

EXTENDED CONSOLIDATED REPORT OF THE CIECH GROUP

FOR THREE QUARTERS OF 2023

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.

KRS (National Court Register number) 0000011687

Statistical ID No (REGON): 011179878

Tax ID No (NIP): 118-00-19-377

Share capital: PLN 263,500,965.00 (paid up in full)

ul. Wspólna 62, 00-684 Warsaw

Tel. +48 22 639 11 00

ciech@ciechgroup.com

CIECH GROUP — SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	9 months ended 30.09.2023	9 months ended 30.09.2022	9 months ended 30.09.2023	9 months ended 30.09.2022
Sales revenues on continued operations	4,078,364	3,885,520	890,998	828,823
Operating profit/(loss) on continued operations	189,903	330,919	41,488	70,589
Profit/(loss) before tax on continued operations	18,734	256,896	4,093	54,799
Net profit / (loss) for the period	33,949	232,648	7,416	49,627
Net profit/(loss) attributable to shareholders of the parent company	35,046	234,455	7,656	50,012
Net profit/(loss) attributed to non-controlling interest	(1,097)	(1,807)	(240)	(385)
Other comprehensive income net of tax	99,691	(84,581)	21,779	(18,042)
Total comprehensive income	133,640	148,067	29,195	31,585
Cash flows from operating activities	792,969	519,376	173,239	110,788
Cash flows from investment activities	(854,387)	(646,923)	(186,657)	(137,996)
Cash flows from financial activities	(266,546)	(21,677)	(58,232)	(4,624)
Total net cash flows	(327,964)	(149,224)	(71,650)	(31,832)
Earnings (loss) per ordinary share (in PLN/EUR)	0.67	4.45	0.15	0.95
	as at 30.09.2023	as at 31.12.2022	as at 30.09.2023	as at 31.12.2022
Total assets	7,493,910	8,092,527	1,616,600	1,725,523
Non-current liabilities	2,005,741	2,181,430	432,682	465,134
Current liabilities	2,953,243	3,206,787	637,079	683,764
Total equity	2,534,926	2,704,310	546,839	576,625
Equity attributable to shareholders of the parent	2,541,945	2,710,221	548,353	577,885
Non-controlling interest	(7,019)	(5,911)	(1,514)	(1,260)
Share capital	287,614	287,614	62,045	61,326

CIECH S.A. — SELECTED SEPARATE FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	9 months ended 30.09.2023	9 months ended 30.09.2022	9 months ended 30.09.2023	9 months ended 30.09.2022
Sales revenues on continued operations	2,036,879	1,874,665	444,996	399,886
Operating profit/(loss) on continued operations	73,416	110,825	16,039	23,640
Profit/(loss) before tax on continued operations	465,233	443,346	101,639	94,570
Net profit for the period	394,770	409,996	86,245	87,456
Other comprehensive income net of tax	(722)	(8,031)	(158)	(1,713)
Total comprehensive income	394,048	401,965	86,087	85,743
Cash flows from operating activities	46,185	86,812	10,090	18,518
Cash flows from investment activities	24,171	(77,001)	5,281	(16,425)
Cash flows from financial activities	(241,533)	5,858	(52,768)	1,250
Total net cash flows	(171,177)	15,669	(37,397)	3,343
	as at 30.09.2023	as at 31.12.2022	as at 30.09.2023	as at 31.12.2022
Total assets	5,350,558	5,290,147	1,154,232	1,127,987
Total non-current liabilities	1,648,486	1,808,534	355,614	385,623
Total current liabilities	1,478,023	1,348,588	318,842	287,552
Total equity	2,224,049	2,133,025	479,776	454,812
Share capital	287,614	287,614	62,045	61,326

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 30.09.2023	as at 31.12.2022	9 months ended 30.09.2023	9 months ended 30.09.2022
EUR 1 = PLN 4.6356	EUR 1 = PLN 4.6899	EUR 1 = PLN 4.5773	EUR 1 = PLN 4.6880

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS OF THE CIECH GROUP
FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2023**

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

1. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN UNION	7
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE CIECH GROUP	7
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE CIECH GROUP	8
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CIECH GROUP	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE CIECH GROUP	10
CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY OF THE CIECH GROUP	11
2. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP	12
2.1. BASIS FOR PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP	12
2.2. ADOPTED ACCOUNTING PRINCIPLES	12
2.3. FUNCTIONAL AND REPORTING CURRENCY	13
2.4. SEASONALITY AND CYCLICALITY OF ACTIVITY OF THE CIECH GROUP	13
2.5. CIECH GROUP'S SEGMENT REPORTING	13
2.6. PROVISIONS AND IMPAIRMENT LOSSES ON ASSETS	21
2.6.1. DETAILED INFORMATION ON SIGNIFICANT IMPAIRMENT LOSSES	23
2.7. INCOME TAX, DEFERRED TAX ASSETS AND LIABILITY	23
2.8. INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS	25
2.9. INFORMATION ON PURCHASE AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	26
2.10. INFORMATION ON LOAN AGREEMENTS, INCLUDING OVERDUE DEBTS OR OTHER VIOLATIONS OF DEBT-RELATED AGREEMENTS	27
2.11. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES	27
2.12. ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES IN THE CIECH GROUP	28
2.13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES, INCLUDING GUARANTEES AND SURETIES	28
2.14. INFORMATION ON DIVIDENDS PAID (OR DECLARED), IN TOTAL AND PER SHARE, BROKEN DOWN INTO ORDINARY SHARES AND PREFERENCE SHARES	32
2.15. DISCONTINUED OPERATIONS, NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND LIABILITIES RELATED THERETO	33
2.16. INFORMATION ON IMPORTANT EVENTS IN THE CIECH GROUP DURING THREE QUARTERS OF 2023	33
2.17. INFORMATION ON POST-BALANCE-SHEET EVENTS	33
2.18. INFORMATION ON THE CURRENT SITUATION IN CONNECTION WITH THE IMPACT OF THE RUSSIAN INVASION OF UKRAINE ON THE CIECH GROUP'S ACTIVITIES	33
3. MANAGEMENT BOARD REPORT ON THE CIECH GROUP'S ACTIVITIES	36
3.1. DESCRIPTION OF THE CIECH GROUP'S ORGANISATION	36
3.2. INFORMATION ON NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	40
3.3. SIGNIFICANT EFFECTS OF CHANGES TO THE ORGANISATIONAL STRUCTURE OF THE CIECH GROUP DURING THREE QUARTERS OF 2023	41
3.4. THE MOST IMPORTANT EVENTS IN THE CIECH GROUP DURING THREE QUARTERS OF 2023	42
3.5. REVIEW OF KEY ECONOMIC AND FINANCIAL FIGURES CONCERNING THE CIECH GROUP	43
3.5.1. BASIC FINANCIAL DATA	43
3.5.2. SALES REVENUES	43
3.5.3. PROFIT/(LOSS) ON SALES AND OPERATING PROFIT/(LOSS)	44
3.5.4. FINANCING ACTIVITIES AND NET PROFIT/LOSS	47
3.5.5. ASSET POSITION OF THE CIECH GROUP	48
3.5.6. CASH POSITION OF THE CIECH GROUP	49
3.5.7. WORKING CAPITAL AND SELECTED FINANCIAL RATIOS OF THE CIECH GROUP	50
3.6. SIGNIFICANT RISK FACTORS	52
3.7. FULFILMENT OF PROFIT FORECASTS PREVIOUSLY PUBLISHED FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS DISCLOSED IN THE REPORT AGAINST THE FORECAST RESULTS	54
3.8. FACTORS AFFECTING THE CIECH GROUP'S RESULTS WITH PARTICULAR FOCUS ON THE NEXT QUARTER	55
3.9. CIECH S.A.'S SHAREHOLDERS HOLDING AT LEAST 5% OF SHARES/VOTES AT THE GENERAL SHAREHOLDERS' MEETING	58
3.10. 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.	59
3.11. LITIGATION PENDING BEFORE A COURT, COMPETENT ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION AUTHORITY	59
3.11.1. SIGNIFICANT DISPUTED LIABILITIES OF THE CIECH GROUP	59
3.11.2. SIGNIFICANT DISPUTED RECEIVABLES OF THE CIECH GROUP	59
3.12. LOAN OR BORROWING SURETIES OR GUARANTEES GRANTED BY CIECH S.A. OR ITS SUBSIDIARY	60

3.13.	INFORMATION ON TRANSACTIONS BETWEEN THE KEY MANAGEMENT PERSONNEL OF CIECH S.A. AND RELATED PARTIES	60
4.	QUARTERLY FINANCIAL INFORMATION OF THE PARENT COMPANY CIECH S.A.	62
	CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS OF CIECH S.A.	62
	CONDENSED SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME OF CIECH S.A.	62
	CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION OF CIECH S.A.	63
	CONDENSED SEPARATE STATEMENT OF CASH FLOWS OF CIECH S.A.	64
	CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY OF CIECH S.A.	65
5.	EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A.	66
5.1.	BASIS OF PREPARATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A.	66
5.2.	ADOPTED ACCOUNTING PRINCIPLES	66
5.3.	CHANGES IN ESTIMATES	66
	RATIO CALCULATION METHODOLOGY	67
	REPRESENTATION BY THE MANAGEMENT BOARD	68

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.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
CONTINUING OPERATIONS				
Sales revenues	4,078,364	3,885,520	1,161,124	1,406,667
Cost of sales	(3,403,386)	(3,102,157)	(931,324)	(1,150,951)
Gross profit/(loss) on sales	674,978	783,363	229,800	255,716
Other operating income	61,004	42,342	10,213	15,176
Selling costs	(225,474)	(211,516)	(81,306)	(76,200)
General and administrative expenses	(269,981)	(219,897)	(89,175)	(62,838)
Other operating expenses	(50,624)	(63,373)	(10,183)	(17,985)
Operating profit/(loss)	189,903	330,919	59,349	113,869
Financial income, including:	53,331	66,771	(17,200)	40,175
<i>Profit from financial instruments</i>	8,358	5,968	(60,156)	1,572
Financial costs, including:	(228,077)	(141,858)	6,898	(75,252)
<i>Loss from financial instruments</i>	(163,225)	(122,612)	(43,437)	(98,128)
Net financial income/(expenses)	(174,746)	(75,087)	(10,302)	(35,077)
Share of profit / (loss) of equity-accounted investees	3,577	1,064	1,280	614
Profit/(loss) before tax	18,734	256,896	50,327	79,406
Income tax	15,215	(24,248)	931	5,694
Net profit/(loss) on continuing operations	33,949	232,648	51,258	85,100
DISCONTINUED OPERATIONS				
Net profit/(loss) on discontinued operations	-	-	-	-
Net profit / (loss) for the period	33,949	232,648	51,258	85,100
including:				
Net profit/(loss) attributable to shareholders of the parent company	35,046	234,455	51,530	85,289
Net profit/(loss) attributed to non-controlling interest	(1,097)	(1,807)	(272)	(189)
Earnings per share (in PLN):				
Basic	0.67	4.45	0.98	1.62
Diluted	0.67	4.45	0.98	1.62
Earnings/(loss) per share (in PLN) from continuing operations:				
Basic	0.67	4.45	0.98	1.62
Diluted	0.67	4.45	0.98	1.62

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.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
Net profit / (loss) for the period	33,949	232,648	51,258	85,100
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	130,545	(140,352)	(49,845)	(97,417)
Currency translation differences (foreign companies)	(9,521)	39,918	11,349	26,943
Profit (loss) from cash flow hedge reserve	90,780	(123,778)	(61,386)	(79,902)
Profit (loss) from costs of hedging reserve	49,286	(56,492)	192	(44,458)
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	(30,854)	55,771	8,424	33,255
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	(30,854)	55,771	8,424	33,255
Other comprehensive income net of tax	99,691	(84,581)	(41,421)	(64,162)
TOTAL COMPREHENSIVE INCOME	133,640	148,067	9,837	20,938
Shareholders of the parent company	134,748	149,737	10,078	21,090
Non-controlling interest	(1,108)	(1,670)	(241)	(152)

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

	30.09.2023	31.12.2022
ASSETS		
Property, plant and equipment	3,882,024	3,933,393
Rights to use an asset	192,490	181,211
Intangible assets other than goodwill	396,576	394,545
Goodwill	150,303	151,852
Investment property	40,061	40,181
Non-current receivables	1,570	41,237
Investments in jointly-controlled entities measured under the equity method	10,573	7,033
Long-term financial assets	42,222	18,516
Deferred income tax assets	192,052	132,774
Total non-current assets	4,907,871	4,900,742
Inventory	677,643	771,541
Short-term intangible assets other than goodwill	731,269	515,934
Short-term financial assets	95,945	359,634
Income tax receivables	7,418	54,334
Trade and other receivables	714,460	805,005
Cash and cash equivalents	358,936	684,969
Non-current assets and groups for disposal held for sale	368	368
Total current assets	2,586,039	3,191,785
Total assets	7,493,910	8,092,527
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge reserve	94,309	35,848
Profit (loss) from costs of hedging reserve	(27,358)	(78,108)
Actuarial gains	(973)	(973)
Other reserve capitals	1,068,709	425,021
Currency translation reserve	(33,574)	(24,065)
Retained earnings	682,372	1,594,038
Equity attributable to shareholders of the parent	2,541,945	2,710,221
Non-controlling interest	(7,019)	(5,911)
Total equity	2,534,926	2,704,310
Non-current loans, borrowings and other debt instruments	1,579,431	1,671,280
Lease liabilities	105,600	104,849
Other non-current liabilities	124,835	228,645
Employee benefits reserve	14,100	14,344
Other provisions	135,994	137,189
Deferred income tax liability	45,781	25,123
Total non-current liabilities	2,005,741	2,181,430
Current loans, borrowings and other debt instruments	391,890	193,844
Lease liabilities	32,234	30,471
Trade and other liabilities	2,310,521	2,793,303
Income tax liabilities	138,763	67,224
Employee benefits reserve	1,474	2,764
Other provisions	78,361	119,181
Total current liabilities	2,953,243	3,206,787
Total liabilities	4,958,984	5,388,217
Total equity and liabilities	7,493,910	8,092,527

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.-30.09.2023	01.01.-30.09.2022
Cash flows from operating activities		
Net profit/(loss) for the period	33,949	232,648
Adjustments	742,956	401,583
Amortisation/depreciation	362,065	313,252
Recognition of impairment allowances	1	957
Foreign exchange (profit) /loss	19,213	(56,942)
Investment property revaluation	-	(1,526)
(Profit) / loss on investment activities	692	4,259
(Profit) / loss on disposal of property, plant and equipment	(1,950)	(719)
Dividends and interest	48,278	20,127
Income tax	(15,215)	24,248
Share of (profit) / loss on equity accounted investees	(3,577)	(1,064)
Valuation and other adjustments of derivatives	43,662	(170,581)
Other adjustments	(16,792)	(12,139)
Change in receivables	(164,652)	(37,938)
Change in inventory	92,473	(184,209)
Change in current liabilities	405,507	490,345
Change in provisions and employee benefits	(26,749)	13,513
Interest paid	(82,157)	(44,411)
Interest cost hedging effect	62,147	39,452
Income tax (paid)/returned	36,074	(109,896)
Net cash from operating activities	792,969	519,376
Cash flows from investment activities		
Disposal of intangible assets and property, plant and equipment	4,913	1,521
Dividends received	437	219
Interest received	2,711	2,473
Proceeds from repaid borrowings	-	95
Subsidies received for non-current assets	331	4,018
Acquisition of intangible assets and property, plant and equipment	(323,465)	(327,833)
Acquisition of financial assets	(13,390)	(2,982)
Acquisition of investment property	-	(605)
Development expenditures	(27,641)	(17,586)
Borrowings paid out	-	(239)
Expenditure on the purchase of emission rights	(498,283)	(306,004)
Net cash from investment activities	(854,387)	(646,923)
Cash flows from financial activities		
Proceeds from loans and borrowings	267,001	1,640
Dividends paid to parent company	(303,024)	-
Repayment of loans and borrowings	(198,366)	-
Payments of lease liabilities	(32,157)	(23,317)
Net cash from financial activities	(266,546)	(21,677)
Total net cash flows	(327,964)	(149,224)
Cash and cash equivalents as at the beginning of the period	684,969	799,023
<i>Impact of foreign exchange differences</i>	<i>1,931</i>	<i>445</i>
Cash and cash equivalents as at the end of the period	358,936	650,244

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
01.01.2023	287,614	470,846	35,848	(78,108)	425,021	(973)	(24,065)	1,594,038	2,710,221	(5,911)	2,704,310
Transactions with the owners	-	-	-	-	643,688	-	-	(946,712)	(303,024)	-	(303,024)
Reserve funds	-	-	-	-	643,688	-	-	(643,688)	-	-	-
Dividend	-	-	-	-	-	-	-	(303,024)	(303,024)	-	(303,024)
Total comprehensive income for the period	-	-	58,461	50,750	-	-	(9,509)	35,046	134,748	(1,108)	133,640
Net profit / (loss) for the period	-	-	-	-	-	-	-	35,046	35,046	(1,097)	33,949
Other comprehensive income	-	-	58,461	50,750	-	-	(9,509)	-	99,702	(11)	99,691
30.09.2023	287,614	470,846	94,309	(27,358)	1,068,709	(973)	(33,574)	682,372	2,541,945	(7,019)	2,534,926
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	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

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 2023 and as at 31 December 2022, results of the Group’s operations and cash flows for the period of 9 months ended 30 September 2023 and 30 September 2022, and were approved by the Management Board of CIECH S.A. on 16 November 2023.

