



ANNUAL REPORT 2021



Dear Shareholders and Business Partners,

Europasta SE is one of the most significant pasta producers in Central Europe and, at the same time, also a major regional flour producer. The Company's long-term strategic goal is to strengthen its market position, build competitive production capacities and make high-quality products within the framework of our own brands as well as private labels of retail chains.

Key events of 2021

The Company entered 2021 after quite an extreme 2020, marked by the COVID-19 pandemic, specifically by the high growth and extreme fluctuations of demand and difficulties with its management. 2021 became distinctive of the aftermath of the first waves of COVID-19, namely the disrupted supply chains and the emerging inflationary environment in the economy. For the Company, this trend brought about pressure particularly on the input prices of the most critical cost items. This led to the growth of durum wheat prices which was caused primarily by crop failure in the key producing country – Canada. Similarly, the price development of the other essential commodity, food-grade wheat, was rather rapid in the last quarter. The cost development remained a significant challenge for the Company's further business steps on the market related to the price increase of our products. This process occurred mainly in the last quarter of the year and at the beginning of 2022.

Industrial investments

Investments in 2021 followed previous year, and the focus was mainly on the production investments in Litovel. The overall volume of investments in 2021 reached CZK 31,228 thousand. After increasing the capacity of the L4 production line for short pasta in 2020, the principal investment of the year was a new packaging section following this line (packaging machine, cartoning machine). This investment at the end of the year increased the flexibility of the packaging section as well as the brix type packaging capacity (double folded bottom) to a significant degree. Other vital investments included the reconstruction and capacity increase of the substation in Litovel (important for the future development of the factory) and the replenishment of the freight fleet in Boršov nad Vltavou.

In 2022, we will undertake the most significant portion of the investments in Boršov nad Vltavou. This includes the expedition of feed products (feed flour and bran). Over the course of the year, we should also carry out the project of the new software solution of production planning in Litovel. Overall, 2022 will be a very strong year in terms of investments as the total budget exceeds CZK 50 million.

Business and Financial Results of the Company

Pasta sales reached 58,127 tonnes, a decrease of 4% compared to the strong year of 2020; ground wheat sales decreased to a total of 48,488 tonnes and were 4.5% lower than in the previous year.

The Company's net profit for 2021 amounted to CZK 1.341 billion, which represents a slight increase compared to 2020, as the increase in execution prices compensated for the drop in volume. The Company's plan was met in sales; however, considering the increased costs, the plan failed to be met in terms of profit generation. The overall operating result after tax reached CZK 17.091 million, almost CZK 7 million more than in the previous year.

With the cost increase in 2021 taken into account, the operating result of CZK 17.091 million can be generally perceived as satisfactory. The operating result remained in positive figures mainly thanks to the excellent delivery chain management and by slowing the ramp-up of variable costs thanks to a timely provision of primary raw materials and packaging materials.

The Company managed to keep a stable working capital and further reduced the bank debt during the year. The financial position of the Company was stable. The Company met all financial indicators set out in the loan contracts with the financing banks. Already in 2022, all the long-term investment loans connected to the investments of the previous ten years will be paid off. The current investment projects are carried out from regular operation resources.

Trade and Marketing

The market share of all our brands on the Czech market exceeds 24% in total and is stable. 2021 was a year of redesign and the marketing campaign of Zátkovy těstoviny a mouka brand. Our goal was mainly to use the strong tradition of this brand that is the cornerstone of our product portfolio. The Adriana pasta brand continued to be supported to the usual extent. The volume of sales of our brands was lower than in 2020, mainly due to the high baseline set by the extreme year of 2020. The Company saw growth in private pasta brands, especially in the export market, primarily in the semolina pasta category once again. We continue consolidating our position as a stable partner of all supermarket chains in the Czech Republic and Slovakia and in neighbouring countries. Our position on the Western European markets is stabilising as well.

2022 Prospects

The budget for 2022 is once again ambitious and growth-oriented in terms of both volume and sales. 2022 will be very difficult with respect to the continuing inflation of production inputs. The question is what the consumers' reaction to the significant price increase of our products will be. As every year, the volume assumptions are based on contracts concluded as of the end of 2021. We expect that the Company will continue to develop with an emphasis on brand building, high efficiency of factory production and high quality of all our product lines. We maintain our goal of further increasing our operating profitability, which is no longer sufficient.

Research and Development Activities

The Company is not engaged in any activities relating to research and development.

Acquisition of Treasury Shares

The Company did not acquire any of its treasury shares in 2021.

Environmental Protection and Labour-Law Relations

The Company has adopted binding documents based on the applicable environmental legislation. In terms of human resources, the Company complies with all its obligations based on the applicable legislation. The Company emphasises maintaining and increasing the professional qualification of its employees.

Organisational Branches or Other Units of the Company Abroad

The Company has no foreign organisational branches.

Information on Price, Credit and Liquidity Risks

The Company is exposed to the risk of fluctuations in purchase prices of raw materials and a reduction in sale prices by wholesale customers with significant market power. These risks are reflected in achieving lower margins.

The Company's financing is partly dependent on loans, the details of which are stated in the notes to the financial statements. Obtaining the necessary resources through loan financing is not a problem that would jeopardise the Company's future activities, as all loans are repaid without disrupting liquidity.

Post Balance Sheet Date Events

As of the balance sheet date, no significant events occurred.

