



**GLOBAL  
COSMED**

Consolidated quarterly report  
**OF GLOBAL COSMED CAPITAL GROUP**  
for the first quarter of 2019

including:

Interim condensed consolidated financial statements for the period from 1  
January to 31 March 2019

and

Interim condensed separate financial statements for the period from 1  
January to 31 March 2019

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

	PLN '000		EUR '000	
	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31
Sales revenue	72,666	70,635	16,908	16,905
Operating profit (loss)	585	(106)	136	(25)
EBTDA	3,335	2,514	776	602
Gross profit (loss)	(105)	(611)	(24)	(146)
Net income (loss) from continuing operations	(992)	(1,198)	(231)	(287)
<b>Total comprehensive income</b>	<b>(1,008)</b>	<b>(1,188)</b>	<b>(234)</b>	<b>(284)</b>
<b>Comprehensive income attributable to:</b>				
<b>Shareholders of the parent company</b>	<b>(992)</b>	<b>(1,234)</b>	<b>(231)</b>	<b>(295)</b>
Non-controlling shareholders	-	36	-	9
Weighted average number of ordinary shares	87,338,652	86,326,086	87,338,652	86,326,086
Book value per share (PLN/EUR)	2.06	2.10	0.48	0.50
Net profit (loss) per share (PLN/EUR)	(0.01)	(0.01)	(0.00)	(0.00)

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

	PLN '000		EUR '000	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Goodwill	30,050	30,050	6,986	6,988
Tangible fixed assets	124,074	128,459	28,846	29,874
Right-of-use assets	3,709	-	862	-
Intangible assets	94,904	95,130	22,064	22,123
Shares and interest in affiliated companies	-	-	-	-
Deferred income tax assets	-	-	-	-
<b>Fixed assets</b>	<b>252,737</b>	<b>253,639</b>	<b>58,758</b>	<b>58,986</b>
Inventories	30,891	35,318	7,182	8,213
Trade receivables	34,659	34,480	8,058	8,019
Corporate income tax receivables	202	202	47	47
Other assets and other short-term receivables	8,086	7,947	1,880	1,848
Cash and cash equivalents	3,496	4,048	813	941
<b>Total current assets</b>	<b>77,334</b>	<b>81,995</b>	<b>17,979</b>	<b>19,069</b>
<b>TOTAL ASSETS</b>	<b>330,071</b>	<b>335,634</b>	<b>76,737</b>	<b>78,054</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>179,955</b>	<b>180,963</b>	<b>41,837</b>	<b>42,084</b>
Equity attributable to non-controlling shareholders	-	-	-	-
<b>Equity</b>	<b>179,955</b>	<b>180,963</b>	<b>41,837</b>	<b>42,084</b>
Long-term liabilities	35,585	35,717	8,273	8,306
Short-term liabilities	114,531	118,954	26,627	27,664
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>330,071</b>	<b>335,634</b>	<b>76,737</b>	<b>78,054</b>

**Selected financial data converted into EUR**

Selected financial data for the period from 1.01.2019 to 31.03.2019 and period from 1.01.2018 to 31.12.2018 have been converted into EUR according to the following rules:

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

exchange rate as at 31.03.2019 was EUR 1 – 4,3013

exchange rate as at 31.12.2018 was EUR 1 – 4,3000

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

Arithmetic mean of middle exchange rates as at 31.03.2019 was: 4.2978

Arithmetic mean of middle exchange rates as at 31.03.2018 was: 4.1784

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDING ON 31 MARCH 2019**

	31.03.2019	31.12.2018
	PLN '000	PLN '000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Goodwill on consolidation	30,050	30,050
Tangible fixed assets	124,074	128,459
Right-of-use assets	3,709	-
Intangible assets	94,904	95,130
<b>Total fixed assets</b>	<b>252,737</b>	<b>253,639</b>
<b>Current assets</b>		
Inventories	30,891	35,318
Trade receivables	34,659	34,480
Corporate income tax receivables	202	202
Other assets and other short-term receivables	8,086	7,947
Cash and cash equivalents	3,496	4,048
<b>Total current assets</b>	<b>77,334</b>	<b>81,995</b>
<b>Total assets</b>	<b>330,071</b>	<b>335,634</b>

	31.03.2019	31.12.2018
	PLN '000	PLN '000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	87,339	87,339
Supplementary capital	109,526	109,526
Capital reserves	28,415	28,415
Retained earnings from previous years	(44,398)	(37,818)
Current year's net profit (loss)	(992)	(6,580)
Currency translation differences of subsidiaries	65	81
<b>Equity attributable to controlling shareholders</b>	<b>179,955</b>	<b>180,963</b>
Equity attributable to non-controlling shareholders	-	-
<b>Total equity</b>	<b>179,955</b>	<b>180,963</b>
<b>Long-term liabilities</b>		
Loans and advances received as well as debt securities	23,537	24,345
Lease liabilities	1,999	1,910
Provisions for long-term employee benefits	1,094	1,094
Deferred income tax liability	8,955	8,368
<b>Total long-term liabilities</b>	<b>35,585</b>	<b>35,717</b>
<b>Short-term liabilities</b>		
Loans and advances received as well as debt securities	45,209	42,129
Lease liabilities	1,754	1,567
Provisions for short-term employee benefits	2,992	3,800
Trade liabilities	46,459	55,849
Other liabilities	12,753	10,123
Other equity and liabilities	5,364	5,486
<b>Total short-term liabilities</b>	<b>114,531</b>	<b>118,954</b>
<b>Total liabilities</b>	<b>150,116</b>	<b>154,671</b>
<b>Total equity and liabilities</b>	<b>330,071</b>	<b>335,634</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31
	PLN '000	PLN '000
<b>I. INCOME STATEMENT</b>		
<b>a. Continuing operations</b>		
Revenue from sales of products	72,666	70,635
<b>Total sales revenue</b>	<b>72,666</b>	<b>70,635</b>
Change in stock of products	(2,631)	(2,320)
Amortization/depreciation	(2,751)	(2,620)
Consumption of raw materials and consumables	(42,261)	(41,652)
Third-party services	(5,561)	(4,549)
Taxes and fees	(995)	(995)
Costs of employee benefits	(13,125)	(12,006)
Other costs by type	(4,503)	(5,241)
Value of goods and materials sold	(1,121)	(1,415)
<b>Total operating expenses</b>	<b>(72,948)</b>	<b>(70,798)</b>
<b>Profit (loss) from sales</b>	<b>(282)</b>	<b>(163)</b>
Other operating revenue	1,677	1,061
Other operating expenses	(811)	(1,004)
<b>Operating profit (loss)</b>	<b>585</b>	<b>(106)</b>
Financial revenue	45	198
Finance expenses	(734)	(703)
<b>Profit (loss) before tax</b>	<b>(105)</b>	<b>(611)</b>
Income tax	(887)	(587)
<b>Net income (loss) from continuing operations</b>	<b>(992)</b>	<b>(1,198)</b>
<b>b. Discontinued operations</b>		
<b>Net profit (loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT (LOSS)</b>	<b>(992)</b>	<b>(1,198)</b>
including:		
attributable to shareholders of the parent company	(992)	(1,234)
attributable to non-controlling shareholders	-	36
<b>II. Net comprehensive income for the financial year</b>		
<i>Items that will not be reclassified</i>		
Exchange differences on translation of foreign operations	(16)	10
Exchange differences on translation of foreign operations	(16)	10
Exchange differences on translation of foreign operations	-	-
<i>Items that may be reclassified to the income statement in subsequent periods</i>		
<b>III. Comprehensive income attributable to:</b>		
shareholders of the parent company	(1,008)	(1,224)
non-controlling shareholders	-	36
Cash flow hedge	-	
Income tax attributable to items that may remain	-	
<b>II. TOTAL COMPREHENSIVE INCOME</b>	<b>(1,008)</b>	<b>(1,188)</b>
Weighted average number of ordinary shares	87,338,652	86,326,086
Diluted number of ordinary shares	87,338,652	86,326,086
<b>Profit (loss) attributable to shareholders of the parent company</b>	<b>(992)</b>	<b>(1,234)</b>
<b>Profit (loss) attributable to shareholders of the parent company per share (in PLN per share):</b>		
from continuing and discontinued operations:		
Ordinary	(0.01)	(0.01)
Diluted	(0.01)	(0.01)