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 2023 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. 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 2022, published on 23 March 2023. 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.

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 2022, published on 23 March 2023.

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: companies from the 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	30.09.2023 ¹	31.12.2022 ²
EUR	4.6356	4.6899
RON	0.9320	0.9475

Average NBP rate for the reporting period	9 months ended 30.09.2023 ³	9 months ended 30.09.2022 ⁴
EUR	4.5773	4.6880
RON	0.9255	0.9497

¹ NBP's average foreign exchange rates table applicable as at 30 September 2023.

² NBP's average foreign exchange rates table applicable as at 31 December 2022.

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 2023 to 30 September 2023.

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 2022 to 30 September 2022.

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. 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 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 for the production of a particular product range, the profitability analysis of all Soda and Salt products, rather than the

Soda segment (comprising BU Soda and BU Salt)



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 companies: CIECH Sarzyna S.A. and Proplan Plant Protection Company, S.L. (Proplan outsources product formulation and packaging services to two plants). The Romanian trading company CIECH Agro Romania S.R.L also operates in the agro segment.

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. Qemetica Sp. z o.o., which manufactures and sells mattresses, also commenced operations in 2023.

Silicates Segment



It 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



It 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



It 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, 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 continuing operations, EBITDA and adjusted EBITDA figures are as follows:

	01.01.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
Net profit/(loss) on continuing operations	33,949	232,648	51,258	85,100
Income tax	(15,215)	24,248	(931)	(5,694)
Share of profit / (loss) of equity-accounted investees	(3,577)	(1,064)	(1,280)	(614)
Financial expenses	228,077	141,858	(6,898)	75,252
Financial income	(53,331)	(66,771)	17,200	(40,175)
Amortization	362,065	313,252	124,900	112,366
EBITDA on continued operations	551,968	644,171	184,249	226,235

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

	01.01.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
EBITDA on continued operations	551,968	644,171	184,249	226,235
One-offs including:	(690)	17,048	2,130	3,708
Impairment	-	6,608	-	-
Cash items, including, i.a:	6,444	6,049	2,092	638
<i>gain/loss on sale of property, plant and equipment</i>	(2,172)	(1,388)	(1,218)	(17)
<i>fees and compensations given and received</i>	5,418	648	475	541
<i>donations given</i>	357	678	184	115
<i>fortuitous events</i>	1,452	3,834	2,097	(1,685)
<i>refund of taxes and fees</i>	-	(166)	-	-
<i>other</i>	1,389	2,443	554	1,684
Non-cash items (without impairment)	(7,134)	4,391	38	3,071
<i>change in provisions</i>	(7,300)	6,621	66	2,586
<i>liquidation of fixed assets</i>	166	778	(28)	193
<i>fair value measurement of investment properties</i>	-	(1,526)	-	(127)
<i>other</i>	-	(1,482)	-	419
Adjusted EBITDA on continued operations	551,278	661,219	186,379	229,943

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.-30.09.2023	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	3,105,968	294,438	195,838	328,699	121,496	31,925	-	-	4,078,364
Revenue from inter-segment transactions	122,799	317	5	972	764	112,778	-	(237,635)	-
Total sales revenues	3,228,767	294,755	195,843	329,671	122,260	144,703	-	(237,635)	4,078,364
Cost of sales	(2,745,002)	(251,844)	(161,002)	(255,919)	(67,247)	(117,197)	-	194,825	(3,403,386)
Gross profit /(loss) on sales	483,765	42,911	34,841	73,752	55,013	27,506	-	(42,810)	674,978
Selling costs	(163,879)	(60,309)	(10,593)	(22,184)	(7,556)	(1)	-	39,048	(225,474)
General and administrative expenses	(133,226)	(20,288)	(5,562)	(5,584)	(3,157)	(11,066)	(93,866)	2,768	(269,981)
Result on management of receivables	(15,297)	-	(22)	(11)	-	-	-	2	(15,328)
Result on other operating activities	23,164	105	28	(219)	(49)	3,036	584	(941)	25,708
Operating profit /(loss)	194,527	(37,581)	18,692	45,754	44,251	19,475	(93,282)	(1,933)	189,903
Exchange differences and interest on trade settlements	(11,057)	(533)	177	(548)	81	(1,335)	892	-	(12,323)
Group borrowing costs	-	-	-	-	-	-	(46,350)	-	(46,350)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(116,073)	-	(116,073)
Share of profit / (loss) of equity-accounted investees	3,577	-	-	-	-	-	-	-	3,577
Profit /(loss) before tax	187,047	(38,114)	18,869	45,206	44,332	18,140	(254,813)	(1,933)	18,734
Income tax	-	-	-	-	-	-	-	-	15,215
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	33,949
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	33,949
Amortization/depreciation	265,372	33,626	3,746	15,728	3,961	24,182	15,450	-	362,065
EBITDA from continuing operations	459,899	(3,955)	22,438	61,482	48,212	43,657	(77,832)	(1,933)	551,968
Adjusted EBITDA from continuing operations	456,939	(180)	22,396	61,184	48,045	42,513	(77,683)	(1,936)	551,278
Investment outlays	236,685	37,004	1,319	8,106	2,632	5,050	14,017	-	304,813
30.09.2023									
ASSETS	6,086,314	770,529	70,693	210,293	64,794	148,835	1,255,371	(1,112,919)	7,493,911
LIABILITIES	1,650,450	48,396	31,697	54,992	13,042	9,272	4,261,271	(1,110,136)	4,958,983

OPERATING SEGMENTS 01.01.-30.09.2022	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	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 continuing operations	465,543	115,901	37,269	61,715	6,015	23,776	(65,018)	(1,030)	644,171
Adjusted EBITDA from continuing operations	476,281	117,602	36,507	64,676	7,161	24,447	(64,121)	(1,334)	661,219
Investment outlays	181,840	21,330	3,807	38,745	6,795	11,047	15,448	-	279,012
31.12.2022									
ASSETS	4,885,306	897,548	74,655	239,292	66,748	156,980	1,881,428	(109,430)	8,092,527
LIABILITIES	785,819	123,615	65,372	69,328	13,910	32,330	4,395,189	(97,346)	5,388,217

OPERATING SEGMENTS 01.07.-30.09.2023	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	904,292	65,982	50,303	87,628	41,573	11,346	-	-	1,161,124
Revenue from inter-segment transactions	32,699	(6)	4	161	177	33,660	-	(66,695)	-
Total sales revenues	936,991	65,976	50,307	87,789	41,750	45,006	-	(66,695)	1,161,124
Cost of sales	(729,027)	(68,214)	(39,587)	(67,958)	(21,878)	(57,920)	-	53,260	(931,324)
Gross profit /(loss) on sales	207,964	(2,238)	10,720	19,831	19,872	(12,914)	-	(13,435)	229,800
Selling costs	(75,475)	(25,682)	(3,512)	(7,210)	(2,481)	20,701	-	12,353	(81,306)
General and administrative expenses	(43,409)	(4,155)	(1,999)	(1,307)	(797)	(3,524)	(35,074)	1,090	(89,175)
Result on management of receivables	37	-	31	(10)	-	-	-	2	60
Result on other operating activities	(24)	(1,800)	62	(314)	442	(206)	(5)	1,815	(30)
Operating profit /(loss)	89,093	(33,875)	5,302	10,990	17,036	4,057	(35,079)	1,825	59,349
Exchange differences and interest on trade settlements	(5,067)	(940)	61	304	(23)	141	917	-	(4,607)
Group borrowing costs	-	-	-	-	-	-	(28,310)	-	(28,310)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	22,615	-	22,615
Share of profit / (loss) of equity-accounted investees	1,280	-	-	-	-	-	-	-	1,280
Profit /(loss) before tax	85,306	(34,815)	5,363	11,294	17,013	4,198	(39,857)	1,825	50,327
Income tax	-	-	-	-	-	-	-	-	931
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	51,258
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	51,258
Amortization/depreciation	89,743	11,289	1,164	5,500	1,502	9,734	5,968	-	124,900
EBITDA from continuing operations	178,836	(22,586)	6,466	16,490	18,538	13,791	(29,111)	1,825	184,249
Adjusted EBITDA from continuing operations	179,032	(20,037)	6,468	16,353	18,524	13,042	(28,826)	1,822	186,379
Investment outlays	101,142	15,536	377	1,132	1,083	(103)	3,855	-	123,022

OPERATING SEGMENTS 01.07.-30.09.2022	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	1,035,831	75,968	69,549	187,552	34,620	3,147	-	-	1,406,667
Revenue from inter-segment transactions	58,341	113	84	94	329	34,902	-	(93,863)	-
Total sales revenues	1,094,172	76,081	69,633	187,646	34,949	38,049	-	(93,863)	1,406,667
Cost of sales	(905,843)	(58,271)	(56,438)	(147,243)	(26,870)	(31,834)	-	75,548	(1,150,951)
Gross profit /(loss) on sales	188,329	17,810	13,195	40,403	8,079	6,215	-	(18,315)	255,716
Selling costs	(58,423)	(13,026)	(3,102)	(12,971)	(2,537)	(99)	-	13,958	(76,200)
General and administrative expenses	(27,494)	(8,326)	(1,461)	(1,469)	(1,220)	(3,420)	(23,917)	4,469	(62,838)
Result on management of receivables	5,479	(178)	17	(5)	(17)	349	289	(465)	5,469
Result on other operating activities	(7,818)	154	183	(97)	(89)	572	(681)	(502)	(8,278)
Operating profit /(loss)	100,073	(3,566)	8,832	25,861	4,216	3,617	(24,309)	(855)	113,869
Exchange differences and interest on trade settlements	(5,045)	15,765	(11,328)	487	115	1,397	(9,815)	-	(8,424)
Group borrowing costs	-	-	-	-	-	-	(18,074)	-	(18,074)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(8,579)	-	(8,579)
Share of profit / (loss) of equity-accounted investees	614	-	-	-	-	-	-	-	614
Profit /(loss) before tax	95,642	12,199	(2,496)	26,348	4,331	5,014	(60,777)	(855)	79,406
Income tax	-	-	-	-	-	-	-	-	5,694
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	85,100
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	85,100
Amortization/depreciation	83,973	9,892	1,133	4,506	1,323	6,968	4,572	-	112,367
EBITDA from continuing operations	184,046	6,326	9,965	30,367	5,539	10,585	(19,737)	(855)	226,234
Adjusted EBITDA from continuing operations	187,192	6,837	9,942	30,479	5,537	10,076	(19,265)	(856)	229,943
Investment outlays	88,936	9,740	1,030	6,177	651	3,113	4,731	-	114,378

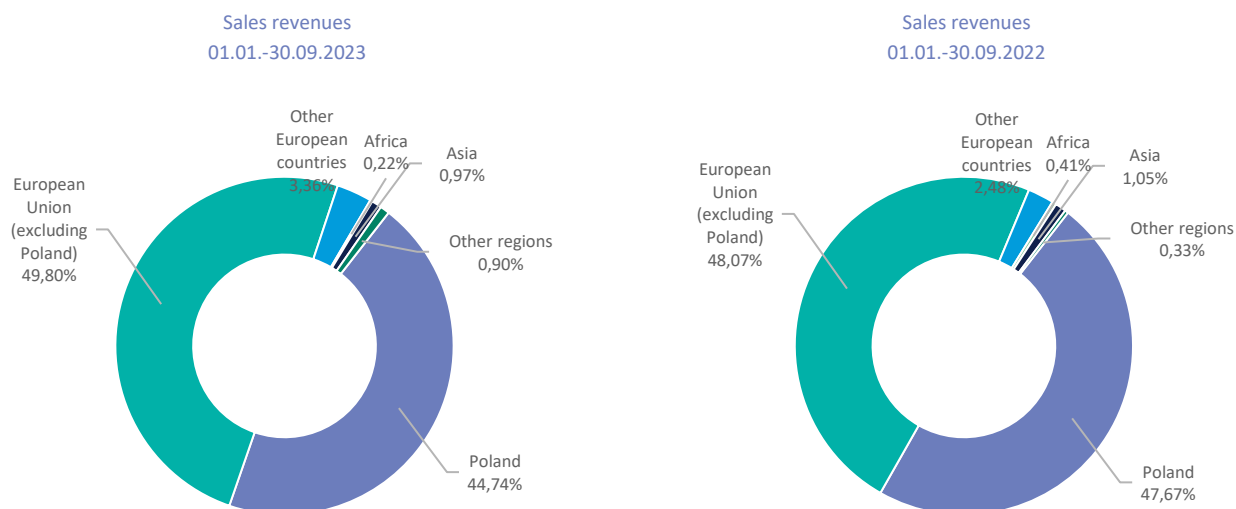
The value of investments in equity-accounted entities occurs only for the assets of the Soda Segment and amounts to PLN 10,573 thousand as at 30 September 2023 (PLN 7,033 thousand as at 31 December 2022).

INFORMATION ON GEOGRAPHICAL AREAS

ASSETS DIVIDED ON GEOGRAPHICAL REGIONS	Non-current assets other than financial instruments	Deferred income tax assets	Other assets	Total assets
30.09.2023				
Poland	2,623,507	72,461	1,836,098	4,532,066
European Union (excluding Poland)	2,072,139	119,591	749,098	2,940,828
Other European countries	9,578	-	4,385	13,963
Asia	-	-	6,946	6,946
Other regions	-	-	107	107
TOTAL	4,705,224	192,052	2,596,634	7,493,910
31.12.2022				
Poland	2,566,830	56,923	2,129,153	4,752,906
European Union (excluding Poland)	2,196,909	75,851	1,056,375	3,329,135
Other European countries	-	-	180	180
Africa	-	-	1,693	1,693
Asia	-	-	6,257	6,257
Other regions	-	-	2,356	2,356
TOTAL	4,763,739	132,774	3,196,014	8,092,527

SALES REVENUES – GEOGRAPHICAL STRUCTURE OF MARKETS

	01.01.- 30.09.2023	01.01.- 30.09.2022	01.07.- 30.09.2023	01.07.- 30.09.2022	Change I-III 2023/I-III 2022	Change IIIQ 2023/IIIQ 2022
Poland	1,824,799	1,852,085	534,572	639,915	(1.5%)	(16.5%)
European Union (excluding Poland), including:	2,031,224	1,867,704	536,617	705,825	8.8%	(24.0%)
Germany	1,107,837	981,985	264,657	382,873	12.8%	(30.9%)
Czech Republic	253,338	203,338	76,005	70,934	24.6%	7.1%
The Netherlands	188,417	182,152	59,276	77,677	3.4%	(23.7%)
Finland	61,018	83,607	9,901	40,672	(27.0%)	(75.7%)
Denmark	57,804	52,095	18,981	19,866	11.0%	(4.5%)
Spain	84,223	101,560	19,541	21,068	(17.1%)	(7.2%)
Other European Countries	137,206	96,469	41,552	42,112	42.2%	(1.3%)
Africa	9,036	15,855	3,802	2,947	(43.0%)	29.0%
Asia	39,416	40,759	11,010	15,410	(3.3%)	(28.6%)
Other regions	1,597	10,765	471	2,972	(85.2%)	(84.1%)
Cash flow hedge adjustment	35,086	1,884	33,100	(2,513)	1762.3%	(1417.2%)
TOTAL	4,078,364	3,885,520	1,161,124	1,406,667	5.0%	(17.5%)



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 3.5.2 hereof.