Boršov nad Vltavou, 21 February 2022

Pavel Hrdina
Chairman of the Board of Directors
Europasta SE

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end, positioned to the right of the printed name and title.

I. INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Europasta SE

Having its registered office at: U Sila 246, Poříčí, 373 82 Boršov nad Vltavou

Opinion

We have audited the accompanying financial statements of Europasta SE (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2021, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Europasta SE as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 21 February 2022

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Václav Loubek
registration no. 2037



II. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Name of the Company: Europasta SE
Registered Office: U Sila 246, Poříčí, 373 82 Boršov nad Vltavou
Legal Status: Societas Europaea
Corporate ID: 281 15 414

Components of the Financial Statements:

Balance Sheet


Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 21 February 2022.

Statutory body of the reporting entity:	Signature
Pavel Hrdina Chairman of the Board of Directors	

BALANCE SHEET
full version

Europasta SE
Corporate ID 281 15 414

As of
31.12.2021
(in CZK thousand)

U Sila 246
Poříčí
373 82 Boršov nad Vltavou

		31.12.2021			31.12.2020
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	1 450 858	760 461	690 397	643 682
B.	Fixed assets	1 072 134	757 291	314 843	321 527
<i>B.I.</i>	<i>Intangible fixed assets</i>	39 992	35 231	4 761	6 423
<i>B.I.2.</i>	<i>Valuable rights</i>	39 351	35 231	4 120	6 169
<i>B.I.2.1.</i>	Software	8 905	8 183	722	1 214
<i>B.I.2.2.</i>	Other valuable rights	30 446	27 048	3 398	4 955
<i>B.I.5.</i>	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	641		641	254
<i>B.I.5.1.</i>	Prepayments for intangible fixed assets				124
<i>B.I.5.2.</i>	Intangible fixed assets under construction	641		641	130
<i>B.II.</i>	<i>Tangible fixed assets</i>	1 032 142	722 060	310 082	315 104
<i>B.II.1.</i>	<i>Land and structures</i>	258 294	142 807	115 487	119 645
<i>B.II.1.1.</i>	Land	5 876		5 876	5 876
<i>B.II.1.2.</i>	Structures	252 418	142 807	109 611	113 769
<i>B.II.2.</i>	Tangible movable assets and sets of tangible movable assets	760 901	579 253	181 648	185 472
<i>B.II.4.</i>	<i>Other tangible fixed assets</i>	79		79	79
<i>B.II.4.3.</i>	Other tangible fixed assets	79		79	79
<i>B.II.5.</i>	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	12 868		12 868	9 908
<i>B.II.5.1.</i>	Prepayments for tangible fixed assets	497		497	100
<i>B.II.5.2.</i>	Tangible fixed assets under construction	12 371		12 371	9 808
C.	Current assets	376 825	3 170	373 655	320 363
<i>C.I.</i>	<i>Inventories</i>	164 914		164 914	128 581
<i>C.I.1.</i>	Material	103 372		103 372	66 548
<i>C.I.2.</i>	Work in progress and semifinished goods	272		272	71
<i>C.I.3.</i>	<i>Products and goods</i>	61 270		61 270	61 962
<i>C.I.3.1.</i>	Products	55 685		55 685	53 390
<i>C.I.3.2.</i>	Goods	5 585		5 585	8 572
<i>C.II.</i>	<i>Receivables</i>	184 307	3 170	181 137	142 798
<i>C.II.1.</i>	Long-term receivables	23		23	367
<i>C.II.1.1.</i>	Trade receivables				344
<i>C.II.1.5.</i>	<i>Receivables - other</i>	23		23	23
<i>C.II.1.5.2.</i>	Long-term prepayments made	23		23	23
<i>C.II.2.</i>	<i>Short-term receivables</i>	184 284	3 170	181 114	142 431
<i>C.II.2.1.</i>	Trade receivables	183 019	3 170	179 849	134 932
<i>C.II.2.4.</i>	<i>Receivables - other</i>	1 265		1 265	7 499
<i>C.II.2.4.3.</i>	State - tax receivables	9		9	2 041
<i>C.II.2.4.4.</i>	Short-term prepayments made	276		276	501
<i>C.II.2.4.5.</i>	Estimated receivables	359		359	353
<i>C.II.2.4.6.</i>	Sundry receivables	621		621	4 604
<i>C.IV.</i>	<i>Cash</i>	27 604		27 604	48 984
<i>C.IV.1.</i>	Cash on hand	179		179	258
<i>C.IV.2.</i>	Cash at bank	27 425		27 425	48 726
D.	Other assets	1 899		1 899	1 792
<i>D.1.</i>	Deferred expenses	1 816		1 816	1 792
<i>D.3.</i>	Accrued income	83		83	

