

EXTENDED CONSOLIDATED QUARTERLY REPORT

OF THE CIECH GROUP FOR THREE QUARTERS OF 2022

We are providing a courtesy English translation of our financial statements which were originally written in Polish. We take no responsibility for the accuracy of our translation. For an accurate reading of our financial statements, please refer to the Polish language version of our financial statements.

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CIECH GROUP — SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	9 months ended 30.09.2022	9 months ended 30.09.2021	9 months ended 30.09.2022	9 months ended 30.09.2021
Sales revenues on continued operations	3,885,520	2,467,850	828,823	541,373
Operating profit/(loss) on continued operations	330,919	295,341	70,589	64,789
Profit/(loss) before tax on continued operations	256,896	234,493	54,799	51,441
Net profit / (loss) for the period	232,648	233,622	49,627	51,249
Net profit/(loss) attributable to shareholders of the parent company	234,455	234,035	50,012	51,340
Net profit/(loss) attributed to non-controlling interest	(1,807)	(413)	(385)	(91)
Other comprehensive income net of tax	(84,581)	103,454	(18,042)	22,695
Total comprehensive income	148,067	337,076	31,585	73,944
Cash flows from operating activities	519,376	591,056	110,788	129,660
Cash flows from investment activities	(646,923)	(521,650)	(137,996)	(114,435)
Cash flows from financial activities	(21,677)	(172,326)	(4,624)	(37,803)
Total net cash flows	(149,224)	(102,920)	(31,832)	(22,578)
Earnings (loss) per ordinary share (in PLN/EUR)	4.45	4.44	0.95	0.97
	as at 30.09.2022	as at 31.12.2021	as at 30.09.2022	as at 31.12.2021
Total assets	7,707,606	7,135,218	1,582,736	1,551,337
Non-current liabilities	2,474,477	2,542,124	508,127	552,708
Current liabilities	2,698,733	2,206,765	554,177	479,794
Total equity	2,534,396	2,386,329	520,432	518,835
Equity attributable to shareholders of the parent	2,539,842	2,390,105	521,550	519,656
Non-controlling interest	(5,446)	(3,776)	(1,118)	(821)
Share capital	287,614	287,614	59,061	62,533

CIECH S.A. — SELECTED SEPARATE FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	9 months ended 30.09.2022	9 months ended 30.09.2021	9 months ended 30.09.2022	9 months ended 30.09.2021
Sales revenues on continued operations	1,874,665	1,153,965	399,886	253,146
Operating profit/(loss) on continued operations	110,825	36,668	23,640	8,044
Profit/(loss) before tax on continued operations	443,346	141,533	94,570	31,048
Net profit / (loss) for the period	409,996	180,680	87,456	39,636
Other comprehensive income net of tax	(8,031)	28,594	(1,713)	6,273
Total comprehensive income	401,965	209,274	85,743	45,909
Cash flows from operating activities	86,812	(54,211)	18,518	(11,892)
Cash flows from investment activities	(77,001)	(120,577)	(16,425)	(26,451)
Cash flows from financial activities	5,858	24,403	1,250	5,353
Total net cash flows	15,669	(150,385)	3,343	(32,990)
Earnings (loss) per ordinary share (in PLN/EUR)	7.78	3.43	1.66	0.75
	as at 30.09.2022	as at 31.12.2021	as at 30.09.2022	as at 31.12.2021
Total assets	5,274,183	4,612,557	1,083,039	1,002,861
Total non-current liabilities	1,922,020	1,991,470	394,682	432,985
Total current liabilities	1,335,597	1,006,486	274,261	218,830
Total equity	2,016,566	1,614,601	414,096	351,046
Share capital	287,614	287,614	59,061	62,533

The above selected financial data were converted into PLN in accordance with the following principles:

- items in the consolidated statement of financial position were converted using the average exchange rate determined by the National Bank of Poland on the last day of the reporting period;
- items in the consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows were converted using the exchange rate constituting the arithmetic mean of rates determined by the National Bank of Poland on the last day of each calendar month of the reporting period.

as at 30.09.2022	as at 31.12.2021	9 months ended 30.09.2022	9 months ended 30.09.2021
EUR 1 = PLN 4.8698	EUR 1 = PLN 4.5994	EUR 1 = PLN 4.6880	EUR 1 = PLN 4.5585

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR
THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

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1. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN UNION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE CIECH GROUP

	01.01.-30.09.2022	01.01.-30.09.2021	01.07.-30.09.2022	01.07.-30.09.2021
	unaudited	unaudited	unaudited	unaudited
CONTINUING OPERATIONS				
Sales revenues	3,885,520	2,467,850	1,406,667	772,065
Cost of sales	(3,102,157)	(1,941,522)	(1,150,951)	(637,736)
Gross profit/(loss) on sales	783,363	526,328	255,716	134,329
Other operating income	42,342	111,404	15,176	34,358
Selling costs	(211,516)	(164,050)	(76,200)	(55,269)
General and administrative expenses	(219,897)	(138,238)	(62,838)	(41,139)
Other operating expenses	(63,373)	(40,103)	(17,985)	(14,785)
Operating profit/(loss)	330,919	295,341	113,869	57,494
Financial income, including:	66,771	14,267	40,175	6,694
<i>Profit from financial instruments</i>	5,968	3,369	(6,297)	(1,744)
Financial costs, including:	(141,858)	(75,138)	(75,252)	(7,948)
<i>Loss from financial instruments</i>	(122,612)	(63,742)	(69,697)	(23,419)
Net financial income/(expenses)	(75,087)	(60,871)	(35,077)	(1,254)
Share of profit / (loss) of equity-accounted investees	1,064	23	614	232
Profit/(loss) before tax	256,896	234,493	79,406	56,472
Income tax	(24,248)	(63,411)	5,694	(15,140)
Net profit/(loss) on continuing operations	232,648	171,082	85,100	41,332
DISCONTINUED OPERATIONS				
Net profit/(loss) on discontinued operations	-	62,540	-	-
Net profit / (loss) for the period	232,648	233,622	85,100	41,332
including:				
Net profit/(loss) attributable to shareholders of the parent company	234,455	234,035	85,289	41,627
Net profit/(loss) attributed to non-controlling interest	(1,807)	(413)	(189)	(295)
Earnings per share (in PLN):				
Basic	4.45	4.44	1.62	0.79
Diluted	4.45	4.44	1.62	0.79
Earnings/(loss) per share (in PLN) from continuing operations:				
Basic	4.45	3.25	1.62	0.79
Diluted	4.45	3.25	1.62	0.79

The condensed consolidated statement of profit or loss of the CIECH Group should be analysed together with the explanatory notes which constitute an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE CIECH GROUP

	01.01.-30.09.2022	01.01.-30.09.2021	01.07.-30.09.2022	01.07.-30.09.2021
	unaudited	unaudited	unaudited	unaudited
Net profit / (loss) for the period	232,648	233,622	85,100	41,332
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	(140,352)	153,124	(97,417)	111,605
Currency translation differences (foreign companies)	39,918	4,116	26,943	18,890
Profit (loss) from cash flow hedge reserve	(123,778)	142,145	(79,902)	86,575
Profit (loss) from costs of hedging reserve	(56,492)	6,863	(44,458)	6,140
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	55,771	(49,670)	33,255	(33,606)
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	55,771	(49,670)	33,255	(33,606)
Other comprehensive income net of tax	(84,581)	103,454	(64,162)	77,999
Comprehensive income including attributable to:	148,067	337,076	20,938	119,331
Shareholders of the parent company	149,737	337,367	21,090	119,585
Non-controlling interest	(1,670)	(291)	(152)	(254)

The condensed consolidated statement of other comprehensive income of the CIECH Group should be analysed together with the explanatory notes which constitute an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CIECH GROUP

	30.09.2022	31.12.2021*	30.09.2021*
	unaudited		unaudited
ASSETS			
Property, plant and equipment	3,957,364	3,863,321	3,653,545
Rights to use an asset	181,718	201,476	176,236
Intangible assets other than goodwill	384,527	369,067	378,602
Goodwill	156,984	149,270	150,225
Investment property	34,816	32,839	36,404
Non-current receivables	43,975	78,542	68,501
Investments in jointly-controlled entities measured under the equity method	7,094	5,655	5,691
Long-term financial assets	19,527	12,449	139,563
Deferred income tax assets	141,357	74,984	46,435
Total non-current assets	4,927,362	4,787,603	4,655,202
Inventory	649,908	459,308	388,386
Short-term intangible assets other than goodwill	624,861	403,434	102,430
Short-term financial assets	199,590	102,382	215,422
Income tax receivables	1,842	21,004	27,580
Trade and other receivables	653,431	562,096	465,129
Cash and cash equivalents	650,244	799,023	346,181
Non-current assets and groups for disposal held for sale	368	368	368
Total current assets	2,780,244	2,347,615	1,545,496
Total assets	7,707,606	7,135,218	6,200,698
EQUITY AND LIABILITIES			
Share capital	287,614	287,614	287,614
Share premium	470,846	470,846	470,846
Cash flow hedge reserve	90,756	158,763	84,244
Profit (loss) from costs of hedging reserve	(76,823)	(20,331)	2,200
Actuarial gains	(1,582)	(1,582)	(495)
Other reserve capitals	425,021	425,021	425,021
Currency translation reserve	3,404	(36,377)	(27,901)
Retained earnings	1,340,606	1,106,151	1,058,354
Equity attributable to shareholders of the parent	2,539,842	2,390,105	2,299,883
Non-controlling interest	(5,446)	(3,776)	(3,398)
Total equity	2,534,396	2,386,329	2,296,485
Non-current loans, borrowings and other debt instruments	1,766,369	1,854,154	1,853,892
Lease liabilities	109,935	121,172	103,295
Other non-current liabilities	267,861	231,752	235,371
Employee benefits reserve	16,053	15,273	13,425
Other provisions	288,201	270,649	156,176
Deferred income tax liability	26,058	49,124	117,221
Total non-current liabilities	2,474,477	2,542,124	2,479,380
Current loans, borrowings and other debt instruments	140,075	5,287	58,100
Lease liabilities	26,177	30,025	22,666
Trade and other liabilities	2,366,630	1,956,407	1,197,665
Income tax liabilities	61,986	128,592	51,553
Employee benefits reserve	2,414	2,643	2,877
Other provisions	101,451	83,811	91,972
Total current liabilities	2,698,733	2,206,765	1,424,833
Total liabilities	5,173,210	4,748,889	3,904,213
Total equity and liabilities	7,707,606	7,135,218	6,200,698

*Restated data. For detailed information, see Note 2.2.1 to this report.

The condensed consolidated statement of financial position of the CIECH Group should be analysed together with the explanatory notes which constitute an integral part of the interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE CIECH GROUP

	01.01.-30.09.2022	01.01.-30.09.2021*
	unaudited	unaudited
Cash flows from operating activities		
Net profit/(loss) for the period	232,648	233,622
Adjustments	405,542	421,729
Amortisation/depreciation	313,252	257,317
Recognition of impairment allowances	957	430
Foreign exchange (profit) /loss	(56,942)	(10,716)
Investment property revaluation	(1,526)	202
(Profit) / loss on investment activities	4,259	(54,918)
(Profit) / loss on disposal of property, plant and equipment	(719)	(941)
Dividends and interest	59,580	13,835
Income tax	24,248	64,263
(Profit) / loss on the settlement of construction contracts (caverns)	-	(12,089)
Share of (profit) / loss on equity accounted investees	(1,064)	(23)
Change in liabilities due to loan arrangement fee	1,867	(8,360)
Valuation of derivatives	(9,886)	2,634
Ineffective portion of hedge accounting	183	119
Other non-monetary adjustments relating to financial instruments	(160,878)	-
Other adjustments	(14,007)	466
Change in receivables	(73,431)	(65,062)
Change in inventory	(184,209)	(34,867)
Change in current liabilities	490,345	269,232
Change in provisions and employee benefits	13,513	207
Interest paid	(44,411)	(18,929)
(Profit) / loss on the settlement of construction contracts (caverns)	35,493	-
Income tax (paid)/returned	(109,896)	(35,366)
Loans receivables repayment - setoff	-	(10,000)
Net cash from operating activities	519,376	591,056
Cash flows from investment activities		
Disposal of a subsidiary**	-	66,954
Disposal of intangible assets and property, plant and equipment	1,521	2,365
Disposal of investment property	-	4,516
Dividends received	219	-
Interest received	2,473	1,391
Subsidies received	4,018	491
Proceeds from repaid borrowings	95	57,260
Acquisition of a subsidiary (after deduction of acquired cash)	-	(5,105)
Acquisition of intangible assets and property, plant and equipment	(327,833)	(552,673)
Acquisition of financial assets	(2,982)	-
Acquisition of investment property	(605)	-
Development expenditures	(17,586)	(12,981)
Borrowings paid out	(239)	-
Expenditure on the purchase of emission rights	(306,004)	(82,826)
Other investment inflows (outflows)	-	(1,042)
Net cash from investment activities	(646,923)	(521,650)
Cash flows from financial activities		
Proceeds from loans and borrowings	1,640	240,999
Dividends paid to non-controlling interest	-	(158,099)
Repayment of loans and borrowings	-	(234,596)
Payments of lease liabilities	(23,317)	(20,547)
Other financial inflows (outflows)	-	(83)

	01.01.-30.09.2022	01.01.-30.09.2021*
	unaudited	unaudited
Net cash from financial activities	(21,677)	(172,326)
Total net cash flows	(149,224)	(102,920)
Cash and cash equivalents as at the beginning of the period	799,023	448,799
<i>Impact of foreign exchange differences</i>	445	302
Cash and cash equivalents as at the end of the period	650,244	346,181

*Restated data. For detailed information, see Note 2.2.1 to this report.

**Value decreased by cash of the sold company, CIECH Żywiec Sp. z o.o.

The condensed consolidated statement of cash flows of the CIECH Group should be analysed together with the explanatory notes which constitute an integral part of the interim condensed consolidated financial statements.

CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY OF THE CIECH GROUP

	Share capital	Share premium	Cash flow hedge reserve	Profit (loss) from costs of hedging reserve	Other reserve capitals	Actuarial gains	Currency translation reserve	Retained earnings	Equity attributable to shareholders of the parent	Non-controlling interest	Total equity
01.01.2022*	287,614	470,846	158,763	(20,331)	425,021	(1,582)	(36,377)	1,106,151	2,390,105	(3,776)	2,386,329
Total comprehensive income for the period	-	-	(68,007)	(56,492)	-	-	39,781	234,455	149,737	(1,670)	148,067
Net profit / (loss) for the period	-	-	-	-	-	-	-	234,455	234,455	(1,807)	232,648
Other comprehensive income	-	-	(68,007)	(56,492)	-	-	39,781	-	(84,718)	137	(84,581)
30.09.2022 (unaudited)	287,614	470,846	90,756	(76,823)	425,021	(1,582)	3,404	1,340,606	2,539,842	(5,446)	2,534,396
01.01.2021	287,614	470,846	(9,393)	(3,659)	425,021	(495)	(31,737)	982,418	2,120,615	(2,077)	2,118,538
Transactions with the owners	-	-	-	-	-	-	-	(158,099)	(158,099)	(1,030)	(159,129)
Dividend	-	-	-	-	-	-	-	(158,099)	(158,099)	-	(158,099)
Change in the Group's structure	-	-	-	-	-	-	-	-	-	(1,030)	(1,030)
Total comprehensive income for the period	-	-	93,637	5,859	-	-	3,836	234,035	337,367	(291)	337,076
Net profit / (loss) for the period	-	-	-	-	-	-	-	234,035	234,035	(413)	233,622
Other comprehensive income	-	-	93,637	5,859	-	-	3,836	-	103,332	122	103,454
30.09.2021 (unaudited)	287,614	470,846	84,244	2,200	425,021	(495)	(27,901)	1,058,354	2,299,883	(3,398)	2,296,485

*Restated data. For detailed information on the restatement, see Note 2.2.1 to this report.

The condensed statement of changes in consolidated equity of the CIECH Group should be analysed together with the explanatory notes which constitute an integral part of the interim condensed consolidated financial statements.

2. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP

2.1. BASIS FOR PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP

These interim consolidated financial statements were prepared in compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as approved by the European Union and the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and on conditions for deeming equivalent information required by the law of a Non-Member State (Journal of Laws 2018.757 of 29 March 2018).

These financial statements present the financial position of the CIECH Group as at 30 September 2022 and as at 31 December 2021, results of the Group’s operations and cash flows for the period of 9 months ended 30 September 2022 and 30 September 2021, and were approved by the Management Board of CIECH S.A. on 29 November 2022.

These interim condensed consolidated financial statements cover the financial statements of the parent company, CIECH S.A., and its significant subsidiaries, as well as interests in significant associates.

These interim condensed consolidated financial statements were prepared under the assumption that the CIECH Group will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements, no facts or circumstances are known that would indicate any threat to the Group continuing as a going concern.

The Management Board of CIECH S.A. represents that to the best of its knowledge these interim condensed consolidated financial statements, including corresponding figures, have been prepared in accordance with the generally acceptable accounting principles and that they represent a true, accurate and fair reflection of the CIECH Group’s financial position and the results of operations. Furthermore, the Management Board of CIECH S.A. represents that the Directors’ Report for the period of 9 months ended 30 September 2022 contains a true image of the Group’s developments, achievements, and condition, including the description of major risks and threats.

Preparation of financial statements in accordance with International Financial Reporting Standards (“IFRS”) requires the Management Board to make professional judgements, estimates and assumptions which affect the adopted principles and presented values of assets, equity and liabilities, income and expenses. The estimates and assumptions associated with them are based on historical accuracy and various other factors that are considered to be reasonable under the specific circumstances, and their results provide a basis for professional judgement about the value of assets and liabilities that are not directly apparent from other sources. Actual value may differ from the estimated value. The estimates and the underlying assumptions are reviewed on a continuous basis. Revisions of accounting estimates are recognised in the period in which the changes were made, only if it affects that period or the present and future in case they concern both the current and future periods. The Management Board’s professional judgements which have a significant impact on the consolidated financial statements, and the estimates bearing a risk of significant changes in future years have been presented in Sections 2.6, 2.7, 2.8 and 2.13 hereof. Information on the impact of the Russian invasion of Ukraine on the operations of the CIECH Group is presented in Note 2.18 hereof. Information on the impact of the COVID-19 pandemic on the operations of the CIECH Group is presented in Note 2.19 hereof. During the current quarterly period there were no significant revisions to the estimates presented in previous reporting periods.

2.2. ADOPTED ACCOUNTING PRINCIPLES

The CIECH Group’s accounting principles are described in the Consolidated Financial Statements of the CIECH Group for the year 2021, published on 29 March 2022. The aforementioned Financial Statement include detailed information regarding the principles and methods of valuation of assets, equity and liabilities and measurement of the financial result as well as the method of preparing the financial statements and comparative information. These principles have been applied on a continuous basis with relation to currently published data, the last annual financial statements and comparative data presented, except for changes described in Section 2.2.1.

The CIECH Group intends to adopt amendments to the IFRS that are published but not effective as at the date of publication of this report in accordance with their effective date. The estimated impact of amendments and impact of new IFRSs on the consolidated financial statements of the CIECH Group was presented in the Consolidated Financial Statements of the CIECH Group for the year 2021, published on 29 March 2022.

2.2.1. ADJUSTMENT OF PRIOR PERIOD ERRORS AND CHANGES IN ACCOUNTING POLICY

The following changes were made relative to the previously published comparative data as at 30 September 2021 and 31 December 2021:

<p>Change in accounting policy with respect to recognition of free CO₂ emission allowances</p>	<p>In 2021, the Group revised its Accounting policy in respect of recognition of emission allowances granted and the measurement principles for the disposal of rights.</p> <p>Following the revision, the emission allowances granted are recognised in the balance sheet as assets when credited to the account at their fair value determined at that date. At the same time, the same amount is recognised in an accrued income account (as a subsidy for production costs, regulated in IAS 20 Government Grants and Disclosure of Government Assistance). The entity receiving the allowances accounts for them as intangible assets. When emissions covered by the allowances received occur, the corresponding value recognised in the deferred income account is deducted from the operating expenses related to the emission.</p> <p>If there were no emissions for which the entity received the allowances, then the part of the deferred income relating to them remains in the balance until the allowances are disposed of. If the allowances are used to cover the emission in the following year (years), the relevant part of the deferred income reduces the operating costs of the emission in the year in which the allowances are used, and if such allowances are sold, the deferred income reduces the cost of the allowances sold.</p> <p>In the event of a purchase of additional allowances on the market, the allowances are measured at cost and presented as intangible assets.</p> <p>The entity recognises a provision for the cost of covering CO₂ emissions into the atmosphere in the amount of the product of the quantity of CO₂ emitted (in tonnes, which is equivalent to one EUA) and the unit price of the emission allowances. The emission costs are covered by allowances held in a brokerage account at the balance sheet date in accordance with the detailed identification principle. If insufficient allowances are held, the missing portion of the provision is measured at the allowance price of the futures contracts open on the balance sheet date, in accordance with the detailed identification principle. If insufficient allowances have been contracted, the provision for the costs of covering emissions is measured at the current (as at the balance sheet date) market price of the EUA.</p> <p>Until 2020, emission allowances granted were not subject to recognition on the balance sheet when granted and in subsequent periods. The entity receiving the allowances entered them in the off-balance sheet records.</p> <p>The impact of the changes on the previously reported consolidated data for the period from 1 January to 30 September 2021 is presented below. Consolidated data as at 31 December 2021 following the policy change are presented in the Consolidated Financial Statements of the CIECH Group for 2021, published on 29 March 2022.</p>
<p>Change in the presentation of comparable data as at 30 September 2021 and 31 December 2021 due to the reclassification of some amounts relating to materials in transit between receivables and inventories</p>	<p>The change relates to the reclassification of part of the amounts advanced in one of the subsidiaries previously presented as receivables to inventories of material in transit.</p>
<p>Amendments to IAS 16 "Property, Plant and Equipment" – proceeds before intended use</p>	<p>Until 31 December 2021, the value of fixed assets under construction included revenues and costs related to the sale of test production of CIECH Salz Deutschland GmbH. Following the amendment to IAS 16 effective from 1 January 2022, proceeds and related expenses earned before a non-current asset is placed in service are recognised in profit or loss. The above change had no impact on other presented periods and comparatives.</p>

The impact of the changes on the previously reported consolidated data as at 30 September 2021 is presented below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	After adjustment as at 30.09.2021	Change in valuation of emission allowances granted	Presentation adjustment of materials in transit	Previously presented as at 30.09.2021
ASSETS				
Total non-current assets	4,655,202	-	-	4,655,202
<i>Inventories</i>	388,386	-	21,622	366,764
<i>Trade and other receivables</i>	465,129	-	(21,622)	486,751
<i>Short-term intangible assets other than goodwill</i>	102,430	102,430	-	-
Total current assets	1,545,496	102,430	-	1,443,066
Total assets	6,200,698	204,860	-	6,098,268
EQUITY AND LIABILITIES				
Total equity	2,296,485	-	-	2,296,485
Total non-current liabilities	2,479,380	-	-	2,479,380
<i>Trade and other liabilities</i>	1,197,665	102,430	-	1,095,235
Total current liabilities	1,424,833	102,430	-	1,322,403
Total liabilities	3,904,213	102,430	-	3,801,783
Total equity and liabilities	6,200,698	102,430	-	6,098,268

CONSOLIDATED STATEMENT OF CASH FLOWS	After adjustment as at 30.09.2021	Presentation adjustment of materials in transit	Previously presented as at 30.09.2021
Cash flows from operating activities	591,056	-	591,056
Change in receivables	(65,062)	21,622	(86,684)
Change in inventories	(34,867)	(21,622)	(13,245)

The impact of the changes on the previously reported consolidated data as at 31 December 2021 is presented below:

	After adjustment as at 31.12.2021	Impact of amendments to IAS 16	Presentation adjustment of materials in transit	Previously presented 31.12.2021
ASSETS				
<i>Property, plant and equipment</i>	3,863,321	(15,339)	-	3,878,660
<i>Deferred tax assets</i>	74,984	4,737	-	70,247
Total non-current assets	4,787,603	(10,602)	-	4,798,205
<i>Inventories</i>	459,308	-	36,802	422,506
<i>Trade and other receivables</i>	562,096	-	(36,802)	598,898
Total current assets	2,347,615	-	-	2,347,615
Total assets	7,135,218	(10,602)	-	7,145,820
EQUITY AND LIABILITIES				
<i>Currency translation differences (foreign companies)</i>	(36,377)	(50)	-	(36,327)
<i>Retained earnings</i>	1,106,151	(10,552)	-	1,116,703
Equity attributable to shareholders of the parent	2,390,105	(10,602)	-	2,400,707
Non-controlling interest	(3,776)	-	-	(3,776)
Total equity	2,386,329	(10,602)	-	2,396,931
Total non-current liabilities	2,542,124	-	-	2,542,124
Total current liabilities	2,206,765	-	-	2,206,765
Total liabilities	4,748,889	-	-	4,748,889
Total equity and liabilities	7,135,218	(10,602)	-	7,145,820

	Share capital and other components of equity (unchanged)	Currency translation differences (foreign companies)	Retained earnings	Equity attributable to shareholders of the parent	Non-controlling interest	Total equity
31.12.2021 (previously presented)	1,320,331	(36,327)	1,116,703	2,400,707	(3,776)	2,396,931
<i>Change in accounting principles – IAS 16</i>	-	(50)	(10,552)	(10,602)	-	(10,602)
31.12.2021 (after adjustments)	1,320,331	(36,377)	1,106,151	2,390,105	(3,776)	2,386,329

2.3. FUNCTIONAL AND REPORTING CURRENCY

The Polish zloty (PLN) is the functional currency of the parent company, CIECH S.A., and the reporting currency of these consolidated financial statements. Unless stated otherwise, all financial data in these consolidated financial statements have been presented in thousands of Polish zlotys (PLN '000).

The functional currencies for the significant foreign subsidiaries are as follows: SDC Group, Ciech Group Financing AB, Proplan Plant Protection Company S.L. and CIECH Salz Deutschland GmbH – EUR, CIECH Soda Romania S.A. – RON. For the purpose of conversion into PLN, the following foreign exchange rates determined on the basis of quotations announced by the National Bank of Poland (“NBP”) have been applied for consolidation purposes:

NBP exchange rate as at the end day of the reporting period	30.09.2022 ¹	31.12.2021 ²
EUR	4.8698	4.5994
RON	0.9838	0.9293

Average NBP rate for the reporting period	9 months ended 30.09.2022 ³	9 months ended 30.09.2021 ⁴
EUR	4.6880	4.5585
RON	0.9497	0.9270

¹ NBP's average foreign exchange rates table applicable as at 30 September 2022.

² NBP's average foreign exchange rates table applicable as at 31 December 2021.

³ According to the exchange rate constituting the arithmetic mean of average exchange rates quoted by NBP on the last day of each month of the period from 1 January 2022 to 30 September 2022.

⁴ According to the exchange rate constituting the arithmetic mean of average exchange rates quoted by NBP on the last day of each month of the period from 1 January 2021 to 30 September 2021.

2.4. SEASONALITY AND CYCLICALITY OF ACTIVITY OF THE CIECH GROUP

Seasonality associated with periodic demand and supply fluctuations has little impact on the CIECH Group general sales trends. Products clearly influenced by seasonality are crop protection chemicals. Most crop protection chemicals are used in the first half of the year, during the period of intensive plant growth. However, sales of these products take place mainly in the 3rd and 4th quarter of the preceding year. For other products, the Group's revenues and financial results are not influenced by any significant seasonal fluctuations over the year.

2.5. CIECH GROUP'S SEGMENT REPORTING

The CIECH Group's operating segments are designated on the basis of internal reports related to the components of the Group and are regularly reviewed by the Management Board, which is responsible for operating decisions aimed at allocating resources to segments and assessing the subsidiaries performance.

From the product perspective, the CIECH Group has been divided into the following operating segments:

Soda segment (comprising BU Soda, and BU Salt)



The most important products manufactured in this Segment are: light and dense soda ash, evaporated salt, sodium bicarbonate and calcium chloride. The products of this area are sold mainly by the parent company CIECH S.A. The Segment's goods are produced in CIECH Soda Polska S.A., the Romanian company CIECH Soda Romania S.A. (until September 2019) and in the German companies CIECH Soda Deutschland GmbH&Co. KG and CIECH Salz Deutschland GmbH (the German companies also sell their products on their own). These products are used in the glass, food, detergent and pharmaceutical industries. The Soda Segment (in the German company) also includes the business of producing and selling electricity.

At the current stage of work on the reorganisation, performance figures for BU Soda and BU Salt are analysed jointly, and the performance of BU Soda and BU Salt are closely linked due to sharing the same raw material, i.e. brine, fed jointly to the production facilities of Soda and Salt, as well as a common power plant and combined heat and power plant providing heat and electricity, within CIECH Soda Polska S.A. For this reason, it is not possible to allocate direct costs in an unambiguous way (mainly: coal, electricity, CO₂, maintenance on shared infrastructure). As a result, business decisions are made jointly for both BUs - e.g. in the case of limitations in the availability of raw material or steam, the profitability analysis of all Soda and Salt products, rather than the fact of being part of a specific BU, determines the production of particular products. A shared source of raw material, a shared infrastructure and practically indivisible costs mean that, consequently, it is also not possible to allocate these values to the BU in question as regards liabilities and certain inventories. This all makes the analysis of cash flow generating units at the BU level potentially inappropriate. Decisions on the above matters are made at the level of the Management Board of CIECH S.A.

Agro Segment



The CIECH Group is a manufacturer of crop protection products used in agriculture and produced by the following companies: CIECH Sarzyna S.A. and Proplan Plant Protection Company, S.L.

Resins Segment (comparative data)

The CIECH Group was a producer of a variety of organic compounds manufactured by CIECH Żywiec Sp. z o.o. In the first half of 2021, it produced, among other things, epoxy resins and polyester resins. These products are used in the following industries: automotive, paints and electronics.

On 1 March 2021, CIECH Żywiec Sp. z o.o. was sold to LERG S.A., and its figures are reported as discontinued operations.