2.6. PROVISIONS AND IMPAIRMENT LOSSES ON ASSETS

During the three quarters and in the third quarter of 2023, 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	LONG-TERM		SHORT-TERM	
	01.01.-30.09.2023	01.01.-30.09.2022	01.01.-30.09.2023	01.01.-30.09.2022
Opening balance	14,344	15,273	2,764	2,643
Recognition	815	592	365	467
Use and reversal	(1,012)	(107)	(1,626)	(746)
Foreign exchange differences	(53)	299	(24)	74
Other	6	(4)	(6)	(24)
Closing balance	14,100	16,053	1,474	2,414
	01.07.-30.09.2023	01.07.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
Opening balance	13,944	15,641	1,598	2,547
Recognition	589	230	(155)	276
Use and reversal	(599)	30	50	(444)
Foreign exchange differences	158	209	8	49
Other	8	(57)	(28)	(14)
Closing balance	14,100	16,053	1,474	2,414

CHANGE IN OTHER LONG-TERM PROVISIONS	01.01.-30.09.2023			01.07.-30.09.2023		
	Provisions for liabilities	Provision for environmental protection	TOTAL	Provisions for liabilities	Provision for environmental protection	TOTAL
Opening balance	1,528	135,661	137,189	1,828	128,997	130,825
Foreign exchange differences	5	(1,512)	(1,507)	20	5,152	5,172
Other	312	-	312	(3)	-	(3)
Closing balance	1,845	134,149	135,994	1,845	134,149	135,994
	01.01.-30.09.2022			01.07.-30.09.2022		
Opening balance	43,677	226,972	270,649	44,660	232,879	277,539

CHANGE IN OTHER LONG-TERM PROVISIONS	Provisions for liabilities	Provision for environmental protection	TOTAL	Provisions for liabilities	Provision for environmental protection	TOTAL
Recognition	2,841	-	2,841	1,465	-	1,465
Use and reversal	(498)	-	(498)	(13)	-	(13)
Foreign exchange differences	-	13,124	13,124	-	9,190	9,190
Other	92	1,992	2,084	-	19	19
Closing balance	46,112	242,089	288,201	46,112	242,089	288,201

CHANGE IN OTHER SHORT-TERM PROVISIONS	Provisions for liabilities	Provision for environmental protection	TOTAL	Provisions for liabilities	Provision for environmental protection	TOTAL
	01.01.-30.09.2023			01.07.-30.09.2023		
Opening balance	118,568	613	119,181	75,384	326	75,710
Recognition	17,388	-	17,388	1,378	-	1,378
Use and reversal	(48,095)	(287)	(48,382)	553	-	553
Foreign exchange differences	(662)	-	(662)	582	-	582
Other	(9,164)	-	(9,164)	137	-	137
Closing balance	78,035	326	78,361	78,035	326	78,361
	01.01.-30.09.2022			01.07.-30.09.2022		
Opening balance	82,148	1,663	83,811	97,527	62	97,589
Recognition	18,515	450	18,965	2,536	450	2,986
Use and reversal	(1,239)	(2,092)	(3,331)	(81)	(607)	(688)
Foreign exchange differences	1,944	(7)	1,937	1,387	109	1,496
Other	69	-	69	69	-	69
Closing balance	101,437	14	101,451	101,437	14	101,451

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2023					
Property, plant and equipment	83,554	-	-	(1 283)	82,271
Intangible assets, including:	494,764	-	-	(5 776)	488,988
<i>Goodwill</i>	<i>445,898</i>	-	-	<i>(5 340)</i>	440,558
Long-term receivables	66	-	-	(1)	65
Long-term financial assets	502	706	-	(0)	1,208
Inventories	42,343	7,690	(6 614)	(150)	43,269
Short-term financial assets	28,353	-	-	-	28,353
Trade and other receivables	64,553	1,472	(5 154)	261	61,132
Cash and cash equivalents	211	181	(136)	(4)	252
TOTAL	714,345	10,049	(11 904)	(6 951)	705,539
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>	<i>437,598</i>	-	-	<i>24,805</i>	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)	37,555	744,628
01.07.-30.09.2023					
Property, plant and equipment	79,350	-	-	2,921	82,271
Intangible assets, including:	470,664	-	-	18,324	488,988

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
<i>Goodwill</i>	423,721	-	-	16,837	440,558
Long-term receivables	62	-	-	3	65
Long-term financial assets	916	292	-	(1)	1,208
Inventories	40,739	(140)	2,282	388	43,269
Short-term financial assets	28,355	-	-	(2)	28,353
Trade and other receivables	60,647	(531)	(1 035)	2,051	61,132
Cash and cash equivalents	455	(207)	4	-	252
TOTAL	681,189	(586)	1,251	23,685	705,539
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

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 2023, the Group continues to identify the reasons for the decision to recognise an impairment loss in previous years. As a result, the amount of impairment losses on fixed assets in CIECH Soda Romania S.A. did not change.

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 2022, published on 23 March 2023.

2.7. INCOME TAX, DEFERRED TAX ASSETS AND LIABILITY

THE MAIN COMPONENTS OF TAX EXPENSE (TAX INCOME)	01.01.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
Current income tax	(48,869)	(58,798)	(22,368)	(10,082)
Deferred income tax	64,084	34,550	23,300	15,776
INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS	15,215	(24,248)	931	5,694

The amount of current income tax includes the effect of decisions received to terminate income tax proceedings in the following companies:

- CIECH Sarzyna S.A. (a reduction in current income tax in the amount of PLN 18,317 thousand was recognised) and
- CIECH Vitrosilicon S.A. (a reduction in current income tax in the amount of PLN 13,921 thousand was recognised).

At the same time, a potential liability for this tax in the amount of PLN 31,506 thousand was recognised in CIECH S.A. in connection with the income tax audit for 2016. In addition, in connection with the final returns for 2022 filed after the preparation of the financial statements, an income tax adjustment was recognised in CIECH S.A. reducing tax by PLN 3,034 thousand.

For a detailed description of tax audits and the status of cases, see Note 2.13 to this report.

Deferred income tax is attributable to the following items:

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	30.09.2023			31.12.2022		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Property, plant and equipment	9,307	166,660	(157,353)	9,053	174,229	(165,176)
Intangible assets	1,453	18,764	(17,311)	1,451	21,541	(20,090)
Investment property	2,868	1,107	1,761	2,861	1,106	1,755
Long-term receivables	-	1,905	(1,905)	796	1,928	(1,132)
Financial assets	664	17,292	(16,628)	437	83,497	(83,060)
Inventory	3,182	2,768	414	4,516	116	4,400
Trade and other receivables	8,428	2,405	6,023	4,837	387	4,450
Provisions for employee benefits	5,465	-	5,465	3,881	-	3,881
Other provisions	37,405	21	37,384	40,373	2	40,371
Tax losses carried forward	183,102	-	183,102	130,881	-	130,881
Foreign exchange differences	1,324	(28)	1,352	-	2,183	(2,183)
Liabilities	116,931	14,628	102,303	197,808	5,427	192,381
Liabilities due to financial instruments	-	3,588	(3,588)	-	-	-
Special economic zone	43,991	-	43,991	56,864	-	56,864
Net value of lease liabilities	8,611	-	8,611	-	-	-
Rights to use an asset	913	18,879	(17,966)	-	4,551	(4,551)
Cash and cash equivalents	84	-	84	2	-	2
Other	5,983	92	5,891	2,655	1,130	1,525
Deferred tax assets/liability	429,711	248,081	181,630	456,415	296,097	160,318
Set - off of deferred tax assets/ liability	(202,300)	(202,300)	-	(270,974)	(270,974)	-
Unrecognized deferred tax assets	(35,359)	-	(35,359)	(52,667)	-	(52,667)
Deferred tax assets/liability recognised in the statement of financial position	192,052	45,781	146,271	132,774	25,123	107,651

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.

	30.09.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	358,936	358,936	684,969	684,969
Loans granted	250	250	246	246
Trade receivables	329,397	329,397	371,285	371,285
Hedging derivatives with positive value	108,669	108,669	354,070	354,070
Derivatives with positive value	-	-	9,522	9,522
Factoring receivables	52,394	52,394	55,872	55,872
ASSETS	849,645	849,645	1,475,964	1,475,964
Credits and loans	(1,971,321)	(1,978,057)	(1,865,124)	(1,873,993)
Trade liabilities	(698,448)	(698,448)	(993,715)	(993,715)
Hedging derivatives with negative value	(87,628)	(87,628)	(462,097)	(462,097)
Derivatives recognised in financial liabilities	(20,601)	(20,601)	-	-
Factoring liabilities	(23,619)	(23,619)	(28,769)	(28,769)
LIABILITIES	(2,801,618)	(2,808,353)	(3,349,705)	(3,358,575)

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.

	30.09.2023		31.12.2022	
	Level 2	Level 3	Level 2	Level 3
ASSETS	108,669	40,061	363,592	40,181
Investment properties	-	40,061	-	40,181
Hedging instruments	108,669	-	354,070	-
Derivative instruments with positive valuation	-	-	9,522	-
LIABILITIES	(108 229)	-	(462 097)	-
Hedging instruments	(87 628)	-	(462 097)	-
Derivative instruments with negative valuation	(20 601)	-	-	-
TOTAL	440	40,061	(98 505)	40,181

As at 30 September 2023, 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. and CIECH Soda Polska 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,
- gas purchase option concluded by CIECH Energy Deutschland GmbH to hedge the risk of rising gas prices – Level 2, according to the fair value hierarchy.

During three quarters of 2023, 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 2022, published on 23 March 2023.

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
30.09.2023					
IRS EUR	3,199	2,578	-	-	5,777
CIRS	9,804	81,462	(1 396)	-	89,870
Forward EUR/PLN	-	-	-	(20 601)	(20 601)
Gas options	-	-	-	(2 495)	(2 495)
Gas and energy SWAP	-	11,626	-	(83 737)	(72 111)
TOTAL	13,003	95,666	(1 396)	(106 833)	440
31.12.2022					
IRS EUR	4,233	2,261	-	-	6,494
CIRS	-	96,376	(86 207)	-	10,169
Forward EUR/PLN	-	9,522	-	(2 832)	6,690
Gas and energy SWAP	-	251,200	-	(373 058)	(121 858)
TOTAL	4,233	359,359	(86 207)	(375 890)	(98 505)

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 2023 and in the corresponding period, the CIECH Group carried out the following transactions increasing and decreasing the gross value of property, plant and equipment:

	Land	Buildings, premises, civil and marine engineering structures	Machinery and equipment	Vehicles	Other fixed assets	Property, plant and equipment under construction	TOTAL
01.01.-30.09.2023							
Gross value of property, plant and equipment at 01.01.2023	91,899	1,769,967	4,680,880	108,255	75,596	512,532	7,239,129
Purchase	-	-	32	-	-	275,020	275,052
Reclassifications	-	64,827	102,324	3,988	4,797	(175,835)	101
Capitalised borrowing costs	-	-	-	-	-	3,967	3,967
Foreign exchange differences	(1,122)	(8,315)	(24,035)	(321)	(215)	(2,565)	(36,573)
Sale	-	-	(2,156)	(159)	(23)	-	(2,338)
Liquidation	-	(578)	(20,144)	(2,605)	(349)	-	(23,676)
Other	-	1,114	-	-	-	450	1,564
Gross value of property, plant and equipment at the end of the period	90,777	1,827,015	4,736,901	109,158	79,806	613,569	7,457,226
01.01.-30.09.2022							
Gross value of property, plant and equipment at 01.01.2022	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

	Land	Buildings, premises, civil and marine engineering structures	Machinery and equipment	Vehicles	Other fixed assets	Property, plant and equipment under construction	TOTAL
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

Purchases of property, plant and equipment were made with own financial resources and credit facilities. As at 30 September 2023, commitments to purchase property, plant and equipment amounted to PLN 117,552 thousand (PLN 134,638 thousand as at 31 December 2022). 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 2022, published on 23 March 2023.

For additional information on debt financing in the CIECH Group, see also Section 3.5.5 of this report.

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 high 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.-30.09.2023	01.01.-30.09.2022
Revenues from sales of products and services, including:	868	505
<i>associates</i>	20	13
Revenues from sales of goods and materials, including:	53,277	29,423
<i>associates</i>	27,264	25,868
Other operating income	152	-
Financial income, including:	451	248
<i>associates</i>	451	240
Purchases of products, goods and materials:	1,253	130,435
Purchase of services, including:	26,413	32,019
<i>KI One S.A.</i>	152	153
<i>associates</i>	20,068	17,559
Financial expenses, including:	1,277	1,566
<i>associates</i>	311	107
	30.09.2023	31.12.2022
Trade receivables, including:	11,672	14,428
<i>associates</i>	7,575	13,481
Trade liabilities, including:	3,309	36,294
<i>associates</i>	3,019	4,930

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 2023, except for transactions described in Section 3.3 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

	30.09.2023	31.12.2022
Contingent assets	20,944	38,283
Other contingent receivables	20,944	38,283
Contingent liabilities	471,442	428,823
Tax liabilities (including interest)	65,323	68,822
Letters of support	290,893	254,662
Emission allowances	47,319	50,000
Promissory notes	22,411	22,610
Other	45,496	32,730

The value of contingent assets comprises:

- 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.
- a contingent asset in the amount of PLN 2,080 thousand – it is the value of energy efficiency certificates received by CIECH Soda Polska S.A. 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.

Contingent assets decreased from year-end by PLN 17,339 thousand, which is mainly due to the receipt of interest from the tax office related to the payment of the additional income tax liability with interest for 2012 following the decision of the second instance authority in 2019. The contingent asset recognised at the year-end related to interest for the period from the date of payment of tax plus interest to 31 December 2022.

As at 30 September 2023, contingent liabilities amounted to PLN 471,442 thousand and increased by PLN 42,619 thousand compared to the level recorded on 31 December 2022. The change was mainly as a result of payments received for the caverns covered by the Letter of support.

Other contingent liabilities include the amount of potential environmental penalties in CIECH Soda Polska S.A. in the amount of PLN 45,496 thousand.

The guarantees and sureties granted related to Group companies and are described in Note 9.2. Consolidated Financial Statements of the CIECH Group for 2022, published on 23 March 2023.

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

In the period from January to September 2023, 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:

Period	Company
2012	CIECH S.A.- case closed
2013	CIECH S.A.
2014	CIECH S.A.
2015	CIECH Soda Polska S.A., CIECH Pianki Sp. z o.o., CIECH Cargo Sp. z o.o., CIECH Sarzyna S.A., CIECH Vitrosilicon S.A. – cases are closed
2016	CIECH Sarzyna S.A.- case closed, CIECH S.A.

In the period from January to September 2023, the following events took place with regard to CIT audits in the Polish companies of the CIECH Group:

CIT audit for 2012 at CIECH S.A.	<p>On 8 February 2023, the Company received a written statement of reasons for the judgment of the Supreme Administrative Court ("SAC") in Warsaw dated 8 December 2023. In its statement of reasons, the Supreme Administrative Court indicated that the Authority, when re-examining the case, would be obliged to follow the court's interpretation of the law. The ruling is final and not subject to appeal. On 13 June 2023, the Company received the final decision (the "Decision") dated 1 June 2023 issued 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"). In the Decision, the Head of the Małopolskie Province Customs and Tax Office in Kraków, guided by the judgement of the Supreme Administrative Court, recognised the Company's right to recognise the tax cost related to the in-kind contribution of receivables and, thus, concluded that the Company has no corporate income tax arrears for 2012. In June 2023, the Company received a refund of the amount of tax paid (PLN 43.7 million) and interest (PLN 22.7 million), as well as interest for the period when the funds paid were at the disposal of the office (PLN 28.4 million) – a total of PLN 94.8 million.</p>
CIT audit for 2013 at CIECH S.A.	<p>On 27 February 2023, the Company received the Decision of the Head of the Tax Administration Chamber in Warsaw dated 14 February 2023. In the decision, the Head of the Tax Administration Chamber determined the tax liability to be PLN 1.4 million. The Office has waived the challenge of trademark fees as a deductible cost. However, the Authority did not take into account the additional evidence submitted by the Company concerning the interest on external financing earmarked for the reserve capital in CIECH Soda Deutschland GmbH & Co. KG and the expense in relation to tax consultancy and refused to recognise them as tax costs. The company and its advisers disagree with the Decision and filed a complaint with the Provincial Administrative Court in Warsaw on 28 March 2023. In June and July 2023, the Company received a partial refund of the tax paid (PLN 0.4 million), which was related to the trademark, as well as interest for the period when the funds paid were at the disposal of the office (PLN 0.2 million) – a total of PLN 0.6 million. The hearing before the Provincial Administrative Court was set for 22 November 2023.</p>
CIT audit for 2014 at CIECH S.A.	<p>On 27 March 2023, the Company received the Decision of the Head of the Małopolskie Province Customs and Tax Office in Kraków of 22 March 2023 on the resumption, ex officio, of tax proceedings against Ciech S.A. In his reasons, the Head indicated that the Proceedings had been resumed as the reasons for which they had been suspended had ceased to exist. On 10 July 2023, the Company received the Decision of the first instance issued by the Head of the Małopolskie Province Customs and Tax Office in Kraków dated 26 June 2023, in which the Head did not recognise as tax costs the expenses relating to interest on external financing earmarked for reserve capital in CIECH Soda Deutschland GmbH & Co. KG. in the amount of PLN 22.7 million. As a result, the Office determined the tax loss carried forward for that year to in the amount lower by PLN 22.7 million. The company disagrees with the findings of the auditors and filed an appeal against the Decision on 24 July 2023. The appeal proceedings are ongoing.</p>
CIT audit for 2015 at CIECH Soda Polska S.A.	<p>On 30 January 2023, the Company received a written statement of reasons for the judgment of the Supreme Administrative Court ("SAC") in Warsaw dated 14 December 2022, and on 8 May 2023 – the final decision of the Head of the Tax Administration Chamber in Bydgoszcz dated 27 April 2023. In the decision, the Head of the Tax Administration Chamber, guided by the judgments of the Supreme Administrative Court in Warsaw, recognised the right of the Company to settle the tax loss due to a share in a partnership;</p>