		31.12.2021	31.12.2020
	TOTAL LIABILITIES & EQUITY	690 397	643 682
A.	Equity	155 996	138 905
A.I.	Share capital	108 000	108 000
A.I.1.	Share capital	108 000	108 000
A.II.	Share premium and capital funds	25 472	25 472
A.II.2.	Capital funds	25 472	25 472
A.II.2.1.	Other capital funds	66 900	66 900
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-41 428	-41 428
A.III.	Funds from profit	1 413	1 413
A.III.1.	Other reserve funds	948	948
A.III.2.	Statutory and other funds	465	465
A.IV.	Retained earnings (+/-)	4 020	-6 138
A.IV.1.	Accumulated profits or losses brought forward (+/-)	16 473	6 315
A.IV.2.	Other profit or loss from prior years (+/-)	-12 453	-12 453
A.V.	Profit or loss for the current period (+/-)	17 091	10 158
B.+C.	Liabilities	533 055	504 499
C.	Payables	533 055	504 499
C.I.	Long-term payables	95 059	114 122
C.I.2.	Payables to credit institutions	10 632	27 264
C.I.7.	Payables - associates	60 768	61 768
C.I.8.	Deferred tax liability	23 659	25 090
C.II.	Short-term payables	437 996	390 377
C.II.2.	Payables to credit institutions	161 023	177 143
C.II.3.	Short-term prepayments received	447	211
C.II.4.	Trade payables	245 841	179 696
C.II.7.	Payables - associates		10 000
C.II.8.	Other payables	30 685	23 327
C.II.8.2.	Short-term financial borrowings	5 347	4 012
C.II.8.3.	Payables to employees	7 074	6 304
C.II.8.4.	Social security and health insurance payables	3 539	3 404
C.II.8.5.	State - tax payables and subsidies	8 511	2 385
C.II.8.6.	Estimated payables	5 757	6 965
C.II.8.7.	Sundry payables	457	257
D.	Other liabilities	1 346	278
D.1.	Accrued expenses	1 346	278

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

Europasta SE
Corporate ID 281 15 414

Year ended
31.12.2021
(in CZK thousand)

U Sila 246
Poříčí
373 82 Boršov nad Vltavou

		Year ended 31.12.2021	Year ended 31.12.2020
I.	Sales of products and services	1 288 362	1 253 773
II.	Sales of goods	39 123	43 069
A.	Purchased consumables and services	1 137 509	1 077 406
A.1.	Costs of goods sold	32 889	35 776
A.2.	Consumed material and energy	950 048	876 107
A.3.	Services	154 572	165 523
B.	Change in internally produced inventory (+/-)	-3 730	24 119
C.	Own work capitalised (-)	-443	
D.	Staff costs	127 203	130 874
D.1.	Payroll costs	92 455	95 212
D.2.	Social security and health insurance costs and other charges	34 748	35 662
D.2.1.	Social security and health insurance costs	32 688	33 545
D.2.2.	Other charges	2 060	2 117
E.	Adjustments to values in operating activities	40 919	38 483
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	40 964	40 222
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	40 964	40 222
E.3.	Adjustments to values of receivables	-45	-1 739
III.	Other operating income	4 598	5 785
III.1.	Sales of fixed assets	187	2 534
III.2.	Sales of material	709	519
III.3.	Sundry operating income	3 702	2 732
F.	Other operating expenses	5 579	6 478
F.1.	Net book value of sold fixed assets	280	343
F.2.	Material sold	151	133
F.3.	Taxes and charges	845	820
F.4.	Reserves relating to operating activities and complex deferred expenses		164
F.5.	Sundry operating expenses	4 303	5 018
*	Operating profit or loss (+/-)	25 046	25 267
J.	Interest expenses and similar expenses	5 202	4 779
J.2.	Other interest expenses and similar expenses	5 202	4 779
VII.	Other financial income	9 133	10 711
K.	Other financial expenses	8 093	18 889
*	Financial profit or loss (+/-)	-4 162	-12 957
**	Profit or loss before tax (+/-)	20 884	12 310
L.	Income tax	3 793	2 152
L.1.	Due income tax	5 223	1 334
L.2.	Deferred income tax (+/-)	-1 430	818
**	Profit or loss net of tax (+/-)	17 091	10 158
***	Profit or loss for the current period (+/-)	17 091	10 158
*	Net turnover for the current period	1 341 216	1 313 338

**STATEMENT OF
CHANGES IN EQUITY**

Europasta SE
Corporate ID 281 15 414

Year ended
31.12.2021
(in CZK thousand)

U Sila 246
Poříčí
373 82 Boršov nad Vltavou

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Other profit or loss from prior years	Profit share prepayments declared	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2019	108 000	25 472	1 413	139	-12 453		6 176	128 747
Distribution of profit or loss				6 176			-6 176	
Profit or loss for the current period							10 158	10 158
Balance at 31 December 2020	108 000	25 472	1 413	6 315	-12 453		10 158	138 905
Distribution of profit or loss				10 158			-10 158	
Profit or loss for the current period							17 091	17 091
Balance at 31 December 2021	108 000	25 472	1 413	16 473	-12 453		17 091	155 996

**CASH FLOW
STATEMENT**

**Europasta SE
Corporate ID 281 15 414**

Year ended
31.12.2021
(in CZK thousand)