Foams Segment



The CIECH Group is a producer of polyurethane foams manufactured by CIECH Pianki Sp. z o.o. These products are mainly used in the furniture industry – for upholstered furniture and mattresses.

Silicates Segment



Includes mainly the products of CIECH Vitrosilicon S.A. and CIECH Soda Romania S.A.

Products manufactured by Ciech Soda Romania S.A. are sold by CIECH S.A. The Segment manufactures sodium silicates (CIECH Vitrosilicon S.A. and CIECH Soda Romania S.A.) and potassium silicates (CIECH Vitrosilicon S.A.). These products are used in the automotive, cosmetics and construction chemicals industries.

Packaging Segment


Covers products of CIECH Vitro S.A. This Segment manufactures glass packaging – lanterns and jars, used in the food industry and for the production of headstone lamps.

Other activities Segment


Covers mainly services rendered outside the Group and goods sold mainly by CIECH S.A., and within the Group, Ciech Serwis i Remonty Sp. Z o.o. provides maintenance services, as well as services are provided by Ciech R&D Sp. z o.o. and CIECH Services Sp. z o.o. that provides support services in various areas.

As of 1 January 2022 (along with restatement of comparative data broken down by operating segments, as presented below), other activities include the operations of CIECH Cargo Sp. z o.o. which renders rail transport services, mainly to companies within the CIECH Group.

The Group financing is managed (including finance expenses and income with the exception of interest and exchange differences on trade receivables and liabilities) and income tax is calculated on the Group level and they are not allocated to particular Segments.

The CIECH Group has been divided into the following geographical areas: Poland, European Union, Other European countries, Africa, Asia, Other regions. Information on the Group geographical areas is established based on the Group's assets location.

Revenues and costs, assets and liabilities of Segments are recognised and measured in a manner consistent with the method used in the consolidated financial statements.

Operational Segments results are assessed by the CIECH S.A.'s Management Board on the basis of sales revenue, operating profit, level of EBITDA and adjusted EBITDA. No need to separate additional Segments under IFRS 8 regulations has been identified.

EBITDA should be viewed as a supplement not as a substitute for the business performance presented in accordance with IFRS. EBITDA is a useful ratio of the ability to incur and service debt. EBITDA and adjusted EBITDA levels are not defined by the IFRS and can be calculated in a different manner by other entities. The reconciliation and definitions applied by the CIECH Group when determining these measures are presented below.

For discontinued operations, EBITDA and adjusted EBITDA figures are as follows:

	01.01.-30.09.2022	01.01.-30.09.2021
Net profit/(loss) on continuing operations	232,648	171,082
Income tax	24,248	63,411
Share of profit / (loss) of equity-accounted investees	(1,064)	(23)
Financial expenses	141,858	75,138
Financial income	(66,771)	(14,267)
Amortisation/depreciation	313,252	257,317
EBITDA on continued operations	644,171	552,658
EBITDA on discontinued operations	-	6,928
EBITDA on continued and discontinued operations	644,171	559,586

	01.01.-30.09.2022	01.01.-30.09.2021
EBITDA on continued operations	644,171	552,658
One-offs including:	17,048	1,698
Impairment (a)	6,608	-
Cash items (b)	6,049	(1,204)
Non-cash items (without impairment) (c)	4,391	2,902
Adjusted EBITDA on continued operations	661,219	554,356
Adjusted EBITDA on discontinued operations	-	6,951
Adjusted EBITDA on continued and discontinued operations	661,219	561,307

DISCONTINUED OPERATIONS	01.01.-30.09.2022	01.01.-30.09.2021
Operating profit/(loss)	-	6 928
Amortisation and depreciation	-	-
One-offs	-	23
EBITDA from discontinued operations	-	6 928
Adjusted EBITDA on discontinued operations	-	6 951

The catalogue of items for adjusting adjusted EBITDA for the purposes of these financial statements is as follows:

(a) Impairment losses are associated with the recognition/reversal of impairment losses on property, plant and equipment and intangible assets.

(b) Cash items:

- gain/loss on sale of property, plant and equipment,
- fees and compensations received,
- donations given,
- fortuitous events.

(c) Non-cash items:

- fair value measurement of investment properties,
- costs of liquidation of property, plant and equipment,
- costs of suspended investments,
- restructuring costs,
- environmental provisions, provisions for liabilities and compensation and other items (including extraordinary costs and other provisions).

Adjusted EBITDA may be adjusted for other untypical non-recurring events not listed above.

Additional information on adjustments has been presented under tables presenting the consolidated statement of profit or loss by operating segments.

OPERATING SEGMENTS OF THE CIECH GROUP

Revenue and costs data as well as assets, equity and liabilities data of particular CIECH Group operating segments for periods disclosed in statements are presented in the tables below:

OPERATING SEGMENTS 01.01.-30.09.2022	Soda Segment	Agro Segment	Foams Segment	Silicates S egment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	2,734,549	420,576	248,914	394,108	76,220	11,153	-	-	3,885,520
Revenue from inter-segment transactions	114,081	115	355	472	958	98,613	-	(214,594)	-
Total sales revenues	2,848,630	420,691	249,269	394,580	77,178	109,766	-	(214,594)	3,885,520
Cost of sales	(2,324,119)	(272,196)	(202,618)	(307,536)	(62,221)	(102,017)	-	168,550	(3,102,157)
Gross profit /(loss) on sales	524,511	148,495	46,651	87,044	14,957	7,749	-	(46,044)	783,363
Selling costs	(166,402)	(38,747)	(9,500)	(30,308)	(7,129)	(221)	-	40,791	(211,516)
General and administrative expenses	(101,622)	(26,876)	(4,109)	(4,696)	(3,693)	(9,384)	(77,587)	8,070	(219,897)
Result on management of receivables	5,827	(66)	41	(21)	(2)	(863)	(13)	(312)	4,591
Result on other operating activities	(23,850)	697	766	(3,037)	(1,065)	5,518	(1,116)	(3,535)	(25,622)
Operating profit /(loss)	238,464	83,503	33,849	48,982	3,068	2,799	(78,716)	(1,030)	330,919
Exchange differences and interest on trade settlements	(7,615)	(483)	163	852	88	111	(9,988)	-	(16,872)
Group borrowing costs	-	-	-	-	-	-	(46,646)	-	(46,646)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(11,569)	-	(11,569)
Share of profit / (loss) of equity-accounted investees	1,064	-	-	-	-	-	-	-	1,064
Profit /(loss) before tax	231,913	83,020	34,012	49,834	3,156	2,910	(146,919)	(1,030)	256,896
Income tax	-	-	-	-	-	-	-	-	(24,248)
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	232,648
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	232,648
Amortization/depreciation	227,079	32,398	3,420	12,733	2,947	20,977	13,698	-	313,252
EBITDA from continued operations	465,543	115,901	37,269	61,715	6,015	23,776	(65,018)	(1,030)	644,171
Adjusted EBITDA from continued operations*	476,281	117,602	36,507	64,676	7,161	24,447	(64,121)	(1,334)	661,219

*Adjusted EBITDA for the 9-month period ended 30 September 2022 is calculated as EBITDA adjusted for untypical one-off events: impairment losses: PLN -6.6 million; change in provisions: PLN -5.3 million; fortuitous events: PLN -0.9 million; valuation of investment properties: PLN 1.5 million; donations given: PLN -0.7 million; liquidation of fixed assets: PLN -0.7 million; fines and compensation: PLN -0.7 million; other: -3.6 PLN million.

OPERATING SEGMENTS 01.01.-30.09.2021	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL*
Revenues from third parties	1,555,720	346,694	287,131	160,998	47,379	69,928	-	-	2,467,850
Revenue from inter-segment transactions	51,978	19	80	88	652	71,195	-	(124,012)	-
Total sales revenues	1,607,698	346,713	287,211	161,086	48,031	141,123	-	(124,012)	2,467,850
Cost of sales	(1,262,846)	(250,612)	(230,682)	(123,806)	(31,310)	(139,632)	-	97,366	(1,941,522)
Gross profit /(loss) on sales	344,852	96,101	56,529	37,280	16,721	1,491	-	(26,646)	526,328
Selling costs	(130,873)	(27,174)	(7,540)	(19,236)	(5,610)	(1,359)	-	27,742	(164,050)
General and administrative expenses	(52,640)	(21,574)	(2,811)	(3,624)	(2,302)	(6,491)	(50,995)	2,199	(138,238)
Result on management of receivables	(4,468)	417	15	-	(12)	997	-	-	(3,051)
Result on other operating activities	73,005	2,246	(749)	407	1,160	2,085	506	(4,308)	74,352
Operating profit /(loss)	229,876	50,016	45,444	14,827	9,957	(3,277)	(50,489)	(1,013)	295,341
Exchange differences and interest on trade settlements	631	(2,606)	93	379	(8)	(312)	-	-	(1,823)
Group borrowing costs	-	-	-	-	-	-	(34,443)	-	(34,443)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(24,605)	-	(24,605)
Share of profit / (loss) of equity-accounted investees	23	-	-	-	-	-	-	-	23
Profit /(loss) before tax	230,530	47,410	45,537	15,206	9,949	(3,589)	(109,537)	(1,013)	234,493
Income tax	-	-	-	-	-	-	-	-	(63,411)
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	171,082
Net profit /(loss) on discontinued operations	-	-	-	-	-	-	-	-	62,540
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	233,622
Amortization/depreciation	193,737	23,738	2,813	6,755	4,151	15,322	10,801	-	257,317
EBITDA from continued operations	423,613	73,753	48,257	21,582	14,108	12,044	(39,687)	(1,012)	552,658
Adjusted EBITDA from continued operations**	426,332	74,630	48,337	21,984	12,868	10,770	(39,555)	(1,010)	554,356

*Restated data. For information on the restatement of comparative data by segment, see Note 2.5 above.

**Adjusted EBITDA for the 9-month period ended 30 September 2021 is calculated as EBITDA adjusted for untypical one-off events: change in provisions: PLN -1.6 million; liquidation of fixed assets: PLN -1.2 million; fortuitous events: PLN -0.9 million; disposal of fixed assets: PLN 2.3 million; other: PLN -0.3 million.

ASSETS AND LIABILITIES BY OPERATING SEGMENTS

	ASSETS		LIABILITIES	
	30.09.2022	31.12.2021*	30.09.2022	31.12.2021
Soda Segment	4,934,480	4,521,127	727,732	381,282
Agro Segment	862,885	783,143	91,379	138,122
Foams Segment	73,466	62,300	51,989	69,371
Silicates Segment	228,512	171,139	106,831	49,100
Packaging Segment	56,462	43,353	17,419	6,819
Other operations Segment	149,913	47,179	30,626	12,164
Corporate functions	1,498,590	1,555,318	4,243,785	4,135,863
Eliminations (consolidation adjustments)	(96,721)	(48,341)	(96,551)	(43,832)
TOTAL	7,707,606	7,135,218	5,173,210	4,748,889

*Restated data. For detailed information, see Note 2.2.1 to this report. Also, short-term intangible assets have been allocated to individual segments accordingly. They were presented as unallocated items in the Consolidated Financial Statements for 2021.

The value of investments in equity-accounted entities occurs only for the assets of the Soda Segment and amounts to PLN 7,094 thousand as at 30 September 2022 (PLN 5,655 thousand as at 31 December 2021).

The value of increases in expenditure on property, plant and equipment and intangible assets by operating segment is as follows:

	30.09.2022	30.09.2021
Soda segment	181,840	504,167
Agro Segment	21,330	19,459
Foams Segment	3,807	1,735
Silicates Segment	38,745	49,615
Packaging Segment	6,795	3,937
Other Segment	11,047	3,254
Corporate Functions	15,448	14,982
TOTAL	279,012	597,149

INFORMATION ON GEOGRAPHICAL AREAS

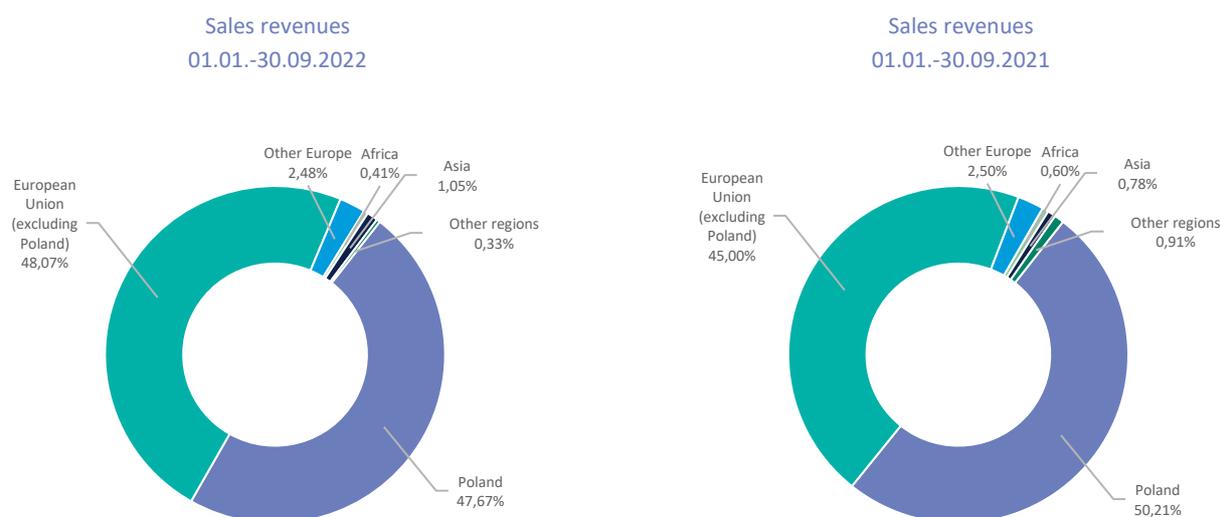
ASSETS DIVIDED ON GEOGRAPHICAL REGIONS	Non-current assets other than financial instruments	Deferred income tax assets	Other assets	Total assets
30.09.2022				
Poland	2,497,503	65,961	2,096,950	4,660,414
European Union (excluding Poland)	2,283,359	75,396	676,026	3,034,781
Other European countries	-	-	2,924	2,924
Africa	-	-	1,977	1,977
Asia	-	-	3,149	3,149
Other regions	-	-	4,361	4,361
TOTAL	4,780,862	141,357	2,785,387	7,707,606
31.12.2021*				
Poland	2,489,645	64,707	2,019,215	4,573,567
European Union (excluding Poland)	2,223,317	10,277	307,415	2,541,009
Other European countries	-	-	2,432	2,432
Africa	-	-	2,313	2,313
Asia	-	-	7,022	7,022
Other regions	-	-	8,875	8,875
TOTAL	4,712,962	74,984	2,347,272	7,135,218

*Restated data. For detailed information, see Note 2.2.1 to this report.

SALES REVENUES – GEOGRAPHICAL STRUCTURE OF MARKET

	01.01.-30.09.2022	01.01.-30.09.2021	Change 2022/2021
Poland	1,852,085	1,239,045	49.5%
European Union (excluding Poland)	1,867,704	1,110,623	68.2%
Germany	981,985	557,969	76.0%
Romania	29,633	36,444	(18.7%)
Czech Republic	203,338	114,825	77.1%
Italy	35,158	20,028	75.5%
The Netherlands	182,152	96,836	88.1%
Finland	83,607	40,871	104.6%
Sweden	23,068	17,308	33.3%
Belgium	28,137	31,375	(10.3%)
Denmark	52,095	30,974	68.2%
Spain	101,560	80,092	26.8%
Austria	23,831	29,774	(20.0%)
France	12,021	13,532	(11.2%)
Luxembourg	47,789	-	-
Lithuania	16,017	11,279	42.0%
Other EU countries	47,313	29,316	61.4%
Other European Countries	96,469	61,616	56.6%
Switzerland	18,628	15,735	18.4%
Norway	53,394	32,708	63.2%
United Kingdom	3,623	3,498	3.6%
Russia*	1,177	1,424	(17.3%)
Other European countries	19,356	8,251	134.6%
Africa	15,855	14,872	6.6%
Asia	40,759	19,328	110.9%
China	762	1,771	(57.0%)
Singapore	987	4,453	(77.8%)
Turkey	29,934	328	9026.2%
Other Asian countries	9,076	12,776	(29.0%)
Other regions	10,764	18,498	(41.8%)
Cash flow hedge adjustment	1,884	3,868	-
TOTAL	3,885,520	2,467,850	57.4%

* Sales carried out until 24 February 2022, after 24 February 2022 the contracts have been discontinued.



At the CIECH Group, sales revenues are recognized upon the provision of services or delivery of products or goods in accordance with INCOTERMS terms and conditions contained in contracts with customers. Detailed information on sales revenues broken down by products by operating segment is provided in Note 5.5.2 to this report.

2.6. PROVISIONS AND IMPAIRMENT LOSSES ON ASSETS

During the first three quarters and in the third quarter of 2022, the following changes in provisions and impairment allowances on assets were recognised in the consolidated financial statements of the CIECH Group.

PROVISIONS FOR EMPLOYEE BENEFITS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Long-term	15,273	592	(107)	295	16,053
Short-term	2,643	467	(746)	50	2,414
01.01.-30.09.2021					
Long-term	12,958	1,025	(630)	72	13,425
Short-term	3,100	547	(1,129)	359	2,877
01.07.-30.09.2022					
Long-term	15,641	230	30	152	16,053
Short-term	2,547	276	(444)	35	2,414
01.07.-30.09.2021					
Long-term	13,016	615	(344)	138	13,425
Short-term	2,101	490	(508)	794	2,877

CHANGE IN OTHER LONG-TERM PROVISIONS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Provision for liabilities and expected losses	42,406	2,402	(485)	-	44,323
Provision for environmental protection	226,972	-	-	15,117	242,089
Provision for bonuses	1,271	439	(13)	92	1,789
TOTAL	270,649	2,841	(498)	15,209	288,201
01.01.-30.09.2021					
Provision for liabilities and expected losses	40,776	2,586	-	-	43,362
Provision for environmental protection	112,485	-	-	329	112,814
TOTAL	153,261	2,586	-	329	156,176
01.07.-30.09.2022					
Provision for liabilities and expected losses	43,297	1,026	-	-	44,323
Provision for environmental protection	232,879	-	-	9,210	242,089
Provision for bonuses	1,363	439	(13)	-	1,789
TOTAL	277,539	1,026	-	9,210	288,201
01.07.-30.09.2021					
Provision for liabilities and expected losses	42,850	1,576	-	(1,064)	43,362
Provision for environmental protection	110,388	-	-	2,426	112,814
TOTAL	153,238	1,576	-	1,362	156,176

CHANGE IN OTHER SHORT-TERM PROVISIONS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Provision for liabilities and expected losses	82,003	18,515	(1,239)	2,013	101,292
Provision for environmental protection	1,663	450	(2,092)	(7)	14
Provision for bonuses	34	-	-	-	34
Restructuring provision	111	-	-	-	111
TOTAL	83,811	18,965	(3,331)	2,006	101,451
01.01.-30.09.2021					
Provision for liabilities and expected losses	94,199	5,132	(6,381)	(1,049)	91,901
Provision for environmental protection	889	194	(1,234)	73	(78)
Provision for bonuses	38	-	-	-	38
Restructuring provision	111	-	-	-	111
TOTAL	95,237	5,326	(7,615)	(976)	91,972
01.07.-30.09.2022					
Provision for liabilities and expected losses	97,382	2,536	(81)	1,455	101,292
Provision for environmental protection	62	450	(607)	109	14
Provision for bonuses	34	-	-	-	34
Restructuring provision	111	-	-	-	111
TOTAL	97,589	2,986	(688)	1,564	101,451
01.07.-30.09.2021					
Provision for liabilities and expected losses	93,368	1,770	(3,848)	611	91,901
Provision for environmental protection	91	162	(404)	73	(78)
Provision for bonuses	38	-	-	-	38
Restructuring provision	111	-	-	-	111
TOTAL	93,609	1,932	(4,252)	684	91,972

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Property, plant and equipment	77,359	4,491	-	4,460	86,310
Intangible assets, including:	488,945	2,197	-	26,805	517,947
<i>Goodwill</i>	437,598	-	-	24,805	462,403
Long-term receivables	198	-	-	12	209
Long-term financial assets	2,420	-	(214)	376	2,582
Inventories	34,932	9,852	(5,505)	479	39,758
Short-term financial assets	28,354	-	(1)	-	28,353
Trade and other receivables	69,278	4,020	(9,436)	5,498	69,360
Cash and cash equivalents	450	17	(282)	(76)	109
TOTAL	701,936	20,577	(15,438)	37,554	744,628
01.01.-30.09.2021					
Property, plant and equipment	79,007	-	-	(940)	78,067
Intangible assets, including:	491,361	-	-	651	492,012
<i>Goodwill</i>	440,231	-	-	476	440,707
Long-term receivables	1,015	-	-	4	1,019
Long-term financial assets	2,415	-	-	-	2,415
Inventories	38,303	1,993	(6,445)	(270)	33,581
Short-term financial assets	28,343	84	(1)	-	28,426

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
Trade and other receivables	66,632	9,268	(4,899)	1,414	72,413
Cash and cash equivalents	316	471	(465)	-	322
TOTAL	707,392	11,816	(11,810)	859	708,255
01.07.-30.09.2022					
Property, plant and equipment	83,232	-	-	3,078	86,310
Intangible assets, including:	498,844	-	-	19,103	517,947
<i>Goodwill</i>	445,121	-	-	17,282	462,403
Long-term receivables	201	-	-	8	209
Long-term financial assets	2,206	-	-	376	2,582
Inventories	41,434	(606)	(1,383)	313	39,758
Short-term financial assets	28,353	-	-	-	28,353
Trade and other receivables	72,216	1,981	(7,880)	3,043	69,360
Cash and cash equivalents	111	4	(12)	6	109
TOTAL	726,597	1,379	(9,275)	25,927	744,628
01.07.-30.09.2021					
Property, plant and equipment	76,487	-	-	1,580	78,067
Intangible assets, including:	480,926	-	-	11,086	492,012
<i>Goodwill</i>	430,699	-	-	10,008	440,707
Long-term receivables	995	-	-	25	1,019
Long-term financial assets	2,416	-	-	(1)	2,415
Inventories	34,076	1,039	(1,536)	2	33,581
Short-term financial assets	28,606	(180)	-	-	28,426
Trade and other receivables	67,847	4,251	(1,152)	1,467	72,413
Cash and cash equivalents	479	27	(141)	(43)	322
TOTAL	691,832	5,137	(2,829)	14,116	708,255

2.6.1. Detailed information on significant impairment losses

In connection with the suspension of production by a subsidiary, CIECH Soda Romania S.A. in 2019, resulting from the discontinuation of supplies of process steam by its supplier, S.C. CET Govora S.A., the CIECH Group evaluated the evidence of impairment of assets, based on possible scenarios of actions. Following the analysis, the Group recognised an impairment loss on property, plant and equipment in the total amount of PLN 73,486 thousand as at 31 December 2019. The status of the Romanian plant has not changed compared to the status at the end of 2019. In 2022, the Group continues to identify the reasons for the decision to recognise an impairment loss in previous years.

At the same time, the Group still continues analyses of the possibility of obtaining a new source of steam at a reasonable cost and long-term cooperation in the supply of other raw materials necessary for production (guaranteeing cost predictability in subsequent years). The result of these analyses may affect the amount of impairment losses recognised in the consolidated financial statements of the CIECH Group for subsequent reporting periods.

For details on the impairment loss recognised in previous periods, see Note 3.4.1 to the Consolidated Financial Statements of the CIECH Group for 2021, published on 29 March 2022.

2.7. INCOME TAX, DEFERRED TAX ASSETS AND LIABILITY

The main components of tax expense include:

THE MAIN COMPONENTS OF TAX EXPENSE (TAX INCOME)	01.01.-30.09.2022	01.01.-30.09.2021
Current income tax	(58,798)	(41,318)
Deferred income tax	34,550	(22,093)
INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS	(24,248)	(63,411)

Deferred income tax is attributable to the following items:

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	30.09.2022			31.12.2021		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Property, plant and equipment	4,205	167,920	(163,715)	3,129	172,484	(169,355)
Intangible assets	626	20,545	(19,919)	2,237	20,945	(18,708)
Rights to use an asset	-	4,619	(4,619)	-	4,619	(4,619)
Investment property	1,830	1,106	724	1,507	1,106	401
Long-term receivables	796	2,995	(2,199)	796	3,551	(2,755)
Financial assets	22,374	27,358	(4,984)	768	7,401	(6,633)
Inventory	2,585	206	2,379	1,840	331	1,509
Trade and other receivables	4,170	10	4,160	3,480	2	3,478
Provisions for employee benefits	3,520	-	3,520	3,618	-	3,618
Other provisions	73,608	16	73,592	68,407	-	68,407
Tax losses carried forward	143,716	-	143,716	83,194	-	83,194
Foreign exchange differences	2,432	12,371	(9,939)	400	1,665	(1,265)
Liabilities	92,917	2,002	90,915	48,171	2,812	45,359
Special economic zone	63,754	-	63,754	101,341	-	101,341
Other	2,630	2,695	(65)	(978)	8,276	(9,254)
Deferred tax assets/liability	419,163	241,843	177,320	317,910	223,192	94,718
Set - off of deferred tax assets/ liability	(215,785)	(215,785)	-	(174,068)	(174,068)	-
Unrecognized deferred tax assets	(62,021)	-	(62,021)	(68,858)	-	(68,858)
Deferred tax assets/liability recognised in the statement of financial position	141,357	26,058	115,299	74,984	49,124	25,860

In the light of provisions of the General Anti-Avoidance Rule ("GAAR"), applicable as of 15 July 2016 and aimed at preventing the origination and use of factitious legal structures designed to avoid payment of taxes in Poland, the Management Board of the Parent Company considered the impact of transactions which could potentially be subject to the GAAR regulations on the deferred tax, tax value of assets and deferred tax provisions. In the opinion of the Management Board, the analysis conducted did not demonstrate the need to adjust the reported current and deferred income tax items. However, in the opinion of the Management Board, there is an inherent uncertainty arising from GAAR that tax authorities will interpret these provisions differently, will change their approach to their interpretation or the rules themselves will change, which may affect the ability to utilise the deferred tax assets in future periods and the possible payment of an additional tax for past periods.

2.8. INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS

The following list presents the fair value of financial instruments.

Classes of financial instruments	Carrying amount	Fair value	Carrying amount	Fair value	Categories of financial instruments
	30.09.2022		31.12.2021		
Cash and cash equivalents	650,244	650,244	799,023	799,023	Financial assets measured at amortised cost
Loans granted	251	251	133	133	Financial assets measured at amortised cost
Trade receivables	353,855	353,855	209,231	209,231	Financial assets measured at amortised cost
Hedging derivatives with positive value	204,458	204,458	101,672	101,672	Financial assets at fair value through other comprehensive income
Derivatives with positive value	-	-	1,210	1,210	Financial assets measured at fair value through profit or loss
Factoring receivables	81,870	81,870	33,660	33,660	Financial assets measured at amortised cost
ASSETS	1,290,678	1,290,678	1,144,929	1,144,929	
Credits and loans	(1,906,444)	(1,915,960)	(1,859,441)	(1,870,822)	Financial assets measured at amortised cost
Trade liabilities	(930,352)	(930,352)	(614,596)	(614,596)	Financial assets measured at amortised cost
Hedging derivatives with negative value	(247,555)	(247,555)	(138,485)	(138,485)	Financial liabilities measured at fair value through profit or loss.

Classes of financial instruments	Carrying amount	Fair value	Carrying amount	Fair value	Categories of financial instruments
	30.09.2022		31.12.2021		
Derivatives recognised in financial liabilities	(6,465)	(6,465)	(13,215)	(13,215)	Financial liabilities measured at fair value through profit or loss.
Factoring liabilities	(22,720)	(22,720)	(23,078)	(23,078)	Financial assets measured at amortised cost
LIABILITIES	(3,113,536)	(3,123,052)	(2,648,815)	(2,660,196)	

The fair value of financial assets and liabilities corresponds with the amounts for which these instruments may be exchanged in a market transaction between well informed parties. The following assumptions were made in establishing the fair value:

- cash, trade receivables and liabilities are not measured at fair value – it is assumed that the carrying amount is the closest to fair value due to the short maturities of these instruments,
- fair value of financial assets and liabilities recognised in the statement of financial position at amortised cost for which no active market exists was established as the present value of future cash flows discounted at market interest rate.

Measurement at fair value is grouped according to three-level hierarchy:

- Level 1 – fair value based on market listing stock exchange prices (unadjusted) offered for identical assets or liabilities on active markets.
- Level 2 – the CIECH Group values derivatives at fair value by using measurement models for financial instruments and applying generally available interest rates, currency exchange rates and adjusting for estimated own credit risk.
- Level 3 – fair value estimated on the basis of various evaluation techniques which are not based on observable market inputs.

Assets and liabilities measured at fair value	30.09.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS	-	204,458	34,816	-	102,882	32,839
Investment properties	-	-	34,816	-	-	32,839
Hedging instruments	-	204,458	-	-	101,672	-
Derivative instruments with positive valuation	-	-	-	-	1,210	-
LIABILITIES	-	(254,020)	-	-	(151,700)	-
Hedging instruments	-	(247,555)	-	-	(138,485)	-
Derivative instruments with negative valuation	-	(6,465)	-	-	(13,215)	-
TOTAL	-	(49,562)	34,816	-	(48,818)	32,839

As at 30 September 2022, the CIECH Group held the following types of financial instruments measured at fair value:

- concluded by the parent company, CIECH S.A.: interest rate swap contracts, currency and interest rate swaps EUR/PLN — Level 2, according to the fair value hierarchy,
- currency forwards concluded by CIECH S.A. — Level 2, according to the fair value hierarchy,
- gas and electricity price index swaps concluded by CIECH Energy Deutschland GmbH to hedge the risk of rising gas and energy prices – Level 2, according to the fair value hierarchy,
- EUR/PLN currency forwards concluded by CIECH Soda Polska S.A. to hedge changes in the purchase value of CO₂ emission allowances depending on the EUR/PLN exchange rate - Level 2, according to the fair value hierarchy,

During three quarters of 2022, there were no transfers within the fair value hierarchy of instruments measured at fair value. There were no changes in the classification of financial instruments, or in business conditions that could affect the fair value of financial assets or liabilities.

