digital transformation. Identifying contemporary trends and the ability to adapt to new socio-economic conditions is a key challenge that will determine how the Group will operate in the future.

One of the most noticeable trends is the personalisation of products, which forces a shift from mass production and subcontracting to mass customisation and distributed production networks. This is accompanied by transparency, which will lead to the creation of advanced predictive models – which will displace the existing models, and which will force a departure from information silos in favour of integration of solutions. Innovation will replace inflexible production lines with modular production, and manual processing is giving way to automation.

The answer to these changes is the **Amica 4.0** digital transformation project aiming to transform the Group into a fully intelligent enterprise, where technology and advanced analytics support business processes and decision-making. The implementation of this transformation began in 2020, will continue until 2030 and covers the following 3 areas of the Group's operations:

1. **Focus on the Customer**, which consists of a market data analysis platform and automation of marketing content, effective use of all interactions in the product life cycle – service, loyalty programmes, Internet of Things, as well as personalised online campaigns targeted at identified target groups (Marketing Automation);

2. **Supply Chain Optimisation**, which enables improved forecasting accuracy with advanced predictive tools and the use of artificial intelligence, includes the digitisation of operational plan development (production and sales) in multiple scenarios and using Machine Learning, and enables faster product-to-market and implementation of a product life cycle management program;

3. **Full automation of internal and production processes**, taking into account modern and automated assembly lines and robotisation of selected areas, advanced production management and maintenance systems with analytical modules supporting operational efficiency, and the use of bots supporting business processes.

Entering the path of digital transformation is also a cultural change and therefore, in the Amica 4.0 project, the Group also focuses on development in human resources.

3 stages of the Amica 4.0 project:

1	2	3
Think Big Defining ambitions and strategies until 2030 with proposed solutions	**Start Small** Launch of pilot and Proof of Concept projects	**Escalate Fast** Scaling the tested solutions and implementing them throughout the Amica Capital Group
2020–2021	**2021–2022**	**2022–2030**

What has already been implemented?

- **Automation of sales and operational processes** in the Amica Capital Group in order to (1) improve the efficiency of the supply chain (synchronisation and accuracy in calculating the demand for supplies and inventory) and (2) improved management of sales department processes, including service call planning, comprehensive reporting, information management product and content (Marketing Automation).

- **A tool for searching for correlation and estimating results** for the entire Group, using management systems in the areas of controlling, finance, HR, sales, purchases and logistics.

4. MACROECONOMIC CONDITIONS

4.1. Economic environment

One of the most important external factors that will affect the Polish and global economy in the coming months, including the household appliances industry and the Amica Capital Group, will be the armed conflict in Ukraine and its consequences in the form of sanctions imposed on the Russian Federation and Belarus. The emerging geopolitical conditions force a new look at all economic processes and the market environment. Identified new risks and high unpredictability of the development of events will affect all undertaken activities in the near future.

The COVID-19 pandemic has redefined economic processes from supply chains to production and sales. Widespread vaccination programmes in many countries around the world allowed for a significant reduction in the impact of the pandemic. The Amica Capital Group coped with these new circumstances, and the results achieved in 2021 confirmed that the organisation flexibly adapted to the new business environment.

One of the most important external factors affecting the market environment is the growing inflation all over the world. This factor will have a significant impact on prices and demand in the market in the near future. Counteracting inflation, implemented by raising interest rates by central banks, will limit the purchasing power of consumers in all markets.

The Polish economy was doing very well in 2021, which was reflected in the high GDP rate of 5.7%. Household consumption throughout 2021 remained high, which was reflected, inter alia, in the good condition of the household appliances industry. Consumers in Poland spent 13.6 billion zł on household appliances in 2021, 15% more than in the previous year.

4.2. Home appliances market

According to the data of the association of household appliances producers APPLiA Polska, over 35 million appliances were produced in the entire year 2021. In the case of large-size appliances , 3 million more units were produced, which constituted an increase of 13%. The value of sales of large household appliances on the domestic market is estimated at over 9 billion zł per year, which means an almost 16% increase year on year.

The Amica Capital Group retained its market share and recorded an increase in revenues by 12%.

In the basic product categories (free-standing and built-in heating appliances), growth was achieved both in terms of quantity and value.

According to data of APPLiA Polska, there are 35 modern factories producing household appliances in Poland, employing 100,000 workers, of which 35% are employed in non-manual positions. Attention should be paid to the increasing number of global and regional research and development centres, IT services, logistics and sales purchasing, which employ over 5,000 people. Poland has become the largest production centre of the European Union with a 40% share in the production of household appliances in the EU.

Environmental responsibility is engrained in the policy of the entire household appliances industry, which is also the undisputed leader in the implementation of the so-called extended producer responsibility in the area of environmental protection. Today, the entire range of household appliances are manufactured based on eco-design aimed at reducing harmful substances, reducing resource consumption and increasing the availability of parts. This results in the reduction of electricity and water consumption by appliances.

Other factors having a significant impact on the development include a strong upward pressure on prices of raw materials and components, currently observed all over the world, which are caused by the increasing demand and disruptions in supply chains. One should also pay attention to the increase in logistics costs and the need to diversify transport routes, which generates additional cost. Throughout 2021, very high sea freight rates, especially from the Far East, were maintained.

5. ACTIVITIES OF THE AMICA GROUP IN 2021

5.1. Significant Agreements

Currency	type of loan	interest	Credits repayment deadlines	loan amount as at 31.12.2021	loan amount as at 31.12.2020
PLN	investment credit	WIBOR 3 M + bank's mark-up	2023	23.3	43.3
PLN	investment credit	WIBOR 3 M + bank's mark-up	2024	1.2	1.8
PLN	working-capital credit	WIBOR 1M + bank's mark-up	2023	1.8	3.2
EUR	working-capital credit	FIXED INTEREST	2026	32.2	32.1
PLN	working-capital credit	WIBOR 1M + bank's mark-up	2023	64.8	0.0
RUB	working-capital credit	EURIBOR 3M + bank's mark-up	2022	14.2	0.0
GBP	working-capital credit	SONIA rate + bank's mark-up	2022	11.6	0.0
GBP	working-capital credit	BoE rate + bank's mark-up	2022	10.6	0.0
GBP	working-capital credit	BoE rate + bank's mark-up	2022	9.8	0.0
EUR	working-capital credit	FIXED INTEREST	2022	2.5	0.0
PLN	working-capital credit	WIBOR O/N + bank's mark-up	2022	0.3	0.0
PLN	working-capital credit	WIBOR O/N + bank's mark-up	2022	0.4	0.0
PLN	working-capital credit	WIBOR 1M + bank's mark-up	2022	0.5	0.0
PLN	working-capital credit	WIBOR 1M + bank's mark-up	2026	0.1	0.0
EUR	working-capital credit	EURIBOR 3M + bank's mark-up	2021	0.0	1.0
			Total	173.3	81.4

5.2. Sales Markets

Key sales information for individual markets

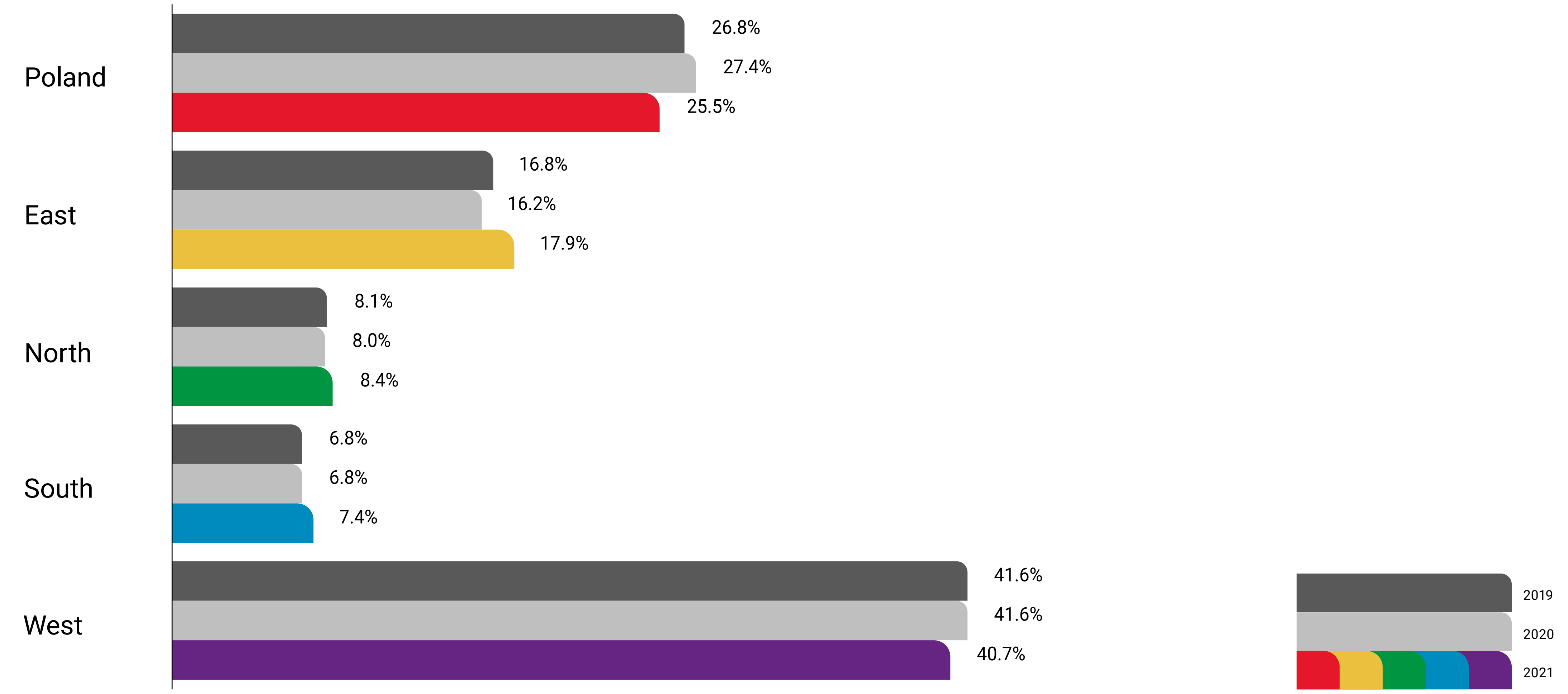
A positive sales trend continues on the Polish market. The increase was around 9% y / y. The market share of the Amica brand was maintained at the level of 16%.

2021 on the Western Europe market primarily saw sales increases in Germany, Spain and France. Sales of the Fagor brand in Spain developed well. Sales dynamics at the level of 11%.

The drop in demand on the Russian market was compensated by increases in sales in other CIS countries. In 2021, the group established a new trading company in Kazakhstan.

Good sales results were recorded in the Northern region with a dynamics of 12%.

[mPLN]	1-4Q.2021	1-4Q.2020
Sale of products and goods:	**3,293.8**	**2,967.9**
Poland	882.5	812.8
East	552.8	480.3
North	266.0	236.8
South	222.6	202.5
West	1,369.9	1,235.5
Other sales, including:	140.1	100.8
– spare parts and materials	104.6	72.0
– services	35.5	28.8
Total revenue from sales	**3,433.9**	**3,068.7**



In 2021, none of the entities exceeded the 10% share in the total sales revenues of the Amica Capital Group.

There were three such entities in relation to the parent company. These were companies from the Group.

Products constituting the offer of companies within the Amica Capital Group within each business line include a range of products found in many versions, and with considerable diversity. With this in mind, this report omits the presentation of quantitative sales, because such presentation is liable to be misleading the as to the real meaning of a particular segment for the Group's activities.

5.3. Significant events after the end of the reporting period

Information on significant events after the end of the period is provided in in point 40 of the financial statements.

6. NATURAL ENVIRONMENT AND COUNTERACTING CLIMATE CHANGE

An important reporting issue:

Climate change, including circular economy and water

Purpose 12: Responsible consumption and production

- Further development of the Amica Group's products in the segment of top-class appliances
- The production plant of Amica S.A. operates with an integrated environmental management system according to the ISO14001 standard
- We manage waste and reduce the level of waste generated by preventing or reducing the use, recycling and reusing certain raw materials
- We monitor and conduct environmental audits of suppliers
- We have implemented a system for monitoring greenhouse gas emissions in scope 1 and 2

Purpose 6: Clean water and sanitation

- Control of the level of water consumption and investment in a new industrial and domestic wastewater treatment plant at the production plant

[GRI 103-1, GRI 103-2, GRI 103-3]

The Group's approach to the environment and climate change

Limiting the negative impact on the natural environment and counteracting climate change are issues shaped and managed strategically in the Amica Capital Group by the Management Board. For over 20 years, Amica S.A. production plant has implemented an environmental management system in accordance with the ISO 14001 standard. The 1st Vice President of the Management Board for Operations oversees the implementation and updates to the system, as well as the collection and processing of environmental data. In everyday work in the area of environmental management, certification and counteracting climate change, the Group's Management Board is supported by the Company's management staff, including the Certification and Ecology Manager and the Communication and ESG Manager.

Obligations of the Amica Capital Group in the area of environmental issues:

- Place environmental management at the heart of the Group's production, operations and commercial business
- Develop Amica products in such a way that they meet the highest EU technical criteria in terms of energy, water consumption and noise emissions
- Limit the negative impact on the natural environment and reduce greenhouse gas emissions

The following policies and standards in force in the Amica Group regulate environmental issues:

- Integrated environmental management system ISO 14001 at the Amica S.A. plant
- Purchasing Policy of the Amica Capital Group, which regulates the process of auditing existing and new suppliers, including environmental issues
- Electronic register of waste in the Waste Database – Polish companies

In 2021, an energy audit of the Amica S.A. production plant was carried out, identifying the possibilities of implementing energy efficiency improvement projects and a number of investments were launched to further reduce the Group's impact on the natural environment:

- Implement a cogeneration system that will not only reduce primary energy losses and use waste heat, but also reduce electricity and heat consumption
- Automate gluing line, modernise the printing line and lubrication system, which reduce the amount of materials used and the quantity of chemicals generated
- Invest in a PV system in the service department and in the production section
- Analyse construction plans for a new sewage treatment plant

6.1. Climate Change Mitigation and Adaptation

One of the most important challenges of the 21st century is mitigating climate change by reducing greenhouse gas emissions, and the manufacturing industry plays an important role in the transition to a low-carbon economy. The data of the European Environment Agency from 2019 shows that over 13% of all carbon dioxide emissions in the EU are generated by production capacity and waste management. The Amica Capital Group aims to take an active part in reducing the negative impact of the industry on the climate not only in the area of its production and commercial activities, but also wants to provide products that will help customers transition to a low-emission economy and that will fully respond to their new preferences.

Amica Group products – towards low emission and in line with new consumer preferences

2021 was the year of implementing products that meet the requirements of the new Ecodesign regulations and the related rescaling of energy classes. The new regulations entered into force on 1 March, 2021 and applied to such groups of household appliances as refrigeration equipment, washing machines, washer-dryers and dishwashers.

The products of the Amica Group are developed from the outset, taking into account environmental criteria and in accordance with the EU ecodesign requirements, i.e.

- have high energy efficiency,
- they are economical in the consumption of other natural resources, such as e.g. water,
- they can be repaired (spare parts available) and recycled.

TABLE 10:
Eco-innovations introduced in the products of the Amica Capital Group in 2021

Refrigeration equipment	Washing machines and dishwashers	Kitchen hoods	Small household appliances
New models of Cross-door, Side by Side and French door fridge-freezers were introduced to the market. The portfolio of these products has been expanded with new models of beverage coolers with transparent doors. New functionalities have also been implemented, such as a variable temperature freezer compartment that can be turned into a fresh food compartment and used as a refrigerator. In addition, anti-bacterial technologies have been implemented to eliminate odours, bacteria and extend the shelf life of food	All products in this category have been rescaled to new energy classes. The portfolio of these products has been extended with a new line of top loading washing machines. Heat pump dryers using ecological R290 gas and washer-dryers were launched. The products use technologies that control microorganisms, such as UV light to neutralise viruses and bacteria, an antibacterial apron, the steam function and the Vario system to optimise washing cycles. The EcoBar indicator has been introduced in washing machines and dishwashers, indicating the approximate energy and water consumption in a given programme, which allows the selection of settings according to individual preferences. In selected models of dishwashers, the water tank system has also been introduced, reducing the total water consumption by approximately 20%.	New models with an ozonator have been introduced to neutralise odours in the room. Built-in models with an odour sensor were also implemented to automate the process of air purification and exchange. We continued to develop functions and design of lighting in the new line of kitchen hoods by providing basic and decorative lighting, while increasing the possibilities of arranging the interior of the rooms. In addition, a range of telescopic hoods with split grease filters has been introduced.	In this product category, the dynamic development of the entire portfolio of "small" household appliances continued – the range of "Handstick" cordless vacuum cleaners was expanded, the sale of air purifying products and the sale of new models of milk frothers with a detachable drink container were launched.

Climate risks in the Amica Capital Group

In 2021, the Group identified and analysed climate risks and the resulting risks and opportunities. The study was conducted in cooperation with the external consulting company MATERIALITY in accordance with the AXIS methodology (Amplification, eXclusion, Intensification, Seizure) and included three stages:

- Analysis of significant climatic risks in the comparative group
- A questionnaire survey addressed to the Management Board, management and managerial staff of the Amica Capital Group
- Calculation of results and categorisation of identified risks, threats and opportunities

Threats and opportunities were examined in terms of three parameters:

- The probability of occurrence
- Significance, i.e. the impact of potential negative consequences (in the case of threats) or the scale of potential benefits (in the case of opportunities)
- The time horizon in which they can occur

The study covered 28 physical and transformational risks, covering a total of 32 risks and 25 opportunities related to climate change. The risks, threats and opportunities, whose probability or severity were higher than the specified values, were considered significant.

As a result of the analysis, the following were classified:

- 2 opportunities and 2 risks in category **A** (Amplification)
- 11 opportunities and 15 risks in category **X** (eXclusion)
- 6 opportunities and 9 risks in category **I** (Intensification)
- 6 opportunities and 6 risks in category **S** (Seizure)

In accordance with the methodology used, 6 opportunities and 6 risks were classified as the S (Seizure) category, i.e. considered significant and subject to active management. Risks and opportunities belonging to categories I (Intensification) and A (Amplification) are monitored and, in selected cases, managed. Most of the risks and opportunities belonging to category X (eXclusion) are exclusively monitored. Conclusions from the conducted study of climate risks will be incorporated into the risk management system operating at the Amica Group. Further monitoring and identification of risks related to climate change will be carried out periodically as part of the risk review.

Map of opportunities and threats related to climate change in the Amica Capital Group

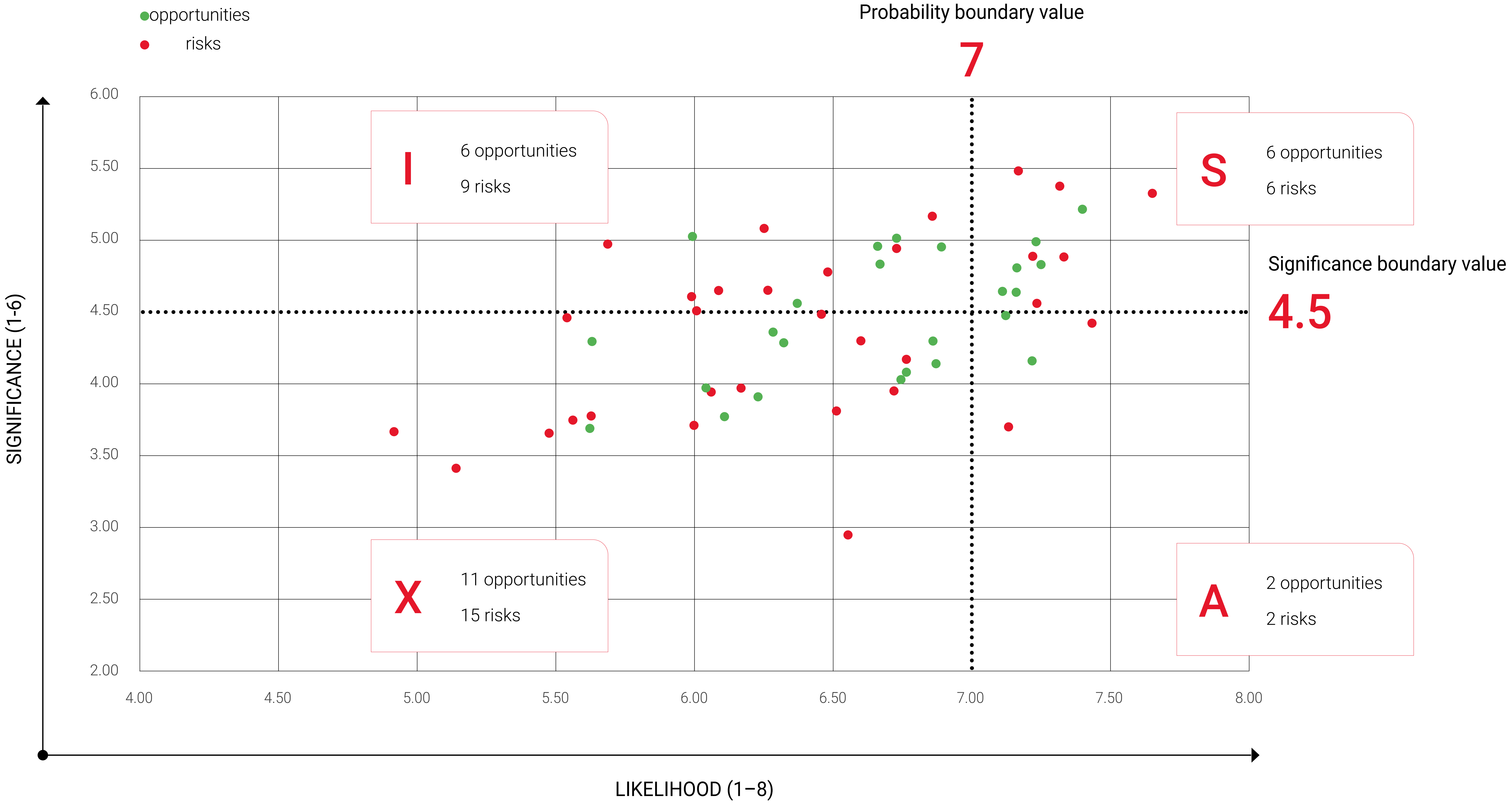


TABLE 11:
Significant risks, risks and opportunities related to the climate

Physical risks

Risk	Risk / Opportunity	Time horizon	Management method
Long-term physical risks			
The risk of an increase in the variability of the precipitation structure and weather patterns	An opportunity related to the growing demand for very high efficiency and low water consumption household appliances	Medium to long term	Development of a line of household appliances with high water efficiency. R&D related to increasing the efficiency of water use.
Risk of rising average temperatures	Opportunity to increase sales of cooling and humidifying appliances	Medium to long term	Considering the possibility of developing the Group's product portfolio of air conditioning units

Transformational risks

Risk	Risk / Opportunity	Time horizon	Management method
Policy and regulatory risks			
The risk of introducing taxes, duties or other carbon charges	Risk of increased cost due to the introduction of tax, duty or other carbon charges	Short to medium term	Implementation of the calculation of the carbon footprint of products throughout the life cycle. Optimisation of raw materials and components used in production to reduce the carbon footprint. Continuation of R&D and design aimed at increasing the energy efficiency of products.
	An opportunity to take advantage of the demand for high energy efficient household appliances	Short to medium term	
The risk of regulatory changes and stricter standards for products sold in the EU	There is a risk of tightening the regulations on, for example, the energy efficiency of household appliances or the specifications for microplastics.	Short to medium term	Analyse EU policies and draft legislation for advance adaptation to upcoming energy efficiency requirements and the implementation of the principles of the circular economy
	An opportunity to offer household appliances that will comply with EU requirements.	Short to medium term	

Transformational risks

Risk	Risk / Opportunity	Time horizon	Management method
Technological risks			
The risk of emissivity of energy sources	The risk of maintaining a high-emission electricity mix in Poland or other countries	Short to medium term	Continuous improvement of the energy efficiency of the Group's buildings and production lines. Provide the Group with access to electricity from low or zero emission sources. Profitability analysis of investments in own low or zero emission energy sources (solar farm).
	Opportunity to invest in our own low or zero emission energy sources	Short to medium term	
Market risk			
The risk of changing customer preferences	The risk of having to calculate the carbon footprint of all products and services along the entire life cycle	average	Implementation of the calculation of the carbon footprint of products throughout the life cycle. Continuation of R&D and design aimed at increasing the energy efficiency of products.
The risk of an increase in the prices of raw materials and services	Threat of rising costs of raw materials and services caused by other climatic risks	Short to medium term	Ongoing monitoring of trends in the markets of raw materials and components. The planned commencement of the project to implement the principles of the circular economy in order to reduce dependence on the supply of raw materials and components whose availability and prices may be affected by fluctuations due to climate risks.
Risk of making access to financing dependent on counteracting the climate crisis	The risk of lack of or limited access to financing in the event of failure to meet the expectations of banks or investment funds or insurers in terms of counteracting the climate crisis	average	Obligation to report on sustainable development issues (including climate change issues) in accordance with future EU standards as a consequence of the Corporate Sustainability Reporting Directive (CSRD). Active dialogue with investors, analysts and rating agencies regarding the Group's management of climate change impacts
	Opportunity for easier access or cheaper financing provided in connection with meeting the countermeasure criteria	average	

6.2. Greenhouse gas emissions

[GRI 302-1, GRI 302-3]

Greenhouse gas emissions are a major cause of climate change. By managing emissions, i.e. by emitting more or less greenhouse gases, the Amica Capital Group influences how quickly climate change will progress. The Group usually has a direct impact on greenhouse gas emissions, the source of which is the combustion of fuels in the Group's production plant, installations and vehicles and the use of purchased electricity.

TABLE 12:
Fuel and energy consumption in the Amica Capital Group

[GRI 302-1, GRI 302-3]

	Entity	2021	2020	Change [%]
Liquid fuels	litr	738,583	886,426	-16.67%
Gaseous fuels	m³	4 101 777	3,682,735	11.37%
Refrigerants and other gases	kg	267	173	54%
Power	MWh	23,911	28,560	-16.27%
Heat	Gj	2,356	1,563	50.73%

TABLE 13:
Greenhouse gas emissions for scope 1 and 2

[GRI 305-1, GRI 305-2]

CO_2 emissions [t CO_2e]	2021	2020	Change [%]
Scope 1	10,361	9,833	5.37%
Scope 2 (location-based)	15,535	19,203	-19.10%
Scope 2 (market-based)	9,177	10,738	-14.54%
Scope 1 + 2 (location-based)	**25,897**	**29,036**	**-10.81%**
Scope 1 + 2 (market-based)	**19,538**	**20,571**	**-5.02%**

For the electricity purchased, the emissions were calculated according to two methods: location-based and market-based.

The **location-based method** uses the average emission factor for a given country, which shows the actual amount of emissions in a given region as a result of the production of electricity purchased by the organisation.

In **market-based** calculations, electricity consumption is multiplied by emission factors published by specific energy sellers, which shows the impact of a company's purchasing decisions on the size of the carbon footprint.

Methodology and scope:

CO_2 emissions were calculated according to the standards and methodology of The Greenhouse Gas Protocl A Corporate Accounting and Reporting Standard Revised Edition and greenhouse gas Protocl Scope 2 Guidance, which covers the activities of 14 companies of the Amica Capital Group for the period from 1 January, 2020 to 31 December, 2020 and from 1 January, 2021 to 31 December, 2021.

The carbon footprint of the Amica Capital Group for 2021 is 19 538 tCO_2e (market-based), which is 5% less than in 2020. The results obtained with the location-based method were more than 30% higher, which results from the compactness of the emission factors used. Most of the electricity consumed within the Group came from low-emission sources, which were characterised by almost 50% lower emission factor than the national average.

In scope 1 (market-based), 53% of emissions in 2021 were generated by fuel combustion and refrigerant release. In turn, in scope 2 (market-based) in 2021, 47% of emissions were due to purchased electricity and heat. The remaining 12 distribution and trade companies generated between 3 and 6% of the Amica Group's emissions. The Group companies operating in Poland were responsible for over 90% of the carbon footprint of the entire Group.

6.3. Commodities, raw materials and components

[GRI 301-1]

When sourcing commodities, raw materials, components and products, the Company follows the principles set out in the Purchasing Policy of the Amica Capital Group.

24%

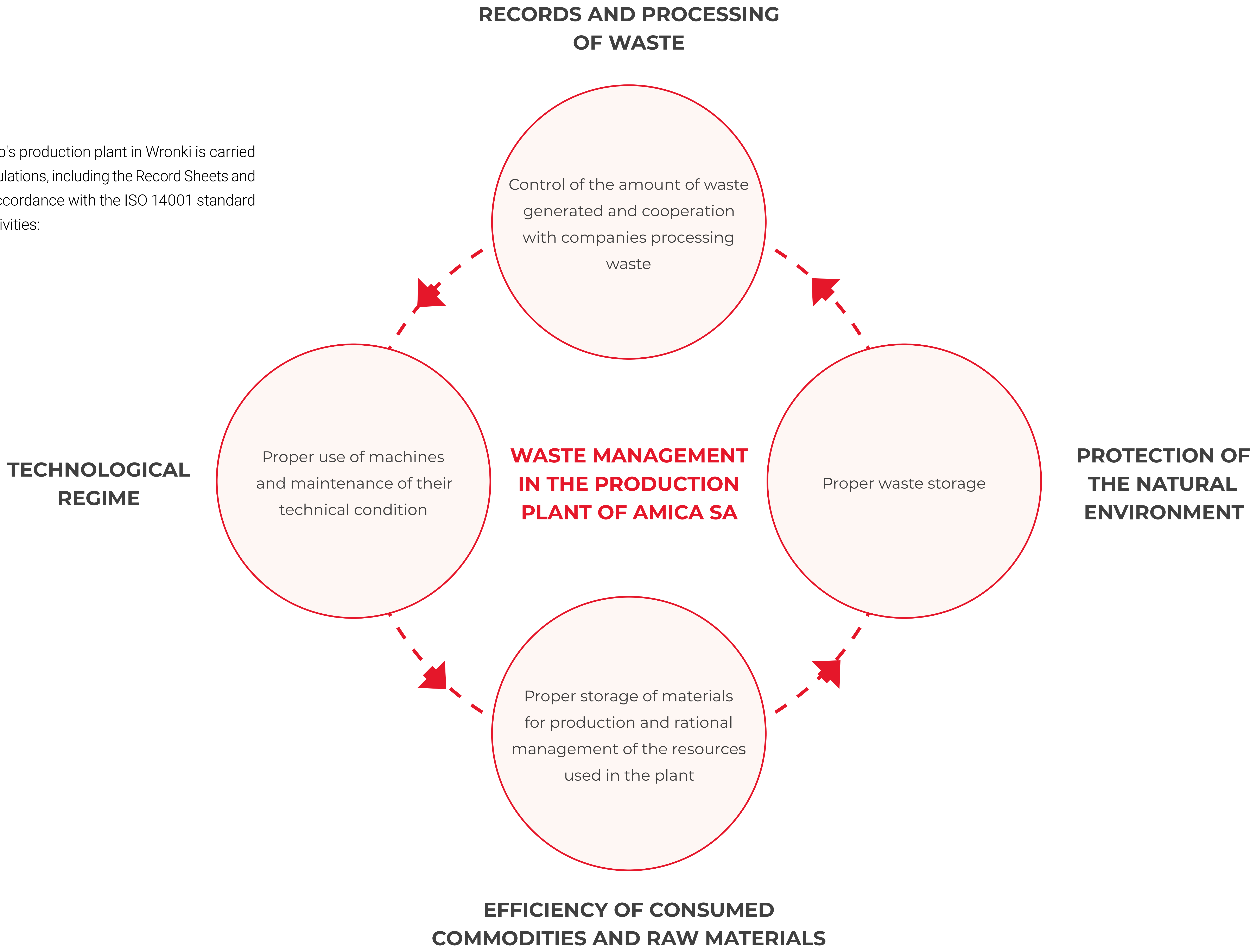
used sheets and metallurgical products purchased in 2021 came from recycled raw material

6.4. Waste

[GRI 306-1, GRI 306-2]

Waste management

Waste management at the Group's production plant in Wronki is carried out in accordance with Polish regulations, including the Record Sheets and Waste Transfer Sheets, and in accordance with the ISO 14001 standard by carrying out the following activities:



New waste warehouse

The production plant of Amica S.A. has the necessary technical means and space for the proper storage of waste on the premises of the plant. In 2021, an investment was completed involving the construction of a new waste warehouse, which consists of several shelters, divided into boxes, where waste is selectively stored in designated areas, in a way that prevents contamination by entering soil and water and without access unauthorised persons. All waste is stored in roofed places, and liquid waste is stored in boxes with separate sewage system connected to a drainless tank. Additionally, in order to optimise the entire process, waste such as waste paper and films are compacted. On the unroofed part, only transport and loading takes place before the waste is transferred to a specialised recipient.

Waste generated

[GRI 306-3]

The main hazardous waste generated as a result of production at Amica S.A. and Marcelin Management Sp. o.o. are spent lubricating and hydraulic oils used in machines, unsuitable substances and preparations used in production or contaminated packaging.

Table 14:
The rate of recycling and other waste recovery methods in 2021

	Amica Capital Group
Hazardous waste	83%
Industrial waste	100%
Packaging waste	95%

Table 15:
Total mass of waste and waste treatment methods in 2021

	Entity	Amica Capital Group
Total mass of waste	**Mg**	**12,587**
Hazardous waste	**Mg**	**279**
including hazardous waste for recycling	Mg	200
including hazardous waste for disposal	Mg	47
including hazardous waste for other recovery methods	Mg	31
Other industrial waste	**Mg**	**10,427**
including industrial waste intended for recycling	Mg	9,839
including industrial waste destined for disposal	Mg	2
including industrial waste for other recovery methods	Mg	440
including storage in landfills	Mg	145
Packaging waste	**Mg**	**2,131**
including packaging waste for recycling	Mg	1,253
including packaging waste for disposal	Mg	0
including packaging waste for other recovery methods	Mg	778
including storage in landfills	Mg	100

6.5. Water

[GRI 303-2, GRI 303-3]

Water is one of the production raw materials in the Amica Capital Group

Currently, the production plant of Amica S.A. has two separate sewage treatment plants – a household and industrial plant. Both installations have appropriate environmental permits in accordance with the Environmental Protection Law and the Water Law.

In 2021, the domestic wastewater treatment plant received a new water permit with updated, increased environmental indicators, in particular with regards to nitrogen. Therefore, the investment process was started for the construction of a new sewage treatment plant, which will receive industrial and domestic sewage and which will fully meet the latest environmental standards. In turn, rainwater is discharged in accordance with the water permit, also into the natural environment, and the rainwater drainage system has the necessary separators in prescribed locations.

In the case of Marcelin Management Sp. o.o., the standards specified in the Regulation of the Minister of the Environment of 24.07.2006 under the contract with Przedsiębiorstwo Komunalne Wronki Sp. z o.o. and the produced industrial wastewater is pretreated by systems of industrial clarifiers, which precipitate suspensions.

In the case of the remaining Group companies that engage in trade and distribution, the domestic sewage produced is sent to municipal sewage systems.

We monitor and minimise water consumption and discharged sewage in Amica S.A. plants

Water consumption is monitored on an ongoing basis throughout the production process. Each production line has a water meter installed allowing the continuous analysis of water consumption. Rotameters are installed on most of the scrubbers to accurately dispense the predetermined amounts of water. Consequently, water consumption is minimal. The final rinsing is carried out with demineralised water. It is regenerated on an on-going basis, in order to save water in ion-exchange columns or reverse osmosis systems. Use of spray washing or mixing the bath with circulating pumps during immersion washing (bath line).

At the same time, all measures are aimed at the maximum reduction of the amount of generated wastewater. Technological baths are extended by their continuous regeneration (centrifuges), which reduces the amount of sewage. On the other hand, reducing the amount of wastewater has a direct impact on the reduced amount of generated waste, such as post-neutralisation sludge or activated carbon.

TABLE 16:
Water consumption and discharged sewage in 2021

	Entity	Amica Group
Purchased water	m³	66,891
Total water consumption	**m³**	**66,891**
Water consumption per 1 million z of revenue	m³ / 1 million zł	19.48
Water consumption for 1 produced household appliance	m³ / 1 Amica product	0.02

	Entity	Amica Group
Wastewater discharged into the municipal network	m³	13,535
Wastewater discharged into water or soil	m³	32,078
Total amount of wastewater	**m³**	**45,613**
Waste water discharged per 1 million zł of revenue	m³ / 1 million zł	13.28
Waste water discharged per 1 household appliance unit produced	m³ / 1 Amica product	0.02

[GRI 307-1]

In 2021, no penalties or sanctions were imposed on the Group for non-compliance with environmental protection laws.

6.6. Compliance with the taxonomy

For the first time in this report, the Amica Capital Group discloses information on the EU Taxonomy of Environmentally Sustainable Activities. The obligations related to this were introduced by the Regulation of the Parliament and of the Council (EU) 2020/852 of 18 June , 2020. In the first year of application, in accordance with the Commission Delegated Regulation (EU) 2021/2178, the Amica Capital Group discloses the percentage of turnover, capital expenditure and operational expenses qualifying for Taxonomy, i.e. turnover, capital expenditure and operating expenditure related to activities defined in Annexes I and II of Commission Delegated Regulation (EU) 2021/2139. In the first reporting year, there is no need to verify the Technical Qualification Criteria, i.e. to determine what percentage of these three values is related to the environmentally sustainable activity.

Accounting principles applied

The following principles were used to calculate the percentage of turnover, capital expenditure (CapEx) and operational expenditure (OpEx) eligible for the taxonomy:

- For trading, the basis was the Group's total consolidated revenue for 2021, as disclosed in the consolidated financial statements in the table "Consolidated Statement of Comprehensive Income" on page 6 under "Revenue from Agreement with Customers." The numerator is assigned revenues from activities that qualify for the taxonomy;
- With regard to capital expenditures (CapEx), the basis was capital expenditures for the development of the production of appliances increasing the energy efficiency of buildings, activities related to software, IT consulting and related activities, and construction of new buildings. All CapEx is included in the consolidated financial statements in the table in the "Consolidated Statement of Cash Flows" on page 8 in the item Purchase of property, plant and equipment. The numerator has that part of CapEx that is for eligible activities for the taxonomy.
- In the case of operating expenses (OpEx), the basis were all costs for the ongoing servicing of the company's assets and maintaining them in proper condition. They include such costs as those related to the repairs and overhauls of devices and machines for the production of equipment increasing the energy efficiency of buildings, costs of maintaining research, development and innovation for equipment increasing the energy efficiency of buildings, maintenance costs of software being an asset of the Amica Capital Group , maintenance costs of assets used in the production of plastics and costs related to the renovation of existing buildings. The numerator has that part of OpEx that is for eligible activities for the taxonomy.

The group avoided double counting when allocating turnover and capital expenditure. In the case of operating expenses, which are defined in Commission Delegated Regulation (EU) 2021/2178 in a way that does not refer to international financial reporting standards, all accounts in the Group's accounting system were reviewed, and then the identified items meeting the definition of OpEx were each assigned to given type of activity eligible for the taxonomy or set of other operating expenses (not eligible for the taxonomy).

In this report, the Amica Capital Group discloses for the first time the share of activities that qualify for taxonomy in the scope relating to the reporting period, i.e. from 1 January, 2021 to 31 December, 2021, so the disclosure does not contain information about changes in data for previous periods.

Due to the fact that in the first reporting year only information on the percentage of turnover, capital expenditure and operating expenditure qualifying for the taxonomy (and not compliant or inconsistent with the taxonomy) is disclosed, the types of activities contributing to more than one environmental target were not identified. Therefore, there was no need for special procedures to avoid double counting.

Moreover, the key performance indicators were not disaggregated among the individual operating units of the Group. At the same time, the Group identifies the need for such disaggregation in the next year, when the fulfilment of the Technical Qualification Criteria will be verified.

Turnover of the Amica Capital Group from environmentally sustainable activities in 2021

TABLE 17:
Percentage of turnover eligible for taxonomy

Economic activity	Code or codes	Turnover (absolute value) million zł	Part of the turnover %
A. ACTIVITIES ELIGIBLE FOR TAXONOMY			
Production of appliances increasing the energy efficiency of buildings	3.5.	1,596.76215	46.5%
Production of plastics in primary forms	3.17.	4.77353	0.1%
Acquisition and ownership of buildings	7.7.	13.41805	0.4%
Activities related to software, IT consultancy and related activities	8.2.	0.59635	0.0%
Total (A)		**1,615.55007**	**47.0%**
B. ACTIVITIES NOT QUALIFYING FOR TAXONOMY			
Turnover from activities that do not qualify for taxonomy (B)		**1,818.34993**	**53.0%**
Total (A + B)		3,433.90000	

The Group generates revenues from several business segments, only part of which is covered by the taxonomy of Annexes I and II to the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139). The main items of revenue from the activities included in the taxonomy in 2021 were:

- Revenue from the production of appliances increasing the energy efficiency of buildings in the amount of 1,596 million zł
- Income from exercising the ownership title to buildings in the amount of 13.4 million zł
- Revenues from the production of plastics in primary forms in the amount of 4.7 million zł
- Revenue from activities related to software and IT consultancy in the amount of 0.5 million zł

The share of turnover eligible for taxonomy in total turnover was 47% in 2021.

CapEx of the Amica Capital Group from environmentally sustainable activities in 2021.

TABLE 18:
The percentage of capital expenditure (CapEx) that qualifies for the taxonomy

Economic activity	Code or codes	Capital expenditure (CapEx) (the absolute value)	Part of the capital expend-iture %
A. ACTIVITIES ELIGIBLE FOR TAXONOMY			
Production of appliances increasing the energy efficiency of buildings	3.5.	49.25127	56.7%
Construction of new buildings	7.1.	7.73730	8.9%
Data processing; website management (hosting) and similar activities	8.1.	6.90980	8.0%
Activities related to software, IT consultancy and related activities	8.2.	15.10000	17.4%
Total (A)		**78.99837**	**90.9%**
B. ACTIVITIES NOT QUALIFYING FOR TAXONOMY			
Capital expenditure (CapEx) for activities that do not qualify for taxonomy (B)		**7.90163**	
Total (A + B)		86.90000	

Capital expenditure (CapEx) eligible for taxonomy is related to the implementation of investment plans. The largest capital expenditure was incurred primarily on assets ensuring the production of appliances increasing the energy efficiency of buildings (over 49 million zł), on investment projects related to software and IT infrastructure of the Amica Capital Group (15 million zł and 6.9 million zł). The Group also incurred expenditure on the construction of new buildings (over 7 million zł).

The share of investment outlays eligible for taxonomy in total investment outlays in 2021 was 90%.

OpEx of the Amica Capital Group from environmentally sustainable activities in 2021.

TABLE 19:
Percentage of operational expenditure (OpEx) eligible for taxonomy

Economic activity	Code or codes	Operating expenses (OpEx) (the absolute value) million zł	Part of the operating expenses %
A. ACTIVITIES ELIGIBLE FOR TAXONOMY			
Production of appliances increasing the energy efficiency of buildings	3.5.	43.84822	57%
Production of plastics in primary forms	3.17.	0.41418	1%
Upgrades to existing buildings	7.2.	4.37332	6%
Acquisition and ownership of buildings	7.7.	1.04400	1%
Activities related to software, IT consultancy and related activities	8.2.	7.52053	10%
Aid for market research, development and innovation	9.1.	20.10700	26%
Total (A)		**77.30725**	**100%**
B. ACTIVITIES NOT QUALIFYING FOR TAXONOMY			
Operating expenditure (OpEx) for activities not eligible for taxonomy (B)		**0.00000**	
Total (A + B)		77.30725	

In the case of operating expenses (OpEx), the largest amount (43.8 million zł in total) was related to the maintenance costs of a plant producing appliances increasing the energy efficiency of buildings and operating costs related to research activities (20.1 million zł). In addition, the Amica Capital Group incurred operating expenses related to updating the software necessary to run the Group's operations (7.5 million zł), renovation of existing buildings (4.3 million zł) and maintenance of the plant producing plastics (0.4 million zł).

The share of operating expenditure eligible for taxonomy in total operating expenditure in 2021 was 100%.

7. WORKPLACE

An important reporting issue:

Employee development and education and diversity management

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Purpose 5: Gender equality

- Counteract all forms of discrimination (regular training in the Code of Ethics)
- Promote gender equality and empower women at all decision-making levels in the Amica Capital Group

Purpose 8: Economic growth and decent work

- Strive for a higher level of efficiency through diversification, technological modernisation and innovation
- Ensure decent work for women and men, including young people and people with disabilities, and ensuring equal pay for work of equal value

SUSTAINABLE DEVELOPMENT GOALS

[GRI 102-16]

The Amica Group ensures stable employment and the employees are one of the most important stakeholders for the Company. The strategic goals in the area of HR in 2021 were:

- focus on implementing solutions that enable Amica Group employees to develop their professional potential
- create a healthy organisational culture based on respect and cooperation
- transparent and effective internal communication

Our employee policy consists of the following documents and procedures that are binding at the level of the entire Amica Group:

- Code of Ethics
- Remote Work Policy
- Diversity Management Policy
- and the Leader's Code

The Amica Group employs **3,337 people** (full time equivalent) and also cooperates with **1,321 people** based on civil law contracts, as well as contracts for appointment, cooperation and outsourcing.

3,337
Number of Amica Group employees [1]

44.91%
Percentate of employees who are women

4.88%
Employee turnover [2]

11.5%
Gender Pay Gap

[1] Number of employees working under a fixed-term and an open-ended employment contract, converted into full-time jobs.

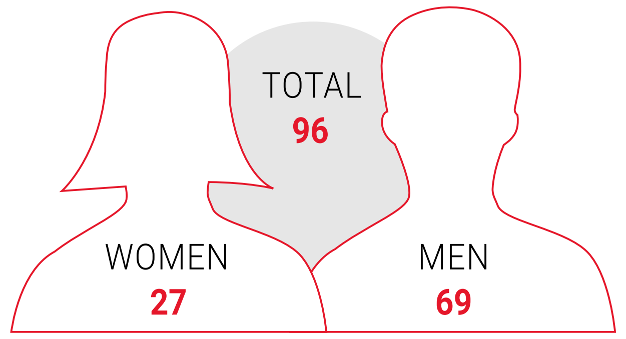
[2] Employee turnover rate based on an employment contract for an indefinite period.

Table 20:

Number of employees on fixed-term and indefinite employment contracts in the Group (converted into full-time jobs) by gender, age group and level of the structure

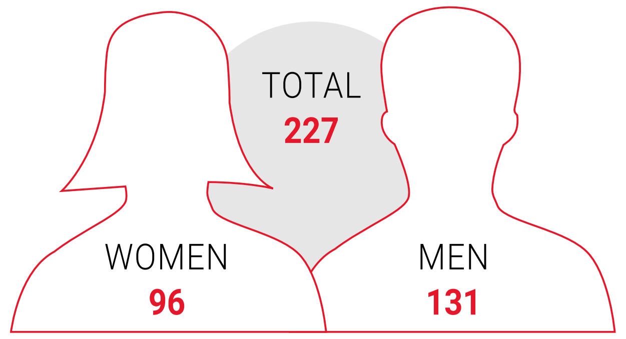
[GRI 102-7] [GRI 102-8]

SENIOR STAFF



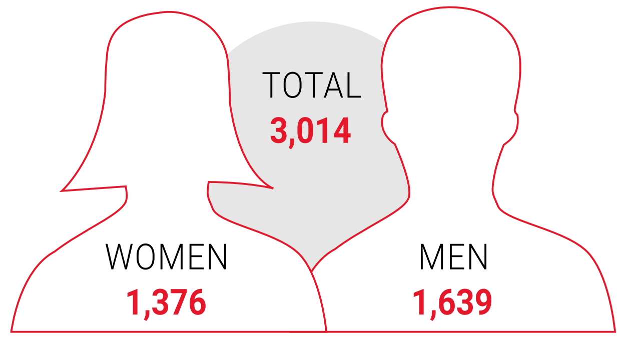
	women	men	total
aged 51 and over	3	18	21
aged 31–50	23	51	74
up to 30 years old	1	0	1

MID-LEVEL STAFF



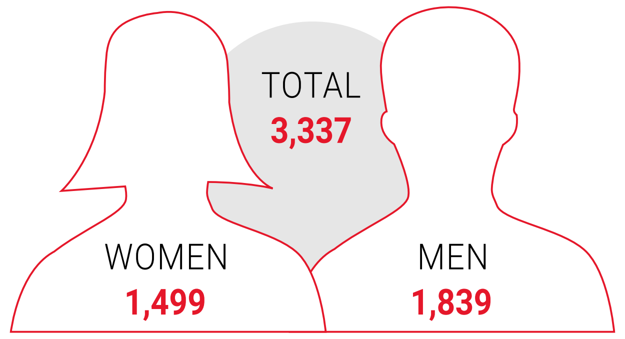
	women	men	total
aged 51 and over	7	29	36
aged 31–50	83	97	180
up to 30 years old	6	5	11

OTHER EMPLOYEES



	women	men	total
aged 51 and over	311	390	701
aged 31–50	773	808	1,581
up to 30 years old	292	441	733

TOTAL FOR ALL LEVELS OF THE STRUCTURE



	women	men	total
aged 51 and over	321	437	758
aged 31–50	879	956	1835
up to 30 years old	299	446	745

Key changes made in 2021 in human resource management

New HR structures and mechanisms	digitisation and automation of processes	Corporate culture and communication
• Centralisation of the HR department by fully consolidating the area of human resources management in one department and adapting the HR structure to the needs of the Company, such as strengthening the HR Business Partner function and preparing to create a recruitment section • Creating a competency model that aims to integrate the criteria and the process of selecting potentials, successors and candidates during recruitment. • Strengthening the feedback culture through training and schemes for conducting quarterly and annual interviews as well as role models. • Beginning of cooperation with PUEB (Pre-Incubation project) and a programme of practical vocational training with the School Complex No. 2 in Wronki • Financing psychological support – cooperation with psychological offices in 3 towns (Wronki, Szamotuły and Poznań).	• Implementation of the first module of the HR management system, which will unify and digitise HR processes related to employee management, goals, employee development and training	• Updating and implementing the new Code of Ethics and the Diversity Policy of the Amica Group throughout the organisation • Establishing a new breach notification process, training of the Ethics Committee, election of the Ethics Committee for the third term • Integrating the corporate communications into the HR department • Introduction of an internal newsletter in English throughout the Amica Group

[GRI 402-1]

The Amica Capital Group maintains high standards of communication with its employees, who are among the key stakeholders. We keep Employees informed of any operational changes that may affect their roles in the organisation. In 2021, a lot of attention was paid to the issues of internal communication in the Company. There are 9 different channels of internal communication in the Group:

- **Amica behind the scenes (Amica od kuchni):** a bimonthly, and currently a quarterly, presenting the profiles of employees, dealing with HR, OHS and IT issues, presenting the current situation of the Company and in the environmental area
- **Intranet+:** intranet of the Amica Capital Group
- **Emailing** aimed at quickly and directly informing employees about strategic and operational changes or about new guidelines and policies
- **Information posters** concerning mainly issues in the area of the Group's social policy
- **Billboards** with job offers
- **Videos**
- **Chats** allowing for solving employee problems on an ongoing basis and enabling bottom-top communication
- **Information meetings** where information on the Group's strategy is provided

7.1. Equal opportunities for everyone

[GRI 202-2]

Respect for diversity shapes the working atmosphere, organisational culture and the image of the Amica Capital Group. Our commitments in the area of diversity:

- Respect for Human and Employee Rights throughout the Group's value chain
- Provide equal opportunities for promotion and development opportunities for women and men and implement an equal and transparent remuneration and benefit policy
- Intergenerational exchange of competencies and cooperation
- Support and maintain health work-life balance

The above obligations are met as follows:

- Transparent internal and external recruitment that follows the rules of the established procedures
- Ongoing dialogue with internal and external stakeholders
- Counteract all forms of discrimination through continuous education and implementation of the procedure, including reporting irregularities on the report.whistleb.com/pl/amica platform
- Effect prevention through internal communication and raising awareness of the managerial staff and employees about the rules of conduct in relation to the issue of diversity
- Maintain an organisational culture open to inspiration from other countries and nationalities
- Actively promote diversity management issues as part of external communication, including marketing communication, customer service, events and public speeches
- Support suppliers in setting Diversity Management standards

The shaping and strategic management of the Group's diversity is the responsibility of the Management Board Member responsible for Finance and Human Resource Management. The Group has a Diversity Management Coordinator and a Diversity Management Team consisting of representatives of areas such as Communication, Compliance and HR. The Diversity Management Policy in the Amica Capital Group applies not only to employee issues, but also to the management model that the Group practices in relations with contractors, consumers and other stakeholders of the Company.