U Sila 246
Poříčí
373 82 Boršov nad Vltavou

		Year ended 31.12.2021	Year ended 31.12.2020
P.	Opening balance of cash and cash equivalents	48 984	24 131
	Opening balance of cash and cash equivalents after transformation		
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	20 884	12 310
A.1.	Adjustments for non-cash transactions	46 095	42 633
A.1.1.	Depreciation of fixed assets	40 964	40 222
A.1.2.	Change in provisions and reserves	-45	-1 739
A.1.3.	Profit/(loss) on the sale of fixed assets	93	-2 191
A.1.5.	Interest expense and interest income	5 202	4 779
A.1.6.	Adjustments for other non-cash transactions	-119	1 562
A.*	Net operating cash flow before changes in working capital	66 979	54 943
A.2.	Change in working capital	-8 182	30 255
A.2.1.	Change in operating receivables and other assets	-39 559	7 023
A.2.2.	Change in operating payables and other liabilities	67 710	-16 643
A.2.3.	Change in inventories	-36 333	39 875
A.**	Net cash flow from operations before tax	58 797	85 198
A.3.	Interest paid	-4 962	-4 779
A.5.	Income tax paid from ordinary operations	1 668	
A.***	Net operating cash flows	55 503	80 419
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-33 317	-19 265
B.2.	Proceeds from fixed assets sold	187	2 534
B.***	Net investment cash flows	-33 130	-16 731
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-43 753	-38 835
C.***	Net financial cash flows	-43 753	-38 835
F.	Net increase or decrease in cash and cash equivalents	-21 380	24 853
R.	Closing balance of cash and cash equivalents	27 604	48 984

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Name of the Company:	Europasta SE
Registered Office:	U Sila 246, Poříčí, 373 82 Boršov nad Vltavou
Legal Status:	Societas Europaea
Corporate ID:	281 15 414

TABLE OF CONTENTS

1.	GENERAL INFORMATION.....	3
1.1.	INCORPORATION AND DESCRIPTION OF THE BUSINESS	3
1.2.	YEAR-ON-YEAR CHANGES AND AMENDMENTS TO THE REGISTER OF COMPANIES	3
1.3.	BOARD OF DIRECTORS AND SUPERVISORY BOARD AT THE BALANCE SHEET DATE	3
1.4.	GROUP IDENTIFICATION	3
2.	ACCOUNTING PRINCIPLES AND POLICIES	4
2.1.	TANGIBLE AND INTANGIBLE FIXED ASSETS	4
2.2.	FINANCIAL ASSETS.....	5
2.3.	DERIVATIVE FINANCIAL TRANSACTIONS	6
2.4.	INVENTORY	6
2.5.	RECEIVABLES.....	6
2.6.	EQUITY	6
2.7.	PAYABLES	7
2.8.	RESERVES	7
2.9.	FOREGIN CURRENCY TRANSLATION.....	7
2.10.	FINANCE LEASES	7
2.11.	TAXATION.....	7
	2.11.1. <i>Current Tax Payable</i>	7
	2.11.2. <i>Deferred Tax</i>	7
2.12.	GOVERNMENT GRANTS	8
2.13.	REVENUE AND EXPENSE RECOGNITION	8
2.14.	USE OF ESTIMATES	8
2.15.	YEAR-ON-YEAR CHANGES IN ACCOUNTING POLICIES	8
2.16.	CASH FLOW STATEMENT	9
3.	ADDITIONAL INFORMATION	10
3.1.	INTANGIBLE FIXED ASSETS (INTANGIBLE FA).....	10
3.2.	TANGIBLE FIXED ASSETS (TANGIBLE FA)	11
3.3.	ASSETS HELD UNDER FINANCE LEASES.....	11
3.4.	NON-CURRENT FINANCIAL ASSETS	12
3.5.	INVENTORY	12
3.6.	LONG-TERM RECEIVABLES	12
3.7.	SHORT-TERM TRADE RECEIVABLES	12
3.8.	DEFERRED EXPENSES	13
3.9.	EQUITY	13
3.10.	RESERVES	13
3.11.	LONG-TERM PAYABLES	13
3.12.	SHORT-TERM TRADE PAYABLES	13
3.13.	BANK LOANS.....	13
3.14.	DEFERRED INCOME TAXATION	14
3.15.	INCOME FROM ORDINARY ACTIVITIES.....	14
3.16.	CONSUMED PURCHASES	14
3.17.	SERVICES	14
3.18.	EMPLOYEES, MANAGEMENT AND STATUTORY BODIES.....	14
3.19.	OTHER OPERATING INCOME AND EXPENSES	15
3.20.	FINANCIAL INCOME AND EXPENSES.....	15
3.21.	RELATED PARTY TRANSACTIONS.....	15
3.22.	TOTAL FEE TO THE STATUTORY AUDITOR/AUDIT COMPANY	16
3.23.	OFF-BALANCE SHEET COMMITMENTS	16
3.24.	OTHER INFORMATION	16
3.25.	POST BALANCE SHEET EVENTS.....	16

1. GENERAL INFORMATION

1.1. Incorporation and Description of the Business

Europasta SE (hereinafter the “Company”) was formed by a change of the legal form of the Company, from a joint-stock company Europasta N. V. to a Societas Europaea, in accordance with Article 2(4) of the Council Regulation (EC) No. 2157/2001 and based on the resolution of shareholders of 29 April 2009 and a notarial deed. The Societas Europaea changed its registered office from the Kingdom of the Netherlands to the Czech Republic, based on the resolution of shareholders of 4 November 2009. The Company was incorporated following its registration in the Register of Companies held by the Court in České Budějovice on 21 December 2009. The principal activities of the Company are lease of real estate, apartments and non-residential premises; production, trade and services not included in Appendices 1 to 3 of the Trade Licencing Act; milling; bakery and pastry products; installation, repair, inspection and testing of electrical equipment; manufacture, installation, and repair of electrical machinery and appliances, electronic and telecommunication equipment; freight road transport.

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

Shareholder/Owner	Ownership percentage
PH Finance, s.r.o. Corporate ID 03350584	33.33% (1/3)
Productos Alimenticios Gallo S.L.	33.33% (1/3)
Cerealis - Produtos Alimentares S.A.	33.33% (1/3)
Total	100%

In the year ended 31 December 2021, the shares of Mr Hrdina were transferred to PH Finance s. r. o.