	<p>thus, it decided that the Company had no corporate income tax arrears for 2015, which had previously been determined by it at PLN 3.9 million. On 11 May 2023, the Company received a refund from the Tax Office of the amount paid of PLN 4.9 million (tax of PLN 3.9 million, interest of PLN 1.0 million) and interest for the period when the funds paid were at the disposal of the office in the amount of PLN 1.8 million. The total amount received is PLN 6.7 million.</p>
<p>CIT audit for 2015 at CIECH Pianki Sp. z o.o.</p>	<p>On 30 January 2023, the Company received a written statement of reasons for the judgment of the Supreme Administrative Court ("SAC") in Warsaw dated 14 December 2022, and on 8 May 2023 – the final decision of the Head of the Tax Administration Chamber in Bydgoszcz dated 27 April 2023. In the decision, the Head of the Tax Administration Chamber, guided by the judgments of the Supreme Administrative Court in Warsaw, recognised the right of the Company to settle the tax loss due to a share in a partnership; thus, it decided that the Company had no corporate income tax arrears for 2015, which had previously been determined by it at PLN 2.6 million. On 11 May 2023, the Company received a refund from the Tax Office of the amount paid of PLN 3.3 million (tax of PLN 2.6 million, interest of PLN 0.7 million) and interest for the period when the funds paid were at the disposal of the office in the amount of PLN 1.3 million. The total amount received is PLN 4.6 million.</p>
<p>CIT audit for 2015 at CIECH Cargo Sp. z o.o.</p>	<p>On 30 January 2023, the Company received a written statement of reasons for the judgment of the Supreme Administrative Court ("SAC") in Warsaw dated 14 December 2022, and on 8 May 2023 – the final decision of the Head of the Tax Administration Chamber in Bydgoszcz dated 27 April 2023. In the decision, the Head of the Tax Administration Chamber, guided by the judgments of the Supreme Administrative Court in Warsaw, recognised the right of the Company to settle the tax loss due to a share in a partnership; thus, it decided that the Company had no corporate income tax arrears for 2015, which had previously been determined by it at PLN 1.7 million. On 11 May 2023, the Company received a refund from the Tax Office of the amount paid of PLN 2.1 million (tax of PLN 1.7 million, interest of PLN 0.4 million) and interest for the period when the funds paid were at the disposal of the office in the amount of PLN 0.8 million. The total amount received is PLN 2.9 million.</p>
<p>CIT audit for 2015 at CIECH Vitrosilicon S.A.</p>	<p>On 22 June 2023, the Company received a final decision (hereinafter: the "Decision") of the Head of the Lubuskie Province Customs and Tax Office in Gorzów Wielkopolski revoking the first-instance decision issued by the Lubuskie Province Customs and Tax Office in Gorzów Wielkopolski of 31 May 2022 and discontinuing the income tax proceedings for 2015. The proceedings concerned the right to settle a tax loss from a shareholding in a Partnership, which resulted in the determination of a tax arrears of PLN 2.7 million. This amount was not due and therefore not paid to the tax office. As a consequence of the decision in question issued by the Head of the Lubuskie Province Customs and Tax Office in Gorzów Wielkopolski, CIECH Vitrosilicon S.A. has no corporate income tax arrears for 2015.</p>
<p>CIT audit for 2015 at CIECH Sarzyna S.A.</p>	<p>On 8 May 2023, the Company received the final decision of the second instance authority, i.e. the Head of the Tax Administration Chamber in Rzeszów, dated 21 April 2023, repealing the decision of the Head of the Podkarpackie Tax Office in Rzeszów and discontinuing the income tax proceedings for 2015 due to the expiry of the statute of limitations. As a consequence of the decision in question issued by the Head of the Tax Administration Chamber in Rzeszów, CIECH Sarzyna has no corporate income tax arrears for 2015. On 11 May 2023, the Company received a refund from the Tax Office of the amount paid of PLN 7.4 million (tax of PLN 6.4 million, interest of PLN 1.0 million) and interest for the period when the funds paid were at the disposal of the office in the amount of PLN 1.5 million. The total amount received is PLN 8.9 million.</p>
<p>CIT audit for 2016 at CIECH Sarzyna S.A.</p>	<p>On 29 May 2023, the Company received the final decision of the second instance authority, i.e. the Head of the Tax Administration Chamber in Rzeszów, dated 17 May 2023, repealing the decision of the Head of the Podkarpackie Tax Office in Rzeszów and discontinuing the income tax proceedings for 2016 due to the expiry of the statute of limitations. As a consequence of the decision in question issued by the Head of the Tax Administration Chamber in Rzeszów, CIECH Sarzyna has no corporate income tax arrears for 2016. On 2 June 2023, the Company received a refund from the Tax Office of the amount paid of PLN 5.5 million (tax of PLN 4.7 million, interest of PLN 0.8 million) and interest for the period when the funds paid were at the disposal of the office in the amount of PLN 0.5 million. The total amount received is PLN 6.0 million.</p>
<p>CIT audit for 2016 at CIECH S.A.</p>	<p>On 12 June 2023, the Company received a decision from the Head of the Małopolskie Province Customs and Tax Office in Kraków dated 29 May 2023 on the resumption of customs and fiscal audit suspended in the previous year. On 20 July 2023, the Company received the Audit Result ("Audit Result") dated 11 July 2023 issued by the Head of the Małopolskie Province Customs and Tax Office in Kraków. In the Audit Result issued, the Head of the Małopolskie Province Customs and Tax Office in Kraków found that the Company</p>

was not entitled to include the entirety of the expenses, incurred for the acquisition of the shares in the subsidiary, which arose in connection with the disposal of those shares in 2016, as a deductible expense. On 6 November 2023, the Company received the decision (hereinafter: Decision) of the Head of Małopolskie Province Customs and Tax Office of 23 October 2023. In the issued Decision, similarly to the received Inspection Result, the authority questioned the settlement of the full amount of tax-deductible costs related to the sale of shares in the subsidiary. The amount of tax liability resulting from the received Decision is PLN 2.9 million, and the interest on arrears as at the date of receipt of the Decision is approximately PLN 1.5 million. The received Decision is not final and cannot be enforced. Although the Company does not agree with the issued Decision and intends to appeal against it, in order to limit further increase in interest, it paid PLN 2.9 million of tax and PLN 1.5 million of interest. The disputed case may also affect tax settlements for 2018-2020 due to a possible change in the amount of tax losses settled in these years. The total tax liability arising from the above-mentioned title may amount to approximately PLN 31.5 million plus interest on arrears (as at the balance sheet date it amounts to approximately PLN 14 million). The Company and its tax advisor do not agree with the position of the Head of Małopolskie Province Customs and Tax Office and intend to prove their case if the Head of Małopolskie Province Customs and Tax Office continues to question the right to recognize all the expenses referred to above. Nevertheless, guided by the principle of prudence, the Company recognised a provision in the total amount of PLN 45 million for the amount of potential tax liabilities and interest.

The total amount of potential tax liabilities resulting from the proceedings described above is PLN 40.1 million. Therefore, despite further dispute, after the decision of the second instance regarding CIT 2013 in CIECH S.A. a tax amount of PLN 1.4 million was paid, and after the decision of the First Instance regarding CIT 2016 in CIECH S.A. in November 2023, the amount of PLN 2.9 million was paid. Interest in the amount of PLN 1.8 million was also paid.

As at the balance sheet date, the provision covers a potential tax liability of PLN 38.7 million. The amount of tax paid of PLN 1.4 million regarding 2013 is reported as a receivable from the Tax Office, an impairment loss was recognised for the entire amount.

In total, the Group's companies after the conclusion of the disputes:

1. CIECH S.A. in the CIT 2012 case – case won before the Supreme Administrative Court,
2. CIECH SA. on CIT 20123 in the part concerning trademarks – the Office has withdrawn from questioning the cost,
3. CIECH Soda Polska S.A, CIECH Cargo Sp. o.o. and CIECH Pianki Sp. z o.o. in the CIT 2015 case – case won before the Supreme Administrative Court,
4. CIECH Sarzyna S.A in the CIT 2015 and CIT 2016 case – final Decisions,

they received a refund of the overpaid tax liability in the amount of PLN 63.4 million and a refund of the interest paid in the amount of PLN 26.6 million, as well as interest for the period when the funds paid were at the disposal of the office in the amount of PLN 34.5 million. The total amount received is PLN 124.5 million.

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

Period	Company
Fourth quarter of 2013	Verbis KAPPA Sp. z o.o. S.K.A.
Fourth quarter of 2013	Verbis ETA Sp. z o.o. S.K.A.
December 2014	CIECH Soda Polska S.A. (legal successor of Cerium Finance Sp. z o.o.)

In the period from January to September 2023, the following events took place with regard to VAT audits in the Polish companies of the CIECH Group:

VAT audit for the fourth quarter of 2013 at Verbis Kappa Sp. z o.o. S.K.A.	On 31 March 2023, the Company sent a motion to the Supreme Administrative Court ("SAC") to suspend ex officio the judicial and administrative proceedings due to the fact that their resolution depends on the outcome of the pending court proceedings before the Court of Justice of the European Union ("CJEU"), initiated by the referral to the CJEU of the preliminary question covered by the decision of the SAC of 24 February 2023, case number I FSK 2003/18. On 27 April 2023, the Company received an Order of the Supreme Administrative Court dated 18 April 2023 in which the Supreme Administrative Court granted the motion filed by the Company and suspended the proceedings until the CJEU's ruling.
VAT audit for the fourth quarter of 2013 at Verbis	On 31 March 2023, the Company sent a motion to the Supreme Administrative Court ("SAC") to suspend ex officio the judicial and administrative proceedings due to the fact that their resolution depends on the

ETA Sp. z o.o. S.K.A.	outcome of the pending court proceedings before the Court of Justice of the European Union ("CJEU"), initiated by the referral to the CJEU of the preliminary question covered by the decision of the SAC of 24 February 2023, case number I FSK 2003/18. On 27 April 2023, the Company received an Order of the Supreme Administrative Court dated 18 April 2023 in which the Supreme Administrative Court granted the motion filed by the Company and suspended the proceedings until the CJEU's ruling.
VAT audit for December 2014 at CIECH Soda Polska S.A. (legal successor of Cerium Finance Sp. z o.o.)	On 31 March 2023, the Company sent a motion to the Supreme Administrative Court ("SAC") to suspend ex officio the judicial and administrative proceedings due to the fact that their resolution depends on the outcome of the pending court proceedings before the Court of Justice of the European Union ("CJEU"), initiated by the referral to the CJEU of the preliminary question covered by the decision of the SAC of 24 February 2023, case number I FSK 2003/18. On 27 April 2023, the Company received an Order of the Supreme Administrative Court dated 18 April 2023 in which the Supreme Administrative Court granted the motion filed by the Company and suspended the proceedings until the CJEU's ruling.

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, and in CIECH Soda Polska S.A. the amount of interest paid is PLN 10 million. These amounts are reported as public-law receivables in the financial statements. The companies did not recognise provisions for the above tax cases, as the companies and their tax advisers estimate the chances of winning these disputes ultimately at more than 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.

Audits at foreign companies of the CIECH Group.

Audit at the Ciech Group in Germany	There were no events in the period from January to September 2023.
Audit in CIECH Soda Romania S.A.	In November 2023, the company received a notification about the commencement of a CIT and VAT inspection on 23 November 2023. The CIT audit covers the years 2017-2022, and the VAT audit covers the period from 1 January 2017 to 30 September 2023.

For details of these audits, see Note 9.2. to the Consolidated Financial Statements of the CIECH Group for 2022, published on 23 March 2023.

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

On 22 June 2023, the Ordinary General Meeting of CIECH S.A. resolved to distribute CIECH S.A.'s net profit for the financial year 2022 in the amount of PLN 612,255 thousand, in the following manner:

- allocated the amount of PLN 382,074 thousand for the payment of dividend to shareholders, which means that the value of the dividend per share amounted to PLN 7.25, which - taking into account the interim dividend for 2022 in the amount of PLN 79,050 thousand, i.e. PLN 1.50 per share paid by CIECH S.A. pursuant to Resolution of the Management Board No 194/2022 of 15 November 2022 – causes the remaining dividend for the financial year 2022 for shareholders to amount to PLN 303,024 thousand, i.e. PLN 5.75 per share.
- the remaining amount, i.e. allocated PLN 230,181 thousand in its entirety to the supplementary capital set up by the Ordinary General Meeting of CIECH S.A., established for the payment of dividends and interim dividends.

The dividend record date was set for 27 June 2023 and the dividend was paid on 17 July 2023.

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.

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

Discontinued operations

During three quarters of 2023, there were no discontinued operations at the CIECH Group.

Assets and liabilities classified as held for sale

As at 30 September 2023 and 31 December 2022, 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 2023

Information on important events taking place in the CIECH Group during three quarters of 2023 has been presented in Sections 3.3 and 3.4 hereof.

2.17. INFORMATION ON POST-BALANCE-SHEET EVENTS

POST-BALANCE-SHEET EVENTS

On 25 October 2023, an Agreement was concluded between CIECH and ORLEN SYNTHOS GREEN ENERGY sp. z o.o. with its registered office in Warsaw regarding the analysis of the feasibility of implementing the project for the construction of modular nuclear power plants. The Agreement regulates the principles of cooperation between the Parties in the scope of verifying the feasibility of implementing an investment involving the construction of modular nuclear power plants using reactor technology BWRX-300 (Small Modular Reactors, "SMR Project"), on selected properties at the disposal of CIECH, agreeing and negotiating the terms of cooperation during the preparation and implementation of the investment covering the Project SMR, as well as developing the target business model of cooperation between the Parties in the event of a decision to implement the investment covering the Project SMR. For details on the agreements, see current report No 62/2023.

As a result of the tender offers for the sale of CIECH S.A. shares completed during 2023, the shareholder of CIECH S.A., KI Chemistry S.a.r.l., increased its shareholding in CIECH S.A. from 51.14% to 95.43% by acquiring 23,338,812 shares in CIECH S.A. to the total number of 50,290,864 shares.

On 7 November 2023, the main shareholder of CIECH S.A., KI Chemistry S.à r.l. with its registered office in Luxembourg, announced its intention to purchase all shares of CIECH S.A. by way of compulsory buyout with the redemption date falling on 17 November 2023.

Moreover, on 6 November 2023, the management board of the Warsaw Stock Exchange S.A. adopted resolution No. 1197/2023 on the suspension of trading in CIECH S.A. shares on the WSE Main List marked with the code "PLCIECH00018" from 7 November 2023. Pursuant to the resolution of the WSE Management Board, suspension of trading in CIECH S.A. shares. is caused by the notification of the intention to announce the Compulsory Buyout of the Company's shares.

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

In the period from January to September 2023, the Management Board of CIECH S.A. continued its efforts to monitor the events in Ukraine in detail and analyse, under various scenarios, the reaction of the markets and their possible impact on the Group.

The CIECH Group and individual segments of the Group were not directly affected by Russia's invasion of Ukraine during the three quarters of 2023. The Group and its entities did not conduct or have any business relationships with these markets. With the stabilisation of energy

commodity price fluctuations, the direct impact of the conflict in Ukraine on the CIECH Group has decreased compared to the corresponding period of 2022.

Still, as described in the report for the first half of 2023, the Group and the individual segments were indirectly affected in terms of day-to-day operations and financial performance. The main factor recorded in the three quarters of 2023 was the decrease and stabilisation of raw material prices and the improvement in their availability. On the other hand, the Group and its key operating segments used hedging mechanisms that assumed higher-than-market prices for raw materials. In the soda segment, a key segment for the CIECH Group, this resulted in higher raw material costs and manufacturing costs for soda products than for the products offered by competitors.

In addition, since the beginning of 2023, the Group and its business segments have experienced an economic slowdown and a decline in sales. Detailed information on the situation in the Group's individual segments is presented in Section 2.5 hereof.

Strengthening IT infrastructure

The Group continued to pay particular attention to the effective management of cyber risks and continued its efforts to enhance the security of IT systems and data processing. The security measures in place continued to be updated on an ongoing basis, and monitoring of unusual events, logs and operations was intensified and extended. All these measures have been implemented as part of the Group's IT security policy and information security policy.

Financial risk management

The third quarter of 2023 saw a continuation of the trend of decelerating volatility in financial markets, including commodity prices, exchange rates and interest rates. In this respect, the situation in the third quarter was no different from that in the second quarter of 2023.

In the third quarter of 2023, the situation on the foreign exchange market remained unchanged, with stable exchange rates and a stable PLN position, resulting in no negative impact on the Group's current liquidity and performance in the period under review.

The third quarter of 2023 also saw a deceleration in interest rate rises. However, this development does not stem from the situation in Ukraine and the ongoing conflict.

Maintaining a secure financial position

The CIECH Group's liquidity position during the third quarter of 2023 was and is stable. 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 2023, the Group held cash in the amount of PLN 359 million and limits available under committed credit facilities of PLN 326 million.

No indication of impairment

The third quarter of 2023 did not bring 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, were and will continue to be 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.