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING ON 31 MARCH 2019**

	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31
	PLN '000	PLN '000
<b>Cash flows from operating activities</b>		
Gross profit	(105)	(611)
Adjustments of items:		
Amortization/depreciation	2,751	2,620
Interest and dividends	638	459
(Profit)/loss from investing activities	(1,034)	(103)
Change in receivables	(318)	(649)
Change in inventory	4,427	2,430
Change in liabilities	(6,760)	(36)
Change in deferred income	(122)	(121)
Change in provisions	(808)	(1,269)
Income tax paid/returned	(300)	(369)
Other adjustments	-	-
<b>Net cash flows from operating activities</b>	<b>-1,631</b>	<b>2,351</b>
<b>Cash flows from investment activities</b>		
Proceeds from sale of property, plant and equipment, and intangible assets	926	128
Purchases of property, plant and equipment, and intangible assets	(1,061)	(2,159)
Other investment expenditure		
<b>Net cash flows from investment activities</b>	<b>(135)</b>	<b>(2,031)</b>
<b>Cash flows from financial activities</b>		
Interest and dividends inflows	41	194
Inflows from borrowings/credits	4,673	40
Repayment of borrowings/credits	(2,401)	(1,769)
Interest paid	(679)	(653)
Dividends paid to owners	135	-
Payment of liabilities under purchase of financial assets	-	-
Payment of finance lease liabilities	(556)	(716)
<b>Net cash from financial activities</b>	<b>1,213</b>	<b>(2,904)</b>
<b>Total net cash flows</b>	<b>(553)</b>	<b>(2,584)</b>
Net increase in cash and cash equivalents	(553)	(2,584)
Foreign exchange differences	(1)	(24)
<b>Opening balance of cash</b>	<b>4,048</b>	<b>5,144</b>
<b>Increase due to control takeover</b>		
<b>Closing balance of cash, including:</b>	<b>3,496</b>	<b>2,584</b>
<i>of which restricted cash</i>	25	143

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Supplementary capital	Capital reserves	Foreign exchange differences	Retained earnings from previous years	Current year's net profit (loss)	Equity attributable to non-controlling shareholders	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2019</b>	<b>87,339</b>	<b>109,526</b>	<b>28,415</b>	<b>81</b>	<b>(44,398)</b>	<b>-</b>	<b>-</b>	<b>180,963</b>
Financial result of the period	-	-	-	-	-	(992)	-	(992)
Foreign exchange differences	-	-	-	(16)	-	-	-	(16)
<b>As at 1 January 2019</b>	<b>87,339</b>	<b>109,526</b>	<b>28,415</b>	<b>65</b>	<b>(44,398)</b>	<b>(992)</b>	<b>-</b>	<b>179,955</b>

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

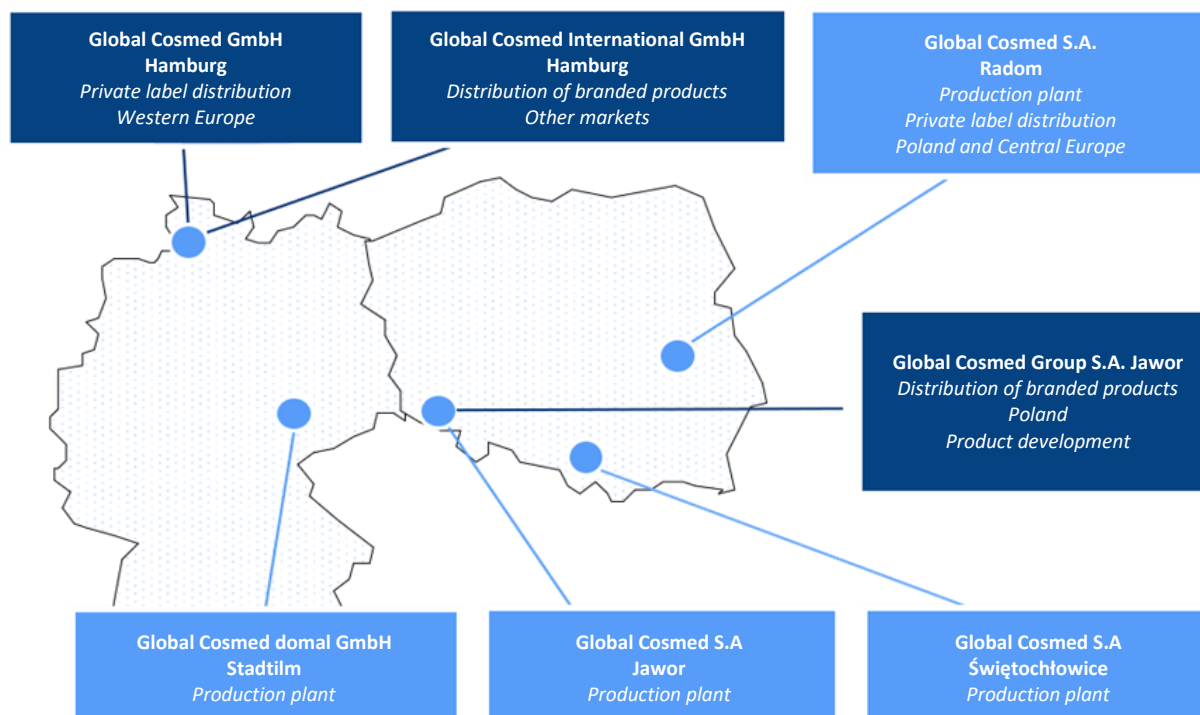
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED QUARTERLY REPORT DRAWN-UP AS AT 31 MARCH 2019**

**1. General information**

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

Global Cosmed Group is one of the leading medium-sized manufacturers of FMCG in Europe in the field of production of chemicals and cosmetics. Due to its broad offer of specialized household chemicals and cosmetics, the group meets the consumers' needs concerning the care, hygiene and cleanliness of households. Innovative formulas, extensive experience of more than 180 years and international team of experts contribute to the final process of product manufacturing which is appreciated by the contractors in Poland and international markets, as well as end-consumers. The registered offices of companies from the Global Cosmed Group are located in Poland and Germany.

**Global Cosmed – Registered offices in Poland and Germany**

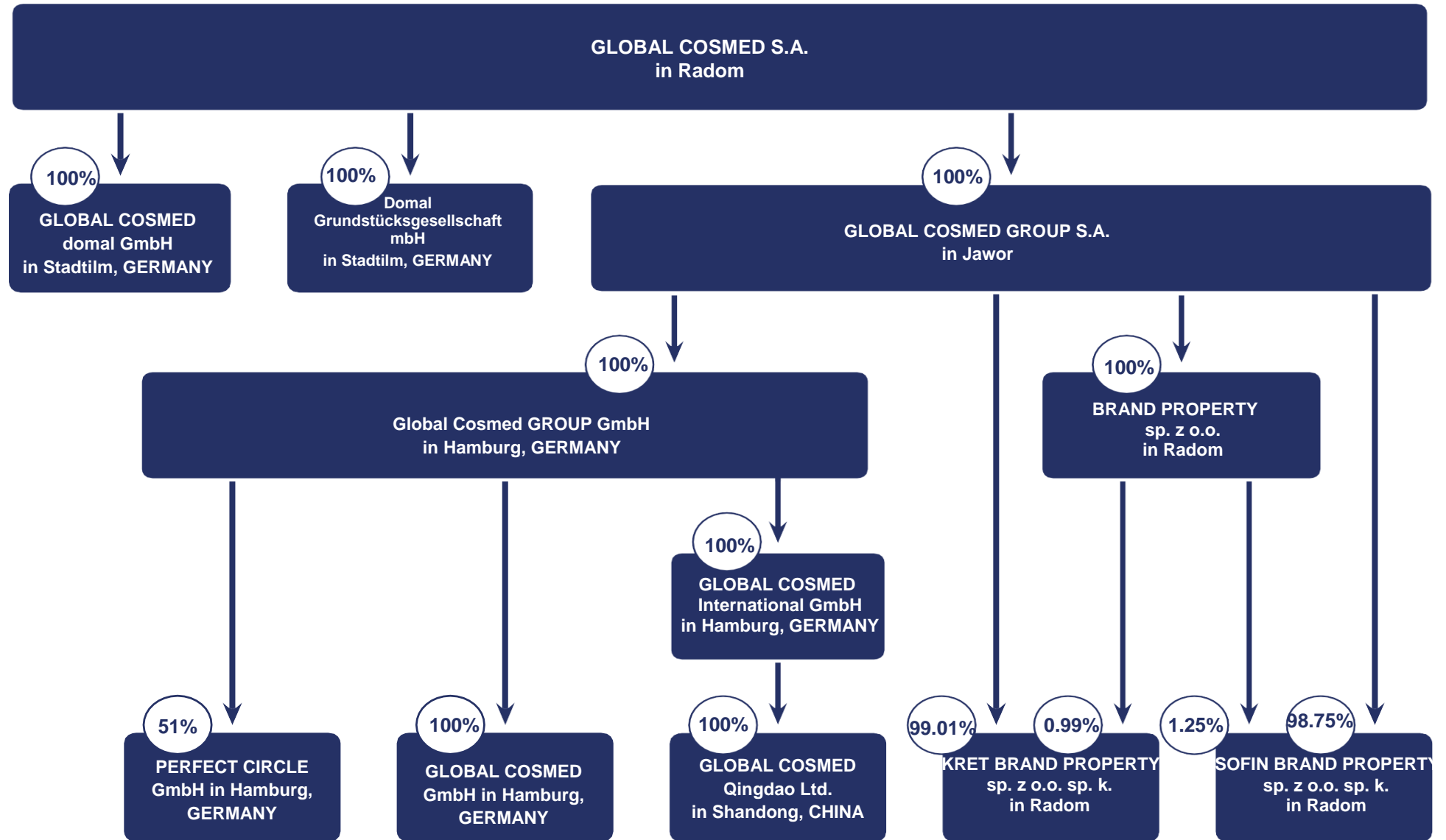


**1.2. General information about the Parent Company**

Global Cosmed Spółka Akcyjna with its registered office in Radom at ul. Wielkopolska 3 was formed as a result of conversion of a limited liability company operating under the business name Global Cosmed Spółka z ograniczoną odpowiedzialnością Fabryki Kosmetyczne i Chemiczne w Radomiu into a joint-stock company under the business name Global Cosmed Spółka Akcyjna. The entry in the Commercial Register Division B No. 737 was made on 1 September 1997; the entry in the National Court Register was made on 3 October 2001 under KRS number 0000049539 by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register.