1.2. Year-on-Year Changes and Amendments to the Register of Companies

In the year ended 31 December 2021, the following changes were made to the Register of Companies:

There were no changes made in the year ended 31 December 2021.

1.3. Board of Directors and Supervisory Board at the Balance Sheet Date

	Position	Name
Board of Directors	Chairman	Pavel Hrdina
	Vice Chairman	Rui Manuel De Amorim Silva e Sousa
	Member	Esther Jiménez Gamero
Supervisory Board	Member	Fernando Fernández Soriano
	Member	Petra Hrdinová

1.4. Group Identification

Consolidated financial statements are prepared by Cerealis – SGPS, with its registered office at Rua Manuel Goncalves Lage, 988, Aguas Sandas, 4425-122 Maia, Portugal. Consolidated financial statements can be obtained in the seat of the Company. Cerealis – SGPS is the parent company of Cerealis - Produtos Alimentares S.A.

2. ACCOUNTING PRINCIPLES AND POLICIES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

Pursuant to Section 1b of Act No. 563/1991 Coll., on Accounting, as amended, Europasta SE is considered a large reporting entity.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis (unless stated otherwise), the accruals principle, the prudence concept and the going concern assumption.

The Company's financial statements have been prepared as of the balance sheet date, i.e. 31 December 2021, for the year ended 31 December 2021.

These financial statements are presented in thousands of Czech crowns (CZK '000), unless stated otherwise.

2.1. Tangible and Intangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 5 thousand in respect of tangible assets and CZK 60 thousand in respect of intangible assets.

Purchased tangible and intangible fixed assets are stated at cost less accumulated depreciation/amortisation and provisions, if any. Cost includes acquisition cost, transportation costs, customs duty and other indirect acquisition costs.

- Tangible fixed assets in the amount between CZK 5 thousand and CZK 40 thousand are depreciated to expenses over 24 months. Tangible fixed assets with an acquisition cost between CZK 40 thousand and CZK 80 thousand are depreciated over 48 months.

Intangible fixed assets with an acquisition cost of up to CZK 60 thousand are charged to expenses.

- Intangible fixed assets with an acquisition cost of CZK 60 thousand or more are amortised over 48 months.

The cost of fixed asset improvements exceeding CZK 80 thousand for individual tangible assets for the taxation period, and CZK 60 thousand for individual intangible assets for the taxation period, increases the acquisition cost of the related fixed asset. Repairs and maintenance are charged to expenses.

Depreciation/amortisation is charged so as to write off the cost of tangible and intangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight-line and machine-hour-rate methods, on the following basis:

Type of assets	Depreciation method (<i>straight-line, machine-hour-rate</i>)	Number of years/%
Buildings	Straight-line	35
Food manufacturing machinery	Straight-line	10
Vehicles	Straight-line	5
Food manufacturing moulds	Machine-hour-rate	2
Food conveyors and other equipment	Straight-line	15
Valuation difference on acquired assets	Straight-line	15
Other tangible fixed assets	Straight-line	10

During the use of tangible fixed assets, the depreciation plan is updated based on the estimated useful lives.

Assets held under finance leases are depreciated by the lessor.

Provisioning

No provisions against assets were made.

2.2. Financial Assets

Financial assets with maturity or intent to hold exceeding one year are reported as non-current; financial assets with maturity or intent to hold up to one year are considered current.

Valuation of Financial Assets upon Acquisition

Upon acquisition, investments, securities and derivatives are stated at cost including the share premium and indirect acquisition costs.

Valuation of Financial Assets at the Balance Sheet Date

Securities held for trading and other securities available for sale are stated at fair value. If it is not possible to objectively determine the fair value, securities are stated at cost less provisions.

Fixed yield securities held to maturity are stated at cost increased or decreased by interest income or expense.

Equity investments in subsidiaries or associates are stated using the equity method of accounting (share of equity of the owned company). Other equity investments are stated at cost less provisions.

2.3. Derivative Financial Transactions

Derivative financial instruments are carried at fair value at the balance sheet date. Fair value changes in respect of trading derivatives are recognised as part of profit or loss for the current period.

2.4. Inventory

Purchased inventory is valued at acquisition cost. Acquisition cost includes the purchase cost and indirect acquisition costs such as customs fees, freight costs, storage fees, commissions, insurance charges and discounts, transportation costs, forwarding costs, postage, packing charges, commissions, etc. Material loss is stated at average prices.

Work in progress and finished products are stated at cost which includes the cost of material, labour, actual direct services purchased and production overhead costs.

The Company recognised provisions against inventory whose impairment is not deemed permanent by reference to, for instance, an aging analysis of inventory, (if applicable) an analysis of selling prices, (if applicable), etc.

2.5. Receivables

Upon origination, receivables are stated at their nominal value. Purchased receivables are stated at acquisition cost. Valuation of doubtful receivables is decreased through provisions and charged to expenses at their realisable value, based on an individual assessment of individual debtors and the aging of receivables.

Estimated receivables are stated based on expert estimates and calculations.

Sundry receivables also include amounts resulting from the measuring of financial derivatives at fair value.

Receivables and estimated receivables are classified as short-term (maturity date of or up to 12 months) and long-term (maturity date exceeding 12 months), with short-term receivables due within one year from the balance sheet date.