Equal rights and equal pay

[GRI 405-1]

Women in the Amica Group:

Table 21:
Diversity in the Amica Group by gender and age in 2021

	women	men
Supervisory Board	00.00%	100.00%
Management	16.00%	84.00%
Senior staff, including:	**28.13%**	**71.88%**
aged 51 and over	14.29%	85.71%
aged 31-50	31.08%	68.92%
up to 30 years old	100.00%	0.00%
Mid-level staff, including:	**42.29%**	**57.71%**
aged 51 and over	19.44%	80.56%
aged 31-50	46.11%	53.89%
up to 30 years old	54.55%	45.45%
Other employees, including:	**45.64%**	**54.36%**
aged 51 and over	44.41%	55.59%
aged 31-50	48.89%	51.11%
up to 30 years old	39.80%	60.20%
Altogether, employees of all levels of the structure	**44.91%**	**55.09%**
aged 51 and over	42.39%	57.61%
aged 31-50	47.90%	52.10%
up to 30 years old	40.09%	59.91%

The **Glass Ceiling Ratio (GCR)** shows how much more difficult it is for women to advance to the group of "middle management" and then to "senior management." The smaller the ratio, the fewer obstacles to career development for women. In 2021, the ratio for middle-level staff was low and amounted to 4.96%, which means that when starting their professional career in the Amica Capital Group, women are easily promoted to middle-level staff. On the other hand, for senior management, the GCR ratio was much higher and amounted to 20.88%, which means that promotion to senior management was relatively more difficult.

Table 22:
The Glass Ceiling Ratio in the Amica Capital Group in 2021 (employees employed for a fixed and an indefinite period):

GCR2 (senior management)	20.88%
GCR1 (mid-level staff)	4.96%

[GRI 405-2]

Gender Pay Gap (GPG) is an indicator showing the gender pay gap. The smaller the ratio, the smaller the difference in salaries between men and women for the same grade in the structure of the company. In 2021, Gender Pay Gap for the Amica Capital Group amounted to 11.5%, which is a better result than the average rate for Poland, which was 18.5% [1] in 2018.

Table 23:
Gender Pay Gap Ratio in the Amica Capital Group in 2021:

Senior management	62%
Managers and Managers	0.3%
Other employees	15.2%
All employees together	**11.5%**

Gender Pay Gap Ratio is an indicator calculated as an absolute value from the difference between the ratio of the average salary (i.e. basic salary and all additional elements, including bonuses) of a given gender to the other and the value of 100%.

[GRI 406-1]

In 2021, no discrimination incidents were recorded in the Amica Group.

[1] Report "Gender pay gap in Poland in 2016," Statistical Office in Bydgoszcz 2018.

Training and development programmes

The training priorities of the Group in 2021 were:

- training in proper conduct in the work environment and in the system of reporting irregularities
- development of leadership competences of line managers and employees taking on leadership roles
- managing own work and team work in a hybrid environment, combining online and traditional work
- webinars "Tuesday Knowledge Observatories (WOW)," which were held in Polish and English
- individual coaching sessions
- specialist trainings increasing professional competences in environmental protection, controlling, finance, human resources and payroll
- participation in events increasing professional competences
- foreign language courses

[GRI 404-1]

Table 24:
Average number of training hours and training expenses in the Amica Capital Group in 2021 [1]

	women	men	total
Senior management	6.11	9.20	7.91
Managers and Managers	5.89	11.43	8.70
Other employees	3.21	5.52	4.08
All employees	**3.78**	**7.16**	**5.19**
Expenditure on training in a given period (thousand zł)	34.85	51.48	86.33
Average training expenses per year per employee [zł]	118.71	205.49	158.66

[1] The data is calculated for Amica International GmbH, Amica Commerce s.r.o., Gram A/S, Hansa OOO, Hansa Ukraina OOO, Inteco Business Solutions Sp. z o.o., Marcelin Management Sp. z o.o. and Nova Panorama Sp. z o.o.

Development programmes offered to the managers of the Amica Capital Group implemented in 2021:

[GRI 404-2]

First Time Manager (FTM)

The purpose of this programme is to train people who assume the role of supervisors to act as leaders in the Amica Group

15 participants benefited from this programme in 2021.

Master League in Management (LMZ)

A series of trainings sessions and workshops devoted to practical and current managerial issues, such as the culture of providing feedback or conducting difficult conversations.

100 managers participated in this programme

Tuesday Knowledge Observatory (WOW)

A series of educational meetings aimed at popularising knowledge in managing own work and team work.

457 participants attended the WOW meetings.

7.2. Working conditions

At Amica Capital Group we are a reliable and safe employer who cares about attractive employment conditions and career development opportunities. We make sure that the employee turnover rate is as low as possible.

[GRI 401-1]

In the Group, the employee turnover rate for all employees under employment contracts for an indefinite period was 4.88%, including 3.26% for women and 6.34% for men. This low level of employee turnover proves that the Amica Capital Group is a solid and attractive place to work, offering satisfaction and development prospects.

[GRI 102-41]

There is one trade union organisation in the Amica Capital Group that represents the interests of Amica S.A. employees resulting from the provisions of the labour law.

Trade unions in the Amica Capital Group in 2021

Number of associated employees	319
Percentage of employees associated with trade unions in relation to the total number of employees in the Amica Capital Group	9.5%

As an employee of the Amica Capital Group, you can take advantage of the following benefits:

[GRI 401-2]

Zdrowie	Family	System of discounts, allowances and language courses
• **Employee canteen** adapted to shift work of factory workers in Wronki • **AmiMed** factory clinic in Wronki • Full **medical care** when purchasing a medical package • **Flexible working hours**, so that some employees can start work between 6:00 and 10:00 • **Psychologist support** and cooperation with specialist medical clinics	• The company's **Amica Kids** nursery and kindergarten at the factory • The "**Family is key**" scheme, under which employees receive 100% of parental and maternity remuneration from the Capital Group • **Recreation centre in Mierzyn** on Lake Mierzyński • **Life insurance** on preferential terms, guaranteeing employees and their families additional financial support in difficult life situations	• **Foreign language courses** • **Postgraduate studies** and specialised **courses** • An attractive **discount scheme** and preferential prices for the Amica Group's products • **Employment Anniversary Scheme**

7.3. A healthy and safe workplace

[GRI 403-1]

Health and safety are not only one of our key values, but also an element of the Group's management system present at every level of our organisation. Health and safety issues in the Amica Capital Group are under the responsibility of the Vice President of the Management Board for Operations. The Group has implemented and operates an Integrated Management System, and all norms, standards and procedures pertaining to Occupational Health and Safety are based on the provisions of Polish and / or local law, depending on the location of the business, and on the provisions of the PN-ISO 45001 standard.

In addition, Amica S.A. appoints and operates a Health and Safety Committee, whose meetings are held once a quarter, in accordance with the schedule drawn up for a given year, and which fulfils an advisory and consultative role. The OHS Committee participates in consultations regarding activities related to occupational health and safety at Amica S.A., in particular:

- Changes in the organisation of work and equipping workstations, introducing new technological processes, new substances
- Conducted accident and near miss proceedings
- Occupational and ergonomic risk assessment
- Providing employees with personal Personal Protective Equipment, workwear and safety shoes
- Employee health and safety training
- Organisation of first aid at the Amica S.A. production plant

This committee consists of representatives of the Management Board and employees of various departments of the production plant in Wronki, including component production department, quality control, continuous inventory, press shop and factory logistics.

Within the Group, each company has its own local system for reporting potential incidents and new risks. In the production company – Amica S.A., the Health and Safety and Fire Protection Manager is responsible for the process of hazard identification and occupational risk assessment; the manager is supported by other managers who continue to submit requests and comments from other people involved in ensuring the safety of the teams' work .

In the event of an accident at work or a sudden illness, appropriate internal procedures are applied for these circumstances.

Table 25:
Indicators on health and safety issues in the Amica Capital Group in 2021

[GRI 403-9]

	Amica Capital Group
Accidents among employees	
Number of accidents, including:	33
Minor accidents	32
Serious accidents	1
Fatal accidents	0
Multiple person accidents	0
Accidents among employees of subcontractors working on the premises of the plant	
Number of accidents, including:	1
Minor accidents	1
Serious accidents	0
Fatal accidents	0
Multiple person accidents	0
Accident rates	
Accident rate (accidents at work per 1,000 employees)	10.19
Number of days of incapacity for work due to accidents	1288
Accident severity rate (number of days of inability to work per accident)	37.88
Working in conditions of exceeding the standards	
Number of employees working in conditions of exceeding the occupational exposure limits or the permissible exposure limit.	183

In 2021, no cases of occupational diseases were reported in the Amica Capital Group.

8. SOCIAL ENGAGEMENT

An important reporting issue:

Local communities and social responsibility

1 NO POVERTY

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

Purpose 1: No more poverty

Purpose 4: Good quality of education

Purpose 10: Less inequality

- We regularly provide the necessary household appliances to communities in difficult financial and living situations
- We help children and youth from rural areas
- We support educational institutions and medical care
- We popularise and subsidise sports clubs, including women's football clubs and those that are important to local communities

SUSTAINABLE DEVELOPMENT GOALS

Social activities and sponsorship are regulated by the following corporate documents:

- Donation Policy of the Amica Capital Group
- Amica Group's Sponsorship Policy

the HR Directo is responsible for shaping and managing projects in the social activity area, and he or she is supported in everyday work in this area by the Corporate Communications and ESG Manager. In turn, for any social projects, the HR Director reports directly to the Member of the Management Board responsible for finance and human resources. The ambition of the Amica Capital Group is to leave a lasting and positive influence, above all, where the Group conducts production, operational and commercial activities. Moreover, the Group is involved in nationwide and European campaigns. The main projects in the area of social responsibility are implemented by the Amica S.A. corporate foundation – by the Amicis Foundation. However, donations may be granted directly by companies from the Amica Capital Group on the terms described in the Donation Policy of the Amica Capital Group.

The Amica Capital Group – whether through the activities of the Amicis Foundation or through the donation programme of individual Group companies, supports primarily social projects, which provide:

- Social assistance for people and families in a difficult financial and life situation
- Social assistance for children, seniors, the sick, the lonely, the homeless or addicted
- Help for the disabled
- Improvement in the quality of medical care
- Education support
- Cultivating and promoting sport and active recreation among young people
- Development and support for cultural and environmental activities of young people
- Initiatives to support educational institutions

2.7 million zł Is the sum we donated to social initiatives and programmes benefiting local communities

8.1. Amica Volunteer Firefighting Unit

Amica Volunteer Firefighting Unit was founded in 1953, is financed exclusively from the Company's budget (142,000 zł in 2021) and today it consists of 46 members – Amica S.A. employees, including 36 men and 10 women. The Amica Volunteer Firefighting Unit provides valuable assistance to the local community, such as transporting people for vaccinations related to the COVID-19 pandemic and delivering parcels on behalf of the Amicis Foundation.

75 rescue operations, including **24** fires and **45** local threats

10,35 l

the amount of blood donated by firefighters

8.2. The results of social programmes in 2021

The Menstruation in your school campaign

Provides students with generally available intimate hygiene measures and reliable education. In 2021, thanks to the Group's involvement, **9 schools in the company's vicinity** were beneficiaries of the programme to combat menstrual exclusion in Poland.

Work of the future

The gastronomic workshop at the Technical School Complex in Tarnów Podgórne was full equipped, and the School Complex No. 2 in Wronki received computer appliances and a TV set to support the teaching of vocational subjects. Moreover engineers of the Amica Capital Group conduct **courses** related to technology and science of technical drawing at school.

Student pre-incubation

In the academic year 2021/2022, the Amica Capital Group, in cooperation with the Foundation for Creating Shared Value by Students, launched a pre-incubation programme for **40 students from Poznań**, which aims to support young people in gaining professional experience and developing skills related to project work.

Colorful canteens

The Amica Capital Group organised and sponsored a competition to modernise school canteens. Nearly **950 students** study in the winning schools, and from the new school year 2021/2022 they already use the refurbished canteens during the summer holidays.

You are also wanted!

The Amica Capital Group has once again become a partner and sponsor of the "Ovary Diagnostics" nationwide campaign organised by the Kwiat Kobiecości association, launched this year under the slogan: You too are wanted! Whose purpose was to encourage women to have regular medical examinations.

Thanks to the support, a **cytobus was set up created in 2021**, which from 2022 will carry out free medical examinations for women in Poland.

Pet Asylum

Thanks to the initiative of the employees of the Group and Amica Volunteer Firefighting Unit, help was provided to **dog and cat shelters in Przyborówko and Rusiec**. In addition to in-kind assistance, thanks to the work of volunteers from the Amica Capital Group, the branch in Rusiec was modernised.

Clean Air

In response to the residents' request, the Group installed **2 air quality sensors in Wronki.** New sensors make it possible to check the air condition in the immediate vicinity even more precisely and are an initiative that contributes to increasing public awareness of air quality.

Shared home = shared responsibilities

Together with the Share the Care Foundation, the Group launched a **nationwide campaign "We share home = we share chores"** (April – June 2021), which encourages the sharing of work between household members in order to be able to enjoy their free time together and cultivate family ties.

8.3. Support for sport

Sport is the area of life that not only releases positive energy, but also promotes health and fair-play. Hence, the Amica Capital Group supports European sports clubs, with special attention to women's teams. The Fagor brand, belonging to the Amica Capital Group, became the sponsor of the women's football club Olympique Lyon (France) in 2021. Also, the Group's logo appears on the shirts of Atletico Madrid's players in Spain.

In addition, the Group supported the following sports clubs and events in 2021:

- AMICA Cup 2021 women's volleyball tournament in Szamotuły
- VII National Tournament of Polish Dances "Wielkopolski Bat" in Wronki
- The Dziewiątka bowling club in Wronki
- 10 km run "Wroniecka Dycha 2021" organised by the Wronki Runner Club
- The "Economic Five" run organised by the University of Economics in Poznań.

8.4.
Fundacja Amicis (Amicis Foundation)

The Amica Capital Group is the main sponsor of the Amicis Foundation – one of the largest organisations supporting the poor and needy in Wielkopolska. The Foundation was established in 2005 in Wronki. Its purpose is to help those who need it most.

All persons involved in the activities of the Foundation work voluntarily, receiving no remuneration for their work. Almost 100% of the funds at the Foundation's disposal are donated to social needs.

In 2021, the Amicis Foundation reached with its help to:

- 90 beneficiaries
- 26 families in need
- 8 kindergartens
- 10 schools
- 3 orphanages
- 2 social welfare houses
- 9 associations, foundations, shelters for the homeless, addicts
- 10 centres for people with disabilities
- 4 hospitals
- 1 hospice

Christmas Gift of the Heart action

Just before Christmas, as every year, the Amicis Foundation delivered gifts to 150 children under its care and 80 employees of the Piłka-Zamyślin Nursing Home. Both Christmas packages and basic necessities were donated to those in need. Nearly 350 families from the municipalities of Wronki, Lubasz and Poznań could also count on support. The gifts were given thanks to the involvement of local schools and the support of Amica firefighters, who traditionally took care of delivering parcels in the vicinity of Wronki. The Christmas convoy also brought gifts for all children from the facilities in Gaj Mały, Miłków, Kamionka and Wronki. Electronic notebooks, school supplies, toys and sweets were delivered to the youngest from the Szamotuły and Czarnków-Trzcianka poviats.

For statutory activities, the Amicis Foundation spet in 2021

510,000 zł

9. FINANCE OF THE AMICA CAPITAL GROUP IN 2021

9.1. Principles of preparing the financial statements of the Capital Group

The Consolidated Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as adopted by the European Union for annual periods beginning on or after 01 January 2021. As at the date of approval of these consolidated financial statements, taking into account the ongoing implementation of IFRS in the EU and the activities pursued by the Group, with regard to the accounting policies applied by the Group, the International Financial Reporting Standards differ from International Financial Reporting Standards adopted by the EU.

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements include adjustments not disclosed in the Group's accounting books, presented in order to approximate financial statements of such entities with the IFRS. Other statements of the companies are prepared in accordance with the principles of the IFRS.

These consolidated financial statements have been prepared with the assumption that the Group would continue as a going concern in the foreseeable future. On the date of approval of these consolidated financial statements, there are no circumstances that could be regarded as a threat to the continued business operations of the Group companies.

These Consolidated Financial Statements have been prepared under the historical cost convention, except for derivative financial instruments that are measured at fair value. The Group uses the direct consolidation method and has chosen the method of accounting for gains or losses on translation that is consistent with that method.

9.2. Current and predictable financial situation

The second year of the COVID-19 pandemic in Poland, Europe and the world as well as the economic and social changes (return to economic growth with simultaneous changes in supply chains and the inflation trend) had a significant impact on the financial standing of the Group. In 2021, the AMICA Group recorded a sales increase of 11.9%, i.e. over 366 million zł in revenues more than in 2020.

The following factors influenced the financial results of the AMICA Group in 2021:

- Increase in sales in all markets – this was due to an increase in demand and a lower base as a result of COVID-19 in 2020 (from mid-March 2020)
- Higher share of own products sold (increase to 48% of total revenues);
- Maintaining the gross profitability of sales (28.6%) on heating appliances, resulting from a higher sales volume and higher efficiency
- Higher production costs (raw materials, wages) compensated by improving the efficiency and production volume,
- Increasing the production capacity to 2.5 million large household appliances by expanding the available machines in the press and enamel plant, and automation of the production process
- High sea freight costs
- Price increase for AMICA Group products from the third quarter of 2021
- Higher selling costs (64 million zł), caused by higher sales, related to the costs of transport, storage and service related to more appliances under warranty.
- Higher general and administrative expenses (20 million zł) related to expenditure on marketing activities.
- Negative deviation on other operating activities related to the 2020 Covid-19 subsidy.
- Gross profit at the level of 144.4 million zł was lower by 49.3 million zł than last year.

TABLE 26:
Main items of the profit and loss account of Amica S.A. and the Amica Capital Group

Profit and loss account (millions zł)	Consolidated data				Separate data	
	1-4 quarter 2021	1-4 quarter 2020	Change	Dynamics %	1-4 quarter 2021	1-4 quarter 2020
Sales revenue	**3,433.9**	**3,068.7**	**365.2**	**11.9%**	**1,982.7**	**1,726.1**
Gross profit on sales	**827.5**	**829.1**	**(1,6)**	**(0,2%)**	**311.0**	**332.9**
Gross profit on sales	24.1%	27%	-2.9 pp		15.7%	19.3%
Cost of sales	412.5	348.6	63.9	18.3%	129.2	97.6
General administrative expenses	269.8	251.9	17.9	7.1%	117.8	131.4
Balance of other operating income and other operating expenses	2.9	(20,9)	23.8		4.2	(5,2)
Loss on expected credit losses	-1.8	7.2	-9.0		-0.1	0.2
Earnings Before deducting Interest and Taxes (EBIT)	**149.9**	**200.5**	**-50.6**	**-25.2%**	**68.3**	**98.5**
Operating profit margin	4.4%	6.5%	-2.2 pp		3.4%	5.7%
EBITDA [1]	**215.8**	**259.9**	**-44.1**	**-17.0%**	**117.2**	**143.3**
EBITDA margin	6.3%	8.5%	-2.2 pp		5.9%	8.3%
Result from financial activities	-5.0	-6.8	1.8		36.8	45.7
Gross profit	**144.9**	**193.7**	**-48.8**	**-25.2%**	**105.1**	**144.2**
Gross profit margin	4.2%	6.3%	-2.1 pp		5.3%	8.4%
Net profit	**111.2**	**150.7**	**-39.5**	**-26.2%**	**90.5**	**127.1**
Net profit margin	3.2%	4.9%	-1.7 pp		4.6%	7.4%

[1] EBITDA calculated as the operating profit + amortisation

Financial standing

TABLE 27:
Assets of the Amica Capital Group in 2021

[million PLN]	Consolidated data				Separate data	
	2021	2020	Change	Dynamics %	2021	2020
Fixed assets	**774.1**	**730.4**	**43.7**	**6.0%**	**880.9**	**825.3**
Property, plant and equipment	434.5	390.6	43.9	11.2%	386.5	342.3
Intangible assets	127.7	115.5	12.2	10.6%	46.3	39.5
Other fixed assets	149.5	154.1	-4.6	-3.0%	419.8	402.6
Deferred income tax assets	62.4	70.2	-7.8	-11.1%	28.3	40.9
Current Assets	**1811.5**	**1461.3**	**350.2**	**24.0%**	**848.9**	**764.6**
Inventory	811.6	421.5	390.1	92.6%	348.6	211.4
Receivables from deliveries and services and other receivables.	801.8	708.3	93.5	13.2%	457.5	402.6
Other current assets	138.2	61.1	77.1	126.2%	31.9	39.6
Cash and cash equivalents	59.9	270.4	-210.5	-77.8%	10.9	111
Total assets	**2585.6**	**2191.7**	**393.9**	**18.0%**	**1729.8**	**1589.9**

Key events affecting the economic situation within the scope of assets:

- The increase in the volume of property, plant and equipment was mainly due to investment activity. The Group allocated about 100 million zł on these assets. The expenditures focused mainly on expenditures increasing production capacity, automation and digitisation. Investments were also made in the area of environmental technologies
- The increase in inventories is related to the availability of products and goods on European markets.
- An additional factor in the increase in stocks was the preparation of a strategic stockpile in Russia in the event of an armed conflict with Ukraine.

The increase in receivables by 91 million zł is related to higher sales (+12%). Cash amounted to 59.9 million zł.

TABLE 28:
Financial standing: liabilities of the Amica Capital Group in 2021

[million PLN]	Consolidated data				Separate data	
	2021	2020	Change	Dynamics %	2021	2020
Total equity capital	1142.9	1068.5	74.4	7.0%	1049.2	1014.8
Total liabilities	1442.7	1123.2	319.5	28.4%	680.6	575.1
Long term liabilities	214.5	155.6	58.9	37.9%	121.1	108.1
Current liabilities	1228.2	967.6	260.6	26.9%	559.5	467
including short-term provisions	82.0	86.0	-4	-4.7%	31.3	32.2
Total liabilities	**2585.6**	**2191.7**	**393.9**	**18.0%**	**1729.8**	**1589.9**

Key events affecting the economic situation within the scope of liabilities:

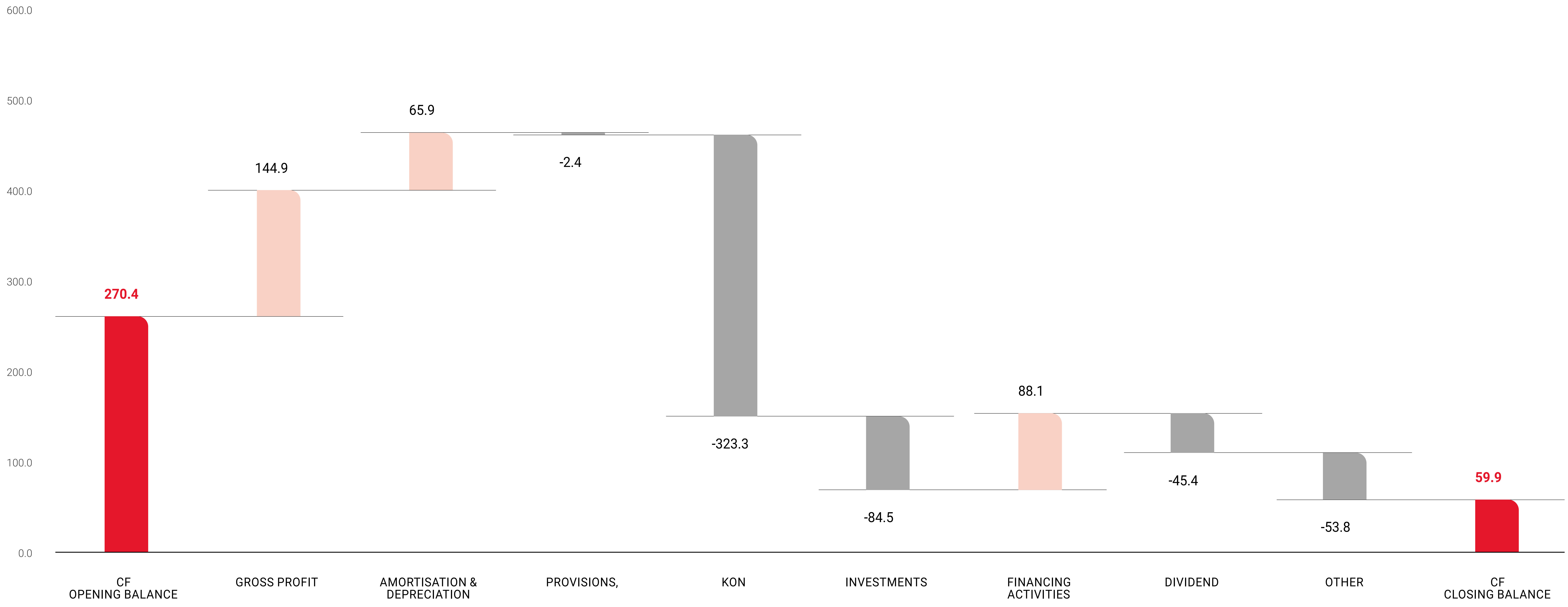
- change of equity was due to the achieved net profit (in plus) and the dividend paid (change in minus) 45.4 million Polish Złotys.
- Long-term debt, which was used to finance the investment (+45.9 million zł) and short-term debt, increased by 89.6 million zł
- The current ratio at a satisfactory level of 1.47. The overall debt ratio increased to the level of 0.56 (from 0.51).

At the end of 2021, the Group had a stable financial position.

TABLE 29:
Cash Flow

[million PLN]	Consolidated data			Separate data	
	2021	2020	Change	2021	2020
Cash flows from operating activities	-167.0	353.4	-520.4	-60.4	202.6
Cash flows from investment activities	-84.5	-24.7	-59.8	-42.8	7.9
Cash flows from financial activities	41.5	-153.6	195.1	2.7	-103.7
Opening balance of cash	**270.4**	**95.7**	**174.7**	**111.0**	**4.2**
Change in cash (amount)	-210	175.1	-385.1	100.1	107.2
Closing balance of cash	**59.9**	**270.4**	**-210.5**	**10.9**	**111.0**

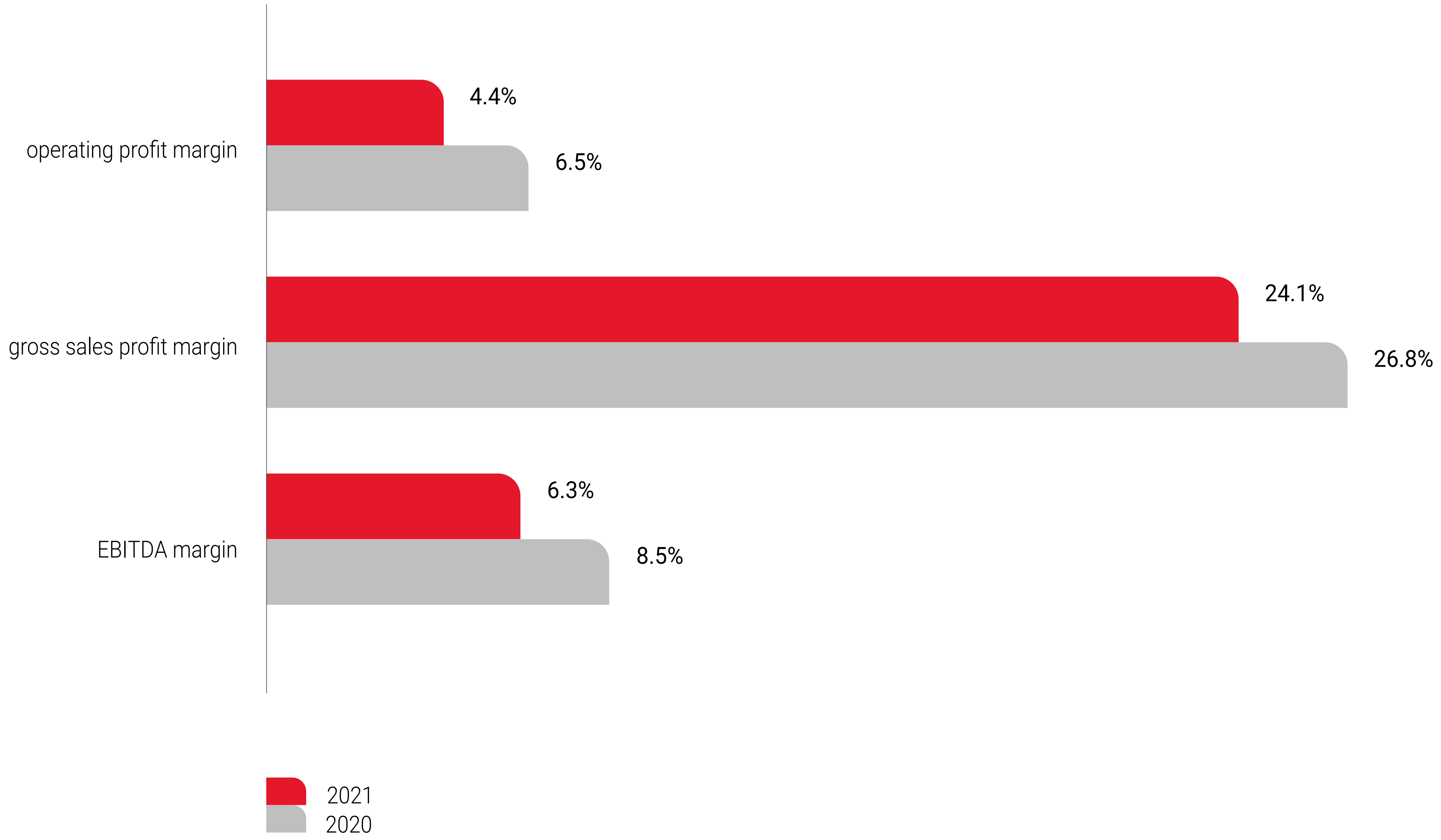
CASH FLOW STATEMENT IN THE AMICA CAPITAL GROUP IN 2021
[million PLN]



9.3. Financial ratios

TABLE 30:
Key financial indicators

Key financial indicators	Consolidated data		KPI	Parent company	
	2021	2020		2021	2020
gross sales profit margin	24.1%	27%	profit from gross sales for the period / net revenue from sales in a given period	15.7%	19.0%
EBITDA (million zł)	215.8	259.9	increased operating profit + depreciation	117.2	143.3
EBITDA margin	6.3%	8.5%	EBITDA / net sales revenue in the period in question	5.9%	8.3%
operating profit margin	4.4%	6.5%	operating profit / net sales revenues for the period	3.4%	5.7%
net margin	3.2%	4.9%	net profit / net revenues from sales for the period	4.6%	7.4%
working capital (million zł)	583.3	493.7	current assets – short-term liabilities	289.4	297.6
current liquidity	1.47	1.51	current assets – short-term liabilities	1.52	1.64
Total debt ratio	0.56	0.51	total liabilities / total assets	0.39	0.36
debt equity ratio	1.26	1.05	total liabilities / equity	0.65	0.57
net debt	275.2	-67.5	(interest-bearing loans and borrowings) – cash	233.5	63.8
RONA	14.7%	22.9%	EBITDA / (KON + AT) [12 months]	8.9%	12.9%



9.4. Credits and loans

Information on the owned credits, loans and other debt instruments can be found in the Consolidated Financial Statements in note 29.

9.5. Investments and capital deposits

Investment plans

The Amica Group intends to allocate capital expenditure to:

- R&D projects aimed at developing and creating new solutions and products. In the implementation of some projects, the AMICA Group already cooperates with the National Centre for Research and Development
- Another extremely important area will be expenditure on projects related to increasing production capacity and improving production efficiency by allocating some of the expenditure to automation processes.
- The process of reducing the energy consumption of production and green energy production projects as well as further mitigation of the environmental impact will also be continued.
- The last elements, no less important in the era of digitization, are investments intended for IT development and improvement of IT security.

In the opinion of the Company, the resources held are sufficient to implement the planned investments and as at the date of this annual report.

Capital investments

For information on the investments held, see Note 26 to the Consolidated Financial Statements.

9.6. Guarantee and surety agreements and contingent liabilities

As at the balance sheet date, the Group had no contingent liabilities.

The group has after-sales guarantees. Details are provided in the Consolidated Financial Statements in note 11 in point 2.

9.7. Issuance of debt securities

In 2021 the AMICA S.A. – the Parent Company issued short term bonds on the domestic market, at the same time repurchasing previously issued bonds. Detailed information is provided in note 29 of the Consolidated Financial Statements.

These bonds bear interest based on WIBOR 3M + margin. A portion of bonds issued for the purchase of shares in the subsidiary bears interest under the terms of WIBOR 6M + margin. The bonds were issued in order to reduce costs and diversify the sources of financing of the Company.

9.8. Financial instruments

The information is provided in note 36 to the Consolidated Financial Statements.

9.9. Profit distribution and financial result forecast

As at the date of publication of the statements, the Management Board of Amica SA did not make a decision to recommend dividend payment for 2021.

Neither the Group nor the parent company publish forecasts of financial results.

9.10. The assessment of financial resources management.

The situation related to COVID-19 and the factors that resulted from it impacted the results achieved by the Group in the 12 months of 2021 in all operating segments.

The disruption of supply chains resulted in a significant increase in the costs of sea freight, which had a negative impact on the margin of commodity product groups. Another negative factor was the gradual increase in the prices of components, including steel, which accounts for about 30% of the technical manufacturing cost of heating appliances and electronics.

To counteract these negative circumstances, the Management Board took steps to minimise these negative effects by optimising production and adjusting prices on selected markets from Q3 2021.

Throughout 2021, the Company continued its current policy for liquidity management, consisting in the diversification of financing sources and the use of a number of tools for effective liquidity management and optimisation of financial costs, including the systems of consolidation of funds.

The Management Board of the Group will be monitoring the development in the area of sea freight costs and the increasing prices of raw materials. The increase in these costs will be a challenge for the Group in 2022. However, the Group will take appropriate measures to ensure that this unfavourable circumstance does not adversely affect the achieved results. At the turn of 2021 and 2022, work began on a new long-term S30+ strategy. The Management Board of the Amica Group plans to prepare for further development and expansion on international markets by working on a new strategy.

9.11. Transactions with affiliates and subsidiaries

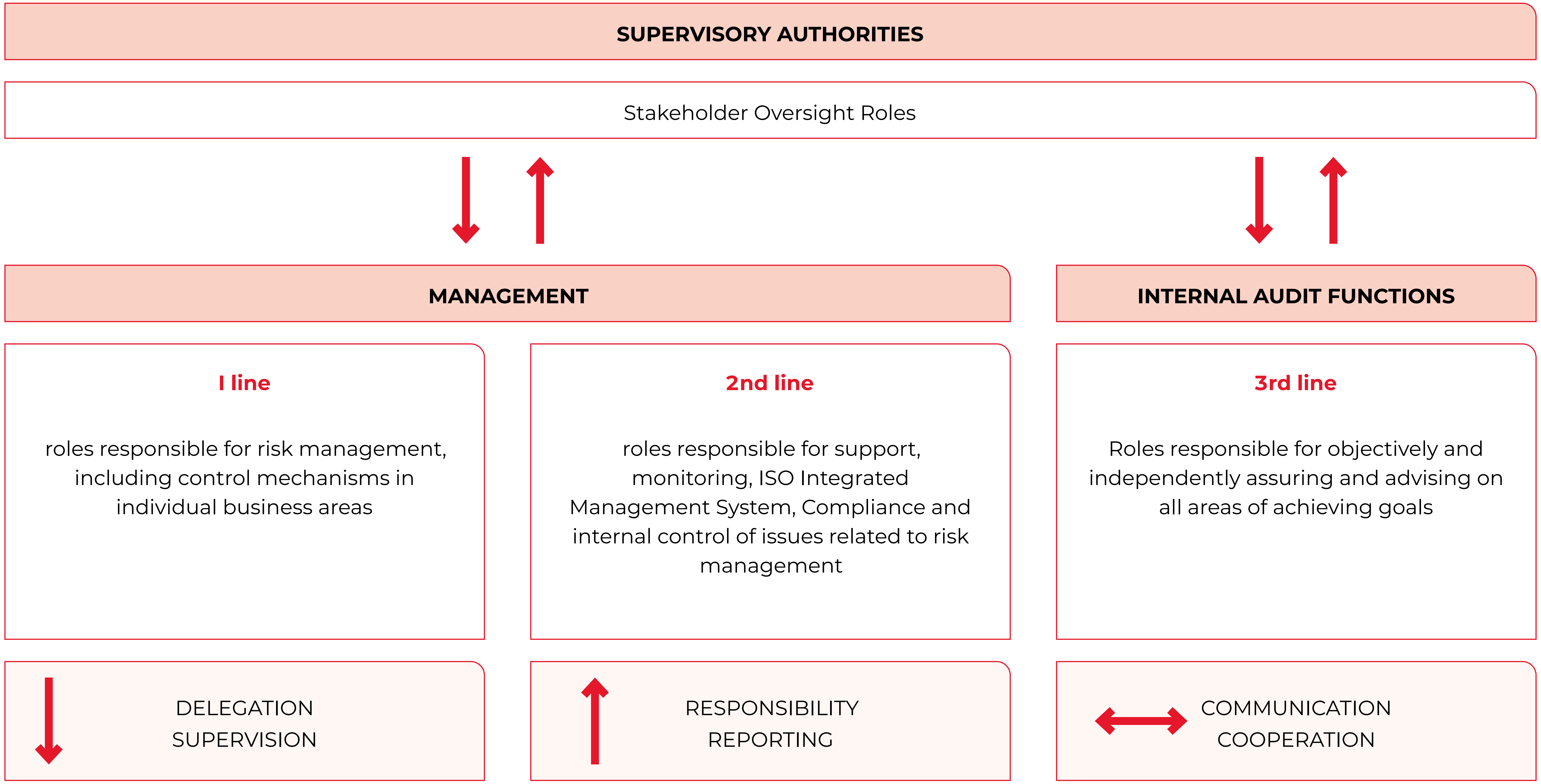
A detailed description of transactions with related entities is presented in in note 33 to the Consolidated Financial Statements.

10.
RISK MANAGEMENT

10.1.
Risk management system

A comprehensive and coherent risk management system is implemented in the Amica Group, which supports the development of corporate governance. The basic corporate document regulating this area of activity is the Risk Management Policy. Companies – at the local level, adopt local procedures that adapt, on the one hand, to the Group's requirements and, on the other hand, to the local legal regulations of a given market and country. At the Group level, the Management Board identifies risk factors, manages risk at a strategic level, defines global standards, tolerance for individual risks, indicates directions for the development of the risk management system, approves mechanisms, including approving the Risk Management Policy and involving persons responsible for individual areas in the process. On the other hand, the Supervisory Board performs the role of the supervisor and the verifier of activities related to the most important identified risks. The Audit Committee monitors and evaluates the effectiveness of the risk management system.

Diagram of the organisational structure of the risk management system in the Amica Capital Group



10.2. Objectives and principles of financial risk management

Detailed information on the objectives and principles of financial risk management is provided in point 36 of the Financial Statements.

10.3. Interest rate risk

Detailed information on the objectives and principles of financial risk management is provided in point 36 of the Financial Statements.

10.4. Currency risk

Detailed information on the objectives and principles of financial risk management is provided in point 36 of the Financial Statements.

10.5. Credit risk

Detailed information on the objectives and principles of financial risk management is provided in point 36 of the Financial Statements.

10.6. Liquidity risk

Detailed information on the objectives and principles of financial risk management is provided in point 36 of the Financial Statements.

10.7. Material non-financial risks

[GRI 102-15] [GRI 201-2]

During the materiality study conducted in the fourth quarter of 2021, a number of non-financial risks belonging to different areas of sustainable development were identified. These risks will be gradually incorporated into the risk management system at the Amica Group.

TABLE 31:
Significant ESG risks identified in the Amica Capital Group

Environmental risks
• The risk of stricter emission standards • The risk of exceeding the standards in the area of circular economy • Risk related to access to water • Risk related to the access and prices of commodities and raw materials

Social and employee risks
• Risk of a lack of manpower • Risk related to the change in consumer preferences, including the selection of more environmentally friendly products that meet the requirements of the circular economy and the selection of sharing economy solutions • The risk of full digitisation of communication with employees and consumers

Management risks
• Risk related to the economic fallout of the COVID-19 pandemic (recession, unavailability of commodities and raw materials) • The risk related to the decisions of the regulator or changes to the regulations on household appliances in the entire value chain of the Company

11. OTHER INFORMATION

11.1. Information about the audit firm

The table below presents the remuneration of the entity authorized to audit the Group's financial statements, paid or due for the year ended 31 December, 2021 and 31 December, 2020, by type of services:

	Year ended 31 December 2021	Year ended 31 December 2020
Mandatory audit of the annual financial statements	1.5	1.3
Reviewing financial statements	0.2	0.1
Other services	0.2	0.0
Total	**1.9**	**1.4**

The non-audit services that the auditor responsible for the audit of the Group provided to the Group and its subsidiaries during the audited period include: 1) Provide the service of performing agreed procedures for the verification of the financial ratio on the basis of the annual consolidated financial statements. 2) 2) Provide the services of adapting the Gram A/S report to the XBRL reporting standards for the purposes of statutory reporting in Denmark.

11.2. Disputes

As at the balance sheet date, there were no significant proceedings concerning liabilities or receivables of the Issuer or its subsidiaries.

12. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE

12.1. Principles and scope of application of corporate governance

The Amica Capital Group is subject to the corporate governance rules provided in the document "Best Practices of WSE Listed Companies 2021" (the text is available on the website of the Warsaw Stock Exchange in the section devoted to good practices of companies https://www.gpw.pl/dobre-praktyki2021) to which issuers of shares listed on the WSE Main Market are subject. On 29 March, 2021, the Exchange Supervisory Board – at the request of the Exchange Management Board, adopted the "Best Practices of WSE Listed Companies 2021" and these rules apply to issuers from 1 July, 2021 and supersede the previous version of the Best Practices of 2016.

In accordance with the Stock Exchange regulations, the scope of application of "Best Practices of WSE Listed Companies 2021" is published and available on the Amica Capital Group's corporate website in the Investor Relations section, in the Corporate Governance tab: https://ir.amica.pl/lad-korporacyjny.

12.2. General meeting and shareholders' rights

The General Meeting is the most important body of the Company making key decisions regarding the existence and operations of the Amica Capital Group. The General Meeting of the Amica Capital Group operates pursuant to the provisions of the Commercial Companies Code, the Articles of Association and the Regulations of the General Meeting adopted by Resolution No. 20/2010 of the Extraordinary General Meeting of Shareholders of 16 February, 2010 on the approval of the Regulations of the General Meeting. These legal documents also define the rights of shareholders. Both the Company's Articles of Association and the Regulations of the General Meeting are available on the Company's website, in the Investor Relations section, in the Corporate Governance tab: https://ir.amica.pl/lad-korporacyjny.

12.3. Rules for amending the company's articles of association

Amending the provisions of the Articles of Association of Amica S.A. is the exclusive competence of the General Meeting – the prerogative indicated in § 19 sec. 2 point 3 of the Company's Articles of Association, available on the Company's website, in the part concerning Investor Relations, in the Company tab (https://relacjeinwestorskie.amica.pl/spolka).

The last amendments to the Articles of Association of "Amica Spółka Akcyjna" were introduced under Resolutions No. 22/2021 – 30/2021 of the Ordinary General Meeting of the Issuer of 15 June , 2021 [on 15 November , 2021, the Registry Court registered the amendment to the Articles of Association of "Amica S.A." in the register with the following content: § 14 section 1 point 4), § 22 (introduction of a new editorial unit numbered in section 9), § 24 section 2 and section 3, § 27 section 2, § 28 section 1, § 28 section 3, § 28 section 5 sentence 1, § 31 (introduction of a new editorial unit numbered section 3) and § 40 section 4 of the Issuer's Articles of Association).

12.4. Risk control and management systems in the process of preparing financial statements

The Management Board of Amica S.A. is responsible for the internal control system in the Company and its effectiveness in the process of preparing financial statements and periodic reports as well as, respectively, consolidated financial statements and consolidated periodic reports prepared and published in accordance with the rules of the Regulation of the Ministry of Finance of 29 March , 2018 on current and periodic information provided by issuers of securities.

The accounting books of Amica S.A. are kept in Polish and in the Polish currency using the ERP computer system provided by SAP. Figures are rounded to the nearest million. The accounting books of the Group's companies are kept in specialised systems in accordance with local regulations.

The financial statements include adjustments not disclosed in the Group's accounting books, presented in order to approximate financial statements of such entities with the IFRS. Other financial statements of the companies are prepared in accordance with IFRS.

The scope of reporting and responsibility for the preparation of financial statements are determined by internal procedures adopted by the Company. The basic element of internal control in the preparation of financial statements and consolidated financial statements is the separation, in accordance with the division of duties and competences, of the functions of records, formal and content-related control and preparation of financial statements between individual job positions.

Assets and liabilities are additionally verified prior to the drawing up of financial statements.

The accounting department and the financial department of the Company are responsible for the drawing up of financial statements and periodic reports as well as appropriately consolidated financial statements and consolidated periodic reports. Then, the financial statements are approved by the Management Board of Amica S.A.

One of the basic elements of external control in the process of preparing financial statements is verification by an independent statutory auditor. The statutory auditor is selected by the Supervisory Board. The statutory auditor carries out preliminary and proper audits of separate and consolidated annual financial statements as well as a review of separate and consolidated semi-annual financial statements.

12.5. Policy and procedure for selecting a statutory auditor

The selection of the auditing company to verify the financial statements for the years 2020-21 was made by the Supervisory Board of the Company – as an entity authorised under the Company's Articles of Association.

The Supervisory Board of the Company selected PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa with its registered office and address in Warsaw, ul. Polna 11 (company entered in the Register of Entrepreneurs kept by the District Court in Warsaw, under number KRS 0000750050), entered in the list of entities authorised to audit financial statements kept by the National Council of Statutory Auditors, under number 144.

The selection of the audit firm was made after the Supervisory Board of the Company got acquainted with the recommendation of the Audit Committee of the Company, prepared in accordance with the provisions of the Act on statutory auditors, audit firms and public supervision, as well as the internal regulations of the Company.

13. ABOUT NON-FINANCIAL INFORMATION

13.1. Information on the report

[GRI 102-41, GRI 102-42, GRI 102-43]

Materiality testing and stakeholder identification process

The significance study was conducted in the fourth quarter of 2021 in cooperation with the consulting company MATERIALITY. The study was carried out in accordance with the MAX® – MATERIALITY ASSESSMENT MATRIX methodology in the basic+ version and was adapted to the requirements of the future Corporate Sustainability Reporting Directive (CSRD). During the study, an extensive questionnaire was used for various stakeholder groups of the Amica Capital Group, in accordance with the principle of double significance. This means that the study took into account financial materiality, i.e. the impact and risk of the environment and society on the Group as well as the significance of the impact were analysed, i.e. the impact of the Group on environmental and social issues was analysed.

As a result of the materiality study, a list of significant stakeholders, significant environmental and climate change issues, social issues, including employee issues, corporate governance, and a list of significant non-financial risks were defined.

The two-way strength of the impact was identified for each stakeholder of the Group. Environmental, Social, and Governance issues were examined in terms of five parameters in two perspectives (double significance principles): four impact parameters – the strength of the impact, the scope of the impact, the probability of impact and the possibility of remedying the impact, and one parameter of financial significance, i.e. the impact of the Environmental, Social, and Governance issue on the development, results and business circumstances of the Group Capital Amica.

Additionally, a study of the significance of Environmental, Social, and Governance issues from the perspective of the Company's external stakeholders (financial institutions, representatives of Amica S.A. shareholders, local communities, local authorities, business partners, public benefit organisations, industry organisations and external ESG experts) was carried out, and with those external stakeholder in-depth and structured interviews were conducted.

The results of the materiality test were presented to the representatives of the Management Board and senior management of the Amica Capital Group during a validation workshop.

[GRI 102-44, GRI 102-47]

Relevant reporting areas

As a result of the study, key reporting areas were identified. In order to organise all the relevant ESG areas, they have been divided into 3 prioritisation groups – highest prioritisation, medium and standard. Significant Environmental, Social, and Governance issues have been organised as follows, and important reporting areas were those from the group with the highest and medium prioritisation.

List of significant reporting issues:

In the area of climate and the environment:

- Climate change, including circular economy, commodities and raw materials
- Water and sewage

In the social and employee area:

- Human rights and labour rights
- Employee development and education
- Diversity management
- Local communities

In terms of corporate and management governance:

- Sustainable development management
- Ethics
- Product quality and safety
- IT and digitisation
- Relations with suppliers and subcontractors

Table 32:
Entities covered in the statement on non-financial information of the Amica Capital Group:

[GRI 102-45]

	Company	Country
1	Amica Commerce s.r.o.	The Czech Republic
2	Gram A/S	Denmark
3	Electrodomesticos Iberia S.L.	Spain
4	Amica International GmbH	Germany
5	Amica Handel i Marketing Sp. z o. o.	Poland
6	Amica S.A.	Poland
7	Inteco Business Solutions Sp. z o. o.	Poland
8	Marcelin Management Sp. z o. o.	Poland
9	Nova Panorama Sp. z o. o.	Poland
10	Nowe Centrum Sp. z o. o.	Poland
11	Hansa OOO	Russia
12	Hansa Ukraina OOO	Ukraine
13	The CDA Group Limited	United Kingdom

Sideme SA and Hansa Central Asia LLP are not included in AMICA Group non-financial information for 2021.