The Company has the following Tax ID No. (NIP) 796-006-93-71 and Statistical ID No. (REGON) 670990050. Pursuant to the Company's Articles of Association, the Company's objects of activity comprise:

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



In the consolidated statement of profit or loss and other comprehensive income and in the consolidated statement of financial position, the Capital Group reports transactions with affiliated parties that are not controlled by the Parent Company and are not subject to consolidation, but are related to the main shareholder and the President of the Management Board of the Parent Company.

As at 31 March 2019, Andreas Mielimonka was exercising direct or indirect control over the companies: Blackwire Ventures sp. z o.o., Blackwire Ventures sp. z o.o. sp. k. At the same time, among the companies controlled by Andreas Mielimonka, Blackwire Ventures sp. z o.o. is a shareholder of the Parent Company.

### 1.3. Subsidiaries

Parent company	Name of subsidiary	Registered office	Object of activity	Stake (%) in share capital as at 31.03.2019	Stake (%) in share capital as at 31.03.2018
Global Cosmed S.A.	Global Cosmed domal GmbH	Stadttilm, Germany	Manufacture of chemical and cosmetic products, trade in chemical products	100%	100%
Global Cosmed S.A.	Domal Grundstücksgesellschaft mbH	Stadttilm, Germany	Acquisition, administration, use, sale, rental/lease of real properties and buildings in one's own or third-party name, as well as buying shares for this purpose.	100%	100%
Global Cosmed S.A.	Global Cosmed Group S.A.	Jawor, Poland	Manufacture of soaps and detergents, cleaning and polishing preparations	100%	100%
Global Cosmed Group S.A.	Brand Property sp. z o.o.	Radom, Poland	Wholesale of chemical products, manufacture of soaps and detergents, cleaning and polishing preparations, wholesale of perfumes and cosmetics, wholesale of other machinery and equipment, non-specialised wholesale	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A.)	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A.)
Global Cosmed Group S.A.	Kret Brand Property sp. z o.o. sp. k.	Radom, Poland	Leasing of intellectual property and similar products, except copyrighted works	100% (99.01% of effective ownership interest in GC S.A. is held by GCG S.A. and 0.99% is held by GCG SA and BP sp. z o.o.)	100% (99.01% of effective ownership interest in GC S.A. is held by GCG S.A. and 0.99% is held by GCG SA and BP sp. z o.o.)
Global Cosmed Group S.A.	Sofin Brand Property sp. z o.o. sp.k.	Radom, Poland	Leasing of intellectual property and similar products, except copyrighted works.	100% (98.75% of effective ownership interest in GC S.A. is held by GCG S.A. and 1.25% is held by GCG SA and BP sp. z o.o.)	100% (98.75% of effective ownership interest in GC S.A. is held by GCG S.A. and 1.25% is held by GCG SA and BP sp. z o.o.)
Global Cosmed Group S.A.	Global Cosmed Group GmbH	Hamburg, Germany	Marketing, development and sale of chemical and cosmetic products that do not require authorisation in all areas of application. Subrental and sublease, as well as similar subletting for use of motor vehicles to affiliated companies, maintenance and management of property, as well as holding interest in other undertakings of all kinds.	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A.)	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A.)
Global Cosmed Group GmbH	Global Cosmed GmbH	Hamburg, Germany	Development and distribution of chemical products that do not require authorisation in all areas of application	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A. and GCG GmbH)	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A. and GCG GmbH)
Global Cosmed Group GmbH	Global Cosmed International GmbH	Hamburg, Germany	Development and distribution of chemical products that do not require authorisation in all areas of application	100% (100%* of effective ownership interest in GC S.A. is held by GCG S.A. and GCG GmbH)	100% (100%* of effective ownership interest in GC S.A. is held by GCG S.A. and GCG GmbH)
Global Cosmed Group GmbH	Perfect Circle GmbH	Hamburg, Germany	Distribution of perfumes and deodorants	51% (51%* of effective ownership interest in GC S.A. is held by GCG SA and GCG GmbH)	51% (51%* of effective ownership interest in GC S.A. is held by GCG SA and GCG GmbH)
Global Cosmed International GmbH	Global Cosmed Qingdao	Qingdao China	Development and distribution of chemical products that do not require authorisation in all areas of application	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A. and GCI GmbH)	100% (100% of effective ownership interest in GC S.A. is held by GCG S.A. and GCI GmbH)

All the above subsidiaries are fully consolidated.

In the reporting period, there were no changes in the shareholding structure of the units of Global Cosmed Group.

#### 1.4. Members of the Parent Company's governing bodies

##### Global Cosmed S.A.

###### Management Board

As at 31 March 2019, the Management Board of Global Cosmed S.A. was composed of the following persons:

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

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

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

In the period from 1 January 2019 to the date of these financial statements, there were no changes to the composition of the Management Board.

###### Supervisory Board

As at 31 March 2019, the Supervisory Board of Global Cosmed S.A. was composed of the following persons:

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

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

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

In the period from 1 January 2019 to the date of these financial statements, there were no changes in the composition of the Company's Supervisory Board.

###### Holders of commercial power of attorney

As at 31 March 2019, the Parent Company had also the following representatives in the capacity of holders of commercial power of attorney and proxies:

- Grażyna Łyżwińska – joint commercial representation from 20 June 2016
- Sławomir Miętka – joint commercial representation from 28 April 2017
- Marcin Wittenbeck – joint commercial representation from 29 June 2017
- Dorota Krużel – joint commercial representation from 29 June 2017
- Robert Koziątek – joint commercial representation from 18 September 2018

As at the date of submission of these statements for publication, the joint commercial representation of Mr Robert Koziątek has not been registered with the National Court Register.

###### Audit Committee

As at 31 March 2019, the Audit Committee was composed of:

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

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

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

Members of the Audit Committee are appointed by the Supervisory Board from among the members of the Supervisory Board for a term of office. In the period from 1 January 2019 until the date of these financial statements, there were no changes in the composition of the Company's Audit Committee.

### **1.5. Other information concerning condensed consolidated financial statements**

The condensed consolidated financial statements of the Global Cosmed Capital Group cover the period of 3 months ending on 31 March 2019 and include comparable data: in the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement – data for the 3-month period ending on 31 March 2018, in the statement of financial position – data as at 31 December 2018. Data from the published financial statements were presented as comparable data. The comparable data in these condensed consolidated financial statements as at 31 March 2018 concerning the year of 2018 relate to the published consolidated data for the first quarter of 2018.

The condensed consolidated financial statements of the Capital Group as at 31 March 2019 were not audited or reviewed by an expert auditor.

The condensed consolidated financial statements of the Capital Group were prepared on the assumption that the Capital Group companies will continue as a going concern in an unchanged form and scope for a period of at least 12 months from the last day of the last reporting period, and there are no indications of intended or forced discontinuation or substantial reduction of its current operations. As at the date of signing of the condensed consolidated financial statements, the Parent Company's Management Board does not find any facts or circumstances indicating a threat to the Company's going concern in the foreseeable future. In the reporting period, the Capital Group companies did not adjust the previous periods' errors.

The companies of the Capital Group do not have any branches preparing their own separate financial statements. The duration of operations of the Capital Group companies is unlimited.

The quarterly report for the period from 1 January 2019 to 31 March 2019 should be read jointly with the consolidated financial statements covering the period from 1 January 2018 to 31 December 2018, published on 1 April 2019.

This report was submitted for approval by the Management Board of Global Cosmed S.A. for publication on 20 May 2019.

## **2. Declaration of compliance**

These Interim Condensed Consolidated Financial Statements of the Group for the period from 1 January 2019 to 31 March 2019 have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting (“IAS 34”) and in accordance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and effective during the preparation of the Interim Consolidated Financial Statements.

The Management Board of Global Cosmed S.A. represents that to their best knowledge, the interim condensed consolidated financial statements covering the period from 1 January 2019 to 31 March 2019 and comparable data have been prepared in accordance with the applicable accounting principles and they truly, fairly and clearly reflect the financial standing of the Global Cosmed Capital Group as well as its financial performance, and that the financial statements give a true and fair view of the Global Cosmed Capital Group's development, achievements and condition, including a description of basic threats and risks.