2.6. Equity

Share capital of the Company is stated at the amount recorded in the Register of Companies held by a regional court.

Additional equity contributions from shareholders are recorded as other capital funds. Funds from profit comprise the reserve fund and the outstanding balance of the former social fund.

Gains or losses from the revaluation of assets arose as a result of the revaluation of financial assets of Ideal Slovakia, s.r.o.

Other profit or loss from prior years include cumulative corrections from previous years.

2.7. Payables

Long-term and short-term payables are stated at their nominal value.

Long-term and short-term payables to credit institutions are stated at their nominal value. The portion of long-term payables to credit institutions maturing within one year from the balance sheet date is included in short-term payables to credit institutions.

Estimated payables are stated based on expert estimates and calculations (customer bonuses are calculated on the basis of valid commercial contracts).

2.8. Reserves

Reserves are intended to cover liabilities and expenditure the nature of which is clearly defined and which are either likely to be incurred or certain to be incurred as of the balance sheet date but uncertain as to their amount or as to the date on which they will arise.

2.9. Foreign Currency Translation

Transactions denominated in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the date of the transaction.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date.

Realised foreign exchange gains and losses are recognised in financial income or financial expenses for the current period.

2.10. Finance Leases

Finance lease payments are recorded to expenses. Lease payments are deferred. The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period.

2.11. Taxation

2.11.1. Current Tax Payable

Management of the Company has recognised a tax payable and a tax charge based on its tax calculation which follows from its understanding of the interpretation of Czech tax legislation valid at the financial statements date and believes that the amount of tax is correct in compliance with the effective Czech tax regulations. Since various interpretations of tax laws and regulations by third parties, including state administrative bodies, exist, the income tax payable reported in the Company's financial statements may change based on the ultimate opinion of the tax authorities.

2.11.2. Deferred Tax

Deferred tax is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the related deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

2.12. Government Grants

Grants received to offset costs are recognised as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses added to the cost are deducted in reporting their cost or internal cost.

2.13. Revenue and Expense Recognition

Revenues and expenses are deferred or accrued, i.e. recognised in the period to which they relate on an accrual basis.

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Sales of goods are recognised when the goods are delivered and title has passed.

2.14. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

2.15. Year-on-Year Changes in Accounting Policies

In the year ended 31 December 2021 a change was made where newly acquired tangible fixed assets with an acquisition cost between CZK 40 thousand and CZK 80 thousand are depreciated over 48 months.

2.16. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets which are easily convertible into cash in an amount agreed in advance and not expected to be subject to material fluctuations in value over time. Cash comprises only cash on hand and cash at bank.

Cash and cash equivalents can be analysed as follows:

	(CZK '000)	
	31 December 2021	31 December 2020
Cash on hand and cash in transit	179	258
Cash at bank	27 425	48 726
Total cash and cash equivalents	27 604	48 984

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

Cash flows related to 'Payables from financing' (line C.1.) comprise 'Payables to credit institutions', 'Payables – associates' and 'Deferred tax liability'.

3. ADDITIONAL INFORMATION**3.1. Intangible Fixed Assets (Intangible FA)**Cost

	(CZK '000)				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Development	0	0	0	0	0
Software	8 846	426	-367	0	8 905
Other valuable rights	30 388	131	-73	0	30 446
Goodwill	0	0	0	0	0
Other intangible FA	0	0	0	0	0
Prepayments for intangible FA	124	0	0	-124	0
Intangible FA under construction	130	511	0	0	641
Total in 2021	39 488	1 068	440	124	39 992
Total in 2020	38 810	678	0	0	39 488

Provisions and Accumulated Amortisation

	(CZK '000)						
	Opening balance	Additions	Disposals	Transfers	Closing Provisions balance	Net book value	
Development	0	0	0	0	0	0	
Software	-7 632	-918	367	0	-8 183	722	
Other valuable rights	-25 433	-1 687	72	0	-27 048	3 398	
Goodwill	0	0	0	0	0	0	
Other intangible FA	0	0	0	0	0	0	
Prepayments for intangible FA	0	0	0	0	0	0	
Intangible FA under construction	0	0	0	0	0	641	
Total in 2021	-33 065	-2 605	439	0	-35 231	4 761	
Total in 2020	-30 384	-2 681	0	0	-33 065	6 423	

3.2. Tangible Fixed Assets (Tangible FA)**Cost**

	(CZK '000)				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Land	5 876	0	0	0	5 876
Buildings	250 326	2 092	0	0	252 418
Tangible movable assets and their sets	734 279	28 581	1 959	0	760 901
Valuation difference on acquired assets	0	0	0	0	0
Other tangible FA	79	0	0	0	79
Prepayments for tangible FA	100	397	0	0	497
Tangible FA under construction	9 808	2563	0	0	12 371
Total in 2021	1 000 468	33 633	1 959	0	1 032 142
Total in 2020	988 474	20 241	8 247	0	1 000 468

Provisions and Accumulated Depreciation

	(CZK '000)						
	Opening balance	Additions	Disposals	Transfers	Closing balance	Provisions	Net book value
Land	0	0	0	0	0	0	5 876
Buildings	-136 557	-6 250	0	0	-142 807	0	109 611
Tangible movable assets and their sets	-548 807	-31 990	1 544	0	-579 253	0	181 648
Valuation difference on acquired assets	0	0	0	0	0	0	0
Other tangible FA	0	0	0	0	0	0	79
Prepayments for tangible FA	0	0	0	0	0	0	497
Tangible FA under construction	0	0	0	0	0	0	12 371
Total in 2021	-685 364	-38 240	1 544	0	-722 060	0	310 082
Total in 2020	-654 072	-37 950	6 658	0	-685 364	0	315 104

Buildings include production and administrative buildings in Boršov nad Vltavou and Litovel. Tangible movable assets are mainly represented by grain milling, pasta and storage technology.