[GRI 102-46]

In accordance with the principle of materiality, non-financial information has been presented in the non-financial part of the Management Board's report on operations in 2021 to the extent necessary to assess the development of operations, results and condition of the Amica Capital Group.

[GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53]

The part of the Management Board's report on non-financial information is prepared for the period from 01.01.2021 to 31.12.2021.

The previous non-financial report is part of the Consolidated Financial Statements of the Amica Capital Group for 2020.

Non-financial reports of the Amica Capital Group are drafted every year, on an annual calendar basis.

The contact person regarding the non-financial report of the Amica Capital Group for 2021 is:

Maciej Krzysztoszek

Press spokesman, corporate communications and ESG manager
Amica Group
e-mail: maciej.krzysztoszek@amica.com.pl

[GRI 102-54]

The part of the Amica Group Management Board's report on non-financial information was reported in accordance with the Core Level GRI Standards.

13.2. Tables of compliance

Table of compliance of the report with the Accounting Act (table)

Requirement of the Accounting Act	Chapter and page number
Business model (Article 49b section 2 point 1)	Chapter 3, pages 8, 9
Key non-financial performance indicators (Article 49b, section 2, point 2)	Chapter 3, page 13
Policies in non-financial areas and their results:	
Environmental Policy	Chapter 6, page 33
Social Policy	Chapter 8, page 52
Human Rights Policy	Chapter 3, pages 22, 24
Anti-corruption Policy	Chapter 3, pages 22, 24
Employee Policy	Chapter 7, page 44
Due diligence procedures (Article 49b section 2 point 4)	Chapter 3, pages 26, 27
Significant non-financial risks and the method of managing those risks (Article 49b, section 2, point 5)	Chapter 10, page 64

Table of compliance of the report with the recommendations of the Task Force on Climate-Related Financial Disclosures (table)

Recommendations of the Task Force on Climate-Related Financial Disclosures	Chapter and page number
Corporate governance and management system:	
a) Description of how the Management Board and Supervisory Board oversee climate-related risks and opportunities	Chapter 3.3 The Management Board and Supervisory Board of the Amica Capital Group, page 16 and Chapter 6. Natural environment and combating climate change, page 33
b) Description of the role of the Management Board and Supervisory Board in identifying, assessing and managing climate-related risks and opportunities	Chapter 6 Natural environment and combating climate change, page 36
Strategy:	
a) A description of the risks and opportunities related to climate change that the organisation has identified over the short, medium and long term	Chapter 6 Natural environment and combating climate change, page 36
b) Description of the impact of the risks and opportunities related to climate change on the business, strategy and financial activities of the organisation	The results of the analyses are not presented in this report
c) A description of the resilience of the organisation's strategy to climate change under different scenarios, including a scenario where average temperatures are increased by 2 degrees Celsius or less	The results of the analyses are not presented in this report
Risk management	
a) Description of the processes for identifying and assessing the risks associated with climate terms	Chapter 6 Natural environment and combating climate change, page 36
b) A description of the processes for managing the risks associated with climate changes	Chapter 6 Natural environment and combating climate change, page 37
c) A description of how the processes of identifying, assessing and managing climate change risks are integrated into the organisation's overall risk management processes	Chapter 6 Natural environment and combating climate change, page 36
Indicators and targets:	
a) A description of the indicators used by the organisation to assess the risks and opportunities associated with climate change in line with the risk management strategy and processes	Chapter 6 Natural environment and combating climate change, page 36
b) Disclosure of greenhouse gas emissions in the ranges 1, 2 and, if relevant, 3 and the associated risks	Chapter 6 Natural environment and combating climate change, page 38
c) A description of the strategic goals and progress in managing the risks and opportunities associated with climate change	This data is not presented in this report

GRI Standards Core content index

[GRI 102-55]

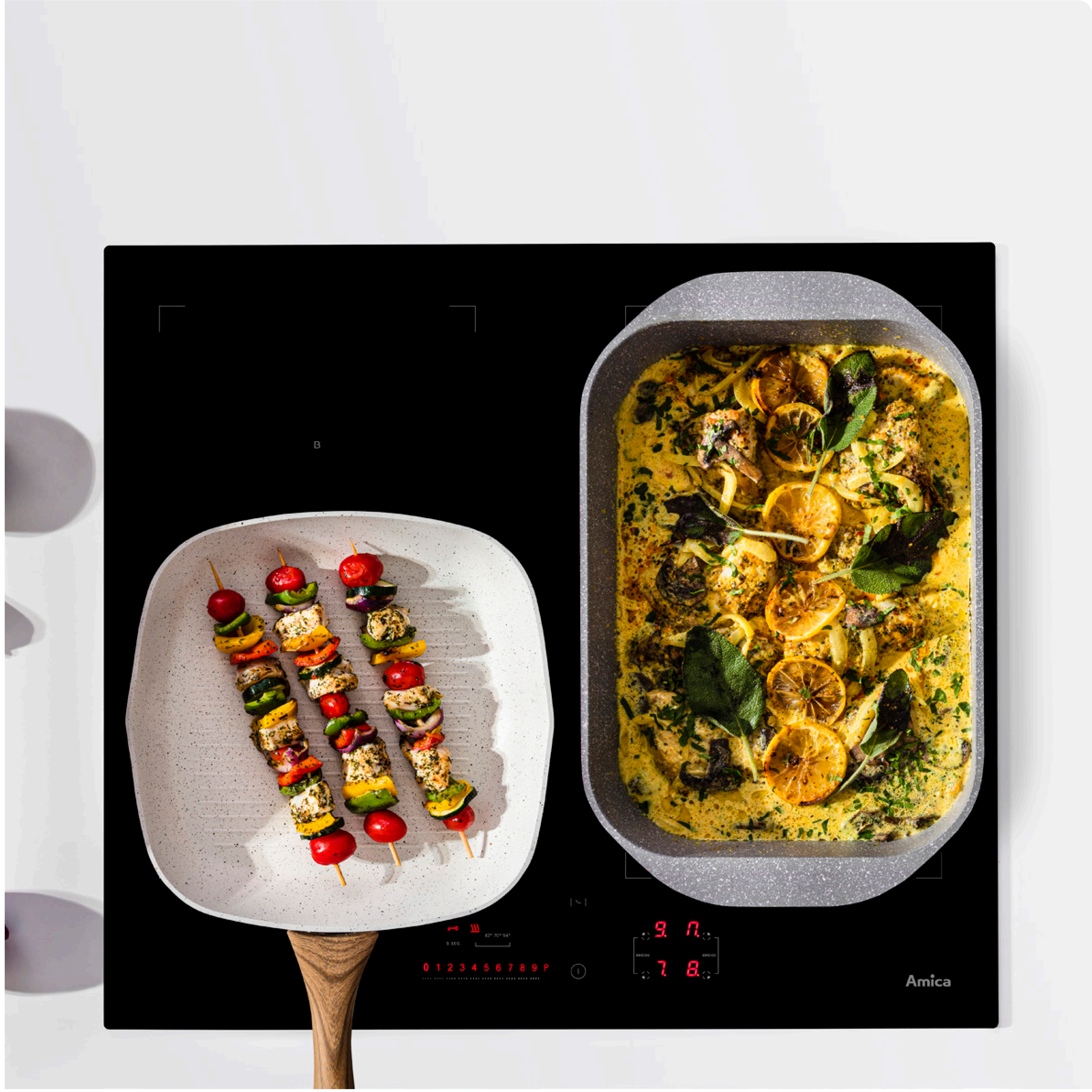
List of indicators presented in the report

GRI 101. Foundation 2016 Basic information [does not provide any indicators]

I. Profile disclosures [General Disclosures 2016]

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 102-1	GRI 102. General Disclosures 2016	Name of the organisation		8
GRI 102-2		Description of the organisation's activities, brands, products and/or services		8, 11, 12
GRI 102-3		Location of headquarters	Amica S.A., ul. Mickiewicza 52, Wronki, Polska	
GRI 102-4		Location of operations		8
GRI 102-5		Ownership and legal form		8
GRI 102-6		Markets served		8
GRI 102-7		Scale of the organisation		8
GRI 102-8		Information on employees and other persons providing work for the organisation		8.72
GRI 102-9		Supply chain		27
GRI 102-10		Significant changes in the organisation and in the supply chain		27
GRI 102-11		Explanation if and how the organisation applies the due diligence principle (environment)		26
GRI 102-12		Participation in external initiatives		22
GRI 102-13		Membership in associations and organizations		22
GRI 102-14		Statement from Senior Decision-Maker		3
GRI 102-15		Description of key impacts, risks and opportunities		64
GRI 102-16		Values, principles, standards and norms of behaviour		23
GRI 102-17		Mechanisms for seeking advice and clarification in the area of ethics		24
GRI 102-18		Management structure		15-17
GRI 102-19		Delegating authorities		15-17

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 102-20		Management bodies responsible for ESG areas		16
GRI 102-40		List of stakeholder groups		26
GRI 102-41		Collective labour agreements		50
GRI 102-42		Stakeholder identification process		66
GRI 102-43		Approach to stakeholder engagement		26, 66
GRI 102-44		Key issues raised by stakeholders		26
GRI 102-45		Entities included in the consolidated financial statements		67
GRI 102-46		Defining content and reporting boundaries		67
GRI 102-47		List of important issues		66
GRI 102-48		Correction of information from previous reports	Not applicable	
GRI 102-49		Reporting changes	Not applicable	
GRI 102-50		Reporting period	The calendar and financial year lasting from 01.01.2021 to 31.12.2021	
GRI 102-51		Date of the last report	March 2020	
GRI 102-52		Reporting cycle	Annual cycle	
GRI 102-53		Contact person		67
GRI 102-54		Statement of compliance with the GRI standard	This report was drafted in accordance with the GRI Standards reporting standard, in the Core option.	
GRI 102-55		GRI content index		69
GRI 102-56		Policy and current practice in the field of external verification of the report	The report has not been subject to external verification.	



II. Detailed disclosures on material areas

Reporting area:

Climate change, including the circular economy, raw materials, commodities, waste, and water and sewage

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 103-1	GRI 103. 2016 approach to management	Clarification of the areas identified as significant together with an indication of limitations		33
GRI 103-2		The approach to managing the areas identified as significant		33
GRI 103-3		Evaluation of the management approach		33-41
Energy				
GRI 302-1	GRI 302. Energy 2016	Energy consumption within the organisation		38
Emissions to the atmosphere				
GRI 305-1	GRI 305. Emissions to the atmosphere 2016	Direct greenhouse gas emissions (Scope 1)		39
GRI 305-2		Indirect greenhouse gas emissions (Scope 2)		38
Waste				
GRI 306-1	GRI 306. Waste 2020	Description of waste generation and its significant impact		39
GRI 306-2		Manage material impacts related to waste		39-40
GRI 306-3		Waste generated		40
Water and sewage				
GRI 303-2	GRI 303. Water and sewage 2018	Wastewater management		41
GRI 303-3		Total water consumption by source		41
GRI 307-1	GRI 307. Compliance in the environmental area 2016	Cases of non-compliance with standards and regulations in the environmental area		41
GRI 308-1 2016 Supplier Environmental Assessment	GRI 308. Percentage of new suppliers that have been assessed for compliance with environmental criteria			27

Reporting area:

Amica Capital Group as a workplace supporting employee development and education, diversity management and employee rights

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 103-1	GRI 103. 2016 approach to management	Clarification of the areas identified as significant together with an indication of limitations		44
GRI 103-2		The approach to managing the areas identified as significant		44
GRI 103-3		Evaluation of the management approach		44 – 51
GRI 401-1	GRI 401: Employment	Newly hired employees and the number of employees leaving		50, 73
GRI 401-2		Benefits for employees		50
GRI 402-1	GRI 402: Relations with the employees	The minimum advance notice the organisation informs about significant operational changes		46
GRI 403-1	GRI 403: 2018 Workplace Safety	OHS management system		51
GRI 403-9		Accidents at work		51
GRI 405-1	GRI 405: Diversity and Equal Opportunities 2016	Diversity in management bodies and among other employees		47
GRI 405-2		Ratio of the basic salary of women and men		48
Proprietary indicator	Not applicable	Glass Ceiling Ratio		48
GRI 404-1	GRI 404: Training and education 2016	Average number of training hours per employee		49
GRI 404-2		Programmes supporting the development and improvement of employee skills		49

Reporting area:

ESG management, ethics, human rights, relations with suppliers and subcontractors, as well as product quality and safety

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 103-1	GRI 103. 2016 approach to management	Clarification of the areas identified as significant together with an indication of limitations		24, 28
GRI 103-2		The approach to managing the areas identified as significant		24, 28
GRI 103-3		Evaluation of the management approach		27
GRI 205-2	GRI 205. Anticorruption 2016	Communication and training on anti-corruption procedures and policies		24
GRI 206-1	GRI 206. Anticompetitive Behaviour 2016	Proceedings concerning cases of violations of the principles of free competition, monopolistic practices		24
GRI 414-1 Supplier Social Rating 2016	GRI 414. Percentage of new suppliers selected to meet social criteria.			27
GRI 416-1	GRI 416: Consumer safety and health 2016	Assessment of the impact of services and products on the health of the client and consumer		28
GRI 417-1 Marketing and Labelling 2016	GRI 417. Requirements for the labelling and information on products and services			28

Reporting area:

Local communities

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 103-1	GRI 103. 2016 approach to management	Clarification of the areas identified as significant together with an indication of limitations		52
GRI 103-2		The approach to managing the areas identified as significant		52
GRI 103-3		Evaluation of the management approach		52-56
GRI 413-1	GRI 413: Local Communities 2016	Involvement in the development of the local community (programmes, results)		52-56

Reporting area:

IT and digitisation

Index number	The title of the GRI standard	Ratio	Notes / reported	Page number
GRI 103-1	GRI 103. 2016 approach to management	Clarification of the areas identified as significant together with an indication of limitations		29
GRI 103-2		The approach to managing the areas identified as significant		29
GRI 103-3		Evaluation of the management approach		29
GRI 418-1 2016 customer privacy protection	GRI 418. Legitimate complaints about breach of customer privacy and loss of customer data			28
Proprietary indicator	Not applicable	Information on the goals and stages of the Amica 4.0 project implementation		29

13.3. Appendices

Detailed data on employees: **employment structure**

[GRI 102-8]

TABLE 33:
Employees on contracts for an indefinite period (converted into full-time jobs) in the Group in 2021 by gender, age and structure level

	women	men	total
Senior staff, including:	**21**	**58**	**79**
aged 51 and over	2	14	16
aged 31-50	18	44	62
up to 30 years old	1	0	1
Mid-level staff, including:	**85**	**115**	**200**
aged 51 and over	6	25	31
aged 31-50	73	86	159
up to 30 years old	6	4	10
Other employees, including:	**1,092**	**1,153**	**2,244**
aged 51 and over	274	339	613
aged 31-50	646	624	1,270
up to 30 years old	172	190	362
In total, for all structure levels, including:	**1,198**	**1,326**	**2,523**
aged 51 and over	282	378	660
aged 31-50	737	754	1,491
up to 30 years old	179	194	373

TABLE 34:
Employees on fixed-term contracts (full-time equivalent) in the Group in 2021 by gender, age and structure level

	women	men	total
Senior staff, including:	**8**	**11**	**19**
aged 51 and over	1	4	5
aged 31-50	7	7	14
up to 30 years old	0	0	0
Mid-level staff, including:	**11**	**16**	**27**
aged 51 and over	1	4	5
aged 31-50	10	11	21
up to 30 years old	0	1	1
Other employees, including:	**284**	**486**	**770**
aged 51 and over	37	51	88
aged 31-50	127	184	311
up to 30 years old	120	251	371
In total, for all structure levels, including:	**303**	**513**	**816**
aged 51 and over	39	59	98
aged 31-50	144	202	346
up to 30 years old	120	252	372

TABLE 35:
Employees on fixed-term and indefinite contracts in the Group (full-time equivalent) in 2021 by gender and age group

	women	men	total
Senior staff, including:	**29**	**69**	**98**
aged 51 and over	3	18	21
aged 31-50	25	51	76
up to 30 years old	1	0	1
Mid-level staff, including:	**96**	**131**	**227**
aged 51 and over	7	29	36
aged 31-50	83	97	180
up to 30 years old	6	5	11
Other employees, including:	**1376**	**1639**	**3014**
aged 51 and over	311	390	701
aged 31-50	773	808	1581
up to 30 years old	292	441	733
Collectively, all employees, including:	**1501**	**1839**	**3339**
aged 51 and over	321	437	758
aged 31-50	881	956	1837
up to 30 years old	299	446	745

TABLE 36:
Other data on the number of people providing work for the Group in 2021 by gender

	women	men	total
Number of people cooperating on the basis of civil law contracts (contracts for specific work)	313	301	614
Number of people cooperating on the basis of a cooperation agreement (B2B)	4	17	21
Number of people cooperating on the basis of appointment agreements	65	46	111
Number of people cooperating in the form of outsourcing	193	382	575

TABLE 37:
Average monthly gross remuneration in the Group in 2021 (PLN) by gender:

	women	men	average
Senior staff	25,685.06	67,594.73	55,807.63
Mid-level staff	14,048.96	14,085.90	14,070.28
Other employees	7,574.43	6,573.74	7,030.44
All employees	**8,315.50**	**9,399.15**	**8,912.52**

TABLE 38:
The ratio of the average salary of women to the average salary of men in 2021 in the Group by employee category

Senior staff	38.0%
Mid-level staff	99.7%
Other employees	115.2%
All employees	**88.5%**

[GRI 401-1]

TABLE 39:
Number of newly hired employees in the Group in 2021 for an indefinite period by gender:

	women	men	total
Senior staff, including:	**3**	**1**	**4**
aged 51 and over	0	0	0
aged 31-50	3	1	4
up to 30 years old	0	0	0
Mid-level staff, including:	**9**	**3**	**12**
aged 51 and over	1	1	2
aged 31-50	7	2	9
up to 30 years old	1	0	1
Other employees, including:	**28**	**12**	**40**
aged 51 and over	9	1	10
aged 31-50	10	7	17
up to 30 years old	9	4	13
In total, for all structure levels, including:	**40**	**16**	**56**
aged 51 and over	10	2	12
aged 31-50	20	10	30
up to 30 years old	10	4	14

TABLE 40:
Number of newly hired employees in the Group in 2021 for a fixed period by gender:

	women	men	total
Senior staff, including:	**2**	**1**	**3**
aged 51 and over	0	0	0
aged 31-50	2	1	3
up to 30 years old	0	0	0
Mid-level staff, including:	**2**	**4**	**6**
aged 51 and over	0	1	1
aged 31-50	2	2	4
up to 30 years old	0	1	1
Other employees, including:	**118**	**109**	**227**
aged 51 and over	2	7	9
aged 31-50	52	44	96
up to 30 years old	64	58	122
In total, for all structure levels, including:	**122**	**114**	**236**
aged 51 and over	2	8	10
aged 31-50	56	47	103
up to 30 years old	64	59	123

TABLE 41:
Number of newly hired employees in the Group in 2021 for a fixed and indefinite period by gender:

	women	men	total
Senior staff, including:	**5**	**2**	**7**
aged 51 and over	0	0	0
aged 31-50	5	2	7
up to 30 years old	0	0	0
Mid-level staff, including:	**11**	**7**	**18**
aged 51 and over	1	2	3
aged 31-50	9	4	13
up to 30 years old	1	1	2
Other employees, including:	**146**	**121**	**267**
aged 51 and over	11	8	19
aged 31-50	62	51	113
up to 30 years old	73	62	135
In total, for all structure levels, including:	**162**	**130**	**292**
aged 51 and over	12	10	22
aged 31-50	76	57	133
up to 30 years old	74	63	137

Table 42:
Number of Group employees for an indefinite period who left their jobs in 2021 by gender and age group:

	women	men	total
Senior staff, including:	**2**	**6**	**8**
aged 51 and over	1	0	1
aged 31-50	1	6	7
up to 30 years old	0	0	0
Mid-level staff, including:	**11**	**5**	**16**
aged 51 and over	0	0	0
aged 31-50	11	5	16
up to 30 years old	0	0	0
Other employees, including:	**66**	**89**	**155**
aged 51 and over	21	27	48
aged 31-50	31	39	70
up to 30 years old	14	23	37
In total, for all structure levels, including:	**79**	**100**	**179**
aged 51 and over	22	27	49
aged 31-50	43	50	93
up to 30 years old	14	23	37

Table 43:
Number of Group employees for a fixed period who left their jobs in 2021 by gender and age group:

	women	men	total
Senior staff, including:	**0**	**0**	**0**
aged 51 and over	0	0	0
aged 31-50	0	0	0
up to 30 years old	0	0	0
Mid-level staff, including:	**1**	**0**	**1**
aged 51 and over	0	0	0
aged 31-50	1	0	1
up to 30 years old	0	0	0
Other employees, including:	**49**	**52**	**101**
aged 51 and over	1	0	1
aged 31-50	20	16	36
up to 30 years old	28	36	64
In total, for all structure levels, including:	**50**	**52**	**102**
aged 51 and over	1	0	1
aged 31-50	21	16	37
up to 30 years old	28	36	64

Table 44:
Number of Group employees for a fixed and indefinite period who left their jobs in 2021 by gender and age group:

	women	men	total
Senior staff, including:	**2**	**6**	**8**
aged 51 and over	1	0	1
aged 31-50	1	6	7
up to 30 years old	0	0	0
Mid-level staff, including:	**12**	**5**	**17**
aged 51 and over	0	0	0
aged 31-50	12	5	17
up to 30 years old	0	0	0
Other employees, including:	**115**	**141**	**256**
aged 51 and over	22	27	49
aged 31-50	51	55	106
up to 30 years old	42	59	101
In total, for all structure levels, including:	**129**	**152**	**281**
aged 51 and over	23	27	50
aged 31-50	64	66	130
up to 30 years old	42	59	101

[GRI 405-1]

Table 45:
Diversity by gender and age in senior management, mid-level management and among employees at all levels of the Group in 2021:

	women	men
Senior staff, including:	**28.13%**	**71.88%**
aged 51 and over	14.29%	85.71%
aged 31-50	31.08%	68.92%
up to 30 years old	100.00%	0.00%
Mid-level staff, including:	**42.29%**	**57.71%**
aged 51 and over	19.44%	80.56%
aged 31-50	46.11%	53.89%
up to 30 years old	54.55%	45.45%
Other employees, including:	**45.64%**	**54.36%**
aged 51 and over	44.41%	55.59%
aged 31-50	48.89%	51.11%
up to 30 years old	39.80%	60.20%
In total, for all structure levels, including:	**44.91%**	**55.09%**
aged 51 and over	42.39%	57.61%
aged 31-50	47.90%	52.10%
up to 30 years old	40.09%	59.91%

List of tables and charts provided in the report:

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF THE AMICA CAPITAL GROUP:

JACEK RUTKOWSKI

President
of the Management Board

MARCIN BILIK

First Vice President
of the Management Board

ALINA JANKOWSKA-BRZÓSKA

Vice President
of the Management Board

MICHAŁ RAKOWSKI

Member
of the Management Board

BŁAŻEJ SROKA

Member
of the Management Board

ROBERT STOBIŃSKI

Member
of the Management Board

Approved on 29 March, 2022

Posted on 31 March, 2022

Statement by the Management Board of "Amica Wronki Spółka Akcyjna" with its registered office in Wronki on the application of the Corporate Governance Principles – "Best Practices of WSE Listed Companies 2021".

[This Corporate Governance Statement has been prepared based on the document entitled "Best Practice for WSE Listed Companies 2021", as attached to Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) of 29 March 2021 on the adoption of the "Best Practice for GPW Listed Companies 2021".

In accordance with § 70 section 6 point 5) of the Regulation of the Minister of Finance of 29 March 2018 on current and interim reports published by issuers of securities and on conditions for recognition of information required by the non-Member State regulations as equivalent, the Corporate Governance Statement forms a separate part of the Report on the Company's Activities being an integral part of the Annual Report of Amica Spółka Akcyjna for the financial year 2021.

Statement on the application by the company "Amica Spółka Akcyjna" of the principles of corporate governance presented in the document "Best Practices of WSE Listed Companies 2021"

A.
Set of corporate governance principles applicable to the Company and the place where the text of the set of principles is publicly available

The company "Amica Spółka Akcyjna" complies with the principles of corporate governance laid down in "Best Practices of WSE Listed Companies 2021," adopted by the Supervisory Board of the Warsaw Stock Exchange by Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange with on 29 March, 2021 on the adoption of the "Best Practices of WSE Listed Companies 2021."

[The regulations referred to above are available on the website of the Warsaw Stock Exchange at: https://www.gpw.pl/dobre-praktyki2021].

B.
Indication of the Set of Corporate Governance Rules, the application of which could be decided by the Amica S.A. Company voluntarily

Amica S.A. does not apply the principles of corporate governance that go beyond the requirements set out in the "Best Practices of WSE Listed Companies 2021."

C.
Indication of all information about the corporate governance practices applied by the Amica S.A., exceeding the requirements provided for by national law

Amica S.A. does not apply the principles of corporate governance that go beyond the requirements set out in the "Best Practices of WSE Listed Companies 2021."

D.
The extent to which the Company has waived the provisions of the corporate governance principles referred to in Section A, identification of those provisions and clarification of the grounds for the waiver

In accordance with the regulations of the Warsaw Stock Exchange, the scope of application of the principles of "Best Practices of WSE Listed Companies 2021" is published and available on the corporate website of the Amica in the Investor Relations section, in the Corporate Governance tab: https://ir.amica.pl/lad-korporacyjny

On 30 July, 2021, the company Amica Spółka Akcyjna published the Information on the application by the company of "Best Practices of WSE Listed Companies 2021," at the same time indicating the following clarifications regarding the reasons for diverging from certain principles of the Best Practice 2021.

Provisions of the Best Practices of WSE Listed Companies 2021 that are not applied by the Issuer and an clarification of the reasons for diverging from their application

The Rule

Rule 1.3. In its business strategy, the company also takes into account Environmental, Social, and Governance issues, in particular including:

1.3.1. environmental issues, including measures and risks related to climate change and sustainable development issues;

1.3.2. social and employee matters, concerning undertaken and planned activities aimed at ensuring gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, relations with clients.

Comment:

As at the date of entry into force of Best Practices of WSE Listed Companies 2021, the Company follows the long-term HIT 2023 Strategy, adopted in 2013, which does not regulate Environmental, Social, and Governance issues directly. Information on the business strategy of the Company and the Company's capital group results not only from the HIT 2023 Strategy, but also from other documents that supplement the business strategy of the Company and the Company's capital group (in particular, both separate and consolidated annual financial statements). Detailed information on Environmental, Social, and Governance issues can be found in a statement on non-financial information that is part of the financial statements. The above documents (available on the Company's website) relate to Environmental, Social, and Governance issues, in particular to environmental issues as well as social and employee matters – indicated in principle 1.3 of Best Practices of WSE Listed Companies 2021. Therefore, issues related to sustainable development are also dealt with in separate documents that are complementary to the business strategy. The company is currently working on a new long-term business strategy, which will also include Environmental, Social, and Governance issues, including environmental issues, as well as social and employee issues – indicated in principle 1.3 of Best Practices of WSE Listed Companies 2021. Therefore, the company undertakes activities aimed at developing one document that will present the strategy of the company and the company's capital group – taking into account the ESG area.

The Rule

Rule 1.4. In order to ensure proper communication with stakeholders, the company publishes on its website information on the goals of its adopted business strategy, measurable goals, especially long-term goals, planned activities and progress in its implementation, determined by means of financial and non-financial indicators. Information on the strategy in the ESG area should:

1.4.1. explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, pointing to the resulting risks;

1.4.2. present the value of the equal wage ratio paid to its employees, calculated as the percentage difference between the average monthly remuneration (including bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate any inequalities in this respect, along with a presentation of the related risks and the time horizon in which it is planned to achieve equality.

Comment:

Information on the business strategy of the Company and the capital group is available on the Company's website. They refer to data resulting from the long-term HIT 2023 Strategy, but also other documents describing the business strategy of the Company and the capital group (in particular, separate and consolidated financial statements). The above documents (available on the Company's website) relate to Environmental, Social, and Governance issues, in particular to environmental issues as well as social and employee matters – indicated in principle 1.4 of Best Practices of WSE Listed Companies 2021. After the Company has developed a new long-term business strategy, relevant information, also taking into account Environmental, Social, and Governance issues, including environmental, social and employee issues, will be posted on the Company's website.

The Rule

Rule 2.1. A company should have a diversity policy towards the management board and supervisory board, adopted respectively by the supervisory board or the general meeting. The diversity policy defines the goals and criteria of diversity, among others in such areas as gender, field of education, specialist knowledge, age and professional experience, and also indicates the date and method of monitoring the achievement of these goals. In terms of gender diversity, the condition for ensuring the diversity of company bodies is the participation of a minority in a given body at a level not lower than 30%.

Comment:

Basic information on the implementation of the diversity policy by the Company results from the documents that supplement the business strategy of the Company and the capital group (in particular, separate and consolidated annual financial statements). The above documents are available on the Company's website. The Company emphasizes that it takes into account all aspects of the diversity policy in relation to the Company's bodies and its key managers. Due to the above, the Company will take steps to develop a comprehensive diversity policy towards the Management Board and the Supervisory Board, and then to adopt a diversity policy by the appropriate body of the Company. The Company's goal is to develop a uniform, official document and then publish IT on the Company's website which presents the applicable rules of this policy, taking into account in particular such elements of the diversity policy as gender, education, age, professional experience, etc. The company currently does not provide a 30% diversity – with regard to women and men – in the Management Board and Supervisory Board (with the note that in the case of the Company's Management Board, the level of 16.66% diversity is currently achieved – in relation to women and men). The diversity policy will indicate the assumed date of achieving such diversity. The time horizon of achieving a 30% share of the under-represented gender in a given body must, however, be correlated with the term of office of the current Management Board or Supervisory Board.

The Rule

Rule 2.2. The decision-makers on the appointment of members of the management board or supervisory board of a company should ensure the versatility of these bodies by selecting persons who ensure diversity in their composition, enabling the achievement of the target minimum minority participation rate set at a level of not less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.

Comment:

The Company will take steps to develop and adopt a diversity policy towards the Company's Management Board and Supervisory Board. The diversity policy will include solutions aimed at ensuring that the entities making decisions on the appointment of members of the Management Board or the Supervisory Board have the opportunity to ensure the versatility of these bodies by selecting people to ensure diversity of composition – in accordance with the objectives set out in the adopted diversity policy. It should be emphasized, however, that the members of the Management Board and the Supervisory Board of the Company are elected by the

General Meeting, therefore the final decision on the composition of these bodies rests with the Company's shareholders. Thus, the Company may at best provide for mechanisms thanks to which the Company's shareholders will be able to ensure the versatility of these bodies (e.g. by defining the requirements for members of the Company's bodies or by enabling the submission of appropriately diversified candidates). Notwithstanding the foregoing, the time horizon of reaching the diversity threshold must be correlated with the end of the term of office of the current Management Board or Supervisory Board. With regard to the appointment of members of the Company's bodies, emphasis should be placed on the fact that the members of the Company's bodies have the broadest possible competences required to hold their positions.

The Rule

Rule 3.3. A company belonging to the WIG20, mWIG40 or sWIG80 index appoints an internal auditor in charge of the internal audit function, acting in accordance with internationally recognised standards of the professional practice of internal audit. In other companies where no internal auditor was appointed to meet the above-mentioned requirements, the audit committee (or the supervisory board, if it acts as an audit committee) assesses annually whether there is a need to appoint such a person.

Comment:

The following systems operate in the Company: internal control, risk management and supervision of compliance with the law – implemented by the GRC Department (Governance, Risk and Compliance). The company duly documents the course and results of the work of these systems. Each of these systems and functions has the right resources to perform its tasks. Due to the fact that the activities undertaken by the GRC Department in practice also meet the definition of internal audit, it is planned to formally separate from it an internal auditor in charge of the internal audit function (without the need to appoint a new organisational unit in the Company), who would report directly to the Member of the Management Board, the Finance Director, and not the President of the Management Board. In particular, circumstances such as the scale of the Company's operations, the number of companies in the capital group, as well as the territorial reach of the Company and companies from the capital group speak in favour of taking the above-mentioned actions. At the same time, in terms of particularly important tasks, as well as in the event of a conflict of interest, internal audit outsourcing will be used – by using the services of external entities. The company provides funds for outsourced audit activities in the annual budget. The company will assess on an ongoing basis whether there is a need to change the model described above.

The Rule

Rule 3.4. Remuneration of persons responsible for risk management and compliance and the head of internal audit should depend on the performance of assigned tasks, and not on the short-term performance of the company.

Comment:

The terms and conditions for remunerating persons responsible for risk management and compliance and the head of internal audit are determined taking into account the terms and conditions of remuneration of other employees of the Company remunerated using the flat-rate method. The remuneration of the Company's employees based on the flat-rate method is motivational and includes the fixed and variable parts of remuneration in the form of bonus systems, which are based on two types of indicators: the degree of achievement of quarterly goals and tasks and the annual consolidated financial results of the Amica Group. The Company will consider whether in the future — due to the scope of responsibility resulting from the functions performed and the powers resulting from the division of tasks and competences relating to risk and compliance management and the head of internal audit — the variable part of the remuneration of these persons should not be associated in any way with the financial results of the Company.

The Rule

Rule 3.6. Within the organisation, the head of internal audit reports to the president of the management board, and functionally to the chairperson of the audit committee or the chairperson of the supervisory board, if the board performs the function of the audit committee.

Comment:

The following systems operate in the Company: internal control, risk management and supervision of compliance with the law – implemented by the GRC Department (Governance, Risk and Compliance). There are plans to formally appoint an internal auditor who will manage the internal audit function. Organisational subordination in the Company of the Internal Auditor to a Member of the Management Board, the Finance Director, is in Amica's circumstances more adequate and effective, it also corresponds to the division of duties (competences) within the Management Board. The above solution meets the requirement of ensuring access to the higher management, the Management Board and the Supervisory Board of the Company. The persons responsible for the above tasks will be able to participate in the meetings of the Management Board and the Supervisory Board if the subject of these meetings is matters related to the compliance and risk system. Notwithstanding the foregoing, the Company will enable these persons to contact the Supervisory Board directly (including without the participation of the Management Board) in matters important for the running of the Company.

The Rule

Rule 3.7. Principles 3.4 – 3.6 are also applicable to entities from the company's group that are significant for its operations, if they have designated persons to perform these tasks.

Comment:

The implementation of activities indicated in rules 3.3 and 3.6 of Best Practices of WSE Listed Companies 2021 (described above) will contribute to ensuring the proper performance of duties related to internal control, risk management and supervision of compliance with the law, as well as internal audit – also in the scope of entities from the Company's capital group .

The Rule

Rule 6.4. The supervisory board performs its tasks on a continuous basis, therefore the remuneration of board members may not depend on the number of meetings held. Remuneration of members of committees, in particular the audit committee, should take into account additional workload related to the work in these committees.

Comment:

Members of the Supervisory Board of "Amica S.A." are not entitled to additional remuneration for participation in the work of committees established within the Supervisory Board (ie the Audit Committee, the Compensation and Nomination Committee and the Operations Committee). Each member of the Amica Supervisory Board participates in the works of at least one committee, and the amount of the monthly lump-sum remuneration due to the members of the Amica Supervisory Board takes into account the workload in the committees.

E.
Main characteristics of the internal control and risk management systems applied with the Company in relation to the process of preparing the financial statements and consolidated financial statements

The internal control and risk management system in relation to the process for drawing up the financial statements is based on the adopted accounting principles and internal regulations regarding the maintenance of the Company's organizational structure, which clearly assigns the responsibilities, powers and reporting relationships in the preparation of individual parts of financial reports as well as in identifying, measuring, monitoring and controlling the methodology for preparing the reports.

The issuer has implemented and maintains a corporate risk management system. It is an element of the entire management system of the Amica Capital Group and is the basis for the permanent protection and building of its goodwill. It concerns both risks to the running of business, bringing only negative effects and a potential decrease in its value, and risks related to development opportunities.

Risk management is ensured at every level of the organisation's management, with particular focus on the strategic level. Risk management in relation to the process of preparing financial statements is one of the elements of operational risk management. The risk management system supports the creation of corporate governance. Its operation is based on the coordination of risk management processes in the Amica Capital Group. As a result of its implementation, the applied risk management solutions have been unified to allow the Amica Management Board and the Supervisory Board as well as other stakeholders to obtain timely, reliable, aggregated and structured information on the risks and opportunities for the Capital Group and the methods of magaging them.

By implementing operational goals, Amica S.A. and other companies belonging to the Amica Capital Group improve the Risk Management System operating since 2010, based on the best available practices and guidelines, which must be complied with in order to ensure effective risk management. The Risk Management System is subject to periodic reviews for continuous improvement in terms of integration of the risk management process with the overall organisational order, planning, management and reporting processes.

The internal inspection system has a strong foundation in the organisational structure communicated (Governance, Risk and Compliance Department), which clearly indicates the lines of subordination and superiority and ensures effective communication of information in the whole Company.

Each individual set of data to be included in the report covers the framework indicated in and resulting from the regulations concerning periodic information published by stock issuing companies – the reports themselves are prepared by the Company's Financial Department, verified by the Head Accountant and accepted by the Management Board.

The most fundamental tasks of the internal inspection process as regards the process of preparing report may be divided systematically into two categories:

a) the reliability, completeness and currency of annual reports (other financial statements or reports of different types); the information contained in them must be of the appropriate quality and integrity.

b) following the appropriate legislation and regulations – Management and employees at other levels follow the generally applicable regulations, requirements, principles and internal procedures.

The risk assessment is the conclusion of the analytical tests and audits related to the degree of operational risk in individual business processes, which are carried out periodically by the Governance, Risk and Compliance Department (Risk Manager and Internal Control Manager)

It should be added that the IT systems implemented in the Company and the exploitation of Information Technology create the possibility of scrupulous checks on data for a given settlement period with data from previous periods and with planned results, updated in monthly cycles (within the Company analytical models are applied, and used in everyday operations by internal analysts and departments of internal inspection).

Regardless of the above, an independent external auditor verifies the contents of the annual and mid-year financial statements, having unlimited access to the source materials which form the basis of their production (Management effectively follows the progress of both the problems/questions identified by the auditors and the corrective action taken in these matters).

F.
Significant direct and indirect shareholdings

On 31 December 2021, the following entities were entitled to (at least) 5% of the total number of votes at the General Meeting of Amica Spółka Akcyjna:

Shareholder	Number of shares	Nominal value of shares	% of the share capital subscribed	Value of capital acquired (thousands)	Number of votes at the General Meeting of Shareholders	% of votes at the General Meeting of Shareholders
Holding Wronki Sp. z o.o. (formerly Holding Wronki S.A.) with its registered office in Wronki	2,715,771	2 zł	34.93%	5,431,542	5 431 542	51.77%
Nationale – Nederlanden Open Pension Fund [1]	555.952	2 zł	7.15%	1,077,904 zł	555.952	5.21%
Aviva Open Pension Fund Aviva Santander SA [1]	537.497	2 zł	6.91%	1,074,994	537.497	5.12%

Data indicated based on the content of the notifications received by the Company from its Shareholders, and drawn up under Article 69 of the Public Offering Act of 29 July, 2005.

[The criterion of qualifying holdings was adopted pursuant to the provisions of Article 69 of the Act of 29 July 2005 on public offering and conditions for introduction of financial instruments to the organized trading system and on public companies].

G.
Holders of any securities with special control rights and a description of those rights

The Company has not issued securities that would give special control rights to any shareholder of Amica Wronki S.A.

H.
Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

There are no restrictions whatsoever on the exercise of voting rights, except to the extent applicable when electing the Independent Members of the Supervisory Board, where each shareholder is entitled to vote resulting from not more than 5% (five percent) of the total number of shares in the Company, each share carrying one vote in such voting.

I.
Restrictions on the transfer of ownership of the Issuer's securities

The shareholders possessing series A preference shares have the priority when purchasing series A registered preference shares offered for sale – the procedure for sale of registered preference shares may be carried out based on the principles stipulated in the § 8 of the Articles of Association.

[The text of the Company's Articles of Association is available on the Company's website – https://relacjeinwestorskie.amica.pl/spolka].

J.
Description of the principles for appointment and dismissal of executives and their powers, in particular the right to decide on the issue or purchase of shares

Pursuant to § 30 Section 1 of the Company's Articles of Association, the Management Board is composed of 3 (three) to 6 (six) persons, who are appointed and dismissed by the General Meeting. First of all, the General Meeting shall appoint the President of the Management Board. The General Meeting shall appoint the remaining Members of the Board at the request of the elected President of the Management Board. Members of the Management Board are appointed for a joint term of office.

The Management Board of the Company does not have powers to decide on the issue or buyback of shares.

[The rules of the Management Board are regulated by the Commercial Companies Code, the Articles of Association and the Regulations of the Management Board. The Articles of Association and the Regulations of the Management Board are available on the Company's website – https://relacjeinwestorskie.amica.pl/spolka].

K.
Principles for amending the Articles of Association

Amending the provisions of the Articles of Association of Amica S.A. is the exclusive competence of the General Meeting – the prerogative indicated in § 19 sec. 2 point 3 of the Company's Articles of Association, available on the Company's website, in the part concerning Investor Relations, in the Company tab (https://relacjeinwestorskie.amica.pl/spolka).

The most recent changes to the Articles of Association of "Amica Spółka Akcyjna" were introduced under the Resolutions no. 22/2021 – 30/2021 of the Ordinary General Meeting of the Issuer of 15 June, 2021 [on 15 November, 2021, the Registry Court registered the changes to the Articles of Association of Amica S.A. in the register of the following content: § 14 clause 1 point 4), § 22 (introduction of a new editorial unit numbered in section 9), § 24 section 2 and paragraph 3, § 27 section 2, § 28 section 1, § 28 section 3, § 28 section 5 sentence 1, § 31 (introduction of a new editorial unit numbered in section 3) and § 40 section 4 of the Issuer's Articles of Association].

L. Operation of the General Meeting and its basic powers; description of the shareholders' rights and methods for their implementation, in particular, the principles resulting from the General Meeting's regulations, if such regulations have been adopted, unless such information results directly from the legislation

The Company's General Meeting operates on the basis of the Commercial Companies Code, the Articles of Association and the Operating Rules of the General Meeting adopted pursuant to the Resolution No. 20/2010 of the Extraordinary General Meeting of 16 February 2010 on approval of the Operating Rules of the General Meeting (the amendment of the previous wording of the Rules was tied to the need to take account of amendments to the Articles of Association of the Company introduced by the Extraordinary General Meeting of Shareholders of Amica S.A. on 16 February 2010). These legal documents also define the rights of shareholders.

[The Company's Articles of Association and the Regulations of the General Meeting are available on the Company's website https://relacjeinwestorskie.amica.pl/spolka].

Proceedings of the General Meeting

Shareholders may participate and exercise their voting rights at the General Meeting either in person or through appropriately authorised representatives. The representative of a shareholder may be a member of his entity or an attorney, whose power of attorney must be granted in writing to be valid. The letter of attorney is appended to the minutes of the General Meeting. Company employees or Management members may not be attorneys at the General Meeting.

Owners of registered shares are entitled to participate at the General Meeting if they are entered on the stockholders ledger at least a week before the date of the General Meeting.

Shareholders possessing publicly circulated bearer shares are entitled to participate in the General Meeting if they lodge certification at the Management Office issued by a stockbroking entity indicating the type and number of shares and the fact that these shares may not be sold before the end of the General Meeting's session.

On entering the session chamber, Participants in the General Meeting present the appropriate documents confirming their authorisation to take part in the General Meeting.

The General Meeting is opened by the Chair of the Supervisory Board or, if he/she is absent, by another member of the Supervisory Board entitled by him to do so. In the event of these persons being absent, the General Meeting is opened by the President of the Management Board or a person nominated by Management. If none of these persons is present at the General Meeting, and Management has not nominated anyone to open the proceedings, then the General Meeting may be opened by any of the participants.

In the event that the General Meeting has been called by proxy of a Court, the General Meeting is opened by one of the shareholders who entered the motion to call the General Meeting.

The General Meeting may only be chaired by a person entitled to participate in the General Meeting.

The person opening the General Meeting first of all oversees the election of a Vote Counting Commission, unless votes are to be counted electronically .

The Chair of the General Meeting is elected by secret ballot. The election may take the form of an open ballot, if only one candidate is proposed and none of those present at the General Meeting object to the open ballot. During the election of the Chair of the General Meeting, Shareholders and their representatives are entitled to the number of votes stipulated by the Shareholders List.

The election of the Chair of the General Meeting begins by the candidates being announced.

Once the candidates have been announced, the person opening the General Meeting administers the voting for each candidate in the order in which they were announced. The person who receives an absolute majority of votes becomes Chair of the General Meeting.

In the event that nobody receives the required majority, the Chair is elected in a second round of voting from between the two candidates with the highest number of votes.

The person elected Chair of the General Meeting takes over the function immediately after the ballot results are announced.

Immediately after being elected, the Chair oversees the drawing up of an attendance register containing a list of Participants in the General Meeting. The Chair checks that all the Participants in the General Meeting have signed the attendance register.

The attendance register contains the Shareholder's full name or company, number of shares he represents, and the number of votes these shares entitles him to. The attendance register should also indicate: the full name of the individual acting on behalf of a Shareholder's entity, or the full name of the attorney or other representative .

The attendance register is signed by all Participants in the General Meeting and by the Chair.

Persons arriving at the General Meeting after its commencement are also entered onto the attendance register. The fact of someone leaving the session before the General Meeting has finished is also entered on the attendance register. The circumstances of the register being updated during the course of the General Meeting are recorded in the minutes of the session, with an indication of the reasons for the update and the date and time it was made.

At the request of Shareholders owning one tenth of the share capital represented at the current General Meeting, the attendance register should be checked by a commission elected for this purpose and consisting of at least three members. Those making such a request are entitled to choose at least one member of the commission.

The General Meeting may pass a resolution to waive the secrecy of the ballot when appointing members of the commission mentioned in paragraph 1.

The General Meeting ultimately decides whether or not someone is to be entered on the attendance register after consultation with the commission.

The General Meeting also settles any doubts with regard to whether individual Participants have the right to participate in the General Meeting, if the committee described in paragraph a has not been appointed.

Members of the Management Board and Supervisory Board, and also persons appointed by Management to serve the General Meeting, are entitled to participate in the General Meeting.

Experts and Company employees whose presence is justified may also be invited by the Management Board and Supervisory Board to participate in the General Meeting.

Conducting the Proceedings of the General Meeting.

The Chair of the General Meeting, in carrying out his function, takes actions to ensure that the interests of all Shareholders are respected.

The duties of the Chair of the General Meeting include conducting the proceedings of the General Meeting and realising each subsequent item on the agenda, including:

a) confirming the propriety of calling the General Meeting,
b) care for the correct and efficient running of the session,
c) granting and retracting leave to speak,
d) issuing the relevant instructions to retain order,
e) administering ballots and ensuring they are properly conducted,
f) announcing the results of voting,
g) settling any doubts regarding the regulations.

As far as is necessary to maintain proper conduct of the session, the Chair is entitled to issue instructions to retain order.

In the course of discussion in particular points of order and in questions of order, each of the Participants in the General Meeting may rise to speak after receiving the Chair's consent. A Participant may not take the floor for longer than five (5) minutes, and the same Participant may not take the floor more than twice during a discussion of the same matter. In exceptional cases the Chair may extend the time allowed to take the floor.

In exceptional cases, a Participant in the General Meeting may lose his right to speak, if his behaviour seriously hinders the conduct of the General Meeting's session, or if the Participant's statements are irrelevant to the question under discussion.

The Chair may give the floor to referents of particular agenda items and Members of the Management Board and Supervisory Board outside their turn and more than twice, in order for them to provide explanations.

The Chair gives the floor out of sequence to participants declaring a formal motion. The Meeting decides on formal motions after hearing the motion and one (1) opponent of the motion, where necessary. A rejected formal motion may not be declared again during a discussion of the same matter. A formal motion is understood as a motion concerning the manner of the proceedings rather than the merits of a matter. Specifically, formal motions are motions concerning:

a) changes to the order of the agenda;
b) breaks in the proceedings;
c) closing the list of speakers; closing debates; voting without a debate,
d) removing an item from the agenda.

Once the discussion of a given matter is finished, the Chair may give the floor to its referent in order to respond to the Participants in the General Meeting who took the floor during the debate, and then proceeds to a vote. From this moment on, Participants may only take the floor to propose formal motions regarding the manner or order of voting.

In the event of several motions being proposed in the same matter, the farthest reaching is voted on first.

After signing the attendance register, the Chair checks the propriety of the calling of the General Meeting, and on ascertaining that the General Meeting has been called properly he announces the number of shares represented at the General Meeting and administers a vote with regard to accepting the agenda.

The General Meeting is entitled to change the order of individual items on the agenda.

No item may be removed from the agenda if it has been put there at the Shareholders' request. Motions in matters which have been removed from the agenda are considered not to have been put forward.

The General Meeting may introduce additional matters onto the agenda and debate them, but without the right to adopt resolutions.

The Chair of the General Meeting independently settles matters of order arising during the conduct of the proceedings.

Specifically, matters of order include giving the floor, administering the election of committees for particular matters, and accepting motions.

In matters of order, the interested parties may appeal to the General Meeting against the Chair's decisions. A resolution of the General Meeting is binding.

In conducting individual matters included in the agenda, the Chair invites the Participants in the General Meeting to propose motions and take the floor before passing a resolution.

Once the motions and statements of individual Participants in the General Meeting are finished, the Chair closes the discussion and administers the voting.

While individual matters are being conducted, the Chair may give the floor to members of Management, the Supervisory Board or other persons invited to the General Meeting's session. These persons may also explain particular questions presented by Participants in the General Meeting.

The Chair gives the floor to Participants in the General Meeting if their contribution is relevant to the agenda item in question.

The Chair puts resolutions to the vote with their text as worded by Company Management.

At the request of participants in the General Meeting, it is permissible to change the wording of a draft resolution and amend it, as long as this does not result in a resolution being passed which is not relevant to the agenda item.

Voting on a draft resolution is preceded by its text being read out by the Chair of the General Meeting.

After the draft resolution has been read out, participants in the General Meeting may enter motions to amend the text of the resolution.

Each of the participants is also entitled to propose a new version of the text of the draft resolution. The proposal of a new version of the text of the draft resolution is considered a proposal of an amendment.

The Chair puts the amendments to the vote of the General Meeting. Each amendment is put to the vote separately, and amendments achieving an absolute majority of votes become a subject of the rest of the session.

After voting on the amendments to the draft resolution is finished, the Chair reads out the text of the draft resolution to the General Meeting indicating which of the provisions have been amended, then administers a vote on the adoption of the resolution.

Counting the votes is the responsibility of the Vote Counting Commission, unless voting has taken place electronically. Once the voting is finished, the Vote Counting Commission or person operating the electronic vote-counting system presents the Chair with a report of the ballot results.

On receiving this report, the Chair announces the results of the ballot and states either that the resolution has been adopted, or that it has failed to receive the required majority and has not been passed.

If a Participant raises an objection concerning the passing of a resolution, the Chair allows him to present his justification. The grounds for the objection are included in the minutes.