### 3. Applied accounting principles and valuation methods

The condensed consolidated financial statements have been prepared in accordance with accounting principles consistent with the International Financial Reporting Standards and International Accounting Standards, as approved by the European Union (EU) and effective as at the date of these financial statements. They comply also with the requirements set out in the Ordinance of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state (Journal of Laws of 2018, item 757). In these interim condensed consolidated financial statements the general term of IFRS is used both in relation to International Financial Reporting Standards and International Accounting Standards.

The consolidated financial statements, except the cash flow statement, were prepared in accordance with the accrual basis.

The statement of profit or loss and other comprehensive income covers the profit and loss account and other comprehensive income. Comparative variant has been adopted as the basic reporting classification of costs in the profit and loss account. Profit or loss is the total amount resulting from the deduction of costs from income, excluding components of other comprehensive income.

Cash flows from operating activities are presented using the indirect method.

The consolidated financial statements have been prepared in accordance with the historical cost concept, except for financial liabilities, including loans and borrowings measured at the amortised cost using the effective interest rate.

These interim condensed consolidated financial statements correspond to all requirements of the IFRS adopted by the European Union and present fairly the financial position as at 31.03.2019, 31.12.2018 and the results of operations and cash flows for the period from 01.01.2019 to 31.03.2019 and 01.01.2018 – 31.12.2018.

The accounting principles applied in preparation of the interim condensed consolidated financial statements for the first quarter of 2019 are consistent with the principles applied in preparation of the annual financial statements for the previous year covered by the consolidated financial statements, except for changes in the accounting policy related to the introduction of IFRS 16 “Leases” as of 1 January 2019. The Group did not decide to apply MSSF 16 earlier.

#### 3.1 Application of IFRS 16 —, “Leases”

IFRS 16 introduces a new definition of leases and it replaces IAS 17 “Leases” and related interpretations. This standard sets out the principles for the recognition, calculation, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset and liability due to its payment obligation. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. In accordance with IFRS 16, the Lessee presents new items in the statement of financial position or in additional notes: the right of use (on the assets side) and corresponding short-term and long-term lease liabilities (on the equity and liabilities side).

The Group decided to apply a simplified approach that does not transform the comparative data and the effect of changes is recognized as an adjustment to retained earnings as at the date of initial application. Under this approach, lease liabilities in the amount of current outstanding lease payments discounted using their maximum interest rate determined as at the date of the standard’s entry into force should be recognized as current operating lease agreements. At the same time, the lease assets were measured as if IFRS 16 had been applied from the date of signing the agreement using the lessee’s maximum interest rate determined as at the standard’s entry into force or at an amount equal to the amount of the recognized lease liability adjusted for any prepayment or overpayment of lease payments recognized directly before or after the date of implementation of IFRS 16. However, for the up-to-date finance lease agreements, it is necessary to determine the value of the lease assets and liabilities without the need to convert the value determined on the basis of the IAS 17 guidelines, which will constitute the initial value as at the date of implementation of the new standard. The Global Cosmed Capital Group benefited also from the simplification of the transitional period, and it did not re-assess whether previously classified contracts contain leases. Therefore, IFRS 16 was not applied to agreements which were not identified as lease agreements before 1 January 2019.

The effect of applying this standard had no impact on the financial results previously presented by the Group and there was no need to adjust the opening balance of retained earnings as at 1 January 2019.

Due to the application of IFRS 16, the Group did not identify and recognize the amounts due to the right-of-use and the lease liabilities that should be presented in the consolidated financial statements as at the date of initial

application, i.e. 01.01.2019, except for lease assets and lease liabilities which were recognized in the financial statements on the basis of the guidelines of IAS 17 due to classification of agreements as finance leases. Therefore, there was no need to convert the value of lease assets or lease liabilities.

The Group did not use the simplification provided for short-term leases and lease of low-value assets (not exceeding USD 5,000). The changes introduced on 1 January 2019 relate to the presentation of leased assets. A new item has been distinguished in the balance sheet: the right to use an asset. Before 1 January 2019, the Group presented lease liabilities divided into long- and short-term lease liabilities.

	Land, including Right of perpetual usufruct	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant & equipment	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Assets</b>						
Right-of-use assets as at the date of first application 01.01.2019	-	-	2,659	1,193	-	<b>3,852</b>
Right-of-use assets as at the date of first application 31.03.2019	-	-	2,375	1,334	-	<b>3,709</b>
<b>Equity and liabilities</b>						
<b>as at 01.01.2019</b>						
Long-term lease liabilities	-	-	1,678	522	-	<b>2,200</b>
Short-term lease liabilities	-	-	1,162	581	-	<b>1,743</b>
<b>as at 31.03.2019</b>						
Long-term lease liabilities	-	-	1,458	541	-	<b>1,999</b>
Short-term lease liabilities	-	-	1,103	651	-	<b>1,754</b>

As at 1 January 2019, the Group recognized the right-of-use assets in the amount of PLN 3,852,000 and right-of-use liabilities (lease) in the amount of PLN 3,943,000.

#### 4. Functional currency, currency for presentation of financial statements and exchange rates used to convert financial data

These condensed consolidated financial statements of the Global Cosmed Capital Group have been prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of Global Cosmed S.A. and the Group companies operating in the territory of Poland; the functional currency of the Group companies operating in the territory of Germany is euro (EUR); the functional currency of Global Cosmed, Qingdao Ltd. operating in the territory of China is yuan renminbi (CNY).

The data in the condensed consolidated financial statements have been presented in thousands of PLN. Any differences between total amounts and the sum of their components result from rounding.

The financial statements of foreign entities for the purposes of preparing consolidated financial statements and the data derived from the condensed consolidated financial statements of the Group have been converted in accordance with the following principles:

- for the data derived from the statement of financial position – the middle exchange rate of EUR and CNY applicable at the end of each period was applied,
- for the data derived from comprehensive income, statement of changes in equity and cash flow statement – the middle exchange rate for a given period calculated as the arithmetic mean of the exchange rates applicable as at the last day of each month in a given period was applied.

#### Exchange rates applied:

	Period ending on	Period ending on
	31.03.2019	31.12.2018
PLN to EUR exchange rate	4.3013	4.3000
PLN to CNY exchange rate	0.5712	0.5481

	Period	Period
	01.01–31.03.2019	01.01–31.03.2018
Period middle exchange rate of PLN to EUR	4.2978	4.1784
Period middle exchange rate of PLN to CNY	0.5642	0.5380

## 5. Changes in provisions, deferred and accrued expenses, revaluation write-downs of assets and other estimates, income tax

	31.12.2018	recognized	used	reversed	Other changes	31.03.2019
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Revaluation write-downs:</b>						
– of receivables	4,225	-	-	-	-	4,225
– of inventories	1,166	140	(52)	(102)	-	1,152
<b>Increases for:</b>	-					
– retirement and similar benefits	4,894	388	-	(1,197)	1	4,086
– other provisions	3,393	4,812	-	(5,023)	-	3,182
<b>Total</b>	<b>13,678</b>	<b>5,340</b>	<b>(52)</b>	<b>(6,322)</b>	<b>1</b>	<b>12,645</b>

	31.03.2019	31.12.2018
	PLN '000	PLN '000
Current income tax	(334)	1,381
Deferred tax	(553)	1,694
<b>Total</b>	<b>(887)</b>	<b>3,075</b>

In the current period's financial result, the effects of update or creation of estimates of future liabilities (provisions) have been accounted for, in particular, those due to:

- provisions, as well as accruals. The amounts recognized reflect the most appropriate estimation of cash required to meet the obligation existing as at the balance sheet date in the future,
- to recognize tax assets. The Group recognizes a deferred tax asset assuming that a taxable profit will be generated in the future, which will allow for its use.

In the current period, the amount of accruals decreased by PLN 211,000 (PLN 4,812,000 – recognized, PLN 5,023,000 – reversed). The amount of provisions for pension benefits has changed by PLN 808,000.

The amount of revaluation write-downs on receivables remained unchanged and the amount of revaluation write-downs on inventories decreased by PLN 14,000 (write-downs of PLN 140,000 were recognized and write-downs of PLN 154,000 were used and reversed).

The update of other accounting estimates did not significantly affect the results of the current period.

## 6. Description of significant achievements or failures during the reporting period

The most significant items in the income statement for the 3 months of 2019 as compared to the results achieved in the corresponding period of the previous year and the basic economic indicators are presented below.

SELECTED DATA FROM THE STATEMENT OF COMPREHENSIVE INCOME	3 months 2019	3 months 2018
	PLN '000	PLN '000
Sales revenue	72,666	70,635
Profit (loss) from sales	-282	-163
Operating profit (loss)	585	-106
Gross profit (loss)	-105	-611
Net profit (loss)	-992	-1,198
Result on financial activity	-689	-505
Amortization/depreciation	2,751	2,620

SELECTED DATA FROM THE STATEMENT OF FINANCIAL POSITION	31.03.2019	31.12.2018
	PLN '000	PLN '000
Fixed assets	252,737	253,639
Current assets	77,334	81,995
Inventories	30,891	35,318
Short-term trade receivables	34,659	34,480
Cash and other monetary assets	3,496	4,048
Total assets	330,071	335,634
Equity	179,955	180,963
Share capital	87,339	87,339
Total long-term liabilities	35,585	35,717
Total short-term liabilities	114,531	118,954
Credits and loans	68,746	66,474

The selected financial ratios achieved by the Company in the periods of: 1.01. – 31.03.2019 and 1.01. – 31.03.2018 were presented below together with the methodology for their calculation.

