



**MERCOR Group**

# Interim financial statements for the three months ended 31 December 2023

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

Gdańsk, 16 February 2024

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## Consolidated financial highlights

Financial highlights	PLN thousand		EUR thousand	
	1 Apr–31 Dec 2023	1 Apr–31 Dec 2022	1 Apr–31 Dec 2023	1 Apr–31 Dec 2022
Revenue	446,271	469,276	99,815	99,803
Operating profit	42,082	54,940	9,412	11,684
Profit before tax	51,300	47,477	11,474	10,097
Net profit	45,980	36,827	10,284	7,832
Net profit attributable to owners of the Parent	43,115	32,480	9,643	6,908
Net cash provided by (used in) operating activities	38,295	50,784	8,565	10,801
Net cash provided by (used in) investing activities	(13,434)	(10,587)	(3,005)	(2,252)
Net cash provided by (used in) financing activities	(34,432)	(30,188)	(7,701)	(6,420)
Total net cash flows	(9,571)	10,009	(2,141)	2,129
Total assets	432,035	447,658	99,363	95,745
Non-current liabilities	85,310	86,202	19,620	18,437
Current liabilities	110,692	135,660	25,458	29,015
Equity	236,033	225,796	54,285	48,293
Share capital	3,892	3,915	895	837
Equity attributable to owners of the Parent	224,166	213,695	51,556	45,705
Number of shares	15,476,864	15,566,676	15,476,864	15,566,676
Net earnings per share	2.79	2.09	0.62	0.44
Book value per share	14.48	13.75	3.33	2.94

## Separate financial highlights

Financial highlights	PLN thousand		EUR thousand	
	1 Apr–31 Dec 2023	1 Apr–31 Dec 2022	1 Apr–31 Dec 2023	1 Apr–31 Dec 2022
Revenue	268,499	263,907	60,053	56,127
Operating profit	24,378	22,231	5,452	4,728
Profit before tax	35,235	18,971	7,881	4,035
Net profit	34,071	14,957	7,620	3,181
Net cash provided by (used in) operating activities	23,630	28,111	5,285	5,979
Net cash provided by (used in) investing activities	7,476	(5,787)	1,672	(1,231)
Net cash provided by (used in) financing activities	(30,030)	(23,035)	(6,717)	(4,899)
Total net cash flows	1,076	(711)	240	(151)
Total assets	310,487	314,316	71,409	67,226
Non-current liabilities	79,820	77,622	18,358	16,602
Current liabilities	62,246	77,536	14,316	16,583
Equity	168,421	159,158	38,735	34,041
Share capital	3,892	3,915	895	837
Number of shares	15,476,864	15,566,676	15,476,864	15,566,676
Earnings per share	2.20	0.96	0.49	0.20
Book value per share	10.88	10.24	2.50	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., 4.3480 for 31 December 2023 and 4.6755 for 31 March 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., 4.4710 for the period 1 April 2023–31 December 2023, and 4.7020 for the period 1 April 2022–31 December 2022.

## Interim condensed consolidated statement of comprehensive income

	1 Apr–31 Dec 2023	1 Oct–31 Dec 2023	1 Apr–31 Dec 2022	1 Oct–31 Dec 2022
	unaudited	unaudited	unaudited	unaudited
Revenue	446,271	145,412	469,276	167,286
Cost of sales	327,328	103,014	347,914	124,032
<b>Gross profit</b>	<b>118,943</b>	<b>42,398</b>	<b>121,362</b>	<b>43,254</b>
Other income	1,846	448	1,690	997
Selling expenses	40,069	16,024	38,206	13,670
Administrative expenses	31,190	10,330	28,325	10,257
Other expenses	1,707	626	1,256	441
(Expected credit loss)/reversal of expected credit loss	259	(62)	(325)	32
<b>Operating profit</b>	<b>48,082</b>	<b>15,804</b>	<b>54,940</b>	<b>19,915</b>
Finance income	10,037	3,773	1,618	363
Finance costs	5,867	2,017	7,562	2,340
Profit/(loss) of equity-accounted investees	(952)	-	(1,519)	(485)
<b>Profit before tax</b>	<b>51,300</b>	<b>17,560</b>	<b>47,477</b>	<b>17,453</b>
Income tax	5,320	3,569	10,650	3,838
<b>Net profit</b>	<b>45,980</b>	<b>13,991</b>	<b>36,827</b>	<b>13,615</b>
<i>Attributable to:</i>				
<i>owners of the Parent</i>	43,115	13,088	32,480	11,586
<i>non-controlling interests</i>	2,865	903	4,347	2,029
	45,980	13,991	36,827	13,615
<b>Other comprehensive income</b>				
Exchange differences from translation of foreign operations	(10,879)	(7,362)	(2,653)	(10,010)
<b>Total comprehensive income</b>	<b>35,101</b>	<b>6,629</b>	<b>34,174</b>	<b>3,605</b>
<i>Attributable to:</i>				
<i>owners of the Parent</i>	35,335	6,338	29,800	5,390
<i>non-controlling interests</i>	(234)	291	4,374	(1,785)
	35,101	6,629	34,174	3,605
<b>Earnings/(loss) per share:</b>				
Basic	2.79	0.85	2.09	0.74
Diluted	2.79	0.85	2.09	0.74