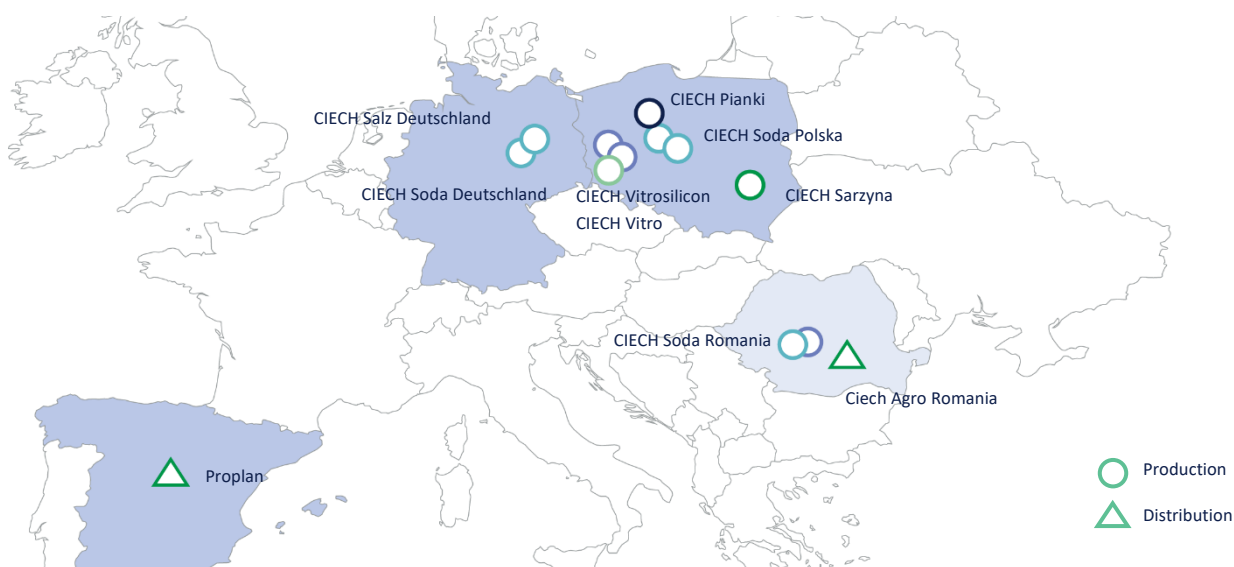
MANAGEMENT BOARD REPORT ON THE CIECH GROUP'S ACTIVITIES

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

3.1. 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 3,343 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.

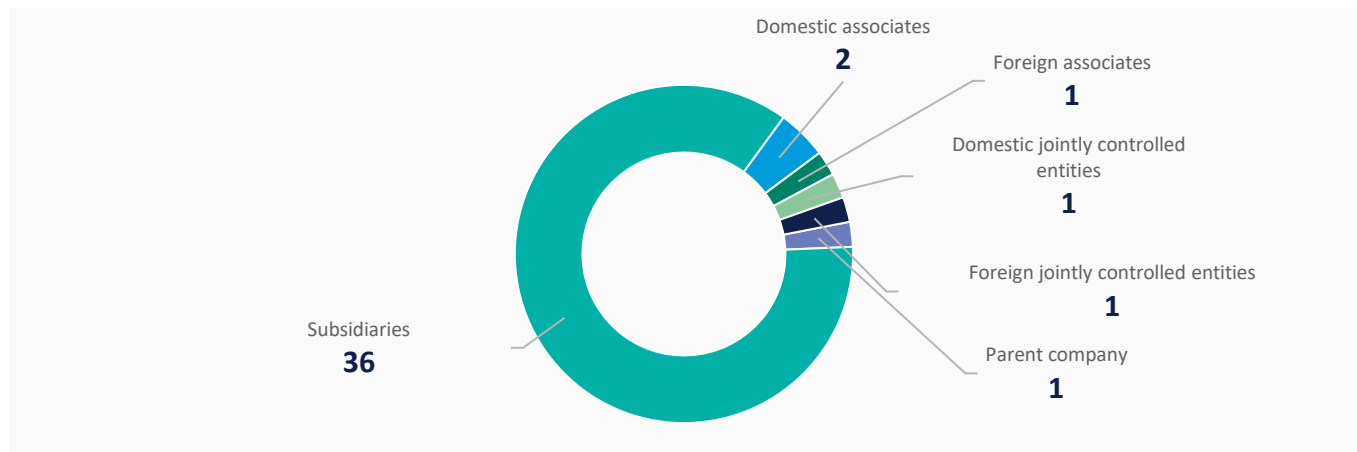
Products of the CIECH Group are manufactured in 9 production plants. The five largest production plants (2 in Poland, 2 in Germany and 1 in Romania) operate in the Soda Segment and manufacture soda ash, soda derivatives and salt; the plant in Romania produces glassy sodium silicate and sodium water glass. 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

For detailed information on ownership changes occurring during the three quarters of 2023, see Section 3.3 hereof. As at 30 September 2023, the CIECH Group comprised 42 business entities, including:

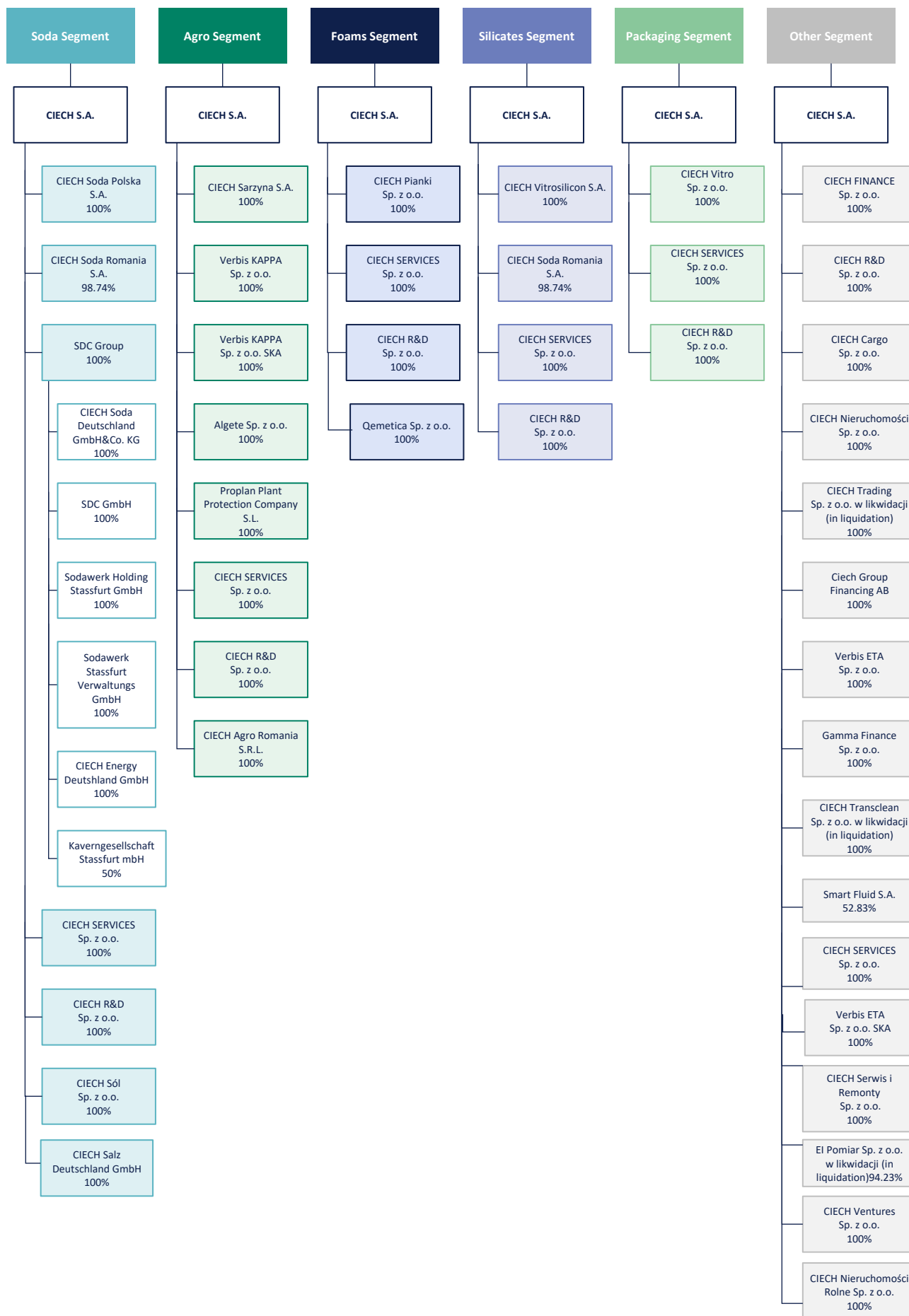


The Parent company of the Group is CIECH S.A. It is a holding company that manages domestic and foreign manufacturing, trade and service companies of the Group. CIECH S.A. also provides support services to key subsidiaries. Key products manufactured by the CIECH Group include: soda ash, sodium bicarbonate,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

The lists of fully consolidated companies and companies accounted for under the equity method are provided below:



Company name	Registered office	Segment	Business	Share in equity as at 30.09.2023 / % of votes at the GMS	Share in equity as at 30.09.2022 / % of votes at the GMS
Parent company					
CIECH S.A.	Warsaw	Soda, Agro, Foams, Silicates, Packaging, Other	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. w likwidacji (in liquidation)	Warsaw	Other	The company is preparing for the liquidation process, operations are being phased out. In liquidation as of 31 October 2023.	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.	łłowa	Silicates	Manufacture of other basic inorganic chemicals, manufacture of other chemical products.	100%	100%
CIECH Vitro Sp. z o.o. ¹	łłowa	Packaging	Manufacture of hollow glass, manufacture and processing of other glass.	100%	100%
CIECH Transclean Sp. z o.o. w likwidacji (in liquidation)	Bydgoszcz	Other	Since 2017, the Company has not carried out any operating activities. In liquidation as of 31 October 2023.	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. ²	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%	100%
CIECH Sól Sp. z o.o.	Warsaw	Soda	Production and sales of salt products.	100%	100%
CIECH Nieruchomości Rolne Sp. z o.o.	Warsaw	Other	Support activities for crop production, property management.	100%	100%
CIECH Finance Sp. z o.o.	Warsaw	Other	Implementing divestment projects concerning obsolete fixed assets (property) and financial assets (shares in companies).	100%	100%
Qemetica Sp. z o.o. ³	Bydgoszcz	Foams	Manufacture of mattresses, wholesale and retail.	100%	-
CIECH R&D Group					
CIECH R&D Sp. z o.o.	Warsaw	Soda, Agro, Foams, Silicates,	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%

Company name	Registered office	Segment	Business	Share in equity as at 30.09.2023 / % of votes at the GMS	Share in equity as at 30.09.2022 / % of votes at the GMS
		Packaging, Other			
Smart Fluid S.A.	Warsaw	Other	Research & Development.	52.83%	52.83%
CIECH Soda Polska Group					
CIECH Soda Polska S.A.	Inowroclaw	Soda	Manufacture of other basic inorganic chemicals, wholesale of chemical products, power generation and distribution.	100%	100%
CIECH Cargo Sp. z o.o.	Inowroclaw	Soda	Freight transport services.	100%	100%
Gamma Finanse Sp. z o.o. ⁴	Warsaw	Other	Financing activities.	100%	100%
El-Pomiar Sp. z o.o. w likwidacji (in liquidation)	Inowroclaw	Other	Repair and maintenance of electrical equipment.	94.23%	94.23%
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 ⁵	Stassfurt, Germany	Soda	Management and maintenance of gas caverns.	50%	50%

¹Number of shares / votes at the GMS attributable directly to CIECH S.A. — 39.41%, indirect share through CIECH Soda Polska S.A. — the remaining 60.59%.

²Shares in the share capital acquired by CIECH S.A. — 99.18% and CIECH Soda Polska S.A. — 0,82%.

³Shares in the share capital acquired by CIECH S.A. — 1% and CIECH Soda Polska S.A. — 99%.

⁴Shares in the share capital acquired by CIECH S.A. — 1.4% and CIECH Soda Polska S.A. — 98.6%.

⁵Jointly-controlled company accounted for under the equity method.

3.2. 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 2023 to 30 September 2023 does not exceed 1% of total consolidated assets of the Group and 0.5% of consolidated net revenues from sales of goods and products and financial operations. The non-consolidated subsidiary is Nordiska Unipol AB.

Aggregated data of associates and jointly-controlled companies which were not measured under the equity method for the period from 1 January 2023 to 30 September 2023 did not exceed 1% of the total consolidated equity of the CIECH Group.

3.3. SIGNIFICANT EFFECTS OF CHANGES TO THE ORGANISATIONAL STRUCTURE OF THE CIECH GROUP DURING THREE QUARTERS OF 2023

CIECH Nieruchomości Rolne Sp. z o.o.	<p>On 19 January 2023, the Extraordinary Shareholders' Meeting of CIECH Nieruchomości Rolne Sp. z o.o. increased the Company's share capital by PLN 200 thousand, i.e. from PLN 5 thousand to PLN 205 thousand through creation of 40,000 new, equal and indivisible shares with a nominal value of PLN 50 per share. The right to subscribe for all 40,000 shares was granted to CIECH S.A., the sole shareholder of the Company.</p> <p>The court registered the share capital increase on 23 February 2023.</p>
CIECH Sól sp. z o.o.	<p>On 6 February 2023, the Extraordinary Shareholders' Meeting of CIECH Sól Sp. z o.o. increased the Company's share capital by PLN 150 thousand, i.e. from PLN 5 thousand to PLN 155 thousand through creation of 3,000 new, equal and indivisible shares with a nominal value of PLN 50 per share. The right to subscribe for all 3,000 newly created shares was granted to the existing shareholder, CIECH S.A. The court, by decision of 27 March 2023, registered the capital increase of CIECH Sól sp. z o.o.</p>
CIECH Ventures Sp. z o.o.	<p>On 13 February 2023, the Extraordinary Shareholders' Meeting of CIECH Ventures Sp. z o.o. resolved that the sole shareholder of the Company, CIECH S.A., should make an additional contribution of PLN 10,000 thousand. The additional contribution was paid within 5 days of the resolution.</p>
Qemetica Sp. z o.o. – new company in the Group	<p>On 17 November 2022, CIECH Pianki Sp. z o.o. and CIECH S.A. established a company under Polish law, operating under the name Dreamly Sp. z o.o., with its registered office in Bydgoszcz with share capital of PLN 100 thousand, which is divided into 100 equal and indivisible shares with a nominal value of PLN 1 thousand per share. Subsequently, the shareholders of Dreamly Sp. z o.o. by Notarial Deed dated 18 January 2023, amended the Company's Articles of Association so as to change the Company's name to: Qemetica Sp. z o.o. The court, by order of 20 February 2022, registered Qemetica Sp. z o.o. whose shares were acquired for a cash contribution, including: CIECH Pianki Sp. z o.o. acquired 99 shares, with a total nominal value of PLN 99 thousand, and CIECH S.A. acquired 1 share, with a nominal value of PLN 1 thousand.</p> <p>On 18 April 2023, the Extraordinary Shareholders' Meeting of Qemetica Sp. z o.o. resolved to oblige the Shareholders to make capital contributions in the amount of five times the nominal value of the shares held by the Shareholders on the date of the resolution, i.e. in accordance with the following:</p> <ol style="list-style-type: none"> 1) CIECH Pianki sp. z o.o. - made an additional contribution of PLN 495 thousand, 2) CIECH S.A. – made an additional contribution of PLN 5 thousand. <p>On 29 August 2023, the Extraordinary Shareholders' Meeting of Qemetica Sp. z o.o. resolved that all shareholders of the Company should pay additional contributions as follows:</p> <ol style="list-style-type: none"> 1) 1) CIECH Pianki sp. z o.o. made an additional contribution of PLN 2,475 thousand, 2) CIECH S.A. made an additional contribution of PLN 25 thousand.
El-Pomiar Sp. z o.o. w likwidacji (in liquidation)	<p>On 2 January 2023, the Extraordinary Shareholders' Meeting of El-Pomiar Sp. z o.o. resolved to dissolve the Company and open its liquidation. On 12 January 2023, the court registered the decision of the Extraordinary Shareholders' Meeting to dissolve the Company and proceed with its liquidation.</p>
Smart Fluid S.A.	<p>On 5 June 2023, an Extraordinary Shareholders' Meeting of Smart Fluid S.A. was held on increasing the share capital by an amount from PLN 5,000 thousand to PLN 15,000 thousand by issuing between 50 million and 150 million new series B registered shares, with a nominal value and an issue price of PLN 0.10 per share, to be offered by private placement to the majority shareholder, CIECH R&D Sp. z o.o. The deadline for the conclusion of the agreement(s) for the subscription of series B shares and the payment of all contributions to cover these shares was set for 5 December 2023.</p> <p>As a result of the increase, the share capital will increase from PLN 106 thousand to between PLN 5,160 thousand and PLN 15,106 thousand. The final amount of the increase will be determined by December 2023, so that the registration of the increase with the National Court Register can take place by the end of 2023.</p> <p>On 30 October 2023, CIECH S.A., as the sole shareholder of CIECH R&D Sp. z o.o., agreed to:</p>

	<ul style="list-style-type: none"> • CIECH R&D Sp. z o.o.'s take-up of 50 million new series B ordinary registered shares with a nominal value of PLN 0.10 each and an issue price of PLN 0.10 each, issued pursuant to Resolution No 5 of the Extraordinary Shareholders' Meeting of Smart Fluid S.A. of 5 June 2023. • CIECH R&D Sp. z o.o.'s conclusion of a private subscription agreement with Smart Fluid S.A. for the take-up of Series B Shares by CIECH R&D Sp. z o.o., and the payment of a cash contribution to SF in the amount corresponding to the nominal value of Series B Shares, i.e. the amount of PLN 5 million.
CIECH Nieruchomości Sp. z o.o.	On 9 October 2023, an Extraordinary Shareholders' Meeting of CIECH Nieruchomości Sp. z o.o. was held, increasing the Company's share capital by PLN 23,000 thousand, i.e. from PLN 22,148.5 thousand to PLN 45,148.5 thousand by establishing 230,000 new, equal and indivisible shares, with a nominal value of PLN 100 per share. The right to take up the new shares was granted to CIECH S.A. in exchange for cash in the amount of PLN 23,000 thousand. Following the increase, CIECH S.A. will hold 99.67% of the share capital and participation of CIECH Finance Sp. z o.o. will decrease to 0.33% of the share capital. The court registered the share capital increase on 14 November 2023.