In 2021, packaging and cartoning machines were purchased in Litovel in the amount of CZK 15,327 thousand. The transportation centre purchased a truck and trailer in the amount of CZK 3,020 thousand.

Immovable assets are pledged as security, i.e. the Litovel compound (Unicreditbank) and Březí compound, including the wheat silo in Boršov (Česká spořitelna).

3.3. Assets Held under Finance Leases

(CZK '000)							
Description	Date of inception	Term in months	Total lease value	Payments made as at 31 Dec 2020	Payments made as at 31 Dec 2021	Due in 2022	Due in following years
Wrapping machine	5 May 2016	60	3 139	2 930	3 139	0	0
Packaging line	5 Dec 2016	60	10 355	8 457	10 355	0	0
Packaging line Pavan	18 May 2018	60	2 939	1 537	2 146	588	205
Automatic palletisation	5 May 2018	60	5 661	3 019	4 151	1 132	378
Cartoning machine	22 Jul 2019	60	6 402	1 920	3 171	1 280	1 951
Truck Iveco	19 Mar 2020	60	705	130	287	157	261
Total			29 201	17 993	23 249	3 157	2 795

The above figures are net of VAT if input VAT recovery is possible.

3.4. Non-Current Financial AssetsEquity investments – Controlled Entity

		(CZK '000)			
Name of the entity	Registered office	Ownership percentage	Equity*	Profit or loss*	Net book value
IDEAL Slovakia, s.r.o.	Ľanová 5635/30, Bernolákovo 900 27, Slovakia	100%	184 EUR	1 697 EUR	0
Total					

* Figures from the unaudited financial statements for the year ended 31 December 2021.

The entity owns 100% equity investment in IDEAL Slovakia, s.r.o., Ľanová 5635/30, Bernolákovo 900 27, Slovakia.

The value of the ownership is established using the equity method of accounting. The Company's registered capital amounts to EUR 640,277. As of 31 December 2021, the entity reports a negative equity of EUR (184) and, therefore, the valuation is reduced to zero in the financial statements. The profit for 2021 amounted to EUR 1,697.

The subsidiary is considered immaterial pursuant to Section 22a (3) of the Accounting Act; therefore, Europasta does not prepare consolidated financial statements.

3.5. Inventory

As of 31 December 2021, the Company's inventory of CZK 101,743 thousand (31 December 2020: CZK 70,378 thousand) was pledged as security.

The material predominantly consists of grain supplies, packaging and flour. Finished products are mainly represented by pasta products and flour.

3.6. Long-term receivables

Long-term receivables include receivables that have a maturity greater than one year at the balance sheet date.

3.7. Short-Term Trade ReceivablesAging of Trade Receivables – Gross

	(CZK '000)	
	Receivables at 31 December 2021 (Account 311x and 315x)	Receivables at 31 December 2020 (Account 311x and 315x)
Before due date	171 130	125 797
Within 30 days	7 746	9 442
Within 90 days	1 414	365
Within 180 days	0	271
Within 365 days	0	161
More than 1 year	2 729	2 111
Total	183 019	138 147

A provision against receivables was created in the amount of CZK 3,170 thousand (CZK 3,215 thousand as of 31 December 2020).

3.8. Deferred Expenses

Include deferred expenses relating to insurance and lease.

3.9. Equity

An overview of balances and movements of individual equity components is stated in a separate statement.

We propose to transfer the profit/loss for 2021 to accumulated profits brought forward.

3.10. Reserves

The entity does not account for reserves.

3.11. Long-Term Payables

Long-term payables include payables that have a maturity greater than one year at the balance sheet date and a deferred tax liability.

As of 31 December 2020, the long-term payable to Pavel Hrdina was transferred to PH Finance, s.r.o. in 2021. The balance of the long-term payable was CZK 60,768 thousand (31 December 2020: CZK 61,768 thousand). The payable bears interest at the average interest rate according to the current bank rate of long-term loans received. Other long-term payables are represented by long-term balances of bank loans and a deferred tax liability.

3.12. Short-Term Trade Payables

As of 31 December 2021 and 31 December 2020, the Company had the following short-term trade payables (CZK '000):

	Payables at 31 December 2021	Payables at 31 December 2020
Before due date	218 774	160 138
Within 30 days	25 976	18 361
Within 90 days	1 007	993
Within 180 days	0	121
Within 365 days	13	4
More than 1 year	71	79
Total	245 841	179 696

3.13. Bank Loans

Long-term bank loans include:

Bank/creditor	Currency			Form of collateral
		Balance at 31 Dec 2021	Balance at 31 Dec 2020	
Česká spořitelna	CZK	0	6 000	Real Estate
Unicreditbank	CZK	10 632	21 264	Real Estate
Total	CZK	10 632	27 264	

The portions of the above stated loans maturing within one year from the balance sheet date are reported as part of short-term bank loans on the face of the balance sheet.