Specification		01.01–31.03.2019	01.01–31.03.2018
EBITDA	PLN	3,335	2,514
Return on Sales (profit (loss) on sales / sales revenue)	%	-0.4	-0.2
Net return on sales (net financial result / sales revenue)	%	-1.4	-1.7
Receivables turnover (trade receivables x 90 / sales revenue)	days	43	52
Inventory turnover (inventories x 90 / sales revenue)	days	38	48
Liquidity I (current assets / short-term liabilities)	ratio	0.68	0.74
Liquidity II (current assets – inventories) / short-term liabilities)	ratio	0.41	0.42

In the first quarter of 2019, the Capital Group generated sales revenue of PLN 72,666,000, i.e. by 3% more than in the corresponding period of the previous year. The Capital Group reported a net loss for shareholders of the parent company of PLN 992,000 in the first quarter of 2019, as compared to a loss of PLN 1,198,000 thousand in the first quarter of 2018. At the level of operating profit less amortization/depreciation (EBITDA), the Parent Company achieved an increase in profit by PLN 778,000, as compared to the result in the corresponding period of 2018.

What had a significant impact on the financial result in the first quarter of 2019, were the parameters which had not been satisfied in the blending plant of the establishment in Radom. The investment in the new blending plant contributed to a decrease in profitability. Errors were found both at the design and implementation stage. Apart from direct costs associated with this, it also had an impact on the operating structure in many areas; the implementation of the recovery plan is currently pending.

#### Significant events in the period covered by the report:

No significant events occurred in the period covered by these financial statements.

#### 7. Description of factors and events, in particular atypical ones, affecting assets, liabilities, capital, net financial result or cash flows

In the period from 1 January to 31 March 2019, there were no atypical events with a significant impact on assets, liabilities, capital, net financial result or cash flows, except those described in previous sections of the report.

## 8. Explanations concerning seasonality or cyclicity of the Group's operations

The activities of the Group Companies in the presented period were not subject to seasonal or cyclical fluctuations.

## 9. Information on significant purchase and sale transactions of tangible fixed assets and significant liability related to the purchase of tangible fixed assets. Information on issuance, redemption and repayment of debt securities and equity securities

In the period from 01.01 to 31.03.2019, there was no significant increase in tangible fixed assets. In the reporting period, the Group did not issue, redeem nor repay debt securities and equity securities.

## 10. Information on paid-out or declared dividends

The objective of the Parent Company's capital management is to protect the Capital Group's ability to continue its operations and maximize the profitability for shareholders at the same time. The Management Boards keep monitoring the return on capital ratio and the level of dividend per ordinary share on an ongoing basis. As at 20 May 2015, the Management Board of Global Cosmed S.A. passed a resolution on the adoption of the dividend policy for 2015–2017. no dividend policy for subsequent years had been established. In the period covered by the report, the dividend was not declared or paid out to the shareholders.

## 11. Changes in contingent liabilities and assets and other off-balance sheet items

In the first quarter of 2019, there were no significant changes in the amount of contingent liabilities and assets constituting collateral for liabilities.

## 12. Financial liabilities

The Group's financial liabilities in the reported period are as follows:

	31.03.2019	31.12.2018
	PLN '000	PLN '000
<b>Long-term liabilities</b>		
Loans and advances received as well as debt securities	23,537	24,345
Finance lease liabilities	1,999	1,910
<b>Total long-term liabilities</b>	<b>25,536</b>	<b>26,255</b>
<b>Short-term liabilities</b>		
Loans and advances received as well as debt securities	45,209	42,129
Finance lease liabilities	1,754	1,567
<b>Total short-term liabilities</b>	<b>46,963</b>	<b>43,696</b>
<b>Total financial liabilities</b>	<b>72,499</b>	<b>69,951</b>

On 29.01.2019, Global Cosmed S.A. entered into a non-revolving working capital Loan facility agreement for PLN 3 million with Bank Pekao S.A. The loan initiation of up to PLN 3 million took place gradually along with the reduction of the Loan amount from PLN 6 million to PLN 3 million, granted by the Bank under Agreement No. 2018/43 of 29 June 2018, as amended, so as not to exceed the total level of exposure under these two loans in the amount of PLN 6 million.

Apart from the above agreement, in the period from 1 January to 31 March 2019, the Group companies did not enter into any other significant financial agreements.

## 13. Events after the end of the reporting period

After the balance sheet date, no significant events occurred which would require disclosure in the interim condensed consolidated financial statements.

#### 14. Transactions with affiliated companies

As at 31.03.2019, the affiliated companies of the Global Cosmed Capital Group are as follows:

Majority shareholder  
Andreas Mielimonka

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

**In the period from 1.01. to 31.03.2019, the following commercial transactions with affiliated companies that were not subject to elimination from consolidation were concluded:**

Entity name	Operating income	Operating costs	Receivables	Liabilities
	PLN '000	PLN '000	PLN '000	PLN '000
Dr Andreas Mielimonka	-	-	2	1
Blackwire Ventures Sp. z o.o.	-	-	159	-
Mielimonka Holding sp. z o.o.	-	-	2	-
Blackwire Ventures spółka z o. o. Sp. k.	-	168	581	67
<b>Total</b>	<b>0</b>	<b>168</b>	<b>744</b>	<b>68</b>

**In the period from 1.01. to 31.03.2019, the following commercial transactions affiliated companies that were subject to elimination from consolidation were concluded:**

Entity name	Revenue	Costs	Receivables	Liabilities
	PLN '000	PLN '000	PLN '000	PLN '000
Global Cosmed S.A.	19,736	764	15,863	1,584
Global Cosmed Group S.A.	2,268	16,057	10,719	7,865
Global Cosmed domal GmbH	14,630	141	15,885	94
Global Cosmed GmbH	325	18,436	3,661	23,581
Global Cosmed International GmbH	213	2,312	264	16,535
Kret Brand Property Sp. z o.o. Sp. k.	439	-	2,368	4
Sofin Brand Property Sp. z o.o. Sp. k.	99	-	1,624	-
Brand Property Sp. z o.o.	-	-	-	212
Domal Grundstücksgesellschaft mbH	-	-	-	509
Global Cosmed Group GmbH	-	-	-	-
GLOBAL COSMED Qingdao Ltd	-	-	-	-
Global Cosmed S.A. Bills of exchange	-	-	1,300	-
Kret Brand Property Sp. z o.o. Sp. k. Bills of exchange	-	-	1,261	-
Sofin Brand Property Sp. z o.o. Sp. k. Bills of exchange	-	-	977	-
Global Cosmed Group S.A. bill of exchange	-	-	-	3,538
<b>Total</b>	<b>37,710</b>	<b>37,710</b>	<b>53,922</b>	<b>53,922</b>

#### ASSETS items:

Trade receivables	49,295
Other assets and other short-term receivables	1,089
Cash and cash equivalents	3,538

#### EQUITY AND LIABILITIES

Trade liabilities	50,384
Other liabilities	3,538

#### **15. Changes in the structure of the Group resulting from combination of businesses, takeover or sale of the Capital Group's units, long-term investments, division, restructuring and discontinuation of operations**

In the period from 1 January to 31 March 2019, there were no changes in the structure of the Global Cosmed Capital Group as a result of a combination of businesses, takeover or sale of the Group's units, long-term investments, division, restructuring and discontinuation of operations.

#### **16. The opinion of the Management Board regarding the possibility of fulfilling the previously published forecasts of results**

On 11 February 2019, the Parent Company's Management Board presented a forecast of results for the period from 1 January 2019 to 31 December 2019, which covered:

- Consolidated sales revenue of Global Cosmed Group: PLN 304 million;
- Consolidated EBITDA of Global Cosmed Group: PLN 14 million.

EBITDA is defined as operating profit plus amortization/depreciation and revaluation write-downs on non-financial fixed assets.

The presented forecast of the consolidated results was prepared by the Management Board of Global Cosmed S.A. on the basis of detailed plans of all companies belonging to the Capital Group. The forecast envisages a renewed distribution of distribution companies operating on foreign markets in the segment of branding and private labels, as well as an improvement in the operations in the area of manufacturing and logistics. The revenue forecast takes into account the organic growth of sales of strategic brands in all markets and optimization of the private label portfolio. As a result, the Management Board forecasts comparable revenues in 2019 as compared to 2018.

The sales of products under brands belonging to the Global Cosmed Group, in the opinion of the Management Board, will record further increases, both locally and on international markets. The Management Board assumes a one-digit improvement in sales in 2019 in Poland and a high, two-digit sales growth abroad. The main factor of development will be the bobini brand in Asia (South Korea, Vietnam) and expansion of the scale in the region of Africa and the Middle East. Private brands' revenues will record a drop in 2019 due to termination of cooperation with one of the customers and further optimization of contracts in terms of volumes and profitability. However, the Group's key customers will record an improvement in sales in 2019.