3.4. THE MOST IMPORTANT EVENTS IN THE CIECH GROUP DURING THREE QUARTERS OF 2023

SIGNIFICANT EVENTS IN THE CIECH GROUP
On 31 January 2023, Mr Mirosław Skowron tendered his resignation as Member of the Management Board of CIECH S.A.
On 31 January 2023, CIECH Salz Deutschland GmbH filed a lawsuit against EVATHERM AG at the Magdeburg District Court for the payment of approximately EUR 20 million (including interest and legal costs). The lawsuit was filed due to improper performance of the contract, delayed commissioning of the installation at the CIECH Salz Deutschland GmbH evaporated salt plant and problems in its operation. For details, see current report No 4/2023.
On 13 February 2023, a notice of intention to announce a tender offer to subscribe for the shares in CIECH S.A. issued by Santander Bank Polska S.A. – Santander Brokerage Office on behalf of KI Chemistry SARL, the main shareholder of CIECH S.A., was published.
On 9 March 2023, a notice was published announcing a tender offer for the sale of CIECH S.A. shares. Subscriptions for shares under the Tender Offer were accepted from 10 March 2023 to 17 April 2023. The settlement of the purchase of shares in the Tender Offer was made on 21 April 2023.
On 10 March 2023, CIECH Soda Polska S.A. was granted state aid under the programme "Aid for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2022" in the amount of PLN 18,734.4 thousand.
On 25 May 2023: <ul style="list-style-type: none"> • Mr Dawid Jakubowicz – the President of the Management Board of CIECH S.A. resigned from the position of President of the Management Board of the Company and from his mandate as a Member of the Management Board, effective at the end of 26 May 2023, indicating his intention to become a Member of the Management Board of the Company's parent company, Kulczyk Investments S.A., with its registered office in Luxembourg, as the reason. • Mr Jarosław Romanowski - Member of the Management Board of CIECH S.A. resigned from his mandate as Member of the Management Board of the Company, effective at the end of 26 May 2023, indicating his intention to become a Member of the Management Board of the Company's parent company, Kulczyk Investments S.A., with its registered office in Luxembourg, as the reason.
On 25 May 2023, with effect as of 27 May 2023, the Supervisory Board of CIECH S.A. appointed: <ul style="list-style-type: none"> • for the position of President of the Management Board of the Company, Mr Kamil Majczak – a current Member of the Management Board of the Company, • Mr Marcin Puziak as a Member of the Management Board of the Company For details of the Management Board Members, see current report No 37/2023.
CIECH Energy Deutschland received an advance payment of EUR 45 million during the first three quarters of 2023 under the Natural Gas Heat Price Brake Act (EWPBG), which must be credited to CIECH Soda Deutschland as a claim for energy supply relief. As at 30 September 2023, the Company recognised this as a current liability. The relief is subject to the fulfilment of certain formal and organisational conditions and to the final cost of generating process steam. The recognition in the statement of profit or loss in 2023 is subject to the conditions described in the previous sentence.

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

3.5.1. BASIC FINANCIAL DATA

During the first three quarters of 2023, the CIECH Group reported a net result from continuing operations of PLN 33,949 thousand, the net cash balance decreased by PLN 327,964 thousand and, as at the end of the third quarter of 2023, total assets amounted to PLN 7,493,910 thousand. The table below presents selected financial data and basic financial ratios for the three quarters of 2023 and 2022.

Selected financial data

	01.01.- 30.09.2023	01.01.- 30.09.2022	01.07.- 30.09.2023	01.07.- 30.09.2022	Change 2023/2022	Change 2023/2022
CONTINUING OPERATIONS						
Sales revenues	4,078,364	3,885,520	1,161,124	1,406,667	5.0%	192,844
Cost of sales	(3,403,386)	(3,102,157)	(931,324)	(1,150,951)	(9.7%)	(301,229)
Gross profit/(loss) on sales	674,978	783,363	229,800	255,716	(13.8%)	(108,385)
Selling costs	(225,474)	(211,516)	(81,306)	(76,200)	(6.6%)	(13,958)
General and administrative expenses	(269,981)	(219,897)	(89,175)	(62,838)	(22.8%)	(50,084)
Other operating income/expense	10,380	(21,031)	30	(2,809)	-	31,411
Operating profit/(loss)	189,903	330,919	59,349	113,869	(42.6%)	(141,016)
Net financial income/expenses	(174,746)	(75,087)	(10,302)	(35,077)	(132.7%)	(99,659)
Share of profit of equity-accounted investees	3,577	1,064	1,280	614	236.2%	2,513
Income tax	15,215	(24,248)	931	5,694	-	39,463
Net profit/(loss) on continuing operations	33,949	232,648	51,258	85,100	(85.4%)	(198,699)
DISCONTINUED OPERATIONS						
Net profit/(loss) on discontinued operations	-	-	-	-	-	-
Net profit / (loss) for the period	33,949	232,648	51,258	85,100	(85.4%)	(198,699)
including:						
Net profit/(loss) attributable to shareholders of the parent company	35,046	234,455	51,530	85,289	(85.1%)	(199,409)
Net profit/(loss) attributed to non-controlling interest	(1,097)	(1,807)	(272)	(189)	39.3%	710
EBITDA from continuing operations	551,968	644,171	184,249	226,234	(14.3%)	(92,203)
Adjusted EBITDA from continuing operations*	551,278	661,219	186,379	229,943	(16.6%)	(109,941)

* 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.

3.5.2. SALES REVENUES

Consolidated net sales revenues from continued operations of the CIECH Group for the three quarters of 2023 amounted to PLN 4,078,364 thousand. Compared to the corresponding period of the previous year, revenues increased by PLN 192,844 thousand. This increase was driven, among other things, by increased prices for soda, energy, salt products and increased capacity at the German salt works.

During three quarters of 2023, the CIECH Group's activities were focused on five business segments: Soda, Agro, Foams, Silicates, Packaging. 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 2022. Invariably, the largest share in revenues was attributed to the sales of soda segment products, i.e. 79.2%. The largest increases compared to the corresponding period were recorded for revenue from sales of salt and energy in the soda segment, while sales of glass packaging almost doubled in the packaging segment.

Sales revenues — business segments

	01.01.- 30.09.2023	01.01.- 30.09.2022	01.07.- 30.09.2023	01.07.- 30.09.2022	Change I-III 2023/I-III 2022	Change IIIQ 2023/IIIQ 2022	% of total revenues in 2023	% of total revenues in 2022
Soda segment, including:	3,228,767	2,848,630	936,991	1,094,172	13.3%	(14.4%)	79.2%	73.3%
Dense soda ash	1,603,126	1,498,035	501,237	581,669	7.0%	(13.8%)	39.3%	38.6%
Light soda ash	319,694	349,441	93,806	127,537	(8.5%)	(26.4%)	7.8%	9.0%
Salt	376,216	255,322	129,772	104,732	47.3%	23.9%	9.2%	6.6%
Sodium bicarbonate	245,021	236,066	80,674	90,879	3.8%	(11.2%)	6.0%	6.1%
Energy	494,441	347,871	74,215	118,357	42.1%	(37.3%)	12.1%	9.0%
Calcium chloride	16,246	18,250	5,192	3,497	(11.0%)	48.5%	0.4%	0.5%
Other products	51,224	29,564	19,396	9,160	73.3%	111.7%	1.3%	0.8%
Revenues from inter-segment transactions	122,799	114,081	32,699	58,341	7.6%	(44.0%)	3.0%	2.9%
Agro segment, including:	294,755	420,691	65,976	76,081	(29.9%)	(13.3%)	7.2%	10.8%
Agro products	294,438	420,576	65,982	75,968	(30.0%)	(13.1%)	7.2%	10.8%
Revenues from inter-segment transactions	317	115	(6)	113	175.5%	(105.2%)	0.0%	0.0%
Foams segment, including:	195,843	249,269	50,307	69,633	(21.4%)	(27.8%)	4.8%	6.4%
Polyurethane foams	195,838	248,914	50,303	69,549	(21.3%)	(27.7%)	4.8%	6.4%
Revenues from inter-segment transactions	5	355	4	84	(98.7%)	(95.6%)	0.0%	0.0%
Silicates segment, including:	329,671	394,580	87,789	187,646	(16.5%)	(53.2%)	8.1%	10.2%
Sodium silicates	307,336	380,537	80,212	183,094	(19.2%)	(56.2%)	7.5%	9.8%
Potassium silicates	12,359	13,371	4,345	4,316	(7.6%)	0.7%	0.3%	0.3%
Other products	9,004	200	3,071	142	4402.0%	2062.7%	0.2%	0.0%
Revenues from inter-segment transactions	972	472	161	94	105.9%	71.3%	0.0%	0.0%
Packaging segment, including:	122,260	77,178	41,750	34,949	58.4%	19.5%	3.0%	2.0%
Glass packaging	121,496	76,220	41,573	34,620	59.4%	20.1%	3.0%	2.0%
Revenues from inter-segment transactions	764	958	177	329	(20.3%)	(46.2%)	0.0%	0.0%
Other segment, including:	144,703	109,766	45,006	38,049	31.8%	18.3%	3.5%	2.8%
Revenues from third parties	31,925	11,153	11,346	3,147	186.2%	260.5%	0.8%	0.3%
Revenues from inter-segment transactions	112,778	98,613	33,660	34,902	14.4%	(3.6%)	2.8%	2.5%
Consolidation adjustments	(237,634)	(214,594)	(66,695)	(93,863)	10.7%	(28.9%)	(5.8%)	(5.5%)
TOTAL	4,078,364	3,885,520	1,161,124	1,406,667	5.0%	(17.5%)	100.0%	100.0%

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

Gross profit on sales

Cost of goods sold for the three quarters of 2023 amounted to PLN 3,403,386 thousand, which represents an increase by PLN 301,229 thousand (i.e. by 9.7%) compared to the cost of goods sold in the three quarters of 2022, amounting to PLN 3,102,157 thousand. This increase is attributable to high prices of raw materials and energy (coal, gas, electricity) due to contracts concluded during a period of high energy commodity prices.

After the three quarters of 2023, gross profit on sales from continuing operations amounted to PLN 674,978 thousand, whereas in the same period of the previous year it amounted to PLN 783,363 thousand.

Operating profit/loss

Selling costs for the three quarters of 2023 amounted to PLN 225,474 thousand, which represents an increase by PLN 13,958 thousand as compared to PLN 211,516 thousand for the three quarters of 2022. Selling costs accounted for 5.5% of sales revenues for the three quarters of 2023, compared with 5.4% in the corresponding period of the comparable year.

General and administrative expenses for the three quarters of 2023 amounted to PLN 269,981 thousand which is an increase by PLN 50,084 thousand (i.e. by 22.8%) as compared to PLN 219,897 thousand in the three quarters of the corresponding period. The increase in costs is driven by strong inflationary pressures.

Other operating income for the three quarters of 2023 amounted to PLN 61,004 thousand which represents an increase by PLN 18,662 thousand, compared to PLN 42,342 thousand for the three quarters of 2022. In the first quarter of 2023, CIECH Soda Polska S.A. received PLN 18,734 thousand in aid from the Ministry of Development and Technology due to the high energy costs incurred in 2022 as a result of the above-average increase in energy and gas prices.

Other operating expenses for the three quarters of 2023 amounted to PLN 50,624 thousand which represents a decrease by PLN 12,749 thousand from the three quarters of 2022, when these expenses amounted to PLN 63,373 thousand.

Operating profit for the period from January to September 2023 stood at PLN 189,903 thousand, whereas in the comparative period it reached PLN 330,919 thousand.

The factors described below had a key impact on the performance of individual operating segments:

Soda Segment



In the period from January to September 2023, the Group's results **in the Soda Segment** were most significantly shaped by:

Positive developments:

- Pricing based on cost formulas in a significant proportion of sales contracts.
- Declining prices for furnace fuel (including coke) and ammonia.
- Declining salt imports from eastern markets.
- Stable demand levels for high-margin products, particularly salt tablets.
- Declining energy prices allowed for margin normalisation in the salt products segment.
- Decrease in transport costs.

Negative developments:

- Decline in soda sales volumes due to lower demand and intensifying competition.
- Increased salt imports from Turkey, Egypt, Morocco due to rising production costs and salt prices in Europe.
- Reduced demand from eastern markets and noticeably lower demand for table salt.
- The mild winter contributed to lower demand for wet salt.

Agro Segment



In the period from January to September 2023, the Group's results **in the Agro Segment** were most significantly shaped by:

Positive developments:

- A return to a situation of raw material availability, after recent years of challenges caused by the COVID-19, pandemic affecting the maintenance of the supply chain.

Negative developments:

- Herbicide market collapse due to significant drop in raw material prices and high stock levels.
- Reduced profitability of agricultural production and therefore lower willingness of farmers to invest in crops.
- Tendency of distributors to minimize their inventory levels and reduction of consumption by farmers.
- High competitive pressure in the industry, including high pressure from Chinese manufacturers.
- Drought in Europe, in the southern region and in Poland, limiting the volumes of certain crops and the use of crop protection products.

Foams Segment



In the period from January to September 2023, the Group's results **in the Foams Segment** were most significantly shaped by:

Positive developments:

- Falling prices for key raw materials in polyurethane foam formulations on global markets.
- Maintenance of business relationships with key contractors.
- Securing monthly contracts with significant customers, partially buffering the decline in orders in the industry.

Negative developments:

- Continued low levels of upholstered furniture production dictated by low demand in Western European countries.
- Strong price competition in the domestic polyurethane foam market.

Silicates Segment



In the period from January to September 2023, the Group's results **in the Silicates Segment** were most significantly shaped by:

Positive developments:

- Decrease in gas prices and stabilisation of prices of other raw materials, while maintaining their availability on the market.
- A systematic decrease in road transport costs, increased capacity in rail transport and a decrease in costs at seaports.

Negative developments:

- A decline in sodium silicate orders associated with a drop in demand for precipitated silica in Europe has forced a reduction in the melting from glassy sodium silicate furnaces.
- Economic downturn in Europe in other industries to which the Group's products are distributed, e.g. construction, chemical, paper, detergent sectors.
- High soda prices have resulted in reduced off-take or production shifts to other regions of the world.

Packaging Segment



In the period from January to September 2023, the Group's results **in the Packaging Segment** were most significantly shaped by:

Positive developments:

- Optimization of consumption rates and, consequently, production costs, including the raw material set, in terms of improving quality and reducing costs, as well as reducing waste.
- Gradual strengthening of collaboration with customers in the lantern market by meeting tight delivery schedules on an ongoing basis.
- Decrease in transport costs.

Negative developments:

- The observed reduction in demand for lanterns as a result of the increased share of headstone lamp refills sold alone.
- The prevailing inflationary pressure driving up operating costs.

3.5.4. FINANCING ACTIVITIES AND NET PROFIT/LOSS

Financial income for the three quarters of 2023 amounted to PLN 53,331 thousand and declined compared to the corresponding period of the previous year, when it amounted to PLN 66,771 thousand.

Financial expenses for the three quarters of 2023 amounted to PLN 228,077 thousand and increased compared to the corresponding period of the previous year, when it amounted to PLN 141,858 thousand.

The negative change in the area of financial activities compared to the three quarters of 2022 was mainly due to:

- increase in interest cost on loans by PLN 40,073 thousand,
- higher loss on financial instruments by PLN 52,348 thousand,
- negative exchange rate differences in the amount of PLN 28,003 thousand compared to the positive value of the balance of exchange rate differences for the three quarters of 2022 in the amount of PLN 59,579 thousand.

The consolidated net profit for three quarters of 2023 amounted to PLN 33,949 thousand (of which PLN 35,046 thousand was a net profit attributable to the shareholders of the parent company and PLN -1,097 thousand as the loss of non-controlling interest).

The decrease in profit before tax as compared to the corresponding period of 2022 resulted from, among other factors:

- year-on-year decrease in operating profit for the three quarters of 2023 (PLN - 141,016 thousand),
- lower net result on financing activities (PLN -99,659 thousand) due to higher interest expenses, losses on financial instruments and foreign exchange losses in 2023.