Competences of the General Meeting

In accordance with § 19 of the Company Articles of Association, the following should be subjects of an Annual General Meeting:

1. consideration and approval of the financial statements and the Management Board's report on the Company's operations and the Supervisory Board's report for the previous financial year;
2. adoption of the resolution on appropriation of profit or treatment of loss for the previous financial year;
3. passing a resolution on discharging (acknowledgement of) duties of the members of the Company bodies.
4. passing a resolution on electing members of the Company bodies, if they are elected by the General Meeting and their mandates expire at the latest on the day of the General Shareholders' Meeting approving the financial report for the last full financial year of the term of office of the Company body.

The exclusive competence of the General Meeting shall also include:

1. appointing and recalling members of the Supervisory Board, except where provisions regarding co-optation apply,
2. appointing and dismissing members of the Management Board,
3. amendments to the Articles of Association;
4. issuing convertible bonds and bonds with pre-emptive rights;
5. establishing rules and amounts of compensation for the members of the Supervisory Board;
6. mergers, divisions, conversion or dissolution of the Company as well as election and dismissal of liquidators,
7. disposal and lease of the Company's enterprise or an organized part thereof and establishment of a limited property right thereon;
8. disposal of real estate or a perpetual usufruct right (including a share in real estate or a perpetual usufruct right) by the Company if the real estate in question includes buildings in which operations involving the production of home appliances (factory property) are carried out (which means that the application of Article 393 (4) of the Code of Commercial Companies shall be excluded in such a way that no consent of the General Meeting is required for the sale of real estate other than the factory property described above, or for the acquisition of any real estate, perpetual usufruct right or a share in real estate or perpetual usufruct right);
9. claims for damages against members of the Company bodies or against the company's founders for the loss caused by their unlawful actions.

In the financial year 2021, the Issuer's General Meeting was convened by the Management Board once – on 15 June 2021.

(Shareholders of the Company did not submit any requests for convening the General Meeting).

None of the General Meetings were either cancelled or interrupted; none of the adopted resolutions was contested before the court.

I. Management

In the period from 01 January 2021 to 31 December 2021, the Management Board of the Issuer operated in the following composition:

Mr **Jacek Rutkowski** – President of the Management Board,

Mr **Marcin Bilik** – First Vice President of the Management Board/Vice President of the Management Board responsible for Operational Affairs,

Mrs **Alina Jankowska-Brzóska** – Vice-President of the Management Board for Trade and Marketing,

Mr **Michał Rakowski** – Member of the Board for Finance and Human Resources

Mr **Błażej Sroka** – Member of the Board for Goods Management and Logistics,

Mr **Robert Stobiński** – Member of the Board for Digital Transformation.

[By the date of this statement, the composition of the Management Board has not changed].

The Management Board directs the Company's business, manages and disposes of its moveable and immoveable assets and the Company's rights, adopts resolutions and takes decisions in any and all matters not reserved for the General Shareholders' Meeting or the Supervisory Board.

The matters requiring the adoption of a resolution of the Management Board are matters related to the representation of the Company externally and concerning the following:

1. approval of the Company's financial statements for the previous financial year (separate and consolidated statements),
2. accepting the report on the activities of the Company (and the Capital Group) in the previous financial year,
3. motions regarding the distribution of the Company's profit or the method of covering the loss for the previous financial year,
4. purchase or sale by the Company of property or an interest in property,
5. purchase or sale by the Company of shares or stocks in companies,
6. making expenses or incurring liabilities in the amount exceeding 1,000,000 (one million zł), not provided for in the approved budget,
7. granting a proxy,
8. division of competences between the directors of the Company,
9. all decisions and transactions that require the consent or authorisation of the Supervisory Board.

In the period from 1 January, 2021 to 31 December, 2021, members of the Management Board of "Amica S.A." met during 37 plenary meetings. Throughout 2021, the Management Board also adopted resolutions in writing (by circulation) provided for in § 9 section 6 of the Regulations of the Management Board of "Amica Spółka Akcyjna" with its registered office in Wronki, pursuant to Art. 371 § 3² of the Commercial Companies Code.

[The rules of the Management Board are regulated by the Commercial Companies Code, the Articles of Association and the Regulations of the Management Board. The Articles of Association and the Regulations of the Management Board are available on the Company's website at https://relacjeinwestorskie.amica.pl/spolka.

II.
The Supervisory Board.

In the period from 01 January 2021 to 31 December 2021, the Supervisory Board of the Issuer operated in the following composition:

Mr **Tomasz Rynarzewski** – Chair of the Supervisory Board / Chair of the Operations Committee

Mr **Paweł Małyska** – Vice Chair of the Supervisory Board / Independent Member of the Supervisory Board,

Mr **Andrzej Konopacki** – Independent Member of the Supervisory Board / Chair of the Audit Committee

Mr **Jacek Marzoch** – Member of the Supervisory Board,

Mr **Piotr Rutkowski** – Member of the Supervisory Board

Mr. **Paweł Wyrzykowski**, Member of the Supervisory Board / Chair of the Compensation and Nomination Committee *

[By the date of this statement, the composition of the Supervisory Board has not changed].

In the period from 1 January, 2021 to 31 December, 2021, members of the Supervisory Board of "Amica S.A." met eight times in the form of plenary meetings. The meetings of the Supervisory Board took place on: 21 January, 2021, 12 April, 2021, 22 April, 2021, 23 June, 2021, 5 July, 2021, 22 July, 2021, 31 August, 2021 and 21 October, 2021 Throughout 2021, the Supervisory Board also adopted resolutions in writing (by circulation) provided for in § 24 section 3 of the Articles of Association of "Amica Spółka Akcyjna" with its registered office in Wronki, pursuant to Art. 388 § 3 of the Commercial Companies Code.

The competence of the Supervisory Board is to exercise continuous supervision over the activities of both the Company and Amica Group, and exercise the powers and duties provided for by the provisions of law, and in particular:

1. audit financial statements prepared by the Management Board and present a written report on this audit to the General Meeting;
2. check the Company's ledgers and cash desk at any time;
3. determine the remuneration of members of the Management Board and issue opinions on the remuneration of members of other Management Boards in the Amica Group, as well as express consent to the appointment of members of the Management Board of Amica S.A. to the governing bodies of companies belonging to the Amica Group or employment of Management Board members in companies belonging to the Amica Group (regardless of the basis legal status of such employment), provided that a member of the Management Board receives remuneration in connection with such appointment or employment;
4. approve to join other civil or commercial law companies and other business organizations;
5. approve the Company's annual and quarterly financial plans (budgets) presented by the Management Board;
6. approve activities beyond the ordinary management of the Company, which are related to the disposal of the right or the obligation to provide services with a value in excess of 1,000,000 (one million) Polish Złotys, which were not provided for in the approved annual budget;
7. express consent to the sale of Company assets whose value exceeds 10% (ten per cent) of the net book value of fixed assets, both in individual transactions and series of related transactions;
8. approve an increase in the Company's liabilities under long-term loans and credits other than trade credits taken in the ordinary course of business of the Company, in excess of 5,000,000 zł (five million zlotys);
9. approve an increase in the amount of guarantees and sureties granted by the Company, in excess of 5,000,000 zł (five million zlotys);
10. express consent to the sale or encumbering of Company assets, excluding property or right of perpetual usufruct, if the value of those assets exceeds 5,000,000 zł (five million), which does not affect the Company's activities in the scope of conducting its business;
11. grant consent to the purchase or sale of property or the right of perpetual usufruct or a share in the ownership of property or the right of perpetual usufruct, excluding consent for the sale of factory property;
12. grant consent to making investment expenditure with a value exceeding 5,000,000 zł (five million zlotys) not included in the adopted investment plan approved under the annual plan (budget) of the Company;
13. grant consent to exceeding the expenditure for a previously approved investment task under the investment plan referred to in point 12, by more than 10% (ten percent) of the investment value, if the planned expenditure for such an investment task exceeds the amount of 1,000,000 zł (one million);
14. subject to the provisions described in the following paragraphs, grant consent to the entering into or amendment of the contract(s) with a related party by the Company;
15. approve the Rules of Procedure of the Management Board;
16. express an opinion on the candidacy for Commercial Proxy presented by the Management Board;
17. select an audit firm to audit financial statements and to evaluate the remuneration report;
18. delegate members of the Supervisory Board from among its members to perform management functions, in the event of Members of management being suspended;
19. determine the number of Members and the composition of the Audit Committee referred to in the Act of 11 May 2017 on auditors, audit firms and public oversight, and adopting the Rules of Procedure of the Audit Committee as well as establishing other committees and collective bodies – at the discretion of the Supervisory Board;
20. approve the issue of bonds other than convertible bonds and bonds with pre-emptive rights to subscribe for shares.

A. The Audit Committee of the Supervisory Board of "Amica Spółka Akcyjna" was established in connection with the provisions of the Act of 11 May, 2017 on statutory auditors, audit firms and public supervision. The Regulations of the Audit Committee have been approved by Resolution No 01/X/NK/2016 of the Supervisory Board of "Amica Spółka Akcyjna" of 04 October 2016 on the adoption of the Regulations of the Audit Committee of the Supervisory Board of "Amica Spółka Akcyjna" (as amended by: (i) pursuant to Resolution No. 03/2017 of the Supervisory Board of "Amica Spółka Akcyjna" based in Wronki of 21 December, 2017 regarding: amendments to the Audit Committee Regulations – the amendment to the Audit Committee Regulations was related to the need to adapt its provisions to the content of the Act of 11 May 2017 – on statutory auditors, audit companies and public oversight and (ii) pursuant to Resolution No. 01 / XII / 2018 of the Supervisory Board of Amica Spółka Akcyjna with its seat in Wronki of 20 December 2018 regarding: changes in Regulations of the Audit Committee – the content of editorial units has been changed: § 2 section 1 point 2) and § 2 section 1 point 3) and the content of § 2 a) has been introduced. In the period from 1 January 2021 to 31 December 2021, the Committee was composed of the following members: Andrzej Konopacki, (Chair of the Audit Committee), Paweł Małyska (Member of the Audit Committee), Paweł Wyrzykowski, (Member of the Audit Committee) – members of the Audit Committee were appointed to its composition (as part of the new term of the Supervisory Board) on 21 May, 2019.

The responsibilities of the Audit Committee include, in particular:

1. monitor the quality of the financial reporting process'
2. monitor the effectiveness of internal control, internal audit and risk management systems;
3. monitor the quality of the audit of Amica S.A. Group's financial statements by the external auditor; ;
4. monitor the independence of the statutory auditor and the entity authorized to audit financial statements, including with respect to provision the services referred to in paragraph 2;
5. submit recommendations to the Supervisory Board on matters covered by the provisions of Art. 1-4;
6. inform the Management Board about any observed irregularities or risks related to the regulations in point 1-4;
7. submit annual reports on activities to the Supervisory Board, indicating the risk assessment and results of the implemented activities in the scope covered by the Committee's tasks, and short memoranda at each meeting of the Supervisory Board.

B. The First Operations Committee of the Supervisory Board of "Amica Spółka Akcyjna" was appointed on 01 June 2016 during formation of the Supervisory Board. The Regulations of the Operations Committee have been approved by Resolution No 02/X/NK/2016 of the Supervisory Board of "Amica Spółka Akcyjna" of 04 October 2016 on the adoption of the Regulations of the Operations Committee of the Supervisory Board. The next composition of the Operations Committee (as part of the new term of office of the Supervisory Board) was appointed on 21 May, 2021. In the period from 1 January, 2021 to 31 December, 2021, the Operations Committee was composed of the following persons: Tomasz Rynarzewski (Chair of the Operations Committee), Jacek Marzoch (Member of the Operations Committee), Piotr Rutkowski (Member of the Operations Committee). Members of the Operations Committee were appointed to its composition (as part of the new term of the Supervisory Board) on 21 May, 2020.

The responsibilities of the Operations Committee include:

1. review the overall current operations of the Company and AMICA Group, particularly in the following areas of operation: production, sales, human resources, purchasing, logistics, service, IT support, organisation and quality of products and goods;
2. review long-term development strategies developed by the Company's Management Board and the annual operational and financial budgetary objectives;
3. assess and monitor the impact of the Company's investment activities on the Company's assets as well as its development and on-going operation;
4. assess the compliance of the acquisition activity with the development strategy objectives adopted by the Company and evaluate its short – and long-term impact on the Company's financial results;
5. implement the tasks of the Committee in points a) – d) taking into account the potential opportunities and threats (risks) for the short – and long-term operations of the Company and the AMICA Group.
6. review strategic documents, in particular regarding the purchase, sale or encumbrance of material assets of the Company.

C. On 16 January, 2019, the Supervisory Board appointed (within the structure of the Supervisory Board) the Compensation and Nomination Committee. In the period from 1 January, 2021 to 31 December, 2021, the Compensation and Nomination Committee was composed of the following persons: Paweł Wyrzykowski (Chairman of the Compensation and Nomination Committee), Andrzej Konopacki (Member of the Compensation and Nomination Committee), Tomasz Rynarzewski (Member of the Compensation and Nomination Committee) – members of the Compensation and Nomination Committee were appointed to its composition (as part of the new term of the Supervisory Board) on 21 May, 2021.

The responsibilities of the Compensation and Nomination Committee include:

1. formulate and present to the Supervisory Board opinions regarding the terms of employment and compensation for Members of the Management Board of the Company;
2. formulate and present to the Company's Supervisory Board proposals regarding the terms of employment and compensation for Members of the Management Board, ensuring compliance of the proposals with the principles of remuneration adopted by the Company as well as the performance assessment for individual Members of the Management Board;
3. participate in the process of nomination of the Management Board Members, in particular, participation in the final stage of interviewing candidates and providing recommendations to the Supervisory Board regarding the nomination of the Management Board Members.

[The operation of the Supervisory Board is governed by the Commercial Companies Code, the Company Articles of Association and the Operating Rules of the Supervisory Board. the Company Articles of Association and Supervisory Board Regulations are available on the Company website – https://relacjeinwestorskie.amica.pl/spolka].

N.
Information on Audit Committee Members / permitted non-audit services / main assumptions of the policy for selection of an audit firm / recommendations regarding selection of the audit firm / number of meetings of the Audit Committee.

The structure of the following information corresponds to the agenda of issues mentioned in § 70 paragraph 6 item 5 point (l) of the Regulation of the Minister of Finance of 29 March 2018 on current and interim reports published by issuers of securities and on conditions for recognition of information required by the non-Member State regulations as equivalent.

1. Persons satisfying the statutory independence criteria.

The appointment of Mr. Andrzej Konopacki and Mr. Peweł Małyski as members of the Supervisory Board (and the Audit Committee) was based on the procedure involving examination of the independence and eligibility criteria for members of the Audit Committee (the independence requirements for Audit Committee members, listed exhaustively in Article 129 paragraph 3 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight have been verified based on the completed questionnaires drafted to assess the compliance with the independence and eligibility criteria for members of the Audit Committee of Amica S.A.).

2. Persons having knowledge and competence in the field of accounting or audit of financial statements.

- Mr. Andrzej Konopacki – master's degree in Economics, University of Warsaw, Faculty of Economic Sciences / Statutory Auditor – Entry No. 1750 /ACCA Diploma in Financial Reporting/, in the years 1994 – 2016 Executive at the Audit Department, Member of the PwC Management Board.
- Mr. Paweł Małyska graduated from the Warsaw School of Economics (SGH). In 2003 he was awarded a degree of doctor of economic sciences in the College of Management and Finance of the university.

3. Persons having knowledge and competence in the field of the Company's business operations.

Mr. Paweł Wyrzykowski – A graduate of the International Trade Faculty at Warsaw School of Economics, holding numerous positions at the boards of international companies.

4. Permitted non-audit services provided by the firm auditing the financial statements.

As part of the provision of permitted non-audit services, entities from the PricewaterhouseCoopers Group have been entrusted with the following tasks: (i) verify the marking of the annual consolidated financial statements of "Amica S.A." for the financial period from 1 January to 31 December, 2021, with XBRL markers in accordance with the ESEF regulation and in accordance with the National Standard of Attestation Services other than the Audit and Review 3000 (Z) in the wording of the International Standard on Assurance Services 300 (amended), (ii) conduct an audit of the calculation and confirm the value of the financial ratio as at the end of 2021, calculated on the last day of the Audit Periods ending on 31 December, in accordance with the provisions of the Terms and Conditions for the Issue of Coupon Bonds and the Issue Agreement of 29 April, 2014 (as amended) concluded between the Issuer and mBank SA with its registered office in Warsaw / (orders (i) and (ii) were entrusted to PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k.), (iii) perform statutory audit of the financial statements of Electrodomésticos Iberia SL based in Madrid (the order was entrusted to an entity from the auditor's group – PricewaterhouseCoopers), (iv) draft the report of Gram A/S for XBRL reporting standards (the order was entrusted to PricewaterhouseCoopers Denmark).

5. Main assumptions of the policy for selection of an audit firm to conduct the audit and the policy for provision of permitted non-audit services.

The statutory audit of the Company's financial statements is performed by an auditing firm entered in the list maintained by the National Council of Statutory Auditors. The choice of an audit firm to audit of the Company's financial statements is made taking into account the principles of the audit firm's impartiality and independence as well as competence, experience and reputation of the audit firm. The audit firm is selected by the Supervisory Board of the Company by way of a resolution, based on the recommendation of the Company's Audit Committee, which receives the report on the procedure for selection of the audit firm from the Management Board, in a timely manner ensuring impartial and fair choice. The Company organizes a tender for audit of the Company's financial statements and presents the tender evaluation criteria, which should be as transparent as possible and include in particular:

a) audit firm's profile, reputation, experience (with particular emphasis on experience in auditing financial statements of companies listed on the Warsaw Stock Exchange, as well as entities operating outside of Poland, including groups managing companies operating outside of Poland);

b) professional qualifications and experience (with particular emphasis on experience in auditing financial statements of companies listed on the Warsaw Stock Exchange, as well as entities operating outside of Poland, including groups managing companies operating outside of Poland) of persons directly involved by the audit firm in the audits conducted for the Company and the Group;

c) audit firm's knowledge of the industry in which the Company operates and experience in auditing financial statements of companies manufacturing home appliances;

d) knowledge of the industry in which the Company operates and the experience of persons directly involved in the audit of the financial statements in auditing financial statements of companies manufacturing home appliances;

e) ability to provide a full range of services required by the Company (review of financial statements, audit of the separate and consolidated financial statements, audit of other group companies, including foreign operations);

f) ability to conduct the review of financial statements, audit of the separate and consolidated financial statements as well as reviews and audits of other group companies within the time limits set by the Company to meet the deadlines for periodic reports published by companies listed on the Stock Exchange;

g) audit firm's use of internal procedures designed to ensure impartiality and compliance with other relevant rules;

h) audit firm's use of IT tools;

i) strategy for communication between the Company and the audit firm;

j) measures taken to ensure timely audit of the financial statements;

k) references;

l) proposed fee for the services.

The company evaluates the tenders submitted by audit firms in accordance with the selection criteria set out in the tender documentation and prepares a report containing conclusions from the selection procedure approved by the Audit Committee. When selecting an audit firm, the Supervisory Board takes into account the limitations imposed by the applicable law, in particular, those that may result in invalidity of the audit of financial statements or contractual clauses included in the agreement with such a firm (prohibited contractual clauses).

An audit firm cannot audit financial statements for more than 5 consecutive years. After 5 years of cooperation with the Company, the same audit firm will not be allowed to provide services involving the audit of the Company's financial statements for the following 4 years. The first contract for the audit of the financial statements is concluded with a given audit firm for a period of not less than two years, with the possibility of extension for subsequent periods of at least two years. The audit firm's fee for conducting the statutory audits cannot be subject to any conditions, including the audit results, and cannot be influenced or determined by the provision of additional services or non-audit services to the Company or its related parties by the audit firm or any of the audit firm's related parties. As a result of the evaluation, the Audit Committee recommends that the Supervisory Board renews the agreement with a given audit firm or initiates the procedure for selecting an audit firm, subject to the requirements provided under the applicable laws, in particular, regarding the terms of contracts with audit firms and the period of uninterrupted cooperation with a given audit firm. Where the Audit Committee provides recommendation regarding renewal of the agreement with a given audit firm, the said recommendation must indicate the proposed audit firm to be used for the statutory audit. Based on the Audit Committee's recommendation, the Supervisory Board makes the decision in the form of a resolution on the selection of an audit firm authorized to audit the separate and consolidated financial statements of the Company. The Supervisory Board may decide to deny an audit firm recommended by the Audit Committee under the procedure for renewal of the existing agreement. In such case, it is necessary to conduct the selection procedure on the terms described in the "Audit Firm Selection Procedure". If the Audit Committee recommends the initiation of the procedure for selecting an audit firm, the Supervisory Board makes a decisions to consider the recommendation of the Audit Committee. If a decision is made to initiate the procedure for the selection of an audit firm, this choice shall be made on the terms described in the "Audit Firm Selection Procedure".

6. Recommendations for selection of an audit firm.

Due to the fact that the contract to conduct audits and reviews of financial statements for the years 2020-2021 was concluded with the current auditing company, the Audit Committee did not submit a recommendation to the Company's supervisory body regarding the appointment of statutory auditors or audit companies to audit the financial statements for the financial year 2021. The selection of the current audit company (PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa with its registered office and address in Warsaw) was made after the Supervisory Board of the Company had read the recommendation of the Company's Audit Committee, prepared in accordance with the provisions of the Act on statutory auditors, audit firms and public supervision as well as the internal regulations of the Company.

7. Number of the Audit Committee meetings held.

In the period from 1 January, 2021 to 31 December, 2021, the Audit Committee met during 9 plenary meetings – via means of direct remote communication (teleconference). Meetings (teleconferences) of the Audit Committee took place on: 19 February, 2021, 25 March, 2021, 26 April, 2021, 25 May, 2021, 28 June, 2021, 15 September, 2021, 23 November, 2021, 30 November, 2021, and 20 December 2021 All Committee members were present during all the meetings. The meetings were attended by the Members of the Audit Committee, Members of the Management Board and executive staff as well as invited guests, including representatives of the entity which audited the financial statements of the Company. Those closely cooperating with the Audit Committee included in particular: Member of the Management Board for Finance and Human Resources, Member of the Management Board for Digital Transformation, Chief Accountant, Governance, Risk and Compliance Director, Treasury Director, Human Resources and Administration Director, IT Network Director, Internal Control Manager, Risk Manager and representatives of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. based in Warsaw.

O.
Diversity policy applicable to the administrative, management and supervisory bodies of the issuer

The Company has not yet developed and thus does not pursue the diversity policy (nevertheless, when making any decision on the selection of executives, managers or supervisors, the Company insists that all candidates should have high qualifications and extensive experience in relevant fields of the Company's activity; characteristics such as age or sex of the candidate are not of primary importance). The Company emphasizes that it takes into account all aspects of the diversity policy in relation to the Company's bodies and its key managers. Due to the above, the Company will take steps to develop a comprehensive diversity policy towards the Management Board and the Supervisory Board, and then to adopt a diversity policy by the appropriate body of the Company. The Company's goal is to develop a uniform, official document and then publish IT on the Company's website which presents the applicable rules of this policy, taking into account in particular such elements of the diversity policy as gender, education, age, professional experience, etc. The company currently does not provide a 30% diversity – with regard to women and men – in the Management Board and Supervisory Board (with the note that in the case of the Company's Management Board, the level of 16.66% diversity is currently achieved – in relation to women and men). The diversity policy will indicate the assumed date of achieving such diversity. The time horizon of achieving a 30% share of the under-represented gender in a given body must, however, be correlated with the term of office of the current Management Board or Supervisory Board.

P.
Description of significant proceedings pending before a court, a body competent for arbitration proceedings or a public administration body regarding liabilities and receivables of the issuer or its subsidiaries

As at the balance sheet date, there were no significant proceedings pending regarding the Issuer's or its subsidiary's liabilities or receivables.

Q.
Statement on non-financial information

The statement on non-financial information is an integral part of the Management Board's Report along with the non-financial information of the Amica Capital Group for the financial year 2021.

R.
Indication of the name and registered office of the higher level parent that prepares the statement or report on non-financial information covering the issuer and its subsidiaries.

The Issuer does not have a higher-level parent that prepares a statement or report on non-financial information covering the Issuer and its subsidiaries.

SIGNATURES OF THE APPROVERS

JACEK RUTKOWSKI

President
of the Management Board

MARCIN BILIK

First Vice President
of the Management Board

ALINA JANKOWSKA-BRZÓSKA

Vice President
of the Management Board

MICHAŁ RAKOWSKI

Member
of the Management Board

BŁAŻEJ SROKA

Member
of the Management Board

ROBERT STOBIŃSKI

Member
of the Management Board

Approved 29 March, 2022

Posted 31 March, 2022

Amica S.A. Capital Group

Statements of the Management Board and Supervisory Board

Statement of the Management Board of Amica S.A. on the reliability of the Consolidated Financial Statement for the period from 01.01.2021 to 31.12.2021

The Management Board of "Amica S.A." with its registered office in Wronki ("the Company") declares that, to the best of its knowledge, the annual consolidated financial statements for the period from 01.01.2021 to 31.12.2021 and comparable data were prepared in accordance with the regulations applicable to the Company, and that the data provided in the consolidated financial statements reflect truthfully, reliably and transparently the property and financial situation of the Amica Capital Group and its financial result, and that the consolidated report on the activities of the Amica Capital Group provides a true picture of the Company's standing, including a description of the basic threats and risks related to the conducted activity.

Statement of the Management Board of Amica S.A. on the entity authorised to audit financial statements

The Management Board of "Amica S.A." with its registered office in Wronki ("Company") declares that the entity authorised to audit financial statements, auditing the annual financial statements of the Company for the period from 01.01.2021 to 31.03.2021, was selected in accordance with legal regulations, and that this entity and the statutory auditors who audited this report meet the conditions for expressing an impartial and independent opinion on the audit, in accordance with the relevant provisions of national law.

Statement of the Supervisory Board of "Amica Spółka Akcyjna" regarding the Audit Committee

(prepared in accordance with the requirement of § 71 section 1 item 8 of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities and the conditions for recognition as equivalent of the information whose disclosure is required under the laws of a non-member state)

The Supervisory Board of "Amica Spółka Akcyjna" declares that:

- pursuant to the requirements applicable in "Amica", an Audit Committee has been appointed and is continuously operating, and consists – at the date of this statement – of the following members of the Supervisory Board: Andrzej Konopacki, as the Chairman of the Audit Committee and Paweł Małyska and Paweł Wyrzykowski;
- the rules related to the appointment, composition and operation of the Audit Committee are being followed, including the fulfilment by its members the criteria for independence and requirements for knowledge and skills in the industry, in which "Amica" Company operates, and in accounting or financial statements auditing;
- The Audit Committee has performed and performs the tasks laid down in the applicable regulations.

Statements of the Supervisory Board of "Amica Spółka Akcyjna"

(prepared in accordance with the requirement of § 70 section 1 item 14 and § 71 section 1 item 12) of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities and the conditions for recognition as equivalent of the information whose disclosure is required under the laws of a non-member state)

The Supervisory Board of Amica S.A., in accordance with Article 382 § 3 of the Commercial Company Code, acting based on the substance of § 70 section 1 item 14 and § 71 section 1 item 12 of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities and the conditions for recognition as equivalent of the information whose disclosure is required under the laws of a non-member state and the Articles of Association of the Company has assessed:

1. the consolidated financial statement of the Amica S.A. Capital Group for the year ended 31 December, 2021 (Consolidated Financial Statement),
2. the financial statement of Amica S.A. for the year ended 31 December, 2021 (Separate Financial Statement),
3. the Management Board operating statement for the Capital Group Amica S.A. for 2021, drawn up together with the Management Board operating statement for Amica S.A. *(Report of the Management Board together with non-financial information of the Amica Capital Group for 2021).*

The audit of the financial statements was carried out by the auditing company PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa with its registered office and address in Warsaw, selected by the Supervisory Board to audit the separate financial statements and the consolidated financial statements.

The independent statutory auditor presented the reports:

- in relation to the individual financial statement, stating that it presents a true and fair view of the financial position of "Amica S.A." as at 31 December 2021, and that it has been prepared, in all essential aspects, based on the properly maintained accounting records in accordance with the provisions of Chapter 2 of the Accounting Act, and that it is consistent, in all essential aspects, in the form and content with the applicable laws and the Articles of Association,
- in relation to the consolidated financial statement, stating that it presents a true and fair view of the consolidated economic and financial position of the Capital Group Amica S.A. as at 31 December 2021, and that it is consistent, in all essential aspects, in the form and content with the applicable in the Capital Group Amica S.A. laws and the Articles of Association of the Company.

In addition, the statutory auditor stated on the basis of the procedures performed during the audit of the financial statements, that the operating statement, in all essential aspects, has been prepared in accordance with the applicable provisions of law and is consistent with the information contained in the individual and consolidated financial statement.

Based on the assessment of the analysis of reports presented by the Management Board of the Company, the analysis of the content of the aforementioned reports of the independent statutory auditor, and the recommendation presented on March 29th, 2019 by the Audit Committee, the Supervisory Board has had a positive opinion on the presented financial statements.

Furthermore, during the assessment, the Supervisory Board:

1. reviewed and analyzed the financial statements including:
   1) profit and loss account for the period from 1 January to 31 December, 2021,
   2) statement of comprehensive income for 2021,
   3) statement of financial position as at 31 December 2021,
   4) statement of changes in equity for the year ended 31 December 2021,
   5) statement of cash flows for the period from 1 January to 31 December 2021,
   6) notes to the financial statement.
2. reviewed and analysed the consolidated financial statements covering:
   1) consolidated profit and loss account for the period from 1 January to 31 December, 2021,
   2) consolidated statement of comprehensive income for 2021,
   3) consolidated statement of financial position as at 31 December 2021,
   4) consolidated statement of changes in equity for the year ended 31 December 2021,
   5) consolidated statement of cash flows for the period from 1 January to 31 December 2021,
   6) notes to the consolidated financial statement.
3. has reviewed and analysed the Management Board operating statement, including a statement on non-financial information. *(Report of the Management Board together with non-financial information of the Amica Capital Group for 2021).*

Financial statements have been prepared within the timelines specified in the regulations, in accordance with the International Financial Reporting Standards adopted by the European Union, and also the adopted accounting principles.

The Supervisory Board's opinion is that the operating statement of the Management Board is complete and essentially fulfils the requirements of Article 9 and Article 55 section 1a of the Accounting Act and the Ordinance of the Minister of Finance of 29 March 2018 regarding current and periodic information to be submitted by issuers of securities and the conditions for recognition as equivalent of the information whose disclosure is required under the laws of a non-member state.

On the basis of the above, the Supervisory Board also assessed that the consolidated financial statements, financial statements and the Management Board's report on operations *(Management Board's Report together with non-financial information of the Amica Capital Group for 2021)* are consistent with the books, documents and the actual state of affairs.

Statement of the Supervisory Board of "Amica Spółka Akcyjna" on the selection of an audit firm conducting the audit of the annual consolidated financial statement in accordance with the applicable regulations

(prepared in accordance with the requirement of § 71 section 1 item 7 of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities and the conditions for recognition as equivalent of the information whose disclosure is required under the laws of a non-member state)

Amica S.A. Supervisory Board, acting pursuant to § 71 section 1 item 7) of the Ordinance of the Minister of Finance of 29 March 2018 on periodic information submitted by the issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member State declares that the selection of an audit firm conducting the audit of the annual financial statement for the financial year 2021 was made in accordance with the applicable regulations, including those for the selection and the procedures for the selection of the audit firm.

The Supervisory Board of Amica S.A. further declares that:

- audit firm and the members of the audit team performing the audit fulfilled the conditions for the preparation of impartial and independent audit report for the annual consolidated financial statement in accordance with the applicable regulations, professional standards and the rules of professional ethics;
- the applicable laws relating to the rotation of the audit firm and the key statutory auditor and the mandatory withdrawal periods are complied with;
- Amica S.A. has an established policy for the selection of an audit firm and the policy for the provision of services to Amica S.A. by the audit firm, an affiliate of an audit firm or a member of their network, that is additional non-audit services, including those conditionally exempted from the prohibition of the service provision by the audit firm *(of which new, current wording was adopted on the basis of the content of Resolution No. 02 / XII / 2018 of the Supervisory Board of "Amica Spółka Akcyjna" of 20 December 2018 on: adoption in "Amica Spółka Akcyjna" of the Policy and procedure for the selection of an audit firm and the Policy for the provision of additional services by the audit firm, entities associated with the audit firm, and a member of the audit firm network).*

SIGNATURES OF THE APPROVERS

JACEK RUTKOWSKI

President
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ROBERT STOBIŃSKI

Member
of the Management Board

Posted 31 March, 2022

Amica S.A. Capital Group

Consolidated Financial Statements for the year ended 31 December, 2021

CONTENTS

SELECTED CONSOLIDATED FINANCIAL DATA OF THE CAPITAL GROUP

SELECTED FINANCIAL DATA		million PLN		million EUR	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
1	Revenue from agreements with customers	3,433.9	3,068.7	751.9	690.4
2	Profit on operating activities	149.9	200.5	32.8	45.1
3	Profit before tax	144.9	193.7	31.7	43.6
4	Net profit allocated to Company Shareholders	111.7	150.6	24.5	33.9
5	Net profit allocated to Minority Shareholders	(0.5)	0.1	(0.1)	–
6	Net cash flows from operating activities	(167.0)	353.4	(36.6)	79.5
7	Net cash flows from investment activities	(84.5)	(24.7)	(18.5)	(5.6)
8	Net cash flows from financial activities	41.5	(153.6)	9.1	(34.6)
9	Total net cash flows	(210.0)	175.1	(46.0)	39.3
10	Total assets	2,585.6	2,191.7	562.2	474.9
11	Long term liabilities	214.5	155.6	46.6	33.7
12	Current liabilities	1,228.2	967.6	267.0	209.7
13	Equity capital allocated to shareholders	1,140.7	1,066.0	248.0	231.0
14	Equity capital allocated to minority shareholders	2.2	2.5	0.5	0.5
15	Share capital	15.6	15.6	3.4	3.4
16	Number of shares	7,775,273	7,775,273	7,775,273	7,775,273
17	Number of own shares for disposal	147,137	201,983	147,137	201,983
18	Profit per ordinary share	14.58	19.90	3.19	4.48
19	Book value per share (in PLN / EUR)	146.71	137.10	31.90	29.71
20	Dividend paid per share (PLN / EUR) [1]	6.00	3.00	1.31	0.67

Financial data was converted to the EUR according to the following currency exchange rates:	31.12.2021	31.12.2020
currency exchange rates for the statement of comprehensive income and cash flow	4.5670	4.4449
Currency exchange rates for the items of statement of financial position	4.5994	4.6148

[1] Dividend paid for the financial years 2020 and 2019. Details are specified in the Note 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December, 2021

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue from sale of goods and products		3,398.4	3,039.9
Revenue from sale of services		35.5	28.8
Revenue from agreements with customers		**3,433.9**	**3,068.7**
Own sales costs		2,606.4	2,239.6
Gross profit on sales		**827.5**	**829.1**
Other operating revenue	12.1.	12.2	19.1
Cost of sales		412.5	348.6
General administrative expenses		269.8	251.9
Other operating costs	12.2.	9.3	40.0
Loss on expected credit losses		(1.8)	7.2
Profit on operating activities		**149.9**	**200.5**
Financial revenue	12.3.	18.5	12.6
Financial costs	12.4.	23.5	19.4
Gross profit		**144.9**	**193.7**
Income tax	13.	33.7	43.0
Net profit		**111.2**	**150.7**
Profit allocated to:		**111.2**	**150.7**
Shareholders of the Parent Company		111.7	150.6
Non-controlling shareholders		(0.5)	0.1
Profit per share:			
– basic from profit for the period (PLN)		14.58	19.90
– diluted from profit for the period (PLN)		14.58	19.90
Other net comprehensive income			
Items to be reclassified to the profit / (loss) in subsequent reporting periods:		**12.7**	**1.4**
Exchange gain (loss) of a foreign entities:		7.3	5.7
Net assets hedging		(2.0)	4.9
Cash flow hedging		8.7	(12.5)
Income tax related to other comprehensive income		(1.3)	3.3
Items not to be reclassified to the profit / (loss) in subsequent reporting periods:		**0.4**	**(0.8)**
Revaluation of liabilities from employee benefits		0.4	(0.8)
Total other net comprehensive income		**13.1**	**0.6**
Total comprehensive income		**124.3**	**151.3**
Total income attributable to:		**124.3**	**151.3**
Shareholders of the Parent Company		124.6	151.0
Non-controlling shareholders		(0.3)	0.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	31.12.2021	31.12.2020
ASSETS			
Fixed assets		**774.1**	**730.4**
Property, plant and equipment	18	434.5	390.6
right of use	19	84.2	78.4
Goodwill	22	44.2	43.0
Intangible assets	22	127.7	115.5
Investment property	21	13.4	25.0
Derivative financial instruments	37	7.3	7.1
Other long-term financial assets		0.4	0.6
Deferred income tax assets	14.3	62.4	70.2
Current Assets		**1,811.5**	**1,461.3**
Inventory	25	811.6	421.5
Receivables from deliveries and services and other receivables.	26	801.8	708.3
Receivables from income tax		14.4	0.5
Derivative financial instruments	37	48.9	20.3
Other short-term non-financial assets	23	64.8	40.3
Cash and cash equivalents		59.9	270.4
Assets classified as designated for sale		10.1	–
TOTAL ASSETS		**2,585.6**	**2,191.7**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, continued
As at 31 December 2021

	Note	31.12.2021	31.12.2020
LIABILITIES			
Total equity capital		**1,142.9**	**1,068.5**
Equity capital allocated to shareholders of the Parent Company:		**1,140.7**	**1,066.0**
Stated capital	28	15.6	15.6
Supplementary capital and other reserve capitals	29	1,012.7	929.5
Exchange gain (loss) on consolidation		(16.0)	(23.1)
Retained profits		128.4	144.0
Non-controlling interest	**29**	**2.2**	**2.5**
Long term liabilities		**214.5**	**155.6**
Credit, loans and other debt instruments	30	107.0	61.1
Non-current provisions	31	14.4	11.0
Provisions has employee benefits	24	10.6	12.6
Deferred income tax liabilities		21.5	5.6
Derivative financial instruments	37	6.2	6.8
Liabilities from leasing agreements	19	49.3	52.6
Long-term deferred charges and accruals	32	5.5	5.9
Current liabilities		**1,228.2**	**967.6**
Liabilities from deliveries and services and other liabilities.	32	921.2	724.6
Credit, loans and other debt instruments	30	152.8	72.2
Derivative financial instruments	37	13.6	12.0
Liabilities from leasing agreements	19	26.0	17.0
Liabilities due to debt factoring		28.2	35.1
Liabilities from income tax		2.4	17.7
Short-term deferred charges and accruals	32	1.2	2.3
Provisions has employee benefits		0.8	0.7
Current provisions		82.0	86.0
Total liabilities		**1,442.7**	**1,123.2**
TOTAL LIABILITIES		**2,585.6**	**2,191.7**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December, 2021

	31.12.2021	31.12.2020
Cash flows from operating activities		
Gross profit	**144.9**	**193.7**
Adjustments by items:	(311.9)	159.7
Depreciation	65.9	59.4
Impairment loss of assets	–	8.3
Currency translation profit/(loss)	2.2	(4.4)
Interest and profit sharing (dividend)	9.2	7.8
Profit (loss) on investing activities	0.4	1.0
Change in provisions	(2.4)	27.0
(Increase) / decrease in inventories	(390.1)	55.7
(Increase) / decrease in receivables	(113.0)	(131.3)
Increase/decrease in liabilities	183.9	147.9
Change in prepayments and accruals	(6.1)	0.3
Result on derivatives	(55.3)	(24.9)
Result on valuation of the incentive scheme	(11.4)	11.8
Issue of shares under the Incentive Scheme	6.6	5.8
Cash flows related to hedging	33.8	26.0
Other	1.0	(5.1)
Income tax paid	(36.6)	(25.6)
Net cash flows from operating activities	**(167.0)**	**353.4**

Consolidated Financial Statements for the year ended on 31 December, 2021
[mPLN]

	31.12.2021	31.12.2020
Cash flows from investment activities		
Sale of property, plant and equipment	1.5	0.2
Purchase of property, plant and equipment	(86.9)	(29.0)
Grants received	–	1.4
Repayment of loans granted	4.7	3.1
Loans granted	(4.7)	(3.1)
Flows of trade derivatives	0.9	2.7
Net cash from investing activities	**(84.5)**	**(24.7)**

	31.12.2021	31.12.2020
Cash flows from financial activities		
Payment of liabilities arising from leasing agreements	(22.2)	(17.4)
Inflows from credits/loan taken	113.0	34.9
Repayment of loans/credits	(21.9)	(141.1)
Issuance of debt securities	50.0	20.0
Redemption of debt securities	(15.9)	(16.0)
Dividends paid out	(45.4)	(22.6)
Interest paid	(8.7)	(7.7)
Inflows from debt factoring	201.3	193.2
Expenses due to debt factoring	(207.4)	(195.6)
Other	(1.3)	(1.3)
Net cash from financial activities	**41.5**	**(153.6)**

	31.12.2021	31.12.2020
Net increase / (decrease) in cash and cash equivalents	**(210.0)**	**175.1**
Balance sheet change in cash, including:	(210.5)	174.7
Net exchange rate differences	(0.5)	(0.4)
Opening balance of cash	**270.4**	**95.7**
Closing balance of cash	**59.9**	**270.4**
including cash of limited disposability	7.7	3.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL
for the year ended 31 December, 2021

	Stated capital	Supplementary capital and other reserve capitals [1]	Exchange gain (loss) on consolidation	Retained profits	Total	Non-controlling interest	Total equity capital
As at 1 January 2021	**15.6**	**929.5**	**(23.1)**	**144.0**	**1,066.0**	**2.5**	**1,068.5**
Net profit	–	–	–	111.7	111.7	(0.5)	111.2
Other net comprehensive income	–	5.8	7.1	–	12.9	0.2	13.1
Total comprehensive income	**–**	**5.8**	**7.1**	**111.7**	**124.6**	**(0.3)**	**124.3**
Re-booking of financial result to supplementary capital	–	81.9	–	(81.9)	–	–	–
Dividends	–	–	–	(45.4)	(45.4)	–	(45.4)
Issue of own shares	–	6.6	–	–	6.6	–	6.6
Settlement of the incentive scheme	–	(6.4)	–	–	(6.4)	–	(6.4)
Valuation of incentive scheme	–	(4.6)	–	–	(4.6)	–	(4.6)
Other changes	–	(0.1)	–	–	(0.1)	–	(0.1)
As at 31 December 2021	**15.6**	**1,012.7**	**(16.0)**	**128.4**	**1,140.7**	**2.2**	**1,142.9**

	Stated capital	Supplementary capital and other reserve capitals [1]	Exchange gain (loss) on consolidation	Retained profits	Total	Non-controlling interest	Total equity capital
As at 1 January 2020	**15.6**	**829.4**	**(28.6)**	**103.9**	**920.3**	**2.2**	**922.5**
Net profit	–	–	–	150.6	150.6	0.1	150.7
Other net comprehensive income	–	(5.1)	5.5	–	0.4	0.2	0.6
Total comprehensive income	**–**	**(5.1)**	**5.5**	**150.6**	**151.0**	**0.3**	**151.3**
Re-booking of financial result to supplementary capital	–	87.9	–	(87.9)	–	–	–
Dividends	–	–	–	(22.6)	(22.6)	–	(22.6)
Issue of own shares	–	5.8	–	–	5.8	–	5.8
Settlement of the incentive scheme	–	(5.3)	–	–	(5.3)	–	(5.3)
Valuation of incentive scheme	–	17.1	–	–	17.1	–	17.1
Other changes	–	(0.3)	–	–	(0.3)	–	(0.3)
As at 31 December 2020	**15.6**	**929.5**	**(23.1)**	**144.0**	**1,066.0**	**2.5**	**1,068.5**

[1] Details on the item "Supplementary capital and other reserve capital" are presented in note 28.

Impact of the COVID-19 pandemic on the operations of the Amica Group

The 2020 COVID-19 pandemic disrupted supply chains, increased raw material costs and caused other turmoil in international markets. The coronavirus has limited many aspects of private, professional and business life. The COVID-19 Crisis Response Team established in 2020 worked for the safety of employees and maintaining the continuity of production and operational activities. In 2021, limited access to raw materials and components, increased prices and high cost of sea freight impacted the operations of Amica Group throughout the year.

The Amica Group provided its employees not only with all protection measures at the workplace, but also organised the option to get vaccinated at the company's clinic. Thanks to the implemented safety measures, as well as the responsibility of the entire crew, the work at the factory was not disturbed by any of the subsequent mutations of the virus.

Despite the very volatile economic environment, in 2021 the Group resumed the implementation of business plans in almost all geographical areas of its operations. The Fagor brand was successfully developed, for which a marketing campaign based on sponsorship cooperation with the Atletico Madrid and Olympique Lyon football clubs was carried out for the first time. In 2021, the Hansa Central Asia company was established in Kazakhstan, which is the centre of operations for the entire region. Both Kazakhstan and its neighbouring countries, including Uzbekistan, with a population of around 30 million, are markets with high growth potential.

The Group also continued investments, both in digitization and technological processes, as well as increasing production capacity at the factory in Wronki. At the same time, energy independence was increased and a large cogeneration project was launched, which enables the recovery of approximately 30% of energy consumed in the production.

In 2021, it is not possible to estimate the separate impact of the COVID-19 pandemic on the operations of Amica Group

GENERAL INFORMATION

1. Information on the Parent Company

Amica Spółka Akcyjna Group ("Group") is composed of Amica Spółka Akcyjna ("Parent Company") and its subsidiaries (see Note 4). The Group's Consolidated Financial Statements cover the 12-month period ended 31 December, 2021 and contain comparative data for the 12-month period ended 31 December, 2020.

The Parent Company is entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court in Poznań – Nowe Miasto and Wilda in Poznań, 9th Commercial Division of the National Court Register, under the number KRS 000017514.

The Parent Company has been awarded the business statistical number REGON 570107305. The Parent Company's shares are listed on the Warsaw Stock Exchange.

The Parent Company's registered office is at 53 Mickiewicza street, 64-510 Wronki. The Parent Company's registered office is also the primary place of business for the Capital Group.

2. Composition of the Parent Company's Management Board and Supervisory Board

As at 31 December 2021, the **Management Board** of the parent company was composed of:

- Jacek Rutkowski – President of the Management Board
- Marcin Bilik – Vice President of the Management Board for Operational Affairs, First Vice President of the Management Board
- Alina Jankowska-Brzóska – Vice-President of the Management Board for Trade and Marketing
- Michał Rakowski – Member of the Management Board for Finance and Human Resources
- Błażej Sroka – Member of the Management Board for Goods Management and Logistics
- Robert Stobiński, Member of the Management Board for the Digital Transformation

No changes in the composition of the Management Board took place after the balance sheet date and until the approval of the consolidated financial statements.

As at 31 December, 2021, the **Supervisory Board** of the parent company was composed of:

- Tomasz Rynarzewski – Chair of the Supervisory Board / Chair of the Operations Committee / Member of the Compensation and Nomination Committee
- Paweł Małyska – Independent Member of the Supervisory Board / Vice-Chair of the Supervisory Board) / Member of the Audit Committee
- Andrzej Konopacki – Independent Member of the Supervisory Board / Chair of the Audit Committee / Member of the Compensation and Nomination Committee
- Jacek Marzoch – Member of the Supervisory Board / Member of the Operations Committee
- Piotr Rutkowski – Member of the Supervisory Board / Member of the Operations Committee
- Paweł Wyrzykowski – Member of the Supervisory Board / Member of the Audit Committee / Chair of the Compensation and Nomination Committee

After the balance sheet date, there were no changes in the composition of the Supervisory Board.

3. Overview of the Group's Operations

The Group's core business is:

- Manufacture and sale of electric and gas-fired domestic appliances;
- Sale of home appliances;
- Provision of maintenance, hotel, and catering services;

More information of the business activities of the Group can be found in Note 10 on operating segments.

4. Information on the Capital Group

The direct parent of the Group is Holding Wronki Sp. z o.o., preparing consolidated financial statements that are not publicly available. The ultimate controlling party of the Group is Mr Jacek Rutkowski, who (being a natural person) is not obliged to prepare financial statements for public use (IAS.24.13).

Amica S.A. Capital Group includes the Parent Company and the following subsidiaries:

Entity	Company's registered office	Principal economic activity	Company's percentage share in the capital		Functional currency
			31.12.2021	31.12.2020	
Subsidiaries					
Amica International GmbH	Germany	commercial activities	100%	100%	EUR
Amica Commerce s.r.o.	The Czech Republic	commercial activities	100%	100%	CZK
Gram Domestic A/S	Denmark	commercial activities	100%	100%	DKK
Hansa OOO	Russia	commercial activities	100%	100%	RUB
Marcelin Management Sp. z o. o. [1]	Poland	Hospitality and catering, real estate management, manufacturing activities	100%	100%	PLN
Electrodomesticos Iberia S.L.	Spain	commercial activities	100%	100%	EUR
Nova Panorama Sp. z o.o.	Poland	real estate management	100%	100%	PLN
Nowe Centrum Sp. z o.o.	Poland	real estate management	100%	100%	PLN
Amica Handel i Marketing Sp. z o.o.	Poland	marketing, promotional and commercial services	100%	100%	PLN
Inteco Business Solutions Sp. z o.o.	Poland	Consulting and IT services	100%	100%	PLN
Hansa Ukraina OOO	Ukraine	commercial activities	100%	100%	UAH
THE CDA GROUP LIMITED	United Kingdom	commercial activities	100%	100%	GBP
Sideme S.A.	France	commercial activities	95%	95%	EUR
Hansa Central Asia TOO [2]	Kazachstan	commercial activities	100%	n/a	KZT

[1] The company holds shares in the companies Nowe Centrum and Nova Panorama

On 1 June, 2021, the Hansa Central Asia TOO company was established, which is responsible for trading products and goods on the markets of Central Asia.

As at 31 December 2021 and 31 December 2020, the share in the general number of voting rights held by the Parent Company in subsidiaries is equal to the Parent Company's share in the capital of these subsidiaries.

The Parent Company and of the consolidated companies of the Group have been established for an indefinite term.

Information on the equity allocated to non-controlling interest has been described in Note 28.3.

5. Approval of the financial statement

The present financial statements prepared for the year ended 31 December 2021 (along with comparative data) were approved for publication by the Parent Company's Management Board on 29 March 2022.

6. The basis for drawing up the consolidated financial statement

The Consolidated Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as adopted by the European Union for annual periods beginning on or after 01 January 2021. As at the date of approval of these consolidated financial statements, taking into account the ongoing implementation of IFRS in the EU and the activities pursued by the Group, with regard to the accounting policies applied by the Group, the International Financial Reporting Standards differ from International Financial Reporting Standards adopted by the EU.

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements include adjustments not disclosed in the Group's accounting books, presented in order to approximate financial statements of such entities with the IFRS. Other statements of the companies are prepared in accordance with the principles of the IFRS.

