



**MERCOR Group**

Interim condensed report  
for the six months ended  
September 30th 2023  
(first half of the financial  
year 2023/2024)

Prepared in accordance with International Financial  
Reporting Standards as endorsed by the European Union

Gdańsk, December 1st 2023

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## Financial highlights

### Consolidated financial highlights

Financial highlights	PLN thousand		EUR thousand	
	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022
Revenue	300,859	301,990	66,625	64,139
Operating profit	32,278	35,025	7,148	7,439
Profit before tax	33,740	30,024	7,472	6,377
Net profit	31,989	23,212	7,084	4,930
Net profit attributable to owners of the parent	30,027	20,894	6,649	4,438
Net cash provided by (used in) operating activities	29,788	31,169	6,597	6,620
Net cash provided by (used in) investing activities	(12,040)	(7,842)	(2,666)	(1,666)
Net cash provided by (used in) financing activities	(21,421)	(5,202)	(4,744)	(1,105)
Total net cash flows	(3,673)	18,125	(813)	3,849
Total assets	445,793	447,658	96,167	95,745
Non-current liabilities	93,344	86,202	20,136	18,437
Current liabilities	122,346	135,660	26,393	29,015
Equity	230,103	225,796	49,638	48,293
Share capital	3,892	3,915	840	837
Equity attributable to owners of the Parent	218,527	213,695	47,141	45,705
Number of shares	15,503,234	15,575,409	15,503,234	15,575,409
Earnings per share	1.94	1.34	0.43	0.28
Book value per share	14.10	13.75	3.04	2.94

## Separate financial highlights

Financial highlights	PLN thousand		EUR thousand	
	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022
Revenue	183,315	172,054	40,595	36,542
Operating profit	16,907	14,893	3,744	3,163
Profit before tax	24,408	12,093	5,405	2,568
Net profit	25,282	9,697	5,599	2,060
Net cash provided by (used in) operating activities	14,605	7,355	3,234	1,562
Net cash provided by (used in) investing activities	6,762	(5,859)	1,497	(1,244)
Net cash provided by (used in) financing activities	(19,978)	(2,691)	(4,424)	(572)
Total net cash flows	1,389	(1,195)	307	(254)
Total assets	316,369	314,316	68,248	67,226
Non-current liabilities	86,394	77,622	18,637	16,602
Current liabilities	69,645	77,536	15,024	16,583
Equity	160,330	159,158	34,587	34,041
Share capital	3,892	3,915	840	837
Number of shares	15,503,234	15,575,409	15,503,234	15,575,409
Earnings per share	1.63	0.62	0.36	0.13
Book value per share	10.34	10.24	2.23	2.19

Items of the statement of financial position have been translated into the euro at the mid rate quoted by the National Bank of Poland for the reporting dates, i.e., 4.6356 for September 30th 2023 and 4.6755 for March 31st 2023.

Items of the statement of comprehensive income, statement of changes in equity and statement of cash flows have been translated into the euro at the arithmetic mean of the mid rates quoted by the National Bank of Poland for the last days of the months covered by this report, i.e., 4.5157 for the period April 1st 2023–September 30th 2023, and 4.7084 for the period April 1st 2022–September 30th 2022.

## Directors' Report on the operations of MERCOR S.A.

### General information about the Company and the Group

MERCOR S.A. (the "Company" or the "Parent") has run its business as a joint-stock company since September 21st 2004. Prior to that date, the Company traded as a limited liability company under the name of Przedsiębiorstwo Usługowo-Handlowe MERCOR Sp. z o.o. MERCOR S.A. is the Parent of the MERCOR Group.

The Company's registered office is located in Gdańsk at ul. Grzegorza z Sanoka 2. The Company operates from its registered office as well as through trade offices and production establishments, none of which prepares a separate set of accounts. The Company is registered with the District Court of Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register. MERCOR S.A. is registered under entry No. KRS 0000217729.

The principal business of the Company and the Group consists in the manufacture, sale, installation and maintenance of passive fire protection systems. The Group's product offering includes:

- ✓ smoke and heat exhaust systems, rooflight systems,
- ✓ fire ventilation systems,
- ✓ fire protections of building structures,
- ✓ fire partitions, fire-rated doors and gates.

MERCOR S.A. and companies of the MERCOR Group manufacture, deliver and install equipment components for fire protection systems. They also provide maintenance services to guarantee reliable long-term operation of such systems. In addition, the Company offers product advisory services and comprehensive assistance in designing tailor-made fire safety solutions, including CFD simulations, CAD and BIM materials. MERCOR employees participate in various industry events to share their considerable knowledge and experience in the fire protection of building structures.

The Group's objective is to provide safety. The primary role of fire protection is to facilitate the evacuation of people in the event of a fire, enable the efficient operation of emergency response teams, reduce the damaging effects of high temperatures on the building, and safeguard property.

The Group's products are primarily manufactured to order based on a client's desired product features while adhering to safety standards and relevant regulatory requirements.

### Management and supervisory bodies

Composition of the governing bodies of MERCOR S.A. as at September 30th 2023.

#### Management Board:

Krzysztof Krempeć	–	President of the Management Board
Jakub Lipiński	–	First Vice President of the Management Board
Tomasz Kamiński	–	Member of the Management Board.

On August 10th 2023, the Company's Supervisory Board appointed members of the Company's Management Board for a new joint term of office.

#### Supervisory Board:

Lucjan Myrda	–	Chairman of the Supervisory Board
Arkadiusz Kęsicki	–	Deputy Chairman of the Supervisory Board
Tomasz Rutowski	–	Secretary of the Supervisory Board
Eryk Karski	–	Member of the Supervisory Board
Marian Popinigris	–	Member of the Supervisory Board
Pathy Timu Zenzo	–	Member of the Supervisory Board
Błażej Żmijewski	–	Member of the Supervisory Board.

In the reporting period, there were no changes in the composition of the Supervisory Board of MERCOR S.A.

## Subsidiaries

### Entities consolidated as at September 30th 2023:

- ✓ Tecresa Protección Pasiva S. L. of Madrid (Spain)
- ✓ Mercor Dunamenti Tűzvédelem Zrt of Göd (Hungary)
- ✓ Dunamenti CZ s.r.o. of Prague (Czech Republic) (subsidiary of Dunamenti Tűzvédelem Zrt)
- ✓ Dunamenti s.r.o. of Kolárovo (Slovakia) (subsidiary of Dunamenti Tűzvédelem Zrt)
- ✓ OOO Mercor-PROOF of Moscow (Russia)
- ✓ MKRP Systems Unitary Production Enterprise of Minsk (Belarus) (subsidiary of OOO Mercor-PROOF)
- ✓ TOO MKR – Astana of Almaty (Kazakhstan) (subsidiary of OOO Mercor- PROOF)
- ✓ Mercor Czech Republic s.r.o. of Ostrava (Czech Republic)
- ✓ Mercor Slovakia s.r.o. of Bratislava (Slovakia)
- ✓ Mercor Fire Protection Systems S.R.L. of Chitila (Romania)
- ✓ TOB Mercor Ukraine Sp. z o.o. of Drohovyzh (Ukraine)
- ✓ DFM DOORS Sp. z o.o. of Gdańsk (Poland)
- ✓ MERCOR FIRE PROTECTION UK LTD of Salford (England)
- ✓ MCR SOL ENERGY Sp. z o.o. of Gdańsk (Poland)
- ✓ Elmech-ASE Sp. z o.o. of Pruszcz Gdański (Poland)
- ✓ MCR Tech Lab Sp. z o.o. of Gdańsk (Poland)
- ✓ MERCOR Centrum Usług Wspólnych Sp. z o.o. of Gdańsk (Poland)
- ✓ MERCOR SILBOARD spółka z o.o. of Gdańsk (Poland)
- ✓ MHD1 Sp. z o.o. of Gdańsk (Poland)
- ✓ MERCOR HD Sp. z o.o. of Gdańsk (Poland)

In the first half of the financial year 2023/2024, there were no changes in the Group's structure.

## Shareholding structure

Shareholders holding 5% or more of total voting rights in the Company

Shareholder	As at the date of issue of this report				Change relative to data disclosed in the most recent periodic report			
	Number of shares	% ownership interest	Number of voting rights	% voting interest	Number of shares	% ownership interest	Number of voting rights	% voting interest
PERMAG Sp. z o.o.	4,102,994	26.35%	4,102,994	26.35%	-	-	-	-
Bangtino Limited	3,675,502	23.61%	3,675,502	23.61%	-	-	-	-
Nationale Nederlanden Powszechno Towarzystwo Emerytalne	1,454,465	9.34%	1,454,465	9.34%	-	-	-	-
Otwarty Fundusz Emerytalny PZU Złota Jesień	1,452,947	9.33%	1,452,947	9.33%	-	-	-	-
N50 Cyprus Limited	1,376,379	8.84%	1,376,379	8.84%	+125,525	+0.81%	+125,525	+0.81%
PTE Allianz Polska S.A.	791,018	5.08%	791,018	5.08%	-	-	-	-

MERCOR S.A. shares held by Management and Supervisory Board members as at the date of issue of this report

#### Management Board

	Number of shares held at the date of issue of this report
Krzysztof Krempeć	15,608

#### Supervisory Board

To the best of the Company's knowledge, none of the Supervisory Board members held directly any shares in MERCOR S.A. as at the date of this report.

#### Indirect holdings of Company shares by Management and Supervisory Board members

Shareholder	Member of the Supervisory Board, Member of the Management Board: holding Company shares <u>indirectly</u> – through a Shareholder / related parties	Number of shares held by the Shareholder in the Company's share capital as at the date of issue of this report
PERMAG Sp. z o.o.	Krzysztof Krempeć	4,102,994
N50 Cyprus Limited	Marian Popinigis	1,376,379
Value Fund Poland Activist FIZ	Eryk Karski	570,183

#### Treasury shares

Pursuant to a resolution passed by the Extraordinary General Meeting in June 2020, the Company has been buying back own shares. As at September 30th 2023, the Company held 66,043 treasury shares, representing 0.42419% of its share capital and the total vote at its General Meeting.