The planned improvement in EBITDA margin to 4.6% in 2019 from 3.4% in 2018 will result from the development of own brands and better efficiency in the area of manufacturing and logistics. Investments in efficient production machinery for cosmetics and household chemicals will be continued, taking into account automation and further vertical integration. The extension of production batches and more effective planning should translate into productivity and speed up the turnover, which will then result in a more effective distribution of fixed costs.

The forecast takes into account the increase in electricity and packaging costs in the total amount of approx. PLN 3 million, which is a consequence of the abrupt surge in energy prices in Poland. The forecast does not include mergers and acquisitions, although the Company systematically monitors this market in Poland and abroad. The development by acquisition is an element of the Global Cosmed development strategy and the Management Board does not rule out such transactions. When preparing the forecast, the Management Board of the Company took into account: previous results, market analysis, continuation of the strategy, market share and position of the Company, its financial condition and potential changes. Taking into account the assumptions made in this forecast and the result for the first quarter of 2019, the Parent Company's Management Board does not see a threat to the implementation of the forecast for 2019.

The Parent Company's Management Board did not publish financial forecasts for the first quarter of 2019.

**17. The shareholders holding at least 5% of the overall number of votes at the general meeting of Global Cosmed S.A. with indication of the number of shares held by those entities, their percentage interest in the share capital, the number of votes attached to those shares and their percentage share in the overall number of votes at the general meeting and indication of changes in the ownership structure of major shareholdings of Global Cosmed S.A. during the period since the submission of the previous quarterly report**

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

Shareholder's name	Number of shares	Number of votes at the General Meeting of Shareholders	Nominal value of shares PLN	Share in the number of votes at the General Meeting of Shareholders
Andreas Mielimonka	48,243,159	48,243,159	48,243,159	46.1%
Blackwire Ventures sp. z o.o.*	23,963,623	41,189,745	23,963,623	39.4%
Mielimonka Holding sp. z o.o.*	2,997,625	2,997,625	2,997,625	2.9%
Magdalena Anita Mielimonka**	80,000	80,000	80,000	0.1%
Arthur Raphael Mielimonka***	1,119,896	1,119,896	1,119,896	1.1%
Laura Agnes Mielimonka-Hofmann***	107,330	107,330	107,330	0.1%
Anja Katja Mielimonka***	107,330	107,330	107,330	0.1%
Others	10,719,689	10,719,689	10,719,689	10.3%
<b>Total</b>	<b>87,338,652</b>	<b>104,564,774</b>	<b>87,338,652</b>	<b>100.0%</b>

\* entities controlled by Andreas Mielimonka

\*\* spouse of Andreas Mielimonka

\*\*\* descendant of Andreas Mielimonka

The Company's share capital is PLN 87,338,652 and it has been divided into 87,338,652 shares with the nominal value of PLN 1 each. Shareholders are not entitled to any other voting rights than those resulting from their shareholding.

Shareholders do not have any special control powers.

There are no restrictions regarding the exercise of the voting rights by the Shareholders.

The shareholders having the right to more than 5% of votes at the General Meeting of Shareholders of Global Cosmed S.A. as at the date of submission of the quarterly report include:

- Andreas Mielimonka holds 48,243,159 shares, i.e. 55.24% of the share capital, which confer the right to 48,243,159 votes, i.e. 46.14% of the total number of votes;  
Andreas Mielimonka holds, together with its subsidiaries and affiliates: Blackwire Ventures sp. z o.o. with its registered office in Radom, holding 23,963,623 shares (17,226,122 registered and 6,737,500 bearer shares) which confer the right to 41,189,745 votes, Mielimonka Holding sp. z o. o. with its registered office in Radom, holding 2,997,625 bearer shares, which confer the right to 2,997,625 votes, with the spouse: Magdalena Mielimonka, holding 80,000 bearer shares, which confer the right to 80,000 votes, the children: Arthur Mielimonka, holding 1,119,896 bearer shares, which confer the right to 1,119,896 votes, Laura Mielimonka, holding 107,330 bearer shares, which confer the right to 107,330 votes, and Anja Mielimonka, holding 107,330 bearer shares, which confer the right to 107,330 votes, which gives the total of 76,618,963 shares (17,226,122 registered shares and 59,392,841 bearer shares) of Global Cosmed S.A., representing 87.73% shares in the share capital and conferring the right to 93,845,085 votes at the general meeting, which represents a share of 89.75% in the total number of votes at the general meeting;
- Blackwire Ventures Sp. z o.o., holding 23,963,623 shares, i.e. 27.44% of the share capital, which confer the right to 41,189,745 votes, i.e. 39.39 % of the total number of votes.

As of the date of submission of the last financial statements, there were no changes in the Parent Company's shareholding structure.



Shares creating the share capital as at the date of submission of the financial statements:

Issue	Number of shares	Number of votes at the General Meeting of Shareholders	Nominal value of shares in PLN	Stake in share capital
A series*	1,813,276	3,626,552	1,813,276	2.1%
B series*	15,412,846	30,825,692	15,412,846	17.6%
C series	7,253,104	7,253,104	7,253,104	8.3%
D series	6,254,085	6,254,085	6,254,085	7.2%
E series	200,000	200,000	200,000	0.2%
F series	4,600,000	4,600,000	4,600,000	5.3%
G series	38,055,089	38,055,089	38,055,089	43.6%
H series	2,961,125	2,961,125	2,961,125	3.4%
I series	4,653,197	4,653,197	4,653,197	5.3%
J series	4,873,363	4,873,363	4,873,363	5.6%
K series	250,000	250,000	250,000	0.3%
L series	1	1	1	0.0%
M series	1,012,566	1,012,566	1,012,566	1.2%
<b>Total</b>	<b>87,338,652</b>	<b>104,564,774</b>	<b>87,338,652</b>	<b>100.0%</b>
<i>*preference shares in votes at GMS</i>	<i>17,226,122</i>	<i>34,452,244</i>		

#### 18. Summary of shareholdings in Global Cosmed S.A. or rights to shares by managers and supervisors together with indication of changes in the shareholdings in the period from the submission of the previous quarterly report

According to the information held by the Company, the shareholdings in Global Cosmed S.A. or the rights to shares by managers and supervisors as at the date of submission of the financial statements is as follows:

Managers and supervisors	Number of shares	% of shares	number of votes	% of votes
Andreas Mielimonka*	48,243,159	55.24%	48,243,159	46.14%
Andreas Mielimonka**	76,618,963	87.73%	93,845,085	89.75%
Magdalena Mielimonka*	80,000	0.09%	80,000	0.08%
Magdalena Mielimonka**	76,618,963	87.73%	93,845,085	89.75%
Aleksandra Gawrońska*	50,000	0.06%	50,000	0.05%

\* directly

\*\* including closely-related persons

In accordance with the information held by Global Cosmed S.A., in the period from 1 April 2019 to 20 May 2019 there were no changes in the shareholdings of the Parent Company's and the rights to shares by managers and supervisors of Global Cosmed S.A.

#### 19. Litigation pending before a court, competent arbitration authority or a public administration authority, taking into account information on the proceedings concerning liabilities or debt claims of Global Cosmed S.A. or its subsidiary, the value of which constitutes at least 10% of the equity of Global Cosmed S.A. Information on significant court settlements

By letter dated 26 June 2017, the Head of the Lower Silesia Region Tax Office opened tax proceedings against a subsidiary of Global Cosmed Group S.A. with its registered office in Jawor concerning the corporate income tax for the period from 01.01.2014 to 31.03.2014. The proceedings is regarding the reasonableness of transfer pricing applied in transactions between affiliated companies, including Global Cosmed S.A. The initiated proceedings are based on the result of the tax inspection carried out by the Head of the Lower Silesia Tax Office for that period, covering, among other things, transfer pricing applied by the company. In the course of inspection, the controlling authority challenged some transfer pricing solutions applied in the Capital Group, indicating that, in the authority's opinion, they were non-arm's length and estimated the potential difference in turnover between entities to be PLN 30 million. The audited entity submitted objections to the inspection report, as a result of which the tax proceeding was initiated.

As a result of the proceedings, the authority issued the decision of 18 January 2019, in which it concluded that the margins earned by Global Cosmed Group S.A. are within the range of margins generated by affiliated parties,

but they deviate from the median. This resulted in the tax authority overestimating the income of Global Cosmed Group S.A. for taxation in the amount of PLN 3,9 million and the determination of the tax arrears in the amount of PLN 759,109. The company lodged an appeal against this decision and it believes that the recognition by the authority that margins obtained by Global Cosmed Group S.A. are within the market range should result in the discontinuation of the proceedings. There are no legal grounds to assume that affiliated companies should shape their transaction prices at a level corresponding to the median of margins generated by unrelated parties. The company has also challenged the choice of unrelated companies on the basis of which the analysis was made, claiming that for the purpose of calculations entities obtaining margins at a level significantly different than the market average were selected, as well as entities from other industries, which led to falsified calculations. After rejecting extreme cases, the margins achieved by Global Cosmed Group S.A. are also within the median of margins obtained by unrelated parties. The affiliated companies: Global Cosmed S.A. and Global Cosmed Group sp. z o.o. sp.k. (its legal successor) will request a statement of overpayment on the basis of the decision issued, which should compensate its adverse effects.