As compared to the previous reporting period, the CIECH Group has not made any changes in methods of measurement of financial instruments held. The descriptions of methods of measurement to fair value was presented in Note 8.4 to the Consolidated Financial Statements of the CIECH Group for 2021, published on 29 March 2022.

In the consolidated financial statements, all of the concluded financial instruments described above (except for one of the EUR/PLN forward currency contracts and commodity transactions, which are not measured due to the application of the "own use exemption" principle) have been qualified for hedge accounting.

In the separate financial statements, interest rate swaps were designated for hedge accounting.

Fair value of derivative instruments	Long-term financial assets	Short-term financial assets	Other long-term liabilities	Trade and other liabilities	TOTAL
30.09.2022					
IRS EUR	5,148	1,212	-	-	6,360
IRS PLN	-	9,389	-	-	9,389
CIRS	-	132,376	(120,216)	(54,778)	(42,618)
Forward EUR/PLN	-	1,840	-	(9,042)	(7,202)
Gas SWAP	-	-	-	(69,984)	(69,984)
Energy SWAP	-	54,493	-	-	54,493
TOTAL	5,148	199,310	(120,216)	(133,804)	(49,562)
31.12.2021					
IRS EUR	662	-	-	(136)	526
IRS PLN	-	13,437	-	-	13,437
CIRS	-	85,607	(91,857)	(59,707)	(65,957)
Forward EUR/PLN	-	3,176	-	-	3,176
TOTAL	662	102,220	(91,857)	(59,843)	(48,818)

2.9. INFORMATION ON PURCHASE AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

In the period from 1 January to 30 September 2022, the CIECH Group carried out the following transactions increasing and decreasing the gross value of property, plant and equipment:

01.01.-30.09.2022	Land	Buildings, premises, civil and marine engineering structures	Machinery and equipment	Vehicles	Other fixed assets	Property, plant and equipment under construction	TOTAL
Restated gross value of property, plant and equipment at 31.12.2021*	90,153	1,412,756	3,962,341	96,890	67,740	1,185,060	6,814,940
Purchase	-	-	-	-	-	247,442	247,442
Reclassifications	-	337,970	621,973	10,780	6,961	(970,441)	7,243
Capitalised borrowing costs	-	-	-	-	-	8,692	8,692
Foreign exchange differences	5,218	33,682	102,394	1,235	948	29,832	173,309
Sale	-	(78)	(7,027)	(1,173)	(12)	-	(8,290)
Liquidation	-	(979)	(19,976)	(1)	(339)	-	(21,295)
Transfer to intangible assets	-	-	-	-	-	(7,370)	(7,370)
Other	-	6	(1,274)	(44)	(241)	-	(1,553)
Gross value of property, plant and equipment at the end of the period	95,371	1,783,357	4,658,431	107,687	75,057	493,215	7,213,118

*Restated data. For detailed information, see Note 2.2.1 to this report.

Purchases of property, plant and equipment were made with own financial resources and credit facilities. As at 30 September 2022, commitments to purchase property, plant and equipment amounted to PLN 147,535 thousand (PLN 171,655 thousand as at 31 December 2021). The increase in the value of property, plant and equipment is related to investment projects carried out in the CIECH Group, mainly in the production companies of the Group.

2.10. INFORMATION ON LOAN AGREEMENTS, INCLUDING OVERDUE DEBTS OR OTHER VIOLATIONS OF DEBT-RELATED AGREEMENTS

During the period covered by these financial statements, no loan agreement was called to maturity and there were no violations of payment terms for repayment of principal or interest due in relation to financial liabilities recognised in the balance sheet.

All information concerning the financing conditions, which results from the agreements and arrangements with the banks, has been presented in the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2021, published on 29 March 2022.

2.11. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES

Transactions between the parent, CIECH S.A., and its subsidiaries were eliminated during consolidation and have not been presented in this note. Detailed information about transactions between the CIECH Group and other related entities (i.e. companies controlled by the parent company at the highest level in relation to CIECH S.A. — Kulczyk Investments S.A. and non-consolidated companies of the CIECH Group, and with the Polenergia Group companies - linked via a personal relationship with the ultimate parent company of CIECH S.A.) is presented below:

TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES AND OTHER RELATED PARTIES	01.01.-30.09.2022	01.01.-30.09.2021
Revenues from sales of products and services, including:	505	2,913
<i>associates</i>	13	1,578
Revenues from sales of goods and materials, including:	29,423	26,833
<i>associates</i>	25,868	14,945
Other operating income, including:	-	12
<i>associates</i>	-	12
Financial income, including:	248	-
<i>associates</i>	240	-
Purchases of products, goods and materials, including:	130,435	41,510
<i>associates</i>	-	218
Purchase of services, including:	32,019	29,930
<i>KI One S.A.</i>	153	149
<i>associates</i>	17,559	23,121
Financial expenses, including:	1,566	98
<i>associates</i>	107	-
	30.09.2022	31.12.2021
Trade receivables	2,073	5,834
<i>associates</i>	1,149	1,206
Trade liabilities, including:	29,702	45,919
<i>associates</i>	3,787	3,094

Terms of transactions with related entities

CIECH Group's companies, to the best of their knowledge and belief, did not conclude significant transactions on the terms other than market ones. Sales to and purchases from related entities are carried out on terms which do not differ from arm's length terms. Liabilities and receivables are not secured and are settled through bank transfers. No material non-standard or non-routine transactions were concluded with related entities in the first three quarters of 2022, except for transactions described in Section 5.3 hereof.

In the presented period, the key management personnel of CIECH S.A. did not conclude any material transactions with members of the CIECH Group.

2.12. ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES IN THE CIECH GROUP

In the presented period, the CIECH Group companies did not issue, redeem or repay any debt or equity securities.

2.13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES, INCLUDING GUARANTEES AND SURETIES

	30.09.2022	31.12.2021
Contingent assets	20,368	21,933
Other contingent receivables*	20,368	21,933
Contingent liabilities	437,043	427,034
Tax liabilities (including interest)	77,297	89,299
Letters of support	264,430	214,792
Emission allowances**	51,773	48,905
Promissory notes***	22,680	42,859
Other****	20,862	31,179

* Including:

- Contingent asset in the amount of PLN 18,864 thousand related to the action against GZNF "FOSFOR" Sp. z o.o. for the payment of compensation for making an alleged untrue declaration by GZNF "FOSFOR" Sp. z o.o. to CIECH S.A. about the condition of Agrochem Człuchów Sp. z o.o. with its registered office in Człuchów.
- As at 30 September 2022, a contingent asset recognised by CIECH Soda Polska S.A. amounted to PLN 1,504 thousand – it is the value of energy efficiency certificates received from the President of the Energy Regulatory Office in previous years that have not been recorded yet in the account kept by the Polish Power Exchange.

** Relates to emission allowances received in CIECH Soda Romania S.A. related to the risk of their return due to the suspension of production at CIECH Soda Romania S.A.

*** Including:

- contingent liabilities in CIECH R&D Sp. z o.o. resulting from promissory notes relating to subsidies received for investment projects aimed at developing and optimising production processes in the amount of PLN 10,083 thousand,
- contingent liabilities in CIECH Sarzyna S.A. resulting from promissory notes relating to subsidies received for developing and testing a group of agrochemical preparations and for developing and verifying herbicide production technology in the total amount of PLN 7,423 thousand,
- contingent liabilities in Smart Fluid Sp. z o.o. resulting from promissory notes relating to subsidies received for research and development projects in the amount of PLN 4,904 thousand.

**** Including:

- contingent liabilities in CIECH Soda Polska S.A.: from environmental penalty fees in the amount of PLN 10,281 thousand, from subsidies received – PLN 9,474 thousand, resulting from other grounds – PLN 1,107 thousand.

As at 30 September 2022, contingent liabilities amounted to PLN 437,043 thousand and increased by PLN 10,009 thousand compared to the level recorded on 31 December 2021. The change was mainly as a result of payments received for the caverns covered by the Letter of support.

Other guarantees and sureties granted are described in Note 9.2 to the Consolidated Financial Statements of the CIECH Group for 2021, published on 29 March 2022.

Audits of tax settlements at the CIECH Group and related contingent liabilities

In the period from January to September 2022, the CIECH Group companies were involved, at various stages of proceedings, in inspections, tax proceedings or administrative court cases concerning the settlement of corporate income tax (CIT) and value added tax (VAT).

The CIECH Group companies were subject to CIT proceedings concerning the following years:

- 2012 – at CIECH S.A.
- 2013 – at CIECH S.A.
- 2014 – at CIECH S.A.
- 2015 – at CIECH Soda Polska S.A.
 - at CIECH Pianki Sp. z o.o.
 - at CIECH Cargo Sp. z o.o.
 - at CIECH Sarzyna S.A.
 - at CIECH Vitrosilicon S.A.
- 2016 – at CIECH Sarzyna S.A.
 - at CIECH S.A.

<p>CIT audit for 2012 at CIECH S.A.</p>	<p>Was initiated by the Head of the Małopolskie Province Customs and Tax Office in Kraków on 5 April 2018. CIECH S.A. received the outcome of the audit on 4 July 2018. The tax authority challenged the transaction concerning the capital increase in the former subsidiary. In the opinion of the authority, making a cash contribution by means of a contractual set-off of mutual receivables gives rise to income on the part of the Company for which, according to the auditors, the company cannot recognise a cost. The company's management board and its tax advisors do not agree with the findings made by the auditors</p> <p>In December 2018, the company received a decision of the Head of the Małopolskie Province Customs and Tax Office in Kraków, upholding the previous position of the authority. The Company contested the position and filed an appeal. In April 2019, the Company received a decision of the second instance, upholding the decision of the first instance. In April and May 2019, the Company paid up the outstanding tax along with interest in three tranches in the total amount of PLN 66.4 million (tax: PLN 43.7 million, interest: PLN 22.7 million). The disputed amount of tax and interest were covered by the provision recognised in 2018, which was used as a result of their payment. CIECH S.A. appealed against the decision of the second instance to the Provincial Administrative Court in Kraków. On 9 October 2019, the Provincial Administrative Court issued a ruling in which it confirmed the approach presented by the authority. The court indicated that the company was obliged to recognise the income and did not have the right to recognise the tax deductible cost. After receipt of a written statement of reasons, the company lodged a cassation complaint with the Supreme Administrative Court on 23 December 2019. The date of the hearing before the Supreme Administrative Court has been set for 8 December 2022.</p>
<p>CIT audit for 2013 at CIECH S.A.</p>	<p>Was initiated by the Tax Audit Office in Warsaw on 30 November 2016. The tax audit report was issued on 16 May 2017. The authority claims that the Company has overestimated the tax deductible cost of interest on cash obtained as a result of the issue of bonds and allocated to the reserve capital of CIECH Soda Deutschland gmbh & Co. KG. Moreover, the authority is of the opinion that the fee for the "CIECH" trademark should not be recognised by CIECH S.A. as a tax deductible cost.</p> <p>The tax base challenged by the authority is PLN 9.4 million (after taking into account the tax loss incurred in the audited year), which translates into a tax of PLN 1.8 million.</p> <p>The company and its advisors did not agree with the findings of the auditors and as a result of the tax proceedings, the Decision of the First Instance was issued, against which the company filed an appeal in 2017. On 14 March 2018 CIECH S.A. received the decision of the Second Instance in which the auditors upheld their findings contained in the Decision of the First Instance.</p> <p>The company appealed to the Provincial Administrative Court against this decision. Despite this, the company decided to pay tax in the amount of PLN 1.8 million and interest (PLN 0.3 million) on 10 April 2018. The Court made its decision on 6 June 2019. The Court complied with the CIECH S.A. appeal as regards the costs of trademark fees, repealing the decision of the second instance. However, as regards the costs of consulting and financing of Soda Deutschland, the Court adjudicated that said costs could not constitute tax costs. After receipt of a written statement of reasons, the company lodged a cassation complaint with the Supreme Administrative Court (hereinafter referred to as the "SAC") in September 2019. On 6 July 2022, the SAC rendered a judgement in which it dismissed the Company's cassation complaint. The court upheld the auditors' position and denied the Company the right to recognise interest on external financing earmarked for the reserve capital in CIECH Soda Deutschland gmbh & Co. KG and the expense in relation to tax consultancy as tax costs. As far as the fee for the use of the CIECH trademark is concerned, the SAC found that the office that had carried out the audit did not clarify the matter in depth and, therefore, the SAC referred the matter for reconsideration by the office. On 26 July 2022, the Company received a written statement of reasons for the SAC's judgement. In view of the content of the aforementioned statement of reasons, the Company intends to reiterate and expand on the arguments supporting its position.</p>
<p>CIT audit for 2014 at CIECH S.A.</p>	<p>Was initiated by the Head of the Małopolskie Province Customs and Tax Office in Kraków (hereinafter: Head of the Małopolskie Province Customs and Tax Office in Kraków) on 13 November 2019. The Company received the outcome of the audit on 22 May 2020. The authority claims that the Company has overestimated the tax deductible cost by including interest on external financing contributed to the capital reserves of Soda Deutschland Ciech gmbh (hereinafter: SDC) and the costs of obtaining this</p>

	<p>financing in tax deductible costs. Moreover, the authority is of the opinion that expenses incurred on account of trade mark fees paid to the CIECH Group company should not be recognised by CIECH S.A. as a tax deductible cost. The taxable amount challenged by the authority is PLN 32.5 million which translates into a potential tax liability of PLN 6.2 million. The Company does not agree with the findings made by the auditors. As a result, the customs and fiscal audit was converted into tax proceedings. On 15 October 2020, the Company received a report on the audit of the books in which the Head of the Małopolskie Province Customs and Tax Office leaves only the charge that the company overestimated the tax deductible cost by including interest on external financing contributed to the capital reserves of SDC and the costs of obtaining this financing in tax deductible costs (the taxable amount is PLN 22.6 million which translates into a potential tax liability of PLN 4.3 million). Thus, the office has refrained from questioning the expenses incurred for trade mark fees as a tax deductible cost. In the same month, the company submitted objections to the report on the audit of the books.</p> <p>In addition, on 6 October 2020 the company received from the Head of the Małopolskie Province Customs and Tax Office a notice of suspension, as of 1 September 2020, of the statute of limitations for tax liabilities for 2014 due to initiation of proceedings for fiscal offences.</p> <p>On 28 February 2022, the Company received the Order of the Head of the Małopolskie Province Customs and Tax Office to suspend the Tax proceedings, in which the Auditing Authority indicates that the consideration of the case and the issue of the decision depends on the resolution of the preliminary issue by another authority or court, and the proceedings before the Supreme Administrative Court regarding the dispute on the settlement of the corporate income tax for 2013 is directly related to the correct settlement of corporate income tax for 2014.</p>
<p>CIT audit for 2015 at CIECH Soda Polska S.A.</p>	<p>Was initiated by the Head of the Kujawsko-Pomorskie Province Tax Office in Bydgoszcz on 10 October 2016. On 7 March 2017, the tax office issued the tax audit report. The irregularities found result primarily from the fact that the auditors challenged the company's right to settle the loss from participation in a partnership – as was the case for CIECH Pianki Sp. z o.o., CIECH Cargo Sp. z o.o., CIECH Vitrosilicon S.A., CIECH Sarzyna S.A. The Company and its tax advisors do not agree with the position of the auditors. In June 2019, CIECH Soda Polska S.A. received a decision of the Kujawsko-Pomorskie Tax Office Head in Bydgoszcz (decision of the First instance), according to which the company had understated - due to its participation in a partnership - its tax obligations in the amount of PLN 3.9 million. The Company appealed against said decision. On 9 September 2019, the company received a decision (decision of the Second instance) issued by the Head of the Tax Administration Chamber in Bydgoszcz, in which the latter upheld the findings of the decision of the First instance. The decision issued by the second instance authority is enforceable. Therefore, the company was obliged to pay the overdue tax (as per the tax auditors) in the amount of PLN 3.9 million (the tax base challenged by the tax authorities was PLN 20.4 million) plus the interest due in the amount of PLN 1 million. On 9 October 2019, the company appealed to the Provincial Administrative Court in Bydgoszcz against the decision of the Second Instance. At a hearing on 11 December 2019, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling annulling the decision issued by the Head of the Tax Administration Chamber in Bydgoszcz in its entirety. In February 2020, Head of the Tax Administration Chamber in Bydgoszcz lodged a cassation complaint with the Supreme Administrative Court (CAS). The date for the hearing before the SAC has been set for 14 December 2022</p>
<p>CIT audit for 2015 at CIECH Pianki Sp. z o.o.</p>	<p>Was initiated by the Head of the Kujawsko-Pomorskie Province Tax Office in Bydgoszcz on 22 November 2016. On 3 March 2017, the tax office issued the tax audit report. As was the case for CIECH Soda Polska S.A., CIECH Cargo Sp. z o.o., CIECH Vitrosilicon S.A., CIECH Sarzyna S.A., the authority challenged the company's right to settle the loss from participation in a partnership.</p> <p>The Company and its tax advisors do not agree with the position of the auditors. In June 2019, CIECH Pianki Sp. z o.o. Received a decision of the Head of the Kujawsko-Pomorskie Tax Office in Bydgoszcz (decision of the first instance), according to which the company had understated - due to its participation in a partnership - its tax liabilities by PLN 2.6 million. The Company appealed against said decision. On 9 September 2019, the company received a decision (decision of the Second instance) issued by the Head of the Tax Administration Chamber in Bydgoszcz, in which the latter upheld the findings of the decision of the First instance. The decision issued by the second instance authority is enforceable. Therefore, the company was obliged to pay the overdue tax (as per the tax auditors) in the amount of PLN 2.6 million (the tax base challenged by the tax authorities was PLN 13.8 million) plus the interest due in the amount</p>

	<p>of PLN 0.7 million. On 9 October 2019, the company appealed to the Provincial Administrative Court in Bydgoszcz against the decision of the Second Instance. At a hearing on 11 December 2019, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling annulling the decision issued by the Head of the Tax Administration Chamber in Bydgoszcz in its entirety. In February 2020, Head of the Tax Administration Chamber in Bydgoszcz lodged a cassation complaint with the Supreme Administrative Court. The date for the hearing before the SAC has been set for 14 December 2022.</p>
<p>CIT audit for 2015 at CIECH Cargo Sp. z o.o.</p>	<p>Was initiated by the Head of the Kujawsko-Pomorskie Province Tax Office in Bydgoszcz on 23 January 2017. On 14 June 2017, the tax office issued the tax audit report. As was the case for CIECH Pianki Sp. Z o.o., CIECH Soda Polska S.A., CIECH Vitrosilicon S.A., CIECH Sarzyna S.A., the authority challenged the company's right to settle the loss from participation in a partnership. The Company and its tax advisors do not agree with the position of the auditors. In June 2019, CIECH Cargo Sp. O.o. Received a decision of the Kujawsko-Pomorskie Tax Office Head in Bydgoszcz (decision of the First instance), according to which the company had understated - due to its participation in a partnership - its tax obligations in the amount of PLN 1.7 million. The Company appealed against said decision. On 9 September 2019, the company received a decision (decision of the Second instance) issued by the Head of the Tax Administration Chamber in Bydgoszcz, in which the latter upheld the findings of the decision of the First instance. The decision issued by the second instance authority is enforceable. Therefore, the company was obliged to pay the overdue tax (as per the tax auditors) in the amount of PLN 1.7 million (the tax base challenged by the tax authorities was PLN 8.8 million) plus the interest due in the amount of PLN 0.5 million. On 9 October 2019, the Company appealed to the Provincial Administrative Court in Bydgoszcz against the decision of the Second Instance. At a hearing on 11 December 2019, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling annulling the decision issued by the Head of the Tax Administration Chamber in Bydgoszcz in its entirety. In February 2020, Head of the Tax Administration Chamber in Bydgoszcz lodged a cassation complaint with the Supreme Administrative Court. The date for the hearing before the SAC has been set for 14 December 2022.</p>
<p>CIT audit for 2015 at CIECH Vitrosilicon S.A.</p>	<p>Was initiated by the Head of the Lubuskie Province Customs and Tax Office in Gorzów Wielkopolski on 19 April 2018. The company received the outcome of the audit on 4 January 2019. As was the case for CIECH Soda Polska S.A., CIECH Cargo Sp. Z o.o., CIECH Pianki Sp. Z o.o., CIECH Sarzyna S.A., the authority challenged the company's right to settle the loss from participation in a partnership. The Company and its tax advisors do not agree with the position of the auditors. If the unfavourable position of the authority is upheld, an obligation may arise to pay tax arrears in the amount of PLN 2.7 million (the tax base challenged by the authority is PLN 14.4 million) plus with interest due. Tax proceedings are currently underway.</p> <p>In addition, on 12 March 2021 the company received from the Head of the Lubuskie Province Customs and Tax Office a notice of suspension, as of 1 February 2021, of the statute of limitations for tax liabilities for 2015 due to initiation of proceedings for fiscal offences.</p> <p>On 1 June 2022, the Company received a Decision of the Head of the Lubuskie Province Customs and Tax Office in Gorzów Wielkopolski dated 31 May 2022, in which the authority determined the amount of corporate income tax liability for 2015, namely PLN 2.7 million. On 15 June 2022, the Company sent an appeal against the decision of the Head of the Lubuskie Province Customs and Tax Office. The company is currently awaiting the decision of the second instance authority.</p>
<p>CIT audit for 2015 at CIECH Sarzyna S.A.</p>	<p>Was initiated by the Head of the Podkarpackie Province Tax Office in Reszów on 6 February 2017. On 7 November 2017, the tax office issued the audit report. As was the case for CIECH Pianki Sp. Z o.o., CIECH Soda Polska S.A., CIECH Vitrosilicon S.A., CIECH Cargo Sp. Z o.o., the authority challenged the company's right to settle the loss from participation in a partnership. In addition, the authority challenged the company's right to include the fee for the trademark and interest on loans paid in advance in tax deductible costs. The Company and its tax advisors do not agree with the position of the auditors. On 2 December 2021, the Company received the Decision of the Head of the Podkarpackie Province Tax Office in Reszów of 19 November 2021. In the Decision issued, the Office further questions the company's right to settle the loss from participation in a partnership and the right to include the trademark fee as a tax deductible cost. The Office, on the other hand, upheld the Company's arguments and abandoned the questioning of loan interest as a tax deductible cost. Although the Decision is not due, on 2 December 2021 the company paid tax and interest (tax in the amount of PLN 6.4 million, interest of PLN 1 million).</p>

	<p>On 16 December 2021, the Company filed an appeal against the Decision of the Head of the Podkarpackie Province Tax Office in Rzeszów. The company is currently awaiting the decision of the second instance authority.</p> <p>In addition, on 21 December 2021 the company received from the Head of the Podkarpackie Province Tax Office in Rzeszów a notice of suspension, as of 3 December 2021, of the statute of limitations for tax liabilities for 2015 due to the initiation of penal-fiscal proceedings (Penal Fiscal Code).</p>
<p>CIT audit for 2016 at CIECH Sarzyna S.A.</p>	<p>Was initiated by the Head of the Podkarpackie Province Tax Office in Rzeszów on 26 February 2018. On 11 January 2019, the tax office issued the audit report. According to the authority, the expenses incurred by the company in 2016 for the use of Chwastox trademarks cannot be classified as tax deductible costs.</p> <p>On 17 November 2022, the Company received the Decision of the Head of the Podkarpackie Tax Office in Rzeszów of 4 November 2022. In the Decision, the Office questioned the settlements concerning the Chwastox trademark between Algete Sp. Z o.o. And CIECH Sarzyna S.A., settlement of the loss from the sale of shares in Ciech Cerium Sp. Z o.o. SK and taking into account the settlement of the tax loss arising in 2015 in connection with the Decision of the Head of the Podkarpackie Tax Office in Rzeszów issued on 19 November 2021. Although the decision is not due, the company paid tax and interest on 18 November 2022 (tax in the amount of PLN 4.7 million, interest in the amount of PLN 0.8 million). The company and its tax advisers do not agree with the opinion of the inspectors and intends to appeal against the decision received.</p>
<p>CIT audit for 2016 at CIECH S.A.</p>	<p>On 25 May 2021, CIECH S.A. received an authorisation from the Head of the Małopolskie Province Customs and Tax Office in Kraków to carry out a customs and fiscal audit with regard to corporate income tax (CIT) for 2016. On 25 July 2022, the Company received a decision of the Head of the Małopolskie Province Customs and Tax Office to suspend the tax proceedings, in which the Auditing Authority indicates that the dispute between CIECH S.A. and the Head of the Tax Administration Chamber in Warsaw regarding the settlement of corporate income tax for 2013 is directly related to the correct settlement of corporate income tax for 2016. In view of the above, the Head of the Małopolskie Province Customs and Tax Office in Kraków suspended the customs and fiscal audit. In addition, on 2 September 2022 the company received from the Head of the Małopolskie Province Customs and Tax Office a notice of suspension, as of 19 August 2022, of the statute of limitations for tax liabilities for 2016 due to the initiation of proceedings for a fiscal offence.</p>

The total amount of possible tax expenses is PLN 108,5 million, of which, following the decisions of the second instance regarding CIT (2012 and 2013) at CIECH S.A., and CIT (2015) at CIECH Soda Polska S.A., CIECH Pianki Sp. z o.o. and CIECH Cargo Sp. z o.o., despite further litigation at the judicial stage, and also following the decision of the first instance in the case of CIECH Sarzyna S.A., also despite further litigation, a total tax amount of PLN 64,8 million (including PLN 1,8 million has been paid (reported as receivables from the Tax Office, all of which was covered by an impairment loss) plus interest in a total amount of PLN 27,1 million.

A provision has been recognised to cover a potential tax liability in the amount of PLN 42,6 million. The remaining amount, i.e. PLN 1,1 million and potential interest thereon is not covered by a provision and constitutes a contingent liability.

The CIECH Group companies were subject to VAT audits/proceedings concerning the following years:

- Fourth quarter of 2013
 - at Verbis Kappa Sp. z o.o. S.K.A.
 - at Verbis ETA Sp. z o.o. S.K.A.
- December 2014 – at Cerium Finance Sp. z o.o.
- January–June 2018 – at CIECH Trading Sp. z o.o.
- September 2022 – at CIECH Cargo Sp. z o.o.