Other than the share buyback described above, there were no issues, redemptions or repayments of any debt or equity securities during the reporting period.

#### Dividend paid or declared

Pursuant to a resolution of the General Meeting of September 7th 2023, the Company paid out dividend of PLN 1.51 per share for the financial year 2022/2023. The amount allocated to dividend payment was PLN 23,509,608.27. Treasury shares bought back by the Company were excluded from the dividend payment. Therefore, the total amount of dividend paid on September 20th 2023 was PLN 23,423,005.24.

#### Related party transactions if concluded on non-arm's length basis

Neither the Company nor any its subsidiaries entered into any related party transactions otherwise than on an arm's length basis.

## Sureties and guarantees

In the first half of the financial year, i.e., from April 1st 2023 to September 30th 2023, the Company did not provide its subsidiaries with any new sureties of material value.

The sureties and guarantees provided by the Parent are discussed in Note 27 to the separate full-year financial statements as at March 31st 2023.

## Seasonality or cyclicity of the Group's operations

The Group's operations are not highly cyclical or seasonal. Previous years' performance data suggest that the first half of the calendar year tends to have slower sales and earnings than the latter half.

## Segment information

Based on similar economic characteristics, such as the nature of products and services, production processes, type and class of customers, distribution methods, and regulatory environment, the Group's operations have been aggregated and presented in the financial statements as a single operating segment.

## Introduction to the interim consolidated financial statements

### Policies applied in the preparation of the financial statements

In the preparation of these interim condensed consolidated financial statements the same accounting policies and calculation methods were used as those used by the Group to prepare its most recent full-year consolidated financial statements.

The amended standards and interpretations effective for the first time in 2023 do not have a material effect on the Group's interim condensed consolidated financial statements.

### Standards not yet effective (new standards and interpretations)

In these interim condensed financial statements the Group has not elected to early apply any of the standards or interpretations that have been issued but are not yet effective.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but are not yet effective as at the date of authorisation of the financial statements:

- IFRS 14 *Regulatory Deferral Accounts* (issued on January 30th 2014). Pursuant to the European Commission's decision, the process leading to the approval of preliminary version of the standard will not be initiated until the issue of its final version. As at the date of authorisation of this report, it was not yet endorsed by the EU – effective for annual periods beginning on or after January 1st 2016.
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on September 11th 2014) – work leading to the approval of the amendments was deferred indefinitely by the EU – their effective date was deferred indefinitely by the IASB.
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* (issued on January 23rd 2020 and July 15th 2020, respectively) – effective for annual periods beginning on or after January 1st 2024; not yet endorsed by the EU as at the date of authorisation of these financial statements.
- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback* (issued on September 22nd 2022) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after January 1st 2024.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Vendor Financing Arrangements* (published on May 25th 2023) – not endorsed by the EU until the date of authorisation of these financial for issue – effective for annual periods beginning on or after January 1st 2024.
- Amendments to IAS 21: *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on August 15th 2023) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after January 1st 2025.

The Group has not elected to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective in accordance with the European Union regulations.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments measured at fair value.

Financial data contained in these interim condensed consolidated financial statements is presented in thousands of Polish zloty (PLN '000), unless more accurate data is provided in specific cases.

The functional currency is the same as the local currency of the country in which a given Group entity is located. Currently, the Group companies operate in Poland, the Czech Republic, Slovakia, Spain, Ukraine, Romania, the Russian

Federation, Hungary and the United Kingdom. The functional currency and the presentation currency of the Parent is the Polish złoty (PLN).

These interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future.

These interim condensed consolidated financial statements of the MERCOR Group covering the period ended September 30th 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as endorsed by the European Union.

These interim condensed consolidated financial statements cover the six months ended September 30th 2023 and contain comparative data for the six months ended September 30th 2022 with respect to the statement of comprehensive income, statement of changes in equity and statement of cash flows, and comparative data as at March 31st 2023 with respect to the statement of financial position.

These interim condensed consolidated financial statements do not include all the information and disclosures required by IFRS in full-year financial statements and should be read in conjunction with the Group's consolidated financial statements for the financial year ended March 31st 2023.

## Factors and events with a material impact on these condensed financial statements

No significant one-off events with an impact on the operations of the Company or its Group occurred in the six months from April 1st to September 30th 2023.

## Corrections of prior period errors

The Company made no corrections of prior period errors.

## Feasibility of meeting published earnings guidance

No earnings guidance was published by the Company.

## Material proceedings involving MERCOR S.A. or its subsidiaries

There were no material proceedings involving the Company or its subsidiaries save for the tax investigation discussed in the note on corporate income tax.

## Material achievements or failures and key events during the reporting period

In the three months ended September 30th 2023 (second quarter of the financial year 2023/2024), the Group generated revenue of PLN 148,653 thousand, down 11% from PLN 166,980 thousand posted in the corresponding period of the previous financial year. The highest percentage growth in sales was reported by the Group in the Romanian market, where the growth rate was 59%, with UK sales up over 31% year on year. Sales in the Spanish market were similar to those posted in the second quarter of the previous financial year. The highest percentage decreases in sales were reported for Russia (down over 44%) and Hungary (down 32%). Sales in the Ukrainian market fell by over 26%, while in the Czech Republic and Slovakia the drop in sales was almost 4%. Sales declined also in the Polish market, by more than 5%.

In the three months ended September 30th 2023, operating profit before depreciation and amortisation was PLN 21,219 thousand compared with PLN 22,525 thousand in the corresponding period of the previous financial year.

The Group posted net profit of PLN 19,340 thousand for the quarter, with PLN 12,116 thousand reported for the same period of the previous financial year (up over 59%).

## Information material to the assessment of human resources, assets, financial condition and financial performance or any changes thereto, and the Company's ability to meet its obligations

There were no material changes to the Company's position in the period covered by the financial statements. The MERCOR Group has a stable workforce, uses its assets efficiently, and performs its obligations in a timely manner. There were no material changes to the financial position of the Group companies relative to disclosures made in the most recent periodic report.

September 2023 saw the end of tax proceedings concerning CIT for the tax year 2012/2013 and interest on advance CIT payments. Following the conclusion of the proceedings, the Company received a refund of the CIT paid for the period, and a refund of interest paid on advance CIT payments plus interest.

## Factors that will affect performance next quarter and beyond

Key factors affecting the Group's performance are factors relating to the macro environment:

- construction investment levels;
- availability and prices of materials;
- inflation rate;
- interest rates;
- availability of qualified workforce;
- liquidity position of trading partners.

## Impact of the war in Ukraine on the business

The Management Board of the Company has analysed the impact of the war in Ukraine on its and its subsidiaries' business operations since the war broke out on February 24th 2022. This comprehensive analysis encompasses various dimensions, including market dynamics, financial considerations, operational aspects, existing and modified local and international laws and regulations, as well as the sanctions and other restrictions imposed on countries, entities, and individuals as a result of the conflict. Special attention is given to assessing the effects of the sanctions and restrictions on the Company's business.

The Management Board has used its best knowledge and exercised due diligence in assessing the impact of the war on the business and results of operations of the Group and its companies. The following risk factors have been identified in the process: potential changes in investor sentiment and investor preferences; rising prices and shortages of raw materials and energy; potential disruptions to the supply chain; fluctuations in interest rates and currency exchange rates; changes in the labour market; financial soundness of trading partners; cyber security, sanctions, and dividends. The Management Board of the Company and the management bodies of the Group companies consider a non-exhaustive range of facts and circumstances when making decisions, in order to adjust business operations to the current situation and reduce or eliminate any adverse impacts of the risk factors they are monitoring.

The Company and other Group companies secure supplies of strategic raw materials and respond to changes in their prices as needed. During the reporting period there were no significant business disruptions that would affect the supply of materials, equipment, components, or labour. As at the reporting date, there were no significant changes in the collectability of receivables.

In the opinion of the Management Board, no sanctions are likely to be imposed on the Group companies or their related parties. After carefully evaluating the grounds for the imposition of sanctions by different countries or organizations on entities or individuals due to the armed conflict in Ukraine, the Management Board is confident in the stability and security of the ownership structure of the companies within the Group concerning these matters. The Parent and the Group companies monitor the sanctions lists also in the context of any potential disruptions to the supply of products or services. As at the date of this report, the Group was not materially affected by any sanctions.

As regards the countries involved in the war, the Group holds a 55% equity interest in the Ukrainian-based company TOB MERCOR UKRAINA Sp. z o.o., and it holds, directly and indirectly (through a Group company) a total of 55% of the share capital of the Russian-based company OOO Mercor-PROOF LLC. The Group has successfully retained control over these subsidiaries, ensuring that shareholders' rights are being exercised in full compliance with the relevant laws and internal regulations governing the operations of the companies in Ukraine and Russia.

As at the date of this report, TOB MERCOR UKRAINA conducted production and trading operations to the extent permitted by the available human resources. The company has its registered office in Lviv, a city in western Ukraine, with production operations conducted at a facility located even further west. Virtually no military operations are being conducted in these regions. The company does not generate losses, and none of its assets have been destroyed. The Ukrainian company does not use external financing and pays its liabilities from operating cash flows. To the best knowledge of the Management Board of the Parent, there are no reasons to expect any material changes in the operations of MERCOR UKRAINA or any potential reduction in the scale of its operations despite the ongoing war. Most orders received by the company are from other Group companies, and the Management Board of the Parent monitors the level and profitability of the orders and capacity utilisation rates on an ongoing basis. Given the results of order and production analyses, location and no material exposure of the company to the Ukrainian market, the Management Board believes there is no indication of impairment of TOB MERCOR UKRAINA's assets. The total net asset value of the Ukrainian subsidiary is PLN 4,408 thousand, representing 1.0% of the assets disclosed in the consolidated financial statements. The value of shares in the Ukrainian company and receivables from the company is PLN 2,216 thousand, or 0.7% of the assets disclosed in the separate financial statements.