## Interim consolidated statement of financial position

### Assets

	End of period 31 Dec 2023	End of period 31 Mar 2023
	unaudited	
<b>Non-current assets</b>		
Goodwill	47,979	51,613
Other intangible assets	26,956	26,866
Property, plant and equipment	85,798	79,424
Right-of-use assets	16,692	18,705
Deferred tax assets	4,177	4,446
Other financial assets	3,525	3,767
Equity-accounted investees	-	493
Long-term security deposits receivable	9,668	9,665
Other non-current assets	409	297
	<b>195,204</b>	<b>195,276</b>
<b>Current assets</b>		
Inventories	80,385	77,415
Financial assets	-	-
Trade and other receivables	99,172	109,696
Contract receivables	31,468	27,913
Short-term security deposits receivable	3,702	4,344
Forward contracts	103	-
Current tax assets	1,112	796
Other current assets	1,212	2,970
Cash and cash equivalents	19,677	29,248
	<b>236,831</b>	<b>252,382</b>
<b>Total assets</b>	<b>432,035</b>	<b>447,658</b>

## Equity and liabilities

	End of period 31 Dec 2023	End of period 31 Mar 2023
	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
Translation reserve	(5,365)	2,415
Treasury shares	(1,859)	(1,507)
Retained earnings	114,259	94,568
<b>Equity attributable to owners of the Parent</b>	<b>224,166</b>	<b>213,695</b>
Non-controlling interests	11,867	12,101
<b>Total equity</b>	<b>236,033</b>	<b>225,796</b>
<b>Non-current liabilities</b>		
Long-term borrowings	68,060	67,762
Deferred tax liability	35	51
Provisions for liabilities	555	555
Deferred income	3,370	3,465
Right-of-use liabilities	13,290	14,369
	<b>85,310</b>	<b>86,202</b>
<b>Current liabilities</b>		
Short-term borrowings	9,284	10,252
Trade and other payables	85,995	112,090
Contract liabilities	4,196	2,240
Income tax payable	1,609	2,393
Forward contracts	-	21
Provisions for liabilities	4,100	4,170
Deferred income	511	554
Right-of-use liabilities	4,997	3,940
	<b>110,692</b>	<b>135,660</b>
<b>Total equity and liabilities</b>	<b>432,035</b>	<b>447,658</b>



## Interim condensed consolidated statement of changes in equity

	<u>Share capital</u>	<u>Share premium</u>	<u>Share buyback reserve</u>	<u>Merger reserve</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 1 Apr 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>7,245</b>	<b>857</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	-	-	-	-	-	-	32,480	32,480	4,347	36,827
Other comprehensive income	-	-	-	-	(2,680)	-	-	(2,680)	27	(2,653)
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,680)</b>	<b>-</b>	<b>32,480</b>	<b>29,800</b>	<b>4,374</b>	<b>34,174</b>
Dividend payment	-	-	-	-	-	-	(9,865)	(9,865)	(345)	(10,210)
Utilisation of capital reserve (buyback of shares)	-	-	-	-	-	-	-	-	-	-
Buyback of shares	-	-	-	-	-	(202)	-	(202)	-	(202)
<b>Transactions with owners recognised in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(202)</b>	<b>(9,865)</b>	<b>(10,067)</b>	<b>(345)</b>	<b>(10,412)</b>
<b>As at 31 Dec 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>7,245</b>	<b>857</b>	<b>1,961</b>	<b>(1,124)</b>	<b>85,353</b>	<b>204,409</b>	<b>11,050</b>	<b>215,459</b>
<b>As at 1 Apr 2023</b>	<b>3,915</b>	<b>106,202</b>	<b>7,245</b>	<b>857</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	-	-	-	-	-	-	43,115	43,115	2,865	45,980
Other comprehensive income	-	-	-	-	(7,780)	-	-	(7,780)	(3,099)	(10,879)
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,780)</b>	<b>-</b>	<b>43,115</b>	<b>35,335</b>	<b>(234)</b>	<b>35,101</b>
Dividend payment	-	-	-	-	-	-	(23,423)	(23,423)	-	(23,423)
Cancellation of treasury shares	(23)	-	(1,065)	-	-	1,088	-	-	-	-
Buyback of shares	-	-	-	-	-	(1,440)	-	(1,440)	-	(1,440)
<b>Transactions with owners recognised in equity</b>	<b>(23)</b>	<b>-</b>	<b>(1,065)</b>	<b>-</b>	<b>-</b>	<b>(352)</b>	<b>(23,423)</b>	<b>(24,863)</b>	<b>-</b>	<b>(24,863)</b>
<b>As at 31 Dec 2023</b>	<b>3,892</b>	<b>106,202</b>	<b>6,180</b>	<b>857</b>	<b>(5,365)</b>	<b>(1,859)</b>	<b>114,259</b>	<b>224,166</b>	<b>11,867</b>	<b>236,033</b>