The Polish law on corporate income tax, personal income tax, tax on goods and services or social security contributions changes frequently, which results in the lack of established practice and lack of clarity and inconsistency of regulations. This situation gives rise to the possibility of differing interpretations of tax regulations by state authorities and taxpayers. Tax settlements and other settlements (e.g. customs) may be audited for up to 6 years. The competent control authorities have the right to impose significant penalties with interest. There is a risk that the control authorities take a different position than the Company's position regarding the interpretation of provisions which could significantly affect the amount of public-law liabilities disclosed in the financial statements.

**20. Information concerning conclusion of one or more non-arms' length transactions with affiliated companies by Global Cosmed S.A. or its subsidiary which are significant individually or jointly and indication of the value of such transactions**

In the reporting period, Global Cosmed S.A. and the Global Cosmed Capital Group companies did not conclude transactions with affiliated companies on non-arm's length terms.

**21. Information on sureties of loans or credits or guarantees granted by Global Cosmed S.A. or its subsidiary — jointly to one entity or a subsidiary of that entity if the total value of existing sureties or guarantees constitutes an equivalent of at least 10% of the equity of Global Cosmed S.A.**

In the period covered by the report, Global Cosmed S.A. and the Global Cosmed Capital Group entities did not grant any sureties of credits or loans and did not grant any guarantees.

**22. Information about non-payment of loan or credit or about a breach of significant provisions of loan or credit agreement with respect to which no remedial actions were taken by the end of the reporting period**

In the reporting period, there were no cases of failure to repay the principal, interest or other terms of redemption. There were no violations of terms of loan or credit agreements that would entail the risk of their immediate maturity.

**23. Other information considered by the issuer to be important in the assessment of the issuer's personnel, asset and financial standing, net profit and changes to such items; information relevant to the assessment of the issuer's ability to fulfill obligations**

The Group maintains cash resources sufficient to cover the matured liabilities and has additional financing options due to the granted credit limits.

The liquidity risk is connected with the settlement of matured liabilities of the Global Cosmed Group. As part of the processes limiting the liquidity risk, the Group:

- forecasts cash flows in connection with the analysis of the asset liquidity level;
- has been monitoring the liquidity and securing the financing under the signed credit facility agreements and the maintained credit lines.

The Global Cosmed Capital Group's objective is to maintain a balance between continuity and flexibility of

funding through the use of various sources such as bank overdrafts, bank credits, factoring and advance payment loans. As at 31 March 2019, the level of utilisation of loans by the Group companies was PLN 68,746,000.

The Group's portfolio of trade receivables is analysed on an ongoing basis – at the end of the first quarter of 2019 the level of receivables was PLN 34,659 and their turnover was 43 days.

**24. Information about changes in the economic situation and operating conditions that have a significant effect on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are recognized at fair value or at the adjusted acquisition price**

In the first quarter of 2019, there were no significant changes in economic situation, as well as environment for conducting business activity, which would have a significant influence on the fair value of the Capital Group's financial assets and liabilities.

**25. In the case of financial instruments measured at fair value – information on changes in the manner (method) of its determination**

In the period from 01.01. to 31.03.2019, there were no changes in the manner (method) of determining the fair value of financial instruments measured at fair value and no changes in the classification of financial assets were made as a result of a change in the purpose or use of such assets.

**26. Information on threats and risks which in the issuer's opinion will affect its performance during at least the following quarter**

The main objective of the Group's strategy is to increase the value of shares of Global Cosmed S.A. through increasing the sales revenue in Poland and abroad, expanding to new foreign markets and increasing the profitability of the Company's operations. Implementation of this strategy follows from the diversified development of the portfolio of own brands and private labels, combined with investments improving internal efficiency and vertical integration (e.g. own production of packaging).

Among the basic threats and risks that may, in the Company's opinion, have an impact on the financial results of future periods, the following should be listed:

Risks associated with the Group's operations:

- risk of failure to implement the strategy of the Parent Company – Global Cosmed S.A.;
- risk of upward trends of prices of the key components of manufactured products;
- risk of being dependent on the key customer;
- risk related to the clauses of agreements with counterparties;
- risk associated with the threat to health or life of consumers;
- risk of research and development works on new products;
- risk of failure of production lines;
- risk of contamination of the environment;
- risk of untimely payment of dues by counterparties.

Risks associated with the environment in which the Group operates:

- risk associated with the macroeconomic situation;
- risk associated with an increase in interest rates;
- risk associated with changes in legal regulations and their interpretation;
- risk related to extraordinary events, random events and weather changes;
- risk associated with significant changes in exchange rates;
- risk associated with trends in the cosmetics and household chemicals market;
- risk related to intensified competition.

The aforementioned factors include, among other things, the risks and threats to the Group's operations. The Parent Company's Management Board keeps monitoring the threats and internal and external risks that may have a significant impact on the Group's operations on an ongoing basis. In the event of threats, the Board takes measures to effectively fulfill the intended objectives of the Group.

**27. Interim condensed separate financial statements for the period from 1 January to 31 March 2019**

**a. Interim condensed separate statement of financial position**

	31.03.2019	31.12.2018
	PLN '000	PLN '000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible fixed assets	111,924	115,121
Intangible assets	182	262
Right-of-use assets	2,148	-
Shares and interest in affiliated companies	165,611	165,611
<b>Total fixed assets</b>	<b>279,865</b>	<b>280,994</b>
<b>Current assets</b>		
Inventories	18,553	20,500
Trade receivables	26,347	28,531
Corporate income tax receivables	-	-
Other assets and other short-term receivables	3,388	2,935
Cash and cash equivalents	1,638	1,533
<b>Total current assets</b>	<b>49,926</b>	<b>53,499</b>
<b>Total assets</b>	<b>329,791</b>	<b>334,493</b>

	31.03.2019	31.12.2018
	PLN '000	PLN '000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	87,339	87,339
Supplementary capital	109,526	109,526
Capital reserves	28,415	28,415
Retained earnings from previous years	(5,453)	(223)
Current year's net profit (loss)	(1,074)	(5,230)
<b>Total equity</b>	<b>218,753</b>	<b>219,827</b>
<b>Long-term liabilities</b>		
Loans and advances received as well as debt securities	23,324	23,987
Finance lease liabilities	1,256	1,488
Provisions for long-term employee benefits	932	932
Deferred income tax liability	5,739	5,634
<b>Total long-term liabilities</b>	<b>31,251</b>	<b>32,041</b>
<b>Short-term liabilities</b>		
Loans and advances received as well as debt securities	31,334	27,778
Finance lease liabilities	1,099	1,154
Provisions for short-term employee benefits	859	859
Trade liabilities	35,060	43,067
Other liabilities	6,071	4,281
Other equity and liabilities	5,364	5,486
<b>Total short-term liabilities</b>	<b>79,787</b>	<b>82,625</b>
<b>Total liabilities</b>	<b>111,038</b>	<b>114,666</b>
<b>Total equity and liabilities</b>	<b>329,791</b>	<b>334,493</b>

#### Changes resulting from application of IFRS 16 – “Leases”

	Land, including Right of perpetual usufruct	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant & equipment	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Assets</b>						
Right-of-use assets as at the date of first application 01.01.2019	-	-	2,193	242	-	2,435
Right-of-use assets as at the date of first application 31.03.2019	-	-	1,954	194	-	2,148
<b>Equity and liabilities</b>						
<b>as at 01.01.2019</b>						
Long-term lease liabilities	-	-	1,388	100	-	1,488
Short-term lease liabilities	-	-	986	168	-	1,154
<b>as at 31.03.2019</b>						
Long-term lease liabilities	-	-	1,213	43	-	1,256
Short-term lease liabilities	-	-	926	173	-	1,099

As at 1 January 2019, the Parent Company recognized the right-of-use assets in the amount of PLN 2,435,000 and right-of-use liability (lease) in the amount of PLN 2,642,000.