The Russian-based company is also conducting business operations, supplying products and services to the local market. However, no products or parts of products have been shipped by the Group companies to this or other Russian companies since the outbreak of the war. The method of operation of Mercor-PROOF, whereby it sources production materials locally, allows it to conduct independent financing and operating activities in the Russian market. The analysis of the Russian company's cash flow and liquidity forecasts for the next 12 months has concluded that there are no significant concerns or risks pertaining to these financial metrics. The Parent is also monitoring the

level and profitability of orders received by the company. Taking into account the analysis of the order book, projected profitability, and liquidity position, as well as the fact that Mercor-PROOF operates independently and does not engage in intragroup transactions subject to international sanctions, the Management Board is confident that there are no indications of asset impairment.

Save for regulations implemented by the Russian government, the Management Board of the Parent company has not identified any significant alterations to the method or terms of dividend payments to the Company. All dividend payments from subsidiaries will continue to be made under the existing terms and conditions, contingent upon the fulfilment of the criteria governing profit distribution. The sole restriction in this regard applies to the payment of dividend from Mercor-PROOF, where amounts exceeding RUB 10 million (or PLN 452 thousand at the exchange rate effective for the reporting date) require approval of the Russian Ministry of Finance.

Given the present situation, the Management Board of the Parent believes it still has control of the Russian company as no grounds exist for it losing the voting rights attached to its shareholding. As regards exposure to variable returns, the Management Board believes that as at the reporting date and as at the date of these financial statements restrictions on the distribution of profits did not hinder the exercise of control of the subsidiary. The Management Board is monitoring the situation in Russia and assessing any indications, in accordance with IFRS 10, regarding the exercise of control over the subsidiary. The total net asset value of the Russian subsidiary is PLN 21,398 thousand, which constitutes 4.8% of the assets disclosed in the consolidated financial statements. The value of shares in the Russian company and receivables from the company, before impairment losses, is PLN 2,557 thousand, or 0.8% of the assets disclosed in the separate financial statements.

In view of the above and given the small contributions from the companies to consolidated revenue (Russian operations: 10.2% of the Group's revenue; Ukrainian operations: 0.8% of the Group's revenue), as at the date of these financial statements, the Management Board of the Parent identified no material impact of the war in Ukraine on the operations and results of the Group.

Based on the analyses performed, the Management Board of the Company identified no threat to the Company's and other Group companies' ability to continue as going concerns as at the date of these financial statements and for the foreseeable future.

## Auditor

The interim condensed consolidated financial statements of the Group and the condensed financial statements of MERCOR S.A. were reviewed by a statutory auditor, Ernst Young & Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp.k. of Warsaw.

## Interim condensed consolidated financial statements

### Interim consolidated statement of comprehensive income

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
	unaudited	unaudited	unaudited	unaudited
Revenue	300,859	148,653	301,990	166,980
Cost of sales	224,314	110,790	223,882	126,040
<b>Gross profit</b>	<b>76,545</b>	<b>37,863</b>	<b>78,108</b>	<b>40,940</b>
Other income	1,398	966	693	394
Selling expenses	24,045	11,048	24,536	13,325
Administrative expenses	20,860	10,526	18,068	9,346
Other expenses	1,081	625	815	555
(Expected credit loss)/reversal of expected credit loss	321	125	(357)	(6)
<b>Operating profit</b>	<b>32,278</b>	<b>16,755</b>	<b>35,025</b>	<b>18,102</b>
Share of profit (loss) of equity-accounted investees	(952)	(952)	(1,034)	(435)
Finance income	6,264	3,811	1,255	286
Finance costs	3,850	1,439	5,222	2,657
<b>Profit before tax</b>	<b>33,740</b>	<b>18,175</b>	<b>30,024</b>	<b>15,296</b>
Income tax	1,751	(1,165)	6,812	3,180
<b>Net profit</b>	<b>31,989</b>	<b>19,340</b>	<b>23,212</b>	<b>12,116</b>
<i>Attributable to:</i>				
<i>owners of the Parent</i>	30,027	18,294	20,894	10,154
<i>non-controlling interests</i>	1,962	1,046	2,318	1,962
	31,989	19,340	23,212	12,116
<b>Other comprehensive income</b>				
Exchange differences from translation of foreign operations	(3,517)	7,643	7,357	307
<b>Total comprehensive income</b>	<b>28,472</b>	<b>26,983</b>	<b>30,569</b>	<b>12,423</b>
<i>Attributable to:</i>				
<i>owners of the Parent</i>	28,997	26,275	24,410	10,725
<i>non-controlling interests</i>	(525)	708	6,159	1,698
	28,472	26,983	30,569	12,423
<b>Earnings/(loss) per share:</b>				
Basic	1.94	1.18	1.34	0.65
Diluted	1.94	1.18	1.34	0.65

## Interim consolidated statement of financial position

### Assets

	<u>End of period Sep 30</u> <u>2023</u>	<u>End of period Mar 31</u> <u>2023</u>
	unaudited	
<b>Non-current assets</b>		
Goodwill	50,995	51,613
Other intangible assets	27,385	26,866
Property, plant and equipment	86,757	79,424
Right-of-use assets	17,878	18,705
Deferred tax assets	3,589	4,446
Financial assets	3,460	3,767
Long-term security deposits receivable	9,902	9,665
Equity-accounted investees	-	493
Other non-current assets	258	297
	<b>200,224</b>	<b>195,276</b>
<b>Current assets</b>		
Inventories	78,100	77,415
Financial assets	-	-
Trade and other receivables	101,941	109,696
Contract assets	32,970	27,913
Short-term security deposits receivable	4,187	4,344
Forward contracts	7	-
Current tax assets	774	796
Other current assets	2,015	2,970
Cash and cash equivalents	25,575	29,248
	<b>245,569</b>	<b>252,382</b>
<b>Total assets</b>	<b>445,793</b>	<b>447,658</b>

**Equity and liabilities**

	<u>End of period Sep 30</u> <u>2023</u>	<u>End of period Mar 31</u> <u>2023</u>
	unaudited	
<b>Equity</b>		
Share capital	3,892	3,915
Share premium	106,202	106,202
Share buyback reserve	6,180	7,245
Merger reserve	857	857
Treasury shares	(1,161)	(1,507)
Translation reserve	1,385	2,415
Retained earnings	101,172	94,568
<b>Equity attributable to owners of the Parent</b>	<b>218,527</b>	<b>213,695</b>
Non-controlling interests	11,576	12,101
<b>Total equity</b>	<b>230,103</b>	<b>225,796</b>
<b>Non-current liabilities</b>		
Long-term borrowings	80,254	67,762
Deferred tax liability	37	51
Provisions for liabilities	555	555
Deferred income	3,478	3,465
Right-of-use liabilities	9,020	14,369
	<b>93,344</b>	<b>86,202</b>
<b>Current liabilities</b>		
Short-term borrowings	10,861	10,252
Trade and other payables	97,558	112,090
Contract liabilities	2,857	2,240
Income tax payable	847	2,393
Forward contracts	54	21
Provisions for liabilities	4,137	4,170
Deferred income	511	554
Right-of-use liabilities	5,521	3,940
	<b>122,346</b>	<b>135,660</b>
<b>Total equity and liabilities</b>	<b>445,793</b>	<b>447,658</b>

## Interim consolidated statement of changes in equity

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserves</u>	<u>Translation reserve</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Parent</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>As at Apr 1 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>4,641</b>	<b>(922)</b>	<b>62,738</b>	<b>184,676</b>	<b>7,021</b>	<b>191,697</b>
Net profit/(loss) for period	-	-	-	-	-	20,894	20,894	2,318	23,212
Other comprehensive income	-	-	-	3,516	-	-	3,516	3,841	7,357
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,516</b>	<b>-</b>	<b>20,894</b>	<b>24,410</b>	<b>6,159</b>	<b>30,569</b>
Dividend payment	-	-	-	-	-	(9,865)	(9,865)	-	(9,865)
Buyback of shares	-	-	-	-	(79)	-	(79)	-	(79)
<b>Transactions with owners recognised in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>(9,865)</b>	<b>(9,944)</b>	<b>-</b>	<b>(9,944)</b>
<b>As at Sep 30 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>8,157</b>	<b>(1,001)</b>	<b>73,767</b>	<b>199,142</b>	<b>13,180</b>	<b>212,322</b>
<b>As at Apr 1 2023</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>2,415</b>	<b>(1,507)</b>	<b>94,568</b>	<b>213,695</b>	<b>12,101</b>	<b>225,796</b>
Net profit/(loss) for period	-	-	-	-	-	30,027	30,027	1,962	31,989
Other comprehensive income	-	-	-	(1,030)	-	-	(1,030)	(2,487)	(3,517)
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,030)</b>	<b>-</b>	<b>30,027</b>	<b>28,997</b>	<b>(525)</b>	<b>28,472</b>
Dividend payment	-	-	-	-	-	(23,423)	(23,423)	-	(23,423)
Cancellation of shares	(23)	-	(1,065)	-	1,088	-	-	-	-
Buyback of shares	-	-	-	-	(742)	-	(742)	-	(742)
<b>Transactions with owners recognised in equity</b>	<b>(23)</b>	<b>-</b>	<b>(1,065)</b>	<b>-</b>	<b>346</b>	<b>(23,423)</b>	<b>(24,165)</b>	<b>-</b>	<b>(24,165)</b>
<b>As at Sep 30 2023</b>	<b>3,892</b>	<b>106,202</b>	<b>7,037</b>	<b>1,385</b>	<b>(1,161)</b>	<b>101,172</b>	<b>218,527</b>	<b>11,576</b>	<b>230,103</b>