## Interim condensed consolidated statement of cash flows

	1 Apr–31 Dec 2023	1 Apr–31 Dec 2022
	unaudited	unaudited
<b><i>Operating activities</i></b>		
Profit (loss) before tax	51,300	47,477
Adjustments for:		
Depreciation and amortisation	14,334	13,602
Interest accrued	4,728	5,605
(Gains)/losses on investing activities	(361)	944
Change in inventories	(2,970)	(4,786)
Change in receivables	11,060	(2,813)
Change in liabilities and provisions	(28,271)	4,288
Change in other assets	5,522	(2,906)
Other adjustments (exchange differences on consolidation)	(10,880)	(2,653)
<b><i>Total adjustments</i></b>	<b>(6,838)</b>	<b>11,281</b>
Income tax paid	(6,167)	(7,974)
<b>Net cash provided by (used in) operating activities</b>	<b>38,295</b>	<b>50,784</b>
<b><i>Investing activities</i></b>		
Purchase of property, plant and equipment	(14,636)	(9,637)
Purchase of financial assets	-	-
Gain on disposal of property, plant and equipment	854	-
Loans to equity-accounted investees	-	(1,506)
Grants for development projects	348	556
<b>Net cash provided by (used in) investing activities</b>	<b>(13,434)</b>	<b>(10,587)</b>
<b><i>Financing activities</i></b>		
Increase in (repayment of) borrowings	(670)	(6,864)
Buyback of shares	(1,440)	(202)
Increase in (repayment of) right-of-use liabilities	(4,171)	(7,307)
Dividend paid	(23,423)	(10,210)
Interest paid	(4,728)	(5,605)
<b>Net cash provided by (used in) financing activities</b>	<b>(34,432)</b>	<b>(30,188)</b>
<b>Change in cash</b>	<b>(9,571)</b>	<b>10,009</b>
Cash at beginning of period	29,248	19,939
<b>Cash at end of period</b>	<b>19,677</b>	<b>29,948</b>

## Interim condensed separate statement of comprehensive income

	<u>1 Apr-31 Dec</u> <u>2023</u>	<u>1 Oct-31 Dec</u> <u>2023</u>	<u>1 Apr-31 Dec</u> <u>2022</u>	<u>1 Oct-31 Dec</u> <u>2022</u>
	unaudited	unaudited	unaudited	unaudited
Revenue	268,499	85,184	263,907	91,853
Cost of sales	209,061	64,517	207,990	72,992
<b>Gross profit</b>	<b>59,438</b>	<b>20,667</b>	<b>55,917</b>	<b>18,861</b>
Other income	1,361	387	1,114	669
Selling expenses	20,471	8,708	20,001	7,334
Administrative expenses	15,903	4,742	12,670	4,968
Other expenses	351	116	193	37
(Expected credit loss)/reversal of expected credit loss	304	(17)	(1,936)	147
<b>Operating profit</b>	<b>24,378</b>	<b>7,471</b>	<b>22,231</b>	<b>7,338</b>
Finance income	15,107	4,887	2,761	1,038
Finance costs	4,250	1,531	6,021	1,498
<b>Profit before tax</b>	<b>35,235</b>	<b>10,827</b>	<b>18,971</b>	<b>6,878</b>
Income tax	1,164	2,038	4,014	1,618
<b>Net profit</b>	<b>34,071</b>	<b>8,789</b>	<b>14,957</b>	<b>5,260</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Net comprehensive income</b>	<b>34,071</b>	<b>8,789</b>	<b>14,957</b>	<b>5,260</b>
<b>Earnings per share:</b>				
Basic	2.20	0.57	0.96	0.34
Diluted	2.20	0.57	0.96	0.34