6.1. Action continued

These consolidated financial statements have been prepared with the assumption that the Group would continue as a going concern in the foreseeable future. On the date of approval of these consolidated financial statements, there are no circumstances that could be regarded as a threat to the continued business operations of the Group companies.

6.2. Basis for preparation

These Consolidated Financial Statements have been prepared under the historical cost convention, except for derivative financial instruments that are measured at fair value. The Group uses the direct consolidation method and has chosen the method of accounting for gains or losses on translation that is consistent with that method.

6.3. Functional currency

The functional currency of the parent company and the presentation currency of these consolidated financial statements is Polish Złoty. Financial statements of foreign companies for the purpose of consolidation have been converted into Polish currency in accordance with the principles presented in the accounting policy below.

These consolidated financial statements are presented in million z ("mPLN"), unless otherwise indicated. The change in the presentation of financial data was introduced starting from the consolidated statements for the first quarter of 2020 along with the change of comparative data for the previous periods included in the consolidated statements. The Group has made changes to improve the presentation of valuable information. The data has been aggregated into millions of Polish Złotys to one decimal place.

7. Significant values based on professional judgement and estimations

7.1. Professional judgement

In the process of applying the accounting principles (policy), the Management Board of the parent company made the following judgments that have the greatest impact on the reported carrying amounts of assets and liabilities.

Classification of leases

- **As a lessee**

1. **The Group performs an analysis of a given agreement in terms of recognizing leases. The Group treats a contract or an agreement as a lease if the following conditions are met:**

- The Group has the right to control the use of an identified asset over a given period of time in exchange for a fee
- The contract or agreement is longer than one year from the date of conclusion
- the asset is identified (the asset is not identified if the supplier has significant right to replace the asset)
- The Group has the right to virtually all economic benefits
- The Group determines how and for what purpose an asset is used or it is preordained.

2. **Lease term**

When determining the lease term, management takes into account all the facts and circumstances that are an economic incentive to exercise the option to extend the contract or not to exercise the option to terminate the contract. Periods with an option to extend contracts or with a notice period are taken into account when determining the lease term, if there is reasonable assurance that the contract will be extended or not terminated. Reassessment as to whether there is reasonable certainty that the Group will exercise the extension option or will not exercise the termination option takes place if a significant event or a significant change in circumstances affecting such an assessment occurs.

- **As a lessor**

The Group, as a lessor, analyses the contracts and assesses whether the contract transfers substantially all the risks and rewards of ownership of the leased asset. Then, based on the economic content of each transaction and its own judgment, the Group classifies it as operating or finance lease.

Assets from deferred tax assets and the uncertainty associated with the settlement of tax .

The Group recognizes deferred tax assets based on the assumption that future taxable income will allow for its use. This assumption is based on forecast results and historical analysis. A decrease in the tax result in the future could cause the whole or a part of the asset not to be realized. As regards assets related to SEZ, the number of employees is assessed in accordance with the assumptions made under the zone operation permit. The recognition of the deferred tax asset related to the license to operate in a special economic zone takes place at the time of assessing the probability that the conditions specified in the license will be met. Subsequent settlement of the carrying amount will reduce the amount of future tax payments.

The applicable tax regulations are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. Determining tax liabilities as well as deferred tax assets and liabilities requires significant judgement, including with respect to transactions that have already occurred. Due to the above-mentioned legal regulations, the amounts of tax liabilities as well as deferred tax assets and provisions disclosed and presented in the financial statements may change in the future, as a result of tax authorities' inspections and in the case of a different assessment of events by the tax authority. Tax liabilities, deferred tax asset and deferred tax liability recognized in the consolidated financial statements have been determined based on the best available knowledge of the economic content of the events and tax regulations.

Fair market value of the financial instruments

The fair value of financial instruments, for which no active market exists, is determined using appropriate valuation techniques. The Group measures and assigns hedging items when choosing the appropriate methods and assumptions for the timing and high probability of the hedged item and the measurement of effectiveness.

When selecting the appropriate methods and assumptions, the Group companies rely on professional judgment.

The method for determining the fair value of financial instruments is disclosed in the Note 36.

Liabilities due to debt factoring

In the statement of financial position, the Group presents liabilities due to debt factoring. Factoring takes place when the Group submits selected invoices to the factor before the payment date. From a legal point of view, at the time of the transfer, Factor takes over the rights and obligations that are characteristic of commercial receivables. The International Financial Accounting Standards do not directly define debt factoring. In connection with no clear regulation of this item, the Group made significant judgment in the presentation of balances transferred to factoring in the statement of financial position and presenting transactions in the statement of cash flows.

Identifying the fulfilment of a performance obligation under IFRS 15

The Group recognizes revenue when the performance obligation is met by transferring the promised good to the customer. The asset is transferred when the customer obtains control of the asset. When assessing whether a customer obtains control over an asset, the Group uses its own judgment regarding the timing of the physical transfer of the asset to the customer.

Identification of reporting segments

The Group aggregates some operating segments in two ways, by combining the same product ranges and other operating segments that do not meet quantitative criteria. The Group follows its own judgment regarding the analysis of aggregation conditions and each situation is verified from the point of view of individual circumstances and facts.

7.2. Uncertainty of estimates and assumptions

Described below are basic assumptions concerning the future and other key sources of uncertainty occurring on the balance date, which are associated with major risks of significant adjustment to carrying amount of assets and liabilities in the next financial year. The Group has made assumptions and estimates about the future based on the knowledge acquired during the preparation of the consolidated financial statements. The existing assumptions and estimates may change as a result of future events due to changes in the market or changes that are beyond the control of the Group. Such changes are reflected in the estimates or assumptions at the time of occurrence.

Impairment loss of non-financial assets

For intangible assets with an indefinite useful life, an impairment test is carried out annually. The assumptions made in the tests performed are described in Note 22. In order to determine the value in use, the Management Board of the parent company estimates the forecast cash flows and the rate at which the flows are discounted to the current value. During the calculation of the current value of future flows, assumptions are made regarding the forecast financial results. These assumptions involve future events and circumstances. The values actually realised may differ from the estimates, which may contribute to significant adjustments of the value of the Group's assets in subsequent reporting periods.

The goodwill and trademarks were not impaired in the current period.

Measurement of provisions for employee benefits

Provisions for employee benefits were estimated by an actuary. The assumptions made for this purpose and the sensitivity analysis of the provision to the change in the discount rate are presented in Note 23.

An incentive scheme in the form of shares

The Management Board of the Company analysed the recognition of the incentive scheme and its impact on the value of equity and the result in 2021. The Company applied the IFRS 2 standard – share-based payments to recognize the value arising from the model based on the Monte Carlo analysis. The Company estimated the provision for the incentive scheme, making its own judgment based on available and reliable information. The applied estimates may differ from the actual amounts due to the fact that one of the parameters that is taken into account in the calculation of this provision is the forecasted consolidated gross profit. As at 31 December, 2021, 5.7 million zł of the carrying amount of the provision for the incentive scheme was recognized.

Depreciation rates

The amount of depreciation rates is determined on the basis of the expected period of economic usability of fixed assets. The useful life depends on the intensity of use and the production characteristics of a given asset. The Group reviews the adopted useful economic lives based on current estimates annually. However, the actual useful lives may differ from the assumptions. The carrying amount of depreciable fixed assets is presented in Notes 17, 18, 20 and 21.

Lease discount rate

For the purposes of measuring the right to use the asset and the lease liability, the Group estimated the marginal interest rates on the debt.

Discount rates were determined based on the lessee's marginal rate as the sum of the following components:

- reference rate – different for individual subsidiaries,
- bank margin.

The lease-related values are presented in Note 18 to these consolidated financial statements.

Provisions for warranty repairs

The basis for estimating the provision for future warranty repairs are warranty period, historical unit cost of repair, estimated defectiveness of products, average share of the cost of the spare part in the cost of repair. Except for the warranty period, the value of the above-mentioned variables may change in future periods, simultaneously influencing the value of the provision. The Group reviews the adopted variables to reflect the Group's actual liability under the provision for warranty repair obligations. A change in the main ratio underlying the estimate of this provision, ie an increase in the estimated defectiveness of products by 0.5%, would increase the provision by 1.1 million zł.

Impairment loss of inventory

The Group verifies the inventory turnover and the difference in the book price and possible sales price of inventory as the balance sheet date and recognizes impairment loss, if any, according to internal rule on a quarterly basis. The assessment of possible impairment takes into account the level of sales i.e. the customers' current demand for the Group's goods and products.

Allowances for financial uncollectible accounts

The Group assesses the necessity to recognize allowances for uncollectible accounts. The Group uses an individual approach as well as an indicator approach. As at the balance sheet date, the amounts of impairment losses on receivables are analysed taking into account the provisions of IFRS 9. The change in estimated write-offs is presented in note 35.3. Credit risk of these consolidated financial statements.

8. Changes in standards or interpretations applied

New or amended standards and interpretations effective from 01 January 2021 and their impact on the consolidated financial statements of the Group:

Standard name	Effective Date	Impact on the Group's financial statements
Amendments to IFRS 4 "Insurance Contracts" – deferment of the application of IFRS 9 "Financial Instruments"	1 January 2021	The Group estimated that this change did not have a significant impact on its financial statements.
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform	1 January 2021	The Group carried out an analysis to assess the impact of the IBOR reform on its financial statements. The changes do not have a significant impact on these financial statements. Loans and advances, consumer loans and financial instruments are based on reference rates. The IBOR reform has no impact on these financial assets and financial liabilities as these rates have already been brought into line with the regulation and are considered to be in line with the changes to the standards. The Group is, in principle, no longer exposed to the risks arising from the IBOR reform. The new rates are an equivalent of the previous rates, so for instruments based on a variable interest rate, only a prospective correction of the effective interest rate is made.
Amendments to IFRS 16 "Leasing" – simplification of changes resulting from lease agreements in connection with COVID-19	1 April 2021	The Group will not use the simplification, therefore the change will not affect its financial statements

Published standards and interpretations that did not come into force for the periods beginning on 1 January, 2021 and their impact on the Group's consolidated financial statements:

Standard name	Effective Date	Impact on the Group's financial statements
Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures	1 January 2016*	The Group estimates that the change will not have a significant impact on its financial statements
IFRS 14 "Regulatory Deferral Accounts"	1 January 2016*	The Group estimates that the change will not have a significant impact on its financial statements
Amendments to IFRS 3 "Business Combinations" – update of references to the Conceptual Framework	1 January 2022	The Group estimates that the change will not have an impact on its consolidated financial statements
Amendments to IAS 16 "Property, plant and equipment" – revenues from products produced in the period of preparing property, plant and equipment for the commencement of operation	1 January 2022	The Group estimates that the change will not have a significant impact on its consolidated financial statements
Annual amendment program 2018-2021 – the amendments clarify and clarify the guidelines of the recognition and measurement standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to the illustrative examples of IFRS 16 "Leases"	1 January 2022	The Group has not yet completed the analysis of the impact of these changes on the consolidated financial statements.
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Clarifications on the costs recognized in the analysis of whether the contract is an onerous contract	1 January 2022	The Group has not yet completed the analysis of the impact of these changes on the consolidated financial statements.
IFRS 17 "Insurance Contracts" and amendments to IFRS 17	1 January 2023	The Group estimates that the change will not have an impact on its consolidated financial statements
Amendments to IAS 1 "Presentation of financial statements":	1 January 2023	The Group has not yet completed the analysis of the impact of these changes on the financial statements.
Amendments to IAS 1 "Presentation of Financial Statements" and the Principles of Practice IFRS 2: "Disclosure of Accounting Policies"	1 January 2023	The Group has not yet completed the analysis of the impact of these changes on the financial statements.
Amendments to IAS 12 "Income Taxes" Deferred tax relating to assets and liabilities arising from a single transaction	1 January 2023	The Group has not yet completed the analysis of the impact of these changes on the financial statements.
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"	1 January 2023	The Group estimates that the change will not affect its financial statements.

9.
Significant Accounting Policies

9.1.
Presentation of financial statements

The Consolidated Financial Statements are presented in accordance with IAS 1.

The "Consolidated Statement of Comprehensive Income" is prepared by function, while the "Consolidated Cash Flow Statement" is prepared using the indirect method.

In the event of retrospective changes in the accounting policies, presentation or correction of errors, the Group presents the statement of financial position prepared additionally as at the beginning of the comparative period if these changes are material for the comparative data presented as at the beginning of the comparable period. In such a situation, the presentation of notes to the third statement of financial position is not required.

9.2.
Operating segments

When distinguishing operating segments, the Management Board of the Parent Company follows the product lines that represent the main products and services provided by the Group. Each segment is managed separately within a given product line, due to the specific nature of the services provided and products manufactured requiring different technology, resources and approaches.

In accordance with IFRS 8, the results of operating segments are derived from internal reports periodically verified by the Parent Company's Management Board. The Parent Company's Management Board analyses the results of the operating segments at the operating profit (loss) level. The measurement of the results of operating segments used in management calculations is consistent with the accounting principles applied in the preparation of the consolidated financial statements, except for the following areas:

- impairment of assets – when determining the segment results, impairment losses on fixed assets, including goodwill, are not taken into account,

Revenue from agreements with customers disclosed in the consolidated statement of comprehensive income does not differ from the revenue presented under operating segments.

The Group's assets that are not directly attributable to the operations of a given operating segment are not allocated to assets of operating segments.

Detailed disclosures regarding operating segments are provided in Note 10 to these consolidated financial statements.

9.3.
Principles of consolidation

The consolidated financial statement includes the financial statement of the parent company and the financial statements of its subsidiaries drawn up for the year ending 31 December 2020. The Group assesses whether it has control according to the definition in IFRS 10. As defined, an investor controls an investee when it is exposed to variable returns or when it has right to variable returns and has the ability to influence those returns by exercising power over the investee entity.

The financial statements of the parent company and the subsidiaries covered by the consolidated financial statement are prepared for the same balance day, i.e. 31 December. Where necessary, adjustments are made in the financial statements of subsidiaries to unify the accounting principles applied by the company with the principles applied by the Capital Group.

Companies whose financial statements are irrelevant from the point of view of the Group's consolidated financial statements can be excluded from consolidation. Investments in subsidiaries classified as intended for sale is recognised in accordance with IFRS 5.

Subsidiaries are consolidated by the full method.

Full consolidation consists of combining the financial statements of the Parent Company and the subsidiaries by totalling up the full value of individual assets, liabilities, equity, revenue and costs.

In order that the separate financial statements present financial information about the group as that of a single economic entity, the following steps are then taken

- goodwill or gain on a bargain purchase is recognized upon acquisition of the control in accordance with IFRS 3,
- minority shareholders are defined as non-controlling interests and presented separately,
- accounts of settlements between Companies in the Capital Group (revenue, costs, dividends) are completely excluded,
- profits and losses from transactions conducted within the Capital Group, recognised as inventory and fixed assets in the balance, are excluded. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- deferred tax from transient differences resulting from exclusion of profits and losses achieved in transactions concluded within the Capital Group (in accordance with IAS 12).

Non-controlling interests are shown in a separate item of equity capital and represent that part of the total income and net assets of the subsidiaries which are attributable to entities other than the companies of the Capital Group. The Group allocates the comprehensive income of the subsidiaries between the shareholders of the Parent Company and non-controlling entities based on their share in ownership.

Transactions with a minority shareholders, which do not result in loss of control by the Parent Company are treated by the Group as capital transactions.

- partial sale of shares to non-controlling entities — the difference between the sales price and the carrying amount of net assets of a subsidiary, attributable to the shares sold to the non-controlling entities, is recognized directly in equity under the retained earnings.
- acquisition of shares from non-controlling entities — the difference between the purchase price and the carrying amount of net assets acquired from non-controlling entities is recognized directly in equity, in the retained earnings.

9.4. Business Combinations

Business combinations covered by IFRS 3 are accounted for under the acquisition method.

On the acquisition date, the assets and liabilities of the acquiree are generally measured at fair value and, according to IFRS 3, assets and liabilities are identified, regardless of whether disclosed in the acquiree's financial statements prior to the acquisition.

The consideration paid in exchange for the control includes the assets, liabilities incurred and equity instruments issued, measured at fair value as at the acquisition date. An element of payment is also a contingent consideration, measured at fair value as at the acquisition date. The costs associated with the acquisition (consultancy, measurements etc.) do not represent a part of the acquisition consideration, but are recognized as the cost as of the acquisition date

Goodwill (profit) is calculated as the difference of the two values:

- sum of the consideration paid for non-controlling interest (measured in proportion to the net assets acquired) and the fair value of the interest (shares) held in the acquiree prior to the acquisition date; and
- the fair value of the identifiable net assets acquired.

The surplus of the sum calculated as above over the fair value of the identifiable net assets acquired is disclosed in the assets of the separate statement of financial position as goodwill. Goodwill is equivalent to payments made by the acquiring company in anticipation of future financial benefits arising from the assets which cannot be individually identified or quantified. After initial recognition goodwill is calculated according to purchase price reduced by total write-offs due to impairment loss.

If the above sum is lower than the fair value of the identifiable acquired net assets, the Group reassesses the identification and valuation of identifiable assets, liabilities and contingent liabilities of the acquiree and the cost of acquisition. If, after re-analysis, the purchase price is still lower than the fair value of the identifiable net assets acquired, the difference is immediately recognized in profit or loss. The Group includes profits from takeovers in the item other operating revenue.

9.5. Fair value adjustment

The Group measures financial instruments and financial liabilities at fair value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in a transaction carried out in the ordinary conditions of sale of an asset between market participants at the measurement date in the current market conditions. A fair value measurement assumes that the sale of an asset or transfer a liability occurs either:

- on the principal market for the asset or liability,
- in the absence of a principal market, on the most advantageous market for the asset or liability.

Both the principal and the most advantageous market must be available to the Group.

The fair value of an asset or a liability is measured on the assumption that market participants, when determining the price of an asset or liability, act in their best economic interest.

The fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits through the biggest and best use of the asset or transfer to another market participant that would provide the greatest and best use of the asset.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to determine the fair value, with maximum use of relevant observable inputs and minimal use of unobservable inputs.

All assets and liabilities that are measured at fair value or their fair value is disclosed in the financial statements are classified in fair value hierarchy as described below based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices on the active market for identical assets or liabilities,
- **Level 2** – Valuation techniques for which the lowest level of input that is significant to the fair value measurement as a whole is directly or indirectly observable,
- **Level 3** – Valuation techniques for which the lowest level of input that is significant to the fair value measurement as a whole is unobservable.

At each balance sheet date, for assets and liabilities existing at each balance sheet date in the financial statements, the Group assesses whether there have been any transfers between levels of the hierarchy by reassessing the classification of different levels, focusing on the significance of input data at the lowest level, which is essential for the fair value measurement as a whole.

Summary of significant accounting policies and procedures relating to the fair value measurement.

The Member of the Management Board for Finance and Human Resources defines the rules and procedures for valuation of derivatives at their fair value as of the balance sheet date. Valuation is performed by the Department of Financial Risk Management on a quarterly basis.

The results obtained are compared with the measurement of instruments provided by financial institutions, and in the case of significant differences, the clarification process is implemented. Each quarterly change in fair value of derivative instruments during existence of a derivative is recognized in the accounts.

For the purposes of the disclosure of the fair value measurement results, the Group has established classes of assets and liabilities based on the nature, characteristics and risks of particular components of assets and liabilities and the level in the fair value hierarchy as described above.

The Group recognizes the following financial liabilities at fair value (except for the derivatives described above):

- contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

9.6. Conversion of items expressed in foreign currencies

The resultant currency translation differences are recognised in the position of financial revenue (costs), or in situations subject to specific accounting principles, capitalised as the value of assets.

Monetary items

Transactions denominated in foreign currencies are initially recognized at the exchange rate of the functional currency as at the transaction date. At the end of the reporting period, monetary items in foreign currencies are converted:

- components of the statement of financial position, other than capital, are converted at the NBP exchange rate in force on that balance sheet date,
- the components of the statement of comprehensive income and the cash flow statement are translated at the average rate,
- capitals are converted at the historical rate.

Non-cash items

Non-cash assets and liabilities recognised as historical cost expressed in foreign currency are presented at historical currency exchange rate on the day the transaction is made.

Other

Assets and liabilities, except for equity components, are translated using the closing rate. The Companies' revenues and costs are translated at the weighted average exchange rate for the given accounting period, while the remaining components of equity are measured at the historical exchange rate as of the acquisition date of the separate entity's net assets. Currency translation differences from the conversion transactions are recognised under other total revenue and accumulated as a separate item of equity capital.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the average exchange rate set forth for a given currency by the National Bank Polish as at the balance sheet date.

In order to hedge against the risk of changes in currency exchange rates, the Group uses currency derivative transactions – a detailed description is provided in Note 36.

9.7. Property, plant and equipment

Tangible assets are recognised at their purchase price or cost of production reduced by depreciation write-offs and write-offs due to the impairment loss. The initial value of fixed assets includes their purchase price increased by any costs directly associated with the purchase and adaptation of the asset to make it fit for use. This cost also includes the cost of replacement of machine or equipment components at the moment the costs are incurred, if recognition criteria are fulfilled. The costs incurred after the fixed assets are commissioned, such as costs of maintenance and repairs, debit the profit and loss account at the moment the costs are incurred. The Group does not separate components and therefore does not set different useful lives / depreciation periods for them.

The purchase price of property, plant and equipment provided by the customers is measured at their fair value at the date of taking over control thereof.

Depreciation is calculated using the linear method throughout the use period of a given asset component:

Typ	Period (in years)
Buildings and structures	10–69
Machines and equipment	1–33
Means of transport	6–19
Computers	1–4
Leasehold improvements	2–10

The residual value, useful life and depreciation method are reviewed annually and, if necessary – adjusted with effect from the next financial year.

A fixed asset can be removed from the balance sheet when it is sold off or in the event when no economic benefits are expected from the continued use of such a fixed asset. All profits or losses resulting from the liquidation of a given asset from the balance sheet are recognized in the profit or loss of the period in which such removal took place. In the case of disposal through sale of a given asset, recognition is made in accordance with IFRS 15.

Investments in progress are related to fixed assets under construction or pending installation, and are carried at cost less any impairment losses. Fixed assets under construction are not depreciated until the construction is completed and they are made available for use.

9.8. Investment property

The initial recognition of investment properties is based on the purchase price, taking into account the transaction costs or the manufacturing cost. The carrying amount of investment property includes the cost of replacing components of an existing investment property at the time it is incurred, if the recognition criteria are met, and excludes the costs of the property maintenance.

After initial recognition of the value of investment property it is reduced by depreciation and write-offs due to impairment loss.

investment property is removed from the balance sheet when sold off or when a given investment property is permanently withdrawn from use, when no future benefits are expected from its sale. Any profits or losses resulting from the removal of investment property from the balance sheet are recognised in the profit and loss account for the period when such removal took place. In the case of disposal through sale of a given asset, recognition is made in accordance with IFRS 15.

Transfers of assets to investment property shall be made only when there is a change in the manner of their use, evidenced by ending the use of an asset by the owner or concluding of a lease agreement. If the asset is used by the owner – the Company, it becomes an investment property. The Group applies the principles described in the section property, plant and equipment until the day the method of using this property changes.

9.9. Fixed assets classified as held for sale

Fixed assets (groups of fixed assets) are classified by the Group as designated for sale if their balance will more likely be received from a sale transaction than from further use. That condition is met only if an asset (or a disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets, and its sale is highly probable within one year from the date of classification.

Assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Some fixed assets classified as designated for sale, such as financial deferred income tax assets are valued according to the same accounting principles as were applied by the Company before being classified as fixed assets designated for sale. Fixed assets classified as designated for sale are not subject to depreciation.

9.10. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An entity may use an intangible asset as an asset leased to another party under a lease, rental, or another similar arrangement, for use in return for payment or also for receipt of benefits, for a definite period. In such a situation, intangible assets are classified as fixed assets of one of the parties to the arrangement subject to the principles set out in IFRS 16, which apply both when the entity acts as the lessee (who accepts the assets for use) and when the entity leases out such assets for use by another entity.

As at the balance-sheet date, intangible assets are carried at cost less amortisation and impairment losses.

Intangible assets acquired separately or generated (if they meet criteria for development costs) are measured at initial recognition at the purchase price or at the cost of manufacture. The purchase price of intangible assets acquired by a transaction of a merger of business entities is equal to their fair value on the day of merger. Expenditure on intangible assets developed by the company, excluding capitalised expenditure on development work, is not capitalised and is recognised in the cost of that period and in which this expenditure was incurred.

The Group determines if the period of use of intangible assets is limited or unlimited. Intangible assets with limited period of use are subject to depreciation throughout their use and tests for impairment loss if there are any circumstances which would suggest that impairment loss has occurred. The period and the method of calculating depreciation of intangible assets with limited period of use are verified at least at the end of each financial year. Changes in the expected useful life or the expected method of consumption of economic benefits arising from a given asset component are recognised as change of the period or the depreciation method and are treated as changes to estimated values. A depreciation write-off of intangible assets with a limited useful time is recognised in profit and loss account in the category which reflects the function of a given intangible assets component.

Intangible assets with an undefined useful time and those which are not in use are verified every year for possible impairment loss with relation to individual assets or to the cash generating centre.

A gain or loss on derecognition of an intangible asset is calculated as the net disposal proceeds minus the asset's carrying amount, and is recognised in the profit or according to IFRS 15.

Costs of research and development

Research costs are recognized under profit or loss, when incurred. Expenditures incurred for development works within the framework of a specific project are carried forward to the next period, if it can be deemed that they would be recovered in the future. After the initial recognition of the development expenditures, the historical cost model is applied requiring the assets to be recognized at the purchase price or manufacturing costs less any accumulated amortization and accumulated impairment losses. Capitalized expenditures are amortized over the expected period of obtaining revenue from the sale of the project.

Summary of principles applied to Group's tangible assets is as follows:

	Patents and licenses	Costs development work	Computer software	Other – Copyright	Intangible assets being developed
Periods of use	Indefinite. For patents and licenses used under an agreement concluded for a definite period, the period of the agreement plus additional period for which its use can be extended is assumed.	1—10 years	4—11 years	5 years	–
Depreciation method used	Assets with an indefinite useful life are neither amortized nor revalued. They are amortized over the term of the contract (3-10 years) – with the linear method.	For 1-10 years with the linear method	For 4-11 years with the linear method	5 years	–
Developed internally or purchased	Purchased	Developed internally	Purchased	Purchased	Purchased and developed internally
Impairment loss test	Indefinite useful life – annual test or if there are any indications of impairment. For the remaining – an annual assessment if there are any indications of impairment.	Annual test in the case of assets not commissioned for use and if there are any indications of impairment.	Annual test if there are reasons to believe that impairment loss has occurred.	Annual test if there are reasons to believe that impairment loss has occurred.	Annual test if there are reasons to believe that impairment loss has occurred.

The Group has designated licenses and trademarks as assets with an indefinite useful life as there are no foreseeable limitations to the period over which these assets can be expected to generate net cash flows for the Group.

In case of R&D a gain or loss on derecognition of an intangible asset is calculated as the net disposal proceeds minus the asset's carrying amount, and is recognised in the profit or according to IFRS 15.

9.10.1. Borrowing costs

Borrowing costs are capitalized as part of the cost of a qualifying asset, ie fixed assets, investment property and intangible assets. Borrowing costs include interest calculated using the effective interest rate method .

9.10.2. Goodwill

Goodwill is initially recognized in accordance with IFRS 3 (see the subsection on business combinations above). Goodwill is not amortized, instead, an impairment test is performed annually in accordance with IAS 36 (see the subsection on impairment of non-financial fixed assets).

9.11. Lease

9.11.1. Group as a Lessee

For each agreement concluded from 1 January, 2019 or later, the Group decides whether the agreement is or includes leasing. Leasing is defined as an agreement or part of an agreement that delegates the right to control the use of an identified asset (underlying asset) for a given period in exchange for consideration. To this end, three basic aspects are analysed:

- whether the agreement relates to an identified asset that is either clearly specified in the agreement or implicitly when the asset is made available to the Group,
- whether the Group has the right to obtain substantially all economic benefits from the use of the asset over the entire useful life within the scope of the agreement,
- whether the Group has the right to manage the use of the identified asset over the entire useful life.

At the commencement date, the Group recognizes an asset under the right to use and a liability under the lease. The right of use is initially measured at the purchase price consisting of the initial value of the leasing liability, initial direct costs, an estimate of the costs anticipated in connection with the dismantling of the underlying asset and the leasing fees paid on or before the start date, less leasing incentives.

The Group depreciates right of use using the straight-line method from the start date until the end of the useful life period or until the end of the lease period, depending on which of these dates is earlier. If there are indications, the right of uses are tested for impairment in accordance with IAS 36.

As at the commencement date, the Group measures the lease liability at the present value of the remaining lease payments using the lease interest rate, if it can be easily determined. Otherwise, the lessee's marginal interest rate applies.

The leasing fees included in the value of the leasing liability consist of fixed leasing fees, variable leasing fees depending on the index or rate, amounts expected to be paid as a guaranteed residual value and payments for call options if their performance is reasonably certain.

In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The valuation of the lease liability is updated to reflect changes in the agreement and the reassessment of the lease period, exercise of the purchase option, guaranteed residual value or lease payments dependent on the index or rate. In principle, the revaluation of the liability is recognized as an adjustment to the asset due to the right of use.

The Group applies standardized practical solutions for short-term leases and leases in which the underlying asset is of low value. In relation to such agreements, instead of recognizing the assets due to the right to right of use and liabilities due to the leasing, the leasing fees are recognized in the result using the straight-line method during the leasing period.

9.11.2. The Group as a Lessor

The group (or subsidiaries) providing leasing services classify each of their leases as operating or finance leases. In order to classify and assign a lease, the content of the transaction is analysed, not the form of the agreement. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. The lease is classified as an operating lease if the risks and rewards incidental to ownership of the underlying asset are not transferred .

Subleasing

The group acting as an intermediate lessor shall account for the main lease and the sublease as two separate agreements. The recognition and measurement of the main lease agreement, ie the recognition and measurement of the right to use the asset and the lease liabilities, is done in accordance with the principles set out above for lease agreements.

Leaseback

The Group did not reassess the sale and leaseback transactions concluded before the date of the first application of IFRS 16 to determine whether the transfer of assets constitutes a sale under IFRS 15.

The Group recognizes the sale and leaseback in the same way as any other finance lease that existed on the date of first application of IFRS 16 and continues to amortize profit on sale over the lease term.

If the sale transaction does not meet the performance obligation criteria in accordance with IFRS 15 and a sale cannot be recognized, the Group, as the seller and the lessee, continues to recognize the sold fixed asset and recognize a financial liability equal to the consideration received in accordance with IFRS 9.

9.12. Impairment of non-financial fixed assets

The following assets are tested for impairment annually:

- goodwill, whereas the first impairment test is performed before the end of the period in which the acquisition occurred),
- intangible assets with indefinite useful lives,
- intangible assets not yet available for use.

For other intangible assets and items of property, plant and equipment the entity assesses on an annual basis whether there is any indication that an asset may be impaired. If certain developments or circumstances indicate that the carrying amount of an asset may not be recoverable, the asset is tested for impairment.

For impairment testing, assets are grouped at the lowest level at which they generate cash flows independently of other assets or asset groups (cash-generating units). Assets which generate cash-flows independently from other assets are tested for impairment individually.

Goodwill is allocated to those cash-generating units that are expected to generate benefits from business combination synergies, whereas a cash generating unit shall be at least an operating segment.

If the carrying amount exceeds the estimated recoverable amount of assets or cash-generating units to which these assets belong, then the carrying amount is reduced to the recoverable amount. The recoverable amount shall be the higher of: the fair value less the costs to sell or the value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is first assigned to goodwill. The remaining amount of the impairment loss reduces proportionally the carrying amount of assets attributable to the cash-generating unit.

Impairment losses are recognized in the profit and loss account under other operating expenses.

Impairment losses on goodwill are not reversed in subsequent periods. As far as other assets are concerned, as at subsequent balance-sheet dates, they are analysed for any indications for reversal of the impairment losses. Reversals of the impairment losses are recognized in the profit and loss account under other operating income.

9.13. Financial assets and liabilities and impairment loss

Financial assets

As at the acquisition date, the Group measures financial assets at their fair value i.e. most frequently at the fair value of the consideration paid. Transaction costs are included by the Group in the initial valuation of all financial assets, except for the assets measured at fair value through profit or loss. The exception to this rule are trade receivables, which are measured at their transaction price in accordance with IFRS 15, whereas this does not apply to the trade receivables with the payment period longer than one year and which include a significant financing component as defined in IFRS 15.

For the purpose of subsequent measurement, financial assets and liabilities are classified as:

- measured at amortized cost
- measured at fair value through profit or loss
- measured at fair value through other comprehensive income

These categories define the rules for measurement as at the balance sheet date and the recognition of revaluation gains or losses in profit or loss or in other comprehensive income. The Group classifies financial assets into categories based on the business model adopted by the Group for managing financial assets and contractual cash flows characteristic for a financial asset.

Valuation at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met (and were not designated at the time of initial recognition as measured at fair value through profit or loss):

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The terms of the agreement for a financial asset give rise to cash flows on specified dates that are only payments of principal amount and interest on the outstanding principal amount.

Financial assets measured at amortized cost by the Group include:

- loans,
- trade receivables and other receivables (except for those for which IFRS 9 is not applicable),
- debt securities,
- cash.

The aforementioned classes of financial assets are presented in the consolidated statement of financial position, broken down into long-term and short-term assets under "Other long-term financial assets", "Trade receivables and other receivables", "Other financial assets" and "Cash and cash equivalents".

Current receivables are calculated at the value requiring payment due to the insignificant effect of the discount.

Given insignificant amounts, the Group does not distinguish interest revenue as a separate item, but recognizes it in financial revenue.

Losses due to the impairment of financial assets are recognized by the Group in the result under "losses due to expected credit losses." Other gains and losses from financial assets recognized in the profit or loss, including exchange differences, are presented as financial revenue or costs.

Measurement at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The terms of the agreement for a financial asset give rise to cash flows on specified dates that are only payments of principal amount and interest on the outstanding principal amount.

Interest revenue, impairment gains and losses and exchange gains and losses related to these assets are measured and recognized in profit or loss in the same way as in the case of financial assets measured at amortized cost. Other changes in the fair value of these assets are recognized in other comprehensive income. On derecognition of a financial asset at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Measure at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss if it does not satisfy the criteria for measurement at amortized cost or at fair value through other comprehensive income and is not an equity instrument designated at fair value through other comprehensive income upon initial recognition. In addition to this category, the Group classifies financial assets designated upon initial recognition for measurement at fair value through profit due to meeting the criteria set out in IFRS 9.

This category includes:

- all derivatives presented in the consolidated statement of financial position under a separate item "Financial derivatives", except for hedging derivatives recognized in accordance with the hedge accounting;

Instruments from this category are measured at fair value, and the effects of the measurement are recognized in the "Financial income" or "Financial expenses", as appropriate. Gains and losses on the measurement of financial assets are determined by a change in the fair value determined based on the active market prices as at the balance sheet date or using valuation techniques if an active market does not exist.

Equity instruments measured at fair value through other comprehensive income include investments in equity instruments other than financial assets held for trading or conditional payment in a business combination, in respect of which upon initial recognition, the Group made an irrevocable choice regarding presentation of subsequent changes in fair value of these instruments in other comprehensive income. The Group makes this choice individually and separately in relation to each equity instrument.

Cumulative gains or losses on the fair value measurement, previously measured through other comprehensive income, cannot be reclassified as profit or loss under any circumstances, including upon derecognition of such assets. Dividends from equity instruments classified in this category are recognized in the result in "Financial income" after meeting the conditions for recognizing dividend income, as specified in IFRS 9, unless the dividends obviously represent the recovered investment costs.

Financial assets classified into the categories measured at amortized cost and measured at fair value through other comprehensive income due to the business model and the nature of cash flows related to them are subject to assessment at each balance sheet date to account for expected credit losses, regardless of whether there is any indication of a loss. The method of making this assessment and estimating impairment losses is divided into two categories:

1. **Financial assets** – non-standard risk for which the write-off is made individually. Within this category, the Group allocates financial assets which:
- the customer's default is overdue for more than 180 days and there is a high probability that the debt will not be repaid – write-off for the entire value of the asset;
- debts are held by debtors in bankruptcy or liquidation – a write-down is made up to the amount of the debt not covered by the guarantee or other security

2. **Financial assets** – standard risk for which the write-off is made using the ratio method. The Group uses them for:
- receivables from supplies and services, where the risk of default is considered as a standard. The Group applies a simplified approach assuming the calculation of impairment allowances for expected credit losses for the entire life of the instrument. Impairment estimates are made on a collective basis, and receivables have been grouped according to the overdue period. An impairment estimate is based primarily on the historical overdue periods and the relationship between the amounts overdue and the actual repayments made over the last 7 years, taking into account the information available about the future, broken down by individual companies of the Capital Group.
- loans for which the Group has applied the three-component model as part of the expected credit loss allowance application:
  - A three-step ECL qualification model – expected credit loss,
  - Application of the internal rating adopted on the basis of data from external rating agencies;
  - Qualification of loans according to the adopted scoring model.
- With respect to other classes of assets – for instruments for which the increase in credit risk from the initial recognition was not significant or for which the risk is low – the Group assumes that default losses over the following 12 months shall be first recognised. If the increase in credit risk, from its initial recognition, is significant, losses corresponding to the entire life of the instrument are recognised.

Financial liabilities

Financial liabilities are disclosed in the following items of the consolidated statement of financial position:

- loans, borrowings and other debt instruments,
- liabilities due to leasing,
- Liabilities due to debt factoring
- liabilities from deliveries and services and other liabilities, and
- financial derivatives.

As at the acquisition date, the Group measures financial liabilities at their fair value i.e. most frequently at the fair value of the consideration received. Transaction costs are included by the Group in the initial valuation of all financial liabilities, except for the liabilities measured at fair value through profit or loss.

Valuation at amortized cost

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities held for trading or designated as measured at fair value through profit or loss. The Group classifies derivatives other than hedging instruments as financial liabilities at fair value through profit or loss.

Measurement at fair value through profit or loss

The financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near future. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities may be, at the initial recognition, classified as measured at fair value through profit or loss, if the criteria set below are met:

- such a qualification eliminates or significantly reduces the treatment inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or
- the liability is part or a group of financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, or
- when financial liabilities contain embedded derivatives that should be recognized separately.

The financial liabilities measured at fair value through profit or loss are measured at fair value taking into account their market value at the balance sheet date, without taking into account the transaction costs. Changes in the fair value of these instruments are recognized in profit or loss as financial revenue or expenses.

Other financial liabilities which are not financial instruments evaluated by their fair value in the financial result are evaluated by depreciated cost using effective interest rate method.

Gains and losses on the measurement of financial liabilities are recognized in profit or loss from financing activities.

current receivables for deliveries and services are calculated at the value requiring payment due to the insignificant effect of the discount.

The Group excludes a financial liability from its balance sheet only when this liability expires, i.e. when contractual obligation has been fulfilled, discontinued or has expired. Replacement of an existing debt instrument by an instrument subject to substantially different terms, between the same parties, is treated by the Group as the derecognition of the original liability and the recognition of a new liability. Similarly, significant modifications of the terms and conditions of a contract related to an existing financial liability is recognized as the derecognition of the original and the recognition of a new liability. The differences in the respective carrying amounts resulting from the change are recognized in profit or loss.

Hedge accounting

The Group applies prospectively the hedge accounting requirements set out in IFRS 9.

The Group applies specific accounting principles for derivatives used as cash flow hedges. Implementation of hedge accounting requires the Group to fulfil the conditions defined in IFRS 9 concerning documentation of the hedging policy, the possibility of hedged transactions taking place and the efficiency of the hedging.

The Group companies apply detailed principles of hedge accounting in accordance with the Amica Capital Group Currency Risk and Interest Rate Management Policy and Raw Material Price Management Policy (separate documents). The following principles form the general hedge accounting guidelines based on IFRS.

There are three types of relationships between a hedged item and a hedging instrument (i.e. hedging relationships):

a) fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.

b) cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.

c) hedge of a net investment in a foreign operation as defined in IAS 21. Hedges of net investment in foreign operations, including a hedge of a monetary item accounted for as a part of the net investment, are accounted for similarly to cash flow hedges. Gains or losses on the hedging instrument attributable to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion of the hedge are recognized in profit or loss. On disposal of foreign operations, the amount of gains or losses recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

9.14. Inventory

Inventories are measured at the lower of the two values: the purchase price or the cost of manufacture and the realizable net selling price.

The purchase price or the cost of manufacture of an item of the inventories includes all costs of purchase, costs of processing and other costs incurred in bringing the inventories to their present location and condition – both for the current and previous years. Inventory is measured according to the following principles:

- Materials and raw materials – purchase price,
- Work in progress – at cost of manufacture
- Finished products and work in progress – at technical cost of manufacture,
- Goods – purchase price.

Manufacturing costs related to finished and semi-finished products include some fixed indirect costs. The remaining, unjustified part of indirect costs is charged to the costs of the period in which these costs were incurred. The division into the above – mentioned parts is based on the level of normal production capacity utilization. Normal Capacity is defined as the average level of production expected to attain over several periods under normal circumstances, taking into account the loss of capacity resulting from scheduled maintenance.

The outflow of finished goods is recognized using the weighted average actual cost of production method. The consumption of materials and goods is determined using the weighted average method.

In the event of circumstances resulting in a decrease in the value of inventories, a write-off of the value of inventories is made against other operating costs.

Obtainable net sales price is the estimated sales price established as a part of normal business reduced by the cost of finishing the product and estimated costs necessary to finalise the sales transaction.

9.15. Receivables from deliveries and services and other receivables.

Trade receivables include amounts due from customers for goods sold or services rendered in the ordinary course of business. Receivables due to deliveries and services are recognized initially at the provisions of IFRS 15, ie. in the amount of remuneration payable unconditionally, unless they contain important elements of financing (in this case, are recognized at fair value). The Group maintains receivables for deliveries and services in order to receive contractual cash flows, and in connection with this measures it after initial recognition at amortized cost using the effective interest rate and reduced by the write-down of losses. The description of the rules for recognizing an impairment loss is provided in Note 26 to these consolidated financial statements.

If the impact of time value of money is substantial, the receivables' value is defined by discounting the forecast future cash flow do the current value. Gross discount rate reflecting current market time value of money evaluation is used. If a discounting method had been used, the increase of receivables resulting from the passing of time is presented as financial revenue.

Other liabilities include, in particular, advance payments for future purchases of inventory and services.

Advances for the purchase of tangible fixed assets and intangible assets are presented in the balance sheet under property, plant and equipment and intangible assets. Advances are presented in accordance with the nature of the assets to which they refer – as fixed assets or current assets respectively. As non-monetary assets, advance payments are not subject to discounting.

Budget receivables are presented under other non-financial assets, excluding corporate income tax receivables, which are presented as a separate item in the balance sheet. Detailed information is provided in note 22.

9.16. Receivables from factoring

Trade receivables are recognized in the statement of financial position until repayment. In the event of concluding an agreement regarding the financing of receivables (factoring agreement), the cessation of the recognition of receivables takes place only when all significant risks related to the receivables are transferred to the financing party (factoring without recourse).

In a situation where, despite the payment of receivables by a third party, significant risks related to the receivables, including the risk of default, remain with the Group, the Group does not cease to recognize the receivables. Repayments received are then recognized as financial liabilities.

9.17. Cash and cash equivalents

Cash and current investments presented in the balance sheet include cash in bank accounts and in the cash register as well as current investments with an initial maturity date of not more than three months.

Pursuant to IFRS 9, impairment losses on cash and cash equivalents are established individually for each balance relating to a given financial institution. Bank's external ratings and publicly available information on default rates determined by external agencies are used to assess credit risk.

The analysis showed that these assets have a low credit risk as at the reporting date. The Group used the simplification allowed by the standard and the impairment loss was determined based on 12-month credit losses. The calculation of the write-off showed an insignificant amount of the write-off due to impairment.

9.18. Interest bearing bank loans, borrowings and debentures.

On initial recognition all bank loans, borrowings and debentures are formulated according to their fair value reduced by costs related to acquiring the loan.

After initial recognition debentures, bank loans and borrowings subject to interest are priced according to depreciated cost with the use of the effective interest rate method.

On defining the depreciated costs related to the acquisition of the loan as well as discounts and premiums obtained on settlement of the liability are taken into consideration.

Revenues and expenses are recognized in profit or loss on deletion of a liability from the balance sheet and as a result of recognition using the effective interest rate method.

In the case of modification of contractual terms which do not result in derecognition of an existing liability, the gain or loss is recognized immediately in profit or loss. The profit or loss is calculated as the difference between the present value of the modified and original cash flows, discounted using the original effective interest rate of the liability.

9.19. Liabilities from deliveries and services and other liabilities.

Trade and other financial liabilities are initially recognized at fair value, and subsequently they are carried at amortized cost, using the effective interest rate method. current receivables for deliveries and services are calculated at the value requiring payment due to the insignificant effect of the discount.

Other non-financial liabilities include in particular liabilities towards tax authorities on account of the goods and services tax, corporate income tax, personal income tax, social security liabilities and liabilities from advance payments received, which will be settled by the supply of products, goods, materials or services.

Other non-financial liabilities are recognized at the amount payable.

9.20. Liabilities due to debt factoring

In relation to certain suppliers, the Group uses debt factoring agreements ("supplier factoring"). In factoring of suppliers, a financial institution agrees to pay the Group's liabilities to suppliers, and the Group agrees to pay its liabilities to that financial institution at a later date than payment to suppliers takes place. Liabilities for deliveries and services are recognized only when liabilities:

- represent a commitment to pay for goods / materials or services,
- are invoiced and formally agreed with suppliers and
- – are part of the working capital used in the normal operating cycle of the Group.

Trade liabilities are reclassified to other liabilities after the payment is accepted by financial institutions that are party to factoring agreements, if in nature these liabilities differ from trade liabilities, e.g. they are additionally secured or their terms materially different from trade payables. Most of the trade liabilities of the suppliers that are factored meet these criteria. These liabilities are included in the item "liabilities due to debt factoring" and are measured in line with the measurement of financial liabilities.

The cash flows resulting from changes in trade payables are presented in operating activities, and the cash flows resulting from changes in factoring liabilities are presented in financial activities.

9.21.
Equity capital

Equity includes in particular:

- share capital,
- Supplementary capital and other reserve capitals
- Exchange gain (loss) on consolidation
- retained earnings and undistributed profit.

The share capital in the separate financial statements is shown in the nominal value of the issued shares, in accordance with the Articles of Association of Amica S.A., which is the parent company, and the entry in the National Court Register.

The Parent Company's shares acquired and held by the Parent Company or Subsidiaries reduce the equity. Own shares are valued with the purchase price

Capital from the sale of shares above their nominal value arises from the surplus of the issue price over the nominal value of shares, less the issue costs, and is recognized in other capitals.

The supplementary capital and other reserve capital item also includes:

- capital from recognition of measurement of share-based payment programs, and
- capital from the accumulation of other comprehensive income, including:
  - valuation of cash flow hedging instruments and net assets of a foreign entity (see subsection on hedge accounting),
  - share in other comprehensive income of entities accounted for using the equity method (see the section on investments in associates).
  - revaluation of a defined benefit plan

Foreign exchange differences on translation of foreign subsidiaries (see the section on transactions in foreign currencies),

Retained earnings include the results from previous years (excluding those transferred to other capital items by resolutions of shareholders) and the financial result for the current year.

All the transactions with the owners of the Parent Company are presented separately in the Consolidated statement of changes in equity.

9.22.
Provisions

The provisions are created when the Group has an obligation (legal or otherwise) resulting from past events or when it is probable that fulfilment of such obligation will cause outflow of economic benefits and the amount of such obligation can be reliably assessed. If the Group expects that costs covered by the reserve will be recovered, for instance pursuant to insurance policy, then such recoverable value is recognised as a separate asset component, but only when it is absolutely certain that the value will be indeed recovered. The expenses relating to specific provisions are presented in the statement of comprehensive income less of any reimbursements.

In the event that the influence of the value of money is significant at the time, the amount of provisions is established by discounting the expected future cash flow to the current value using the discount rate which reflects current market estimations concerning the value of money at the time and any risk which may be associated with the given liability. If a discounting method had been used, the increase of the reserve resulting from the passing of time is presented as a financial costs.

9.23.
Employee benefits

Employee benefits disclosed in the consolidated financial statements include the following titles:

- Short-term employee benefits for remuneration (including bonuses) and social security contributions,
- provisions for unused holidays,
- Other long-term employee benefits and retirement bonuses

Under the Group's remuneration schemes, the Company's employees are entitled to retirement bonuses. Retirement packages are issued as a once-off payment at the time of retirement. The amount of pension benefits is dependent on the period of employment and the employee's average remuneration. The Group recognizes a provision for future liabilities for retirement bonuses to assign costs to the periods to which they relate. Pursuant to International Accounting Standard 19 retirement payments are specific benefits after termination of employment. The present value of these liabilities at each balance sheet date is calculated by the actuary. The accrued liabilities concern the period until the balance date and are equal to the discounted payments to be made in the future, taking into account the change of probability of payments. Demographic information and information on employment turnover is based on historical data. The effects of the valuation on future liabilities under retirement severance pays are recognized in profit or loss.

Re-measurement of liabilities due to employee benefits relating to defined benefit plans including actuarial gains and losses is recognized in other comprehensive income and is not subject to subsequent reclassification to profit or loss.

The Group recognizes the following changes in net liabilities due to defined benefit plans respectively within the own cost of sales, general and administrative expenses and the sales expenses, which include:

- the labour costs (including, among others, the current service costs, past service costs)
- net interest on the net liability for defined benefit plans.

9.24.
Deferred charges and accruals

The Group discloses the prepaid expenses related to future reporting periods, including primarily property insurance premiums and rental fees, in the assets under " Deferred charges and accruals." Accruals are presented under the heading "receivables for supplies and services and other receivables."

"Deferred charges and accruals", under liabilities, include deferred income, including cash received for financing fixed assets that are accounted for in accordance with IAS 20 "Government Grants". Accrued expenses are recognized under "Trade and other payables".

Subsidies are only included if there is sufficient certainty that the Group will meet the conditions connected with the given subsidy and that the given subsidy will in fact be received.

A subsidy related to a given cost item is recognized as other revenue in a manner commensurate with the costs which the subsidy is intended to compensate.

A subsidy financing an asset is gradually recognized in the result as income over the periods, proportionally to the impairment losses recognized on that asset. For the presentation purposes, in the consolidated statement of financial position, the Group does not subtract subsidies from the carrying amount of assets, but shows subsidies as deferred income under "Accruals and deferred income".

The subsidy amounts included in deferred income are gradually charged to other operating revenue.

9.25. Share-based payments

The Group implements incentive schemes under which key members of the managerial staff are awarded warrants convertible into shares of the parent company. The Group measures share-based employee benefits at fair value using the Monte Carlo analysis model, which is based on certain assumptions and parameters.

The cost of the incentive scheme in equity is recognized in the item “capital from the revaluation of the incentive scheme.” The settlement of the incentive scheme as at the date of taking up shares by employees is recognized in equity as a reduction of own shares and an adjustment to the item “capital from the revaluation of the incentive scheme.”