## Interim consolidated statement of cash flows

	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022
	unaudited	unaudited
<b>Continuing operations</b>		
<b>Operating activities</b>		
Profit (loss) before tax	33,740	30,024
Adjustments for:		
Depreciation and amortisation	9,430	8,877
Interest accrued	3,013	3,921
(Gains)/losses on investing activities	(103)	617
Change in inventories	(685)	(14,513)
Change in receivables	7,668	(14,234)
Change in contract assets and liabilities	(4,440)	(18,035)
Change in liabilities and provisions	(14,805)	33,396
Change in other assets	1,919	(772)
Other adjustments (exchange differences on consolidation)	(3,517)	7,357
<b>Total adjustments</b>	<b>(1,520)</b>	<b>6,614</b>
Income tax paid	(2,432)	(5,469)
<b>Net cash provided by (used in) operating activities</b>	<b>29,788</b>	<b>31,169</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(12,879)	(6,947)
Loans to equity-accounted investees	-	(1,425)
Proceeds from disposal of property, plant and equipment	596	102
Grants for development projects	243	428
<b>Net cash provided by (used in) investing activities</b>	<b>(12,040)</b>	<b>(7,842)</b>
<b>Financing activities</b>		
Increase in (repayment of) borrowings	13,101	2,260
Increase in (repayment of) right-of-use liabilities	(7,344)	(3,462)
Buyback of shares	(742)	(79)
Dividend paid	(23,423)	-
Interest paid	(3,013)	(3,921)
<b>Net cash provided by (used in) financing activities</b>	<b>(21,421)</b>	<b>(5,202)</b>
<b>Change in cash</b>	<b>(3,673)</b>	<b>18,125</b>
Cash at beginning of period	29,248	19,939
<b>Cash at end of period</b>	<b>25,575</b>	<b>38,064</b>

## Notes to the interim condensed consolidated financial statements

### Revenue

	Apr 1–Sep 30 2023	Jul 1–Sep 30 2023	Apr 1–Sep 30 2022	Jul 1–Sep 30 2022
Revenue from sale of products	262,219	133,752	273,663	149,932
- including revenue recognised over time	129,813	72,023	112,721	55,131
Revenue from sale of merchandise and materials	38,640	14,901	28,327	17,048
<b>Total revenue</b>	<b>300,859</b>	<b>148,653</b>	<b>301,990</b>	<b>166,980</b>

### Revenue by geographical markets

	Apr 1–Sep 30 2023	Jul 1–Sep 30 2023	Apr 1–Sep 30 2022	Jul 1–Sep 30 2022
Poland	153,613	78,862	156,798	83,189
Czech Republic and Slovakia	19,508	9,999	22,999	10,375
Spain	25,383	12,272	22,286	12,242
Ukraine	2,268	1,148	2,985	1,555
Romania	7,458	3,484	4,360	2,194
Russia	23,800	11,314	29,489	20,284
Hungary	19,523	9,291	23,980	13,669
UK	5,950	2,628	3,611	1,997
Other	43,356	19,655	35,482	21,475
<b>Total revenue</b>	<b>300,859</b>	<b>148,653</b>	<b>301,990</b>	<b>166,980</b>

### Operating activities

#### Operating expenses

	Apr 1–Sep 30 2023	Jul 1–Sep 30 2023	Apr 1–Sep 30 2022	Jul 1–Sep 30 2022
Cost of sales	224,314	110,790	223,882	126,040
Selling expenses	24,045	11,048	24,536	13,325
Administrative expenses	20,860	10,526	18,068	9,346
<b>Total operating expenses</b>	<b>269,219</b>	<b>132,364</b>	<b>266,486</b>	<b>148,711</b>
Depreciation and amortisation	9,430	4,464	8,877	4,423
Raw materials and consumables used	113,606	47,161	144,593	80,905
Change in inventories of finished goods	(4,610)	(3,998)	(5,387)	(1,037)
Services	46,992	25,491	45,369	24,694
Salaries and wages	37,783	17,524	38,356	20,017
Employee benefits	8,952	4,806	7,862	4,194
Taxes and charges	3,245	1,596	2,697	1,322
Other	22,640	20,737	2,439	736
Cost of merchandise and materials sold	31,181	14,583	21,680	13,457
<b>Total expenses by nature</b>	<b>269,219</b>	<b>132,364</b>	<b>266,486</b>	<b>148,711</b>

## Other income

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Gain on disposal of property, plant and equipment	596	359	417	356
Reimbursement of court costs	130	130	-	-
Compensation and penalties received	3	(1)	62	56
Recoveries previously written off as uncollectible	11	11	3	3
Liabilities cancelled	-	-	-	-
Grants for development projects	308	308	-	-
Past due liabilities written off	-	-	2	2
Other	350	159	209	(23)
<b>Total</b>	<b>1,398</b>	<b>966</b>	<b>693</b>	<b>394</b>

## Other expenses

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Penalties and fines	14	2	15	13
Litigation costs	39	12	115	112
Receivables written off	-	-	-	-
Provisions for warranty repairs	-	-	-	-
Other	1,028	611	685	430
<b>Total</b>	<b>1,081</b>	<b>625</b>	<b>815</b>	<b>555</b>

## Financing activities

### Finance income

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Interest on cash and bank deposits	44	11	239	158
Interest on receivables and loans	228	149	145	98
Discounting of security deposits receivable	137	137	-	-
Interest on receivables from state budget	5,138	5,138	-	-
Foreign exchange gains	686	(1,627)	814	12
Other income	31	3	57	18
<b>Total</b>	<b>6,264</b>	<b>3,811</b>	<b>1,255</b>	<b>286</b>

### Finance costs

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Interest and commissions on borrowings	2,776	1,316	3,287	1,778
Interest on leases	555	291	838	428
Interest on liabilities	11	(12)	19	17
Discounting of security deposits receivable	28	28	513	61
Foreign exchange losses	470	146	553	411
Other	10	(330)	12	(38)
<b>Total</b>	<b>3,850</b>	<b>1,439</b>	<b>5,222</b>	<b>2,657</b>

## Income tax

The effective tax rate for the Group was 5.19%, almost 14pp lower than the nominal tax rate for the Parent. This was mainly attributable to different tax rates applicable in various tax jurisdictions in which MERCOR Group companies are located and to permanent differences between profit/(loss) before tax and taxable income. In addition, the effective tax rate was reduced as a result of CIT refunded to the Parent for the financial year 2012/2013. Excluding the refunded CIT and related interest, the effective tax rate for the Group would be 24.92%.

### **Tax audit for the financial year April 1st 2012 – March 31st 2013**

The appealed decisions were revoked by the Provincial Administrative Court of Gdańsk on February 28th 2023. In accordance with decisions issued by the Director of the Tax Administration Chamber in Gdańsk of August 30th 2023, the appeals filed in May 2021 were heard and decisions issued by the first instance authority were repealed in full. The decisions are final. In September 2023, the Parent received a refund of overpaid CIT and interest on advance CIT payments, along with accrued interest. As a result, the related contingent asset disclosed in the annual report for the year ended March 31st 2023 was realised.

## Deferred tax assets and liabilities

Deferred tax is recognised for temporary differences between taxable income and profit/(loss) before tax disclosed in the financial statements. As at September 30th 2023 and March 31st 2023, deferred income tax arose from the items presented in the table below.

An analysis of the recoverability of the deferred tax asset arising from recognised tax losses did not reveal any indications of impairment of that asset. The assets recognised by the Spanish company Tecresa on account of tax losses incurred in the years 2013/2014, 2014/2015 and 2020/2021 (the total value of the assets as at September 30th 2023 was PLN 1,158 thousand) are deductible from taxable income over a period of 10 years.

	Statement of financial position		Statement of comprehensive income			
	End of period Sep 30 2023	End of period Mar 31 2023	Apr 1–Sep 30 2023	Jul 1–Sep 30 2023	Apr 1–Sep 30 2022	Jul 1–Sep 30 2022
Differences between tax base and carrying amount of property, plant and equipment and intangible assets	2,460	2,837	377	162	(100)	(584)
Revenue recognised over time	3,024	2,541	(483)	(25)	(756)	(507)
Unrealised exchange differences and measurement of forward contracts	1	1	-	9	-	657
Accrued interest	105	130	25	44	(49)	(49)
<b>Deferred tax liability</b>	<b>5,590</b>	<b>5,509</b>	(81)	190	(905)	(483)
Cost related to revenue recognised over time	1,410	941	469	22	143	42
Differences between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	20	23	(3)	(89)	(68)	(67)
Provisions for employee expenses and employee benefit obligations	2,760	4,169	(1,409)	(1,302)	(64)	(285)
Impairment losses on receivables	1,121	1,242	(121)	(29)	(141)	-
Write-downs of inventories	2,449	2,103	346	168	243	(410)
Unrealised exchange differences and measurement of forward contracts	10	9	1	10	(7)	5
Deferred income	-	-	-	-	(52)	(52)
Accrued interest	214	183	31	5	127	4
Tax loss asset	1,158	1,234	221	(226)	452	155
<b>Deferred tax assets</b>	<b>9,142</b>	<b>9,904</b>	(465)	(1,441)	633	212
<i>including:</i>						
<b>deferred tax assets</b>	<b>3,589</b>	<b>4,446</b>				
<b>deferred tax liability</b>	<b>37</b>	<b>51</b>				
<b>Deferred tax expense</b>			<b>(546)</b>	<b>(1,251)</b>	<b>(272)</b>	<b>(271)</b>

## Intangible assets

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Goodwill	50,995	51,613
Costs of completed development work	15,574	17,346
Capitalised costs of development work in progress	7,393	4,871
Concessions and licences	4,418	4,649
<b>Total</b>	<b>78,380</b>	<b>78,479</b>

As at September 30th 2023, goodwill disclosed in the consolidated financial statements included goodwill arising on the acquisition of Tecresa Proteccion Pasiva S.L.U of PLN 39,834 thousand, the Dunamenti Tűzvédelem Zrt. Group of PLN 7,537 thousand and DFM Doors Sp. z o.o. of PLN 207 thousand. These amounts have been adjusted for foreign exchange differences.