## Interim condensed separate statement of financial position

### Assets

	End of period 31 Dec 2023	End of period 31 Mar 2023
	Unaudited	
<b>Non-current assets</b>		
Intangible assets	13,433	13,456
Property, plant and equipment	61,599	62,430
Right-of-use assets	7,658	6,874
Other financial assets	97,610	102,618
Deferred tax assets	3,132	2,421
Long-term security deposits receivable	3,283	2,833
Other non-current assets	152	124
	<b>186,867</b>	<b>190,756</b>
<b>Current assets</b>		
Inventories	42,971	40,227
Financial assets	-	-
Trade and other receivables	58,675	64,175
Contract assets	17,201	14,289
Short-term security deposits receivable	2,643	2,501
Forward contracts	103	-
Other current assets	825	2,242
Cash and cash equivalents	1,202	126
	<b>123,620</b>	<b>123,560</b>
<b>Total assets</b>	<b>310,487</b>	<b>314,316</b>

## Equity and liabilities

	<u>End of period</u> 31 Dec 2023	<u>End of period</u> 31 Mar 2023
	unaudited	
<b>Equity</b>		
Share capital	3,892	3,915
Share premium	106,202	106,202
Capital reserves	7,037	8,102
Treasury shares	(1,859)	(1,507)
Retained earnings	53,149	42,446
<b>Total equity</b>	<b>168,421</b>	<b>159,158</b>
<b>Non-current liabilities</b>		
Long-term borrowings	70,586	69,959
Deferred tax liability	-	-
Provisions for liabilities	555	555
Deferred income	3,191	3,261
Right-of-use liabilities	5,488	3,847
	<b>79,820</b>	<b>77,622</b>
<b>Current liabilities</b>		
Short-term borrowings	2,603	2,864
Trade and other payables	47,920	65,707
Contract liabilities	4,196	2,240
Corporate income tax payable	1,254	1,029
Provisions for liabilities	3,231	3,231
Forward contracts	-	21
Deferred income	511	554
Right-of-use liabilities	2,531	1,890
	<b>62,246</b>	<b>77,536</b>
<b>Total equity and liabilities</b>	<b>310,487</b>	<b>314,316</b>

## Interim condensed separate statement of changes in equity

	Share capital	Share premium	Capital reserves	Treasury shares	Retained earnings	Total equity
<b>As at 1 Apr 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	-	-	-	-	14,957	14,957
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,957</b>	<b>14,957</b>
Dividend paid	-	-	-	-	(9,865)	(9,865)
Buyback of shares	-	-	-	(202)	-	(202)
<b>Transactions with owners recognised in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(202)</b>	<b>(9,865)</b>	<b>(10,067)</b>
<b>As at 31 Dec 2022</b>	<b>3,915</b>	<b>106,202</b>	<b>8,102</b>	<b>(1,124)</b>	<b>33,474</b>	<b>150,569</b>
<b>As at 1 Apr 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	-	-	-	-	34,071	34,071
<b>Comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,071</b>	<b>34,071</b>
Dividend paid	-	-	-	-	(23,368)	(23,368)
Cancellation of treasury shares	(23)	-	(1,065)	1,088	-	-
Buyback of shares	-	-	-	(1,440)	-	(1,440)
<b>Transactions with owners recognised in equity</b>	<b>(23)</b>	<b>-</b>	<b>(1,065)</b>	<b>(352)</b>	<b>(23,368)</b>	<b>(24,808)</b>
<b>As at 31 Dec 2023</b>	<b>3,892</b>	<b>106,202</b>	<b>7,037</b>	<b>(1,859)</b>	<b>53,149</b>	<b>168,421</b>