<p>VAT audit for the fourth quarter of 2013 at Verbis Kappa Sp. z o.o. S.K.A.</p>	<p>Was initiated by the Head of the Małopolskie Province Customs and Tax Office in Kraków on 6 April 2018. The company received the outcome of the audit on 11 June 2018. The authority challenged the right to deduct VAT on part of the contribution in kind made to the share premium. According to the authority, the taxable amount of the contribution received is the amount equal to the nominal value of the shares acquired. The market value of the in-kind contribution less the amount of VAT was recognised as the taxable amount in the invoice received by the company. Consequently, according to the authority, the company deducted the input tax in the amount to which it was not entitled. The taxable amount challenged by the authority is PLN 35.7 million which translates into a tax of PLN 8.2 million.</p> <p>The Company and the other party to the transaction, i.e. CIECH Sarzyna S.A., filed motions for tax rulings. The Director of the National Revenue Information agreed with the position of CIECH Sarzyna S.A. presented in the motion that the taxable amount of the in-kind contribution made in 2013 was the value of the contribution, i.e. The market value of the in-kind contribution less the amount of VAT. Taking into account the positive interpretation concerning the taxable amount (an interpretation received after the event that is the subject of the dispute) and the case-law line that existed until the end of 2013, the issuer of the invoice, i.e. CIECH Sarzyna S.A., and its advisors believe that the taxable amount should be the market value of the in-kind contribution less the amount of VAT. Therefore, the company did not make a VAT correction, considering that the tax treatment of the in-kind contribution made in 2013 was correct. On 7 August 2019, the company received the decision of the Head of the Małopolskie Province Customs and Tax Office in Kraków, upholding the previous position of the authority, that the company had no right to deduct VAT in the amount of PLN 8.2 million. The Company and its advisors do not agree with the findings set forth in the Decision and have appealed against it. On 14 November 2019, the company received the Decision of the second instance, where the Head of the Małopolskie Province Customs and Tax Office upheld the decision of the first instance in its entirety. The decision issued by the second instance authority is enforceable. Therefore, the company was obliged to pay the overdue VAT (as per the tax auditors) in the amount of PLN 8.2 million plus the interest due in the amount of approx. PLN 3.9 million. On 13 December 2019, the Company appealed against the decision of the second instance to the Provincial Administrative Court in Kraków. At a hearing on 22 July 2020, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling dismissing the complaint filed by the Company, accepting the position of the Małopolskie Province Customs and Tax Office in Kraków. The company received a written statement of reasons for the judgment and lodged a cassation complaint with the Supreme Administrative Court in November 2020. At present, the company is waiting for the date of the hearing to be set.</p>
<p>VAT audit for the fourth quarter of 2013 at Verbis ETA Sp. z o.o. S.K.A.</p>	<p>Was initiated by the Head of the Małopolskie Province Customs and Tax Office in Kraków on 5 April 2018. The company received the outcome of the audit on 16 June 2018. The authority challenged the right to deduct VAT on part of the contribution in kind made to the share premium. According to the authority, the taxable amount of the contribution received is the amount equal to the nominal value of the shares acquired. The market value of the in-kind contribution less the amount of VAT was recognised as the taxable amount in the invoice received by the company. Consequently, according to the authority, the company deducted the input tax in the amount to which it was not entitled. The taxable amount challenged by the authority is PLN 133.5 million which translates into a tax of PLN 30.8 million.</p> <p>The Company and the other party to the transaction, i.e. CIECH S.A., filed motions for tax rulings. The Director of the National Revenue Information agreed with the CIECH S.A.'s position that the company had determined the taxable amount in a correct manner, i.e. The taxable amount of the in-kind contribution made in 2013 should have been the value of the contribution, i.e. The market value of the in-kind contribution less the amount of VAT. Taking into account the positive interpretation concerning the taxable amount (an interpretation received after the event that is the subject of the dispute) and the case-law line that existed until the end of 2013, the Company and its advisors believe that the taxable amount should be the market value of the in-kind contribution less the amount of VAT. Therefore, the company and, accordingly, the other party to the transaction complied with the ruling.</p> <p>On 17 July 2019, the company received the decision of the Head of the Małopolskie Province Customs and Tax Office in Kraków, upholding the previous position of the authority, that the Company had no right to deduct VAT in the amount of PLN 30.8 million. The Company and its advisors do not agree with the findings set forth in the Decision and have appealed against it. On 6 August 2019, the company received an order of the Head of the Third Tax Office for Warszawa-Śródmieście to make the Decision of the Head</p>

	<p>of the Małopolskie Province Customs and Tax Office in Krakow, issued in connection with the tax proceedings conducted against the company, immediately enforceable. The Company filed a complaint against said decision. Irrespective of the complaint, the company applied to the Head of the Third Tax Office for crediting the overpaid VAT in the amount of PLN 30.8 million resulting from the correction of the VAT settlement for July 2018 towards the arrears indicated in the Decision of the Małopolskie Province Customs and Tax Office in Krakow, and repaid interest in the amount of PLN 12.4 million. In its decision, the Head of the Third Tax Office agreed to the company's request. Thus, no enforcement proceedings were initiated. On 24 October 2019, the company received the Decision of the second instance, where the Head of the Małopolskie Province Customs and Tax Office upheld the decision of the first instance in its entirety. On 13 November 2019, the company received the decision issued by the Head of the Tax Administration Chamber in Warsaw concerning the upholding of the decision of the Third Tax Office to make the non-final decision of the first-instance authority immediately enforceable. Due to the fact that the company had received the decision of the second instance earlier, it did not file a complaint to the Provincial Administrative Court in Warsaw against the decision received. On 25 November 2019, however, the Company appealed against the decision of the second instance to the Provincial Administrative Court in Kraków. At a hearing on 29 July 2020, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling dismissing the complaint filed by the Company, accepting the position of the Małopolskie Province Customs and Tax Office in Kraków. The company received a written statement of reasons for the judgment and lodged a cassation complaint with the Supreme Administrative Court on 20 January 2021. At present, the company is waiting for the date of the hearing to be set.</p>
	<p>In total, in the two aforementioned disputes concerning VAT in Verbis Kappa Sp. Z o.o. And Verbis ETA Sp. z o.o. S.K.A., despite the continuation of the dispute, PLN 39 million of VAT and PLN 16.3 million of interest were paid after the decisions of the second instance. These amounts are reported as public-law receivables in the financial statements due to the fact that the companies and its tax advisors estimate the chances of winning these disputes to be above 50%. At the same time, due to the continuing uncertainty as to the direction of the dispute resolution by the Supreme Administrative Court, these amounts are also reported as contingent liabilities.</p>
<p>VAT audit for December 2014 at Cerium Finance Sp. z o.o.</p>	<p>Was initiated by the Head of the Małopolskie Province Customs and Tax Office in Kraków on 5 April 2018. The company received the outcome of the audit on 19 June 2018. The authority challenged the right to deduct VAT on part of the contribution in kind made to the share premium. According to the authority, the taxable amount of the contribution received is the amount equal to the nominal value of the shares acquired. The market value of the in-kind contribution less the amount of VAT was recognised as the taxable amount in the invoice received by the company. Consequently, according to the authority, the company deducted the input tax in the amount to which it was not entitled. The taxable amount challenged by the authority is PLN 110 million which translates into a tax of PLN 25.3 million. Guided by the outcome of the audit, the other party to the in-kind contribution transaction, i.e. CIECH Soda Polska S.A., issued a correction to the invoice, specifying the taxable amount of the in-kind contribution as the nominal value of the shares acquired. Cerium Finance Sp. Z o.o. Included the correction of the invoice in the current tax return and paid the tax. CIECH Soda Polska S.A. received a refund of overpaid VAT.</p> <p>The Company and CIECH Soda Polska S.A. filed motions for tax rulings. The Director of the National Revenue Information agreed with the position of the companies with respect to the recognition of a VAT correction in the current period – the companies had already received the interpretations after the event that is the subject of the dispute. In turn, CIECH Soda Polska S.A. received a reply that the taxable amount of the in-kind contribution made in 2014 was the nominal value of the shares acquired. Taking into account the ruling concerning the taxable amount and the regulations, as amended in 2014, according to which the taxable amount should be the value contributed to the share capital, the company is of the opinion that the correction made (included in the current period) is correct.</p> <p>On 17 July 2019, CIECH Soda Polska S.A. (CSP), as the legal successor of Cerium Finance Sp. Z o.o., received the Accounting Books' Audit Report, in which the auditors upheld their position, that the Company had no right to deduct VAT in the amount of PLN 25.3 million, without referring to the correction of VAT submitted by the Company in the current period and payment of this tax.</p>

	<p>On 11 September 2019, the CSP received the decision of the Head of the Małopolskie Province Customs and Tax Office in Kraków, upholding the previous position of the authority, that Cerium Finance Sp. z o.o. Had no right to deduct VAT in the amount of PLN 25.3 million. CSP appealed against the decision of the first instance. On 7 January 2020, the company received the Decision of the second instance, where the Head of the Małopolskie Province Customs and Tax Office in Kraków upheld the decision of the first instance in its entirety. The decision issued by the second instance authority was enforceable. Therefore, despite the fact that the amount of VAT has already been paid to the relevant tax office in connection with the correction of VAT settlement submitted in the current period, according to the received individual ruling, the company decided to pay again the same amount of VAT of PLN 25.3 million and interest of PLN 10 million. The VAT paid again will be recovered by CSP at the latest after the completion of the court and administrative proceedings (for December 2014), if any, or after the completion of the overpayment proceedings for July 2018. On 6 February 2020, the Company appealed against the decision of the second instance to the Provincial Administrative Court in Kraków. At a hearing on 22 September 2020, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling dismissing the complaint filed by the Company, accepting the position of the Małopolskie Province Customs and Tax Office in Kraków. The company received a written statement of reasons for the judgment and lodged a cassation complaint with the Supreme Administrative Court on 13 January 2021. At present, the company is waiting for the date of the hearing to be set.</p> <p>The amount of interest paid, i.e. PLN 10 million, is reported in the financial statements as public-law receivables due to the fact that the company and its tax advisors estimate the chances of winning the dispute to be above 50%. At the same time, due to the continuing uncertainty as to the direction of the dispute resolution by the Supreme Administrative Court, this amount is also reported as a contingent liability.</p>
<p>VAT audit for the period from January to June 2018 at CIECH Trading Sp. z o.o.</p>	<p>Was commenced by the Head of the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń (for the period from January to April 2018) – commencement date: 20 June 2018, and by the Head of the Śląskie Province Customs and Tax Office in Katowice (for the period from May to June 2018) – commencement date: 19 September 2018. On 13 September 2019, the Company received a report on the audit of the books and the outcome of the audit from the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń. According to the auditors, the company overstated the input tax by PLN 1.4 million, deducting the tax resulting from invoices issued by two contractors who, according to the authority, committed tax fraud at an earlier stage of trade. According to the authority, the company failed to exercise due diligence when entering into transactions with these entities. The Company does not agree with the position of the auditors. However, given the lack of clear legal guidelines as to the scope of due diligence and following the prudence principle, the company decided to correct the VAT return for the period from January to April 2018 in the amount indicated by the authority, i.e. PLN 1.4 million. In addition, following the prudence principle in order to prevent a possible additional tax liability in the form of VAT sanctions, the company corrected its VAT settlements for 2017 and for the period from July to November 2018, excluding from its settlements the input VAT on invoices issued by the same two counterparties for whom the authority refuses to deduct input VAT for the period from January to June 2018. The amount of the corrected VAT is PLN 7.5 million. As a result of corrections made to VAT returns and their settlement with the tax office, the company paid PLN 0.5 million in interest. On 10 February 2020, the Company received the decision of the Head of the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń concerning the determination of an additional VAT liability in relation to the audit for the period from January to April 2018. The amount of sanctions indicated in the Decision is PLN 1.4 million. The Company lodged an appeal against the Decision received with the Head of the Kujawsko-Pomorskie Province Customs and Tax Office. Regardless of the appeal filed, in order to avoid further accrual of interest, on 5 June 2020 the Company paid the amount of this additional tax liability together with interest. On 21 July 2020, the Company received the decision of the Head of the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń (appeal body). The decision upholds the decision of the first instance authority to set the additional VAT liability in CIECH Trading Sp. z o.o. At 100%, i.e. In the amount of PLN 1.4 million. This Decision is final. On 19 August 2020, the Company appealed against the decision of the second instance to the Provincial Administrative Court in Bydgoszcz. At a hearing on 18 November 2020, after considering the appeal filed by the Company, the Provincial Administrative Court issued a ruling dismissing the complaint filed by the Company, accepting the position of the Head of the Kujawsko-Pomorskie Province Customs and Tax Office. The company received a written statement of reasons for the judgment and lodged a cassation complaint with the Supreme Administrative Court on 28 January</p>

	<p>2021. On 22 October 2021 the Supreme Administrative Court overturned the appealed verdict of the Provincial Administrative Court in its entirety and overturned the appealed decision of the Head of the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń (2nd instance authority) on the additional tax liability in VAT at the rate of 100%. The case will now be referred back to the Head of the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń who will reconsider it, taking into account the statement of reasons of the Supreme Administrative Court. In the statement of reasons for the judgment, the Supreme Administrative Court ruled on the non-applicability of the sanction at the 100% rate in the present case. However, there is no guidance on setting the sanction at a different amount or not setting it at all. Ciech Trading Sp. Z o.o. Will be entitled to appeal against the new decision of the Customs and Tax Office. On 29 March 2022, the Company's attorney received the decision of the Head of the Kujawsko-Pomorskie Province Customs and Tax Office in Toruń concluding once again the appeal proceedings for the period from January to April 2018 (after CIECH Trading Sp. Z o.o. Won before the Supreme Administrative Court). The decision in question revokes the previous decision in its entirety (both in the part concerning the determination of the sanction of 100% and 15%) and determines a new amount of additional VAT liability for this period, i.e. 20% (instead of 100%) in the amount of PLN 0.29 million and additional VAT liability for the period from January to February 2018 and April 04.2018 at the rate of 15% in the same amount as in the previous decision, i.e. PLN 0.005 million (the appeal filed did not cover this part of the decision). Thus, the case was closed and the company received a refund of PLN 1.1 million (80% of the 100% sanction amount) together with interest accrued over nearly 2 years.</p> <p>In case of the audit of VAT settlements for the period of May and June 2018 carried out by the Head of the Silesian Customs and Tax Office in Katowice, in September 2020 the company received the results of the audit relating to each of the months audited, in which the office refused the company the right to deduct input tax in the amount of PLN 1.5 million. In October 2020, the company paid the disputed amount of tax plus interest. The company recognised a provision for possible VAT arrears, interest and a sanction for the period of May-June 2018 in the amount of PLN 3.8 million. In December 2020, the Company received two Decisions issued by the Head of the Silesian Customs and Tax Office on the transformation of the customs and fiscal audit into tax proceedings on the determination of the additional VAT tax liability for May and June 2018. On 13 January 2021, the Head of the Silesian Customs and Tax Office in Katowice issued a decision on determining the additional VAT liability in the amount of PLN 1.5 million. The Company lodged an appeal against the Decision received with the Head of the Silesian Customs and Tax Office. Regardless of the appeal filed, in order to avoid further accrual of interest, on 11 February 2021 the Company paid the amount of this additional tax liability together with interest. On 25 February 2022, the Company received two Decisions of the Head of the Silesian Customs and Tax Office in Katowice concluding the appeal proceedings for May and June 2018. The decisions in question revoke previous decisions setting a sanction of 100% and set a new sanction of 20%. As Ciech Trading Sp. Z o.o. Made a sanction payment of 100%, it was eligible for a refund of PLN 1.2 million, which it received (80% of the amount paid) together with interest. Ciech Trading Sp. Z o.o. Will not appeal against the decisions issued. This concluded the dispute concerning the period from May to June 2018.</p>
VAT audit for September 2022 at CIECH Cargo Sp. z o.o.	Was initiated by the Kujawsko-Pomorskie Province Tax Office on 28 October 2022. The audit is pending.
The audit at CIECH the Ciech Group in Germany	<p>Concerns income tax and VAT settlements. The audit concerns the following companies: Sodawerk Staßfurt Verwaltungs gmbh, CIECH Soda Deutschland gmbh & Co. KG, Sodawerk Holding Staßfurt gmbh, SDC gmbh, CIECH Energy Deutschland gmbh, Kavernengesellschaft Stassfurt mbh and a branch of CIECH S.A, Zweigniederlassung Deutschland. The audits, initiated in previous years, cover settlements for 2007-2009 and 2010-2015 and concern various factual and legal matters. In addition, on 28 October 2021, the audit for the period 2016-2019 was initiated.</p> <p>As regards the audit for 2007-2009, Sodawerk Stassfurt Verwaltungs gmbh (hereinafter: SWS) received the decisions of the Tax Office in Strassfurt, Germany, dated 9 September 2022, following the tax audit carried out against the German companies of the CIECH Group, including SWS with regard to the audit of corporate income tax settlements. In the decisions, the Office challenged the manner in which the shareholding in the capital of the SWS subsidiary was reduced, which took place in 2007. Decisions in respect of the amount of the tax liability plus interest of EUR 7.9 million (PLN 38.5 million) are not final. SWS and its advisers do not agree with the decisions made – the appeals are pending. The amount</p>

indicated in the decisions will not require the recognition of a provision, as the Company, also based on the estimates of its advisors, has assessed and continues to assess the chances of winning this dispute to be above 50 per cent. SWS requested a deferral of payment of the amount of the tax liability pending a final ruling and received a positive decision in this regard.

As at the balance sheet date, the outcome of the audit for 2010-2019 is not known.

In case of a different assessment of economic events (occurring during the aforementioned periods for which audits are pending) by audit authorities, an obligation may arise to recalculate and potentially increase the tax liability and to pay interest on tax arrears. Guided by the prudence principle, the companies recognised provisions for potential tax liabilities and interest in the total amount of EUR 15.6 million (after conversion into PLN according to the exchange rate quoted on the balance sheet date – about PLN 76.0 million) Of the reported EUR 15.6 million, the provision recognised in previous years is EUR 14.1 million (about PLN 68.6 million).

2.14. INFORMATION ON DIVIDENDS PAID (OR DECLARED), IN TOTAL AND PER SHARE, BROKEN DOWN INTO ORDINARY SHARES AND PREFERENCE SHARES

The Management Board of CIECH S.A. decided on the payment an interim dividend for 2022, in accordance with Article 349 § 1 of the Commercial Companies Code, out of the net profit, which will be reported in these condensed separate financial statements of CIECH S.A. for the period from 1 January to 30 September 2022, audited by an independent auditor. The interim dividend for 2022 will amount to a total of PLN 79,050 thousand, representing an amount of PLN 1.50 per share. The Interim Dividend will be paid subject to condition that the payment of the Interim Dividend has been approved by the Supervisory Board of CIECH S.A.

The Management Board of CIECH S.A. decided that the record date for the Interim Dividend would be 22 December 2022, and the Interim Dividend would be paid on 29 December 2022. For details of the transaction, see current reports No 32/2022 and 40/2022.

On 28 April 2022, the Ordinary General Meeting resolved to distribute CIECH S.A.'s net profit for the financial year 2021, amounting to PLN 133,206 thousand, and to allocate the entire profit to CIECH S.A.'s supplementary capital.

On 22 June 2021, the Annual General Meeting of CIECH S.A. resolved to:

- allocate the entire net profit of CIECH S.A. for 2020 in the amount of PLN 155,287 thousand to the payment of a dividend;
- transfer PLN 2,812 thousand from profit capital reserves, which may be allocated to dividend payments, to dividend payments;
- pay out a dividend of PLN 158,099 thousand, i.e. PLN 3 per share, from the net profit of CIECH S.A. for 2020, increased by the amount transferred from the capital reserves created from profits.

At the same time, the Annual General Meeting of CIECH S.A. set the dividend record date for 30 June 2021 and the dividend payment date for 8 July 2021.

2.15. DISCONTINUED OPERATIONS, NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND LIABILITIES RELATED THERETO

Discontinued operations

During three quarters of 2022, there were no discontinued operations at the CIECH Group.

In the corresponding period, there was a discontinued operation concerning the sale of shares in CIECH Żywiec Sp. z o.o. On 1 March 2021, CIECH S.A. entered into an agreement for the sale of 74,677 shares in CIECH Żywiec Sp. z o.o. with LERG S.A. with its registered office in Pustków-Osiedle, accounting for 100% of shares in the share capital of CIECH Żywiec Sp. z o.o. The value of the Agreement (equal to the enterprise value being sold) is PLN 157,410 thousand. The final price of the Shares being sold was determined in accordance with the rule arising from the Agreement and amounted to PLN 74,289 thousand. For details of the transaction, see current reports No 27/2020 and 4/2021.

Cash received from sale of shares	74,289
Cash received from repayment of debt (including loans repaid*)	83,121
TOTAL Value of the Agreement	157,410

*Loan previously disclosed as intercompany loan and eliminated at the level of the consolidated statements; following the sale, disclosed in the consolidated figures as a loan to a third party. The loan of PLN 27 million was repaid on 30 July 2021.

The accounting principles applied in the preparation of the statement of profit or loss for discontinued operations are consistent with the Group's accounting policy. The results of discontinued operations include (for the period from 1 January to 30 September 2021):

- results of CIECH Żywiec Sp. z o.o. for the period of being in a subsidiary of the Group – in connection with the planned sale of the company and the conclusion of the agreement for the sale of 74,677 shares in CIECH Żywiec Sp. z o.o. to LERG S.A. – activities presented in the Resins Segment,
- elimination of results on transactions between consolidated entities of the CIECH Group and the entity reported under discontinued operations,
- results of the CIECH Group companies (including CIECH S.A.) generated from transactions with the entity reported under discontinued operations.

Below is the consolidated result on discontinued operations (in the resins area) for three quarters of 2021, which includes the figures of CIECH Żywiec Sp. z o.o. and CIECH S.A.

CIECH Group	01.01.-30.09.2021
Net sales revenues	69,898
Cost of sales	(56,642)
Gross profit/(loss) on sales	13,256
Other operating income	385
Selling costs	(1,211)
General and administrative expenses	(5,080)
Other operating expenses	(422)
Operating profit/(loss)	6,928
Financial income	1,864
Financial expenses	(319)
Net financial income/(expenses)	1,545
Profit/(loss) before tax	8,473
Income tax	(852)
Net profit/(loss) (1)	7,621
Income from the sale of CIECH Żywiec Sp. z o.o.	74,289
Net assets	(19,370)
Tax	-
Gain on the sale of CIECH Żywiec Sp. z o.o. (2)	54,919
Total net profit/(loss) on discontinued operations (1+2)	62,540

Analysis of assets and liabilities over which control was lost – CIECH Żywiec Sp. z o.o.*:

in thousand PLN	01.03.2021
ASSETS	
Property, plant and equipment	62,787
Right-of-use assets	894
Intangible assets	14,611
Investment properties	199
Deferred tax assets	1,508
Total non-current assets	79,999
Inventories	30,174
Trade and other receivables	54,392
Cash and cash equivalents	7,335
Total current assets	91,901
Total assets	171,900
LIABILITIES	
Lease liabilities	47
Provisions for employee benefits	457

in thousand PLN	01.03.2021
Total non-current liabilities	504
Loans, borrowings and other debt instruments	57,373
Lease liabilities	72
Trade and other liabilities	91,356
Income tax liabilities	1,575
Provisions for employee benefits	1,620
Other provisions	30
Total current liabilities	152,026
Total liabilities	152,530
NET ASSETS	19,370

*Assets and liabilities of the company prior to the date of sale were reported under assets held for sale.

Cash flows from discontinued operations for CIECH Żywiec Sp. z o.o.:

	01.01.-01.03.2021
Cash as at 01.01.2021	4,913
Net cash from operating activities	1,445
Net cash from investing activities	(704)
Net cash from financing activities	1,681
Total net cash flows	2,422
Cash over which control was lost at the time of sale	7,335

The following table presents information about the consideration received for the sale of discontinued operations (in PLN '000):

Cash received from sale of shares	74,289
Cash over which control was lost	(7,335)
Consideration received (value reported in cash flows as "Disposal of a subsidiary")	66,954

Assets and liabilities classified as held for sale

As at 30 September 2022 and 31 December 2021, under the item "Non-current assets and groups held for sale", the CIECH Group presented property, plant and equipment of CIECH Vitrosilicon S.A. in the amount of PLN 368 thousand (land located in the town of Iłowa), which are redundant from the point of view of the enterprise; a potential buyer of the land is now being sought. These assets are included in the Silicates Segment.

2.16. INFORMATION ON IMPORTANT EVENTS IN THE CIECH GROUP DURING THREE QUARTERS OF 2022

Information on important events taking place in the CIECH Group during three quarters of 2022 has been presented in Sections 5.3 and 5.4 hereof.

2.17. INFORMATION ON POST-BALANCE-SHEET EVENTS

On 27 October 2022, a Term Sheet was executed among the CIECH S.A., CIECH Soda Polska S.A. and Inowrocławskie Kopalnie Soli "SOLINO" Spółka Akcyjna including the definition of key terms and conditions of cooperation in the sale and supply of brine to CIECH Soda Polska S.A. and the sale of salt and water to Solino. For details on the document signed, see current report No 39/2022.

2.18. INFORMATION ON THE CURRENT SITUATION IN CONNECTION WITH THE IMPACT OF THE RUSSIAN INVASION OF UKRAINE ON THE CIECH GROUP'S ACTIVITIES

During the third quarter of 2022, the CIECH Group continued to be affected by the effects of the ongoing armed conflict in Ukraine. Despite the fact that the adverse phenomena related to the armed conflict have been ongoing since February, from the perspective of the CIECH Group and individual Group Companies, the effects of the ongoing conflict result in the occurrence of unprecedented risks, which have had and continue to have high impact on ensuring the operational continuity of individual production plants due to supply chain disruptions and the availability of energy raw materials. Since the beginning of Russia's invasion of Ukraine, the Management Board of CIECH S.A. has been monitoring the situation on an ongoing basis and analysing various scenarios for market reactions and administrative decisions.

The impact of Russia's invasion of Ukraine from the perspective of the operations of individual business segments of the CIECH Group is presented below:

Soda Segment



As a result of the actions taken, the Group provided production plants with an uninterrupted supply of energy raw materials, enabling the continuity of production processes and the ability to meet the growing demand of customers. Throughout the third quarter of 2022, the segment experienced price increases and the risk of limited availability of energy commodities. In particular, this concerned fine coal (a key energy commodity for the soda plants in Inowrocław and Janikowo) and gas (affecting the Stassfurt plant), but also anthracite and coke. The CIECH Group continued to diversify the sources of raw materials supplies as a response to the disruption of the supply chains of energy commodities from Russia to Europe (as a result of the embargo on the purchase of these raw materials from Russia imposed by the European Union and the United States). Due to the increase in production costs in this segment, the CIECH Group continued an active policy of updating the prices of manufactured soda products in consultation with the segment's customers. The negotiations were supported by strong demand for the segment's products due to the shortage of soda in the global markets. In the perspective of the upcoming fourth quarter of 2022, the CIECH Group will focus on ensuring supplies and the availability of energy raw materials to maintain the continuity of production and deliveries of finished products to customers. The CIECH Group carefully monitors the market situation in Europe and with its customers, in particular the availability of key raw materials for the soda segment and customers (gas availability in winter).

Agro Segment



In the third quarter of 2022, the segment's results were influenced by drought unusual for Poland and Europe, which weakened the demand for products used after the harvest to prepare for autumn sowing. At the same time, the segment faced the negative impact of the conflict in Ukraine, as a result of which the prices of agricultural produce in Poland fell (higher supply resulting from the transport of agricultural products from Ukraine via Poland). The lower profitability of Polish agricultural production thus reduced the willingness of farmers to invest in intensive protection of their crops. The fourth quarter is a season characterized by very low consumption of crop protection products by end users, but it is the time when distributors buy the products needed for the next growing season. This year, despite relatively high inventories in the distribution channel, we see normal demand for flagship Agro products such as Chwastox.

Foams Segment



In the Foams segment, in the third quarter, as in the previous months, the market situation normalized after a period of record results, when the CIECH Group benefited from an increase in expenditure on repairs and upholstered furniture during the lockdown and limited availability of raw materials (TDI and polyols) on the market, to which the CIECH Group gained access. Due to problems with one of the main producers of the key raw material for the production of foams (TDI), which occurred at the end of September, in the fourth quarter the CIECH Group will focus on ensuring supplies of raw material from other sources at favorable prices.

Silicates Segment and Packaging Segment



Both segments faced the passing-on of rising raw material costs caused by Russia's invasion of Ukraine. In the case of the Silicates Segment, the support was the sustained strong demand for silicates on the European market and new local and foreign customers, which allowed us to fully use the new production capacity and continue production from the furnace restarted in second quarter of 2022 (shutdown at the end of 2021). In the case of the Packaging Segment, the price list was updated successively. The Packaging Segment continued to focus its activities on the most effective use of raw materials and sought to optimize their use at every stage of the production process. In the Packaging segment, traditionally, the fourth quarter is the post-season period devoted to the preparation and promotion of the Easter offer and the fulfillment of orders related to the current needs of customers. Activities related to the optimization of production processes and better use of raw materials will be successively continued in the current and future quarters.

Strengthening IT infrastructure

In the third quarter of 2022, the CIECH Group continued to classify the risk of cyber-attacks at a high level, which is also linked to the armed conflict in Ukraine. The Group has been managing this risk in a proactive and continuous manner, using up-to-date and proven IT security measures and continuous monitoring of atypical events, logs and operations. All these measures have been implemented as part of the IT security policy and information security policy.

Addressing financial risks

Another significant issue affecting the Group in connection with Russia's invasion of Ukraine, having an impact on all segments and the Group as a whole, is that prices in the financial markets, including commodity prices, exchange rates and interest rates, become highly volatile.

In the wake of the war between Russia and Ukraine, prices of assets perceived as more risky weakened considerably, which translated into the depreciation of PLN against, among others, EUR and USD. The Group has a significant exposure to the EUR/PLN exchange rate (total position of EUR 310 million) and a relatively low exposure to USD/PLN (total position of USD 1.8 million). In the short term, the weakening of the PLN against the EUR leads to an increase in negative valuations of derivatives contracted that are sensitive to the EUR/PLN exchange rate (forward and CCIRS transactions), foreign currency credit facilities in EUR and trade payables in EUR, which is offset by an increase in the valuation of loans granted in foreign currency, receivables and cash held in foreign currency and an increase in the expected value of future revenues in foreign currency. Taking into account the hedging relationships regarding future revenues in foreign currencies, the impact of changes in the EUR/PLN rate on the current profit/loss is limited (the position affecting the current profit/loss is EUR 50.8 million). The valuation of derivatives contracted does not involve any cash margin and an increase in the negative valuation of transactions does not have a negative impact on the Group's current liquidity.

Inflation continued to rise, linked in particular to the increase in the price of energy commodities, leading to an increase in the Group's operating costs and implying an increase in market interest rates. Market interest rate risk in respect of the Group's term loans has been fully hedged with PLN IRS and CCIRS transactions entered into in May 2021 following the refinancing of the loan, therefore an increase in market interest rates would have a limited impact on the Group's cash flows.

The increase in interest rates drives up the cost of servicing short-term working capital funding (factoring and credit facilities).

The CIECH Group enters into derivative transactions to hedge commodity risks, including regarding the sale of electricity, the purchase of natural gas and CO₂ emission allowance units (EUAs). Due to significant changes in the prices of these raw materials, there were significant changes in valuations of hedging transactions concluded (increase in positive valuation of gas futures contracts, increase in negative valuation of energy futures contracts, decrease in positive valuation of EUA futures contracts). Excluding transactions for the purchase of CO₂ emission allowance units, some of which are entered into on an exchange, day-to-day changes in the valuation of the derivatives contracted do not involve cash margin and have no impact on the Group's current liquidity.

Maintaining a safe financial situation

The CIECH Group's liquidity situation is stable, and the CIECH Group companies have sufficient cash and available sources of financing to be able to meet their obligations on time, even if current cash flows deteriorate and access to new sources of financing becomes limited. As at 30 September 2022, the Group held cash in the amount of PLN 650 million and limits available under committed credit facilities of PLN 404 million. The Group had access to funds made available under committed facility agreements (syndicated facility agreement with a total value of PLN 2,115 million) and additional sources of financing in the form of receivables factoring agreements, reverse factoring agreements and overdraft facilities. At present, the Group also does not identify any risk of default on repayment liabilities under the loan agreements or risk of loans being called in due to failure to meet the level of ratios tested under the loan agreements.

In the case of the syndicated facility agreement, the majority of the debt is of a long-term nature, with the short-term portion representing principal repayment due on 30 June 2023 in the amount of PLN 93 million.

Lack of premises for an impairment

As at the date of these statements, the Group's analyses did not reveal any indications of a materially higher risk of impairment of property, plant and equipment and intangible assets in use or investments in progress was found. However, due to the uncertainty associated with the conflict and its further development and subsequent impact on the global economy, the measurement of individual balance sheet items, including: fixed assets and intangible assets, inventories, receivables, measurement of financial instruments, provisions and liabilities, will be closely monitored and it is not excluded that they may change in subsequent reporting periods.

It should be reiterated that the Management Board of CIECH S.A. monitors the situation related to the conflict on an ongoing basis and takes measures to ensure the continuity of the Group's and its individual companies' operations and to maintain the assumed margin levels.

2.19. INFORMATION ON THE CURRENT SITUATION IN CONNECTION WITH THE IMPACT OF THE COVID-19 CORONAVIRUS PANDEMIC ON THE CIECH GROUP'S ACTIVITIES

During the third quarter of 2022, as was the case during the first half of 2022, the CIECH Group did not experience any negative impact of the COVID-19 coronavirus on its ongoing operating activity. During the past quarter, the CIECH Group, individual Group companies and production plants operated smoothly. None of the CIECH Group's business segments recorded negative events or incidents caused by the ongoing pandemic.