As at September 30th 2023, no indications of impairment of intangible assets were identified. Goodwill and development work were tested for impairment as at March 31st 2023. For information on assumptions underlying the impairment tests, see Note 11 to the consolidated financial statements as at March 31st 2023. As at September 30th 2023, assumptions underlying the impairment tests were reviewed. Based on the review, it was assumed there was no need to perform full impairment tests for those assets and to adjust their carrying amount.

## Property, plant and equipment

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Land	5,946	4,836
Buildings and structures	32,649	28,118
Machinery and equipment	39,582	40,580
Vehicles	2,604	2,584
Other property, plant and equipment	1,850	1,173
<b>Property, plant and equipment</b>	<b>82,631</b>	<b>77,291</b>
Property, plant and equipment under construction	3,880	1,332
Prepayments for property, plant and equipment	246	801
<b>Total</b>	<b>86,757</b>	<b>79,424</b>

## Borrowings

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Borrowings from banks	84,744	77,946
Borrowings from financial institutions	6,371	68
<b>Total</b>	<b>91,115</b>	<b>78,014</b>
<b>Non-current portion</b>		
Borrowings from banks	74,480	67,762
Borrowings from financial institutions	5,774	-
<b>Total</b>	<b>80,254</b>	<b>67,762</b>
<b>Current portion</b>		
Borrowings from banks	10,264	10,184
Borrowings from financial institutions	597	68
<b>Total</b>	<b>10,861</b>	<b>10,252</b>
<b>Borrowings maturing</b>		
within 1 year	10,861	10,252
in 2 to 3 years	75,403	62,447
in 3 to 5 years	4,441	5,315
in over 5 years	410	-
<b>Total</b>	<b>91,115</b>	<b>78,014</b>

### Currency breakdown of the Group's borrowings (presented in PLN)

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Borrowings in PLN	41,889	37,816
Borrowings in EUR	49,226	40,198
<b>Total</b>	<b>91,115</b>	<b>78,014</b>

In the six months from April 1st to September 30th 2023, there were no defaults or material breaches under borrowing agreements.

## Trade and other payables

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Trade payables	62,219	71,746
Taxes (excluding corporate income tax) and social security contributions payable	5,734	4,381
Salaries and wages payable	1,935	2,170
Prepayments received for deliveries	13,995	13,358
Other liabilities and accruals, including:	13,675	20,435
accrued bonuses and overtime pay	6,773	13,443
accrued holiday entitlements	2,119	2,300
unbilled expenses	4,196	2,991
other liabilities	587	1,701
<b>Total</b>	<b>97,558</b>	<b>112,090</b>

All the liabilities are current liabilities.

## Impairment losses and write-downs

### Inventories

As at September 30th 2023, write-downs of inventories to net realisable value totalled PLN 14,350 thousand. In the reporting period, the Parent recognised write-downs of PLN 2,152 thousand, and write-downs of PLN 51 thousand recognised in previous periods were reversed. Inventory write-downs are recognised and reversed in cost of sales.

#### Inventories at end of reporting period

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Materials	57,978	50,203
Work in progress and semi-finished goods	8,267	7,461
Finished goods	26,205	31,136
Write-downs	(14,350)	(11,385)
<b>Total</b>	<b>78,100</b>	<b>77,415</b>

### Receivables

#### Receivables at end of reporting period

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Trade receivables	104,220	109,981
Taxes (excluding corporate income tax) receivable	2,384	2,846
Prepayments made for deliveries	2,620	3,969
Other receivables	872	1,018
Write-downs	(8,155)	(8,118)
<b>Total</b>	<b>101,941</b>	<b>109,696</b>

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>	<u>Change in period</u>
Impairment losses on receivables	8,155	8,118	37
<b>Total</b>	<b>8,155</b>	<b>8,118</b>	<b>37</b>

## Recognition, increase, use and reversal of provisions

	<u>Provision for retirement benefits</u>	<u>Provision for warranty repairs</u>
<b>Provisions as at Mar 31 2023</b>	<b>566</b>	<b>4,159</b>
Provisions expensed	-	-
Use of provisions	-	-
Exchange differences	-	(33)
<b>Provisions as at Sep 30 2023</b>	<b>566</b>	<b>4,126</b>

## Financial instruments

There were no changes in the economic situation that could have a material effect on the fair value of financial assets and financial liabilities of the Company and its Group, whether measured at fair value or at amortised cost.

In the six months ended September 30th 2023, there were no changes in the method of measuring the fair value of financial instruments.

In the six months ended September 30th 2023, there were no changes in the classification of financial assets resulting from a change in their purpose or use. All financial instruments are categorised within the second level of the fair value hierarchy.

### Net carrying amount of financial instruments

	<u>End of period Sep 30</u> <u>2023</u>	<u>End of period Mar 31</u> <u>2023</u>
<b>Classes of financial instruments</b>		
Retentions receivable under construction contracts	14,089	14,009
Contract assets	32,970	27,913
Trade and other receivables	101,941	109,696
Cash and cash equivalents	25,575	29,248
Forward hedging transactions	7	-
<b>Total assets</b>	<b>174,582</b>	<b>180,866</b>
Borrowings	91,115	78,014
Trade and other payables	97,558	71,746
Contract liabilities	2,857	2,240
Forward hedging transactions	54	21
Right-of-use liabilities	14,541	18,309
<b>Total liabilities</b>	<b>206,125</b>	<b>170,330</b>

	fair value	carrying amount	measured at fair value through profit or loss	measured at fair value with changes to equity	measured at amortised cost
<b>Non-current assets</b>	<b>9,902</b>	<b>9,902</b>	-	-	<b>9,902</b>
Trade and other receivables	9,902	9,902	-	-	9,902
<b>Current assets</b>	<b>160,493</b>	<b>160,493</b>	<b>7</b>	-	<b>160,486</b>
Trade and other receivables	134,911	134,911	-	-	134,911
Cash and cash equivalents	25,575	25,575	-	-	25,575
Derivative financial instruments	7	7	7	-	-
<b>Total</b>	<b>170,395</b>	<b>170,395</b>	<b>7</b>	-	<b>170,388</b>

	fair value	carrying amount	measured at fair value through profit or loss	measured at amortised cost	measured at fair value with changes to equity
<b>Non-current liabilities</b>	<b>89,274</b>	<b>89,274</b>	-	<b>89,274</b>	-
Borrowings	80,254	80,254	-	80,254	-
Trade and other payables	9,020	9,020	-	9,020	-
<b>Current liabilities</b>	<b>116,851</b>	<b>116,851</b>	<b>54</b>	<b>116,797</b>	-
Borrowings	10,861	10,861	-	10,861	-
Trade and other payables	105,936	105,936	-	105,936	-
Derivative financial instruments	54	54	54	-	-
<b>Total</b>	<b>206,125</b>	<b>206,125</b>	<b>54</b>	<b>206,071</b>	-

## Contingent assets and liabilities

In the six months from April 1st to September 30th 2023, there were no material changes in the Company's contingent assets or contingent liabilities, save for the realisation of the contingent asset related to CIT for 2012/2013.

## Related party transactions

### Transactions with shareholders and members of the Company's governing bodies

In the periods covered by these financial statements, mutual transactions with such related parties included trade transactions entered into by the Parent with members of the Parent's Management Board and members of their families.

<u>Related party</u>	<u>Period</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Interest on borrowings from related parties</u>	<u>Receivables from related parties</u>	<u>Liabilities to related parties</u>
		PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Krzysztof and Magdalena Krempeć	Apr 1–Sep 30 2023	133	-	-	5	-
	Apr 1–Sep 30 2022	8	-	-	-	-

Transactions shown above included sales of materials and goods, as well as recharge of costs.

### Transactions with other related parties

Transactions with other entities included transactions between the Company and Ambient-System Sp. z o.o., in which one of the current members of the Company's Supervisory Board holds 100% of shares, and with Periban Poland Sp. z o.o. spółka komandytowa and Jeździecki Klub Sportowy Barłomino Sp. z o.o. related to the Parent through one of its Management Board members.

<u>Related party</u>	<u>Period</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Receivables from related parties</u>	<u>Liabilities to related parties</u>
		PLN thousand	PLN thousand	PLN thousand	PLN thousand
Ambient System Sp. z o.o.	Apr 1–Sep 30 2023	1	-	-	-
	Apr 1–Sep 30 2022	2	-	-	-
Periban Poland Sp. z o.o. Sp. k.	Apr 1–Sep 30 2023	-	213	-	-
	Apr 1–Sep 30 2022	-	255	-	52
Jeździecki Klub Sportowy Barłomino Sp. z o.o.	Apr 1–Sep 30 2023	-	-	-	-
	Apr 1–Sep 30 2022	8	-	10	-

Transactions shown above included sale and purchases of materials, goods and services, as well as leases of office space.

## Executive compensation

Executive compensation comprises remuneration provided to members of the Management Board, members of the Supervisory Board and senior officers of the Company.

### Remuneration paid by key benefits

	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022
	PLN thousand	PLN thousand
Short-term employee benefits	4,972	2,639
	<b>4,972</b>	<b>2,639</b>

The total short-term employee benefits presented above consist of remuneration paid under the employment contracts and for the functions performed. These benefits include:

	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022
	PLN thousand	PLN thousand
<b>Management Board</b>	<b>2,618</b>	<b>1,113</b>
Krzysztof Krempeć	881	153
Jakub Lipiński	782	480
Tomasz Kamiński	955	480
<b>Supervisory Board</b>	<b>285</b>	<b>255</b>
Lucjan Myrda	57	51
Tomasz Rutowski	38	34
Marian Popinigis	38	34
Eryk Karski	38	34
Błażej Żmijewski	38	34
Arkadiusz Kęsicki	38	34
Pathy Timu Zenzo	38	34
<b>Senior officers</b>	<b>2,069</b>	<b>1,271</b>
	<b>4,972</b>	<b>2,639</b>

The Parent has in place a bonus scheme for its management personnel wherein payments are contingent upon the attainment of predefined levels of specific economic indicators. As the target levels of those indicators were achieved as at September 30th 2023 (in proportion to the passage of time), a liability for payments due to the management personnel was recognised as at that date for all employees covered by the scheme.