## Interim condensed separate statement of cash flows

	1 Apr-31 Dec 2023	1 Apr-31 Dec 2022
	unaudited	unaudited
<b><i>Operating activities</i></b>		
Profit (loss) before tax	35,235	18,971
Adjustments for:		
Depreciation and amortisation	8,756	8,048
Interest	3,666	4,753
Dividends received	(4,912)	(757)
(Gains)/losses on investing activities	(882)	(376)
Change in inventories	(2,744)	(2,235)
Change in receivables	4,860	3,755
Change in liabilities and provisions	(19,225)	1,624
Change in other assets	526	(906)
<b><i>Total adjustments</i></b>	<b>(9,955)</b>	<b>13,906</b>
Income tax paid	(1,650)	(4,766)
<b>Net cash provided by (used in) operating activities</b>	<b>23,630</b>	<b>28,111</b>
<b><i>Investing activities</i></b>		
Purchase of property, plant and equipment	(4,537)	(3,494)
Purchase of financial assets	-	-
(Grant) repayment of loans	5,871	(3,667)
Proceeds from disposal of property, plant and equipment	882	61
Proceeds from disposal of financial assets	-	-
Dividends received	4,912	757
Grants for development projects	348	556
<b>Net cash provided by (used in) investing activities</b>	<b>7,476</b>	<b>(5,787)</b>
<b><i>Financing activities</i></b>		
Increase in/(repayment) of borrowings	366	(4,788)
Payment of right-of-use liabilities	(1,867)	(3,427)
Buyback of shares	(1,440)	(202)
Dividends paid	(23,423)	(9,865)
Interest paid	(3,666)	(4,753)
<b>Net cash provided by (used in) financing activities</b>	<b>(30,030)</b>	<b>(23,035)</b>
<b>Change in cash</b>	<b>1,076</b>	<b>(711)</b>
Cash at beginning of period	126	1,389
<b>Cash at end of period</b>	<b>1,202</b>	<b>678</b>

## Notes to the financial statements

### General information about the Company and the Group

MERCOR S.A. (the Company, the Parent, MERCOR) has traded as a joint-stock company since 21 September 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 situated at ul. Grzegorza z Sanoka 2, 80-408 Gdańsk, Poland. 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 31 December 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.

### Supervisory Board:

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

There were no changes in the composition of the Management Board and the Supervisory Board of MERCOR S.A. during the reporting period.

## Subsidiaries

As at 31 December 2023, the following entities were consolidated:

- ✓ 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 S.A. of Pruszcz Gdański (Poland)
- ✓ MERCOR Centrum Usług Wspólnych sp. z o.o. of Gdańsk (Poland)
- ✓ MCR Tech Lab 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)

## 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%	-	-	-	-
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 directly at the date of issue of this report	Change since issue of the most recent periodic 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 indirectly – 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	587,973

### 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 31 December 2023, the Company held 92,413 treasury shares, representing 0.59356% 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.

## Policies applied in the preparation of the financial statements

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

These 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 condensed consolidated financial statements is presented in thousands of Polish złoty (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 condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future. As at the date of the condensed consolidated financial statements, there are no circumstances indicating any threat to the Group continuing as a going concern.

These interim condensed consolidated financial statements of the MERCOR Group covering the period ended 31 December 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 nine months ended 31 December 2023 and contain comparative data for the nine months ended 31 December 2022 with respect to the statement of comprehensive income, statement of changes in equity and statement of cash flows, and comparative data as at 31 March 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 31 March 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.

## Revenue

	<u>1 Apr–31 Dec</u> <u>2023</u>	<u>1 Oct–31</u> <u>Dec 2023</u>	<u>1 Apr–31 Dec</u> <u>2022</u>	<u>1 Oct–31 Dec</u> <u>2022</u>
Revenue from sale of products	392,235	130,016	423,646	149,983
Revenue from sale of merchandise and materials	54,036	15,396	45,630	17,303
<b>Total revenue</b>	<b>446,271</b>	<b>145,412</b>	<b>469,276</b>	<b>167,286</b>

## Revenue by geographical markets

	<u>1 Apr–31 Dec</u> <u>2023</u>	<u>1 Oct–31 Dec</u> <u>2023</u>	<u>1 Apr–31 Dec</u> <u>2022</u>	<u>1 Oct–31 Dec</u> <u>2022</u>
Poland	230,150	76,537	235,313	78,515
Czech Republic and Slovakia	28,105	8,597	31,937	8,938
Spain	36,926	11,543	35,243	12,957
Ukraine	4,202	1,934	6,131	3,146
Romania	11,241	3,783	7,008	2,648
Russia	35,063	11,263	47,442	17,953
Hungary	32,100	12,577	37,741	13,761
UK	8,725	2,775	5,206	1,595
Other	59,759	16,403	63,255	27,773
<b>Total revenue</b>	<b>446,271</b>	<b>145,412</b>	<b>469,276</b>	<b>167,286</b>