There were no instances of reduced or lost business continuity due to infections or employee absence at any of the CIECH Group's production plants.

As far as other areas of the CIECH Group's operations are concerned, also no adverse effects of the ongoing COVID-19 pandemic were recorded during the third quarter of 2022.

**INTERIM CONDENSED
SEPARATE FINANCIAL STATEMENTS CIECH S.A.
FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2022**

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

3. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN UNION

CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS OF CIECH S.A.

	01.01.-30.09.2022	01.01.-30.09.2021	01.07.-30.09.2022	01.07.-30.09.2021
		unaudited	unaudited	unaudited
CONTINUING OPERATIONS				
Sales revenues	1,874,665	1,153,965	743,766	388,601
Cost of sales	(1,552,118)	(980,088)	(612,260)	(328,419)
Gross profit on sales	322,547	173,877	131,506	60,182
Other operating income	14,614	8,287	11,295	4,622
Selling costs	(124,005)	(94,334)	(44,305)	(31,971)
General and administrative expenses	(92,869)	(47,024)	(27,505)	(12,674)
Other operating expenses	(9,462)	(4,138)	(5,054)	(1,489)
Operating profit	110,825	36,668	65,937	18,670
Financial income	497,088	279,682	155,011	157,100
<i>Profit from financial instruments</i>	<i>131,869</i>	<i>71,861</i>	<i>28,886</i>	<i>21,834</i>
Financial expenses	(164,567)	(174,817)	(78,051)	(67,737)
<i>(Loss) from financial instruments</i>	<i>(140,609)</i>	<i>(140,410)</i>	<i>(70,392)</i>	<i>(75,484)</i>
Net financial income/(expenses)	332,521	104,865	76,960	89,363
Profit before tax	443,346	141,533	142,897	108,033
Income tax	(33,350)	(3,206)	(11,681)	127
Net profit on continuing operations	409,996	138,327	131,216	108,160
DISCONTINUED OPERATIONS				
Net profit/(loss) on discontinued operations	-	42,353	-	-
Net profit for the year	409,996	180,680	131,216	108,160
Earnings per share (in PLN):				
Basic	7.78	3.43	2.49	2.05
Diluted	7.78	3.43	2.49	2.05
Earnings per share (in PLN) from continuing operations:				
Basic	7.78	2.62	2.49	2.05
Diluted	7.78	2.62	2.49	2.05

The condensed separate statement of profit or loss of CIECH S.A. should be analysed together with the explanatory notes which constitute an integral part of the interim condensed separate financial statements.

CONDENSED SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME OF CIECH S.A.

	01.01.-30.09.2022	01.01.-30.09.2021	01.07.-30.09.2022	01.07.-30.09.2021
		unaudited	unaudited	unaudited
Net profit / (loss)	409,996	180,680	131,216	108,160
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	(9,916)	35,296	(14,916)	1,602
Cash flow hedge reserve	(9,916)	35,296	(14,916)	1,602
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	1,885	(6,702)	2,835	(684)
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	1,885	(6,702)	2,835	(684)
Other comprehensive income net of tax	(8,031)	28,594	(12,081)	918
TOTAL COMPREHENSIVE INCOME	401,965	209,274	119,135	109,078

The condensed separate statement of other comprehensive income of CIECH S.A. should be analysed together with the explanatory notes which constitute an integral part of the interim condensed separate financial statements.

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION OF CIECH S.A.

	30.09.2022	31.12.2021
ASSETS		
Property, plant and equipment	12,729	13,287
Intangible assets	75,440	72,316
Long-term financial assets	3,365,340	3,158,160
Deferred income tax assets	2,125	6,990
Rights to use an asset	20,048	22,235
Total non-current assets	3,475,682	3,272,988
Inventory	1,808	5,162
Short-term financial assets	974,806	662,051
Income tax receivables	-	37
Trade and other receivables	337,980	204,844
Cash and cash equivalents	483,907	467,475
Total current assets	1,798,501	1,339,569
Total assets	5,274,183	4,612,557
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge reserve	12,054	20,085
Actuarial gains	(150)	(150)
Other reserve capitals	422,699	422,699
Retained earnings	823,503	413,507
Total equity	2,016,566	1,614,601
Loans, borrowings and other debt instruments	1,766,369	1,854,153
Lease liabilities	17,162	18,513
Other non-current liabilities	137,752	118,070
Employee benefits reserve	737	734
Total non-current liabilities	1,922,020	1,991,470
Loans, borrowings and other debt instruments	547,241	397,099
Lease liabilities	5,623	5,407
Trade and other liabilities	731,929	569,006
Income tax liabilities	2,230	-
Employee benefits reserve	429	413
Other provisions	48,145	34,561
Total current liabilities	1,335,597	1,006,486
Total liabilities	3,257,617	2,997,956
Total equity and liabilities	5,274,183	4,612,557

The condensed separate statement of financial position of CIECH S.A. should be analysed together with the explanatory notes which constitute an integral part of the interim condensed separate financial statements.

CONDENSED SEPARATE STATEMENT OF CASH FLOWS OF CIECH S.A.

	01.01.-30.09.2022	01.01.-30.09.2021
		unaudited
Cash flows from operating activities		
Net profit for the period	409,996	180,680
Amortisation/depreciation	16,282	13,681
Recognition of impairment allowances	3,414	3,103
Foreign exchange (profit) /loss	(58,727)	(11,958)
(Profit) / loss on investment activities	401	(44,274)
(Profit) / loss on disposal of property, plant and equipment	(14)	(30)
Dividends and interest	(255,538)	(197,175)
Income tax	33,350	2,534
Change in liabilities due to loan arrangement fee	1,867	(8,360)
Value of derivatives	(22,730)	51,093
Other	(28)	-
Cash from operating activities before changes in working capital and provisions	128,273	(10,706)
Change in receivables	(141,739)	53,459
Change in inventory	3,354	(5,326)
Change in current liabilities	155,581	(51,225)
Change in provisions and employee benefits	6,408	183
Cash generated from operating activities	151,877	(13,615)
Interest paid	(47,925)	(23,338)
Income tax (paid)	(17,140)	(7,258)
Konwersja rozrachunków na pożyczki	-	(10,000)
Net cash from operating activities	86,812	(54,211)
Cash flows from investment activities		
Disposal of a subsidiary	-	74,289
Disposal of intangible assets and property, plant and equipment	1,462	88
Dividends received	288,182	132,173
Interest received	39,502	31,931
Proceeds from repaid borrowings	191,542	101,127
Other inflows	19,000	-
Acquisition of a subsidiary	-	(6,105)
Acquisition of intangible assets and property, plant and equipment	(20,403)	(17,618)
Acquisition of financial assets	(2,982)	-
Raise capital expenditures and extra charge on capital	(10)	(1,995)
Borrowings paid out	(582,897)	(380,354)
Cash pooling outflows*	(10,397)	(54,113)
Net cash from investment activities	(77,001)	(120,577)
Cash flows from financial activities		
Proceeds from loans and borrowings	-	280,999
Cash pooling inflows*	52,547	154,145
Dividends paid to non-controlling interest	-	(158,099)
Repayment of loans and borrowings	(41,000)	(248,205)
Payments of lease liabilities	(5,689)	(4,437)
Net cash from financial activities	5,858	24,403
Total net cash flows	15,669	(150,385)
Cash and cash equivalents as at the beginning of the period	467,475	265,287
<i>Impact of foreign exchange differences</i>	<i>763</i>	<i>290</i>
Cash and cash equivalents as at the end of the period	483,907	115,192

*Cash pooling – presentation in cashflow:

- Investing activities – the company presents the change in receivables from cash pooling
- Financing activities – the company presents the change in liabilities on account of cash pooling

The condensed separate statement of cash flows of CIECH S.A. should be analysed together with the explanatory notes which constitute an integral part of the interim condensed separate financial statements.

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY OF CIECH S.A.

	Share capital	Share premium	Cash flow hedge reserve	Other reserve capitals	Actuarial gains	Retained earnings	Total equity
01.01.2022	287,614	470,846	20,085	422,699	(150)	413,507	1,614,601
Total comprehensive income for the period	-	-	(8,031)	-	-	409,996	401,965
Net profit / (loss) for the period	-	-	-	-	-	409,996	409,996
Other comprehensive income	-	-	(8,031)	-	-	-	(8,031)
30.09.2022	287,614	470,846	12,054	422,699	(150)	823,503	2,016,566
01.01.2021	287,614	470,846	(25,713)	422,699	(78)	438,400	1,593,768
Transactions with owners	-	-	-	-	-	(158,099)	(158,099)
Dividend payment	-	-	-	-	-	(158,099)	(158,099)
Total comprehensive income for the period	-	-	28,594	-	-	180,680	209,274
Net profit / (loss) for the period	-	-	-	-	-	180,680	180,680
Other comprehensive income	-	-	28,594	-	-	-	28,594
30.09.2021 (unaudited)	287,614	470,846	2,881	422,699	(78)	460,981	1,644,943

The condensed separate statement of changes in equity of CIECH S.A. should be analysed together with the explanatory notes which constitute an integral part of the interim condensed separate financial statements.

4. EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A.

4.1. BASIS OF PREPARATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A.

On 31 January 2007, the Extraordinary General Meeting of Shareholders of CIECH S.A. adopted resolution No 4, concerning the preparation of separate financial statements in accordance with International Financial Reporting Standards as approved by the European Union. Due to the adopted resolution, since 2007 the reports of CIECH S.A. have been prepared in accordance with the IFRS using the valuation of assets and liabilities and the measurement of net result as defined in the accounting policy.

These interim condensed separate financial statements were prepared in compliance with IAS 34 "Interim Financial Reporting" as approved by the European Union and the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and on conditions for deeming equivalent information required by the law of a Non-Member State (Journal of Laws 2018.757 of 2018). These financial statements present the financial position of the CIECH Group as at 30 September 2022 and as at 31 December 2021, results of the Company's operations and cash flows for the period of 9 months ended 30 September 2022 and 30 September 2021, and were approved by the Management Board of CIECH S.A. on 29 November 2022.

These interim condensed separate financial statements were prepared under the assumption that CIECH S.A. will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed financial statements, no facts or circumstances are known that would indicate any threat to CIECH S.A. continuing as a going concern.

The Management Board of CIECH S.A. declares that to the best of its knowledge these interim condensed separate financial statements, including corresponding figures, have been prepared in accordance with the generally acceptable accounting principles and that they represent a true, accurate and fair reflection of CIECH S.A.'s financial position and the results of operations.

Preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires the Management Board to make professional judgements, estimates and assumptions which affect the adopted principles and presented values of assets, equity and liabilities, income and expenses. The estimates and assumptions associated with them are based on historical accuracy and various other factors that are considered to be reasonable under the specific circumstances, and their results provide a basis for professional judgement about the value of assets and liabilities that are not directly apparent from other sources. Actual value may differ from the estimated value. The estimates and the underlying assumptions are reviewed on a continuous basis. Revisions of accounting estimates are recognised in the period in which the changes were made, only if it affects that period or the present and future in case they concern both the current and future periods. The Management Board's professional judgements which have a significant impact on the separate financial statements, and the estimates bearing a risk of significant changes in future years have been presented in items 4.6, 4.7, 4.8 and 4.13 hereof. Information on the impact of the Russian invasion of Ukraine on the operations of the CIECH Group is presented in Note 4.17. Information on the impact of the COVID-19 pandemic on the operations of CIECH S.A. is presented in Note 4.18. During the current quarterly period there were no significant revisions to the estimates presented in previous reporting periods.

The Management Board of CIECH S.A. represents that BDO Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, entered on the list of entities authorised to audit financial statements under registry No 3355 kept by the National Chamber of Statutory Auditors, was chosen in accordance with the binding legal regulations to audit the interim condensed separate financial statements for the period from 1 January to 30 September 2022.

4.2. ADOPTED ACCOUNTING PRINCIPLES

The CIECH S.A.'s accounting principles are described in the Financial Statements of CIECH S.A. for 2021, published on 29 March 2022. The aforementioned Financial Statements include detailed information regarding the principles and methods of valuation of assets, equity and liabilities and measurement of the financial result as well as the method of preparing the financial statements and comparative information. These principles have been applied on a continuous basis with relation to currently published data, the last annual financial statements and comparative data presented.

CIECH S.A. intends to adopt amendments to the IFRS that are published but not effective as at the date of publication of this report in accordance with their effective date. The estimated impact of amendments and impact of new IFRSs on the separate financial statements of CIECH S.A. was presented in the Financial Statements of CIECH S.A. for the year 2021, published on 29 March 2022.

4.3. FUNCTIONAL AND REPORTING CURRENCY

The Polish zloty (PLN) is the functional currency of CIECH S.A., and the reporting currency of these financial statements. Unless stated otherwise, all financial data in these financial statements have been presented in thousands of Polish zlotys (PLN '000). CIECH S.A. has Branches (in Romania and Germany) whose accounting records are kept in local currencies (RON and EUR). For the purpose of preparing the financial statements of CIECH S.A., accounting records of the Branch in Romania are translated using the transaction exchange rates and the accounting records of the Branch in Germany – at the average NBP rate for the last day of a given period. Due to an insignificant value of transactions, translation at this exchange rate does not result in a material distortion of results.

4.4. SEASONALITY AND CYCLICALITY OF ACTIVITY OF CIECH S.A.

Seasonality associated with periodic demand and supply fluctuations has little impact on CIECH S.A.'s overall sales trends. In the soda segment, a seasonal relationship between the sales volume of some products and the course of winter is observable. For calcium chloride and other products (anti-ice salt and chloride mix, waste salt) a mild winter is a reason for decrease of sales, while the influence on the sales of salt is indirect. For other products, CIECH S.A.'s revenues and financial results are not influenced by any significant seasonal fluctuations over the year.

4.5. CIECH S.A.'S SEGMENT REPORTING

CIECH S.A.'s operating segments are designated on the basis of internal reports prepared in the Company and regularly reviewed by the Management Board, which is responsible for operating decisions aimed at allocating resources to segments and assessing the subsidiaries performance.

CIECH S.A. has been divided into the following operating segments:

Soda segment (comprising BU Soda, and BU Salt)



The most important manufactured goods in the scope of the Soda Segment products are: light and dense soda ash, evaporated salt, sodium bicarbonate and calcium chloride. The products of this Segment are sold mainly by the parent company CIECH S.A. Production of the Soda Segment goods manufactured by the CIECH Group is implemented in CIECH Soda Polska S.A., the Romanian company CIECH Soda Romania S.A. (until September 2019) and in the German companies CIECH Soda Deutschland gmbh&Co. KG and CIECH Salz Deutschland gmbh (the German companies also sell their products on their own). Soda Segment products are used in the glass, food, detergent and pharmaceutical industries.

Agro Segment



The CIECH Group is a manufacturer of crop protection products used in agriculture and produced by the companies: CIECH Sarzyna S.A. and Proplan Plant Protection Company, S.L. and CIECH S.A. was the supplier of raw materials for production for CIECH Sarzyna S.A. and provided support services within this segment.

Resins Segment (comparative data)

The CIECH Group was a producer of a variety of organic compounds manufactured by CIECH Żywiec Sp. Z o.o. In the first quarter of 2021, it was producing, among others, epoxy resins and polyester resins. These products are used in the following industries: automotive, paints and electronics. On 1 March 2021, CIECH Żywiec Sp. Z o.o. Was sold to LERG S.A., and its figures are reported as discontinued operations. The figures for discontinued operations include the result of CIECH S.A. obtained from the transactions with CIECH Żywiec Sp. Z o.o., and from the sale of this company.

Foams Segment



Within the Foams Segment, CIECH S.A. provides support services to CIECH Pianki Sp. Z o.o., which is a producer of polyurethane foams.

Silicates Segment



CIECH S.A. sells the Silicates and Glass Segment products manufactured by CIECH Soda Romania S.A. In 2022, these were primarily the products such as glassy sodium silicate and sodium water glass. These products are used by the construction industry and in the production of detergents.

Packaging Segment



Within this segment, CIECH S.A. provides support services to CIECH Vitro S.A., which manufactures glass packaging - lanterns and jars, used for the production of headstone lamps and in the food industry.

Other activities Segment



It covers mainly services rendered outside the Group and goods sold by CIECH S.A. outside the scope of the above segments.

The data concerning individual segments also includes support services provided by CIECH S.A. to the CIECH Group companies, such as accounting, controlling, legal, administrative and IT services.

The financing is managed (including finance expenses and incomes with the exception of interest on trade receivables and liabilities) and income tax is calculated on the Company level. The data concerning these areas is not allocated to particular segments.

CIECH S.A. has been divided into the following geographical areas: Poland, European Union, Other European countries, Africa, Asia, Other regions. Information on the Company's geographical areas is established based on the location of its assets.

Revenues and costs, assets and liabilities of segments are recognised and measured in a manner consistent with the method used in the separate financial statements.

Operational segments results are assessed by the CIECH S.A.'s Management Board on the basis of sales revenue, operating profit, level of EBITDA and adjusted EBITDA. No need to separate additional segments under IFRS 8 regulations has been identified.

EBITDA should be viewed as a supplement not as a substitute for the business performance presented in accordance with IFRS. EBITDA is a useful ratio of the ability to incur and service debt. EBITDA and adjusted EBITDA levels are not defined by the IFRS and can be calculated in a different manner by other entities. The reconciliation and definitions applied by CIECH S.A. when determining these measures are presented below.

	01.01.-30.09.2022	01.01.-30.09.2021*
Net profit/(loss) on continuing operations	409,996	138,327
Income tax	33,350	3,206
Financial expenses	164,567	174,817
Financial income	(497,088)	(279,682)
Amortisation/depreciation	16,282	13,681
EBITDA on continued operations	127,107	50,349
EBITDA on discontinued operations	-	(3,414)
EBITDA on continued and discontinued operations	127,107	46,935

*Unaudited data

	01.01.-30.09.2022	01.01.-30.09.2021*
EBITDA on continued operations	127,107	50,349
One-offs including:		
Cash items (a)	(3,158)	140
Non-cash items (without impairment) (b)	1,146	54
Adjusted EBITDA on continued operations	123,949	50,489
Adjusted EBITDA on discontinued operations	-	(3,414)
Adjusted EBITDA on continued and discontinued operations	123,949	47,075

*Unaudited data

(a) Cash items:

- gain/loss on sale of property, plant and equipment,
- fees and compensations received,
- donations given,
- fortuitous events.

(b) Non-cash items:

- fair value measurement of investment properties,
- costs of liquidation of inventories and property, plant and equipment,
- costs of suspended investments,
- restructuring costs,
- environmental provisions, provisions for liabilities and compensation and other items (including extraordinary costs and other provisions).

Adjusted EBITDA may be adjusted for other untypical non-recurring events not listed above.

CIECH S.A. — OPERATING SEGMENTS

Revenue and costs data as well as assets, equity and liabilities data of particular CIECH S.A.'s operating segments for periods disclosed in statements are presented in the tables below.

OPERATING SEGMENTS 01.01.-30.09.2022	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	TOTAL
Total sales revenues	1,832,184	12,162	1,561	21,372	968	4,085	2,332	1,874,665
Cost of sales	(1,511,169)	(12,297)	(1,552)	(19,051)	(975)	(4,659)	(2,417)	(1,552,118)
Gross profit /(loss) on sales	321,016	(135)	9	2,322	(7)	(574)	(85)	322,547
Selling costs	(123,404)	-	-	(601)	-	-	-	(124,005)
General and administrative expenses	(16,258)	-	-	5	-	-	(76,616)	(92,869)
Result on management of receivables	5,104	(31)	-	(2)	-	(16)	(21)	5,034
Result on other operating activities	(2,995)	(57)	4,740	-	-	145	(1,715)	118
Operating profit /(loss)	183,463	(223)	4,749	1,724	(7)	(445)	(78,437)	110,825
Exchange differences and interest on trade settlements	273	2	(1)	(19)	-	(294)	-	(39)
Borrowing costs	-	-	-	-	-	-	(16,835)	(16,835)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	349,395	349,395
Profit /(loss) before tax	183,736	(221)	4,748	1,705	(7)	(739)	254,123	443,346
Income tax	-	-	-	-	-	-	-	(33,350)
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	409,996
Net profit /(loss) for the period	-	-	-	-	-	-	-	409,996
Amortization/depreciation	2,317	32	-	-	-	509	13,424	16,282
EBITDA from continuing operations	185,780	(191)	4,749	1,724	(7)	64	(65,013)	127,107
Adjusted EBITDA from continuing operations*	186,464	(191)	9	1,724	(7)	64	(64,115)	123,949

* Adjusted EBITDA for the 9-month period ended 30 September 2022 is calculated as EBITDA adjusted for untypical one-off events: net gain on restructuring: PLN 4.7 million; recognition of provisions: PLN -0.9 million; donations given: PLN -0.6 million.

OPERATING SEGMENTS 01.01.-30.09.2021	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	TOTAL*
Total sales revenues	1,054,052	13,884	7,750	14,136	776	63,367	-	1,153,965
Cost of sales	(888,766)	(13,020)	(1,190)	(13,737)	(590)	(62,785)		(980,088)
Gross profit /(loss) on sales	165,286	864	6,560	399	186	582	-	173,877
Selling costs	(93,358)	(37)	-	(679)	-	(260)		(94,334)
General and administrative expenses	(371)	-	-	-	-	(4,575)	(42,078)	(47,024)
Result on management of receivables	230	31	-	-	-	439	-	700
Result on other operating activities	3,591	(42)	-	-	-	677	(777)	3,449
Operating profit /(loss)	75,378	816	6,560	(280)	186	(3,137)	(42,855)	36,668
Exchange differences and interest on trade settlements	979	(2)	(1)	(10)	-	(367)	-	599
Borrowing costs	-	-	-	-	-	-	(9,561)	(9,561)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	113,827	113,827
Profit /(loss) before tax	76,357	814	6,559	(290)	186	(3,504)	61,411	141,533
Income tax	-	-	-	-	-	-	-	(3,206)
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	138,327
Net profit /(loss) on discontinued operations	-	-	-	-	-	-	-	42,353
Net profit /(loss) for the period	-	-	-	-	-	-	-	180,680
Amortization/depreciation	2,888	25	-	-	-	141	10,627	13,681
EBITDA from continuing operations	78,266	841	6,560	(280)	186	(2,996)	(32,228)	50,349
Adjusted EBITDA from continuing operations**	78,273	841	6,560	(280)	186	(2,996)	(32,095)	50,489

*Unaudited data

**Adjusted EBITDA for the 9-month period ended 30 September 2021 is calculated as EBITDA adjusted for untypical one-off events: donations given: PLN 0.1 million.

CIECH S.A. — ASSETS AND LIABILITIES BY OPERATING SEGMENTS

	ASSETS		LIABILITIES	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Soda segment	192,191	90,758	585,500	424,241
Agro segment	1,541	3,972	1,009	2,177
Silicates segment	1,281	4,307	-	1,856
Packaging segment	114	315	-	-
Other operations segment	16,028	17,948	17,229	13,745
Corporate functions	5,056,981	4,494,246	2,653,862	2,555,925
TOTAL	5,274,183	4,612,557	3,257,617	2,997,956

CIECH S.A. — SALES REVENUES BY BUSINESS SEGMENTS

	01.01.-30.09.2022	01.01.-30.09.2021*	Change 2022/2021	Change %
Soda segment, including:	1,832,184	1,054,052	778,132	73.8%
Dense soda ash	1,095,631	562,443	533,188	94.8%
Light soda ash	364,544	210,811	153,733	72.9%
Salt	188,734	141,260	47,474	33.6%
Sodium bicarbonate	117,838	80,741	37,097	45.9%
Calcium chloride	24,509	23,829	680	2.9%
Other goods and services	40,930	34,968	5,962	17.0%
Agro segment, including:	12,162	13,884	(1,722)	(12.4%)
Raw materials for production of crop protection products	7,278	9,912	(2,634)	(26.6%)
Other goods and services	4,884	3,972	912	23.0%
Foam segment, including:	1,561	7,750	(6,189)	(79.9%)
Other goods and services	1,561	7,750	(6,189)	(79.9%)
Silicates segment, including:	21,372	14,136	7,236	51.2%
Sodium silicates	10,105	8,469	1,636	19.3%
Other goods and services	11,267	5,667	5,600	98.8%
Packaging segment, including:	968	776	192	24.7%
Other goods and services	968	776	192	24.7%
Other segment, including:	6,418	63,367	(56,949)	(89.9%)
Revenues from third parties	4,085	63,367	(59,282)	(93.6%)
Other goods and services	2,332	-	2,332	-
TOTAL	1,874,665	1,153,965	720,700	62.5%

*Unaudited data

At CIECH S.A., sales revenues are recognized upon the provision of services or delivery of goods.

CIECH S.A. — INFORMATION ON GEOGRAPHICAL AREAS

Information on CIECH S.A.'s geographical areas is established based on the location of its assets.

	ASSETS		SALES REVENUES	
	30.09.2022	31.12.2021	01.01.-30.09.2022	01.01.-30.09.2021*
Poland	2,813,392	2,462,473	1,263,367	724,217
European Union (excluding Poland)	2,457,277	2,149,546	521,602	370,484
Other European countries	2,902	-	73,849	42,473
Africa	-	538	10,581	6,115
Asia	612	-	5,266	8,438
Other regions	-	-	-	2,238
TOTAL	5,274,183	4,612,557	1,874,665	1,153,965

*Unaudited data

The Company's non-current assets are located in Poland and the European Union. As regards the European Union, the most significant non-current assets comprise shares in subsidiaries having their registered offices mainly in Romania (PLN 30,551 thousand), Germany (PLN 838,346 thousand) and Spain (PLN 203,866 thousand). Trade and other receivables constitute the main component of current assets presented in individual geographical areas.

4.6. PROVISIONS AND IMPAIRMENT LOSSES ON ASSETS

PROVISIONS FOR EMPLOYEE BENEFITS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Long-term	734	75	-	(72)	737
Short-term	413	47	(33)	2	429
01.01.-30.09.2021*					
Long-term	979	16	(58)	35	972
Short-term	826	-	(12)	(389)	425
01.07.-30.09.2022*					
Long-term	787	20	-	(70)	737
Short-term	389	41	(1)	-	429
01.07.-30.09.2021*					
Long-term	956	16	(1)	1	972
Short-term	434	-	(9)	-	425

*Unaudited data

CHANGE IN OTHER SHORT-TERM PROVISIONS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Provision for liabilities and expected losses	34,561	13,673	(89)	-	48,145
TOTAL	34,561	13,673	(89)	-	48,145
01.01.-30.09.2021*					
Provision for liabilities and expected losses	33,741	646	-	(55)	34,332
TOTAL	33,741	646	-	(55)	34,332
01.07.-30.09.2022*					
Provision for liabilities and expected losses	46,690	1,455	-	-	48,145
TOTAL	46,690	1,455	-	-	48,145
01.07.-30.09.2021*					
Provision for liabilities and expected losses	34,411	(30)	-	(49)	34,332
TOTAL	34,411	(30)	-	(49)	34,332

*Unaudited data

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2022					
Long-term financial assets	30,733	1,836	(680)	376	32,265
Short-term financial assets	3,833	1,744	(11)	-	5,566
Trade and other receivables	37,163	402	(5,626)	4,031	35,970
Cash and cash equivalents	244	-	(238)	-	6
TOTAL	71,973	3,982	(6,555)	4,407	73,807
01.01.-30.09.2021*					
Intangible assets	210	-	-	-	210
Long-term financial assets	102,538	2,030	(2,864)	3,841	105,545
Short-term financial assets	8,494	7,875	(8,495)	766	8,640
Trade and other receivables	36,847	1,275	(2,138)	943	36,927
Cash and cash equivalents	150	424	(450)	-	124
TOTAL	148,239	11,604	(13,948)	5,550	151,446
01.07.-30.09.2022*					

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
Long-term financial assets	31,184	921	(216)	376	32,265
Short-term financial assets	4,591	980	(5)	-	5,566
Trade and other receivables	39,074	68	(5,391)	2,219	35,970
Cash and cash equivalents	5	-	1	-	6
TOTAL	74,854	1,969	(5,611)	2,595	73,807
01.07.-30.09.2021*					
Intangible assets	210	-	-	-	210
Long-term financial assets	104,911	(3,207)	-	3,841	105,545
Short-term financial assets	8,759	(885)	-	766	8,640
Trade and other receivables	35,393	567	(15)	982	36,927
Cash and cash equivalents	128	124	(128)	-	124
TOTAL	149,401	(3,401)	(143)	5,589	151,446

*Unaudited data

4.7. INCOME TAX, DEFERRED TAX ASSETS AND LIABILITY

The main components of tax expense include:

THE MAIN COMPONENTS OF TAX EXPENSE (TAX INCOME)	01.01.-30.09.2022	01.01.-30.09.2021*
Current income tax	(26,603)	(3,053)
Deferred income tax	(6,747)	(153)
INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS	(33,350)	(3,206)

*Unaudited data

Deferred income tax is attributable to the following items

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	30.09.2022			31.12.2021		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Property, plant and equipment	-	6,388	(6,388)	-	6,046	(6,046)
Należności długoterminowe	-	-	-	-	-	-
Financial assets	368	16,729	(16,361)	368	14,568	(14,200)
Inventory	-	90	(90)	-	290	(290)
Trade and other receivables	78	-	78	39	-	39
Provisions for employee benefits	155	-	155	142	-	142
Tax losses carried forward	43,197	-	43,197	52,106	-	52,106
Foreign exchange differences	-	11,058	(11,058)	-	1,375	(1,375)
Liabilities	35,737	2,002	33,735	26,101	2,813	23,288
Other	1	-	1	46	-	46
Deferred tax assets/liability	79,536	36,267	43,269	78,802	25,092	53,710
Set - off of deferred tax assets/ liability	(36,267)	(36,267)	-	(25,092)	(25,092)	-
Unrecognized deferred tax assets	(41,144)	-	(41,144)	(46,720)	-	(46,720)
Deferred tax assets/liability recognised in the statement of financial position	2,125	-	2,125	6,990	-	6,990

In the light of provisions of the General Anti-Avoidance Rule ("GAAR"), applicable as of 15 July 2016 and aimed at preventing the origination and use of factitious legal structures designed to avoid payment of taxes in Poland, the Management Board of the Parent Company considered the impact of transactions which could potentially be subject to the GAAR regulations on the deferred tax, tax value of assets and deferred tax provisions. In the opinion of the Management Board, the analysis conducted did not demonstrate the need to adjust the reported current and deferred income tax items. However, in the opinion of the Management Board, there is an inherent uncertainty arising from GAAR that tax authorities will interpret these provisions differently, will change their approach to their interpretation or the rules themselves will change, which may affect the ability to utilise the deferred tax assets in future periods and the possible payment of an additional tax for past periods.