Short-term bank loans and financial borrowings include:

(CZK '000)

Bank/creditor	Currency	Balance at 31 Dec 2021	Balance at 31 Dec 2020	Form of collateral
Česká spořitelna	CZK	6 000	6 000	Real Estate
Česká spořitelna	CZK	67 032	66 629	Current Assets
Unicreditbank	CZK	10 632	10 632	Real Estate
Unicreditbank	CZK	45 050	56 851	Current Assets
Unicreditbank	CZK	32 309	37 031	Current Assets
Total		161 023	177 143	

3.14. Deferred Income Taxation

The existing aggregate deferred tax liability is analysed as follows:

(CZK '000)

	Balance at 31 Dec 2021	Balance at 31 Dec 2020
Carrying amount of fixed assets	23 944	25 405
Provision against receivables and outstanding insurance payments	-285	-315
Total liability	23 659	25 090

3.15. Income from Ordinary Activities

(CZK '000)

	Year ended 31 Dec 2021			Year ended 31 Dec 2020		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Grain mill products	252 979	3 221	256 200	234 413	3 861	238 274
Pasta products	469 915	558 244	1 028 159	474 002	535 058	1 009 060
Other	4 003	0	4 003	6 439	0	6 439
Total sales of own products and services	726 897	561 465	1 288 362	714 854	538 919	1 253 773

3.16. Consumed Purchases

Consumed purchases represent payments to external suppliers for materials, packaging materials, electric power, gas and water.

3.17. Services

Services represent payments to external suppliers for services. These mainly include transport costs, storage costs, external repairs and marketing costs.

3.18. Employees, Management and Statutory Bodies

The average headcount for the years ended 31 December 2021 and 2020 is as follows:

2021

(CZK '000)

	Average headcount	Wage costs	Social security and health insurance costs	Average recalculated headcount
Staff	192	79 740	29 967	208
Managers	10	12 715	4 781	9
Total	202	92 455	34 748	217

2020

(CZK '000)

	Average headcount	Wage costs	Social security and health insurance costs	Average recalculated headcount
Staff	202	83 717	29 508	209
Managers	9	11 459	4 037	9
Total	211	95 212	33 545	218

The number of employees is based on the average headcount during the reporting period.

Total remuneration paid in the reporting period of 2021 to the members of the Company's statutory bodies amounted to CZK 840 thousand (2020: CZK 1,880 thousand).

3.19. Other Operating Income and Expenses

Other operating expenses consist of insurance premiums and unclaimed VAT. Other operating income consists of insurance payments, green bonus and received subsidies.

3.20. Financial Income and Expenses

Other financial expenses consist of payments to financial institutions and factoring companies as well as foreign exchange differences. Other financial income consists of foreign exchange gains.

3.21. Related Party Transactions

In the year ended 31 December 2021, income from related party transactions amounted to CZK 46,004 thousand (31 December 2020: CZK 55,547 thousand). As of 31 December 2021, receivables from the transactions amounted to CZK 6,207 thousand (31 December 2020: CZK 5,376 thousand). In the year ended 31 December 2021, expenses from the transactions included interest from the payable to Pavel Hrdina in the amount of CZK 1,035 thousand (31 December 2020: CZK 1,506 thousand) and interest in the amount of CZK 423 thousand to PH Finance, s.r.o.

Payables to related parties as of 31 December 2021

(CZK '000)

Entity	Relation to the Company	Short-term trade payables	Other short-term	Short-term loans	Long-term loans	Other	Total
Comercial Gallo	Parent	0	0	0	0	0	0
PH Finance s. r.o.	Parent	0	240	0	60 768	0	61 008
Total		0	240	0	60 768	0	61 008

The loan from Pavel Hrdina was transferred to PH Finance, s.r.o. in 2021.

Payables to related parties as of 31 December 2020

(CZK '000)

Entity	Relation to the Company	Short-term trade payables	Other short-term	Short-term loans	Long-term loans	Other	Total
Comercial Gallo	Parent	63	0	0	0	0	63
Pavel Hrdina	Parent	0	0	10 000	61 768	0	71 768
Total		63	0	10 000	61 768	0	71 831

3.22. Total Fee to the Statutory Auditor/Audit Company

The fee to the statutory auditor for the obligatory audit of the financial statements for the year ended 31 December 2021 amounted to CZK 570 thousand (CZK 545 thousand as of 31 December 2020).

	(CZK '000)	
	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Obligatory audit of the financial statements	570	545
Other assurance services	0	0
Tax advisory	123	0
Other non-audit services	0	0
Total	693	545

3.23. Off-Balance Sheet Commitments

As of 31 December 2021, the Company recorded assets in operational records. These assets are divided by divisions (CZK '000):

The Company's headquarters	1,275
Manufacturing division Adriana	3,112
Manufacturing division Bratři Zátkové	3,231

3.24. Other Matters

The financial statements as of 31 December 2021 were prepared under the assumption that the Company will continue as a going concern. The attached financial statements therefore do not contain adjustments that could arise from such uncertainty.

The year 2020 and 2021, including the beginning of 2022, are clearly marked by the COVID-19 pandemic, which affects the Company's business operations and activities in a positive way in connection with the food processing industry.

3.25. Post Balance Sheet Events

Between the balance sheet date of 31 December 2021 and the date of preparation of these financial statements, no significant events occurred beyond the ordinary course of business that would affect these financial statements.