## Operating expenses

	<u>1 Apr–31 Dec</u> <u>2023</u>	<u>1 Oct–31 Dec</u> <u>2023</u>	<u>1 Apr–31 Dec</u> <u>2022</u>	<u>1 Oct–31 Dec</u> <u>2022</u>
Cost of sales	327,328	103,014	347,914	124,032
Selling expenses	40,069	16,024	38,206	13,670
Administrative expenses	31,190	10,330	28,325	10,257
<b>Total operating expenses</b>	<b>398,587</b>	<b>129,368</b>	<b>414,445</b>	<b>147,959</b>
Depreciation and amortisation	14,334	4,904	13,602	4,725
Raw materials and consumables used	191,257	77,651	216,228	71,635
Change in inventories of finished goods	(3,931)	679	(2,930)	2,457
Services	75,659	28,667	76,112	30,743
Salaries and wages	60,014	22,231	59,059	20,703
Employee benefits	13,062	4,110	11,341	3,479
Taxes and charges	4,858	1,613	4,258	1,561
Other	6,818	(15,822)	4,283	1,844
Cost of merchandise and materials sold	36,516	5,335	32,492	10,812
<b>Total expenses by nature</b>	<b>398,587</b>	<b>129,368</b>	<b>414,445</b>	<b>147,959</b>

## Other income

<b>Other income</b>				
	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Gain on disposal of property, plant and equipment	885	289	575	158
Reimbursement of court costs	130	-	61	61
Compensation and penalties received	17	14	64	2
Grants for development projects	348	40	449	449
Other	466	105	541	327
<b>Total</b>	<b>1,846</b>	<b>448</b>	<b>1,690</b>	<b>997</b>

## Other expenses

	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Compensation and penalties	22	8	19	4
Litigation costs	84	45	133	18
Bad debts written off	-	-	-	-
Provisions for warranty repairs	-	-	-	-
Other	1,601	573	1,104	419
<b>Total</b>	<b>1,707</b>	<b>626</b>	<b>1,256</b>	<b>441</b>

## Finance income and costs

### Finance income

	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Interest on cash and bank deposits	158	114	404	165
Interest on receivables	5,431	252	21	-
Foreign exchange gains	4,035	3,349	659	(155)
Other income	413	58	210	29
<b>Total</b>	<b>10,037</b>	<b>3,773</b>	<b>1,294</b>	<b>39</b>

### Finance costs

	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>	<u>1 Apr–31 Dec</u>	<u>1 Oct–31 Dec</u>
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Interest and commissions on bank borrowings	4,421	1,645	4,939	1,652
Interest on leases	865	310	1,074	236
Interest on liabilities	44	5	23	4
Foreign exchange losses	506	36	645	92
Other	31	21	557	32
<b>Total</b>	<b>5,867</b>	<b>2,017</b>	<b>7,238</b>	<b>2,016</b>

## Income tax

The effective tax rate for the Group was 10.4%, almost 9pp 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 23.2%.

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

The appealed decisions were revoked by the Provincial Administrative Court of Gdańsk on 28 February 2023. In accordance with decisions issued by the Director of the Tax Administration Chamber in Gdańsk of 30 August 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 full-year report for the year ended 31 March 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 31 December 2023 and 31 March 2023, deferred income tax arose from the items presented in the table below.

	Statement of financial position		Statement of comprehensive income			
	End of period 31 Dec 2023	End of period 31 Mar 2023	1 Apr–31 Dec 2023	1 Oct–31 Dec 2023	1 Apr–31 Dec 2022	Oct 1–31 Dec 2022
Differences between tax base and carrying amount of property, plant and equipment and intangible assets	2,300	2,837	537	160	(211)	(111)
Revenue recognised over time	2,662	2,541	(121)	362	(554)	202
Unrealised exchange differences and measurement of forward contracts	20	1	(19)	(19)	(110)	(110)
Accrued interest	202	130	(72)	(97)	(81)	(32)
<b>Deferred tax liability</b>	<b>5,184</b>	<b>5,509</b>	<b>325</b>	<b>406</b>	<b>(956)</b>	<b>(51)</b>
Cost related to revenue recognised over time	1,294	941	353	(116)	(359)	(502)
Differences between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	70	23	47	50	(6)	62
Provisions for employee expenses and employee benefit obligations	3,121	4,169	(1,048)	361	580	644
Impairment losses on receivables	1,125	1,242	(117)	4	(35)	106
Write-downs of inventories	2,671	2,103	568	222	602	359
Unrealised exchange differences and measurement of forward contracts	-	9	(9)	(10)	(28)	(21)
Deferred income	-	-	-	-	(83)	(31)
Accrued interest	216	183	33	2	119	(8)
Tax loss asset	829	1,234	(405)	(626)	213	(239)
<b>Deferred tax assets</b>	<b>9,326</b>	<b>9,904</b>	<b>(578)</b>	<b>(113)</b>	<b>1,003</b>	<b>370</b>
<i>including:</i>						
<b>deferred tax assets</b>	<b>4,177</b>	<b>4,446</b>				
<b>deferred tax liability</b>	<b>35</b>	<b>51</b>				
<b>Deferred tax expense</b>			<b>(253)</b>	<b>293</b>	<b>47</b>	<b>319</b>