4.8. INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS

The following list presents the fair value of CIECH S.A.'s financial instruments.

Classes of financial instruments	Carrying amount	Fair value	Carrying amount	Fair value	Categories of financial instruments
	30.09.2022		31.12.2021		
Cash and cash equivalents	483,907	483,907	467,475	467,475	Financial assets measured at amortised cost
Loans granted	2,123,224	2,123,224	1,651,148	1,651,148	Financial assets measured at amortised cost
Trade receivables	213,553	213,553	110,037	110,037	Financial assets measured at amortised cost
Hedging derivatives with positive value	15,749	15,749	88,783	88,783	Financial assets at fair value through other comprehensive income
Derivatives with positive value	132,376	132,376	14,099	14,099	Financial assets measured at fair value through profit or loss
Cash pooling receivables	14,340	14,340	3,912	3,912	Financial assets measured at amortised cost
Factoring receivables	54,723	54,723	21,437	21,437	Financial assets measured at amortised cost
ASSETS	3,037,872	3,037,872	2,356,891	2,356,891	
Credits and loans	(2,118,814)	(2,128,330)	(2,109,549)	(2,120,932)	Financial assets measured at amortised cost
Trade liabilities	(603,750)	(603,750)	(442,025)	(442,025)	Financial assets measured at amortised cost
Hedging derivatives with negative value	-	-	(136)	(136)	Financial liabilities measured at fair value through profit or loss.
Derivatives recognised in financial liabilities	(184,036)	(184,036)	(151,564)	(151,564)	Financial liabilities measured at fair value through profit or loss.
Cash pooling liabilities	(194,796)	(194,796)	(141,703)	(141,703)	Financial assets measured at amortised cost
Factoring liabilities	(11,691)	(11,691)	(8,244)	(8,244)	Financial assets measured at amortised cost
LIABILITIES	(3,113,087)	(3,122,603)	(2,853,221)	(2,864,604)	

The fair value of financial assets and liabilities corresponds with the amounts for which these instruments may be exchanged in a market transaction between well informed parties. The following assumptions were made in establishing the fair value:

- cash, trade receivables and liabilities are not measured at fair value – it is assumed that the carrying amount is the closest to fair value due to the short maturities of these instruments,
- fair value of financial assets and liabilities recognised in the statement of financial position at amortised cost for which no active market exists was established as the present value of future cash flows discounted at market interest rate.

Measurement at fair value is grouped according to three-level hierarchy:

- Level 1 – fair value based on market listing stock exchange prices (unadjusted) offered for identical assets or liabilities on active markets.
- Level 2 – CIECH S.A. values derivatives at fair value by using measurement models for financial instruments and applying generally available interest rates, currency exchange rates and adjusting for estimated own credit risk.
- Level 3 – fair value estimated on the basis of various evaluation techniques which are not based on observable market inputs.

Assets and liabilities measured at fair value

	30.09.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS	-	148,125	-	-	102,882	-
Hedging instruments	-	15,749	-	-	14,099	-
Derivative instruments with positive valuation	-	132,376	-	-	88,783	-
LIABILITIES	-	(184,036)	-	-	(151,700)	-
Hedging instruments	-	-	-	-	(136)	-
Derivative instruments with negative valuation	-	(184,036)	-	-	(151,564)	-
TOTAL	-	(35,911)	-	-	(48,818)	-

As at 30 September 2022, CIECH S.A. held the following types of financial instruments measured at fair value:

- interest rate swap contracts, currency and interest rate swaps EUR/PLN — Level 2, according to the fair value hierarchy,
- currency forwards — Level 2, according to the fair value hierarchy,

During three quarters of 2022, there were no transfers within the fair value hierarchy of instruments measured at fair value. There were no changes in the classification of financial instruments, or in business conditions that could affect the fair value of financial assets or liabilities.

As compared to the previous reporting period, CIECH S.A. has not made any changes in methods of measurement of financial instruments held. The descriptions of methods of measurement to fair value was presented in Note 8.4 to the Financial Statements of CIECH S.A. for 2021, published on 29 March 2022.

In the separate financial statements, interest rate swaps were designated for hedge accounting.

Fair value of derivative instruments

	Long-term financial assets	Short-term financial assets	Other long-term liabilities	Trade and other liabilities	TOTAL
30.09.2022					
IRS EUR	5,148	1,212	-	-	6,360
IRS PLN	-	9,389	-	-	9,389
CIRS	-	132,376	(120,216)	(54,778)	(42,618)
Forward EUR/PLN	-	-	-	(9,042)	(9,042)
TOTAL	5,148	142,977	(120,216)	(63,820)	(35,911)
31.12.2021					
IRS EUR	662	-	-	(136)	526
IRS PLN	-	13,437	-	-	13,437
CIRS	-	85,607	(91,857)	(59,707)	(65,957)
Forward EUR/PLN	-	3,176	-	-	3,176
TOTAL	662	102,220	(91,857)	(59,843)	(48,818)

4.9. INFORMATION ON PURCHASE AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

In the period from 1 January to 30 September 2022, CIECH S.A. carried out the following transactions increasing and decreasing the gross value of property, plant and equipment:

	Buildings, premises	Machinery and equipment	Other fixed assets	TOTAL
01.01.-30.09.2022				
Purchase/transfer from construction in progress	132	3,400	72	3,604
Disposal	-	(702)	(12)	(690)
01.01.-30.09.2021*				
Purchase/transfer from construction in progress	4	2,714	46	2,760
Disposal	-	(442)	(84)	(526)

*Unaudited data

Purchases during three quarters of 2022 were made with the Company's own financial resources.

As at 30 September 2022 and 31 December 2021, the amount of future commitments arising from agreements regarding the purchase of property, plant and equipment amounted to PLN 1,741 thousand and PLN 24 thousand respectively.

4.10. INFORMATION ON LOAN AGREEMENTS, INCLUDING OVERDUE DEBTS OR OTHER VIOLATIONS OF DEBT-RELATED AGREEMENTS

During the period covered by these financial statements, no loan agreement was called to maturity and there were no violations of payment terms for repayment of principal or interest due in relation to financial liabilities recognised in the balance sheet.

All information concerning the financing conditions, which results from the agreements and arrangements with the banks, has been presented in the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2021, published on 29 March 2022.

4.11. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES

Detailed information about transactions between CIECH S.A. and other related entities (i.e. companies controlled by the parent company at the highest level in relation to CIECH S.A. — Kulczyk Investments S.A. as well as subsidiaries and associates of CIECH S.A.) is presented below:

CIECH S.A.'S TRANSACTIONS WITH RELATED ENTITIES	Subsidiaries	Associates	Other related parties	TOTAL
01.01.-30.09.2022				
Sales revenues	198,396	22,127	-	220,523
Financial income, including:	426,889	240	-	427,129
<i>Dividend</i>	287,966	215	-	288,181
Purchases of products, goods, materials and services, including:	1,516,421	8,677	4,362	1,529,460
<i>KI One SA</i>	-	-	153	153
Financial expenses	44,811	107	-	44,918
30.09.2022				
Receivables	90,485	1,149	-	91,634
Loans granted	2,123,223	-	-	2,123,223
Trade and other liabilities	760,942	617	610	762,169
Loans received	219,421	-	-	219,421
01.01.-30.09.2021*				
Sales revenues	163,137	14,945	-	178,082
Financial income, including:	259,652	-	-	259,652
<i>Dividend</i>	189,014	-	-	189,014
Purchases of products, goods, materials and services, including:	888,603	17,905	4,357	910,865
<i>KI One SA</i>	-	-	149	149
Financial expenses	38,099	-	-	38,099
31.12.2021				
Receivables	57,949	3,019	-	60,968
Loans granted	1,774,601	-	-	1,774,601
Trade and other liabilities	391,549	2,059	24	393,632
Loans received	210,903	-	-	210,903

*Unaudited data

Terms of transactions with related entities

CIECH Group's companies, to the best of their knowledge and belief, did not conclude significant transactions on the terms other than market ones. Sales to and purchases from related entities are carried out on terms which do not differ from arm's length terms. Liabilities and receivables are not secured and are settled through bank transfers. No material non-standard or non-routine transactions were concluded with related entities in the first three quarters of 2022, except for transactions described in Section 5.3 hereof.

In the presented period, the key management personnel of CIECH S.A. did not conclude any material transactions with related parties within the CIECH Group.

4.12. ISSUE, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES AT CIECH S.A.

In the presented period, CIECH S.A. did not issue, redeem or repay any debt or equity securities.

4.13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES, INCLUDING GUARANTEES AND SURETIES

	30.09.2022	31.12.2021
Contingent assets	18,864	18,864
Other contingent receivables*	18,864	18,864
Contingent liabilities	1,995,035	1,764,507
Guarantees and sureties granted**	1,728,732	1,539,555
Tax liabilities (including interest)	1,873	10,160
Letters of support	264,430	214,792

* Contingent asset in the amount of PLN 18,864 thousand related to the action against GZNF "FOSFOR" Sp. z o.o. for the payment of compensation for making an alleged untrue declaration by GZNF "FOSFOR" Sp. z o.o. to CIECH S.A. about the condition of Agrochem Czulchów Sp. z o.o. with its registered office in Czulchów.

** Including:

- guarantees for the liabilities of subsidiaries in connection with a reverse factoring agreement in the amount of PLN 327,449 thousand,
- guarantee for the liabilities of the subsidiary CIECH Sarzyna S.A. in the amount of PLN 3,000 thousand,
- guarantee for the liabilities of the subsidiary CIECH Soda Polska S.A. in the amount of PLN 56,393 thousand,
- guarantee for the liabilities of a subsidiary, CIECH Salz Deutschland GmbH, in the amount of PLN 161,434 thousand (EUR 33,150 thousand),
- guarantees for the liabilities of the SDC Group companies in the amount of PLN 1,180,456 thousand (EUR 242,403 thousand).

As at 30 September 2022, contingent liabilities amounted to PLN 1,995,035 thousand and increased by 230,528 thousand compared to the level recorded on 31 December 2021. The change was mainly as a result of changes in the amount of sureties in the group and payments received for the caverns covered by the Letter of support.

Other guarantees and sureties granted are described in Note 9.2 to the Financial Statements of CIECH S.A. for 2021, published on 29 March 2022.

Audits of tax settlements at CIECH S.A.

The information is provided in Section 2.13 hereof.

4.14. INFORMATION ON DIVIDENDS PAID (OR DECLARED), IN TOTAL AND PER SHARE, BROKEN DOWN INTO ORDINARY SHARES AND PREFERENCE SHARES

The information is provided in Section 2.14 hereof.

4.15. DISCONTINUED OPERATIONS, NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND LIABILITIES RELATED THERETO

Discontinued operations

During three quarters of 2022, there were no discontinued operations at CIECH S.A.

In the corresponding period, there was a discontinued operation concerning the sale of shares in CIECH Żywiec Sp. z o.o. On 1 March 2021, CIECH S.A. entered into an agreement for the sale of 74,677 shares in CIECH Żywiec Sp. z o.o. with LERG S.A. with its registered office in Pustków-Osiedle, accounting for 100% of shares in the share capital of CIECH Żywiec Sp. z o.o. The value of the Agreement (equal to the enterprise value being sold) is PLN 157,410 thousand. The final price of the Shares being sold was determined in accordance with the rule arising from the Agreement and amounted to PLN 74,289 thousand. For details of the transaction, see current reports No 27/2020 and 4/2021.

Cash received from sale of shares	74,289
Cash received from repayment of debt (including loans repaid*)	83,121
TOTAL Value of the Agreement	157,410

* The loan of PLN 27 million was repaid on 30 July 2021.

The accounting principles applied in the preparation of the statement of profit or loss for discontinued operations are consistent with the Company's accounting policy. The separate results of discontinued operations include the results of CIECH S.A. obtained from transactions with the entity recognised in discontinued operations of CIECH Żywiec Sp. z o.o. and the result on the sale of the company in connection with the conclusion of the agreement for the sale of 74,677 shares of CIECH Żywiec Sp. z o.o. to LERG S.A.

Below is the separate result on discontinued operations (in the resins area) of CIECH S.A.

CIECH S.A.	01.01.-30.09.2021
Net sales revenues	30,804
Cost of sales	(30,584)
Gross profit/(loss) on sales	220
Other operating income	-
Selling costs	(96)
General and administrative expenses	(3,538)
Other operating expenses	-
Operating profit/(loss)	(3,414)
Financial income	821
Financial expenses	-
Net financial income/(expenses)	821
Profit/(loss) before tax	(2,593)
Income tax	672
Net profit/(loss) (1)	(1,921)
Income from the sale of CIECH Żywiec Sp. z o.o.	74,289
Value of shares sold	30,015
Tax	-
Separate gain on disposal of CIECH Żywiec Sp. z o.o. (2)	44,274
Total net profit/(loss) on discontinued operations (1+2)	42,353

Cash received from the sale of shares in CIECH Żywiec amounted to PLN 74,289 thousand and was reported in the statement of cash flows of CIECH S.A. under "Disposal of a subsidiary".

4.16. INFORMATION ON POST-BALANCE-SHEET EVENTS

The information is provided in Section 2.17 hereof.

4.17. INFORMATION ON THE CURRENT SITUATION IN CONNECTION WITH THE IMPACT OF THE RUSSIAN INVASION OF UKRAINE ON CIECH S.A.'S ACTIVITIES

Detailed information on the current situation in connection with the impact of the Russian invasion of Ukraine on the activities of the CIECH Group, including CIECH S.A., is presented in Section 2.18 hereof.

4.18. INFORMATION ON THE CURRENT SITUATION IN CONNECTION WITH THE IMPACT OF THE COVID-19 CORONAVIRUS PANDEMIC ON CIECH S.A.'S ACTIVITIES

Detailed information on the current situation in connection with the impact of the COVID-19 coronavirus pandemic on the activities of the CIECH Group, including CIECH S.A., is presented in Section 2.19 hereof.

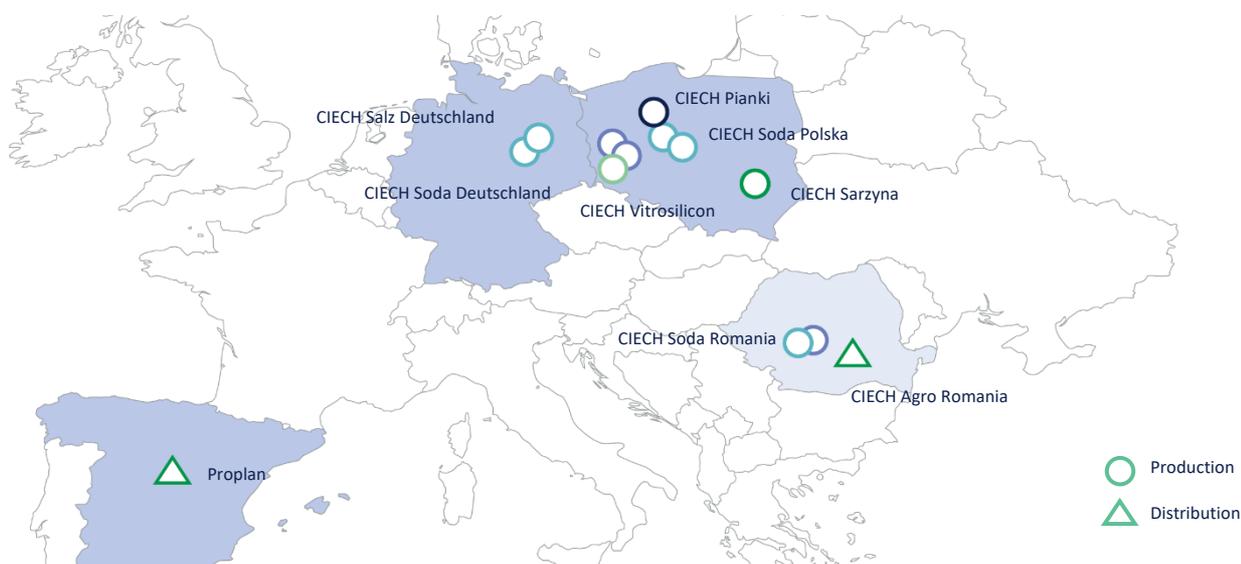
MANAGEMENT BOARD REPORT ON THE CIECH GROUP'S ACTIVITIES

5. MANAGEMENT BOARD REPORT ON THE CIECH GROUP'S ACTIVITIES

5.1. DESCRIPTION OF THE CIECH GROUP'S ORGANISATION

CIECH is a diversified chemical group with a strong position on European markets. The group was founded in 1945 and currently employs approximately 3,450 people. Since 2005, the shares of CIECH S.A. are listed on the Warsaw Stock Exchange, and from August 2016 also on the Frankfurt Stock Exchange.

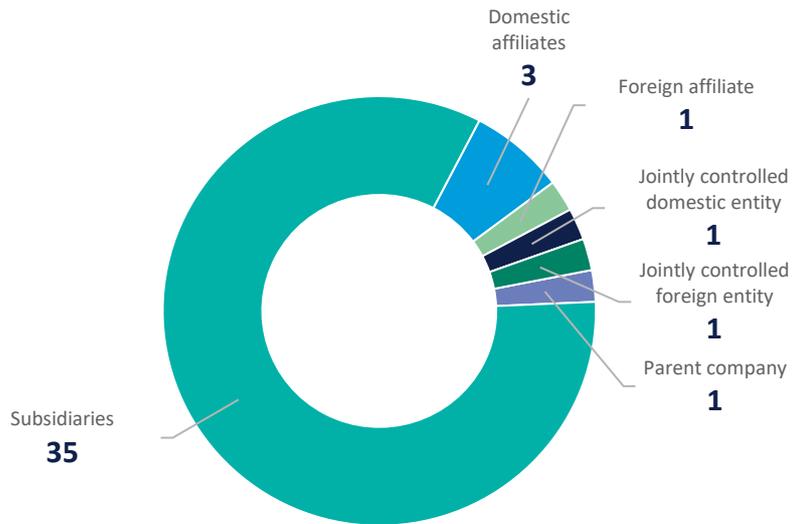
Products of the CIECH Group are manufactured in 9 production plants. The five largest production plants (2 in Poland, 2 in Germany and 1 in Romania) operate in the Soda Segment and manufacture soda ash, soda derivatives and salt; the plant in Romania produces glassy sodium silicate and sodium water glass. The remaining 4 plants operating in the Agro, Foams, Silicates and Packaging segments are located in Poland. Soda production at the Romanian plant was suspended in the third quarter of 2019 (for more information, see current report No 40/2019). In addition, Proplan outsources product formulation and packaging services to two plants.



The CIECH Group consists of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. The CIECH Group comprises CIECH S.A. as the parent company, and related companies located, inter alia, in Poland, Germany, Romania and Spain.

Parent company	CIECH S.A.
Legal form	Joint-stock Company
Registered office	Warsaw, Poland
Address	ul. Wspólna 62, 00-684 Warsaw, Poland
KRS (National Court Register number)	0000011687 (District Court for the capital city of Warsaw in Warsaw 12 th Commercial Division of the National Court Register)
Country of registration	Poland
Statistical identification number (REGON)	011179878
Tax ID No (NIP)	118-00-19-377
BDO Registry Number	000015168
Website	www.ciechgroup.com
Branches held	CIECH S.A.'s Branch in Romania CIECH S.A.'s Branch in Germany
Principal place of business	European Union
Ultimate parent company	KI Chemistry s. à r. l (a subsidiary of Kulczyk Investments)
Ultimate parent company	Luglio Limited

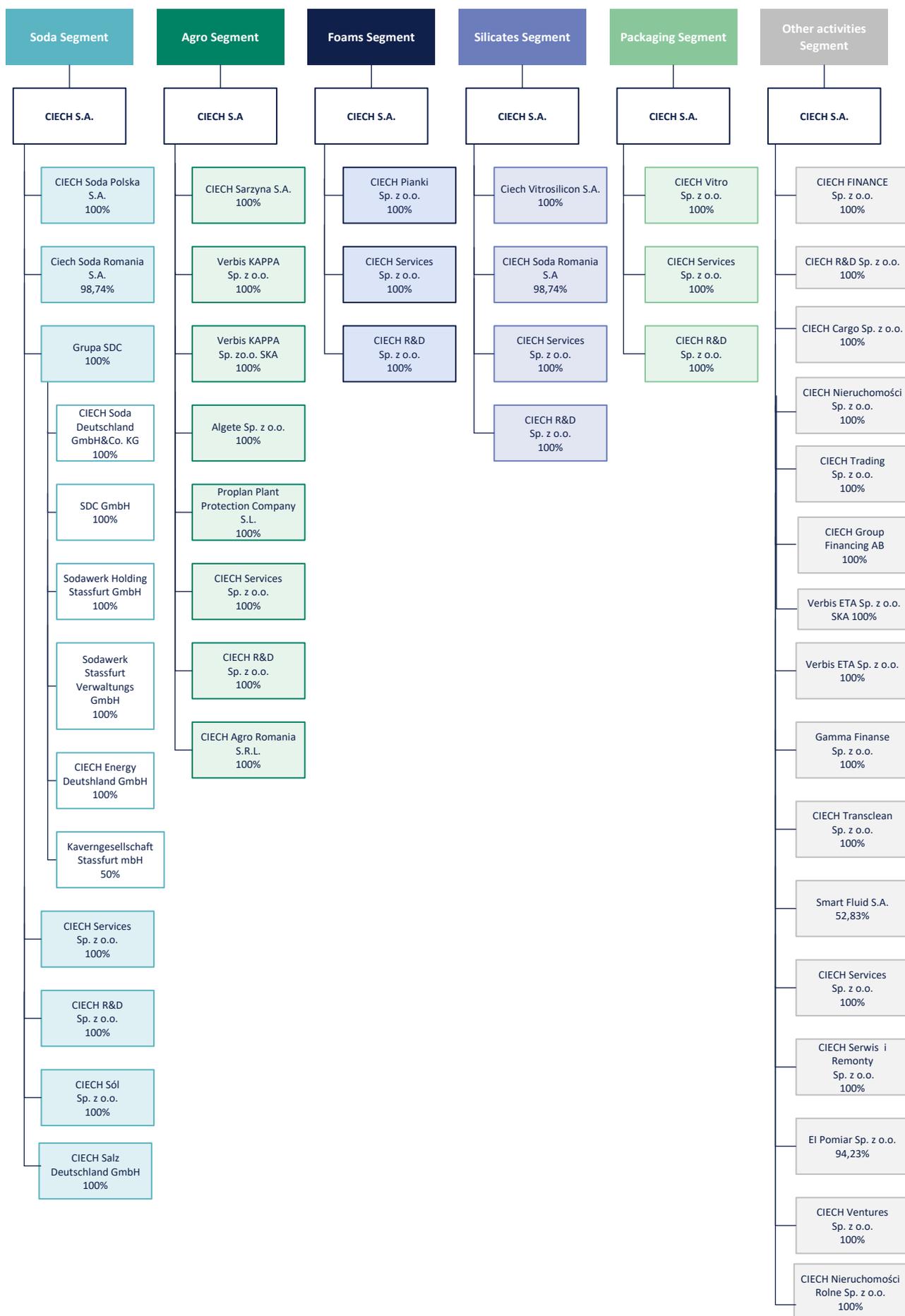
As at 30 September 2022, the CIECH Group comprised 42 business entities, including:



The Parent company of the Group is CIECH S.A. It is a holding company that manages domestic and foreign manufacturing, trade and service companies of the Group. CIECH S.A. also provides support services to key subsidiaries. Key products manufactured by the CIECH Group include: soda ash, sodium bicarbonate, evaporated salt, agrochemical products, polyurethane foams, lanterns and jars, sodium and potassium silicates.

The core sales market for the CIECH Group is the European Union, including mainly Poland, Germany and Central Eastern European countries. Products manufactured by the CIECH Group are also exported to overseas markets.

The parent company of CIECH S.A. has a branch in Romania, a branch in Germany, and operates through its offices in Inowrocław and Janikowo. CIECH Trading Sp. z o.o. subsidiary has a branch in Bydgoszcz.



A list of fully consolidated companies and companies accounted for under the equity method is provided below:

Company name	Registered office	Segment	Business	Share in equity as at 30.09.2022 / % of votes at the GMS	Share in equity as at 30.09.2021 / % of votes at the GMS
Parent company					
CIECH S.A.	Warsaw	Soda, Agro, Foams, Silicates, Packaging, Other, (Resins – discontinued operations)	Sales of chemical products manufactured by the CIECH Group companies, sales of chemical products and semi-finished products purchased from third-party producers, holding activities, managing a portfolio of the Group's subsidiaries, provision of support services (including in the area of sales, purchases, finance, HR and the legal area) for the Group's companies, financial service activities not elsewhere classified (so-called intercompany loans) for the benefit of the Group's companies.	-	-
Fully consolidated direct and indirect subsidiaries					
CIECH Trading Sp. z o.o.	Warsaw	Other	The company is preparing for the liquidation process, operations are being phased out.	100%	100%
CIECH Soda Romania S.A.	Ramnicu Valcea, Romania	Soda, Silicates	Manufacture of other basic inorganic chemicals, wholesale of chemical products. Production suspended in the Soda Segment.	98.74%	98.74%
CIECH Vitrosilicon S.A.	Iłowa	Silicates	Manufacture of other basic inorganic chemicals, manufacture of other chemical products.	100%	100%
CIECH Vitro Sp. z o.o.*	Iłowa	Packaging	Manufacture of hollow glass, manufacture and processing of other glass.	100%	100%
CIECH Transclean Sp. z o.o.	Bydgoszcz	Other	Since 2017, the Company has been dormant.	100%	100%
CIECH Pianki Sp. z o.o.	Bydgoszcz	Foams	Manufacture of plastics in primary forms and other plastic products.	100%	100%
Ciech Group Financing AB	Stockholm, Sweden	Other	Financing activities.	100%	100%
Verbis ETA Sp. z o.o.	Warsaw	Other	General partner of Verbis ETA Sp. z o.o. SKA.	100%	100%
Verbis ETA Sp. z o.o. SKA	Warsaw	Other	Financing activities, direct lending to the CIECH Group companies.	100%	100%
CIECH Serwis i Remonty Sp. z o.o.	Warsaw	Other	Provision of repair and maintenance services, repair and maintenance of machinery.	100%	100%
CIECH Nieruchomości Sp. z o.o.**	Warsaw	Other	Buying and selling of own real estate, estate agency, real estate management.	100%	100%
Proplan Plant Protection Company S.L.	Madrid, Spain	Agro	Production of crop protection chemicals.	100%	100%
CIECH Salz Deutschland GmbH	Stassfurt, Germany	Soda	Production and sales of salt products.	100%	100%
CIECH Services Sp. z o.o.	Bydgoszcz	Soda, Agro, Foams, Silicates, Packaging, Other	Provision of support services for companies of the CIECH Group.	100%	100%
CIECH Ventures Sp. z o.o.	Warsaw	Other	Holding activities, other financial activities.	100%	-
CIECH Sól Sp. z o.o.	Warsaw	Soda	Production and sales of salt products.	100%	-
CIECH Nieruchomości Rolne Sp. z o.o.	Warsaw	Other	Support activities for crop production, property management.	100%	-
Grupa CIECH R&D					
CIECH R&D Sp. z o.o.	Warsaw	Soda, Agro, Foams, Silicates, Packaging, Other	Research and developments activities, granting licenses to the CIECH Group companies to use the trademarks: "Ciech", "Ciech Trading" and "Sól Kujawska naturalna czysta".	100%	100%
Smart Fluid S.A.	Warsaw	Other	Research & Development.	52.83%	52.83%

Grupa CIECH Finance					
CIECH Finance Sp. z o.o.	Warsaw	Other	Implementing divestment projects concerning obsolete fixed assets (property) and financial assets (shares in companies).	100%	100%
CIECH Soda Polska Group					
CIECH Soda Polska S.A.	Inowrocław	Soda	Manufacture of other basic inorganic chemicals, wholesale of chemical products, power generation and distribution.	100%	100%
CIECH Cargo Sp. z o.o.	Inowrocław	Soda	Freight transport services.	100%	100%
Cerium Sp. z o.o. w likwidacji (in liquidation)	Warsaw	Other	The company was liquidated on 31 August 2021.	-	100%
Gamma Finance Sp. z o.o.***	Warsaw	Other	Financing activities.	100%	100%
El-Pomiar Sp. z o.o.	Inowrocław	Other	Repair and maintenance of electrical equipment.	94.23%	92.31%
CIECH Sarzyna Group					
CIECH Sarzyna S.A.	Nowa Sarzyna	Agro	Manufacture of resins, manufacture of pesticides and other chemical products.	100%	100%
Verbis KAPPA Sp. z o.o.	Nowa Sarzyna	Agro	General partner of Verbis KAPPA Sp. z o.o. SKA, other financial intermediation.	100%	100%
Verbis KAPPA Sp. z o.o. SKA	Nowa Sarzyna	Agro	Other financial intermediation.	100%	100%
Algete Sp. z o.o.	Nowa Sarzyna	Agro	Granting CIECH Sarzyna Group companies the license for using the trademark of "Chwastox" for the purpose of business.	100%	100%
CIECH Agro Romania S.R.L.	Ramnicu Valcea, Romania	Agro	Wholesale of chemical products.	100%	100%
SDC Group					
SDC GmbH	Stassfurt, Germany	Soda	Holding company for all SDC Group entities.	100%	100%
CIECH Soda Deutschland GmbH&Co. KG	Stassfurt, Germany	Soda	Manufacture of other basic inorganic chemicals, wholesale of chemical products.	100%	100%
Sodawerk Holding Stassfurt GmbH	Stassfurt, Germany	Soda	Holding activities.	100%	100%
Sodawerk Stassfurt Verwaltungs GmbH	Stassfurt, Germany	Soda	Management and financial activities.	100%	100%
CIECH Energy Deutschland GmbH	Stassfurt, Germany	Soda	Power generation and distribution.	100%	100%
Kavernengesellschaft Stassfurt GbmH****	Stassfurt, Germany	Soda	Management and maintenance of gas caverns.	50%	50%

*Number of shares / votes at the GMS attributable directly to CIECH S.A. — 39.41% and CIECH Soda Polska S.A. — 60.59%.