Positive impact on net result was driven by income tax due to a deferred tax asset recognised for losses. The positive impact of the tax on the financial result was also increased by the settlement of the allowance for conducting business in the Special Economic Zone by CIECH Soda Polska S.A. and CIECH Vitrosilicon S.A., the generation of non-taxable income by the companies (first of all, income statutory interest in CIECH Sarzyna S.A.), as well as adjustments to the tax base and income tax resulting from submitted tax returns for previous years in CIECH S.A. On the other hand, the recognition of a provision for income tax in CIECH S.A. in the amount of PLN 31,506 thousand had a negative impact.

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 Strategy is achievable, despite the very dynamic economic and geopolitical situation. The target for the current year is to maintain the projected EBITDA (A) (Current Report 38/2023). A prerequisite for achieving this goal is the recognition of a subsidy for the energy-intensive industry in Germany in 2023 in the financial figures. The most important external factors affecting the Group include, first and foremost, the observed economic slowdown and downward pressure on prices accompanied by falling demand. Secondly, the continued high inflation rate, which has a negative impact in particular on fixed costs (mainly remuneration and third-party services). Thirdly, it should be pointed out that the challenge comes from the aggressive efforts of competitors to liquidate high inventories and, consequently, the pressure on margins on crop protection products, which significantly affects the performance of the Agro business. There is still a risk of sudden changes to the markets for energy commodities, of which the CIECH Group is a large consumer, due to the ongoing Russian aggression in Ukraine.

The Group continues to analyse the impact of external factors on the company's situation on an ongoing basis. In addition to analysing and preparing plans for prompt response to external threats, the CIECH Group focuses on the following activities:

- in an environment of a weaker economy and intensifying competition, 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 the commercialisation of new 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,
- 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 and 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.

3.5.5. ASSET POSITION OF THE CIECH GROUP

Basic consolidated balance sheet data

	30.09.2023	31.12.2022	Change 2023/2022	Change 2023/2022
Total assets	7,493,910	8,092,527	(7.4%)	(598,617)
Total non-current assets	4,907,871	4,900,742	0.1%	7,129
Total current assets	2,586,039	3,191,785	(19.0%)	(605,746)
Inventory	677,643	771,541	(12.2%)	(93,898)
Short-term intangible assets other than goodwill	731,269	515,934	41.7%	215,335
Current receivables	721,878	859,339	(16.0%)	(137,461)
Cash and cash equivalents	358,936	684,969	(47.6%)	(326,033)
Short-term financial assets	95,945	359,634	(73.3%)	(263,689)
Non-current assets held for sale	368	368	0.0%	-
Total equity	2,534,926	2,704,310	(6.3%)	(169,384)
Equity attributable to shareholders of the parent	2,541,945	2,710,221	(6.2%)	(168,276)
Non-controlling interest	(7,019)	(5,911)	(18.7%)	(1,108)
Total non-current liabilities	2,005,741	2,181,430	(8.1%)	(175,689)
Total current liabilities	2,953,243	3,206,787	(7.9%)	(253,544)

Assets

As at the end of September 2023, the Group's non-current assets amounted to PLN 4,907,871 thousand. As compared to the balance as at 31 December 2022, the value of non-current assets increased by PLN 7,129 thousand.

The Group's current assets amounted to PLN 2,586,039 thousand as at 30 September 2023. Compared to the end of December 2022, the value of current assets decreased by PLN 605,746 thousand. This change resulted from, among other factors:

- increased short-term intangible assets due to the receipt of free CO₂ emission allowances,
- lower balance of cash accumulated in companies,
- lower balance of derivatives with positive valuation.
- lower balance of inventories in the agro and silicates segments.

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 2023, the CIECH Group's liabilities (non-current and current) amounted to PLN 4,958,984 thousand, which is a decrease compared to the end of December 2022 by PLN 429,233 thousand.

The debt ratio amounted to 66.2% as at 30 September 2023 (at the end of December 2022 to 66.6%). The consolidated net debt of the Group amounted to PLN 1,794,439 thousand as at 30 September 2023 and increased in comparison to the balance as at the end of December 2022 by PLN 429,598 thousand. The higher level of this debt was driven by higher utilisation of available credit limits and a lower level of cash accumulated in companies due to the repayment of current liabilities and the payment of dividends by CIECH S.A..

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 2022, published on 23 March 2023.

Debt financing of the Group

As at the end of September 2023, the CIECH Group's debt financing was secured mainly through facilities made available to CIECH S.A. under facilities agreements:

- The Facilities Agreement signed by CIECH S.A. 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 (on 30 June 2023, the principal of PLN 90,027 thousand and EUR 704 thousand was repaid. The remaining amount of the amortised facility, i.e. PLN 450,673 thousand and EUR 3,527 thousand, 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 2023 was PLN 167,000 thousand).
- Overdraft facilities granted to CIECH S.A. up to PLN 150,000 thousand and EUR 20,000 thousand under agreements dated 28 and 29 August 2018 and 22 February 2023 (as at 30 September 2023, the amount used was PLN 0 thousand),
- Overdraft agreements granted to Proplan Plant Protection Company S.L., with a total limit of EUR 1,900 thousand (as at 30 September 2023, the amount used was PLN 1,652 thousand).

The total value of facilities available to CIECH S.A. under the aforesaid agreements is PLN 2,265,465 thousand, the debt limits used amount to PLN 1,939,753 thousand (PLN 1,941,405 thousand in the CIECH Group after taking into account the debt in Proplan Plant Protection Company S.L.).

3.5.6. CASH POSITION OF THE CIECH GROUP

	01.01.-30.09.2023	01.01.-30.09.2022	Change 2023/2022
Net cash from operating activities	792,969	519,376	52.7%
Net cash from investment activities	(854,387)	(646,923)	(32.1%)
Net cash from financial activities	(266,546)	(21,677)	(1129.6%)
Total net cash flows	(327,964)	(149,224)	(119.8%)
Free cash flow	(61,418)	(127,547)	51.8%

Total net cash flows in the three quarters of 2023 was negative and amounted to PLN 327,964 thousand. Compared to the same period of the previous year, the cash flows generated by the Group were lower by PLN 178,740 thousand. Cash flows from operating activities were positive and amounted to PLN 792,969 thousand. They increased as compared to the same period in 2022 by PLN 273,593 thousand.

During three quarters of 2023, the net cash flows from investing activities were negative, which was mainly the result of expenses for an investment programme 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 266,546 thousand. The balance of cash from financing activities resulted mainly from larger utilisation of available revolving credit facilities, repayment of the principal instalment of the term loan, repayment of lease liabilities and the payment of dividends in the amount of PLN 303,024 thousand.

	01.01.-30.09.2023	01.01.-30.09.2022	Change 2023/2022
Financial surplus ((net profit/(loss) on continuing operations + depreciation)	396,014	545,900	(149,886)
Other adjustments to net profit/(loss) on continuing operations	63,627	(259,229)	322,856
Adjusted financial surplus (1+2)	459,641	286,671	172,970
Change in working capital	333,328	232,705	100,623
Net cash from operating activities (3+4)	792,969	519,376	273,593
Net cash from investing activities	(854,387)	(646,923)	(207,464)
Free cash flow (5+6)	(61,418)	(127,547)	66,129

During the three quarters of 2023, the CIECH Group generated negative free cash flows i.e. it was unable to finance its capital expenditure with cash flows from operating activities.

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

Liquidity of the CIECH Group

The liquidity ratios as at 30 September 2023 have decreased compared to 31 December 2022. There was a decrease in both current assets and current liabilities.

	30.09.2023	31.12.2022
Current ratio	0.88	1.00
Quick ratio	0.65	0.75

Working capital of the CIECH Group

As at the end of September 2023, 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 267,510 thousand, which is an increase of PLN 163,120 thousand compared to the end of 2022.

	30.09.2023	31.12.2022
1. Current assets, including:	2,586,039	3,191,785
Inventory	677,643	771,541
Trade receivables and services and advances for deliveries	332,954	376,320
2. Cash and cash equivalents and short-term investments	454,881	1,044,603
3. Adjusted current assets (1-2)	2,131,158	2,147,182
4. Current liabilities, including:	2,953,243	3,206,787
Trade liabilities and advances taken	699,490	993,942
5. Short-term credits and other current financial liabilities*	554,575	628,975
6. Adjusted current liabilities (4-5)	2,398,668	2,577,812
7. Working capital including short-term credits(1-4)	(367,204)	(15,002)
8. Working capital (3-6)	(267,510)	(430,630)
9. Trade working capital	311,107	153,919

* 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 153,919 thousand in 2022 to PLN 311,107 thousand as at the end of the third quarter of 2023 (a change by PLN 157,188 thousand) was mainly due to:

- increase in inventories in the soda segment compensated by a significant decrease in the level of inventories in the agro segment,
- at the same time, there was a decrease in current liabilities due to a lower level of reverse factoring and lower 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

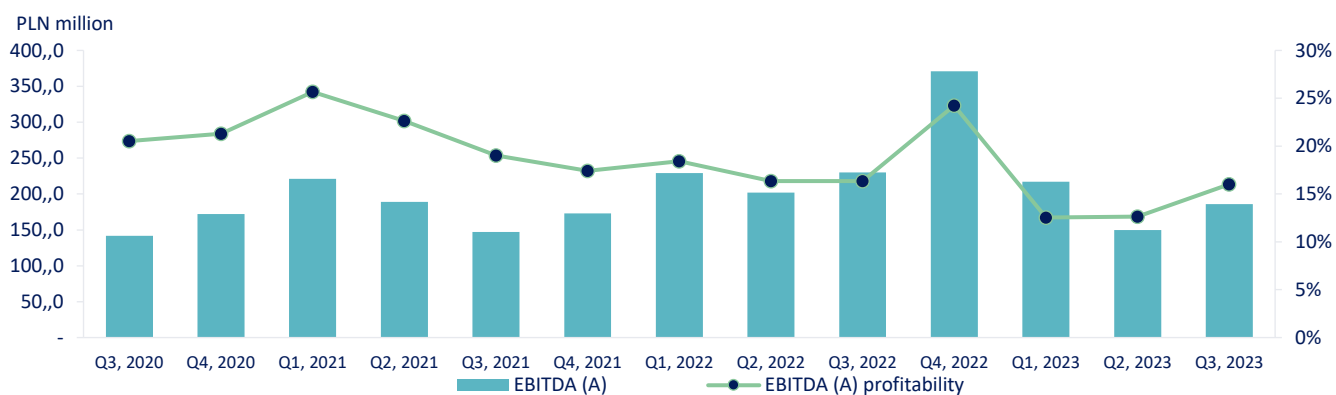
During three quarters of 2023, profitability ratios of the CIECH Group in respect of the continuing operations reached a lower level than in the corresponding period of the previous year.

The Group's profitability ratios

The decline in profitability ratios is mainly related to the economic downturn and intensifying competition in the soda segment, as well as a significant drop in the profitability of agricultural production reducing demand for crop protection products.

	01.01.-30.09.2023	01.01.-30.09.2022	Change 2023/2022
CONTINUING OPERATIONS			
Gross return on sales	16.6%	20.2%	(3.6) p.p.
Return on sales	4.4%	9.1%	(4.7) p.p.
EBIT margin	4.7%	8.5%	(3.8) p.p.
EBITDA margin	13.5%	16.6%	(3.1) p.p.
Adjusted EBIT margin	4.6%	9.0%	(4.4) p.p.
Adjusted EBITDA margin	13.5%	17.0%	(3.5) p.p.
Net return on sales (ROS)	0.8%	6.0%	(5.2) p.p.
Return on assets (ROA)	4.9%	3.5%	1.4p.p.
Return on equity (ROE)	14.4%	11.1%	3.3p.p.
Earnings/(loss) per share (in PLN) from continuing operations	0.67	4.45	(3.78)

PROFITABILITY LEVELS OF THE CIECH GROUP



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

Source: CIECH S.A.

Indebtedness

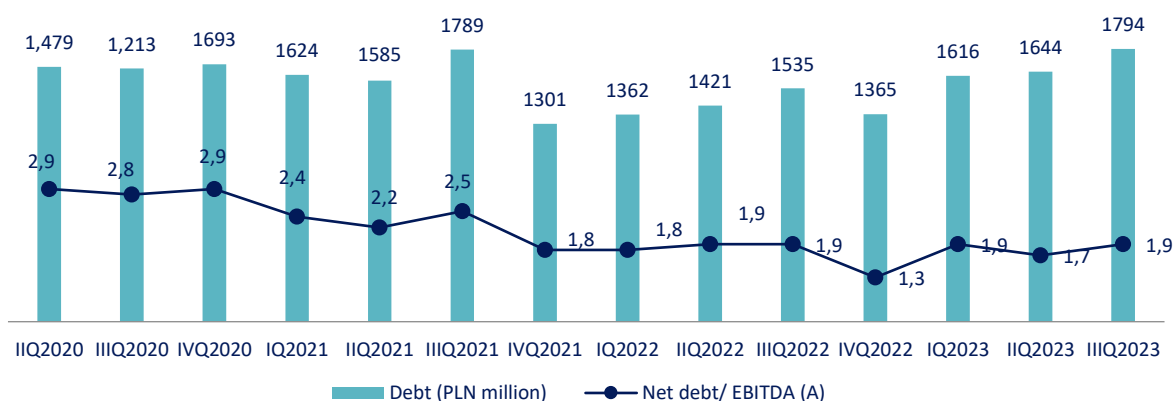
The debt ratio decreased slightly in comparison to December 2022 and amounts to 66,2%. The level of net debt (net financial liabilities in relation to EBITDA) increased as compared to the end of 2022.

	30.09.2023	31.12.2022
Loans, borrowings and other debt instruments	1,971,321	1,865,124
Lease liabilities	137,834	135,320
Factoring liabilities	23,619	28,769
Negative net valuation of derivatives	20,601	20,597
Gross debt	2,153,375	2,049,810
Cash and cash equivalents	358,936	684,969
Net debt	1,794,439	1,364,841

The CIECH Group's debt ratios

	30.09.2023	31.12.2022	Change 2023/2022
Debt ratio	66.2%	66.6%	(0.4) p.p.
Long term debt ratio	26.8%	27.0%	(0.2) p.p.
Debt to equity ratio	195.6%	199.2%	(3.6) p.p.
Equity to assets ratio	33.8%	33.4%	0.4 p.p.
Gross debt	2,153,375	2,049,810	5.1%
Net debt	1,794,439	1,364,841	31.5%
EBITDA annualized	929,246	1,021,452	(9.0%)
Adjusted EBITDA (annualised)	923,251	1,033,191	(10.6%)
Net debt / EBITDA annualized	1.9	1.3	44.5%
Net debt / Adjusted EBITDA (annualised)	1.9	1.3	47.1%

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



3.6. 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 2022, published on 23 March 2023.

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.

Exposure to currency risk

The table below presents the estimated currency exposure of the CIECH Group in EUR (excluding figures concerning companies from the SDC Group, CIECH Salz Deutschland GmbH and Proplan) and in USD as at 30 September 2023 due to financial instruments:

Exposure to currency risk (figures in '000 EUR and '000 USD, as appropriate)	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	313,200	-	x	
Trade and other receivables	7,320	2,864	x	
Cash including bank deposits	3,049	990	x	
Liabilities				
Trade and other liabilities	(7,915)	(1,858)	x	

Exposure to currency risk (figures in '000 EUR and '000 USD, as appropriate)	EUR ('000)	USD ('000)	Impact on the statement of profit or loss	Impact on the statement of other comprehensive income
Term loan liabilities	(13,370)	-		x
Other liabilities in respect of credits	(12)	-		
Forward (not designated to hedge accounting)	(125,143)	-	x	
CIRS (forward transactions isolated as part of decomposition of CIRS)	(332,054)	-	x	
Total exposure	(154,925)	1,996		

The table contains an analysis of the sensitivity of individual statement of financial position items to exchange rate changes as at 30 September 2023.

Analysis of sensitivity to currency risk (Increase of EUR/PLN or USD/PLN exchange rate by 1 grosz)	(PLN '000)	Impact on the statement of profit or loss	Impact on the statement of other comprehensive income
EUR			
Foreign-currency balance sheet items	3,023	3,023	-
Hedging instruments: Forward and CIRS	(4,572)	(1,251)	(3,321)
USD			
Foreign-currency balance sheet items	20	20	-

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. 8% 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 01.01.2023	Increases	Decreases	Foreign exchange differences	As at 30.09.2023
Long-term receivables in relation to caverns	(66)	-	-	1	(65)
Trade receivables	(43,700)	(1,976)	4,552	191	(40,933)
Factoring receivables	(483)	(19)	469	-	(33)
Cash and cash equivalents	(211)	(181)	136	4	(252)
TOTAL	(44,460)	(2,176)	5,157	196	(41,283)

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 and factoring 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 and net debt of the CIECH Group,
- cash flow planning in the short and medium term, taking into account debt maturities
- diversification of external funding sources
- 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 2023, the facility was drawn down in the amount of PLN 167 million), and overdraft facilities in the total amount of PLN 150 million and EUR 21.9 million (as at 30 September 2023, they were drawn down in the amount of PLN 1.6 million) have been made available to the Group.