**b. Interim condensed separate statement of profit or loss and other comprehensive income**

	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31
	PLN '000	PLN '000
<b>I. INCOME STATEMENT</b>		
<b>Continuing operations</b>		
Sales revenue	43,581	42,034
<b>Sales revenue</b>	<b>43,581</b>	<b>42,034</b>
Change in stock of products	(775)	(2,500)
Amortization/depreciation	(2,066)	(1,995)
Consumption of raw materials and consumables	(28,392)	(26,945)
Third-party services	(4,866)	(3,410)
Taxes and fees	(431)	(496)
Costs of employee benefits	(7,277)	(7,072)
Other costs by type	(558)	(447)
Value of goods and materials sold	(148)	(266)
<b>Total operating expenses</b>	<b>(44,513)</b>	<b>(43,131)</b>
<b>Profit (loss) from sales</b>	<b>(932)</b>	<b>(1,097)</b>
Other operating income	978	693
Other operating expenses	(570)	(727)
<b>Operating profit (loss)</b>	<b>(524)</b>	<b>(1,131)</b>
Financial revenue	41	106
Finance expenses	(485)	(479)
<b>Profit (loss) before tax</b>	<b>(968)</b>	<b>(1,504)</b>
Income tax	(106)	(98)
<b>Net income (loss) from continuing operations</b>	<b>(1,074)</b>	<b>(1,602)</b>
<b>Discontinued operations</b>		
<b>Net profit (loss) from discontinued operations</b>	-	-
<b>NET PROFIT (LOSS)</b>	<b>(1,074)</b>	<b>(1,602)</b>
<b>II. Net comprehensive income for the financial year</b>		
<i>Items that will not be reclassified to the income statement in subsequent periods</i>	-	-
<i>Items that may be reclassified to the income statement in subsequent periods</i>	-	-
<i>Cash flow hedge</i>	-	-
<i>income tax attributable to items that may be reclassified in subsequent periods</i>	-	-
<b>II. TOTAL COMPREHENSIVE INCOME</b>	<b>(1,074)</b>	<b>(1,602)</b>
	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31
	PLN '000	PLN '000
<b>Weighted average number of ordinary shares</b>	<b>87,338,652</b>	<b>86,326,086</b>
<b>Diluted number of ordinary shares</b>	<b>87,338,652</b>	<b>86,326,086</b>
<b>Profit (loss) attributable to shareholders:</b>	<b>(1,074)</b>	<b>(1,602)</b>
<b>Profit (loss) from continuing operations per share</b>		
Ordinary	(0.01)	(0.02)
Diluted	(0.01)	(0.02)

**c. Interim condensed separate statement of cash flows**

	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31
	PLN '000	PLN '000
<b>Cash flows from operating activities</b>		
Gross profit	(968)	(1,504)
Adjustments of items:		-
<i>Amortization/depreciation</i>	2,066	1,995
<i>Interest and dividends</i>	444	373
<i>(Profit)/losses on investing activities</i>	(11)	7
<i>Change in receivables</i>	1,731	1,063
<i>Change in inventory</i>	1,947	3,776
<i>Change in obligations</i>	(6,217)	(3,313)
<i>Change in deferred income</i>	(122)	(121)
<i>Change in provisions</i>	-	-
<i>Income tax (paid/returned)</i>	(1)	2
<i>Other adjustments</i>	-	-
<b>Net cash flows from operating activities</b>	<b>(1,131)</b>	<b>2,278</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets and intangible assets	27	18
Purchases of tangible fixed assets and intangible assets	(811)	(1,596)
<b>Net cash flows from investing activities</b>	<b>(784)</b>	<b>(1,578)</b>
<b>Cash flows from financial activities</b>		
Interest and dividends inflows	41	106
Inflows from borrowings/credits	4,008	40
Repayment of borrowings/credits	(1,125)	(944)
Interest paid	(485)	(479)
Payment of finance lease liabilities	(419)	(592)
<b>Net cash from financial activities</b>	<b>2,020</b>	<b>(1,869)</b>
<b>Total net cash flows</b>	<b>105</b>	<b>(1,169)</b>
Net increase in cash and cash equivalents	105	(1,169)
<b>Opening balance of cash</b>	<b>1,533</b>	<b>2,636</b>
<b>Closing balance of cash, including:</b>	<b>1,638</b>	<b>1,467</b>
<i>of which restricted cash</i>	<i>13</i>	<i>13</i>



**d. Interim condensed separate statement of changes in equity**

	Share capital	Supplementary capital	Capital reserves	Retained earnings from previous years	Current year's financial result	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2019</b>	<b>87,339</b>	<b>109,526</b>	<b>28,415</b>	<b>(5,453)</b>	-	<b>219,827</b>
Total comprehensive income	-	-	-	-	(1,074)	(1,074)
<b>As at 31 March 2019</b>	<b>87,339</b>	<b>109,526</b>	<b>28,415</b>	<b>(5,453)</b>	<b>(1,074)</b>	<b>218,753</b>

	Share capital	Supplementary capital	Capital reserves	Retained earnings from previous years	Current year's financial result	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>As at 1 January 2018</b>	<b>86,326</b>	<b>165,431</b>	<b>28,415</b>	<b>(58,720)</b>	-	<b>221,452</b>
Total comprehensive income					-5,230	(5,230)
Issue of shares	1,013	2,592				3,605
Reclassification of net profit to supplementary capital/capital reserves		(58,497)		58,497		-
<b>As at 31 December 2018</b>	<b>87,339</b>	<b>109,526</b>	<b>28,415</b>	<b>(223)</b>	<b>(5,230)</b>	<b>219,827</b>

#### e. Additional notes to the quarterly condensed financial statements

The Interim condensed financial statements of Global Cosmed S.A. for the period of 3 months ending on 31 March 2019 have been drawn up in accordance with IAS 34 "Interim Financial Reporting", in the form approved by the European Union, applying the principles of valuation of assets and liabilities and calculation of the net financial result determined as at the end of the reporting period.

The quarterly condensed financial statements of Global Cosmed S.A. has been drawn up on the basis of regulations set out in the Ordinance of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state (Journal of Laws of 2018, item 757). The format, basis and scope of preparation of the financial statements comply with the requirements of that Ordinance.

These condensed financial statements have been drawn up on the assumption that Global Cosmed S.A. will continue as a going concern in the foreseeable future, as there are no circumstances indicating a threat to its continuation. It has been prepared in accordance with the principles of valuation of assets and liabilities and calculation of net financial result determined as at the balance sheet date.

The separate financial statements have been prepared in accordance with accounting principles consistent with the International Financial Reporting Standards as adopted by the European Union (EU) and effective as at the date of these financial statements. The accounting principles applied during the preparation of the financial statements for the period from 1 January 2019 to 31 March 2019 are consistent with the principles applied in preparing the annual financial statements for the previous year covered by the consolidated financial statements, except for changes in the accounting policy related to the introduction of IFRS 16 "Leases" as of 1 January 2019. Application of the new standard is described in section 3, which clarifies the accounting principles applied and the valuation method used in the quarterly condensed consolidated financial statements.

Quarterly condensed financial statements for the period from 1 January 2019 to 31 March should be read jointly with the financial statements covering the period from 1 January 2018 to 31 December 2018, which were published on 1 April 2019.

#### f. Changes in estimates

	31.12.2018	recognized	used	reversed	31.03.2019
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Revaluation write-downs:</b>					
- of receivables	1,251	-	-	-	1,251
- of inventories	876	135	-	(67)	944
<b>Provisions for:</b>					
- retirement and similar benefits	1,791	-	-	-	1,791
- other provisions	1,104	1,163	-	(1,735)	532
<b>Total</b>	<b>5,022</b>	<b>1,298</b>	<b>-</b>	<b>(1,802)</b>	<b>4,518</b>

#### Income tax:

	31.03.2019	31.12.2018
	PLN '000	PLN '000
Current corporate income tax	-	-
Deferred tax	(106)	(98)
<b>Total</b>	<b>(106)</b>	<b>(98)</b>

In the current period's financial results, the effects of update or creation of estimates of future liabilities (provisions) were accounted for, in particular, those due to:

- revaluation write-downs on assets and provisions, accruals. The amounts recognized reflect the most appropriate estimation of cash required to meet the obligation existing as at the balance sheet date in the future;

– to recognize tax assets. The Group recognizes a deferred tax asset assuming that a taxable profit will be generated in the future, which will allow for its use.

In the current period, the level of revaluation write-downs on inventories was increased by PLN 68,000 (write-downs of PLN 135,000 were recognized and write-downs of PLN 67,000 were reversed).

The amount of accruals decreased by PLN 572,000. The amount of provisions for pension benefits did not change. The update of other accounting estimates did not significantly affect the results of the current period.

**g. Information on significant purchase and sale transactions of tangible fixed assets and significant liability related to the purchase of tangible fixed assets**

In the period from 01.01. to 31.03.2019, Global Cosmed S.A. did not incur significant capital expenditures.

**h. Changes in contingent liabilities or contingent assets and other off-balance sheet items since the end of the last financial year**

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

**i. Other information**

Other information and disclosures required by the provisions of the Ordinance of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and on conditions of equivalent information required by the provisions of the law of a Non-Member State, including: description of significant achievements in the period from 01.01. to 31.03.2019, as well as factors and events affecting the financial results achieved by Global Cosmed S.A., explanations concerning seasonality or cyclicity of the Company's operations, information on the issue, redemption and repayment of non-equity securities and events after the balance sheet date were included in the additional notes to the quarterly condensed consolidated financial statements.

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

**President of the Management Board**

.....

**Andreas Mielimonka**

**Vice President of the Management Board**

.....

**Magdalena Mielimonka**

**Member of the Management Board**

.....

**Paweł Szymonik**

Radom, 20 May 2019