**Shares in the share capital acquired by CIECH S.A. — 99.18% and CIECH Soda Polska S.A. — 0.82%.

***Shares in the share capital acquired by CIECH S.A. — 1.4% and CIECH Soda Polska S.A. — 98.6%.

****Jointly-controlled company accounted for under the equity method.

5.2. INFORMATION ON NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

When selecting entities for consolidation, the Management Board was guided by the criteria of significance of their financial data (according to the concept assumptions of IFRS), for executing the obligation of an actual and reliable image of the material and financial situation, and the financial result of the Group.

The total share of data of subsidiaries not covered by consolidation under the full method, due to their irrelevance, in relation to the total values of the CIECH Group for the period from 1 January 2022 to 30 September 2022 does not exceed 2% of total consolidated assets of the Group and 2% of consolidated net revenues from sales of goods and products and financial operations.

Aggregated data of associates and jointly-controlled companies which were not measured under the equity method for the period from 1 January 2022 to 30 September 2022 did not exceed 2% of consolidated total assets of the Group 2% of the total consolidated equity of the CIECH Group.

5.3. SIGNIFICANT EFFECTS OF CHANGES TO THE ORGANISATIONAL STRUCTURE OF THE CIECH GROUP DURING THREE QUARTERS OF 2022

CIECH Transclean Sp. z o.o.

The Court, in its decision of 3 February 2022, registered the reduction in the share capital of CIECH Transclean Sp. z o.o. resulting from the cancellation of shares, which was carried out on 21 July 2021 at the Extraordinary Shareholders' Meeting of CIECH Transclean Sp. z o.o. by deciding on the cancellation of shares against consideration and amending the Articles of Association of the Company:

- 8,548 shares in the Company's share capital with a total nominal value of PLN 4,274 thousand were cancelled in exchange for consideration of PLN 506.56 per canceled share, i.e. for total consideration amounting to PLN 4,330 thousand, by way of purchase of the above shares on the basis of an agreement to sell the shares by the Company against the above consideration,
- The Management Board of the Company was authorised to purchase the shares (conclude an agreement) in order to cancel them, The agreement for the purchase of shares for cancellation against consideration was concluded on 10 November 2021; according to this agreement, the consideration was transferred within 14 days from the date on which the reduction of capital was registered by the court,
- following the cancellation of shares, the share capital was reduced from PLN 4,322 thousand (by PLN 4,274 thousand) to PLN 48 thousand through the cancellation of 8,548 shares with a total value of PLN 4,274 thousand.

As a result of the decrease, the share capital of CIECH Transclean Sp. z o.o. is divided into 96 shares, with a total nominal value of PLN 48 thousand (the nominal value for 1 share is PLN 500).

CIECH Sól Sp. z o.o.

On 13 December 2021, the Deed of Incorporation of CIECH Sól sp. z o.o., with a share capital of PLN 5 thousand, divided into 100 shares with a nominal value of PLN 50 each, was drawn up. The share capital was fully covered with cash, all shares were taken up by CIECH S.A. The court, by decision of 7 February 2022, registered CIECH Sól Sp. z o.o. CIECH S.A. is the sole shareholder of the Company.

CIECH Soda Romania S.A.

As of 1 March 2022, a reduction in the share capital resulting from the cancellation of 26,819 treasury shares of CIECH Soda Romania S.A. effected by resolution of the General Meeting held on 7 December 2022 became effective. Following the cancellation, the share capital amounts to RON 111,573 thousand and is divided into 796,951,188 shares with a nominal value of RON 0.14 each. The number of shares held by CIECH S.A. remains unchanged - 786,912,905 shares; their proportion in the share capital changes from 98.737% to 98.740%.

CIECH Nieruchomości Rolne sp. z o.o.

The court, in its decision of 22 August 2022, registered CIECH Nieruchomości Rolne Sp. z o.o., established on 26 May 2022 with a share capital of PLN 5 thousand, which is divided into 100 shares, with a nominal value of PLN 50 each. The Company's share capital was paid in full in cash. CIECH S.A. is the sole shareholder of the Company.

5.4. THE MOST IMPORTANT EVENTS IN THE CIECH GROUP DURING THREE QUARTERS OF 2022

On 23 February 2022, a letter of intent was signed between the CIECH S.A., CIECH Soda Polska S.A., Budimex S.A., EEW Energy from Waste GmbH, EEW Energy from Waste Polska Sp. z o.o, FBSerwis S.A. and the City of Inowrocław, on their cooperation in the preparation of conditions for making a decision on the investment consisting in the construction by EEW, EEW Polska and FBSerwis, on the property owned by CIECH Soda Polska S.A., a thermal waste treatment installation. On 26 September 2022, an agreement was signed between the parties to cooperate on the development of the aforementioned project. For details on the agreement, see current reports No 2/2022 and 38/2022.

On 28 April 2022, the Annual General Meeting of CIECH S.A. appointed the Supervisory Board of CIECH S.A. for a new term of office, composed of the following members:

- Mr Sebastian Kulczyk;
- Mr Marek Kośnik;
- Mr Łukasz Rędziniak;
- Ms Natalia Scherbakoff;
- Mr Martin Laudenbach;
- Mr Artur Olech.

On 29 April 2022, the Supervisory Board of CIECH S.A. elected Mr Sebastian Kulczyk as Chairman of the Supervisory Board of CIECH S.A. and Mr Marek Kośnik as Deputy Chairman of the Supervisory Board of CIECH S.A. For details, see current report No 17/2022.

On 18 May 2022, CIECH S.A.'s Supervisory Board elected the Audit Committee of the Supervisory Board, the ESG Committee and the Remuneration Committee of the Supervisory Board. For details, see current report No 20/2022.

On 18 May 2022, the Company's Supervisory Board adopted the CIECH Group Strategy for the years 2022 – 2024 ("Strategy"). For details, see current report No 19/2022.

On 18 May 2022, with effect from 1 June 2022, the Supervisory Board of CIECH S.A. appointed Mr Kamil Majczak to the Management Board of CIECH S.A. as a Member of the Management Board. For details, see current report No 21/2022.

The Management Board of CIECH S.A. resolved to pay an interim dividend for 2022 in the total amount of PLN 79,050 thousand, representing an amount of PLN 1.50 per share. For details, see current reports No 32/2022 and 40/2022.

5.5. REVIEW OF KEY ECONOMIC AND FINANCIAL FIGURES CONCERNING THE CIECH GROUP

5.5.1. BASIC FINANCIAL DATA

During three quarters of 2022, the CIECH Group earned net profit from continuing operations of PLN 232,648 thousand, net cash decreased by PLN 149,224 thousand and total assets as at the end of the third quarter of 2022 amounted to PLN 7,707,606 thousand. The table below presents selected financial data and basic financial ratios for the three quarters of 2022 and 2021.

Selected financial data

	01.01.-30.09.2022	01.01.-30.09.2021	Change 2022/2021
CONTINUING OPERATIONS			
Sales revenues	3,885,520	2,467,850	57.4%
Cost of sales	(3,102,157)	(1,941,522)	(59.8%)
Gross profit/(loss) on sales	783,363	526,328	48.8%
Selling costs	(211,516)	(164,050)	(28.9%)
General and administrative expenses	(219,897)	(138,238)	(59.1%)
Other operating income/expense	(21,031)	71,301	-
Operating profit/(loss)	330,919	295,341	12.0%
Net financial income/expenses	(75,087)	(60,871)	(23.4%)
Share of profit of equity-accounted investees	1,064	23	4,526.9%
Income tax	(24,248)	(63,411)	61.8%
Net profit/(loss) on continuing operations	232,648	171,082	36.0%
DISCONTINUED OPERATIONS			
Net profit/(loss) on discontinued operations	-	62,540	-
Net profit / (loss) for the period	232,648	233,622	(0.4%)
including:			
Net profit/(loss) attributed to non-controlling interest	(1,807)	(413)	(337.5%)
Net profit/(loss) attributable to shareholders of the parent company	234,455	234,035	0.2%
EBITDA from continuing operations	644,171	552,658	16.6%
Adjusted EBITDA from continuing operations*	661,219	554,356	19.3%

*Principles of calculating EBITDA and adjusted EBITDA have been described in section "Ratio calculation methodology". EBITDA and adjusted EBITDA are presented in other sections, and are taken into account when calculating selected financial ratios.

5.5.2. SALES REVENUES

Consolidated net sales revenues from continued operations of the CIECH Group for three quarters of 2022 amounted to PLN 3,885,520 thousand. Compared to the corresponding period of the previous year, revenues increased by PLN 1,417,670 thousand.

In the period from January to September 2022, there were no discontinued operations in the CIECH Group, while in the comparable period the consolidated net sales revenue from discontinued operations of the CIECH Group amounted to PLN 69,898 thousand.

Soda Segment



Revenues increased by PLN 1,241 million (77.2%) year-on-year. The increased sales were mainly driven by:

- high demand for soda on a global scale compared to supply, which resulted in a record level of utilization of production capacity,
- intensification of activities aimed at an active approach to negotiations and production profitability management in the situation of rising prices of raw materials and certificates for CO₂ emissions (EUA) from the beginning of 2022,
- commercialization of high-quality baking soda installations (higher volume from installations in Germany), introduction of the highest-quality baking soda to the offer, used for hemodialysis,
- gradual increase in production capacity at the Stassfurt saltworks and obtaining IFS certification for food grade salt at CIECH Salz Deutschland.

Agro Segment



Sales revenues increased by PLN 74.0 million (21.3%) year-on-year. The increase is mainly due to:

- the market success of the new herbicide, Halvetic, based on the innovative Better Glyphosate Technology (BGT),
- launch of the wider commercialisation of Halvetic in the central region,
- receipt of new registrations and licences to distribute Halvetic to a wider range of crops in countries such as: Spain, Greece, Romania, Slovakia.

Foams Segment



Sales revenue decreased by PLN 37.9 million (-13.2%) year-on-year. The changes are mainly related to:

- normalization of the result year on year due to the record base effect: in 2021 the Ciech Group benefited from a significant increase in expenditure on repairs and furniture during the lockdown and thanks to an active pricing policy conducted in the situation of restrictions on the raw materials market (limited availability of TDI and polyols),
- retention of key customers, despite significant price pressure from competitors,
- successful price negotiations with suppliers in the third quarter of 2022, ensuring competitive pricing and availability of raw materials.

Silicates Segment



Recorded a year-on-year increase in revenue by PLN 233.4 million (144.9%). This increase was driven by, among other factors:

- improving the quality of glassy sodium silicate with the commissioning of a state-of-the-art, energy-saving furnace in Żary,
- persistent strong demand for silicates on the European market (glass and glass packaging, quality tires, including for electric cars) and acquired new foreign customers - as a result, full use of new production capacity and continuation of production from the furnace restarted in the second quarter of 2022 (extinction at the end of 2021),
- increased price competitiveness in the European market following the depreciation of PLN.

Packaging Segment



Recorded a year-on-year increase in revenue by PLN 29.1 million (60.7%), attributable to, among other factors:

- effect of increases in the price of lanterns in 2022,
- change in the product structure towards higher margin products.

Other Activity segment



Sales decreased year-on-year by PLN 31.4 million (-22.2%). The main reason for the decrease is the fact that in 2021 CIECH S.A. provided an intermediary service in the purchase of raw materials for Sarzyna Chemicals.

During three quarters of 2022, the CIECH Group's activities were focused on four business segments: Soda, Agro, Foams, Silicates. These segments generate in total more than 90% of the Group's sales revenues. The structure of sales revenues, by business segment, has not changed significantly in comparison with 2021. Invariably, the largest share in revenues was attributed to the sales of soda segment products, i.e. 73.3%.

Sales revenues — business segments

	01.01.-30.09.2022	01.01.-30.09.2021*	Change 2022/2021	Change %
Soda segment, including:	2,848,630	1,607,698	1,240,932	77.2%
Dense soda ash	1,498,035	783,672	714,363	91.2%
Light soda ash	349,441	252,036	97,405	38.6%
Salt	255,322	136,321	119,001	87.3%
Sodium bicarbonate	236,066	159,854	76,212	47.7%
Energy	347,871	142,929	204,942	143.4%
Calcium chloride	18,250	22,717	(4,467)	(19.7%)
Other products	29,564	58,191	(28,627)	(49.2%)
Revenues from inter-segment transactions	114,081	51,978	62,103	119.5%
Agro segment, including:	420,691	346,713	73,978	21.3%
Agro products	420,576	346,694	73,882	21.3%
Revenues from inter-segment transactions	115	19	96	505.3%
Foams segment, including:	249,269	287,211	(37,942)	(13.2%)
Polyurethane foams	248,914	287,131	(38,217)	(13.3%)
Revenues from inter-segment transactions	355	80	275	343.8%
Silicates segment, including:	394,580	161,086	233,494	144.9%
Sodium silicates	380,537	154,290	226,247	146.6%
Potassium silicates	13,371	6,619	6,752	102.0%
Other products	200	89	111	124.7%
Revenues from inter-segment transactions	472	88	384	436.4%
Packaging segment, including:	77,178	48,031	29,147	60.7%
Glass packaging	76,220	47,379	28,841	60.9%
Revenues from inter-segment transactions	958	652	306	46.9%
Other segment, including:	109,766	141,123	(31,357)	(22.2%)
Revenues from third parties	11,153	69,928	(58,775)	(84.1%)
Revenues from inter-segment transactions	98,613	71,195	27,418	38.5%
Consolidation adjustments	(214,594)	(124,012)	(90,582)	(73.0%)
TOTAL	3,885,520	2,467,850	1,417,670	57.4%

*Restated data. For information on the restatement of comparative data by segment, see Note 2.5. to the report.

5.5.3. PROFIT/(LOSS) ON SALES AND OPERATING PROFIT/(LOSS)

After three quarters of 2022, gross profit on sales from continuing operations amounted to PLN 783,363 thousand, whereas in the same period of the previous year it amounted to PLN 526,328 thousand. The operating profit for continuing operations amounted to PLN 330,919 thousand, in the comparable period it amounted to PLN 295,341 thousand.

In the period from January to September 2022, there were no discontinued operations in the CIECH Group, while in the comparable period the gross profit on sales on discontinued operations amounted to PLN 13,256 thousand and operating profit amounted to PLN 6,928 thousand.

The following had a positive impact on the presented results:

- In the Soda Segment – successfully completed process of updating contract prices offsetting the rapidly increasing prices of energy resources and EUA.
- Optimisation of the use of the local gas source at the German plant reducing the negative impact of rising gas prices on global markets.
- Growing demand for soda due to the continuing reduction in imports from other continents into Europe, as well as additional demand for glass sent to Ukraine.
- In the Agro Segment – the market success of the new herbicide, Halvetic, based on the innovative BGT technology and the launch of the wider commercialisation of Halvetic in the central region.
- In the Foams Segment – unification of the portfolio of products offered and its positive reception by customers, as well as successful price negotiations with suppliers, ensuring competitive prices and availability of raw materials.
- In the Silicates Segment – improving the quality of glassy sodium silicate with the commissioning of a state-of-the-art new furnace in Żary and expanding the customer portfolio in the silicates market and utilising sales opportunities in the glassy silicate and water glass areas to their maximum extent,
- In the Packaging Segment, the commissioning of a state-of-the-art 4-section automatic machine in the third quarter, replacing the previous 2-section automatic machine, which created the potential to increase the melted glass processing capacity and reduce the unit costs of product manufacture.

The following had a negative impact on the presented results:

- Unprecedentedly dynamic increase in prices of energy commodities (coal, gas, electricity) on the global market.
- Continuing high prices for EUA certificates.
- Increased price of fuel commodities (coke and anthracite) and reduced availability of anthracite.
- An increase in the price of raw materials for the production of crop protection products and unfavourable weather conditions – a delayed growing season and prolonged drought – have reduced demand for crop protection products.
- The war in Ukraine and the macroeconomic situation, resulting in delays in purchasing decisions and thus in demand in the area of durable goods, i.e. electronics, furniture.
- Limited access to certain raw materials, lack of price and supply guarantees (soda, sand, potash).
- Higher fixed costs due to the continuously growing inflationary pressure.

For continuing operations, the EBIT margin for the three quarters of 2022 amounted to 8.5% (12.0% in the prior year), and the EBITDA margin amounted to 16.6% (22.4% in the prior year). The EBIT margin (excluding one-off events) for three quarters of 2022 amounted to 9.0% (12.0% in the prior year), and the EBITDA margin (excluding one-off events) amounted to 17.0% (22.5% in the prior year).

5.5.4. FINANCING ACTIVITIES AND NET PROFIT/(LOSS)

Financial income for the three quarters of 2022 amounted to PLN 66,771 thousand and increased compared to the corresponding period of the previous year, when it amounted to PLN 14,267 thousand.

Financial expenses for the three quarters of 2022 amounted to PLN 141,858 thousand and increased compared to the corresponding period of the previous year, when it amounted to PLN 75,138 thousand.

The area of financing activities was mainly affected by interest on loans, foreign exchange gains and valuation of financial instruments.

The consolidated net profit for three quarters of 2022 amounted to PLN 232,648 thousand (of which PLN 234,455 thousand was a net profit attributable to the shareholders of the parent company and PLN -1,807 thousand a loss of non-controlling interest).

The similar level of net profit as compared to the corresponding period of 2021 resulted from, among other factors:

- higher operating profit for the three quarters of 2022 compared to the corresponding period of the previous year,
- finalisation of the sale of CIECH Żywiec Sp. z o.o. in the first quarter of 2021 – the consolidated gain on discontinued operations of the Group, including the sale of the company's shares, amounted to about PLN 70 million (for detailed information see Note 2.15 to this report),
- increased interest expenses in 2022,
- year-on-year decrease in other operating income due to the sale of CO₂ emission allowances in CIECH Soda Romania S.A. in the first quarter of 2021.
- a lower level of income tax resulting in particular from:
 - the settlement of excess costs not deducted in previous periods for which no deferred tax asset has been recognised in deductible expenses;
 - increase the amounts of relief for operating in the Special Economic Zone.

5.5.5. ASSET POSITION OF THE CIECH GROUP

Basic consolidated balance sheet data

	30.09.2022	31.12.2021*	Change 2022/2021
Total assets	7,707,606	7,135,218	8.0%
Total non-current assets	4,927,362	4,787,603	2.9%
Total current assets	2,780,244	2,347,615	18.4%
Inventory	649,908	459,308	41.5%
Short-term intangible assets other than goodwill	624,861	403,434	54.9%
Current receivables	655,273	583,100	12.4%
Cash and cash equivalents	650,244	799,023	(18.6%)
Short-term financial assets	199,590	102,382	94.9%
Non-current assets held for sale	368	368	0.0%
Total equity	2,534,396	2,386,329	6.2%
Equity attributable to shareholders of the parent	2,539,842	2,390,105	6.3%
Non-controlling interest	(5,446)	(3,776)	(44.2%)
Total non-current liabilities	2,474,477	2,542,124	(2.7%)
Total current liabilities	2,698,733	2,206,765	22.3%

*Restated data. For detailed information, see Note 2.2.1 to this report.

Assets

As at the end of September 2022, the Group's non-current assets amounted to PLN 4,927,362 thousand. As compared to the balance as at 31 December 2021, the value of non-current assets increased by PLN 139,759 thousand.

The Group's current assets amounted to PLN 2,780,244 thousand as at 30 September 2022. Compared to the end of December 2021, the value of current assets increased by PLN 432,629 thousand.

This change resulted from, among other factors:

- increased short-term intangible assets due to the purchase and receipt of free CO₂ emission allowances,
- lower balance of cash accumulated in companies,
- higher balance of inventories and trade receivables, in particular in the Agro Segment.

Capital resources

The sources of liquidity include cash flows generated from operating activities, cash from the sale of assets, cash from EU grants for capital expenditure, cash available due to the revolving credit facility agreement and overdraft facilities. The Group also uses factoring agreements.

Liabilities

As at 30 September 2022, the CIECH Group's liabilities (total non-current and current) amounted to PLN 5,173,210 thousand, which is an increase compared to the end of December 2021 by PLN 424,321 thousand (i.e. by 8.9%).

The debt ratio amounted to 67.1% as at 30 September 2022 (at the end of December 2021 to 66.6%). The consolidated net debt of the Group amounted to PLN 1,534,836 thousand as at 30 September 2022 and increased in comparison to the balance as at the end of December 2021 by PLN 234,050 thousand. The higher level of this debt was driven by higher utilisation of available credit limits and a higher level of negative valuations of financial instruments.

Debt instruments currently used

The Group's sources of debt financing include: term loan, revolving credit, overdrafts as well as lease liabilities. Additional information about the management of financial resources is provided in Section 4.5. of the Management Board Report on Activities of the CIECH Group and CIECH S.A. in 2021, published on 29 March 2022.

5.5.6. CASH POSITION OF THE CIECH GROUP

	01.01.-30.09.2022	01.01.-30.09.2021	Change 2022/2021
Net cash from operating activities	519,376	591,056	(12.1%)
Net cash from investment activities	(646,923)	(521,650)	(24.0%)
Net cash from financial activities	(21,677)	(172,326)	87.4%
Total net cash flows	(149,224)	(102,920)	(45.0%)
Free cash flow	(127,547)	69,406	-

Total net cash flows in the three quarters of 2022 was negative and amounted to PLN 149,224 thousand. Compared to the same period of the previous year, the cash flows generated by the Group were lower by PLN 46,304 thousand. Cash flows from operating activities were positive and amounted to PLN 519,376 thousand. They decreased as compared to the same period in 2021 by PLN 71,680 thousand.

During three quarters of 2022, the net cash flows from investing activities were negative, which was mainly the result of expenses for an investment program implemented by the Group and of expenses related to the purchase of CO₂ certificates. The net cash from financing activities was negative and amounted to PLN 21,677 thousand.

	01.01.-30.09.2022	01.01.-30.09.2021
Financial surplus ((net profit/(loss) on continuing operations + depreciation)	545,900	490,939
Other adjustments to net profit/(loss) on continuing operations	(259,229)	(69,186)
Adjusted financial surplus (1+2)	286,671	421,753
Change in working capital	232,705	169,303
Net cash from operating activities (3+4)	519,376	591,056
Net cash from investing activities	(646,923)	(521,650)
Free cash flow (5+6)	(127,547)	69,406

During the three quarters of 2022, the CIECH Group generated negative free cash flows i.e. it was unable to finance its capital expenditure with cash flows from operating activities.

5.5.7. WORKING CAPITAL AND SELECTED FINANCIAL RATIOS OF THE CIECH GROUP

Liquidity of the CIECH Group

As at 30 September 2022, liquidity ratios remained relatively flat compared to those recorded on 31 December 2021. The current ratio, calculated as the ratio of total current assets to total current liabilities, amounted to 1.03 as at 30 September 2022, while the quick liquidity ratio amounted to 0.79.

	30.09.2022	31.12.2021
Current ratio	1.03	1.06
Quick ratio	0.79	0.86

Working capital of the CIECH Group

As at the end of September 2022, working capital, defined as the difference between current assets and short-term liabilities, adjusted by relevant balance sheet items (cash and cash equivalents and short-term loans) was negative and amounted to PLN 445,547 thousand, which is an increase of PLN 196,776 thousand compared to the end of 2021.

	30.09.2022	31.12.2021
1. Current assets, including:	2,780,244	2,347,615
Inventory	649,908	459,308
Trade receivables and services and advances for deliveries	355,477	218,284
2. Cash and cash equivalents and short-term investments	849,834	901,405
3. Adjusted current assets (1-2)	1,930,410	1,446,210
4. Current liabilities, including:	2,698,733	2,206,765
Trade liabilities and advances taken	930,352	615,771
5. Short-term credits and other current financial liabilities*	322,776	118,232
6. Adjusted current liabilities (4-5)	2,375,957	2,088,533
7. Working capital including short-term credits(1-4)	81,511	140,850
8. Working capital (3-6)	(445,547)	(642,323)
9. Trade working capital	75,033	61,821

* Other short-term financial liabilities include current lease liabilities + current derivative liabilities + factoring liabilities.

Trade working capital is the difference between current assets (trade receivables and inventory) and trade liabilities. The recorded levels of working capital and trade working capital vary due to a number of factors such as the change in the scale of business, changes in key suppliers' payment terms, foreign exchange rates, the Group companies' strategic decisions regarding inventory maintenance and the seasonal nature of operations (in particular in the crop protection chemicals business).

The increase in trade working capital from PLN 61,821 thousand in 2021 to PLN 75,033 thousand at the end of the third quarter of 2022 (a change by PLN 13,212 thousand) was mainly due to two initiatives:

- the Group companies achieved higher sales levels in the period from January to September, which translated into an increase in receivables from external customers,
- at the same time, there was an increase in current liabilities due to a higher level of reverse factoring and higher purchase costs for raw materials, mainly gas and raw materials for the production of crop protection products.

The CIECH Group's profitability ratios for continuing operations

During three quarters of 2022, profitability ratios of the CIECH Group in respect of the continuing operations reached a lower level than in the corresponding period of the previous year.

THE GROUP'S PROFITABILITY RATIO

	01.01.-30.09.2022	01.01.-30.09.2021	Change 2022/2021
CONTINUING OPERATIONS			
Gross return on sales	20.2%	21.3%	(1.1) p.p.
Return on sales	9.1%	9.1%	(0.0) p.p.
EBIT margin	8.5%	12.0%	(3.5) p.p.
EBITDA margin	16.6%	22.4%	(5.8) p.p.
Adjusted EBIT margin	9.0%	12.0%	(3.0) p.p.
Adjusted EBITDA margin	17.0%	22.5%	(5.5) p.p.
Net return on sales (ROS)	6.0%	6.9%	(0.9) p.p.
Return on assets (ROA)	3.0%	2.8%	0.2p.p.
Return on equity (ROE)	9.2%	7.4%	1.8p.p.
Earnings/(loss) per share (in PLN) from continuing operations	4.45	3.25	1.20

PROFITABILITY LEVELS OF THE CIECH GROUP



EBITDA (A) – adjusted EBITDA – excluding one-off events reported in particular quarters.
Source: CIECH S.A.

Indebtedness

The debt ratio increased slightly in comparison to December 2021 and amounts to 67.1%. The level of net debt (net financial liabilities in relation to EBITDA) increased as compared to the end of 2021.

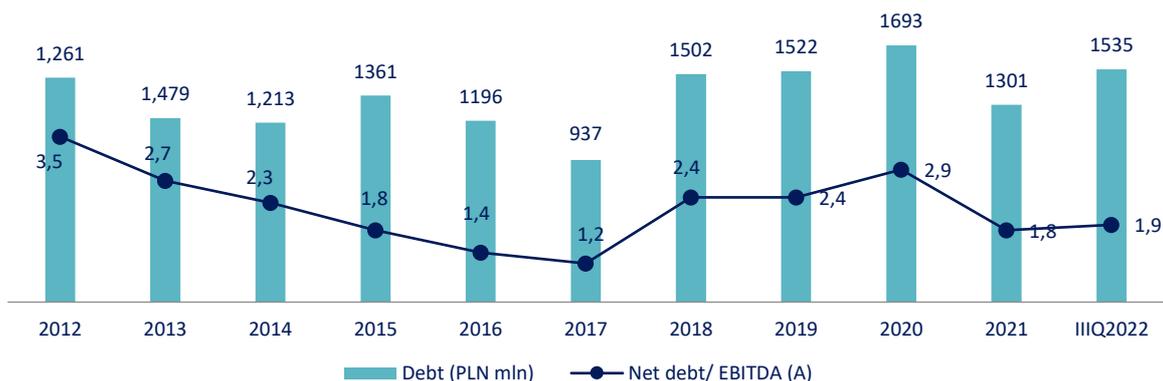
	30.09.2022	31.12.2021
Loans, borrowings and other debt instruments	1,906,443	1,859,441
Lease liabilities	136,113	151,197
Factoring liabilities	22,720	23,078
Negative net valuation of derivatives	119,804	66,093
Gross debt	2,185,080	2,099,809
Cash and cash equivalents	650,244	799,023
Net debt	1,534,836	1,300,786

The CIECH Group's debt ratios

	30.09.2022	31.12.2021*	Change 2022/2021
Debt ratio	67.1%	66.6%	0.5p.p.
Long term debt ratio	32.1%	35.6%	(3.5) p.p.
Debt to equity ratio	204.1%	199.0%	5.1p.p.
Equity to assets ratio	32.9%	33.4%	(0.5) p.p.
Gross debt	2,185,080	2,099,809	4.1%
Net debt	1,534,836	1,300,786	18.0%
EBITDA annualized**	806,655	715,144	12.8%
Adjusted EBITDA (annualised)**	818,211	711,348	15.0%
Net debt / EBITDA annualized	1.9	1.8	4.6%
Net debt / Adjusted EBITDA (annualised)	1.9	1.8	2.6%
Gross debt / EBITDA annualised	2.7	2.9	(7.7%)
Gross debt / Adjusted EBITDA (annualised)	2.7	3.0	(9.5%)

*Restated data. For detailed information, see Note 2.2.1 to this report.