In addition, in January 2023 a resolution was passed at the Parent on establishing an incentive scheme based on warrants for shares in the company. As at the end of the reporting period, there were no events that would necessitate the measurement of the scheme and its recognition in the financial statements – the terms of the scheme are not yet fully known and no agreements with employees have been signed.

## Subsequent events

After the reporting date, there were no significant events not disclosed in these financial statements that could materially affect future financial results.

## Interim condensed separate financial statements

### Interim separate statement of comprehensive income

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
	unaudited	unaudited	unaudited	unaudited
Revenue	183,315	89,822	172,054	90,932
Cost of sales	144,544	70,109	134,998	74,070
<b>Gross profit</b>	<b>38,771</b>	<b>19,713</b>	<b>37,056</b>	<b>16,862</b>
Other income	974	716	445	384
Selling expenses	11,763	5,138	12,667	6,885
Administrative expenses	11,161	6,244	7,702	3,957
Other expenses	235	94	156	150
(Expected credit loss)/reversal of expected credit loss	321	125	(2,083)	(1,732)
<b>Operating profit</b>	<b>16,907</b>	<b>9,078</b>	<b>14,893</b>	<b>4,522</b>
Finance income	10,220	7,605	1,723	540
Finance costs	2,719	1,323	4,523	2,384
Impairment losses on equity interests	-	-	-	-
<b>Profit before tax</b>	<b>24,408</b>	<b>15,360</b>	<b>12,093</b>	<b>2,678</b>
Income tax	(874)	(2,682)	2,396	495
<b>Net profit</b>	<b>25,282</b>	<b>18,042</b>	<b>9,697</b>	<b>2,183</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net comprehensive income</b>	<b>25,282</b>	<b>18,042</b>	<b>9,697</b>	<b>2,183</b>
<b>Earnings per share:</b>				
Basic	1.63	1.16	0.62	0.14
Diluted	1.63	1.16	0.62	0.14

## Interim separate statement of financial position

### Assets

	<u>End of period Sep 30</u> <u>2023</u>	<u>End of period Mar 31</u> <u>2023</u>
	unaudited	
<b>Non-current assets</b>		
Intangible assets	13,521	13,456
Property, plant and equipment	62,865	62,430
Right-of-use assets	7,765	6,874
Other financial assets	97,504	102,618
Deferred tax assets	2,202	2,421
Long-term security deposits receivable	3,193	2,833
Other non-current assets	86	124
	<b>187,136</b>	<b>190,756</b>
<b>Current assets</b>		
Inventories	41,604	40,227
Financial assets	-	-
Trade and other receivables	64,435	64,175
Contract assets	18,107	14,289
Short-term security deposits receivable	2,227	2,501
Forward contracts	7	-
Other current assets	1,338	2,242
Cash and cash equivalents	1,515	126
	<b>129,233</b>	<b>123,560</b>
<b>Total assets</b>	<b>316,369</b>	<b>314,316</b>

**Equity and liabilities**

	<u>End of period Sep 30</u> <u>2023</u>	<u>End of period Mar 31</u> <u>2023</u>
	unaudited	
<b>Equity</b>		
Share capital	3,892	3,915
Share premium	106,202	106,202
Capital reserves	7,037	8,102
Treasury shares	(1,161)	(1,507)
Retained earnings	44,360	42,446
<b>Total equity</b>	<b>160,330</b>	<b>159,158</b>
<b>Non-current liabilities</b>		
Long-term borrowings	76,875	69,959
Deferred tax liability	-	-
Provisions for liabilities	555	555
Deferred income	3,288	3,261
Right-of-use liabilities	5,676	3,847
	<b>86,394</b>	<b>77,622</b>
<b>Current liabilities</b>		
Short-term borrowings	2,628	2,864
Trade and other payables	56,915	65,707
Contract liabilities	2,857	2,240
Corporate income tax payable	1,046	1,029
Provisions for liabilities	3,231	3,231
Forward contracts	54	21
Deferred income	511	554
Right-of-use liabilities	2,403	1,890
	<b>69,645</b>	<b>77,536</b>
<b>Total equity and liabilities</b>	<b>316,369</b>	<b>314,316</b>

## Interim separate statement of changes in equity

	Share capital	Share premium	Capital reserves	Treasury shares	Retained earnings	Total equity
<b>As at Apr 1 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>(922)</b>	<b>28,382</b>	<b>145,679</b>
Net profit/(loss) for period	-	-	-	-	9,697	9,697
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,697</b>	<b>9,697</b>
Dividend declared	-	-	-	-	(9,865)	(9,865)
Buyback of shares	-	-	-	(79)	-	(79)
<b>Transactions with owners recognised in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>(9,865)</b>	<b>(9,944)</b>
<b>As at Sep 30 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>(1,001)</b>	<b>28,214</b>	<b>145,432</b>
<b>As at Apr 1 2023</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>(1,507)</b>	<b>42,446</b>	<b>159,158</b>
Net profit/(loss) for period	-	-	-	-	25,282	25,282
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,282</b>	<b>25,282</b>
Dividend paid	-	-	-	-	(23,368)	(23,368)
Cancellation of shares	(23)	-	(1,065)	1,088	-	-
Buyback of shares	-	-	-	(742)	-	(742)
<b>Transactions with owners recognised in equity</b>	<b>(23)</b>	<b>-</b>	<b>(1,065)</b>	<b>346</b>	<b>(23,368)</b>	<b>(24,110)</b>
<b>As at Sep 30 2023</b>	<b>3,892</b>	<b>106,202</b>	<b>7,037</b>	<b>(1,161)</b>	<b>44,360</b>	<b>160,330</b>

## Interim separate statement of cash flows

	Apr 1–Sep 30 2023	Apr 1–Sep 30 2022
	unaudited	unaudited
<b>Continuing operations</b>		
<b>Operating activities</b>		
Profit (loss) before tax	24,408	12,093
Adjustments for:		
Depreciation and amortisation	5,917	5,223
Interest	1,259	3,386
Dividends received	(3,787)	(757)
(Gains)/losses on investing activities	(593)	(376)
Change in inventories	(1,377)	(5,170)
Change in receivables	(298)	(316)
Change in contract assets and liabilities	(3,201)	(2,572)
Change in liabilities and provisions	(9,018)	(1,298)
Change in other assets	185	635
Other adjustments	-	-
<b>Total adjustments</b>	<b>(10,913)</b>	<b>(1,315)</b>
Income tax paid	1,110	(3,423)
<b>Net cash provided by (used in) operating activities</b>	<b>14,605</b>	<b>7,355</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(3,732)	(2,447)
Loans	-	(5,729)
Repayment of loans	5,871	1,071
Proceeds from disposal of property, plant and equipment	593	61
Proceeds from disposal of financial assets	-	-
Interest received	-	-
Dividends received	3,787	757
Grants for development projects	243	428
<b>Net cash provided by (used in) investing activities</b>	<b>6,762</b>	<b>(5,859)</b>
<b>Financing activities</b>		
Increase in/(repayment) of borrowings	6,680	3,128
Payment of right-of-use liabilities	(1,234)	(2,354)
Buyback of shares	(742)	(79)
Interest paid	(1,259)	(3,386)
Dividend paid	(23,423)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(19,978)</b>	<b>(2,691)</b>
<b>Change in cash</b>	<b>1,389</b>	<b>(1,195)</b>
Cash at beginning of period	126	1,389
<b>Cash at end of period</b>	<b>1,515</b>	<b>194</b>

## Notes to the interim condensed separate financial statements

### Revenue

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Revenue from sale of products	149,295	75,890	142,676	73,824
- including revenue recognised over time	75,276	44,408	61,375	31,711
Revenue from sale of merchandise and materials	34,020	13,932	29,378	17,108
<b>Total revenue</b>	<b>183,315</b>	<b>89,822</b>	<b>172,054</b>	<b>90,932</b>

### Revenue by geographical markets

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Poland	132,963	67,240	130,074	68,021
Czech Republic and Slovakia	8,127	4,362	8,535	4,895
Spain	5,945	2,322	5,164	2,917
Ukraine	473	330	602	146
Romania	4,236	1,773	1,859	965
Russia	-	-	-	-
Hungary	2,145	942	3,929	944
UK	3,414	1,712	3,150	1,842
Other	26,012	11,141	18,741	11,202
<b>Total revenue</b>	<b>183,315</b>	<b>89,822</b>	<b>172,054</b>	<b>90,932</b>

### Operating activities

#### Operating expenses

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Cost of sales	144,544	70,109	134,998	74,070
Selling expenses	11,763	5,138	12,667	6,885
Administrative expenses	11,161	6,244	7,702	3,957
<b>Total operating expenses</b>	<b>167,468</b>	<b>81,491</b>	<b>155,367</b>	<b>84,912</b>
Depreciation and amortisation	5,917	2,901	5,223	2,680
Raw materials and consumables used	74,923	38,011	74,362	37,994
Change in inventories of finished goods	(4,580)	(3,824)	(5,635)	(753)
Services	35,641	20,952	29,264	16,567
Salaries and wages	20,681	8,638	22,665	11,813
Employee benefits	5,546	3,090	4,841	2,663
Taxes and charges	831	416	701	342
Other	2,163	862	1,482	881
Cost of merchandise and materials sold	26,346	10,445	22,464	12,725
<b>Total expenses by nature</b>	<b>167,468</b>	<b>81,491</b>	<b>155,367</b>	<b>84,912</b>