9.26. Revenue from agreements with customers

The Group is required to recognize revenue based on the 5-step model with the following stages of analysis:

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

Identify the contract with the customer

The Group accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Identify the performance obligations in the contract

At the time of conclusion of the agreement , the Company assesses the promised goods or services in the contract with the client and identifies as an obligation to perform the service any commitment to transfer to the customer a good or service (or a bundle of goods or services) that is distinct or a series of separate goods or services that are substantially the same and transferred to the customer in the same way.

A good or service is distinct if both of the following criteria are met:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and
- the Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Determine the transaction price

When determining the transaction price, the Group considers past customary business practices. The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services to the customer, excluding amounts collected on behalf of third parties. Consideration specified in a contract with a customer may include fixed amounts, variable amounts or both.

Allocate the transaction price to the performance obligations in the contracts

The Group allocates the transaction price to each performance obligation (or to a separate good or separate service) in the amount reflecting the consideration that is due, as expected by the Group Companies, in exchange for the transfer of the promised goods or services to the customer.

Revenue is recognized when a performance obligation is satisfied either over time, or at a point in time.

The Group recognises revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Sales revenues are recognized when control over products and goods is transferred, i.e. when the products or goods are released or delivered to buyers, depending on the terms of delivery in force with a given contractor.

The Group recognizes incremental costs of obtaining a contract provided that it expects to recover these costs in a period of 12 months or less from the moment they are incurred. Incremental costs that are not expected to be recovered and the costs expected to be recovered in a period of 12 months or less from being incurred are recognized as costs of the period.

The Group generates revenues from the sale of goods, which include its own manufactured products and purchased goods and materials, as well as revenues from the sale of services.

Detailed disclosures regarding sales revenues are provided in Note 11 to these consolidated financial statements.

9.26.1. revenue from rental (leasing and subleasing)

Revenue from rental of investment properties is recognized under IFRS 16 and is recognized on a straight-line basis over the rental period in relation to open agreements. Investment properties are rented to tenants under operating lease with monthly rent. Some agreements index the lease payments to the Consumer Price Index (CPI), while there are no other variable lease payments based on the index or rate.

9.26.2. Interest

Interest revenue is presented successively as it grows (with consideration of the effective interest rate method, which defines the discount rate for future cash revenue during the estimated financial instruments usage period) in relation to the balanced gross value of a given element of the financial assets.

9.27. Tax

9.27.1. Current income tax

Payables and receivables on account of the current tax for current and past periods are measured at the amounts expected to be paid to the tax authorities (recoverable from tax authorities) applying the tax rates and tax laws that are legally or substantively enacted at the balance sheet date.

9.27.2. Deferred tax

For financial reporting purposes, deferred tax is calculated using the liability method in respect of transient differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts disclosed in the financial statements.

A deferred tax liability is recognized in the amount of income tax payable in the future in connection with taxable transient differences.

- except when provision for deferred tax arises as a result of initial recognition of business value or initial recognition of the asset or liability during transaction not constituting a merger of business entities at the time of it taking place, which does not affect the gross profit, nor the taxable income or taxable loss, as well as
- in a case of transitional positive differences which arise as a result of investments into a subsidiary or associated company and participation in joint ventures – with the exception of cases when the transitional due dates are reversed and are subject to investor's audit and when it's probable that in the foreseeable future the transitional differences will not be reversed.

Taxable transient differences are transient differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred income tax assets are determined in the amount to be deducted from income tax in the future, due to negative transient differences, which will result in a reduction of the income tax base in the future and a deductible tax loss, as well as unused tax credits, determined taking into account the precautionary principle, taking into account the following points:

- except when assets from deferred taxes concerning negative transitional differences are created as a result of initial entry of the asset or liability at the time of the transaction, which does not constitute the merger of the business entities and at the time of it taking place and they do not have any effect on the gross financial result nor on the taxable income or loss.
- For negative transitional differences as a result of investments in a subsidiaries or affiliated entities as well as participation in joint ventures, the assets from deferred tax are presented on the statement of financial position only in the amount that is probable in the foreseeable future that the above mentioned transitional differences will reverse and such an income will be achieved, which will allow deduction of the negative transitional differences.

Deductible transient differences are transient differences that result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that taxable income sufficient for a partial or full realization of the deferred income tax asset will be achieved. An unrecognised deferred tax asset is re-assessed as at each balance sheet date, and recognised up to the amount which reflects the probability to derive in future such taxable income that will allow recovering the asset in question.

The asset from deferred income tax and provisions for deferred tax are valued using tax rates, which as per assumptions will be effective at the time, when the asset or reserve will be utilised, adopting tax rates as the basis (and tax legislation) effective as of the balance date or such rates (tax legislation), which is known to be effective in the future on the balance date.

The income tax on items registered outside profit and loss is recorded outside profit and loss: in other total income for items included in other total income or directly in the equity for items included directly in the equity.

The Group offsets deferred income tax assets against deferred income tax liabilities only and exclusively when it holds an enforceable title to offset receivables against current income tax liabilities, and when the deferred income tax is related to the same taxpayer and the same tax authority.

9.27.3. Goods and services tax (Value Added Tax)

Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognised as part of acquisition price of the asset or as part of the expense item as applicable, or
- receivables and payables that are recognized taking into account the amount of tax on goods and services.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

9.28. Net profit per share

Net profit per share for each period is calculated by dividing the net profit for a given period by the number of shares occurring in a given reporting period minus the value of own shares and the number of dilutive shares under the incentive scheme.

For the purpose of calculating diluted earnings per share, an entity shall adjust the profit attributable to ordinary equity holders and the weighted average number of shares for the effects of all dilutive potential ordinary shares.

For the purpose of calculating diluted earnings per share, the number of ordinary shares shall be the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares, including in particular shares issued as a result of incentive schemes).

10. Segments

Amica S.A. Group is a manufacturer and distributor of household appliances and its production activities are held in a single location in Wronki.

In accordance with IFRS 8 "Operating Segments," the Amica S.A. Capital Group, based on internal reports on the Group's operations, which are regularly reviewed by the Management Board, identifies operating segments.

The Capital Group has identified the following operating segments:

- Production of free-standing cookers,
- Production of built-in cookers and ovens,
- Production of built-in hobs,
- Trade in washing machines,
- Trade in refrigerators,
- Trade in microwave ovens,
- Trade in dishwashers,
- Trade in kitchen hoods,
- Trade in small household appliances,
- Other operating activities.

The segments have been distinguished taking into account the specificity of each of them. The operating segments related to trade in commodities have been aggregated to the "Commodities" reporting segment based on the aggregation criteria listed below. Other operating activities, due to the fact that they did not exceed the quantitative thresholds, are presented in the "Other" segment.

Business premises are the main criterion responsible for the aggregation of the "Goods" reporting segment. Accordingly , the main reasons for combining various product categories into a single "Goods" segment are:

- similar economic features, incl. this assortment is not produced by the factory in Wronki but purchased from external suppliers,
- the nature of the product and its end use,
- common commercial policy,
- similar methods used in the distribution of this assortment.

In connection with the above, the Capital Group divides its activities into the following reporting segments:

- Free-standing heating appliances – production of free-standing cookers,
- Built-in heating appliances – production of built-in cookers and ovens,
- Other heating appliances – production of built-in hobs,
- Goods – trade in washing machines, refrigerators, microwave ovens, dishwashers, hoods, small household appliances,
- Other – services (including space rental, maintenance services) and sale of spare parts and materials.

The Management Board separately monitors business segment results in order to determine the allocation of resources as well as assess the effects of this allocation and the financial performance. The basis for the assessment of performance is profit or loss on operating activities. Financing of the Group (including financial costs and revenue), certain operating expenses and income taxes are monitored at the Group level and are not allocated to the segments. Consequently, the result on other activities and unallocated costs include other operating revenue and costs as well as general and administrative expenses which cannot be directly allocated to segments. They include, but are not limited to, costs of administrative departments, in particular remuneration, consulting services, IT costs (licenses, external services), costs of other operating activities such as social activities, compensation and losses due to expected credit losses.

Information on segments is measured according to the same principles as those presented in the accounting policy.

Operating segment revenues disclose net revenues from sales made to external customers. In the structure of the Group's recipients, there are no entities with which the turnover would exceed 10% of the total revenues.

The table below presents the revenue and profit (loss) attributable to particular industry segments for 2021 and for 2020 (mPLN).

Year ended 31 December 2021	Free-standing heating appliances	Built-in heating appliances	Other heating appliances	Goods	Other	Total
Revenue from agreements with customers	810.4	509.3	277.0	1,702.6	134.6	3,433.9
Own sales costs	592.0	364.3	190.1	1,365.5	94.5	2,606.4
Gross profit on sales	**218.4**	**145.0**	**86.9**	**337.1**	**40.1**	**827.5**
Gross profit on sales in %	**26.9%**	**28.5%**	**31.4%**	**19.8%**	**29.8%**	**24.1%**
Operating expenses allocated to the segment	112.1	88.3	59.2	283.3	–	542.9
Operating sector result	**106.3**	**56.7**	**27.7**	**53.8**	**40.1**	**284.6**
Operating result in the segment (%)	**13.1%**	**11.1%**	**10.0%**	**3.2%**	**29.8%**	**8.3%**
Result from other operating activities and non-allocated costs						134.7
Profit on operating activities						**149.9**
Result from financial activities						(5.0)
Gross profit						**144.9**
Income tax						33.7
Net profit						**111.2**

Year ended 31 December 2020	Free-standing heating appliances	Built-in heating appliances	Other heating appliances	Goods	Other	Total
Revenue from agreements with customers	712.1	429.2	256.3	1,575.0	96.1	3,068.7
Own sales costs	521.5	302.3	171.8	1,163.9	80.1	2,239.6
Gross profit on sales	**190.6**	**126.9**	**84.5**	**411.1**	**16.0**	**829.1**
Gross profit on sales in %	**26.8%**	**29.6%**	**33.0%**	**26.1%**	**16.6%**	**27.0%**
Operating expenses allocated to the segment	88.1	72.4	43.0	245.9	–	449.4
Operating sector result	**102.5**	**54.5**	**41.5**	**165.2**	**16.0**	**379.7**
Operating result in the segment (%)	**14.4%**	**12.7%**	**16.2%**	**10.5%**	**16.6%**	**12.4%**
Result from other operating activities and non-allocated costs						179.2
Profit on operating activities						**200.5**
Result from financial activities						(6.8)
Gross profit						**193.7**
Income tax						43.0
Net profit						**150.7**

Due to the fact that the Group sells its products to around 70 countries, the individual countries are grouped into 5 main regions: Poland, East (mainly countries such as Russia, Ukraine, Lithuania, Latvia, Kazakhstan, Uzbekistan, Belarus etc.), West (Germany, France, Great Britain, Spain etc.), South (Czech Republic, Slovakia, Romania, Serbia, Greece etc.), North (Denmark, Sweden, Finland, Norway). Information on revenue is based on data on the registered offices of the Group's clients.

Breakdown of the Group's revenue by geographical area in millions of zł (geographical segmentation):

	Year ended 31 December 2021	Year ended 31 December 2020
Sale of products and goods	**3,293.8**	**2,967.9**
Poland	882.5	812.8
East	552.8	480.3
North	266.0	236.8
South	222.6	202.5
West	1,369.9	1,235.5
Other sales, including:	**140.1**	**100.8**
– spare parts and materials	104.6	72.0
– services	35.5	28.8
Total	**3,433.9**	**3,068.7**

The Group allocates geographically only those assets that are used by the body responsible for making operational decisions. Consequently, the assets of the individual segment are monitored only at the level of tangible fixed assets, while reconciliation of these items to their carrying amounts is presented in the tables below. The body responsible for making decisions does not analyse the liabilities broken down into individual operating segments, therefore they have not been assigned to the appropriate segment position.

	31 December 2021		31 December 2020	
Geographic Information	Fixed assets / Right to use	Depreciation	Fixed assets / Right to use	Depreciation
Poland	470.8	45.1	419.3	41.9
France	23.9	2.4	25.3	2.1
United Kingdom	13.7	5.4	13.5	4.3
Other countries	10.3	4.6	10.9	3.9
Total	**518.7**	**57.5**	**469.0**	**52.2**

11. Revenue from agreements with customers

Title	Year ended 31 December 2021	Year ended 31 December 2020
Revenue from:		
Sale of products	1,595.9	1,397.6
Sale of goods	1,697.9	1,570.3
Sale of materials	45.6	29.0
Sale of spare parts	37.6	31.6
Sale of waste	21.4	11.4
Provision of services	35.5	28.8
Total	**3,433.9**	**3,068.7**

Sale of finished products, goods and materials, and provision of services

The Group generates revenues mainly from the sale of electric and gas household appliances. Other smaller streams of revenues are revenues from the sale of services and other products, including spare parts. The sale of finished products and goods takes place both to the wholesale and retail customers.

Sales revenue is only revenue from contracts with customers within the scope of IFRS 15. The Group recognizes revenue using the five-step model set out in the above-mentioned standard.

Revenues from the sale of products, goods, materials and services are recognized by the Group as a rule at a specific point in time. In most contracts, the moment of transferring control to the customer is the moment after the goods are delivered to the customer, which also includes the delivery of goods to the carrier or their substitution to the customer at a designated plant, in accordance with the applicable generally applicable Incoterms rules.

1. Agreement identification

The Group recognizes the agreement with the customer in accordance with the presented accounting principles, presented at the beginning of these consolidated financial statements in "Significant accounting principles."

2. Identification of individual performance obligations

At the time of conclusion of the agreement , the Company assesses the promised goods or services in the contract with the client and identifies as an obligation to perform the service any commitment to transfer to the customer a good or service (or a bundle of goods or services) that is distinct or a series of separate goods or services that are substantially the same and transferred to the customer in the same way.

After-sales warranties

Warranties granted by the Group for the products sold are recognized in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets." The warranty conditions reflect only the assurance that the product sold to the customer complies with the specifics agreed by the parties. The standard warranty offered by the manufacturer is two years and is in line with the common market practice.

Some non-standard agreements with customers may include the so-called extended warranties. These can include:

- providing a free additional warranty for products sold from three to five years.
- sale of an additional warranty (from one year to three) outside the standard warranty period.

During the analysis of the value of the so-called extended warranty, decided that due to its small scale it would not recognize it as a separate service.

Training for employees of stores distributing products

The Group provides services to train employees of stores distributing products with information about the products offered by the Group. A separate service has not been identified due to the fact that the service cannot be purchased on the market and is an integrated element of the performed obligation.

Freebies

Group offers free giveaway, i.e. prepaid cards, kitchen utensils, home cleaning utensils in exchange for purchasing the Group's products The scale of possible free benefits was estimated and due to their immateriality, the Group decided not to recognize them as a separate service.

3. Determine the transaction price

When determining the transaction price, the Group considers past customary business practices. The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services to the customer, excluding amounts collected on behalf of third parties. Consideration specified in a contract with a customer may include fixed amounts, variable amounts or both.

A significant component of financing

The financing factor occurs if the agreement specifies longer payment terms and if the price for cash transactions differs from the price for transactions with an extended payment period. The Group decided not to adjust the promised amount of remuneration for the impact of a significant financing element, if at the time of concluding the agreement it expects that the period from the moment the promised good or service is handed over to the customer to the payment for the good or service by the customer will not exceed one year.

Return option

The Group has assessed the amount of probable amounts that will be returned to the Group. The Company applies a practical solution, according to which it does not make an adjustment for the impact of a significant financing component in the case of contracts with payment terms shorter than 1 year, therefore the return option was not included as a variable element when determining the transaction price.

Contractual penalties

contractual penalties constitute a variable element of remuneration. The Group assessed the probability of a penalty in connection with the delivery and decided that due to its immateriality, it would not consider this element as a variable when determining the transaction price.

Marketing activities

Marketing activities constitute a payment for activities undertaken by the recipient that do not relate to a specific product or assortment. The Group analysed the periods of rebates granted and the guidelines for granting rebates, and decided that payments for marketing activities performed by the Group's customers will reduce revenues within one reporting period.

4. Allocate the transaction price to the performance obligations in the contracts

The Group allocates the transaction price to each performance obligation (or to a separate good or separate service) in the amount reflecting the consideration that is due, as expected by the Group Companies, in exchange for the transfer of the promised goods or services to the customer.

5. Revenue is recognized when a performance obligation is satisfied either over time, or at a point in time.

The Group recognises revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

The Group recognizes incremental costs of obtaining a contract provided that it expects to recover these costs in a period of 12 months or less from the moment they are incurred. Incremental costs that are not expected to be recovered and the costs expected to be recovered in a period of 12 months or less from being incurred are recognized as costs of the period. The incremental costs include the commissions of the Sales Department employees paid only in connection with obtaining of a contract. The costs are presented in accruals and are amortized using the straight-line method over the contract period.

12. Revenue and costs

12.1. Other operating revenue

	Year ended 31 December 2021	Year ended 31 December 2020
EU subsidies	1.1	0.5
Government support for COVID-19	2.9	12.2
Compensation received, fines	1.6	0.9
Settlement with the insurer	1.6	1.1
Free shipments	1.4	1.3
dissolution of provisions	2.7	0.7
Other	0.9	2.4
Total	**12.2**	**19.1**

12.2. Other operating costs

	Year ended 31 December 2021	Year ended 31 December 2020
Loss on sale of non-financial fixed assets	0.4	1.0
Social activity (CSR)	3.0	2.8
Costs related to termination of employment	0.1	3.7
Penalties and damages	3.7	12.0
Creation of a provision for retirement benefits	–	3.3
Revaluation of warehouse inventory [1]	–	1.3
Inventory scrapping [1]	–	4.8
Losses due to impairment of non-current assets	–	8.3
Shortages and damage	1.6	1.5
Other	0.5	1.3
Total	**9.3**	**40.0**

[1] As a result of a change in the accounting policy in 2021, these items were included in the cost of sales.

12.3. Financial revenue

	Year ended 31 December 2021	Year ended 31 December 2020
Interest revenue	0.1	–
Revenue from derivatives	3.3	6.1
Revenue from exchange differences	15.1	6.5
Total financial revenue	**18.5**	**12.6**

12.4. Financial costs

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on credit and loans	4.3	4.2
Interest on the bonds issued	1.3	2.0
Financial cost from factoring	2.0	3.2
Interest on other liabilities	0.1	0.3
Interest on leasing	1.6	1.6
Costs of derivatives	11.0	6.7
Other	3.2	1.4
Total financial costs	**23.5**	**19.4**

12.5. Costs by type

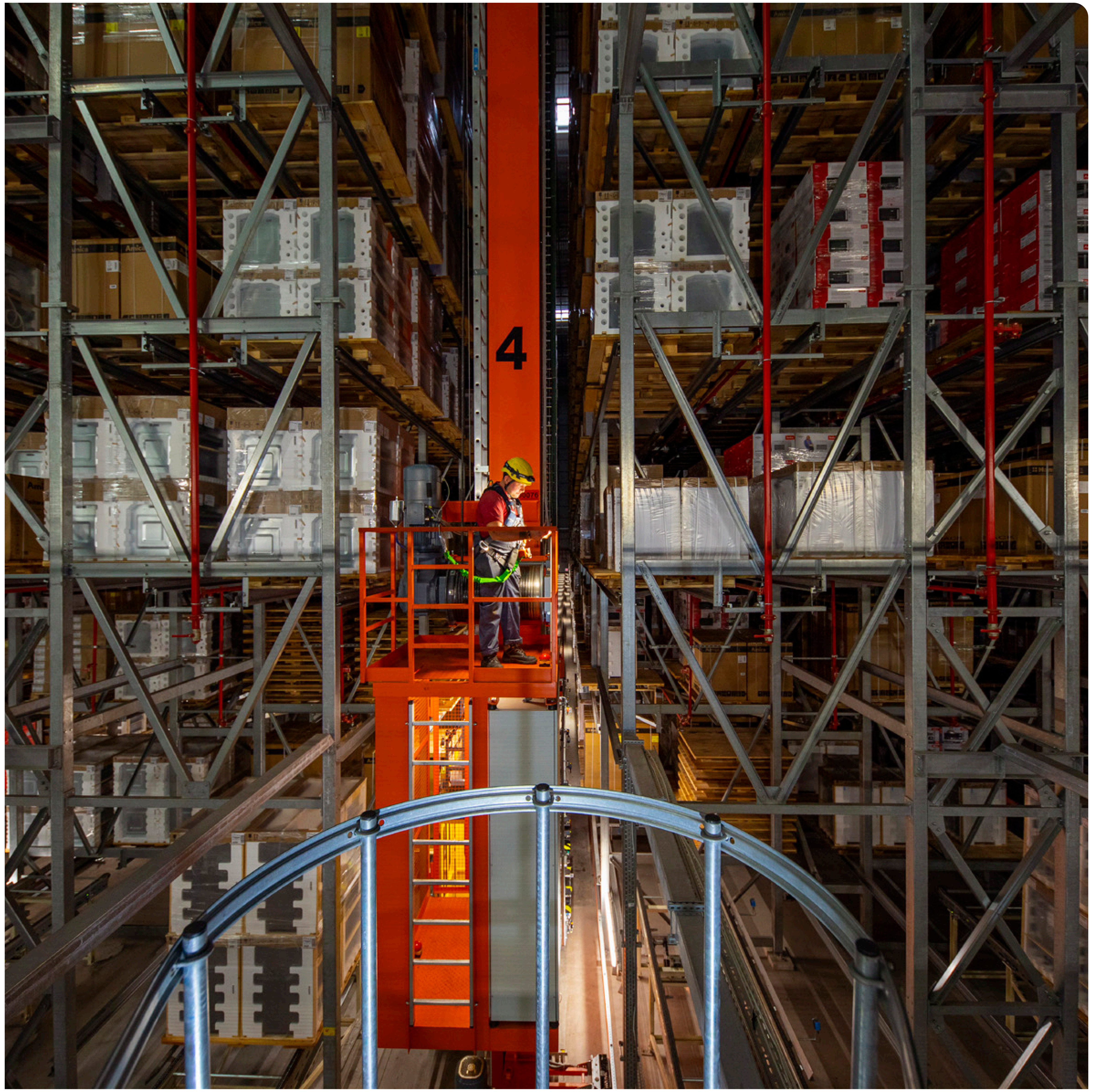
	Year ended 31 December 2021	Year ended 31 December 2020
Depreciation	65.9	59.4
Consumption of materials and energy	996.6	838.4
Outsourcing	285.3	248.8
Taxes and charges	2.3	7.2
Cost of employee benefits	358.2	352.7
Other costs by type	195.4	153.2
Value of goods and materials sold	1,415.3	1,207.3
Total expenses by nature, including:	**3,319.0**	**2,867.0**
Items included in own cost of sales	2,606.4	2,239.6
Items included in cost of sales:	412.5	348.6
Items included in general and administrative expenses	269.8	251.9
Change in product inventory and cost of manufacture for own needs	(30.3)	(26.9)

12.6. Depreciation of fixed assets

	Year ended 31 December 2021	Year ended 31 December 2020
Own sales costs	30.0	27.5
General administrative expenses	27.8	24.0
Cost of sales	8.1	7.9
Total depreciation of fixed assets	**65.9**	**59.4**

12.7. Cost of employee benefits

	Year ended 31 December 2021	Year ended 31 December 2020
Remuneration	291.9	272.3
Cost of Social Security contributions	49.5	46.7
Cost of retirement benefits	2.5	2.0
Expense under the share-based payments	(1.6)	17.1
Other cost of employee benefits	15.9	14.6
Total cost of employee benefits	**358.2**	**352.7**



13. Income tax

13.1. Tax burdens

Income tax recognized in profit or loss includes current and deferred tax. The current tax is calculated in accordance with the current tax law.

The main elements of the tax burden for the year ended 31 December 2021 and 31 December 2020 are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Current income tax	13.9	42.2
Deferred tax	19.8	0.8
Comprehensive income tax	**33.7**	**43.0**

13.2. Reconciliation of effective tax rate

Tax rates applied by the companies belonging to the Capital Group were as follows:

Country	tax rate
United Kingdom	19%
Germany	32%
France	28%
Denmark	22%
Russia	20%
Ukraine	18%
Spain	25%
The Czech Republic	19%

Reconciliation of income tax on gross profit before tax at the statutory tax rate, with income tax calculated at the effective tax rate of the Group for the current and comparative period is presented in the table below

	Year ended 31 December 2021	Year ended 31 December 2020
Pre-tax result	144.9	193.7
Tax rate – weighted average 21.06%	19.32%	21.10%
Income tax at a weighted average rate	**28.0**	**40.8**
Income tax adjustments from:		
Deduction from income	–	(1.0)
Non-taxable income	(0.9)	(0.8)
Costs that permanently are not tax-deductible	2.4	2.9
Unrecognized deferred tax assets on negative transient differences	4.3	4.3
Other differences	(0.1)	(3.2)
Income tax	**33.7**	**43.0**
Average tax rate applied	23.26%	22.19%

13.3. Deferred income tax

Deferred income tax assets and provisions have the following impact on the consolidated financial result and other comprehensive income

Change in provisions for deferred tax in 2021

	As at 01.01.2021	Debit / Credit		As at 31.12.2021
		Financial result	Other comprehensive income	
Property, plant and equipment	14.1	1.8	–	15.9
Derivatives	2.2	5.5	2.0	9.7
Trademark	20.6	1.0	–	21.6
Other	4.2	(0.8)	–	3.4
Total	**41.1**	**7.5**	**2.0**	**50.6**

Change in assets for deferred tax in 2021

	As at 01.01.2021	Debit / Credit		As at 31.12.2021
		Financial result	Other comprehensive income	
Provisions	16.4	1.4	–	17.8
Inventory	1.3	(0.3)	–	1.0
Trademark	21.5	(2.7)	–	18.8
SEZ investment relief	32.2	(14.2)	–	18.0
Bonuses	15.9	(1.9)	–	14.0
Margin elimination	6.7	(1.0)	–	5.7
Asset for tax loss	–	2.8	–	2.8
Discount	5.6	2.4	–	8.0
Other	6.1	(1.0)	0.3	5.4
Total	**105.7**	**(14.5)**	**0.3**	**91.5**

Change in provisions for deferred tax in 2020

	As at 01.01.2020	Debit / Credit		As at 31.12.2020
		Financial result	Other comprehensive income	
Property, plant and equipment	9.4	4.7	–	14.1
Derivatives	5.3	0.2	(3.3)	2.2
Trademark	19.7	0.9	–	20.6
Other	4.7	(0.5)	–	4.2
Total	**39.1**	**5.3**	**(3.3)**	**41.1**

Change in assets for deferred tax in 2020

	As at 01.01.2020	Debit / Credit		As at 31.12.2020
		Financial result	Other comprehensive income	
Provisions	10.2	6.2	–	16.4
Inventory	0.9	0.4	–	1.3
Trademark	24.2	(2.7)	–	21.5
SEZ investment relief	47.7	(15.5)	–	32.2
Bonuses	11.2	4.7	–	15.9
Margin elimination	6.6	0.1	–	6.7
Write-off to NP.	–	0.8	–	0.8
Discount	–	5.6	–	5.6
Other	1.9	3.4	–	5.3
Total	**102.7**	**3.0**	**–**	**105.7**

A list of balance sheet items for which deferred tax has been created is presented below

	31 December 2021	31 December 2020
IAS depreciation and revaluation of fixed assets	15.9	14.1
Derivatives	9.7	2.2
Trademark	21.6	20.6
Other	3.4	4.2
Deferred tax liability	**50.6**	**41.1**

	31 December 2021	31 December 2020
Other reserves	17.8	16.4
Write-offs for inventories	1.0	1.3
Margin elimination	5.7	6.8
Bonuses	14.0	15.9
Trademark	18.8	21.5
SEZ investment relief	18.0	32.2
Deferred tax asset on tax loss	2.8	–
Discount	8.0	5.6
Other	5.4	5.2
Deferred income tax asset	**91.5**	**105.7**
Per balance		
Deferred income tax asset	**62.4**	**70.2**
Deferred tax liability	**21.5**	**5.6**

The parent company operates in the Kostrzyn-Słubice Special Economic Zone. The parent company met the requirements set out in Permit No. 245 of April 8, 2014, which included, inter alia, achieving a minimum level of eligible expenses and maintaining a certain level of employment. As a result, the parent company created a deferred tax asset related to operations in the Special Economic Zone. The created tax asset expresses the current nominal value of the state aid granted to the Company in the form of exemption from income tax on activities carried out in the special economic zone of up to 40% of the investment costs eligible for aid.

Pursuant to Decision No. 1/DRI/21 of 4 January, 2021, the conditions for conducting business activity in the KSSSE have been changed. The deadline for meeting the requirements of the permit was extended to 30 June, 2022. Therefore, Amica S.A. has not yet created an asset, which is likely to be established in June 2022.

The table below presents changes in the value of an asset for deferred tax in the Special Economic Zone

Title	Period	Amount
creation of an asset	31st December 2017	54.7
change of asset	year 2018	12.3
	year 2019	(0.1)
	year 2020	–
	year 2021	–
asset use	year 2018	(5.8)
	year 2019	(13.4)
	year 2020	(15.5)
	year 2021	(14.2)
remaining value of the asset [1]	31 December 2021	18.0

[1] The Parent Company may use the assets until 31.12.2026 in accordance with the Regulation of the Council of Ministers of 15.12.2008 on the Kostrzyn-Słubice special economic zone, § 1 sec. 3.

14. Assets and liabilities under the Company Social Benefits Fund

Company Social Provision Fund Act of 4 March 1994 with subsequent amendments states that Company Social Provision Fund is established by Polish employers with more than 20 full-time employees. The Parent Company and some domestic subsidiaries form such a fund and make periodic contributions in the amount of the basic allowance. The aim of the Fund is to finance social activities.

The Group excluded the assets and liabilities of the fund, since they did not comply with the definition of assets and liabilities of the Group.

The tables below show the analysis of assets, liabilities and expenses of the Fund.

	31.12.2021	31.12.2020
Cash	0.3	0.3
Fund liabilities	(0.5)	(0.3)
Off-set balance	**(0.2)**	**–**

	Year ended 31 December 2021	Year ended 31 December 2020
Impairment losses on the Fund in the accounting period	4.9	5.1

15. Profit per share

The basic profit per one share is calculated by dividing the net profit for the period allocated to the Group's ordinary shareholders by the weighted average number of issued ordinary shares appearing in the period.

In the future, the acquired treasury shares will be allocated to the settlement of the managerial compensation program.

The table below presents data on profit and shares that were used to calculate the profit per share:

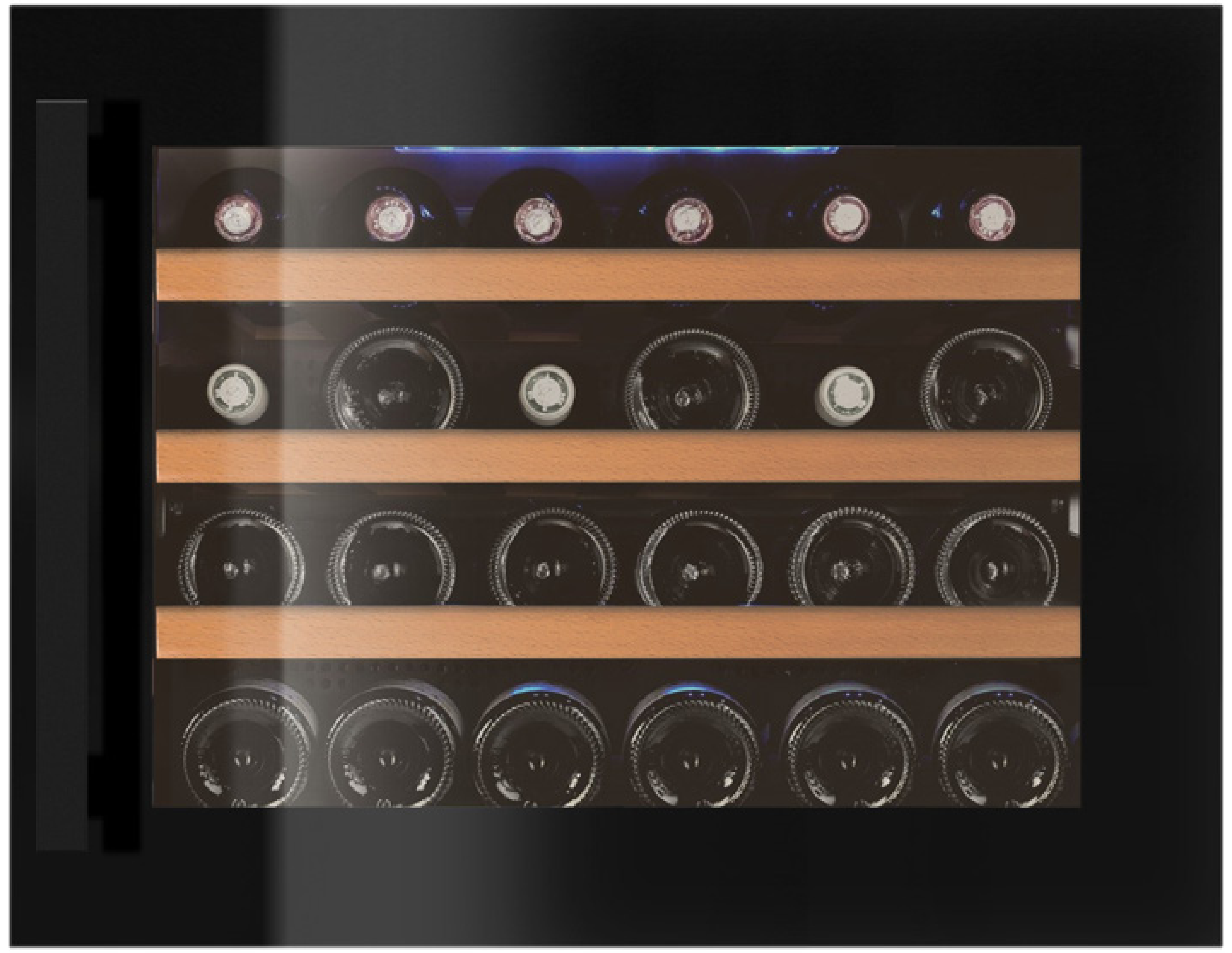
	31.12.2021	31.12.2020
Number of ordinary shares issued (pcs)	7,775,273	7,775,273
Own shares (pcs.)	147,137	201,983
Number of dilutive shares under the IFRS 2 incentive scheme (pcs)	–	1,092
Number of shares after dilution adjustment (pcs)	**7,628,136**	**7,574,382**
Net profit	111.2	150.7
Basic earnings per share (PLN)	**14.58**	**19.90**
Diluted earnings per share (PLN)	**14.58**	**19.90**
Theoretical number of shares awarded (pcs)	42,605	117,357
Theoretical price at the end of the period	134.4	145.4
Average share price during the period (01.01 – 31.12)	146.8	129.2
Quantity at average market price (pcs)	290	909
Share price at the end of the period	113.0	146.8

The Group runs an incentive scheme for top-level managers. Under this scheme, shares are allocated in accordance with IFRS 2, which are considered potentially ordinary shares. They were taken into account when determining diluted earnings per share, provided that their nature is dilutive. These shares were not included in the determination of basic earnings per share.

16. Dividends paid out and proposed dividends

The amount of the paid dividend per share for 2020 in 2021 is 6 zł (for 2019 in 2020 it was 3 zł).

As at the date of drafting these consolidated financial statements, the Management Board of the parent company has not recommended the payment of dividends for 2021.



17. Property, plant and equipment

As at 31.12.2021	Land	Buildings and structures	Machinery and equipment	Means of transport	Other fixed assets	Property, plant and equipment in production	Advance payments for property, plant and equipment in production	Total fixed assets
Gross balance	5.3	275.1	322.6	22.1	151.5	7.0	32.9	816.5
Cumulative amortisation and write-downs	–	(78.7)	(191.0)	(13.5)	(98.8)	–	–	(382.0)
Net balance	**5.3**	**196.4**	**131.6**	**8.6**	**52.7**	**7.0**	**32.9**	**434.5**
As at 31.12.2020								
Gross balance	5.3	256.4	302.0	21.2	148.1	3.1	9.8	745.9
Cumulative amortisation and write-downs	–	(70.8)	(176.5)	(14.4)	(93.6)	–	–	(355.3)
Net balance	**5.3**	**185.6**	**125.5**	**6.8**	**54.5**	**3.1**	**9.8**	**390.6**
for the period from 01.01 to 31.12.2021								
Net carrying amount as at 01.01.2021	**5.3**	**185.6**	**125.5**	**6.8**	**54.5**	**3.1**	**9.8**	**390.6**
Increases (acquisition, manufacture)	–	18.8	22.8	3.3	10.1	3.9	23.1	82.0
Decreases (sale, liquidation (-) transfer to fixed assets)	–	–	(2.1)	(2.4)	(6.7)	–	–	(11.2)
Depreciation in accordance with the depreciation plan (–)	–	(7.9)	(15.5)	(1.4)	(10.9)	–	–	(35.7)
Depreciation write-offs for liquidated or sold assets.	–	–	1.0	2.3	5.7	–	–	9.0
Exchange net gain (loss) (+/-)	–	(0.1)	(0.1)	–	–	–	–	(0.2)
The net carrying amount as at 31 December , 2021	**5.3**	**196.4**	**131.6**	**8.6**	**52.7**	**7.0**	**32.9**	**434.5**
for the period from 01.01 to 31.12.2020								
Net carrying amount as at 01.01.2020	**5.2**	**182.2**	**135.8**	**6.2**	**62.5**	**10.4**	**1.0**	**403.3**
Increases (acquisition, manufacture)	–	9.3	7.9	1.6	6.0	–	8.8	33.6
Decreases (sale, liquidation (-) transfer to fixed assets)	–	(0.3)	(4.2)	(0.8)	(6.6)	(7.3)	–	(19.2)
Depreciation in accordance with the depreciation plan (–)	–	(7.2)	(14.4)	(1.4)	(11.0)	–	–	(34.0)
Depreciation write-offs for liquidated or sold assets.	–	0.2	2.3	0.7	6.4	–	–	9.6
Write-downs on	–	–	(1.4)	–	(2.9)	–	–	(4.3)
Exchange net gain (loss) (+/-)	0.1	1.4	(0.5)	0.5	0.1	–	–	1.6
The net carrying amount as at 31 December , 2020	**5.3**	**185.6**	**125.5**	**6.8**	**54.5**	**3.1**	**9.8**	**390.6**

Fixed assets with the carrying amount of 60.8 million Polish Złotys (cf. 65.6 million Polish Złotys for the year ended 31 December 2020) are subject to a registered pledge to secure bank loans granted to the Group (Note 29).

As at 31 December, 2021, in connection with the concluded contracts, the Capital Group undertook to incur capital expenditures on property, plant and equipment in the amount of 16.3 million zł (17.6 million zł in 2020). These amounts will be allocated for infrastructure development and upgrade of the cooker factory processes.

18. Assets due to the right of use and leasing liabilities.

a) Right-of-use assets and the Group as a lessee

The Group is a party to, among others, the following lease agreements, considered under IFRS 16:

- leasing of office and warehouse space,
- leasing of the Fagor trademark,
- land leasing,
- computer hardware leasing,
- vehicle leasing.

The leasing agreements signed in 2021 and in previous years do not require the Group to meet any covenants.

Leasing instalments are in most cases based on a variable interest rate calculated on the basis of reference rates applied in the country in which a given subsidiary has its registered office.

The statement of value of right-of-use assets and lease liabilities in 2021 and in 2020 was as follows:

	right of use							Liabilities from leasing agreements
	Land	Immovable property	Machinery and equipment	Means of transport	Trademark	Other	Total	
As at 01.01.2021	**6.5**	**27.9**	**11.2**	**8.6**	**22.6**	**1.6**	**78.4**	**69.6**
Conclusion of new agreements	–	1.9	17.7	5.8	–	1.1	26.5	26.5
Changes and modifications	–	(0.3)	–	–	–	–	(0.3)	(0.3)
Depreciation	(0.1)	(6.5)	(7.6)	(5.6)	(1.6)	(0.4)	(21.8)	–
Payment of lease	–	–	–	–	–	–	–	(23.8)
Accrued interest	–	–	–	–	–	–	–	1.6
Currency translation differences	–	0.9	(0.2)	0.8	(0.1)	–	1.4	1.7
As at 31.12.2021	**6.4**	**23.9**	**21.1**	**9.6**	**20.9**	**2.3**	**84.2**	**75.3**

	right of use							Liabilities from leasing agreements
	Land	Immovable property	Machinery and equipment	Means of transport	Trademark	Other	Total	
As at 01.01.2020	**6.6**	**19.8**	**10.4**	**10.1**	**24.2**	**0.2**	**71.3**	**61.3**
Conclusion of new agreements	–	11.5	6.7	3.9	–	1.5	23.6	23.6
Changes and modifications	–	1.4	–	(0.1)	–	–	1.3	1.3
Depreciation	(0.1)	(5.2)	(5.9)	(5.3)	(1.6)	(0.1)	(18.2)	–
Payment of lease	–	–	–	–	–	–	–	(19.0)
Accrued interest	–	–	–	–	–	–	–	1.6
Currency translation differences	–	0.4	–		–	–	0.4	0.8
As at 31 December 2020	**6.5**	**27.9**	**11.2**	**8.6**	**22.6**	**1.6**	**78.4**	**69.6**

The lease payment schedule as at 31 December, 2021 and the comparable period are presented below:

Aging of leasing liabilities	31 December 2021	31 December 2020
up to 12 months	25.6	17.0
from 1 to 5 years	40.9	40.6
more than 5 years	8.8	12.0
Total	**75.3**	**69.6**

The Group does not recognize liabilities under short-term leases and leases in respect of which the underlying asset is of low value. Leasing costs not included in the calculation of the value of leasing liabilities amounted to:

- short-term lease costs – 1.7 million zł as at 31 December, 2021;
- short-term lease costs – 2.3 million zł as at 31 December, 2020;

b) The Group as a Lessor

- **Operating lease**

The Group concluded lease agreements under which substantially all the risks and rewards incidental to ownership of the leased asset are not transferred, and therefore classified them as operating lease agreements.

	31 December 2021	31 December 2020
Rental income from investment property	3.8	3.6
Direct operating expenses related to investment property	4.1	4.1

The values of the minimum lease payments for operating leases for contracts in which the Group acts as a lessor amounted to respectively

	31 December 2021	31 December 2020
Payable up to 1 year	5.2	4.2
Payable between 1 and 5 years	3.5	4.7
Payable over 5 years	1.9	2.4
Total	**10.6**	**11.4**

Agreements with tenants are concluded for a definite as well as an indefinite period. Usually, agreements contain clauses that may be terminated by each of the parties to the agreements, within the contractual period not exceeding 3 months or 6 months.

The investment property leased out under operating lease is presented in Note 20 to these consolidated financial statements.

19. Assets classified as designated for sale

As at 21 December, 2021, the Management Board of the Parent Company decided to classify real estate and land in Gorzów Wielkopolski as assets held for sale. The analysis of the criteria set out in paragraphs 7-9 of IFRS 5 made it necessary to change the presentation.

In connection with the above, the presentation value of the property and land located in Gorzów Wielkopolski was changed and as at 31 December, 2021, assets classified as held for sale were recognised.

The value of non-current assets classified as held for sale as at 31 December, 2021 was 10.1 million zł.

20. Investment property

The investment properties include the Shopping centre located in Gorzów Wielkopolski:

The change in the carrying amount in the reporting period is as follows:

	31 December 2021	31 December 2020
Gross Value	**58.4**	**58.4**
Revaluation write-down	(21.5)	(17.5)
umorzenie	(11.9)	(10.3)
Opening balance as at 01 January	**25.0**	**30.6**
Changes:		
– reclassification to available-for-sale assets [1]	(10.1)	–
– write-downs	–	(4.0)
– other – depreciation	(1.5)	(1.6)
Closing balance as of 31 December	**13.4**	**25.0**

[1] Due to the change in the business concept by the Management Board regarding one of the real estates located in Gorzów Wielkopolski, the Group made a presentation change as at 31 December, 2021 and recognized this asset under assets classified as held for sale

In the current reporting period, the Management Board of the parent company assessed the impairment of the investment property. In line with the analysis, there are indications that this asset may be impaired.

21. Intangible assets

As at 31.12.2021	Trademarks	Patents and licenses	Computer software	Cost of completed development work	Other intangible assets	Intangible assets being developed	Advance payments for intangible assets	Total intangible assets
Gross balance	111.0	20.2	20.8	22.3	11.3	10.0	0.6	196.2
Cumulative amortisation and write-downs	(17.0)	(13.1)	(10.3)	(17.1)	(11.0)	–	–	(68.5)
Net balance	**94.0**	**7.1**	**10.5**	**5.2**	**0.3**	**10.0**	**0.6**	**127.7**

As at 31.12.2020								
Gross balance	106.9	16.6	13.5	21.4	11.3	7.4	–	177.1
Cumulative amortisation and write-downs	(17.0)	(11.2)	(8.8)	(14.3)	(10.3)	–	–	(61.6)
Net balance	**89.9**	**5.4**	**4.7**	**7.1**	**1.0**	**7.4**	**–**	**115.5**

for the period from 01.01 to 31.12.2021	Trademarks	Patents and licenses	Computer software	Cost of completed development work	Other intangible assets	Intangible assets being developed	Advance payments for intangible assets	Total intangible assets
Net carrying amount as at 01.01.2021	**89.9**	**5.4**	**4.7**	**7.1**	**1.0**	**7.4**	**–**	**115.5**
Increases (acquisition, manufacture)	–	3.6	7.4	0.9	–	2.6	0.6	15.1
Depreciation in accordance with the depreciation plan (–)	–	(1.9)	(1.5)	(2.8)	(0.7)	–	–	(6.9)
Exchange net gain (loss) (+/-)	4.1	–	(0.1)	–	–	–	–	4.0
The net carrying amount as at 31.12.2021	**94.0**	**7.1**	**10.5**	**5.2**	**0.3**	**10.0**	**0.6**	**127.7**

for the period from 01.01 to 31.12.2020	Trademarks	Patents and licenses	Computer software	Cost of completed development work	Other intangible assets	Intangible assets being developed	Advance payments for intangible assets	Total intangible assets
Net carrying amount as at 01.01.2020	**86.1**	**5.5**	**3.3**	**3.0**	**1.6**	**8.6**	**–**	**108.1**
Increases (acquisition, manufacture)	–	1.5	2.0	6.2	0.6	–	–	10.3
Decreases (sales, liquidation, adoption as intangible assets) (–)	–	–	(0.1)	(0.2)	(0.2)	(1.2)	–	(1.7)
Depreciation in accordance with the depreciation plan (–)	–	(1.6)	(0.7)	(2.1)	(1.2)	–	–	(5.6)
Depreciation write-offs for liquidated or sold assets.	–	–	0.1	0.2	0.2	–	–	0.5
Exchange net gain (loss) (+/-)	3.8	–	0.1	–	–	–	–	3.9
Net carrying amount as at 31.12.2020	**89.9**	**5.4**	**4.7**	**7.1**	**1.0**	**7.4**	**–**	**115.5**

The Group has no hedges on intangible assets. As at the balance sheet date, the Group had no contractual liabilities related to the acquisition of intangible assets.

There were also no grounds for impairment of the assets presented.

Trademarks

Trademarks are presented by the Group as part of intangible assets. The Group recognizes that there is no foreseeable limitation of the period in which it can expect benefits from a given asset, therefore it was assumed that the useful life of trademarks is indefinite and they are not amortized.

In the framework of listed companies the Group identified the following trademarks:

- Sideme S.A. – Caviss, Curtiss, Le chai,
- The CDA Group – CDA, Matrix,
- Gram Domestic A/S – Gram.

The carrying amounts of the trademarks as at 31 December, 2021 and 31 December, 2020 were as follows:

	Sideme S.A.	The CDA Group	Gram Domestic A/S	Total
Gross value as of 01.01.2021	23.8	58.0	8.1	89.9
Changes in exchange rate differences	0.2	3.9	–	4.1
Gross value as at 31 December, 2021	24.0	61.9	8.1	94.0

	Sideme S.A.	The CDA Group	Gram Domestic A/S	Total
Gross value as of 01.01.2020	22.2	56.5	7.5	86.2
Changes in exchange rate differences	1.6	1.5	0.6	3.7
Gross value as at 31 December, 2020	23.8	58.0	8.1	89.9

The Group conducts an annual trademark impairment test.

Presented below is the basic information on the tests carried out for individual trademarks within the Companies that use these trademarks:

	Sideme S.A.	The CDA Group	Gram Domestic A/S
Conditions for impairment	none	none	none
Book value (million zł)	24.0	61.9	8.1
Discount Rate	5.06%	6.19%	4.40%
Growth rate after the forecast period	1%	1%	1%

Key assumptions used to calculate the value in use

The calculation of value-in-use for the aforesaid cash generating units is most sensitive to the following variables:

- EBITDA – based on average budgeted values to be achieved over a 5-year period,
- Discount rates – Reflects management's assessment of the risks specific to each unit. This is an indicator used by the management to assess the effectiveness of operating (performance) and future investment proposals.
- growth rate – based on published management estimates based on market data.

Sensitivity to changes in assumptions

As regards the above-mentioned estimate of value in use of assets, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The table below presents an analysis of sensitivity to a change of the basic parameters used in the performed impairment tests for the above assets

	Premises for impairment		
	Sideme S.A.	The CDA Group	Gram Domestic A/S
Change in the discount rate by +1% / – 1%	none	none	none
Change in the value of forecast EBITDA by +5% / – 5%	none	none	none
Change in the pace of growth after the forecast period by +0.5% / – 0.5%	none	none	none

In the previous reporting period, the Group also did not identify any premises for impairment of the asset related to trademarks.

Goodwill

Goodwill created as a result of business combination and was assigned to the group of cash-generating units corresponding to the overall activity of the acquired entities. The adopted approach is the most natural way to allocate the goodwill and is in line with the direction of management analysis at the Group level.

	31 December 2021	31 December 2020
Gram Domestic A/S	8.2	8.2
Amica International GmbH	12.0	12.1
THE CDA Group Ltd.	19.7	18.4
Amica Handel i Marketing Sp. z o.o.	0.1	0.1
Marcelin Management Sp. z o.o.	4.2	4.2
Total carrying amount	44.2	43.0

In the period ended 31 December 2021 and 31 December 2020, the following changes in goodwill took place:

	31 December 2021	31 December 2020
Goodwill at the beginning of the period	43.0	41.1
Exchange gain (loss) on consolidation	1.2	1.9
Carrying value at the end of the period	44.2	43.0

Goodwill impairment tests

Basic information on the tests performed for each CGU is presented below.

	Gram Domestic A/S	Amica International GmbH	THE CDA Group	Marcelin Management Sp. z o.o.
Conditions for impairment	none	none	none	none
Book value (million zł)	8.2	12.0	19.7	4.2
Discount Rate	4.40%	4.51%	6.19%	5.09%
Growth rate after the forecast period	1%	1%	1%	1%

Due to immateriality, premises for impairment of goodwill of Amica Handel i Marketing Sp. z o.o. are not analysed.

Key assumptions used to calculate the value in use

The calculation of value-in-use for the aforesaid cash generating units is most sensitive to the following variables:

- EBITDA – based on average budgeted values to be achieved over a 5-year period,
- Discount rates – Reflects management's assessment of the risks specific to each unit. This is an indicator used by the management to assess the effectiveness of operating (performance) and future investment proposals.
- growth rate – based on published management estimates based on market data.