## Intangible assets

	<u>End of period</u> 31 Dec 2023	<u>End of period</u> 31 Mar 2023
Goodwill	47,979	51,613
Costs of completed development work	16,108	17,346
Capitalised costs of development work in progress	6,705	4,871
Concessions and licences	4,143	4,649
<b>Total</b>	<b>74,935</b>	<b>78,479</b>

## Property, plant and equipment

	<u>End of period</u> 31 Dec 2023	<u>End of period</u> 31 Mar 2023
Land	5,946	4,836
Buildings and structures	32,867	28,118
Machinery and equipment	38,433	40,580
Vehicles	2,841	2,584
Other property, plant and equipment	2,014	1,173
<b>Property, plant and equipment</b>	<b>82,101</b>	<b>77,291</b>
Property, plant and equipment under construction	3,512	1,332
Prepayments for property, plant and equipment	185	801
<b>Total</b>	<b>85,798</b>	<b>79,424</b>

## Purchase and sale of material items property, plant and equipment

In the three months to 31 December 2023, the Company did not purchase or sell any material items of property, plant and equipment.

## Borrowings

	<u>End of period</u> 31 Dec 2023	<u>End of period</u> 31 Mar 2023
Borrowings from banks	77,344	77,946
Borrowings from financial institutions	-	68
<b>Total</b>	<b>77,344</b>	<b>78,014</b>
<b>Non-current portion</b>		
Borrowings from banks	68,060	67,762
Borrowings from financial institutions	-	-
<b>Total</b>	<b>68,060</b>	<b>67,762</b>
<b>Current portion</b>		
Borrowings from banks	9,284	10,184
Borrowings from financial institutions	-	68
<b>Total</b>	<b>9,284</b>	<b>10,252</b>
<b>Borrowings maturing</b>		
within 1 year	9,284	10,252
in 2 to 3 years	64,963	62,447
in 3 to 5 years	3,097	5,315
in over 5 years	-	-
<b>Total</b>	<b>77,344</b>	<b>78,014</b>

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

	<u>End of period</u> <u>31 Dec 2023</u>	<u>End of period</u> <u>31 Mar 2023</u>
Borrowings in PLN	39,110	37,816
Borrowings in EUR	38,234	40,198
<b>Total</b>	<b>77,344</b>	<b>78,014</b>

### Credit default or breach of material credit covenants with respect to which no remedial action was taken by the end of the reporting period

In the three months to 31 December 2023, there were no defaults or material breaches under borrowing agreements.

Amount and type of items that affect assets, liabilities, equity, net profit, or cash flows, which are atypical due to their nature, value, or frequency.

In the three months to 31 December 2023, there were no atypical items that would affect the Company's assets, liabilities, equity, net profit, or cash flows.

### Write-downs

#### Inventories

As at 31 December 2023, write-downs of inventories to net realisable value were PLN 16,121 thousand. In the reporting period, the Parent reversed write-downs recognised in previous periods for an amount of PLN 33 thousand, while the amount of write-downs recognised in the reporting period was PLN 1,201 thousand.

Inventories at end of reporting period:

	<u>End of period</u> <u>31 Dec 2023</u>	<u>End of period</u> <u>31 Mar 2023</u>
Materials	57,166	50,203
Work in progress and semi-finished goods	7,439	7,461
Finished goods	31,901	31,136
Write-downs	(16,121)	(11,385)
<b>Total</b>	<b>80,385</b>	<b>77,415</b>

## Receivables

	<u>End of period</u> 31 Dec 2023	<u>End of period</u> 31 Mar 2023	<u>Change in</u> <u>period</u>
Impairment losses on receivables	7,970	8,118	(148)
<b>Total</b>	<b>7,970</b>	<b>8,118</b>	<b>(148)</b>

## Recognition, increase, use and reversal of provisions

	<u>Provision for</u> <u>employee</u> <u>benefit</u> <u>obligations</u>	<u>Provision for</u> <u>warranty</u> <u>repairs</u>	<u>Provision for</u> <u>expected</u> <u>losses</u>
<b>Provisions as at 31 Mar 2023</b>	<b>566</b>	<b>4,159</b>	-
Provisions expensed	-	-	-
Use of provisions recognised in prior periods	-	-	-
Effect of exchange differences	-	(70)	-
<b>Provisions as at 31 Dec 2023</b>	<b>566</b>	<b>4,089</b>	-

Changes in economic environment and trading conditions with a material effect on the fair value of financial assets and liabilities, irrespective of whether such assets and liabilities are carried at fair value or adjusted acquisition cost

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.