## Other income

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Gain on disposal of property, plant and equipment	593	359	376	315
Reimbursement of court costs	130	130	-	-
Compensation and penalties received	-	-	48	48
Recoveries previously written off as uncollectible	-	-	3	3
Past due liabilities written off	-	-	2	2
Grants for development projects	251	251	-	-
Other	-	(24)	16	16
<b>Total</b>	<b>974</b>	<b>716</b>	<b>445</b>	<b>384</b>

## Other expenses

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Penalties and fines	13	2	13	13
Litigation costs	39	12	109	109
Receivables written off	-	-	-	-
Other	183	80	34	28
<b>Total</b>	<b>235</b>	<b>94</b>	<b>156</b>	<b>150</b>

## Financing activities

### Finance income

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Dividends	3,787	3,787	757	-
Interest on loans	866	393	889	502
Interest on receivables	73	73	21	1
Interest on receivables from state budget	5,138	5,138	-	-
Discounting of security deposits receivable	137	137	-	-
Foreign exchange gains	185	(1,932)	-	-
Gain on disposal of financial assets	-	-	-	-
Other income	34	9	56	37
<b>Total</b>	<b>10,220</b>	<b>7,605</b>	<b>1,723</b>	<b>540</b>

## Finance costs

	<u>Apr 1–Sep 30</u> <u>2023</u>	<u>Jul 1–Sep 30</u> <u>2023</u>	<u>Apr 1–Sep 30</u> <u>2022</u>	<u>Jul 1–Sep 30</u> <u>2022</u>
Interest and commissions on borrowings	2,433	1,196	3,033	1,740
Interest on leases	249	141	557	284
Interest on liabilities	9	(14)	19	17
Foreign exchange losses	-	-	401	282
Discounting of security deposits receivable	28	-	513	61
Other	-	-	-	-
<b>Total</b>	<b>2,719</b>	<b>1,323</b>	<b>4,523</b>	<b>2,384</b>

## Income tax

The effective tax rate was -3.58%, significantly different from the nominal tax rate. This is mainly due to the permanent differences between the financial result and the CIT base as well as the CIT refund for the tax year 2012/2013 received by the Company following the conclusion of the tax proceedings by the Tax Administration Chamber in Gdańsk. Excluding the refunded CIT and related interest, the effective tax rate would be 23.36%.

## Deferred tax assets and liabilities

Deferred tax is recognised for temporary differences between taxable income and profit/(loss) before tax disclosed in the financial statements. As at September 30th 2023 and March 31st 2023, deferred income tax arose from the items presented in the table below.

	Statement of financial position		Statement of comprehensive income			
	End of period Sep 30 2023	End of period Mar 31 2023	Apr 1–Sep 30 2023	Jul 1–Sep 30 2023	Apr 1–Sep 30 2022	Jul 1–Sep 30 2022
Differences between tax base and carrying amount of property, plant and equipment and intangible assets	2,423	2,718	295	149	206	50
Revenue recognised over time	3,024	2,541	(483)	(25)	(647)	(165)
Accrued interest	105	130	25	44	(49)	(49)
Unrealised exchange differences and measurement of forward contracts	1	-	(1)	9	-	-
<b>Deferred tax liability</b>	<b>5,553</b>	<b>5,389</b>	(164)	177	(490)	(164)
Cost related to revenue recognised over time	1,401	929	472	34	(144)	(91)
Provisions for employee expenses and employee benefit obligations	2,438	3,305	(867)	(1,312)	101	(285)
Impairment losses on receivables	1,347	1,443	(96)	(24)	396	329
Write-downs of inventories	2,345	1,946	399	173	402	410
Unrealised exchange differences and measurement of forward contracts	10	4	6	10	(7)	5
Deferred income	-	-	-	-	(52)	(52)
Accrued interest	214	183	31	5	111	4
<b>Deferred tax assets</b>	<b>7,755</b>	<b>7,810</b>	(55)	(1,114)	807	320
<i>including:</i>						
<b>deferred tax assets</b>	<b>2,202</b>	<b>2,421</b>				
<b>deferred tax liability</b>	<b>-</b>	<b>-</b>				
<b>Deferred tax expense</b>			<b>(219)</b>	<b>(937)</b>	<b>317</b>	<b>156</b>

## Intangible assets

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Costs of completed development work	8,141	9,477
Capitalised costs of development work in progress	4,661	3,117
Concessions and licences	719	862
<b>Total</b>	<b>13,521</b>	<b>13,456</b>

## Property, plant and equipment

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Land	8,406	8,406
Buildings and structures	22,324	23,231
Machinery and equipment	27,452	28,354
Vehicles	559	632
Other property, plant and equipment	1,347	861
<b>Property, plant and equipment</b>	<b>60,088</b>	<b>61,484</b>
Property, plant and equipment under construction	2,577	145
Prepayments for property, plant and equipment	200	801
<b>Total</b>	<b>62,865</b>	<b>62,430</b>

As at the reporting date, the Company did not identify any impairment indicators for non-current assets. Development work and property, plant and equipment were tested for impairment as at March 31st 2023. For information on assumptions underlying the impairment tests, see Notes 12 and 13 to the separate financial statements as at March 31st 2023. As at September 30th 2023, assumptions underlying the impairment tests were reviewed. Based on the review, it was assumed there was no need to perform full impairment tests for those assets or to adjust their carrying amount.

## Borrowings

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Borrowings from banks	76,703	70,023
Borrowings from related entities	2,800	2,800
<b>Total</b>	<b>79,503</b>	<b>72,823</b>
<b>Non-current portion</b>		
Borrowings from banks	74,075	67,159
Borrowings from related entities	2,800	2,800
<b>Total</b>	<b>76,875</b>	<b>69,959</b>
<b>Current portion</b>		
Borrowings from banks	2,628	2,864
Borrowings from related entities	-	-
<b>Total</b>	<b>2,628</b>	<b>2,864</b>
<b>Borrowings maturing</b>		
within 1 year	2,628	2,864
in 2 to 3 years	73,127	64,644
in 3 to 5 years	3,748	5,315
<b>Total</b>	<b>79,503</b>	<b>72,823</b>

### Currency breakdown of the Company's borrowings (presented in PLN)

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Borrowings in PLN	37,573	34,243
Borrowings in EUR	41,930	38,580
<b>Total</b>	<b>79,503</b>	<b>72,823</b>

In the six months from April 1st to September 30th 2023, there were no defaults or material breaches under borrowing agreements.

### Trade and other payables

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Trade payables to related entities	1,372	1,442
Trade payables to other entities	38,510	46,640
Taxes (excluding corporate income tax) and social security contributions payable	5,352	862
Salaries and wages payable	4	1
Prepayments received for deliveries	2,323	2,728
Other liabilities and accruals, including:	9,354	14,034
accrued bonuses and overtime pay	5,083	10,610
accrued holiday entitlements	1,466	1,466
unbilled expenses	2,495	1,531
dividend payable	-	-
other liabilities	310	427
<b>Total</b>	<b>56,915</b>	<b>65,707</b>

All the liabilities are current liabilities.

### Impairment losses and write-downs

#### Inventories

As at September 30th 2023, write-downs of inventories to net realisable value totalled PLN 12,341 thousand. In the reporting period, write-downs of PLN 2,152 thousand were recognised and write-downs of PLN 51 thousand recognised in previous periods were reversed.

#### Inventories at end of reporting period:

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Materials	23,376	24,774
Work in progress and semi-finished goods	6,975	7,258
Finished goods	23,594	18,435
Write-downs	(12,341)	(10,240)
<b>Total</b>	<b>41,604</b>	<b>40,227</b>

## Receivables

### Receivables at end of reporting period

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>
Trade receivables from related entities	17,001	15,918
Trade receivables from other entities	48,780	53,687
Dividends receivable	3,700	223
Prepayments made for deliveries	275	231
Other receivables	172	2
Write-downs	(5,493)	(5,886)
<b>Total</b>	<b>64,435</b>	<b>64,175</b>

	<u>End of period</u> <u>Sep 30 2023</u>	<u>End of period</u> <u>Mar 31 2023</u>	<u>Change in</u> <u>period</u>
Impairment losses on receivables	5,493	5,886	(393)
<b>Total</b>	<b>5,493</b>	<b>5,886</b>	<b>(393)</b>

### Equity interests in subsidiaries and development work

As at September 30th 2023, equity interests in subsidiaries and intangible assets were assessed by the Company for indications of possible impairment. The assessment revealed no need to update the impairment tests carried out at the end of the previous financial year or to recognise any additional impairment losses on those assets.

As a March 31st 2023, capitalised development costs and equity interests in subsidiaries were tested by the Company for impairment. The tests involved comparing the carrying amount of each asset against its recoverable amount determined on the basis of discounted net cash flow projections for a period of the next five years, taking into account the projected residual value.

### Recognition, increase, use and reversal of provisions

	<u>Provision for employee benefit</u> <u>obligations</u>	<u>Provision for warranty</u> <u>repairs</u>
<b>Provisions as at Mar 31 2023</b>	<b>566</b>	<b>3,220</b>
Provisions expensed	-	-
<b>Provisions as at Sep 30 2023</b>	<b>566</b>	<b>3,220</b>

### Financial instruments

There were no changes in the economic situation that could have a material effect on the fair value of financial assets and financial liabilities of the Company, whether measured at fair value or at amortised cost.

In the six months ended September 30th 2023, there were no changes in the method of measuring the fair value of financial instruments.

In the six months ended September 30th 2023, there were no changes in the classification of financial assets resulting from a change in their purpose or use.