Sensitivity to changes in assumptions

As regards the above-mentioned estimate of value in use of assets, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The table below presents an analysis of sensitivity to a change of the basic parameters used in the performed impairment tests for the above assets

	Premises for impairment			
	Gram Domestic A/S	Amica International GmbH	THE CDA Group	Marcelin Management Sp. z o.o.
Change in the discount rate by +1% / – 1%	none	none	none	none
Change in the value of forecast EBITDA by +5% / – 5%	none	none	none	none
Change in the pace of growth after the forecast period by +0.5% / – 0.5%	none	none	none	none

In the previous reporting period, the Group also did not identify any premises for impairment of an asset related to goodwill.

22. Other non-financial assets

	31.12.2021	31.12.2020
Budget receivables	47.4	28.0
Advances for inventories	2.6	2.3
Deferred charges and accruals	14.8	10.0
Total	**64.8**	**40.3**
– current	64.8	40.3

23. Employee benefits

Entities of the Group pay retirement bonuses to the retiring employees in the amount specified in the Labour Code or individually under the schemes combining life insurance and pension programmes. Therefore, some companies of the Group, based on actuarial valuation, create a provision for the present value of liabilities due to retirement benefits. The summary of benefits, the amount of the provision and reconciliation presenting changes in the balance during the accounting period are presented in the table below:

Provisions for retirement benefits	31.12.2021	31.12.2020
Opening balance as at 1 January	**13.3**	**8.2**
Costs of present and future employment	–	3.7
Actuary profits and losses	(1.9)	1.4
Closing balance as at 31 December	**11.4**	**13.3**
Current provisions	0.8	0.7
Non-current provisions	10.6	12.6

Key assumptions adopted for the valuation of employee benefits as at the reporting date are as follows:

	31.12.2021	31.12.2020
Discount Rate (%)	0,90% — 3,41%	0,75% — 2,35%
Expected inflation rate (%)	2,0% — 5,2%	1,0% — 4,0%
Predicted salary increase factor (%)	0,0% — 5,0%	2,0% — 2,1%

Sensitivity analysis

Change of the adopted discount rate by one percentage point:

	1 pp increase	1 pp decrease
31 December 2021		
effect on the aggregate current service cost and interest cost	(1.2)	1.3
Impact on the liabilities under the defined benefit plan	(1.2)	1.3
31 December 2020		
effect on the aggregate current service cost and interest cost	(2.4)	2.6
Impact on the liabilities under the defined benefit plan	(2.4)	2.6

Change of the probability of payment of employee benefits by 10 percentage points with other factors unchanged:

	10 pp increase	10 pp decrease
31 December 2021		
effect on the aggregate current service cost and interest cost	0.7	(0.7)
Impact on the liabilities under the defined benefit plan	0.7	(0.7)
31 December 2020		
effect on the aggregate current service cost and interest cost	2.1	(2.1)
Impact on the liabilities under the defined benefit plan	2.1	(2.1)

24. Inventory

The following inventory items are included in the consolidated financial statements of the Capital Group:

	31.12.2021	31.12.2020
Materials:		
At the purchase price	80.4	67.5
According to recoverable net value	78.9	66.2
Work in progress (at the cost of manufacture)	9.5	9.9
Finished goods:		
By production costs	124.6	84.2
According to recoverable net value	123.2	81.8
Goods:		
At the purchase price	594.1	255.5
According to recoverable net value	580.7	245.9
Spare parts	19.3	17.7
Total inventories at the lower of the two values: purchase price (cost of manufacture) and the net realizable value	**811.6**	**421.5**

As at 31 December 2021, the Company recognized a write-down on inventory to the recoverable net amount of **16.3 million zł** (**13.3 million zł** in 2020). Revaluation of inventory was related to materials, finished products and goods and resulted from the policy of creating impairment losses on inventory, based on turnover ratios.

In 2021, **3.0 million zł** was recognized as an expense in the result (in 2020: **1.3 million zł** as an expense).

As at 31 December, 2020, the Group's financial liabilities were secured with inventories worth **212.6 million zł** (in 2020: **146.7 million zł**)

25. Receivables from deliveries and services and other receivables.

Trade receivables and other receivables recognised by the Group as receivables and loans are as follows:

	31.12.2021	31.12.2020
Receivables from provision of deliveries and services	798.9	707.1
Other receivables from third parties	2.9	1.2
Total receivables (net)	**801.8**	**708.3**
Allowance for uncollectible accounts	13.3	14.9
Gross receivables	**815.1**	**723.2**

Terms of transactions with related parties are set out in the Note 33.

Trade receivables are non-interest bearing and are generally on 60 days' terms.

In order to improve cash flow from operating activities, the Group used factoring without recourse during the financial year. As at the balance sheet date, the Group reported the receivables assigned to factoring companies in the amount of **241,1 million zł** (cf. **143,9 million zł** as at 31 December 2020). These receivables have been removed from the balance sheet of the Group, since the risks associated therewith have been transferred to the factor.

The Group runs a policy to sell only to verified customers. As a result, the management believes there is no additional credit risk beyond the level specified by the allowance for uncollectible trade receivables of the Group.

Change in the balance of allowance for uncollectible accounts

	31.12.2021	31.12.2020
Impairment allowance as at 1 January	**14.9**	**7.6**
Increase	5.6	7.7
Dissolution	(7.4)	(0.5)
Other	0.2	0.1
Impairment allowance as at 31 December	**13.3**	**14.9**

As at 31 December, 2021, the Group made an allowance for uncollectible accounts in the amount of **13.3 millino zł**, including the value resulting from the Group's individual approach to assessing the impairment of receivables in the amount of **9.0 million zł** and the value resulting from the ratio approach, in line with the model described above, in the amount of **5.3 million zł**.

The Group continuously analyses the situation on the markets and any signals from contractors that may indicate the deterioration of the financial environment and, if necessary, will update the estimates adopted for the ECL calculation for the purposes of preparing the financial statements for 2021.

Details on the allowances applied to the table above are provided in note 35.3. Credit risk.

26.
Cash and cash equivalents

As at 31 December 2021, the Group had at its disposal the unused loans in the amount of **166.9 million zł** (as at 31 December 2020 **178.8 million zł**).

The balance of cash and cash equivalents disclosed in the consolidated cash flow account comprised the following items:

	31.12.2021	31.12.2020
Cash in hand and at bank	50.2	176.2
Current deposits	2.0	90.8
Cash with restricted availability	7.7	3.4
Total	**59.9**	**270.4**

27.
Stated capital

Share capital	31.12.2021	31.12.2020
Registered "A" shares with a nominal value of PLN 2 per share	2,717,678	2,717,678
B ordinary "A"/"B" shares with a nominal value of PLN 2 per share	5,057,595 [1]	5,057,595 [1]
Total	**7,775,273**	**7,775,273**

[1] including 2,381,881 shares of series A and 2,675,714 shares of B series

	Quantity	Value
Own shares		
As at 1 January 2021	**201,983**	**24.2**
Issue of own shares	(54,846)	(6.5)
As at 31 December 2021	**147,137**	**17.7**
As at 1 January 2020	**250,000**	**30.0**
Issue of own shares	(48,017)	(5.8)
As at 31 December 2020	**201,983**	**24.2**

[2] Purchased on 18 October, 2018 in exchange for cash in connection with the implementation of the incentive scheme

Nominal value of shares

All issued shares have a nominal value of PLN 2 per share and have been fully paid.

Shareholders' rights

Some of the registered shares of series A are preference shares in that each such share carries 2 (two) votes at the AGM. Other shares of A and B series are ordinary bearer shares.

28. Other types of capitals

28.1. Supplementary capital and other reserve capitals

	Supplementary capital	Own shares	Revaluation of hedging instruments capital	revaluation of a defined benefit plan	Other reserve capitals, including the incentive program	Capital from the revaluation of the incentive scheme	Total
As at 1 January 2021	**889.1**	**(24.2)**	**18.8**	**(1.3)**	**30.0**	**17.1**	**929.5**
Other net comprehensive income	–	–	5.4	0.4	–	–	5.8
Total comprehensive income	**–**	**–**	**5.4**	**0.4**	**–**	**–**	**5.8**
Re-booking of financial result to supplementary capital	81.9	–	–	–	–	–	81.9
Issue of own shares	–	6.6	–	–	–	–	6.6
Settlement of the incentive scheme	–	–	–	–	–	(6.4)	(6.4)
Valuation of incentive scheme	–	–	–	–	–	(4.6)	(4.6)
Other changes	0.3	–	–	–	–	(0.4)	(0.1)
As at 31 December 2021	**971.3**	**(17.6)**	**24.2**	**(0.9)**	**30.0**	**5.7**	**1,012.7**

	Supplementary capital	Own shares	Revaluation of hedging instruments capital	revaluation of a defined benefit plan	Other reserve capitals, including the incentive program	Capital from the revaluation of the incentive scheme	Total
As at 1 January 2020	**801.5**	**(30.0)**	**23.1**	**(0.5)**	**30.0**	**5.3**	**829.4**
Other net comprehensive income	–	–	(4.3)	(0.8)	–	–	(5.1)
Total comprehensive income	**–**	**–**	**(4.3)**	**(0.8)**	**–**	**–**	**(5.1)**
Re-booking of financial result to supplementary capital	87.9	–	–	–	–	–	87.9
Issue of own shares	–	5.8	–	–	–	–	5.8
Settlement of the incentive scheme	–	–	–	–	–	(5.3)	(5.3)
Valuation of incentive scheme	–	–	–	–	–	17.1	17.1
Other changes	(0.3)	–	–	–	–	–	(0.3)
As at 31 December 2020	**889.1**	**(24.2)**	**18.8**	**(1.3)**	**30.0**	**17.1**	**929.5**

The supplementary capital was created out of the share premium in the amount of 107.7m zł, resulting from the issue of shares in the Parent Company. In addition, the supplementary capital was raised from statutory deductions from profits generated in the previous financial years and was adjusted by the amount resulting from the redemption of shares by the amount of 28,5 million zł and 11,7 milliom zł, resulting from the merger with a subsidiary, Sidegrove, in previous years.

28.2. Retained profit (loss) and dividend restrictions

In case of domestic companies, dividends may be paid based on the profit determined in the separate annual financial statements prepared for statutory purposes.

Pursuant to the requirements laid down in the Code of Commercial Companies, the parent company is required to create supplementary capital to cover losses. At least 8% of the profit for a given financial year as recognized in the separate financial statements of the parent company shall be transferred to this category of the capital, until the capital reaches at least one third of the share capital of the parent company. The use of supplementary capital and the capital reserve remains at the discretion of the General Meeting; however, some of the supplementary capital representing one third of the share capital can only be used to absorb the loss disclosed in the separate financial statements of the Parent Company and is not divisible for other purposes.

In the case of foreign companies within the Group, the limitations related to the distribution of capital and dividend payments arise from local commercial law and are respected by the managers of these companies.

As at 31 December 2021, there are no other restrictions on the payment of dividends.

28.3. Non-controlling interest

The non-controlling shares presented in the equity of the Group refer to the subsidiary Sideme S.A., a minority shareholder which holds a 5% share in the company's capital.

	31.12.2021	31.12.2020
Opening balance	**2.5**	**2.2**
Total income for the period	(0.3)	0.3
Closing balance	**2.2**	**2.5**

Presented below is the data on minority shareholders as at 31 December, 2021 and 31 December, 2020:

SIDEME S.A.:

	31.12.2021	31.12.2020
Fixed assets	42.7	42.6
Current Assets	284.9	137.2
Liabilities and provisions	286.3	131.7
Total net assets	41.3	48.1
Revenue from agreements with customers	345.3	337.5
Net profit	(9.8)	2.7
Profit / (loss) attributable to non-controlling interests	**(0.5)**	**0.1**

29. Credit, loans and other debt instruments

	31.12.2021	31.12.2020
Short-term	**178.8**	**89.2**
Liabilities from leasing agreements	26.0	17.0
Working capital loans	116.6	36.3
Bonds	16.2	15.9
Investment credits	20.0	20.0
Long-term	**156.3**	**113.7**
Liabilities from leasing agreements	49.3	52.6
Working capital loans	32.2	–
Bonds	70.3	36.0
Investment credits	4.5	25.1

For each reporting period, including as at 31 December, 2020 and until the publication of these consolidated financial statements, the valuesof the financial covenants complied with the provisions of the agreements.

In the current reporting period, the Group repaid the principal and interest on the dates specified in the agreements. There was no breach of the terms of the agreements and the Group did not renegotiate the terms of any of the agreements relating to liabilities under credits, loans and debt instruments.

The note below presents changes in liabilities under loans and bonds in 2021 and 2020:

Reconciliation of bank loans	31.12.2021		31.12.2020	
	Bank loans	Bonds	Bank loans	Bonds
Opening balance	**81.4**	**51.9**	**189.9**	**47.9**
Repayment	(21.9)	(15.9)	(141.1)	(16.0)
Taken	113.0	50.0	34.9	20.0
Accrued interest	4.3	1.3	4.2	2.0
Interest paid	(4.0)	(0.8)	(4.1)	(2.0)
Currency translation differences	0.5	–	(2.4)	–
Closing balance	**173.3**	**86.5**	**81.4**	**51.9**

The Group issues and offers bonds only to financial institutions. The bond program is not intended for individual customers or natural persons.

The issued bonds bear interest on the basis of variable interest rates based on the reference rate WIBOR 3M / WIBOR 6M increased by a margin.

Liabilities from debt as at 31 December, 2020 and for the comparative period were established in the following assets of the Group

Assignment of receivables	Year ended 31 December 2021	Year ended 31 December 2020
Pledge on fixed assets	60.8	65.6
Assignment of receivables	5.9	6.3
Appropriation of current assets	212.6	146.7
Total securities on the Group's assets	**279.3**	**218.6**

In the current reporting period, the Group had the following loans

Currency	type of loan	interest	Credits repayment deadlines	loan amount as at 31.12.2021	loan amount as at 31.12.2020
PLN	investment credit	WIBOR 3 M + Bank's mark-up	2023	23.3	43.3
PLN	investment credit	WIBOR 3 M + Bank's mark-up	2024	1.2	1.8
PLN	working-capital credit	WIBOR 1M + Bank's mark-up	2023	1.8	3.2
EUR	working-capital credit	FIXED INTEREST	2026	32.2	32.1
PLN	working-capital credit	WIBOR 1M + Bank's mark-up	2023	64.8	–
RUB	working-capital credit	EURIBOR 3M + Bank's mark-up	2022	14.2	–
GBP	working-capital credit	SONIA rate + Bank's mark-up	2022	11.6	–
GBP	working-capital credit	BoE rate + Bank's mark-up	2022	20.4	–
EUR	working-capital credit	FIXED INTEREST	2022	2.5	–
PLN	working-capital credit	WIBOR O/N + bank's mark-up	2022	0.7	–
PLN	working-capital credit	WIBOR 1M + Bank's mark-up	2022	0.5	–
PLN	working-capital credit	WIBOR 1M + Bank's mark-up	2026	0.1	–
EUR	working-capital credit	EURIBOR 3M + Bank's mark-up	2021	–	1.0
			Total	**173.3**	**81.4**

30. Provisions

30.1. Changes in provisions

Current provisions	for the period from 01.01 to 31.12.2021			for the period from 01.01 to 31.12.2020		
	Provisions for warranty repairs	Provisions for salaries and annual leave	Other provisions [1]	Provisions for warranty repairs	Provisions for salaries and annual leave	Other Provisions
Opening balance	**38.8**	**31.6**	**15.6**	**35.6**	**26.7**	**3.4**
Increase in provisions	74.3	36.9	2.8	49.8	38.0	25.6
dissolution of provisions	(9.4)	(11.1)	(7.5)	(3.2)	(5.0)	(2.1)
Use of provisions	(62.1)	(27.5)	(2.0)	(44.2)	(28.2)	(10.8)
Other changes	1.0	–	0.6	0.8	0.1	(0.5)
Closing balance	**42.6**	**29.9**	**9.5**	**38.8**	**31.6**	**15.6**

[1] The item "Other provisions" includes mainly provisions for customs control in Russia and provisions for compensation for late deliveries on the German market, caused by the COVID19 pandemics.

Non-current provisions	for the period from 01.01 to 31.12.2021			for the period from 01.01 to 31.12.2020		
	Provisions for warranty repairs	Provisions for salaries and annual leave	Other Provisions	Provisions for warranty repairs	Provisions for salaries and annual leave	Other Provisions
Opening balance	**10.7**	**–**	**0.3**	**8.4**	**–**	**0.3**
Increase in provisions	7.9	–	–	5.1	–	–
dissolution of provisions	(1.1)	–	–	(3.0)	–	–
Use of provisions	(3.6)	–	–	–	–	–
Other changes	0.2	–	–	0.2	–	–
Closing balance	**14.1**	**–**	**0.3**	**10.7**	**–**	**0.3**

30.2. Provision for warranty repairs

The Group creates a provision for the costs of expected warranty repairs, taking into account a 2-year warranty period for the customers. It is expected that most of these costs (approximately 75%) will be incurred in the first year of warranty protection, while the remaining part in the second year.

The basis for estimating the provision for future warranty repairs includes: warranty period, historical unit repair cost, estimated product defectiveness, average cost of a spare part in the cost of repair. Except for the warranty period, the value of the above-mentioned variables may change in future periods, simultaneously influencing the value of the provision. The Group reviews the adopted variables to reflect the Group's actual liability under the provision for warranty repair obligations.

30.3. Provision for salaries and leaves

The Group calculates the provision for unused holiday leave and the provision for the bonus for the current financial year to be paid in the following year.

31. Liabilities from deliveries and services and other liabilities.

	31.12.2021	31.12.2020
Liabilities from deliveries and services		
Towards related parties	0.7	1.8
Towards other entities	850.8	647.9
	851.5	**649.7**
Other liabilities		
Liabilities due to employees from the remuneration	12.2	14.7
Liabilities from taxes, customs duties and social security	56.4	56.7
Other liabilities	1.1	3.5
	69.7	**74.9**
Total	**921.2**	**724.6**

Terms and conditions of the above financial liabilities:

- trade liabilities are non-interest bearing liabilities and are usually settled within 60 days;
- other liabilities are non-interest-bearing with an average 1 month payment period.

Terms of transactions with related parties are set out in the Note 33.

31.1. Other non-financial liabilities

	31.12.2021	31.12.2020
Liabilities due to customs duties	0.2	0.1
Value Added Tax	40.1	38.5
Personal Income Tax	3.7	2.8
Liabilities from social security	11.5	15.3
Liabilities due to other taxes and benefits	0.9	–
Total	**56.4**	**56.7**
– current	56.4	56.7

31.2. Deferred charges and accruals

	31.12.2021	31.12.2020
Deferred income arising from:		
Government subsidies	6.7	8.2
Total	**6.7**	**8.2**
– current	1.2	2.3
– long-term	5.5	5.9

In 2005, the Amica S.A. Group signed an agreement with the Minister of Economy and Labour for co-financing the project to subsidise the company's expansion and change the products of Amica S.A. This financing took place under the auspices of the Branch Operational Programme for Increased Competitiveness in Companies. As part of the project, the Group was obliged to increase expenditure on Material Fixed Assets and employ the appropriate number of workers. The share in additional financing of the Material Fixed Assets by the Programme was 25% of the increased expenditure.

On 9 May, 2019, Amica SA received a grant of 4.4 million zł from the Fund for the Professional Activation of Convicts and the Development of Prison Workers.

Amounts classified under this item gradually increase other operating income, in parallel to depreciation charges on fixed assets.

The grant was intended for co-financing activities in rehabilitation of imprisoned persons, serving the creation of new jobs for imprisoned persons.

As part of the rehabilitation activities, Amica S.A. completed a task consisting of: demolition works, construction of a production hall on a leased ground from the State Enterprise of Metal Industry "POMET" based in Wronki, implementation of technical protection and purchase of technological equipment. The share of co-financing from the state aid program for entities employing imprisoned persons amounted to 49.61% of the expenses incurred.

In the reporting period, the value recognized in other operating income due to the assignment of subsidies in parallel to depreciation and amortization amounted to **0.4 million zł** (cf. **0.4 million zł** in 2020).

The Group met all the conditions of the contracts signed as part of the programme for obtaining government assistance, and shows no contingent liabilities arising from this.

In accordance with the accounting policy of the Amica S.A. Capital Group, cash received to finance the acquisition or manufacture of fixed assets, including fixed assets under construction and development work, is recognised in deferred income. Sums categorised as part of this item gradually increase the remaining operating revenue parallel to depreciation or remittance write-offs of fixed assets or costs of development work financed from these sources.

32. Contingent liabilities

As at the balance sheet date, the Group had no contingent liabilities.

Lawsuits

As at the balance sheet date, there were no significant proceedings concerning liabilities or receivables of the Issuer or its subsidiaries.

33. Information on related parties

Control over the Amica S.A. Group is exercised by Holding Wronki Sp. z oo, which holds 34.93% of Amica S.A. shares. The remaining shares are held by numerous shareholders, including employees. Shareholders holding more than 5% of shares in Amica S.A. are listed in the Note 39.

In the financial year ended 31 December, 2020, there were no transactions between the Group and the Parent Company, except for transactions resulting from the employment relationship (in 2020, the aforementioned transactions did not take place either).

All consolidated subsidiaries have prepared the financial statements as at 31 December 2021.

The Group employs a procedure designed to verify the related parties among the members of the Management Board, the Supervisory Board and the key personnel. The verification process allowed to identify the parties presented below:

Parties related to the Parent Company include key management staff, subsidiaries subject to the consolidation requirement as well as other related parties to which the Company includes entities controlled by the owners of the Company.

Entities affiliated with the Group include:

- Consolidated subsidiaries satisfying the definition of control in accordance with IFRS 10, listed in Note 4
- Other related parties: KKS Lech Poznań, Amicis Foundation
- Key personnel of the Group (executives) and the Supervisory Board
- Parent companies: Holding Wronki Sp. z o.o., Invesco Sp. z o.o.

The following table presents total value of transactions with subsidiaries for the current and the previous financial year.

Name of the related party	Revenues from core business		Cost of core business	
	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Holding Wronki Sp. z o.o.	0.1	0.1	5.1	5.0
KKS LECH Poznań S.A.	7.7	5.8	3.3	2.5
Fundacja Amicis (Amicis Foundation)	0.1	0.1	–	–
Total	**7.9**	**6.0**	**8.4**	**7.5**

Name of the related party	Trade receivables		Trade liabilities	
	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Holding Wronki Sp. z o.o.	–	–	0.6	1.6
KKS LECH Poznań S.A.	2.5	1.5	0.1	0.1
Total	**2.5**	**1.5**	**0.7**	**1.7**

33.1. Parent Company of the entire Group

In the year ended 31 December 2021, there were no transactions between the Group companies and the Parent Company of the entire Group, except for transactions resulting from the employment relationship.

33.2. Entity with significant influence over the Group

No entity with significant influence over the Group has been identified.

33.3. Conditions of transactions with affiliated entities

Transactions with related parties are associated mainly to the sale of products, goods and services by the Capital Group to its subsidiaries. These operations take place under conditions equivalent to those that apply to transactions entered into on the market terms.

The Amica S.A. Group also acts as a lender in relation to related entities. The loans were granted on the market terms.

Other transactions between Group companies are related to services and take place under conditions equivalent to those that apply to transactions entered into on market terms.

33.4. Salaries of the Group's Senior Management

33.4.1. Remuneration paid to members of the Management Board and members of the Supervisory Board of the Parent Company

	Year ended 31 December 2021	Year ended 31 December 2020
The Management Board of the parent company acting as at the balance sheet date		
Short-term benefits for performing their roles	6.9	7.8
Employee benefits based on shares [1] [1]	–	17.1
Post-employment benefits	–	0.3
Total	**6.9**	**25.2**
Supervisory Board of the Parent Company		
Short-term benefits for performing their roles	1.9	1.9
Total	**1.9**	**1.9**

[1] Compared to the previous reporting period, the value of employee benefits resulting from the valuation of shares under the incentive scheme has changed. The increase in the aforementioned benefits in 2020 resulted from the recognition of a part of the costs relating to future years in the Company's current result (this is in line with the requirements of IFRS2 and the incentive scheme valuation model),

33.4.2. Share payment scheme

The parent company runs an incentive scheme for top-level managers. The Scheme shall remain effective for the next 8 (eight) financial years i.e. in the years 2019 – 2026, unless the total number of Own Shares repurchased under the Share Repurchase programme and intended to be offered to Eligible Persons under the programme is used in full.

For the needs of the programme, the parent company has separated the reserve capital from retained earnings and bought back 250,000 shares at an average price of 120 zł / item. The total cost of buying the shares, which will all be allocated to the implementation of the incentive scheme, was 30 million zł.

After approval by the Ordinary General Meeting of the Company of the consolidated financial statements of the Group for a given financial year of the validity of the Program, the Supervisory Board of the parent company verifies the fulfillment of the conditions for acquiring the Allowances within 14 (fourteen) days from the date of such approval.

In the case of acknowledgement of the fulfilment of the conditions for award of the Options, the Supervisory Board of the Parent Company shall adopt the Name List, by way of a resolution, by the date specified in the preceding sentence. In this resolution, the Supervisory Board shall also determine the Base Amount providing the basis for awarding the Options for a given financial year along with the Pool of Options and further shall allocate the Options. In order to determine the Allocation Pool for a given financial year of the Programme, the Calculated Base Amount should be divided by the value of one Parent Company share understood as the arithmetic average of closing prices for the Parent Company's shares on the WSE main market from the last 6 months preceding the Allocation Day. The Individual Allocation Pool will be determined by the Supervisory Board on the Name List, including: Individual Calculation Coefficient, as well as the period of performing the function of a Member of the Management Board or a Member of the Extended Management Board in the financial year for which Individual allocation pools are granted.

Terms of the incentive scheme	
Number of Authorized Persons	
The first incentive scheme	6 osób
Second incentive scheme	7 osób
Validity period:	
The first incentive scheme	from 01.01.2019 to 20.05.2019
Second incentive scheme	from May 21, 2019 to May 20, 2023
The condition for starting the allowance pool	
The first incentive scheme	min. consolidated gross profit threshold 100m zł
Second incentive scheme	min. consolidated gross profit threshold 100m zł
Significant parameters in the valuation model:	**Parameter values**
Stock pricing model	Monte Carlo simulation
Number of shares granted	250,000
Dividend yield for 2021 [%]	4.10%
Stock volatility as at 31 December, 2021 (%)	31.40%
Risk free interest rate [%]	1.72%

Valuation day

The fair value of allowances for the 12 months of 2021 was calculated on the basis of modern numerical methods based on the Monte Carlo model. In accordance with IFRS 2, the value of the provision for the incentive scheme as at 31 December, 2021 was **5.7 million zł** (as at 31 December, 2020, the value of the provision was **17.1 million zł**).

Implementation of the scheme

On 15 June , 2020, the Supervisory Board issued a positive verification of meeting the Allowance conditions and approved a list of names of employees who were covered by the incentive scheme. As a result of the implementation of the incentive scheme, the eligible persons were granted 54,846 shares from the pool of own shares. Therefore, the number of own shares decreased and at the end of December 2021 it amounted to 147,137 shares.

Title	Number of shares
number of own shares as at 01.01.2021	201,983
number of shares issued to key employees of the Company	54,846
number of own shares as at 31.12.2021	147,137

34. Information on remuneration of an auditor or an entity authorized to audit financial statements

The table below presents the remuneration of the entity authorized to audit financial statements, paid or due for the year ended 31 December, 2021 and 31 December, 2020, broken down by types of services:

Type of service	Year ended 31 December 2021	Year ended 31 December 2020
Mandatory audit of the annual financial statements	1.5	1.3
Reviewing financial statements	0.2	0.1
Other services	0.2	–
Total	**1.9**	**1.4**

35. Objectives and principles of financial risk management

In addition to derivatives, the main financial instruments used by the Group include bank loans, bonds, lease agreements, cash and current deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also holds other financial instruments such as trade receivables and payables which arise directly in the course of its business.

The Group also concludes transactions with derivative instruments, primarily interest rate swaps, forward currency agreements, and Cross-Currency Interest Rate Swap and commodity swap transactions. The purpose of these transactions is to manage interest rate risk, currency risk and commodity price risk arising in the course of the Group's operations and resulting from the financing sources it uses.

The main risks arising from the Group's financial instruments include interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks – the relevant principles are briefly discussed below.

The Group recognizes market risk as interest rate risk, currency risk and commodity price risk, in addition, the Group describes liquidity risk and credit risk.

Group Financial Risk Management is coordinated by the parent company, in close cooperation with the Management Boards and financial directors of subsidiaries. In the risk management process, the most important goals are:

- hedging short – and long-term cash flows,
- stabilizing fluctuations in financial results of the Group,
- achieving the assumed financial forecasts by fulfilling the budget targets,
- achieving a rate of return on non-current investments and obtaining optimum sources for financing investment activities.

The Group does not conclude transactions on financial markets for speculative purposes. In economic terms, the transactions carried out can be treated as hedges against certain risks.

In addition, the Parent Company formally designated some derivative instruments as cash flow hedges in accordance with the requirements of IFRS 9 (hedging derivatives).

Below are presented the most significant risks to which the Group is exposed.

35.1. Interest rate risk

The Group defines the interest rate risk as the uncertainty about future levels and changes in market interest rates. Interest rate risk relates to the volatility of future cash flows of the Group companies or the fair value of financial assets and liabilities due to changes in interest rates.

The Group manages its interest cost using a mix of fixed rate and variable rate liabilities. Its aim is that from 80% to 100% of the loans and non-current loans should have fixed interest rates. In order for the solution adopted by the Group to be economically effective, the Group enters into interest rate swaps, under which it agrees to exchange, at specified intervals, the difference between the amount of interest accrued at a fixed and variable interest rate on the agreed principal amount. These transactions are aimed at securing interest flows from contracted credit obligations and net assets. As at 31 December 2021, the Group secured approximately 14% of all liabilities, the cost of which is based on variable interest rate (including over 19% of loan liabilities and other debt instruments contracted by the Group).

The table below presents the sensitivity of gross profit (loss) to reasonably possible changes in interest rates

	Year ended 31 December 2021				Year ended 31 December 2020			
	1.00%		-1.00%		1.00%		-1.00%	
	Financial result	other comprehensive income	Financial result	other comprehensive income	Financial result	other comprehensive income	Financial result	other comprehensive income
Cash	(0.6)		0.6		(2.7)		2.7	
Liabilities due to debt factoring	0.3		(0.3)		0.4		(0.4)	
Factoring of receivables	2.4		(2.4)		1.4		(1.4)	
Bank loans	1.7		(1.7)		0.8		(0.8)	
Bonds	0.9		(0.9)		0.5		(0.5)	
Liabilities from leasing agreements	0.8		(0.8)		0.7		(0.7)	
Derivative financial instrument		(0.7)		0.7		(1.0)		1.0
Effect on financial result	**5.5**		**(5.5)**		**1.1**		**(1.1)**	
Impact on other comprehensive income		**(0.7)**		**0.7**		**(1.0)**		**1.0**

As at 31 December, 2020, the Group's gross profit would be 5.5 million zł lower if interest rates were 100 basis points higher, assuming all other parameters remained unchanged. On the other hand, with a drop in interest rates by 100 basis points, the Group's result would be higher by 5.5 million zł.

35.2. Currency risk

The Group defines currency risk as uncertainty about future levels and changes in market exchange rates. These changes affect the individual aspects of the Group's business activities, generating various types of exposure to currency risk. The source of exposure to currency risk at the Group level are transactions with entities from outside the Group generating cash flows, the value of which, measured in Polish Złoty, depends on the future levels of the exchange rate. The source of exposure to currency risk at the level of a given entity of the Group are all transactions generating cash flows, the value of which, measured in the functional currency of a given company, depends on the future levels of the exchange rate.

In connection with the significance of currency risk, the Group hedges exchange rates by entering into forward contracts.

As at 31 December, 2020, the Group hedged approximately 85% of the net cash flow exposure arising from sales transactions denominated in foreign currencies and approximately 30% of the net cash flow exposure arising from purchase transactions denominated in foreign currencies forecast for the new financial year. It should be noted that a large part of the sales and purchase transactions are entered in the same foreign currencies, which provides a natural hedge against currency risk.

Analysis of sensitivity to currency translation risk

Sensitivity analysis consists primarily in the presentation of the structure of foreign currency financial instruments as well as the Group's assets and liabilities of exposed to currency risk. Figures from the table of values at risk are subsequently tested for changes in exchange rates.

To determine the range of potential exchange rate changes for the purpose of the analysis, historical volatility for the reporting year was calculated (all calculations based on fixings published by the NBP).

The method for calculating the historical volatility

$$\operatorname{Var}\left(\ln\left(\frac{S_t}{S_0}\right)\right) = \sigma^2 t,$$

σ is an annualized (logarithmic) standard deviation of the rate of return from NBP fixations for a given currency pair. The Annualization of one-day to one-year volatility is determined based on the formula (square root of the actual number of data publications in the period):

$$\hat{\sigma} = \sqrt{252}\,\sigma_{1d}.$$

The currency structure of selected financial instruments as at 31 December, 2021 was as follows

Value at risk expressed in Polish Złotys	Total	EUR	CNY	USD	Other
Receivables from deliveries and services and other receivables.	**173.6**	169.6	0.8	1.1	2.1
Cash and cash equivalents	**25.6**	12.0	7.5	3.7	2.4
Derivative financial instruments measured at fair value through profit or loss, including:	**1.6**	–	–	–	1.6
Assets	**1.9**	–	–	–	*1.9*
Liabilities	**0.3**	–	–	–	*0.3*
Derivative financial instruments measured at fair value through other comprehensive income, including:	**34.8**	(3.8)	36.2	3.1	(0.7)
Assets	**54.3**	*6.4*	*37.0*	*3.1*	*7.8*
Liabilities	**19.5**	*10.2*	*0.8*	–	*8.5*
Credit, loans and other debt instruments	**0.7**	0.1	0.5	0.1	–
Liabilities from deliveries and services and other liabilities.	**403.7**	138.8	248.6	14.8	1.5
Liabilities due to debt factoring	**18.1**	18.1	–	–	–
Liabilities from leasing agreements	**15.3**	15.2	–	–	0.1
Net exposure	**(202.2)**	**5.6**	**(204.6)**	**(7.0)**	**3.8**

The sensitivity analysis assumes an increase or decrease of individual rates by an average value determined on the basis of historical exchange rate volatility in relation to the closing rate applicable on individual balance sheet days, which is consistent with the table below.

Historical volatility and NBP fixing for data analysis as at 31.12.2021

	NBP fixing	historical volatility
EUR/PLN	4.5994	5.7%
CNY/PLN	0.6390	7.6%
USD/PLN	4.0600	8.4%

The analysis of sensitivity to currency risk as at 31 December, 2019 and the impact on the financial result and other comprehensive income was as follows:

	Total		change in exchange rate of EUR/PLN		change in exchange rate of CNY/PLN		change in exchange rate of USD/PLN	
	depreciation of PLN	appreciation of PLN	depreciation of PLN	appreciation of PLN	depreciation of PLN	appreciation of PLN	depreciation of PLN	appreciation of PLN
Rate volatility	–	–	5.7%	-5.7%	7.6%	-7.6%	8.4%	-8.4%
Receivables from deliveries and services and other receivables.	9.8	(9.8)	9.6	(9.6)	0.1	(0.1)	0.1	(0.1)
Cash and cash equivalents	1.6	(1.6)	0.7	(0.7)	0.6	(0.6)	0.3	(0.3)
Derivative financial instruments measured at fair value through other comprehensive income, including:	2.8	(2.8)	(0.2)	0.2	2.7	(2.7)	0.3	(0.3)
Assets	*3.5*	*(3.5)*	*0.4*	*(0.4)*	*2.8*	*(2.8)*	*0.3*	*(0.3)*
Liabilities	*(0.7)*	*0.7*	*(0.6)*	*0.6*	*(0.1)*	*0.1*	–	–
Liabilities from deliveries and services and other liabilities.	(28.1)	28.1	(8.0)	8.0	(18.9)	18.9	(1.2)	1.2
Liabilities due to debt factoring	(1.0)	1.0	(1.0)	1.0	–	–	–	–
Liabilities from leasing agreements	(0.9)	0.9	(0.9)	0.9	–	–	–	–
Net impact from exchange rate changes	**(15.8)**	**15.8**	**0.2**	**(0.2)**	**(15.5)**	**15.5**	**(0.5)**	**0.5**

Exposure to currency translation risk changes over the year depending on the volume of transactions conducted in that currency. However, the above sensitivity analysis can be considered representative for determining the Group's exposure to currency risk as at the balance sheet date.

The currency structure of selected financial instruments as at 31 December, 2020 was as follows

Value at risk expressed in Polish Złotys	Total	EUR	CNY	USD	Other
NBP fixing	–	*4.6148*	*0.5744*	*3.7584*	–
historical volatility	–	*7.1%*	*9.7%*	*11.0%*	–
Receivables from deliveries and services and other receivables.	152.3	147.3	0.8	1.3	2.9
Cash and cash equivalents	44.2	28.8	11.3	1.7	2.4
Derivative financial instruments measured at fair value through profit or loss, including:	(0.6)	–	(0.3)	–	(0.3)
Assets	*0.2*	–	–	–	*0.2*
Liabilities	*0.8*	–	*0.3*	–	*0.5*
Derivative financial instruments measured at fair value through other comprehensive income, including:	11.7	(9.0)	21.7	0.1	(1.1)
Assets	*27.2*	*0.4*	*21.8*	*0.7*	*4.3*
Liabilities	*15.5*	*9.4*	*0.1*	*0.6*	*5.4*
Credit, loans and other debt instruments	0.7	–	–	0.7	–
Liabilities from deliveries and services and other liabilities.	358.7	148.2	198.8	11.3	0.4
Liabilities due to debt factoring	24.0	24.0	–	–	–
Liabilities from leasing agreements	12.1	12.0	–	–	0.1
Net exposure	**(187.9)**	**(17.1)**	**(165.3)**	**(8.9)**	**3.4**

Exposure to currency translation risk changes over the year depending on the volume of transactions conducted in that currency. However, the above sensitivity analysis can be considered representative for determining the Group's exposure to currency risk as at the balance sheet date.

Historical volatility and NBP fixing for data analysis as at 31.12.2021

	NBP fixing	historical volatility
EUR/PLN	4.6148	7.1%
CNY/PLN	0.5744	9.7%
USD/PLN	3.7584	11.0%

The analysis of sensitivity to currency risk as at 31 December, 2020 and the impact on the financial result and other comprehensive income was as follows:

	Total		change in exchange rate of EUR/PLN		change in exchange rate of CNY/PLN		change in exchange rate of USD/PLN	
	depreciation of PLN	appreciation of PLN	depreciation of PLN	appreciation of PLN	depreciation of PLN	appreciation of PLN	depreciation of PLN	appreciation of PLN
Rate volatility	–	–	7.1%	-7.1%	9.7%	-9.7%	11.0%	-11.0%
Receivables from deliveries and services and other receivables.	10.7	(10.7)	10.5	(10.5)	0.1	(0.1)	0.1	(0.1)
Cash and cash equivalents	3.4	(3.4)	2.1	(2.1)	1.1	(1.1)	0.2	(0.2)
Derivative financial instruments measured at fair value through other comprehensive income, including:	1.4	(1.4)	(0.7)	0.7	2.1	(2.1)	–	–
Assets	*2.2*	*(2.2)*	–	–	*2.1*	*(2.1)*	*0.1*	*(0.1)*
Liabilities	*(0.8)*	*0.8*	*(0.7)*	*0.7*	–	–	*(0.1)*	*0.1*
Credit, loans and other debt instruments	(0.1)	0.1	–	–	–	–	(0.1)	0.1
Liabilities from deliveries and services and other liabilities.	(31.2)	31.2	(10.6)	10.6	(19.4)	19.4	(1.2)	1.2
Liabilities due to debt factoring	(1.7)	1.7	(1.7)	1.7	–	–	–	–
Liabilities from leasing agreements	(0.9)	0.9	(0.9)	0.9	–	–	–	–
Net impact from exchange rate changes	**(18.4)**	**18.4**	**(1.3)**	**1.3**	**(16.1)**	**16.1**	**(1.0)**	**1.0**

Exposure to currency translation risk changes over the year depending on the volume of transactions conducted in that currency. However, the above sensitivity analysis can be considered representative for determining the Group's exposure to currency risk as at the balance sheet date.

35.3. Credit risk

Credit risk is the risk of financial losses to which the Group is exposed and is related to the counterparty's failure to meet its obligations. The Group identifies 4 areas where this risk may occur:

- Receivables from provision of deliveries and services
- Financial instruments,
- cash,
- loans granted to related entities.

The Capital Group limits its exposure to credit risk related to receivables from customers by assessing and monitoring the creditworthiness of customers, setting credit limits, insuring receivables, using the factoring formula without recourse and securing liabilities.

The Group's basic practice in the field of credit risk management is to strive to enter into transactions only with entities with proven credibility. Group performs ongoing credit evaluations of its customers and in justified cases, requires appropriate securities. Moreover, most of the Group companies' receivables are covered by the receivables insurance policy. Business partners, with whom the Group has no history of cooperation or sale transactions are concluded occasionally, make purchases in the form of prepayments. In contrast, trade credit is granted to customers with whom there is a positive history of collaboration and have credit rating based on both internal and external sources.

Most of the value of assets exposed to credit risk is transferred entirely to financial institutions. The terms of the concluded factoring agreements meet the criteria for removing receivables from the books at the time of their purchase by the factor.

As at 31 December, 2021, the value of receivables for factoring amounted to **241.1 million zł** (as at 31 December, 2019, this value was **143.9 million zł**).

Moreover, the Capital Group has the following forms of securing its receivables — registered pledges, promissory notes, bank guarantees, notarial deeds of submission to enforcement and mortgage.

Credit risk associated with accounts receivable from supplies and services

Receivables from deliveries and services are the most important class of assets exposed to credit risk. Each subsidiary carries out an individual analysis of financial instruments in terms of possible impairment and the recognition of revaluation write-offs in accordance with the Group's accounting policy.

The Group identifies credit risk in two stages. First, items that are exposed to a significant risk of default by the counterparty are analysed individually. The allowance for standard risk receivables is calculated using the ratio method. The Group has built a model for estimating the expected loss resulting from the portfolio of receivables. The model is based on a historical analysis taking into account the repayment of receivables from the Group's customers. Regarding trade receivables representing the most significant assets exposed to the credit risk, the Group is not exposed to the credit risk, as it has only one significant counterparty. As a result, impairment estimates are made on a collective basis, and receivables have been grouped according to the overdue period and the debtor's geographical location. An impairment estimate is based primarily on the historical overdue periods and the relationship between the amounts overdue and the actual repayments. In addition, the model includes information on the future such as GDP forecasts for the following year and the expected extrapolation of bankruptcies.

Gross values of individual groups and the amount of impairment losses as at 31 December 2021 were as follows:

As at 31.12.2021	Receivables from provision of deliveries and services								Total
	Current	0 – 30 dni	31-60 dni	61 – 90 days	91 – 120 days	121-150 days	151-180 days	more than 180 days	
Write-down calculated with a matrix									
Location: Poland									
The ratio used for the write-down [1]	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Gross value of receivables [2]	**34.0**	**1.1**	**0.1**	**–**	**–**	**–**	**–**	**0.1**	**35.3**
Revaluation write-down	0.2	–	–	–	–	–	–	–	**0.2**
Location: Abroad									
The ratio used for the write-down [1]	0.66%	6.67%	6.49%	15.63%	25.00%	0.00%	44.44%	44.44%	
Gross value of receivables [2]	**75.4**	**15.0**	**15.4**	**3.2**	**2.0**	**0.7**	**0.9**	**2.7**	**115.3**
Revaluation write-down	0.5	1.0	1.0	0.5	0.5	–	0.4	1.2	**5.1**
Total write-offs	**0.7**	**1.0**	**1.0**	**0.5**	**0.5**	**–**	**0.4**	**1.2**	**5.3**
The write-downs calculated individually									
Location: Poland	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4.6**	**4.6**
Location: Abroad	**0.3**	**–**	**0.1**	**0.2**	**–**	**–**	**–**	**2.8**	**3.4**
Total write-offs individual approach	0.3	–	0.1	0.2	–	–	–	7.4	**8.0**
Total write-offs	**1.0**	**1.0**	**1.1**	**0.7**	**0.5**	**0.0**	**0.4**	**8.6**	**13.3**

[1] The values of the rates presented in the table above are averaged values

[2] For the purposes of credit risk analysis, the gross value of receivables is adjusted for their collateral level.

Gross values of individual groups and the amount of impairment losses as at 31 December 2020 were as follows:

As at 31.12.2020	Receivables from provision of deliveries and services								Total
	Current	0 – 30 dni	31-60 dni	61 – 90 days	91 – 120 days	121-150 days	151-180 days	more than 180 days	
Write-down calculated with a matrix									
Location: Poland									
The ratio used for the write-down [1]	4.48%	0.00%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%	
Gross value of receivables [2]	**98.3**	**0.7**	**0.7**	**–**	**–**	**–**	**–**	**–**	**99.7**
Revaluation write-down	4.4	–	0.1	–	–	–	–	–	**4.5**
Location: Abroad									
The ratio used for the write-down [1]	1.30%	5.52%	16.67%	50.00%	0.00%	0.00%	0.00%	50.00%	
Gross value of receivables [2]	**76.8**	**14.5**	**0.6**	**0.2**	**0.1**	**0.1**	**–**	**2.0**	**94.3**
Revaluation write-down	1.0	0.8	0.1	0.1	–	–	–	1.0	**3.0**
Total write-offs	**5.4**	**0.8**	**0.2**	**0.1**	**–**	**–**	**–**	**1.0**	**7.5**
The write-downs calculated individually									
Location: Poland	**0.7**	**–**	**–**	**–**	**–**	**–**	**–**	**3.7**	**4.4**
Location: Abroad	**0.8**	**–**	**–**	**–**	**–**	**–**	**–**	**2.2**	**3.0**
Total write-offs individual approach	1.5	–	–	–	–	–	–	5.9	**7.4**
Total write-offs	**6.9**	**0.8**	**0.2**	**0.1**	**–**	**–**	**–**	**6.9**	**14.9**

[1] The values of the rates presented in the table above are averaged values

[2] For the purposes of credit risk analysis, the gross value of receivables is adjusted for their collateral level.

Based on the analysis of the economic situation, both home and abroad, the Group adjusted the impairment losses in accordance with the information in the table above. As at the balance sheet date, the Company has not identified any significant impact of the deterioration of the economic situation in the domestic and foreign markets on the counterparties' ability to settle their liabilities.

According to the table above, the Group identifies the highest concentration of credit risk among Polish counterparties. In comparison to the global value of write-downs, the domestic write-downs account for 36%. The remaining write-downs, constituting the "Foreign" group of write-downs, were created mainly for receivables from counterparties in the eastern markets, because the Group identifies the highest credit risk in this market.

Changes in impairment losses on receivables are disclosed in Note 25

As a part of its operations, the Group does not acquire impaired financial assets due to the credit risk.

The impact of changes in the estimated write-downs on the Group's gross profit in the event of a change of each of the +/ – 1% ratios is presented in the table below:

	1%	-1%
impact on the financial result	1.5	(1.0)

Credit risk related to cash

The capital group holds cash in reputable banks with A or B ratings. In the Group's opinion, the credit risk related to cash is immaterial.

rating	cash value as at 31 December, 2021
AA-	1.5
A+	16.8
A	2.8
A-	8.9
BBB+	16.2
BBB	1.3
BBB-	12.1
SUMA	**59,6** [1]

[1] the difference to the statement of financial position is due to the inclusion in this note of cash from the Company Social Benefits Fund and cash in hand not included in the note.

Credit risk related to loans

Regarding other financial assets of the Group, such as loans, the Group performed an impairment analysis of the loans granted. The amounts obtained in the analysis were deemed not to have a significant impact on the Group's consolidated financial statements.

35.4. Liquidity risk

The Group monitors its risk of shortage of funds, using a recurring liquidity planning tool . This tool takes into account the maturity of investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operating activities.

The Group's goal is to maintain long-term financial stability, which is achieved through the use of various sources of financing, such as overdraft facilities, bank loans, bonds, leasing contracts and reverse factoring.

The table below presents the contractual maturity dates of the Group's financial liabilities for subsequent reporting periods. Derivatives were stated at fair value, while other liabilities were based on contractual undiscounted cash flows.

31.12.2021	Contractual due dates				Total (no discount)	Carrying amount
	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years		
Liabilities due to credits, loans and debt instruments	3.1	155.3	112.9	–	**271.3**	**259.8**
Liabilities from leasing agreements	7.9	19.7	42.8	9.8	**80.2**	**75.3**
Liabilities from deliveries and services and other liabilities.	914.6	6.6	–	–	**921.2**	**921.2**
Liabilities due to debt factoring	–	28.2	–	–	**28.2**	**28.2**
Derivative financial instruments	3.2	10.4	6.2	–	**19.8**	**19.8**

31.12.2020	Contractual due dates				Total (no discount)	Carrying amount
	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years		
Liabilities due to credits, loans and debt instruments	16.0	68.2	63.1	–	**147.3**	**133.3**
Liabilities from leasing agreements	2.8	14.8	43.3	12.2	**73.1**	**69.6**
Liabilities from deliveries and services and other liabilities.	716.7	7.9	–	–	**724.6**	**724.6**
Liabilities due to debt factoring	–	35.1	–	–	**35.1**	**35.1**
Derivative financial instruments	4.0	8.0	6.8	–	**18.8**	**18.8**

36. Derivatives

Under the hedging policy, derivatives are designated by the Group as cash flow and fair value hedges in accordance with the requirements of IFRS 9 (Financial Instruments). The Group also has the value of its net assets hedged through CIRS transactions. Other derivatives are treated as instruments held for trading (trading derivatives).

The following financial instruments are concluded in the Amica S.A. Capital Group

Derivatives subject to hedge accounting	
Foreign currency forward contracts	The Fx Forward contract is a contractual obligation to buy a foreign currency (sell a foreign currency) on a specific date in the future (the so-called execution date), at a predetermined exchange rate. In the case of a non-deliverable Fx Forward transaction, it is possible to settle the net transaction. The Group concludes currency forward contracts to hedge against fluctuations in EUR, CNY, GBP, USD, CZK exchange rates
CIRS	Currency Interest Rate Swap is an agreement between two parties, in which they establish the future exchange of interest streams in two currencies, on the terms specified in the agreement regarding the date and method of calculating the amount of cash flows. The Group uses this instrument to hedge against fluctuations in interest rates and the GBP exchange rate.
IRS	The IRS transaction consists in converting interest payments based on a variable reference rate into interest payments based on a fixed, predetermined interest rate or vice versa. Effectively, an IRS transaction is a series of FRA transactions with the same fixed interest rates. The Group concludes IRS contracts in order to hedge against interest rate fluctuations.
Freight swap	A Commodity Swap is a derivative forward transaction involving the forward, synthetic (unfilled) purchase or sale of a specified number of underlying instruments and which is settled by payment of the Settlement Amount (net). The Group uses this instrument to hedge against the risk of an increase in the value of the BAF fuel surcharge, which is part of the freight cost.