**Principles of calculating EBITDA and adjusted EBITDA have been described in section "Ratio calculation methodology".



Debt financing of the Group

As at the end of the third quarter of 2022, the CIECH Group's debt financing is secured mainly through facilities made available to CIECH S.A. under facilities agreements:

- The Facilities Agreement signed with a banking syndicate dated 16 March 2021 with the total value of approx. PLN 2,115,000 thousand:
 - amortised term facility in tranches in PLN and EUR in the amount of PLN 540,700 thousand and EUR 4,231 thousand (the facility is fully drawn down),
 - non-amortised term facility in tranches in PLN and EUR in the amount of PLN 1,260,100 thousand and EUR 9,844 thousand (the facility is fully drawn down),
 - revolving credit facility in the amount of up to PLN 250,000 thousand (the amount of used credit as at 30 September 2022 was PLN 0 thousand),
- Overdraft facilities up to PLN 100,000 thousand and EUR 10,000 thousand under agreements dated 28 and 29 August 2018 (as at 30 September 2022, the amount used was PLN 0 thousand),

The total value of facilities available under the aforesaid agreements is PLN 2,268,040 thousand; the limits are drawn down in the amount of PLN 1,869,342 thousand.

Factors and events that may affect future performance

The CIECH Group is pursuing its Strategy for 2022-2024, which provides for stable growth, building dividend capacity and transformation in the soda business. At the moment, the CIECH Group is convinced that the new Strategy is achievable, despite the very dynamic geopolitical as well as economic situation. The forecast for 2022 has been increased, and the target for the next year is to maintain a stable year-on-year EBITDA (A). The most important external factors affecting the Group include, first and foremost, the highly dynamic political situation in Europe (Russian aggression in Ukraine), which significantly affects, in particular, the markets for energy raw materials consumed by the CIECH Group. Another important external factor is the apparent slowdown in economic growth, as well as the high inflation rate in the region, which puts pressure particularly on salaries and third-party services. The Group continues to analyse the impact of external factors on the company's situation. In addition to analysing and preparing plans for prompt response to external threats, the CIECH Group will focus on the following activities:

- stabilising and ensuring steady cash flow from the soda business through better planning, optimising variable costs, focusing on the development of the sodium bicarbonate business,
- energy transformation in soda plants to reduce CO₂ emissions and environmental impact while controlling the cost of process steam,
- commercialisation of the innovative Halvetic product in the Agro business and development of further hybrid products, as well as further geographical expansion with a continuously expanding product portfolio,
- expansion of the salt business by entering new markets and increasing sales through new production capacity at the Stassfurt plant, as well as the introduction of higher processed products,
- development of the silicates business, among others through an increase in production capacity and improvement of its efficiency, which will strengthen the CIECH Group's position on the European market,
- increase of operational effectiveness due to, among others, optimisation of production costs and process improvements in the Foams business, as well as the development of new formulations, such as bio- and repolyols,
- optimisation of costs of repairs and maintenance of assets, especially in the area of maintenance in all CIECH Group production plants through, among other things, increasing the scope of work performed internally,
- discipline in fixed costs,
- continuous process of improving business and operational processes in all companies of the CIECH Group.
- optimisation of the CIECH Group's corporate and organisational model towards greater agility enabling quick response to the changing environment.

It should be noted that the Management Board of CIECH S.A. keeps track of and analyses scenarios of possible macroeconomic, geopolitical, pandemic (COVID-19) developments on an ongoing basis with a view to its obligations to stakeholders and the overriding objective of building the Group's long-term value.

5.6. SIGNIFICANT RISK FACTORS

In connection with its operations, the CIECH Group is exposed to a number of risks, including financial risks. The most important risk factors are presented in details in Note 3.4 to the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2021, published on 29 March 2022.

There were no significant changes in relation to the Group's risk management policy.

For a detailed update on the Group's current position in relation to the impact of the Russian invasion of Ukraine, see Note 2.18 to this report.

For a detailed update on the Group's current position in relation to the impact of the COVID-19 coronavirus pandemic, see Note 2.19 to this report.

Exposure to currency risk

The table below presents the estimated currency exposure of the CIECH Group in EUR and USD as at 30 September 2022 due to financial instruments:

Exposure to currency risk	EUR ('000)	USD ('000)	Impact on the statement of profit or loss	Impact on the statement of other comprehensive income*
Assets				
Loans granted sensitive to FX rate changes	267,000	-	x	
Trade and other receivables	4,773	1,973	x	
Cash including bank deposits	37,022	1,424	x	
Liabilities				
Trade and other liabilities	(13,362)	(1,572)	x	
Term loan liabilities	(14,075)	-		x
Forward	(18,475)			
Forward (not designated to hedge accounting)	(230,513)	-	x	
CIRS (forward transactions isolated as part of decomposition of CIRS)	(342,422)	-	x	
Total exposure	(310,051)	1,825		

* Measurement of financial instruments designated for hedge accounting is referred to other comprehensive income while ineffectiveness is recognised in the profit or loss statement.

The table contains an analysis of the sensitivity of individual statement of financial position items to exchange rate changes as at 30 September 2022.

Analysis of sensitivity to currency risk	(PLN '000)*	Impact on the statement of profit or loss	Impact on the statement of other comprehensive income
EUR			
Foreign-currency balance sheet items	2,814	2,814	-
Hedging instruments: Forward and CIRS	(5,914)	(2,305)	(3,609)
USD			
Foreign-currency balance sheet items	18	18	-

*Increase of EUR/PLN or USD/PLN exchange rate by 1 grosz.

The CIECH Group uses derivative instruments to hedge currency risk. Details of the instruments used are described in Note 2.8 to this Report.

Credit risk

Credit risk means a threat of the counterparty not fulfilling the obligations stipulated in the agreement, exposing the lender to financial loss.

From the CIECH Group's point of view, credit risk is linked to:

- trade receivables from customers,
- cash and bank deposits.

The CIECH Group is exposed to credit risk connected with the credit rating of customers being parties to products and goods sales transactions. That risk is limited by using internal procedures to establish amounts of credit limits for customers and to manage trade receivables (the Group uses securities in the form of a letter of credit, bank guarantees, mortgages, receivables insurance and non-recourse factoring; approx. 12% of receivables is not insured). Customers' creditworthiness is assessed and appropriate collateral is obtained from the customers, allowing for a reduction of potential losses in the case of failure to repay the debt. Credit risk assessment for customers is performed prior to concluding an agreement and periodically at subsequent deliveries of goods in accordance with the binding procedures. On selected markets, where more risky payment deadlines are applied, the Group's companies make use of services provided by companies specialising in insuring receivables.

Credit risk connected with cash in bank and bank deposits is low as the CIECH Group enters into transactions with high-rating banks with stable market position.

Expected credit losses on :	As at 01.01.2022	Increases	Decreases	Foreign exchange differences	As at 30.09.2022
Long-term receivables in relation to caversns	(198)	-	-	(12)	(210)
Trade receivables	(46,614)	(4,001)	8,992	(3,544)	(45,167)
Factoring receivables	(15)	(19)	-	-	(34)
Cash and cash equivalents	(450)	(17)	282	76	(109)
TOTAL	(47,277)	(4,037)	9,274	(3,480)	(45,520)

Liquidity risk

The CIECH Group is exposed to risk connected with maintaining liquidity due to the considerable value of external financing (due to the term loans, working capital facilities and lease agreements), the limited ability to obtain new financing in the event of a deterioration in market conditions and due to the existing high level of indebtedness and the risk of losing the existing long-term financing as a result of violating covenants stipulated in the bond issue terms and loan agreements.

The following measures are applied to reduce liquidity risk:

- current monitoring of liquidity of the CIECH Group's companies,
- monitoring and optimisation of the level of working capital,
- adjusting the level and schedule of capital expenditure,
- intragroup borrowings and sureties for the liabilities of the Group's companies,
- current monitoring of the settlement of liabilities under the loan agreements conditions.

The Group's debt financing is ensured primarily by the term loans. In addition, a revolving credit facility in the amount of PLN 250 million, constituting an additional source of current liquidity and working capital financing (as at 30 September 2022, the facility was drawn down in the amount of PLN 0 million), and overdraft facilities (as at the end of September 2022, they were drawn down in the amount of PLN 0 thousand) have been made available to the Group.

The table below presents financial liabilities at face value grouped by maturity.

30.09.2022	Carrying amount	Contractual cash flows	Less than 6 months	up to 12 months	1-2 years	3-5 years	More than 5 years
Other financial liabilities:	(2,859,516)	(3,347,389)	(1,033,161)	(173,111)	(335,372)	(1,805,746)	-
<i>Trade liabilities</i>	<i>(930,352)</i>	<i>(930,352)</i>	<i>(930,352)</i>	-	-	-	-
<i>Credits and loans</i>	<i>(1,906,444)</i>	<i>(2,394,317)</i>	<i>(80,089)</i>	<i>(173,111)</i>	<i>(335,372)</i>	<i>(1,805,746)</i>	-
<i>Factoring</i>	<i>(22,720)</i>	<i>(22,720)</i>	<i>(22,720)</i>	-	-	-	-
Lease liabilities	(136,113)	(257,037)	(15,122)	(11,722)	(39,509)	(25,328)	(165,356)
Hedging derivatives with negative value	(247,555)	(445,438)	(72,636)	-	-	(372,802)	-
Derivatives with negative value	(6,465)	(6,465)	(6,465)	-	-	-	-
TOTAL	(3,249,649)	(4,056,329)	(1,127,384)	(184,833)	(374,881)	(2,203,876)	(165,356)

Information on the levels of liquidity ratios is provided in Note 5.5.7 to this report.

A detailed description of information on financial risks is provided in Note 8.3 to the Consolidated Financial Statements of the CIECH Group for 2021, published on 29 March 2022.

5.7. FULFILMENT OF PROFIT FORECASTS PREVIOUSLY PUBLISHED FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS DISCLOSED IN THE REPORT AGAINST THE FORECAST RESULTS

On 24 November 2022, the CIECH Group published an update of its forecast of results for 2022. The Management Board of CIECH S.A. forecasts that in 2022 the CIECH Group will achieve:

- consolidated sales revenues: in the range of PLN 5,250 million - PLN 5,450 million;
- consolidated normalized EBITDA: in the range of PLN 950 million - PLN 990 million.

The forecast was prepared based on the current market, operational and financial situation of the CIECH Group.

Detailed information on the update of the forecast can be found in the current report No. 43/2022.

5.8. FACTORS AFFECTING THE CIECH GROUP'S RESULTS WITH PARTICULAR FOCUS ON THE NEXT QUARTER

The CIECH Group business is largely based on the production and sales of chemical products used as raw materials and semi-finished goods in a wide range of industries, including the glass, detergent, furniture, automotive, construction, food, agricultural, pharmaceutical, chemical and consumer goods industries. The demand for the CIECH Group customers' products depends on a number of factors, including general economic conditions.

Costs of labour and energy, interest rates and other macroeconomic factors also have a significant impact on the Group's operations. Due to the fact that a significant portion of the Group's revenue and expenses is generated in foreign currencies, changes in exchange rates also affect its financial performance.

As a result, the volume and profitability of the CIECH Group companies' sales depend on these variables as well as on the economic situation in Poland, Europe, and worldwide.

Factors	Description
Situation in industries of recipients of products of the Group in Poland	<p>Poland is the largest sales market of the CIECH Group. The direct and indirect, most important domestic recipients of the Group's products include: glass industry, various chemical industries, furniture, agriculture, construction, food and automotive industry. The development of these sectors of the economy depends on the economic situation in Poland.</p> <p>According to the data of the Central Statistical Office, the sold industrial output at constant prices during 9 months of 2022 increased by 12.3% year on year (in 2021 — an increase by 15.5%). After 9 months of 2022, the relevant dynamics of production in the industries of significant importance to the Group's activities (as receiving or target markets) were: manufacture of chemicals and chemical products (up 15.2%); manufacture of motor vehicles (up 11.4%); manufacture of food products (up 10.9%); manufacture of rubber and plastic products (up 9.4%); construction and assembly production (up 8.9%); manufacture of furniture (up 4.0%, including furniture used for sleeping - up about 4% in terms of volumes).</p> <p>Last year saw a very fast recovery in the Polish economy. The high GDP growth in 2021 (5.9% according to the Central Statistical Office) resulted from the rebound after the first pandemic period. In 2022, however, a weakening of this dynamic is observed and October projections for the full year show Polish GDP growing by only around 4% (with visibly declining dynamics in subsequent quarters as the year progresses, and with high uncertainty of the projections due to the war in Ukraine, risk of a price and wage spiral and global factors such as highly volatile energy prices). A further slowdown is projected for 2023, with GDP growth ranging from 0.5% to around 1.5%. Similar trends should be</p>

Factors	Description
	<p>expected in the chemical industry which usually develops similarly to the economy as a whole.</p>
<p>Economic situation in Europe and in the world</p>	<p>The activity of the CIECH Group is based, in a considerable part, on the sales of chemical products on foreign markets. The level of profitability on sales depends on the global economic situation in Europe and in the world. Global economic downturn usually results in the fall of the demand for raw materials on global markets and hence on the amount of export turnover of the Group.</p> <p>As a result of the war between Russia and Ukraine (and in view of the escalating risks relating in particular to the energy and food markets and high inflation), all analytical centres have frequently revised their macroeconomic projections over the course of this year. Analysis by the International Monetary Fund in October this year shows that the growth of the global economy has definitely slowed down in 2022. After strong global GDP growth of 6% in 2021, the corresponding rates for 2022 and 2023 are projected at +3.2% and +2.7%.</p> <p>This year, according to the IMF, GDP growth is still expected to be clearly positive in the highly developed countries: +3.2% in the EU27; +1.6% in the USA; +1.7% in Japan. India (+6.8%) and ASEAN countries (+5.3%) are growing above average, while China is expected to achieve growth at the global average (+3.2%). Of the other major developing economies, only Russia is expected to see a fall in GDP in 2022 (-3.4%).</p> <p>The war in eastern Europe is also causing production constraints and growing uncertainty in the European chemical industry. This is due to the fact that this sector is highly energy-intensive and relies on raw materials such as oil and gas. With the prolonged conflict between Russia and Ukraine, projections are also being revised every few months for the chemical industries. For example, according to September assessments by the German Chemical Industry Association (VCI), the decline in chemical production in Germany for 2022 as a whole will be 8.5% (previous forecasts in July assumed a 4% decline).</p> <p>For the European construction sector, 2022 is also characterised by a noticeable economic downturn. According to forecasts in recent months, construction production in the European Union (in terms of volumes) could still show a slight increase of around 1% this year. However, the situation varies from country to country (e.g. decreases are expected in Germany and France). Next year's projections for the EU already assume dynamics close to zero.</p>
<p>Economic situation on raw material market</p>	<p>Due to the fact that costs of raw materials account for a large share of total costs of the Group, the situation on key raw material markets (availability and price) significantly affect the CIECH Group's activities and financial performance. Price and availability of raw materials depends largely on economic and political developments across the globe.</p> <p>Hard coal – situation on the market depends on a number of macroeconomic factors. The largest producer of hard coal in the European Union is Poland, but EU's import of coal is nearly two times higher than production. Most of the coal imported to the EU is power coal, i.e. coal used by the CIECH Group in the production of process steam and electricity in soda plants in Poland. Despite the fact that the Group buys it usually from Polish mines, the price of thermal coal for the CIECH Group in a long term depends on the European and global situation in the area of demand and supply. Second half of 2021 and beginning of 2022 saw an increase in demand for coal unprecedented in recent years, not only in Poland but also in countries such as Germany and France caused by a several-fold increase in gas prices, which in the face of steadily declining production capacity in Europe (i.e. mainly in Poland) resulted in increased prices and shortages of the raw material. The situation was mitigated by the relatively high level of coal reserves on the mine dumps, which, until the end of 2021, allowed Polish mines to sell significantly more than their current output. Increased demand has significantly reduced mine inventories, which dropped to historically low levels in early 2022 and have not recovered since. As a result,</p>

Factors	Description
	<p>the CIECH Group has also started to rely on imported coal supplies to a greater extent than before, to ensure the security of production continuity.</p> <p>Gas – the main energy resource used by the combined heat and power plant at the Stassfurt plant. The situation on the gas market depends on many factors, such as the price of oil, demand for gas due to the current weather conditions and the current share of gas in the energy mix. In the three quarters of 2022, CIECH Energy Deutschland GmbH burned two types of natural gas: from local sources and imported. Gas imports to Germany are from Russia, Norway and the Netherlands. In the gas combustion process, steam and electricity are generated, which is also sold outside the Group. Gas is supplied on the basis of bilateral supply agreements, long-term contracts or short-term (spot) purchases, in accordance with the CIECH Group's market risk management policy.</p> <p>Furnace fuel (coke/anthracite) – coke prices depend primarily on prices of coking coal, from which it is produced. The largest global producer of coke is China which, at the same time, is one of the largest consumers of this raw material. In Europe, Poland is one of the leading producers (it is the largest exporter of this material on our continent), and large quantities of coke are also produced in Germany and the Czech Republic. In its business activity, the Group uses anthracite as a substitute for coke. The main source of anthracite for Europe was Russia. In view of the unprecedented increase in coke prices during 2021 and the persistence of high costs at the beginning of 2022, the Group has significantly increased the share of anthracite in the furnace mix and is exploring alternative supply routes for this material. With the steel industry's demand for coke falling in the third quarter, the price of this raw material fell significantly, allowing it to once again compete effectively with anthracite in terms of cost.</p> <p>Oil-derivative raw materials – used primarily in the Foams Segment, are linked to oil prices, but with a strong short-term impact of the demand/supply situation in the market. Oil prices depend primarily on macroeconomic and political factors which translate into global demand and supply situation.</p>
Exchange rates of Polish zloty (PLN) and Romanian leu (RON) to euro (EUR) and US dollar (USD)	<p>The CIECH Group's main source of exposure to foreign currency risk is related to EUR and USD in which export sales are denominated. Weakening of PLN and RON (in which significant costs are incurred) in relation to EUR and USD (in which a material portion of sales is made) has a positive impact on the CIECH Group's financial performance. The Group applies natural hedging and hedging instruments.</p>
Volume of chemical production capacity on markets where the CIECH Group operates	<p>In the sectors of mass chemical products, in which the CIECH Group operates, the capital expenditures are an important barrier to entry, and in the case of the soda segment – an access to natural resources. For this reason, in the scope of the most important segment of the CIECH Group, the soda segment, green field investments are rare and generally done outside Europe.</p> <p>Information published in recent years suggests that, globally, large increases in soda ash capacity are not expected over the coming year. In the next 2-5 years, new capacities will be put into operation mainly in China and the USA. This will mainly concern natural sodium. Due to the energy crisis and the delays observed in the launch of projects based on natural resources in the past, it is expected that the performance of these projects will be delayed.</p> <p>In the long term, the average annual growth rate of global soda ash capacity is expected to be similar to or slightly higher than the growth rate of global demand.</p>
Environmental requirements	<p>REACH system implementation</p> <p>In accordance with the REACH regulation, the Group's companies producing substances in quantities exceeding 1 tonne p.a. have completed registration of these substances by defined deadlines, which enables them to continue their operations in the current scope.</p>

Factors	Description
	<p>If for business reasons it is necessary to import a substance, e.g. a raw material, and it is not possible to purchase from a registered source, steps are taken to register the substance as an importer.</p> <p>Emission trading system</p> <p>Some CIECH Group production companies are covered by the greenhouse gas emissions trading scheme. External analyses performed by the CIECH Group companies indicate that the amount of free CO₂ emission allowances in the 3rd settlement period (2021-2030) is insufficient to cover the actual demand for this type of settlement units. In addition to the direct costs connected with the purchase of CO₂ emission allowances, the CIECH Group companies will bear higher costs of electricity due to their assumption of the costs of purchase of CO₂ emission allowances from the producers.</p>

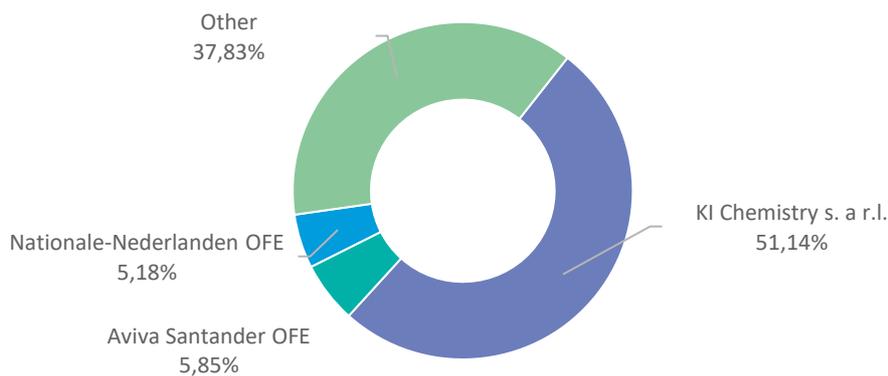
5.9. CIECH S.A.'S SHAREHOLDERS HOLDING AT LEAST 5% OF SHARES/VOTES AT THE GENERAL SHAREHOLDERS' MEETING

The shares of CIECH S.A. are listed on Warsaw Stock Exchange and on Frankfurt Stock Exchange. The share capital of CIECH S.A. amounts to PLN 263,500,965 and is divided into 52,699,909 shares with a nominal value of PLN 5 each. The number of shares and their nominal value has not changed since the last reporting period.

SHAREHOLDERS

From the date of the Annual General Meeting of CIECH S.A. (information on shareholders is based on the Attendance List of the Annual General Meeting of 28 April 2022) until the submission of this report, no information has been received from shareholders of CIECH S.A. about a change in the ownership status to (+) or to (-) causing a change in the ownership structure of significant blocks of CIECH S.A. shares. Therefore, to the best knowledge of CIECH S.A., as at the day of approving this report, shareholders holding significant blocks of shares (at least 5%) include the following entities:

Shareholder structure of CIECH S.A. as at the date of approval of the report (according to the best knowledge of the Company)



Shareholder	Type of shares	Number of shares	Number of votes at the General Meeting of Shareholders	Share in the total number of votes at the General Meeting of Shareholders	Stake in share capital (%)
KI Chemistry s. à r. l. with its registered office in Luxembourg*	Ordinary bearer	26,952,052	26,952,052	51.14%	51.14%
Nationale-Nederlanden Otwarty Fundusz Emerytalny**	Ordinary bearer	2,729,507	2,729,507	5.18%	5.18%
Aviva Otwarty Fundusz Emerytalny Aviva Santander ***	Ordinary bearer	3,084,470	3,084,470	5.85%	5.85%
Other	Ordinary bearer	19,933,880	19,933,880	37.83%	37.83%

* In accordance with information dated 9 June 2014 provided by Shareholder under Article 77(7) and Article 69(1)(1) of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to organised trading, and on Public Companies (CR 26/2014).

** On the basis of the list of shareholders holding at least 5% of votes at the Annual General Meeting of Shareholders of CIECH S.A. on 28 April 2022, Current Report 16/2022 prepared and published pursuant to Article 70(3) of the Act of 29 July 2005 on public offering and conditions governing the introduction of financial instruments to organised trading, and on public companies (Journal of Laws of 2009, No 185, item 1439).

*** On the basis of the list of shareholders holding at least 5% of votes at the Annual General Meeting of Shareholders of CIECH S.A. on 28 April 2022, Current Report 16/2022 prepared and published pursuant to Article 70(3) of the Act of 29 July 2005 on public offering and conditions governing the introduction of financial instruments to organised trading, and on public companies (Journal of Laws of 2009, No 185, item 1439).

5.10. CHANGES IN THE NUMBER OF SHARES IN CIECH S.A. HELD BY THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF CIECH S.A.

As at the date of publication of the Extended consolidated quarterly report of the CIECH Group for the three quarters of 2022, i.e. as at 29 November 2022, the following managers and supervisors held shares of CIECH S.A. (and this situation did not change in the period from the publication of the most recent statements, i.e. the Extended consolidated report of the CIECH Group for the first half of 2022, published on 25 August 2022):

Number of shares held as at the publication date

Management Board of CIECH S.A.:

	As at 29 November 2022	As at 25 August 2022
Pan Dawid Jakubowicz – Prezes Zarządu CIECH S.A.	39 713	36 713
Pan Jarosław Romanowski – Członek Zarządu CIECH S.A.	17 550	7 550
Pan Mirosław Skowron - Członek Zarządu CIECH S.A.	21 554	20 554

Supervisory Board of CIECH S.A.:

- Mr Sebastian Kulczyk – President of the Supervisory Board of CIECH S.A., held indirectly 26,952,052 shares of CIECH S.A., representing 51.14% of the company's share capital (no changes)
- Mr Marek Kośnik – Member of the Supervisory Board of CIECH S.A. held 9,230 shares of CIECH S.A. (no changes)

Managing Director of CIECH S.A.:

- Mr Rafał Czubiński – Managing Director of CIECH S.A. held 12,300 shares of CIECH S.A. (previously: 10,310 shares of CIECH S.A.).

Other Members of the Management Board of CIECH S.A. and of the Supervisory of CIECH S.A. did not hold any shares of the Company.

As at 30 September 2022 and the date of approval of this report, managers and supervisors of CIECH S.A. did not hold any shares in other companies of the CIECH Group and this situation did not change in the period from the publication of the most recent statements, i.e. the Extended consolidated report of the CIECH Group for the first half of 2022, published on 25 August 2022.

5.11. LITIGATION PENDING BEFORE A COURT, COMPETENT ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION AUTHORITY

5.11.1. SIGNIFICANT DISPUTED LIABILITIES OF THE CIECH GROUP

As at 30 September 2022, the CIECH Group did not have any significant disputed liabilities of CIECH S.A. and CIECH S.A.'s subsidiaries, pursued in all types of proceedings before court, body appropriate for arbitration proceedings or public administration bodies, except for the cases described in Note 2.13, in "Audits of tax settlements at the CIECH Group and related contingent liabilities".

5.11.2. SIGNIFICANT DISPUTED RECEIVABLES OF THE CIECH GROUP

As at 30 September 2022, the CIECH Group did not hold any significant disputed receivables of CIECH S.A. and CIECH S.A.'s subsidiaries, pursued in all types of proceedings before court, body appropriate for arbitration proceedings or public administration bodies, except for the case described in Note 2.13, in "Contingent assets and liabilities, including sureties and guarantees".

5.12. LOAN OR BORROWING SURETIES OR GUARANTEES GRANTED BY CIECH S.A. OR ITS SUBSIDIARY

Information about loan or borrowing sureties or guarantees is presented in Note 2.13 hereto.

Letters of support

As at 30 September 2022, CIECH S.A. was the obliged party in the letter of support (Patronatserklärung) regarding CIECH Soda Deutschland GmbH&Co. KG seated in Staßfurt (CSD) granted to Innogy Gas Storage NWE GmbH ("Innogy") relating to liabilities of CSD resulting from the agreement dated 5 May 2009 on salt caverns construction for the purpose of natural gas storage on the Staßfurt mining field according to which CSD received payments of EUR 54.3 million from Innogy by 30 September 2022. In the letter of support, CIECH S.A. has committed, among other things, to ensure that CSD will have sufficient funds to fulfil its financial commitments against Innogy resulting from the above-mentioned agreement.

5.13. INFORMATION ON TRANSACTIONS BETWEEN THE KEY MANAGEMENT PERSONNEL OF CIECH S.A. AND RELATED PARTIES

Information on transactions with related entities is presented in Note 2.11 hereto.

RATIO CALCULATION METHODOLOGY

Principles of ratio calculation (according to the data for continuing operations):

EBITDA (%)	(operating profit + amortization/depreciation for a given period)/ net revenues from sales of products, services, goods and materials in a given period
Adjusted EBITDA (%)	EBITDA excluding one-off events, the more important of which were described in Note 2.5 / net revenues from sales of products, services, goods and materials for a given period
gross return on sales	gross profit on sales for a given period / net revenues from sales of products, services, goods and materials for a given period
return on sales	profit for a given period / net revenues from sales of products, services, goods and materials for a given period
EBIT margin	operating profit for a given period / net revenues from sales of products, services, goods and materials for a given period
EBITDA margin	(operating profit + amortization/depreciation for a given period)/ net revenues from sales of products, services, goods and materials in a given period
EBIT margin adjusted EBIT margin	operating profit for a given period excluding one-off events, the more important of which were described in Note 2.5 / net revenues from sales of products, services, goods and materials for a given period
adjusted EBITDA margin	EBITDA excluding one-off events, the more important of which were described in Note 2.5 / net revenues from sales of products, services, goods and materials for a given period
net return on sales (ROS)	net profit for a given period / net revenues from sales of products, services, goods and materials for a given period
return on assets (ROA)	net profit for a given period/total assets at the end of a given period
return on equity (ROE)	net profit for a given period/total equity at the end of a given period
debt ratio	the ratio of current and non-current liabilities to total assets; measures the share of external funds in financing of a company's activity
long-term debt ratio	the ratio of non-current liabilities to total assets; measures the share of non-current liabilities in financing of company's activity
debt to equity ratio	the ratio of total liabilities to equity
equity to assets ratio	the ratio of equity to total assets; measures the share of equity in financing of a company's activity
net financial liabilities	liabilities from loans, borrowings (plus overdraft) and other debt instruments (leases + liabilities from negative valuation of derivatives calculated separately for each derivative + factoring liabilities) less cash and cash equivalents
gross financial liabilities	liabilities from loans, borrowings (plus overdraft) and other debt instruments (leases + liabilities from negative valuation of derivatives calculated separately for each derivative + factoring liabilities)

REPRESENTATION BY THE MANAGEMENT BOARD

This Extended consolidated quarterly report of the CIECH Group for the three quarters of 2022 was approved by the Management Board of CIECH S.A. on 29 November 2022.

(signed on the polish original)

Dawid Jakubowicz

President of the Management Board
of CIECH Spółka Akcyjna

(signed on the polish original)

Kamil Majczak

Member of the Management Board
of CIECH Spółka Akcyjna

(signed on the polish original)

Jarosław Romanowski

Member of the Management Board
of CIECH Spółka Akcyjna

(signed on the polish original)

Mirosław Skowron

Member of the Management Board
of CIECH Spółka Akcyjna

(signed on the polish original)

Katarzyna Rybacka

Chief Accountant of CIECH Spółka Akcyjna

Warsaw, 29 November 2022