## Financial instruments

In the three months to 31 December 2023, there were no changes in the method of measuring the fair value of financial instruments.

In the three months to 31 December 2023, there were no changes in the classification of financial assets resulting from a change in their purpose or use.

## Contingent assets and liabilities

In the three months to 31 December 2023, there were no material changes in the Company's contingent assets or contingent liabilities.

## Related party transactions

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

## Sureties or guarantees issued by the Company or its subsidiary if the aggregate value of outstanding sureties or guarantees issued to a single entity or its subsidiary is material

The Company and its subsidiaries did not provide any sureties or guarantees of material value.

## Issue, redemption, cancellation and repayment of non-equity and equity securities

There were no issues, redemptions cancellations or repayments of any debt or equity securities during the reporting period.

## Factors and events (including of non-recurring nature) having a material bearing on the condensed financial statements

In the three months to 31 December 2023, there were no factors or events (including of non-recurring nature) which would have a material effect on the condensed financial statements.

## Events after the reporting date which are not disclosed in the report but could significantly affect the Company's and its Group's future financial results

After the reporting period, there were no non-recurring events that could potentially impact the Company's and its Group's future performance.

## Dividend paid or declared

On 20 September 2023, the Company paid dividend. The amount allocated to dividend was PLN 23,509,608.27 , i.e., PLN 1.51 per share.

## Management Board's position on the feasibility of published forecasts

No earnings guidance was published by the Company.

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

The appealed decisions were revoked by the Provincial Administrative Court of Gdańsk on 28 February 2023. In accordance with decisions issued by the Director of the Tax Administration Chamber in Gdańsk of 30 August 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.

### Material settlements under court proceedings

Following the decision issued by the Director of the Tax Chamber to repeal decisions issued by the first instance authority, in September 2023 the Company received reimbursement of overpaid CIT of PLN 5,376 thousand and interest on an advance CIT payment plus interest due.

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

In the three months to 31 December 2023, the MERCOR Group earned revenue of PLN 145,412 thousand, a year-on-year decrease of 13% from PLN 167,286 thousand. Sales on the Polish market fell by over 2.5%. In the foreign markets where the Group subsidiaries operate, sales growth was reported in Romania (almost 43%) and the UK (approximately 74%). In the other markets, the Group recorded declines in sales. In the Spanish market, the decline was about 11%, almost 4% in the Czech and Slovak markets, close to 9% in Hungary, and over 38% in Ukraine. Sales in the Russian market fell by over 37%.

In the three months to 31 December 2023, operating profit before depreciation and amortisation was PLN 20,708 thousand, a year-on-year decrease of 16% from PLN 24,640 thousand. Operating profit for the period was PLN 15,804 thousand, a decrease of over PLN 20% year on year.

Net profit earned by the MERCOR Group in the three months to 31 December 2023 was PLN 13,991 thousand (three months to 31 December 2022: PLN 13,615 thousand).

## 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

The personnel, asset and financial position of the Company and the Group companies are stable and have not changed materially. The MERCOR Group has a stable workforce, uses its assets efficiently, and performs its obligations in a timely manner.

The Company's credit facility agreements have been extended for another period with the existing limits maintained. By way of an amendment of December 2023, the term of the Credit Limit Agreement

between the Company and BNP Paribas Bank Polska Spółka Akcyjna of Warsaw was extended until December 2025. The limit remained unchanged at PLN 42,880,000.00. In December 2023, the term of the Company's overdraft facility from Credit Agricole Bank Polska S.A. of Wrocław was also extended. The overdraft facility agreement is due to terminate on 31 October 2025 and the facility amount remains unchanged at PLN 28,560,000.00. The term of the overdraft facility agreement between the Company and Santander Bank Polska Spółka Akcyjna of Warsaw was extended until November 2025. The limit remains unchanged at PLN 28,560,000.00. In October 2023, the parties also executed an amendment to the bank guarantee facility agreement, whereby the availability period of the facility of PLN 7,000,000.00 was extended until November 2024.

## Impact of the war in Ukraine on the business

In the opinion of MERCOR S.A.'s Management Board, the impact of the war in Ukraine on the Company and the Group's operations has remained consistent with the description presented in the full-year consolidated financial statements for the period 1 April 2022–31 March 2023, as updated with the description presented in the issued periodic report for the first half of the financial year, that is for the period 1 April 2023–30 September 2023. Based on the analyses performed, the Management Board of the Parent identified no threat to the Parent's and other Group companies' ability to continue as going concerns as at the release date of these financial statements and for the foreseeable future.

## Factors that, in the opinion of the Company, will affect its results in the following 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.

### **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, 16 February 2024**