Derivatives not covered by hedge accounting	
Foreign currency forward contracts	The Fx Forward contract is a contractual obligation to buy a foreign currency (sell a foreign currency) on a specific date in the future (the so-called execution date), at a predetermined exchange rate. In the case of a non-deliverable Fx Forward transaction, it is possible to settle the net transaction. The Group enters into currency forward contracts to hedge against fluctuations in the RUB exchange rate.
Submission of European currency options (FX Risk Reversal type)	FX Risk Reversal is a combination of a purchased European plain vanilla put option with a lower strike price and a written European plain vanilla call option with a higher strike price. Both options have the same denomination and the same expiry date.

List of open derivatives positions for subsequent reporting days and for the comparable period

	31 December 2021			31 December 2020		
	Derivatives as part of hedge accounting	Derivatives outside of hedge accounting	**Total**	Derivatives as part of hedge accounting	Derivatives outside of hedge accounting	**Total**
Long-term financial assets	7.3	–	**7.3**	7.1	–	**7.1**
Short-term financial assets	47.0	1.9	**48.9**	20.1	0.2	**20.3**
Long-term financial liabilities	6.2	–	**6.2**	6.8	–	**6.8**
Short-term financial liabilities	13.3	0.3	**13.6**	11.2	0.8	**12.0**

The Group applies the principles of hedge accounting, as defined in IFRS 9, in respect of the transactions presented in the table below The effectiveness of the hedge is assessed on an ongoing basis and is effective when, at the time of establishing the hedge and throughout its duration, changes in the fair value of the hedged instrument as well as changes in cash flows are fully compensated by relative changes in the hedging instrument.

Within the framework of the risk management strategy, the Group assumes that the following factors may influence the hedge effectiveness under the established hedging relationships:

- value of the hedged item and the corresponding hedging transactions,
- time of settlement of hedging instruments in relation to the time of settlement of the hedged item.

Apart from the factors described above, in the current reporting period there were no other sources of hedge ineffectiveness.

Hedging derivatives under hedge accounting are presented in the table below

31 December 2021

Transaction type	Type of hedging	Nominal transaction value in currency	The period of cash flow occurrence and its impact on the result	Financial assets	Financial liabilities
Forward contract in EUR	Securing the purchase of goods	106.7	up to 2 years	6.2	–
Forward contract in EUR	Securing sales revenues	75.5	up to 3 years	0.2	10.2
Forward contract in CNY	Securing the purchase of goods	38.5	up to 1 year	1.6	–
Forward contract in CNY	Securing the purchase of goods	482.5	up to 2 years	35.4	0.8
Forward contract in USD	Securing the purchase of goods, costs of sea freight	17.1	up to 2 years	3.1	–
Forward contract in GBP	Securing sales revenues	16.0	up to 2 years	–	3.6
Forward contract in GBP	Securing the purchase of goods	163.9	up to 2 years	4.8	–
Forward contract in CZK	Securing sales revenues	504.8	up to 2 years	0.3	4.9
IRS Contract	Security for interest costs in PLN	50.0	until the loan is repaid	1.3	–
CIRS Contract	Net assets hedging	15.9	until the sale of the net assets	1.4	–
			Total	**54.3**	**19.5**

31 December 2021

Instrument category	Currency pair (base currency / quote currency)	Instrument price / price range
Forward contract	EUR/CZK	25,71–27,60
	EUR/CNY	7,5224–8,7140
	EUR/PLN	4,4020–4,6584
	GBP/CNY	8,6150–9,3850
	GBP/PLN	4,8782–5,5020
	CNY/PLN	0,5190–0,5819
	CZK/PLN	0,1678–0,1846
	USD/PLN	3,6311–4,1192
	RUB/PLN	0,0495–0,0566

31 December 2021

Instrument category	Weighted average rate of hedging
IRS	2.25%
CIRS	1.53%

31 December 2020

Transaction type	Type of hedging	Nominal transaction value in currency	The period of cash flow occurrence and its impact on the result	Financial assets	Financial liabilities
Forward contract in EUR	Securing the purchase of goods / sales revenues	73.7	up to 1 year	0.1	9.3
Forward contract in EUR	Securing sales revenues	4.9	up to 2 years	0.3	–
Forward contract in CNY	Securing the purchase of goods	772.0	up to 3 years	16.1	0.1
Forward contract in CNY	Securing the purchase of goods	1049.5	up to 2 years	5.7	–
Forward contract in USD	Securing the purchase of goods	19.8	up to 3 years	0.7	0.6
Forward contract in GBP	Securing sales revenues	13.8	up to 3 years	–	2.4
Forward contract in CZK	Securing sales revenues	526.3	up to 3 years	–	3.0
IRS Contract	Security for interest costs in PLN	70.0	until the loan is repaid	–	2.6
CIRS Contract	Net assets hedging	5.2	until the sale of the net assets	4.3	–
			Total	**27.2**	**18.0**

31 December 2020

Instrument category	Currency pair (base currency / quote currency)	Instrument price / price range
Forward contract	EUR/CZK	26,15–27,615
	EUR/CNY	7,9026–8,7140
	EUR/PLN	4,3266–4,6625
	GBP/CNY	8,8189–9,4626
	GBP/PLN	4,8782–5,0980
	CNY/PLN	0,519–0,5602
	CZK/PLN	0,1678–0,1701
	USD/PLN	3,6311–3,84
	RUB/PLN	0,0497–0,0500

31 December 2020

Instrument category	Weighted average rate of hedging
IRS	2.37%
CIRS	1.53%

In 2021 and 2020, the Group applied a hedge ratio of 1:1.

The tables below present the recognition of the valuation of financial instruments in equity and in the result in 2021 and in the comparable period

31 December 2021

	Balance sheet valuation of the instrument recognised in equity	Deferred tax recognized in equity	Balance sheet valuation of the instrument recognised in equity, net of deferred tax	Instrument valuation recognized in profit or loss
Forward contract in EUR	(6.4)	1.9	(4.5)	2.2
Forward contract in CNY	16.1	(4.3)	11.8	20.2
Forward contract in USD	2.6	(0.4)	2.2	0.5
Forward contract in GBP	1.2	(0.2)	1.0	–
Forward contract in CZK	(2.9)	0.5	(2.4)	(1.7)
IRS Contract	1.2	(0.2)	1.0	0.1
CIRS Contract	18.6	(3.5)	15.1	–
	30.4	**(6.2)**	**24.2**	**21.3**

31 December 2020

	Balance sheet valuation of the instrument recognised in equity	Deferred tax recognized in equity	Balance sheet valuation of the instrument recognised in equity, net of deferred tax	Instrument valuation recognized in profit or loss
Forward contract in EUR	(7.4)	1.5	(5.9)	(1.3)
Forward contract in CNY	16.2	(3.2)	13.0	5.6
Forward contract in USD	(0.1)	–	(0.1)	2.9
Forward contract in GBP	(1.2)	0.2	(1.0)	(1.3)
Forward contract in CZK	(2.0)	0.4	(1.6)	(1.1)
IRS Contract	(2.4)	0.5	(1.9)	(0.2)
CIRS Contract	20.6	(4.3)	16.3	–
	23.7	**(4.9)**	**18.8**	**4.6**

Hedging derivatives outside of hedge accounting for 2021 and the comparable period are presented in the table below

31 December 2021

Transaction type	Type of hedging	Nominal transaction value in currency	The period of cash flow occurrence and its impact on the result	Financial assets	Financial liabilities
Option in RUB currency	Hedging the balance sheet item	700.0	up to 4 months	0.5	0.3
Forward contract in RUB	Hedging the balance sheet item	1429.0	up to 4 months	1.4	–
			Total	**1.9**	**0.3**

The financial result for 2021 includes 0.2 million zł of revenue from the valuation of options in RUB and 1.4 million zł of revenue from the valuation of the forward contract in RUB. The range of the option exercise price in RUB ranged from 0.04945 to 0.0566 PLN / RUB. The range of the price of the forward contract in RUB ranged from 0.0495 to 0.0541 PLN / RUB.

31 December 2020

Transaction type	Type of hedging	Nominal transaction value in currency	The period of cash flow occurrence and its impact on the result	Financial assets	Financial liabilities
Forward contract in RUB	Hedging the balance sheet item	615.0	up to 4 months	0.2	0.5
Forward contract in CNY	Hedging the balance sheet item	29.9	up to 4 months	–	0.3
			Total	**0.2**	**0.8**

The financial result for 2020 included 0.3 million zł of the cost of the valuation of options in RUB and 0.3 million zł of the cost of valuation of the forward contract in CNY. The range of the option exercise price in RUB ranged from 0.0467 to 0.0515 PLN / RUB. The range of the price of the forward contract in CNY ranged from 11.1945 to 12.007 RUB / CNY.

As at the balance sheet date, the Group a was party to forward contracts, for which it had the right of set-off (in accordance with the IAS 32). The right to set off results from the analysis of contracts with banks where the value of the liability is equal to the value of the asset (symmetrical contracts). As a result of this approach, the Group did not recognize the closing balances of two wash-outs in its books, as their balance after offsetting amounted to 0.00 zł.

Types, nominal values and fair values of the contracts, whose valuation as at the balance sheet date of 31 December 2021 was offset:

- forward contracts for the purchase / sale of EUR currency – nominal value purchase 17 million EUR / sale 17 million EUR , fair value respectively 2.3 million zł / – 2.3 million zł
- forward contracts for the purchase / sale of CNY currency – nominal value purchase 75 million CNY / sale 75 million CNY , fair value respectively 8.6 million zł / – 8.6 million zł
- forward contracts for the purchase / sale of CZK currency – nominal value purchase 25 million CZK / sale 25 million CZK , fair value respectively 0.4 million zł / – 0.4 million zł
- forward contracts for the purchase / sale of USD currency – nominal value purchase 5 million USD / sale 5 million USD , fair value respectively 1.3 million zł / – 1.3 million zł

Components of other comprehensive income resulting from the application of the hedge accounting principles by the Group have been included in separate items of the consolidated statement of profit or loss and other comprehensive income. Capital from revaluation of cash flow hedging instruments as at 31 December, 2021 amounted to 8.1 million zł (cf. 4.4 million zł in 2020).

Fair value of financial instruments

Fair value is defined as the amount at which an asset could be exchanged under market conditions, and the obligation fulfilled, between knowledgeable, interested and unrelated parties For the financial instruments for which there is an active market, their fair value is determined based on the parameters from the active market (sale and purchase prices). For financial instruments for which there is no active market, the fair value is determined using the valuation techniques that make maximum use of market inputs and variables from active markets (exchange rates, interest rates, etc).

Techniques used to measure financial instruments include:

- in the case of interest rate swaps – the present value of estimated future cash flows based on observable yield curves and interest rate curves,
- in the case of forward currency transactions – the present value of future cash flows based on forward exchange rates as at the balance sheet date,
- in the case of currency options – option pricing models,
- in the case of CIRS – a model built by the Group.

Fair value hierarchy of Financial Instruments:

Classes of financial instruments	31.12.2021 level 2	31.12.2020 level 2
Loans granted	0.1	0.1
Receivables from clients	801.8	708.3
Other financial assets	0.3	0.5
Financial derivatives, including:		
Assets	*56.2*	*27.4*
Liabilities	*19.8*	*18.8*

Additional information on derivatives

Changes in the value of financial instruments in equity for 2021 and the comparable period are presented in the table below:

	Forward contracts	IRS	CIRS
As at 01.01.2021	**4.4**	**(1.9)**	**16.3**
Change in the fair value of financial instruments	6.0	3.6	2.3
Reclassification to the financial result	0.7	–	–
Deferred tax change	(3.0)	(0.7)	(3.5)
As at 31.12.2021	**8.1**	**1.0**	**15.1**

	Forward contracts	IRS	CIRS
As at 01.01.2020	**8.2**	**(1.0)**	**15.9**
Change in the fair value of financial instruments	(5.1)	(1.1)	(1.0)
Reclassification to the financial result	(0.4)	–	–
Deferred tax change	1.7	0.2	1.4
As at 31.12.2020	**4.4**	**(1.9)**	**16.3**

36.1. The fair values of particular classes of financial instruments

According to the Group's assessment, the balance sheet value of financial assets and financial liabilities does not differ from fair values, mainly due to the short maturity

36.2. Items of income, expense, gains and losses recognized in the profit and loss account by categories of financial instruments

	Year ended 31 December 2021	Year ended 31 December 2020
Interest costs regarding financial instruments not valued by their fair market price by the financial result		
Interest on leasing	1.6	1.6
Credit in credit account	2.4	2.8
Current account overdraft	1.9	1.4
Debt securities	1.3	2.0
Interest on factoring	2.0	3.2
Liabilities from deliveries and services and other liabilities.	0.1	0.3
Interest costs regarding financial instruments not valued by their fair market price by the financial result	**9.3**	**11.3**

	Year ended 31 December 2021	Year ended 31 December 2020
Losses from the evaluation and realisation of financial instruments measured as a fair market value by the profit and loss account		
Hedging derivatives	6.5	23.7
Derivative instruments closed as ineffective	17.6	0.5
Losses from the evaluation and realisation of financial instruments measured as a fair market value by the profit and loss account	**24.1**	**24.2**

	Year ended 31 December 2021	Year ended 31 December 2020
(Profit) losses (-/+) on foreign exchange differences:		
Financial liabilities valued at amortised cost	9.7	26.4
(Profit) losses (-/+) on foreign exchange differences:	**9.7**	**26.4**
Other financial costs	3.2	1.4
Total financial costs	**46.3**	**63.3**

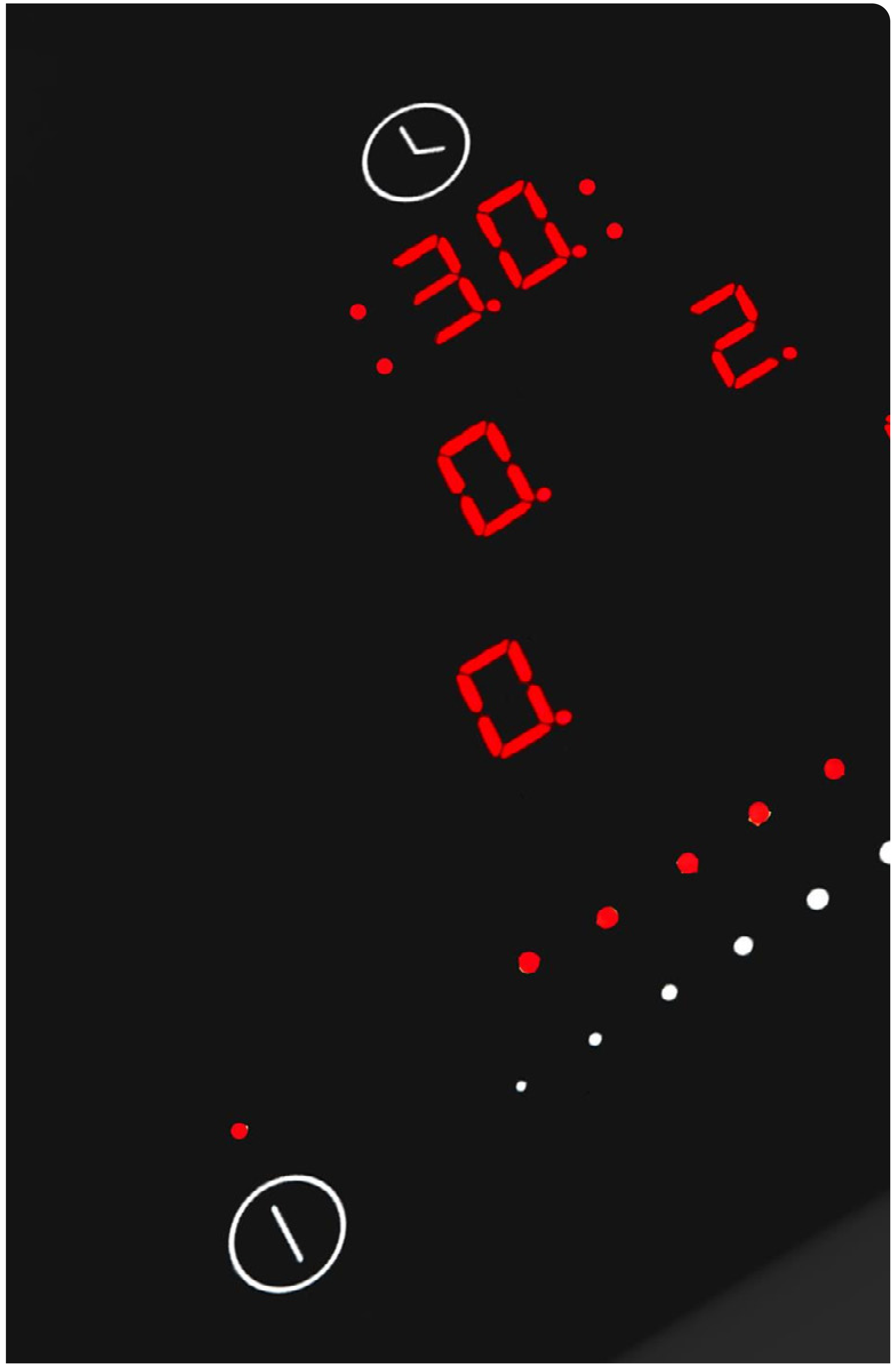
	Year ended 31 December 2021	Year ended 31 December 2020
Interest revenue related to financial instruments not measured at fair value through profit or loss		
Loans and receivables	0.1	–
Interest revenue related to financial instruments not measured at fair value through profit or loss	**0.1**	**–**

	Year ended 31 December 2021	Year ended 31 December 2020
Profits from the valuation and execution of financial instruments measured at fair value through profit or loss:		
Trade derivatives	3.3	6.1
Hedging derivatives	8.9	2.7
Derivative instruments closed as ineffective	4.1	14.8
Profits from the valuation and execution of financial instruments measured at fair value through profit or loss:	**16.3**	**23.6**

	Year ended 31 December 2021	Year ended 31 December 2020
Profit (loss) (+/-) on exchange rate differences:		
Cash and cash equivalents	15.6	4.4
Loans and receivables	8.7	18.7
Financial liabilities valued at amortised cost	0.6	9.8
Profit (loss) (+/-) on foreign exchange differences	**24.9**	**32.9**
Other financial revenue	–	–
Total financial revenue	**41.3**	**56.5**

Figures for the year 2021 presented in above tables differ from the financial revenue and expenses included in the statement of comprehensive income by the amount of **22.8 million zł** (cf. **43.9 million zł** for the year 2020) i.e. the value of changes in valuation and exercise of hedging financial instruments measured at fair value. In the statement of comprehensive income, these figures have an impact on the balance of other financial costs.

Components of other comprehensive income resulting from the application of the hedge accounting principles by the Group have been included in separate items of the consolidated statement of profit or loss and other comprehensive income. Capital from revaluation of cash flow hedging instruments as at 31 December, 2021 amounted to **24.2 million zł** (**18.8 million zł** in 2020).



37. Capital management

The main objective of the Group's equity management is to maintain a strong credit rating and healthy capital ratios in order to support the Group's operations and increase value for its shareholders.

The Group manages its capital structure and revises the same as a result of changes in the economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. In the year ended 31 December 2021 and 31 December 2020, no changes were introduced in the objectives, policies and processes in this area.

The Group monitors the equity level based on the carrying amount of the equity and the capital reserve from revaluation of derivatives used as cash flow hedges. Based on the equity amount determined in this way, the Group calculates the total debt-to-equity ratio.

In addition, to monitor its debt servicing ability, the Group calculates the debt (i.e. liabilities from leases, credit, loans and other debt instruments, net of cash) to EBITDA (profit or loss on operating activities adjusted by depreciation costs) ratio, which is in line with the most important provisions of credit lines concluded within the Capital Group. In order to maintain an appropriate financing structure, the Group in the long term strives for the level of the net debt / EBITDA ratio to be no more than 3. During the reporting period and as at the date of signing these consolidated financial statements, the Group met these conditions.

Capital:	31.12.2021	31.12.2020
Equity capital	1,142.9	1,068.5
Capital from valuation of hedging instruments securing cash flows (-)	(9.1)	(2.5)
Capital	**1,133.8**	**1,066.0**

	31.12.2021	31.12.2020
Equity capital	1,142.9	1,068.5
Credit, loans and other debt instruments	259.8	133.3
Liabilities from leasing agreements	75.3	69.6
Total sources of financing	**1,478.0**	**1,271.4**
Ratio of capital to total financing sources	**0.77**	**0.84**

EBITDA	31.12.2021	31.12.2020
Profit on operating activities	149.9	200.5
Depreciation	65.9	59.4
EBITDA	**215.8**	**259.9**

Debt:	31.12.2021	31.12.2020
Credit, loans and other debt instruments	259.8	133.3
Liabilities from leasing agreements	75.3	69.6
Debt	**335.1**	**202.9**

	31.12.2021	31.12.2020
Cash and cash assets	**59.9**	**270.4**
Net debt to EBITDA ratio	**1.28**	**(0.26)**

38. Employment structure

Employment in the Group as at 31 December 2021 and as at 31 December 2020 was as follows:

	Year ended 31.12.2021	Year ended 31.12.2020
Management Board of the Parent Company	6	6
Management Boards of the Group Companies	20	21
Administration	482	451
Sales Department	186	185
Production Department	2,149	2,066
Other	486	469
Total	**3,329**	**3,198**

39. Other information

Shareholders holding directly or indirectly at least 5% of the total number of voting rights at the General Meeting of Amica S.A.

As at 31 December 2021	Number of shares	Number of votes	Nominal value of shares
Holding Wronki Sp. z o.o. (d. Holding Wronki S.A.)	2,715,771	5,431,542	5.4
ING OFE [1] (currently: NATIONALE-NEDERLANDEN Open Pension Fund)	555,952	555,952	1.1
Aviva OFE Aviva BZ WBK	537,497	537,497	1.1
Other shareholders [2]	3,966,053	3,967,360	8.0
Total	**7,775,273**	**10,492,351**	**15.6**

[1] Data indicated based on the content of the notifications received by the Company from its Shareholders, and drawn up under Article 69 of the Public Offering Act of 29 July, 2005.

[2] Under the Share Repurchase Program, the Company acquired 250,000 ordinary bearer shares of Amica SA designated with the ISIN code PLAMICA00010 (see: Current Report No. 35/2018 of 16 October 2018).

Shares held by members of the Management Board of Amica SA

As at 31 December 2021	Number of shares as at 31.12.2021	Purchase (sale) of shares (in pcs.)	Number of shares as at 31.12.2020
Marcin Bilik [3]	–	(9,000)	9,000
Michał Rakowski	1,000	–	1,000
Robert Stobiński	1,050	–	1,050

[3] the shares were sold between September and October 2021

The shares listed in the table above are owned by persons remaining in the statutory community property regime.

Shares owned by the Members of the Supervisory Board of Amica S.A.

As at 31 December 2021	Number of shares as at 31.12.2021	Purchase (sale) of shares (in pcs.)	Number of shares as at 31.12.2020
Tomasz Rynarzewski	400	–	400
Jacek Marzoch	1,200	–	1,200

The table below presents the list of Management Board members who were awarded shares under the Company's Incentive Scheme for 2019-2026.

Full name	Number of shares awarded for the financial year 2019	Comments	Number of shares awarded for the financial year 2020	Comments
Marcin Bilik	11,462	Lock-up until the end of September 2022 [4]	12,297	Lock-up until the beginning of July 2023 [5]
Alina Jankowska-Brzóska	11,462	Lock-up until the end of September 2022 [4]	12,297	Lock-up until the beginning of July 2023 [5]
Michał Rakowski	4,772	Lock-up until the end of September 2022 [4]	9,222	Lock-up until the beginning of July 2023 [5]
Błażej Sroka	3,381	Lock-up until the end of September 2022 [4]	9,222	Lock-up until the beginning of July 2023 [5]
Robert Stobiński	2,117	Lock-up until the end of September 2022 [4]	9,222	Lock-up until the beginning of July 2023 [5]

[4] There is a lock-up for selling and disposing of shares under the Own Shares Scheme within 2 (two) years from the date of purchase of Own Shares (lock-up), i.e. until the end of September 2022.

[5] There is a lock-up for selling and disposing of shares under the Own Shares Scheme within 2 (two) years from the date of purchase of Own Shares (lock-up), i.e. until the beginning of July 2023.

40.
Events after the balance date

IMPACT OF THE WAR IN UKRAINE ON THE ACTIVITIES OF THE AMICA GROUP

The business activities of The Amica Group are and may be affected by the military operations in Ukraine initiated on 24 February, 2022, which are also the reason why the international community imposed sanctions on Russia. This creates a new, dynamically changing and unpredictable situation in the business environment for business entities. Based on the forecasts of economists, it is possible to point to the risk of economic downturn (slower GDP growth and consumption demand) in EU countries and the collapse of the economies of Russia (sanctions) and Ukraine (as a result of war), turbulence in supply chains and prices of raw materials and components. The current situation also has and may have a further impact on the level of financial costs (interest rates), exchange rates, inflationary pressure, as well as liquidity and risks in the IT area.

Due to the dynamic situation, the Management Board of the Group cannot predict a further scenario or how the situation will develop. In these circumstances, the Group is preparing for various, even extreme scenarios. The Management Board of The Amica Group analyses the available information and takes initiatives to minimise the impact of the situation on its operations. It is difficult to estimate more precisely the further real impact of the outbreak of the war in Ukraine, with the determination of the scale of their actual impact on the activities of The Amica Group Thus, the risk of circumstances significantly affecting the financial and economic situation in subsequent reporting periods cannot be ruled out.

The Amica Group continues to analyse the opportunities for doing business in Russia and Ukraine and will provide information on any significant changes in this respect.

Analysis of the impact of changes in the economic situation on the valuation of the Amica Group's assets and liabilities

The Management Board of Amica S.A. considers the impact of changes in the economic situation due to military operations in Ukraine as events after the balance sheet date that do not require any adjustments as at the balance sheet date, but require disclosure.

Inventory write-downs to recoverable net value

The Management Board of Amica S.A. analysed the position of inventories directly involved in the eastern markets in terms of possible impairment. As at the balance sheet date, the value of these inventories was 70.1 million zł. As at the date of publication of these financial statements, over 20% of the analysed stocks have been sold.

The Management Board of Amica S.A. analyses the situation with regard to the value of inventories on an ongoing basis and will analyse the possible impact in future periods.

Expected credit loss (ECL) assessment

The Management Board of Amica S.A. will analyse the impact of changes and the emergence of additional risks related to the outbreak of war on the calculation of expected credit losses in future periods.

As at the balance sheet date of 31.12.2021, the amount of receivables from customers to the Russian company Hansa OOO amounted to 163 million zł. As at the date of publication of these financial statements, over 40% of the receivables have been repaid by customers.

As at the balance sheet date on 31.12.2021, the receivables from the Russian company Hansa OOO to Amica S.A. amounted to 140.2 million zł. As at the date of publication of these financial statements, over 20% of the receivables have been repaid.

As at the balance sheet date of 31.12.2021, the amount of receivables from Ukrainian customers towards Amica Handel i Marketing Sp. z o. o. amounted to 21 million zł. As at the date of publication of these financial statements, over 24% of the receivables have been repaid.

The Group analyses the situation on the markets on an ongoing basis and information from contractors that may indicate a deterioration of the financial situation and, if necessary, will update the adopted estimates for the calculation of the expected credit loss and does not exclude that there may be an increase in the value of write-offs for trade receivables in future periods .

Impairment of property, plant and equipment, intangible assets and shares in subsidiaries

The Amica Group has subsidiaries in Ukraine and Russia.

The management board decided to suspend production intended for the Russian market, which may affect future financial results. In the opinion of the Management Board, the current geopolitical situation may also have an impact on the achievement by Hansa OOO, based in Russia, of lower than assumed revenues and financial results, however, the scale is currently difficult to reliably estimate.

The Russian company Hansa OOO distributes household appliances under the Hansa brand supplied by Amica S.A. and by Chinese suppliers on the Russian market.

The Ukrainian company Hansa Ukraina OOO acts as an intermediary in the sale of household appliances manufactured by Amica S.A. on the Ukrainian market.

As at the balance sheet date, the Group had non-current assets in companies in Russia and Ukraine with a total value of 4.1 million zł.

In subsequent periods, the Management Board of Amica S.A. will analyse the impact of the situation on the premises for impairment. An important aspect to be analysed will be the probable cash flows from operating activities as well as macroeconomic indicators, influencing, for example, discount rates. The current discount rates for the Russian market would indicate a possible impairment of the assets. At the same time, it is difficult to estimate more precisely the further real impact of the outbreak of the war in Ukraine, with the determination of the scale of their actual impact on the activities of The Amica Group Thus, the risk of circumstances significantly affecting the financial and economic situation in subsequent reporting periods cannot be ruled out.

Actions taken by the Group in connection with the outbreak of the war in Ukraine and their impact on the situation of the Amica Group.

Area of IT

Due to the risk of physical acquisition of the servers in Ukraine in the Kiev office, all data was temporarily deleted and access to the Amica Group infrastructure from Hansa Ukraina OOO was blocked. Key virtual servers (turned off) have been migrated to the headquarters (including all data). Local data has been deleted and wiped clean.

Liquidity standing

Throughout 2021, the Group continued its current policy for liquidity management, consisting in the diversification of financing sources and the use of a number of tools for effective liquidity management and optimisation of financial costs, including the systems of consolidation of funds.

The Management Board of the Amica Group does not identify any liquidity problems at present. The Management Board of Amica SA also do not see an increase in the risk of failure to meet loan agreements or other debt financing agreements. The Group continues to take optimisation measures and assumes maintaining a safe level of net debt and covenants.

Revenue

The Amica Group presents its operating segments geographically in the financial statements. In 2021, the Group achieved revenues of 553 million zł in the eastern market segment including Russia and Ukraine, which accounts for 16% of revenues from the sale of products and goods. In 2021, sales by companies from the Amica Capital Group in Russia accounted for 10.1%, and in Ukraine for 1.7% of total consolidated sales revenues. In the Group's opinion, the current geopolitical situation may have an impact on the achievement by companies in Russia and Ukraine of revenue that is lower than previously assumed, however, the potential scale is currently difficult to estimate reliably.

Currency risks, hedging

The war in Ukraine further destabilizes the financial markets, causing the very high volatility of exchange rates, potentially also affecting the cost of debt financing.

The company has been identifying and monitoring financial risks in its balance sheet for years and consistently implements the assumptions of the implemented financial risk management policy in order to reduce the impact of market volatility on the achieved financial results. As at 31 December, 2021, the Company was hedged against foreign exchange risk over 80% of the balance sheet currency items.

Commodities

An important issue for the Amica Group are the prices and availability of raw materials, mainly steel. The Group has no direct suppliers of components from high risk markets. Due to the potential discontinuation of supplies of raw materials from Russia and Ukraine, there may be temporary shortages in Europe, which could translate into further price increases and limited availability.

41.
Approval for publication

These Consolidated Annual Financial Statements drawn up for the period from 1 January to 31 December, 2021 (including comparative data) were approved for publication by the Management Board of the parent company on 29 March, 2022.

SIGNATURES OF THE APPROVERS

JACEK RUTKOWSKI	MARCIN BILIK	ALINA JANKOWSKA-BRZÓSKA	MICHAŁ RAKOWSKI	BŁAŻEJ SROKA	ROBERT STOBIŃSKI
President of the Management Board	First Vice President of the Management Board	Vice President of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Approved on 29 March, 2022

Published on 31 March, 2022

Amica S.A. Capital Group

Report of an Independent Statutory Auditor on the audit of the Annual Consolidated Financial Statements

Report of an independent statutory auditor on the audit for the General Meeting and Supervisory Board of Amica SA

Auditor's Report on the Annual Consolidated Financial Statements

Our opinion

In our opinion, the attached annual consolidated financial statement:

- presents a reliable and clear picture of the consolidated property and financial standing of the Amica SA Capital Group ("Group"), in which the parent company is Amica SA ("Parent Company") as at 31 December, 2021, and the consolidated financial result and consolidated cash flows of the Group for the financial year ended on that date in accordance with the applicable International Financial Reporting Standards approved by the European Union and the adopted accounting principles (policy);
- in terms of form and content comply with the provisions of law applicable to the Group and the Parent's Articles of Association.

This opinion is consistent with our additional report to the Audit Committee which we issued as at the date of this report.

The subject of our audit

We have audited the annual consolidated financial statements of the Amica SA Capital Group, which include:

- statement of financial position as at 31 December, 2021;

and documents drawn up for the financial year from 1 January to 31 December, 2021:

- Consolidated statement of comprehensive income,
- Consolidated statement of changes in equity capital
- the consolidated statement of cash flows, and
- accounting principles and additional explanatory notes containing a description of significant adopted accounting principles and other explanatory information.

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PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. is entered in the National Court Register kept by the District Court for the Capital City of Warsaw, under the number KRS 0000750050, NIP 526-021-02-28. The seat of the Company is in Warsaw, ul. Polna 11.

Basis for the Opinion

Basis for the Opinion

We conducted our audit in accordance with the National Auditing Standards in the wording of the International Standards on Auditing adopted by a resolution of the National Council of Statutory Auditors (pol. "KSB") and pursuant to the provisions of the Act of 11 May, 2017 on statutory auditors, audit firms and public supervision ("Act on statutory auditors"), as well as EU Regulation No. 537/2014 of 16 April, 2014 on detailed requirements for statutory audits of financial statements of public-interest entities ("EU Regulation"). Our responsibilities under the rules of KSB are further described in the section: Responsibility of the statutory auditor for auditing the annual consolidated financial statement

We believe that the audit evidence we have obtained is sufficient and appropriate to constitute basis for our opinion.

Independence

We are independent from the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the International Ethical Standards Board for Accountants (the "IESBA Code") adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that apply to our audit financial statements in Poland. We have fulfilled our other ethical duties in accordance with these requirements and IESBA Code. During the audit, the key statutory auditor and the audit firm remained independent from the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

Our approach to the Audit

Summary

- General significance adopted for the audit was set at the level of 7,500,000 zł, which is 5% of the profit before tax.

- We have audited the Parent Company and three subsidiaries in three countries, as well as audit procedures for selected items in the financial statements in the part relating to one subsidiary. Additionally, for two subsidiaries in two countries, we relied on the work of local auditors by making arrangements with them in the form of instructions issued by us containing agreed audit procedures.

- The scope of our audit covered 94% of the Group's revenue and 90% of the absolute value of its financial result.

- Impairment of fixed assets
- Recognition of sales revenues

We designed our audit by determining materiality and assessing the risks of material misstatement of the consolidated financial statements. In particular, we considered where the Management Board of the Parent Company made subjective judgments; for example, in relation to significant accounting estimates that required assumptions and the consideration of future events that are inherently uncertain. We also addressed the risk of management bypassing internal checks, including, among other matters, we considered whether there was evidence of management bias that would pose a risk of material misstatement due to fraud.

We have adjusted the scope of our audit to perform sufficient work to enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Group's structure, accounting processes and controls, and the industry in which the Group operates.

Relevance

The adopted significance level influenced the scope of our audit. The audit was designed to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement. Misstatements may arise from fraud or error. Misstatements are considered material if it can be reasonably expected that, individually or in combination, they could influence economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we have established quantitative thresholds for materiality, including overall materiality for the consolidated financial statements as a whole, as set out below. These thresholds, together with qualitative factors, have allowed us to determine the scope of our audit and the nature, timing and extent of audit procedures, and to assess the impact of misstatements, both individually and collectively, on the consolidated financial statements as a whole.

Overall materiality for the Group	7,500,000 zł
Basis for the determination	5% profit before tax
Substantiation of the adopted basis	We have taken profit before tax as the basis for determining materiality because in our opinion this measure is commonly used to assess the Group's operations by users of financial statements and is a generally accepted benchmark. We assumed materiality at 5% because, based on our professional judgment, it is within the acceptable quantitative materiality thresholds.

We agreed with the Audit Committee of the Parent Company that we would inform about the misstatements of the consolidated financial statements identified during the audit, with a value greater than 750,000 zł, as well as misstatements below this amount, if in our opinion it would be justified due to qualitative factors.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion. We do not express a separate opinion on these matters.

Key audit matter	How our audit referred to this matter?
Impairment of fixed assets In note 9.10 and 9.12 of the consolidated financial statements, the Group presented the accounting principles, and in note 21 - disclosures concerning the performed impairment tests in relation to goodwill and trademarks, including test results, a description of the assumptions and a sensitivity analysis. As at 31 December, 2021, the balance of goodwill recognised in the Group's consolidated financial statements is 44.2 million zł, while the balance of trademarks owned is 94 million zł (as at 31 December, 2020: 43 million zł, and 89.9 million zł respectively). The Management Board conducts impairment tests at least at the end of each financial year. The tests performed did not show any impairment in relation to the above-mentioned assets both in 2021 and in the previous year. The recoverable amount of assets was determined as their value in use. Conducting an impairment test is related to the necessity to adopt a number of assumptions and make judgments by the Management Board regarding, such as the identification of cash generating units, the adopted strategy of the Group, financial plans and cash flow forecasts for subsequent years, including after the period covered by detailed forecasts, and macroeconomic and market assumptions. Considering the materiality of the items in the consolidated financial statements, as well as due to judgments and estimates and the adopted assumptions for testing, this issue was the subject of our analysis and was considered a key audit matter.	Our audit procedures required, in particular: • understand and assess the process of identifying the premises for impairment of assets and the correctness of grouping, including goodwill and trademarks, into cash-generating units in accordance with the relevant financial reporting standards; • check the mathematical validity and methodological consistency (with the use of PwC's internal valuation specialists) of the valuation model prepared by the Management Board based on discounted cash flows; • a critically assess the assumptions made by the Management Board and estimates made to determine the recoverable amount of non-current assets, including: – a five-year future cash flow projection period and the assumed level of revenues, operating margin and future investment outlays for maintaining the existing production capacity; – applied discount rates (based on the weighted average cost of capital), – marginal growth rates after the forecast period, • assessment of the assumptions adopted by the Management Board and their impact on the measurement result by performing a sensitivity analysis; • assess the validity and completeness of disclosures regarding impairment tests in the consolidated financial statements..
Recognition of sales revenues The Group presented the principles of recognizing revenues from contracts with customers in note 10.26 and disclosures related to revenues from sales in notes 11 and 12 to the	Our audit procedures required, in particular: • understand and assess the internal control environment, including the IT environment, regarding the recognition, valuation and presentation of individual types of sales revenues;

consolidated financial statements. In the financial year ended 31 December, 2021, the Group's revenues totalled 3,433.9 million zł (in 2020: 3,068.7 million zł) for the following reasons:

- sales to external customers (mainly revenue from the sale of free-standing appliances, built-in heating appliances, other heating appliances);
- from the sale of goods to external customers ((other household appliances));
- other revenue including sale of services, e.g. maintenance services and sale of spare parts and materials.

This matter was the subject of our special attention due to the fact that the application of appropriate financial reporting standards regarding the recognition, valuation and presentation of revenues is complex and requires the Management Board to make accounting estimates and judgments, including those related to assigning the transaction price resulting from the agreements signed with clients to perform obligations, assessing whether marketing services related to the sales performed constitute a separate obligation to perform the service. Moreover, the correct determination of revenue is also based on the use of complex IT data processing systems.

Due to the materiality and importance of the revenue item in the consolidated financial statements, the need for estimates and judgments, and the potential risk of fraud, we have identified this as a key matter to be audited.

- assess compliance of the accounting policies relating to the recognition of revenues with the relevant financial reporting standards, in particular those related to significant accounting estimates and judgments;
- assess the assumptions and estimates of the Management Board related to the recognition of revenues, mainly in the scope of identification of performance obligations, accounting recognition and estimation of granted discounts, as well as accounting recognition of mutual transactions with the Company's contractors;
- analyse significant sales agreements and accompanying contracts concluded by the Company;
- tests internal checks, on a selected sample, in terms of the correctness and accuracy of the applied selling prices and compliance of the invoice with the order / price list and compliance of the invoice with the shipping document;
- detailed tests for a selected sample, including the reconciliation of issued sales invoices, issue and delivery documents for products and goods sold, relevant contracts with customers, applied sales prices and received payments;
- detailed tests on the validity of the time of revenue recognition based on the selected sample;
- tests on the selected sample of the validity and completeness of the approach to sales rebates relating to marketing campaigns.

Responsibility of the Management Board and Supervisory Board for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation of the annual consolidated financial statements that present a fair and clear picture of the property and financial position and financial result of the Group in accordance with the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy) and applicable laws, regulations and Articles of Association, and for internal checks that the Management Board deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the Parent's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, if applicable, going concern matters and adopting the going concern basis as the basis of accounting, except when the Management Board intends to liquidate the Group, discontinue the business, or there is no viable alternative to winding up or discontinuing the business.

The Management Board of the Parent Company and members of the Supervisory Board are required to ensure that the consolidated financial statements meet the requirements provided for in the Act of 29 th September, 1994 on accounting (“Accounting Act” - consolidated text, Journal of Laws of 2021, item 217, as amended). Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Responsibility of the statutory auditor for auditing the annual consolidated financial statement

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable certainty is a high level of certainty but does not guarantee that the audit carried out pursuant to KSB shall always detect the existing material misstatements. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that they could, either individually and collectively, influence the economic decisions that users make on the basis of the Annual Consolidated Financial Statements.

The scope of the statutory audit does not include the assurance as to the future profitability of the Group or the effectiveness or efficiency of the management of its affairs by the Management Board of the Parent Company now or in the future.

During the audit carried out in accordance with the KSB, we use professional judgement and maintain professional scepticism and:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is greater than that due to error because fraud may include collusion, forgery, willful omission, misrepresentation or the circumvention of internal checks;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Capital Group's internal control;
- we assess the adequacy of the applied accounting principles (policy) and the validity of accounting estimates and related disclosures made by the Management Board of the Parent Company;
- we draw a conclusion on the appropriateness of the application by the Management Board of the parent of the going concern basis as the basis of accounting and, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report to related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report, however future events or conditions may cause the Group to discontinue going concern;
- we assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that achieves fair presentation;
- we obtain sufficient and adequate audit evidence regarding the financial information of business units or business operations within the Capital Group for the purpose of expressing an opinion on the consolidated financial statement. We are responsible for the management, supervision and performance of the Group audit, and we remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, inter alia, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We make a statement to the Audit Committee that we have complied with relevant ethical requirements regarding independence and that we communicate all relationships and other matters that could reasonably be considered to pose a threat to our independence, and where applicable, provide information about actions taken to eliminate these threats and applied security measures.

Among the matters communicated to the Audit Committee, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation prohibits public disclosure or when, in exceptional circumstances, we determine that the matter should not be communicated in our report because the negative consequences would reasonably be expected to outweigh the negative consequences to the public interest of such disclosure.

Other information, including operating statement

Other information.

Other information consists of a report on the activities of the Parent Company and the Group for the financial year ended 31 December, 2021 ("Aggregate Report on Activities") along with a statement on the application of corporate governance and a statement on non-financial information referred to in Article art.49b (1) and Article 55 section 2b of the Accounting Act, which are separate parts of this Consolidated Activity Report (together "Other information"). The other information does not include the financial statements and the auditor's report thereon.

Responsibility of the Management Board and the Supervisory Board

The Management Board of the Parent Company is responsible for the preparation of Other Information in accordance with the law.

The Management Board of the Parent Company and the members of the Supervisory Board are obliged to ensure that the Consolidated Activity Report of the Parent Company and the Group, together with the separate parts, meets the requirements provided for in the Accounting Act.

Responsibility of the auditor

Our opinion on the audit of the consolidated financial statements does not cover other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements, with our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If, on the basis of the work performed, we find a material misstatement of Other Information, we are required to disclose this in our audit report. Our obligation, in accordance with the requirements of the Act on statutory auditors, is also to issue an opinion whether the Consolidated Activity Report has been prepared in accordance with the regulations and whether it is consistent with the information contained in the annual consolidated financial statements and the annual financial statements of the parent company.

In addition, we are required to issue an opinion whether the Parent Company has included the required information in its corporate governance statement and to inform whether the Parent Company and the Group have prepared a statement on non-financial information.

Opinion on the Report on Activity

Based on the work performed during the audit, in our opinion, the Report on the activities of the Group:

- was drawn up in accordance with the requirements of Art. 49 of the Accounting Act and paragraph 70 and paragraph 71 of the Regulation of the Minister of Finance of 29 March, 2018 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state ("Regulation on current information"- Journal of Laws of 2018, item 757);
- is consistent with the information provided in the consolidated financial statements and the financial statements of the Parent Company.

Moreover, we declare that, in the light of the knowledge about the Parent Company and the Group and their environment which was obtained during our audit, we have not identified any material misstatements in the Consolidated Activity Report of the Parent Company and the Group.

Opinion on the statement on the application of corporate governance

In our opinion, in the statement on the application of corporate governance, the Parent Company provided the information specified in par. 70 sec. 6 point 5 of the Regulation on current information. Moreover, in our opinion, the information referred to in paragraph 70 sec. 6 point 5 letters c-f, h and i of this Regulation provided in the statement on the application of corporate governance are consistent with the applicable provisions and with the information provided in the consolidated financial statements and the financial statements of the Parent Company.

Information on non-financial information

In accordance with the requirements of the Act on statutory auditors, we confirm that the Parent Company and the Group prepared a statement on non-financial information, referred to in Art. 49b section 1 and art. 55 section 2b of the Accounting Act as a separate part of the Consolidated Activity Report.

We have not performed any assurance work with respect to the non-financial statement, and we do not express any assurance thereon.

Report on other legal requirements and regulations

Opinion on the compliance of the labelling of the consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

In connection with the audit of the consolidated financial statements, we were engaged by the Management Board of the Parent Company, under the agreement for the audit of the consolidated financial statements, to perform an assurance service providing reasonable assurance in order to express an opinion whether the Group's consolidated financial statements as at and for the year ended 31 December, 2021 were prepared consistently using the single electronic format contained in the file named Amica_SA_31.12.2021.zip ("consolidated financial statements in ESEF format") has been labelled in accordance with the requirements set out in Article 4 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards concerning the specification of a single electronic reporting format ("ESEF Regulation").

Description of the subject of the order and applicable criteria

The consolidated financial statements in the ESEF format have been prepared by the Management Board of the Parent Company in order to meet the technical requirements regarding the specification of a uniform electronic reporting format and labelling, which are set out in the ESEF Regulation.

The subject of our assurance service is the compliance of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation, and the requirements set out therein constitute, in our opinion, appropriate criteria for our opinion.

Responsibility of the Management Board of the Parent Company and the Supervisory Board

The Management Board of the Parent Company is responsible for the preparation of the consolidated financial statements in the ESEF format in accordance with the technical requirements regarding the specification of a European Single Electronic Format, which are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags using the taxonomy specified in the ESEF Regulation. The responsibility of the Management Board also includes the design, implementation and maintenance of the internal control system ensuring the preparation of consolidated financial statements in the ESEF format free from material inconsistencies with the requirements of the ESEF Regulation and its marking in accordance with these requirements.

Members of the Parent Company's Supervisory Board are responsible for overseeing the financial reporting process, which includes the preparation of consolidated financial statements in accordance with the legal format.

Responsibility of the auditor

Our goal was to express an opinion, based on the performed assurance service, giving reasonable assurance whether the consolidated financial statements in the ESEF format were marked, in all material respects, in accordance with the requirements of the ESEF Regulation.

We have provided our service in accordance with the National Standard of Attestation Services Other than the Audit and Review 3001pl - audit of financial statements prepared in a European Single Electronic Format ("KSUA 3001pl") and, where appropriate, with the National Standard of Attestation Services Other than the Audit and Review 3000 (C) in the wording of the International Standard on Assurance Services 3000 (amended) - "Assurance services other than audits and reviews of historical financial information" issued by the National Council of Statutory Auditors ("KSUA 3000 (Z)". These standards require us to comply with ethical requirements, plan and perform procedures to obtain reasonable assurance that the consolidated financial statements in the ESEF format are labelled, in all material respects, in accordance with specified criteria.

Reasonable certainty is a high level of certainty, but it does not guarantee that the service performed in accordance with KSUA 3001pl and, where applicable, with KSUA 3000 (Z), will always detect an existing material misstatement (material non-compliance).

The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement, whether due to fraud or error. In performing those risk assessments, the auditor shall consider the internal control related to the preparation of the consolidated financial statements in the ESEF format and its labelling in order to plan appropriate procedures to provide the auditor with sufficient evidence appropriate to the circumstances. The assessment of the functioning of the internal control system was not carried out in order to express an opinion on the effectiveness of its operation.

Quality control and ethical requirements

We apply the provisions of the Resolution of the National Council of Statutory Auditors on the principles of internal quality control in the wording of the International Standard on Quality Control 1 (IAASB) and in accordance with it, we maintain a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable requirements legal and regulatory.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the International Ethical Standards Board for Accountants and adopted by resolution of the National Council of Statutory Auditors, which is based on the fundamental principles of honesty, objectivity, professional competence and due diligence, confidentiality and professional conduct.

Summary of the work performed

The procedures planned and performed by us were aimed at obtaining reasonable assurance whether the consolidated financial statements in the ESEF format were marked, in all material respects, in accordance with the applicable requirements. Our procedures included, among others:

- gain understanding of the process of preparing consolidated financial statements in the ESEF format, including the process of selecting and applying XBRL tags by the Group and ensuring compliance with the ESEF Regulation, including an understanding of the internal control mechanisms related to this process;
- reconcile, on a selected sample, tagged information provided in the consolidated financial statements in the ESEF format with the audited consolidated financial statements;
- assess compliance with the technical standards relating to the specification of the European Single Electronic Format, including the use of XHTML;
- assess the completeness of the tagging of information in the consolidated financial statements in the ESEF format with XBRL tags;
- assess whether the XBRL tags from the taxonomy specified in the ESEF Regulation have been properly applied and whether the extensions of the taxonomy have been appropriately used in situations where the underlying taxonomy specified in the ESEF Regulation has not identified relevant elements;
- assess the correctness of anchoring the applied taxonomy extensions in the basic taxonomy specified in the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to support our conclusion.

Opinion

In our opinion, based on the procedures performed, the electronic reporting format of the consolidated financial statements complies, in all material respects, with the ESEF Regulation.

Statement on the provision of non-audit services

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Parent Company and its subsidiaries comply with the laws and regulations in force in Poland and that we have not provided non-audit services that are prohibited under Art. 5 section 1 of the EU Regulation and Art. 136 of the Act on statutory auditors. The non-audit services that we provided to the Parent Company and its subsidiaries in the audited period are listed in the Consolidated Activity Report on the Parent's and the Group's operations in Note 11.1.

Choice of the audit firm

We were selected for the first time to audit the annual consolidated financial statements of the Group by the resolution of the Supervisory Board of 19 December, 2019. We have been auditing the consolidated financial statements of the Group continuously, starting from the financial year ended on 31 December, 2020, i.e. for 2 consecutive years.

The key statutory auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of auditing companies under number 144, the result of which is this report of the independent statutory auditor, is Mateusz Płonka.

Mateusz Płonka
Key Statutory Auditor
Number in the register 12326

Warszawa, 30 March 2022 r.