Net carrying amount of financial instruments

	<u>End of period Sep 30</u> <u>2023</u>	<u>End of period Mar 31</u> <u>2023</u>
<b>Classes of financial instruments</b>		
Retentions receivable under construction contracts	5,420	5,334
Loans	18,420	23,829
Contract assets	18,107	14,289
Trade and other receivables	64,435	64,175
Cash and cash equivalents	1,515	126
Forward hedging transactions	7	-
<b>Total assets</b>	<b>107,904</b>	<b>107,753</b>
Borrowings	79,503	72,823
Trade and other payables	56,915	48,082
Contract liabilities	2,857	2,240
Forward hedging transactions	54	21
Right-of-use liabilities	8,079	5,737
<b>Total liabilities</b>	<b>147,408</b>	<b>128,903</b>

	fair value	carrying amount	measured at fair value through profit or loss	measured at fair value with changes to equity	measured at amortised cost
<b>Non-current assets</b>	<b>21,613</b>	<b>21,613</b>	-	-	<b>21,613</b>
Trade and other receivables	21,613	21,613	-	-	21,613
<b>Current assets</b>	<b>86,291</b>	<b>86,291</b>	<b>7</b>	-	<b>86,284</b>
Trade and other receivables	84,769	84,769	-	-	84,769
Cash and cash equivalents	1,515	1,515	-	-	1,515
Derivative financial instruments	7	7	7	-	-
<b>Total</b>	<b>107,904</b>	<b>107,904</b>	<b>7</b>	-	<b>107,897</b>

	fair value	carrying amount	measured at fair value through profit or loss	measured at amortised cost	measured at fair value with changes to equity
<b>Non-current liabilities</b>	<b>82,551</b>	<b>82,551</b>	-	<b>82,551</b>	-
Borrowings	76,875	76,875	-	76,875	-
Trade and other payables	5,676	5,676	-	5,676	-
<b>Current liabilities</b>	<b>64,857</b>	<b>64,857</b>	<b>54</b>	<b>64,803</b>	-
Borrowings	2,628	2,628	-	2,628	-
Trade and other payables	62,175	62,175	-	62,175	-
Derivative financial instruments	54	54	54	-	-
<b>Total</b>	<b>147,408</b>	<b>147,408</b>	<b>54</b>	<b>147,354</b>	-

## Contingent assets and liabilities

In the six months from April 1st to September 30th 2023, there were no material changes in the Company's contingent assets or contingent liabilities, save for the realisation of the contingent asset related to CIT for 2012/2013.

## Related party transactions

### Transactions with entities in which the Company holds equity interests

Sales to and purchases from related parties are transacted at normal market prices. Outstanding payables and receivables at the end of a financial year are not hedged and are settled in cash. Receivables from related parties are not secured by any guarantees provided or received by the Company.

Mutual transactions with entities in which the Company held, directly and indirectly, equity interests in the periods covered by these financial statements included:

- trade transactions involving purchase and sale of goods, materials, services, and items of property, plant and equipment,
- sureties provided as security for bank borrowings,
- loans and borrowings, and
- dividends paid.

## Transaction value and scope

Related party	Period	Sales to	Purchases	Interest on	Interest on	Income on	Purchase of
		related parties	from related parties	loans	borrowings	dividends	property, plant and equipment
Tecresa Protección Pasiva S.L.U.	Apr 1–Sep 30 2023	5,945	3,260	-	-	-	-
	Apr 1–Sep 30 2022	5,164	3,880	-	-	-	-
Mercor Fire Protection Systems srl	Apr 1–Sep 30 2023	4,236	-	-	-	-	-
	Apr 1–Sep 30 2022	1,859	-	-	-	-	-
TOB Mercor Ukraina	Apr 1–Sep 30 2023	473	1,926	-	-	-	80
	Apr 1–Sep 30 2022	602	1,730	-	-	-	-
Mercor Czech Republic s.r.o.	Apr 1–Sep 30 2023	4,927	4	-	-	-	-
	Apr 1–Sep 30 2022	4,717	31	-	-	757	-
Mercor Slovakia s.r.o.	Apr 1–Sep 30 2023	3,200	2	-	-	-	-
	Apr 1–Sep 30 2022	3,818	3	-	-	-	-
Mercor Dunamenti Tűzvédelem Zrt	Apr 1–Sep 30 2023	2,145	633	-	-	3,787	-
	Apr 1–Sep 30 2022	3,929	1,144	-	-	-	-
Elmech-ASE Sp. z o.o.	Apr 1–Sep 30 2023	-	-	152	-	-	743
	Apr 1–Sep 30 2022	-	-	124	-	-	-
MCR SOL ENERGY Sp. z o.o.	Apr 1–Sep 30 2023	-	-	174	-	-	-
	Apr 1–Sep 30 2022	-	-	133	-	-	-
DFM Doors Sp. z o.o.	Apr 1–Sep 30 2023	4,767	36	538	-	-	-
	Apr 1–Sep 30 2022	6,399	10	632	-	-	-
MHD1 Sp. z o.o.	Apr 1–Sep 30 2023	-	-	-	104	-	-
	Apr 1–Sep 30 2022	-	-	-	118	-	-
OOO Mercor-Proof	Apr 1–Sep 30 2023	-	-	-	-	-	-
	Apr 1–Sep 30 2022	-	-	-	-	-	-
Mercor Fire Protection Systems UK Ltd	Apr 1–Sep 30 2023	2,939	182	-	-	-	-
	Apr 1–Sep 30 2022	1,656	-	-	-	-	-
MERCOR Centrum Usług Wspólnych Sp. z o.o.	Apr 1–Sep 30 2023	67	3,062	-	-	-	-
	Apr 1–Sep 30 2022	-	-	-	-	-	-
	Apr 1–Sep 30 2023	-	134	2	-	-	-
MCR TECH LAB Sp. z o.o.	Apr 1–Sep 30 2022	-	-	-	-	-	-
	<b>Apr 1–Sep 30 2023</b>	<b>28,699</b>	<b>9,105</b>	<b>866</b>	<b>104</b>	<b>3,787</b>	<b>823</b>
	<b>Apr 1–Sep 30 2022</b>	<b>28,144</b>	<b>6,798</b>	<b>889</b>	<b>118</b>	<b>757</b>	<b>-</b>

Related party		Trade receivables from related parties	Trade payables to related parties	Receivables under loans	Liabilities under borrowings	Dividends receivable
Tecresa Protección Pasiva S.L.U.	Sep 30 2023	744	794	-	-	-
	Mar 31 2023	3,025	531	-	-	-
TOB Mercor Ukraina Sp. z o.o.	Sep 30 2023	265	401	-	-	-
	Mar 31 2023	178	501	-	-	-
Mercor Fire Protection Systems srl	Sep 30 2023	2,499	-	-	-	-
	Mar 31 2023	469	136	-	-	223
MHD1 Sp. z o.o.	Sep 30 2023	-	-	-	2,800	-
	Mar 31 2023	-	-	-	2,800	-
DFM Doors Sp. z o.o.	Sep 30 2023	4,688	-	7,093	-	-
	Mar 31 2023	4,020	-	11,555	-	-
OOO Mercor-Proof	Sep 30 2023	1,703	-	-	-	-
	Mar 31 2023	1,718	-	-	-	-
Mercor Dunamenti Tűzvédelem Zrt	Sep 30 2023	803	145	-	-	3,700
	Mar 31 2023	2,243	164	-	-	-
Mercor Czech Republic s.r.o.	Sep 30 2023	3,310	-	1,026	-	-
	Mar 31 2023	1,811	16	1,072	-	-
Mercor Slovakia s.r.o.	Sep 30 2023	1,383	2	492	-	-
	Mar 31 2023	796	-	571	-	-
Mercor Fire Protection Systems UK Ltd	Sep 30 2023	1,549	30	1,282	-	-
	Mar 31 2023	1,627	94	1,266	-	-
MCR SOL ENERGY Sp. z o.o.	Sep 30 2023	-	-	3,973	-	-
	Mar 31 2023	-	-	4,670	-	-
Elmech-ASE Sp. z o.o.	Sep 30 2023	22	-	3,859	-	-
	Mar 31 2023	22	-	3,707	-	-
MCR TECH LAB Sp. z o.o.	Sep 30 2023	5	-	95	-	-
	Mar 31 2023	-	-	93	-	-
MERCOR Centrum Usług Wspólnych Sp. z o.o.	Sep 30 2023	30	-	600	-	-
	Mar 31 2023	9	-	600	-	-
	<b>Sep 30 2023</b>	<b>17,001</b>	<b>1,372</b>	<b>18,420</b>	<b>2,800</b>	<b>3,700</b>
	<b>Mar 31 2023</b>	<b>15,918</b>	<b>1,442</b>	<b>23,534</b>	<b>2,800</b>	<b>223</b>

An impairment loss of PLN 1,730 thousand was recognised in the previous period on receivables from the Russian company OOO Mercor Proof.

### Subsequent events

After the reporting date, there were no significant events not disclosed in these financial statements that could materially affect future financial results.

**MANAGEMENT BOARD OF MERCOR S.A.:**

Krzysztof Krempeć

Jakub Lipiński

Tomasz Kamiński

President of the  
Management Board

First Vice President of the  
Management Board

Member of the  
Management Board

**GDAŃSK, December 1st 2023**

## Representation by the Management Board of MERCOR S.A.

The Management Board of MERCOR S.A. represents that, to the best of their knowledge, the interim condensed separate financial statements of MERCOR S.A. and the interim condensed consolidated financial statements of the MERCOR Group covering the period of six months from April 1st 2023 to September 30th 2023 (first half of the financial year 2023/2024) and the comparative data have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union and give a true, fair and clear view of the assets, financial position and financial results of MERCOR S.A. and the MERCOR Group, and that the Directors' Report on the operations of MERCOR S.A. and the MERCOR Group gives a true view of the development and achievements of the Company and the Group, including a description of key risks and threats.

### MANAGEMENT BOARD OF MERCOR S.A.:

Krzysztof Krempeć

President of the  
Management Board

Jakub Lipiński

First Vice President of the  
Management Board

Tomasz Kamiński

Member of the  
Management Board

**GDAŃSK, December 1st 2023**