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

30.09.2023	Carrying amount	Contractual cash flows	Less than 6 months	up to 12 months	1-2 years	2-5 years	More than 5 years
Other financial liabilities:	(2,693,387)	(3,005,520)	(1,054,478)	(161,693)	(311,276)	(1,478,074)	-
<i>Trade liabilities</i>	(698,448)	(698,448)	(698,448)	-	-	-	-
<i>Credits and loans</i>	(1,971,320)	(2,283,453)	(332,411)	(161,693)	(311,276)	(1,478,074)	-
<i>Factoring</i>	(23,619)	(23,619)	(23,619)	-	-	-	-
Lease liabilities	(137,834)	(252,584)	(17,810)	(13,926)	(41,083)	(15,773)	(163,992)
Hedging derivatives with negative value	(87,628)	(156,645)	(82,574)	-	(74,072)	-	-
Derivatives with negative value	(20,601)	(20,601)	(20,601)	-	-	-	-
TOTAL	(2,939,451)	(3,435,350)	(1,175,463)	(175,619)	(426,430)	(1,493,847)	(163,992)

Information on the levels of liquidity ratios is provided in Note 3.5.7 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 2022, published on 23 March 2023.

3.7. 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 25 May 2023, the CIECH Group published a forecast of results for 2023. The Management Board of CIECH S.A. forecasts that in 2023 the CIECH Group will achieve:

- consolidated sales revenues: between PLN 5,950 million and PLN 6,350 million;
- consolidated adjusted EBITDA: between PLN 860 million and PLN 920 million.

The forecast was prepared on the basis of the current market situation and the operational and financial situation of the CIECH Group. An expected significant support for the full-year result is the subsidy for energy costs in Germany.

After three quarters of 2023, the CIECH Group upholds the forecast published.

3.8. 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
<p>Situation in industries of recipients of products of the Group in Poland</p>	<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 2023 decreased by 1.9% year on year (in 2022 — an increase by 12.3%). After 9 months of 2023, the relevant dynamics of production in the industries of significant importance to the Group's activities (as receiving or target markets) were as follows: manufacture of motor vehicles (increase by 17.2%); manufacture of food products (decrease by 0.5%); manufacture of rubber and plastic products (decrease by 3.0%); construction and assembly output (increase by 2.3%, including construction of buildings - decrease by 8.1%); manufacture of furniture (decrease by 8.7%, including furniture used for sleeping - decrease by approx. 6% in terms of volumes); manufacture of chemicals and chemical products (decrease by 15.0%).</p> <p>As a result of the rebound after the first period of the COVID-19 pandemic, the Polish economy was still developing at a fairly strong pace in 2022 (GDP growth of 5.1% according to CSO data). By the end of last year, however, there was already a clear weakening of this trend due to high energy prices and rapidly rising inflation (limiting consumption). In 2023, a further significant downturn is observed (also affecting the chemical industry) and marginal GDP growth of +0.5% is projected (with high forecast uncertainty related to the war between Russia and Ukraine, inflation and volatile energy prices). A clear return to growth is projected for 2024 (with GDP growth of 2%-2.5%). Similar trends may be 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 both last year and this year. Analysis by the International Monetary Fund in October 2023 shows that growth in the global economy weakened markedly over the past year (GDP increase of 3.5% compared to 6.3% in 2021) and this year global GDP will grow by only 3.0%. Among the large highly developed economies, the greatest slowdown is recorded in the European Union (+0.7% of GDP in 2023), with higher growth rates projected for the USA (+2.1%) and Japan (+2.0%). India (+6.3%), China (+5.0%) and ASEAN countries (+4.2%) grow above average. Among other major developing countries, a relatively low GDP rate in 2023 is expected in Russia (2.2%). The IMF expects no acceleration in the growth rate of the global economy for 2024 (+2.9% of GDP).</p>

Factors	Description
	<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. According to assessments by the European Chemical Industry Council (CEFIC) published in July this year, the decline in the European Union's chemical output could reach 8% throughout 2023. Similar predictions are also presented by the German Chemical Industry Association (VCI) for the chemical sector in Germany.</p> <p>In turn, from the point of view of the global chemical sector, the ACC (American Chemistry Council) projects that global chemical output will grow by just 0.6% this year, mainly due to positive growth in Asia (with declines in Europe and America).</p> <p>For the European construction sector, the current year is characterised by a very clear downturn. According to Euroconstruct's projections made in June this year, construction output in Western and Central Europe will see negative growth rates both this year and the next (-1.1% in 2023 and -0.7% in 2024, respectively, compared to an increase of 3% in 2022). The unfavourable situation in the construction industry (mainly housing construction) is primarily to be attributed to high inflation and rising credit costs. Positive dynamics in this sector are not expected until 2025.</p>
Economic situation on raw material market	<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 the entire EU's import of coal is about 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. The Group's suppliers are Polish mines and foreign suppliers, and the price of thermal coal for the CIECH Group depends in the long term on the European and global demand and supply situation. 2022 brought unprecedented levels of natural gas prices and a resulting increase in coal demand and prices. The supply situation was further exacerbated by the suspension of coal imports from Russia to the European Union, which affected, to a large extent, the domestic market, which is heavily dependent on imports from that country. Increased demand has significantly reduced mine inventories, which dropped to historically low levels in 2022, whereas there has been a gradual recovery since the end of the heating season in 2023. The first quarter of 2023 saw reductions in coal prices on global markets. This trend continued in the second quarter and brought prices down to pre-2022 levels, and in the third quarter we have observed a small seasonal price increase related to the rebuilding of coal stocks before winter. To maintain the security of production continuity, the CIECH Group diversifies coal supplies between domestic and foreign sources. Supplies from domestic sources are usually based on annual and long-term contracts, which secure the Group's basic demand, but have greater price inertia, which in the current situation means maintaining a higher price level in these contracts compared to market prices. This is done at the cost of limiting the ability to take advantage of more attractive short-term offers. However, the Company is in the process of renegotiating this long-term contract in order to return to competitive market conditions.</p> <p>Gas – the main energy resource used by the combined heat and power plant at the Stassfurt plant. For the Stassfurt plant, gas is supplied on the basis of bilateral supply contracts and short-term (spot) purchases. The gas market situation depends on a number of factors, such as the price of oil, the available supply of gas and how full the gas tanks are, the availability and situation on the global LNG markets, the demand for gas due to the current weather situation, industrial and consumer demand and the current share of gaseous fuel in the energy mix. In the gas combustion process, steam and electricity are generated, which is also sold outside the Group.</p> <p>Due to the high level of filling of gas storage facilities, the relatively high temperatures in the winter season of 2022/2023 and due to the low level of industrial and consumer demand with the availability of LNG, there were significant decreases in gas market prices in the period up to the end</p>

Factors	Description
	<p>of the third quarter of 2023. Due to the reduced supply of natural gas following the suspension of Russian gas imports to European countries, gas prices are subject to significant fluctuations depending on the demand outlook and supply factors in global markets.</p> <p>Since Europe imports a significant part of its gas, and last year's energy crisis resulted from limited supplies from the largest source of gas imports, European markets are very sensitive to the increase in risk related to gas supply. Recently, we were able to, among others: observe that the beginning of the conflict between Israel and Hamas (October 7) and the damage to the gas pipeline between Estonia and Finland (October 8) resulted in an increase in TTF gas prices from EUR 30-35/MWh to EUR 45-55/MWh. The exact individual impact of both events is difficult to estimate because they occurred in quick succession, making it impossible to fully understand how much each event affected gas prices.</p> <p>Forward contracts (in the form of financial instruments or as fixed-price delivery contracts) are used to hedge the market risk of gas prices, 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 may use anthracite as a substitute for coke. The main source of anthracite for Europe was Russia. Due to the high cost of purchasing coke in 2022, the Group has significantly increased the share of anthracite in the furnace mix and explored alternative supply routes for this material and is prepared to continue importing it under favourable conditions of price differential between the two raw materials. With the steel industry's demand for coke falling, the price of this raw material is decreasing, enabling it to compete effectively with anthracite in terms of cost. This situation occurred in the first quarter of 2023, with a limited increase in coke prices in the second quarter and a downward trend reappearing in the third quarter.</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>
<p>Exchange rates of Polish zloty (PLN) and Romanian leu (RON) to euro (EUR) and US dollar (USD)</p>	<p>The CIECH Group's main source of exposure to foreign currency risk is related to EUR and USD, in which sales and purchases related to operating and investment activities are made. In addition, the Group has significant exposure to EUR in relation to loans, credit facilities, cash held and financial instruments entered into. The third quarter of 2023 saw a significant weakening of the PLN against the EUR, which, among other things, resulted in significant foreign exchange gains on the valuation of loans granted in EUR and a negative change in the valuation of currency financial instruments contracted. The strengthening of the EUR against the PLN had a positive impact on the level of foreign currency revenues denominated in PLN. For detailed information on the impact of exchange rate changes on the income statement and on the statement of other comprehensive income, see the note on currency risk exposure for EUR and USD.</p>
<p>Volume of chemical production capacity on markets where the CIECH Group operates</p>	<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 and months shows that on a global scale, especially from 2023, a gradual increase in the power of soda ash can be observed (mainly in China and the USA). Significantly large increases in production capacity are planned for the period 2023-2027 in China, Turkey, India and the USA. They will mainly concern natural soda. Looking at the pace of implementation of already operationalized projects, it should be assumed that the implementation of these projects will be extended. The new capacity will allow for gradual coverage of the ever-</p>

Factors	Description
	growing demand for soda ash and will reduce the use of global production capacity to historical levels, from the record high of 2022.
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 the registration of these substances by defined deadlines, which enables them to continue their operations in the current scope.</p> <p>If it is necessary for business reasons 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>

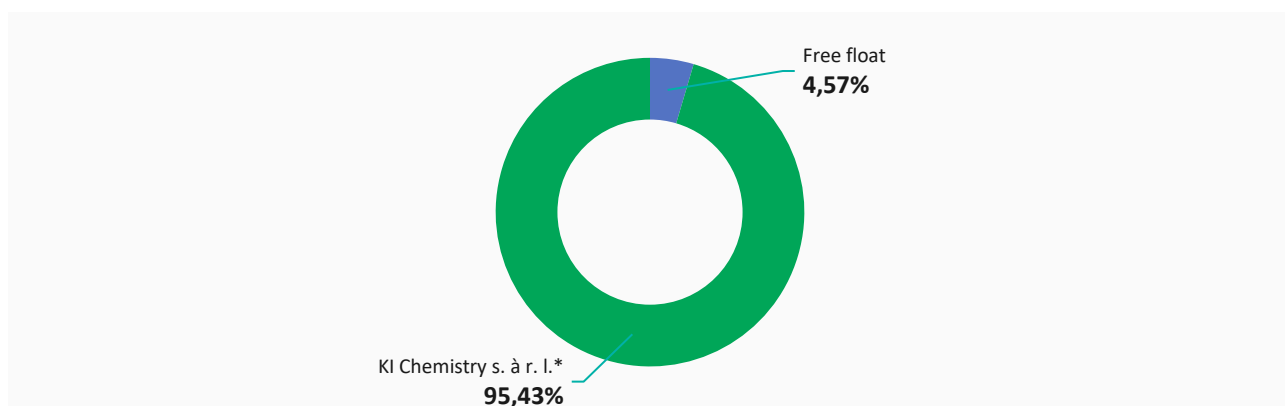
3.9. CIECH S.A.'S SHAREHOLDERS HOLDING AT LEAST 5% OF SHARES/VOTES AT THE GENERAL SHAREHOLDERS' MEETING

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 publication of the last interim report, i.e. the Extended consolidated report of the CIECH Group for the first half of 2023 on 7 September 2023 until the submission of this report, information was 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 ¹	Ordinary bearer	50,290,864	50,290,864	95.43%	95.43%
Other	Ordinary bearer	2,409,045	2,409,045	4.57%	4.57%

¹ In accordance with information dated 13 October 2023 provided by Shareholder under Article 69 and Article 69a 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 60/2023).

In the previous reporting period, Nationale-Nederlanden Fundusz Emerytalny was also a significant Shareholder (7.81% - 4,115,149 shares), and on 3 October 2023 it submitted a notice of sale of its entire shareholding in CIECH S.A. on 28 September 2023. (Cr 59/2023).

3.10. 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 2023, i.e. as at 16 November 2023, 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 2023, published on 7 September 2023):

Number of shares held as at the publication date

Supervisory Board of CIECH S.A.:	As at 16 November 2023	As at 7 September 2023
Sebastian Kulczyk – Chairman of the Supervisory Board of CIECH S.A.	50,290,864	40,947,891

Other Members of the Management Board of CIECH S.A., Members of the Supervisory Board of CIECH S.A. and the Managing Director of CIECH S.A. did not hold shares in the company.

As at 30 September 2023 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 2023, published on 7 September 2023.

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

3.11.1. Significant disputed liabilities of the CIECH Group

As at 30 September 2023, 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".

3.11.2. SIGNIFICANT DISPUTED RECEIVABLES OF THE CIECH GROUP

As at 30 September 2023, 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".

In addition, on 31 January 2023, CIECH Salz Deutschland GmbH filed a lawsuit against EVATHERM AG at the Magdeburg District Court for the payment of approximately EUR 20 million (including interest and legal costs). The lawsuit was filed due to improper performance of the contract, delayed commissioning of the installation and problems with the operation of the installation and the production process at the CIECH Salz Deutschland evaporated salt plant located in Staßfurt, launched in 2021. For details, see current report No 4/2023.

3.12. 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 and in Note 9.2. Consolidated Financial Statements of the CIECH Group for 2022, published on 23 March 2023.

Letters of support

As at 30 September 2023, 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 62.7 million from Innogy by 30 September 2023. 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.

3.13. 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 and Note 9.2. Consolidated Financial Statements of the CIECH Group for 2022, published on 23 March 2023.

**QUARTERLY FINANCIAL INFORMATION
OF THE PARENT COMPANY CIECH S.A.
FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2023**

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

4. QUARTERLY FINANCIAL INFORMATION OF THE PARENT COMPANY CIECH S.A.

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

	01.01.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
CONTINUING OPERATIONS				
Sales revenues	2,036,879	1,874,665	641,998	743,766
Cost of sales	(1,747,003)	(1,552,118)	(526,495)	(612,260)
Gross profit on sales	289,876	322,547	115,503	131,506
Other operating income	4,197	14,614	1,444	11,295
Selling costs	(108,930)	(124,005)	(37,139)	(44,305)
General and administrative expenses	(107,734)	(92,869)	(36,019)	(27,505)
Other operating expenses	(3,993)	(9,462)	(1,538)	(5,054)
Operating profit	73,416	110,825	42,251	65,937
Financial income	618,519	497,088	(1,550)	155,011
Financial expenses	(226,702)	(164,567)	(13,923)	(78,051)
Net financial income/(expenses)	391,817	332,521	(15,473)	76,960
Profit before tax	465,233	443,346	26,778	142,897
Income tax	(70,463)	(33,350)	(6,424)	(11,681)
Net profit on continuing operations	394,770	409,996	20,354	131,216
DISCONTINUED OPERATIONS				
Net profit on discontinued operations	-	-	-	-
Net profit for the period	394,770	409,996	20,354	131,216
Earnings per share (in PLN):				
Basic	7.49	7.78	0.39	2.49
Diluted	7.49	7.78	0.39	2.49
Earnings per share (in PLN) from continuing operations:				
Basic	7.49	7.78	0.39	2.49
Diluted	7.49	7.78	0.39	2.49

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

	01.01.-30.09.2023	01.01.-30.09.2022	01.07.-30.09.2023	01.07.-30.09.2022
Net profit for the year	394,770	409,996	20,354	131,216
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	(891)	(9,916)	137	(14,916)
Cash flow hedge reserve	(891)	(9,916)	137	(14,916)
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	169	1,885	(26)	2,835
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	169	1,885	(26)	2,835
Other comprehensive income net of tax	(722)	(8,031)	111	(12,081)
TOTAL COMPREHENSIVE INCOME	394,048	401,965	20,465	119,135

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

	30.09.2023	31.12.2022
ASSETS		
Property, plant and equipment	14,696	14,735
Rights to use an asset	27,237	25,178
Intangible assets	86,463	82,123
Long-term financial assets	3,540,180	3,463,773
Total non-current assets	3,668,576	3,585,809
Inventory	11,175	11,557
Short-term financial assets	1,070,505	939,376
Income tax receivables	-	43,755
Trade and other receivables	378,641	318,743
Cash and cash equivalents	221,661	390,907
Total current assets	1,681,982	1,704,338
Total assets	5,350,558	5,290,147
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge reserve	4,538	5,260
Actuarial gains	(106)	(106)
Other reserve capitals	1,066,387	422,699
Retained earnings	394,770	946,712
Total equity	2,224,049	2,133,025
Loans, borrowings and other debt instruments	1,579,432	1,671,280
Lease liabilities	23,517	21,250
Other non-current liabilities	19,478	106,685
Employee benefits reserve	798	823
Deferred income tax liability	25,261	8,496
Total non-current liabilities	1,648,486	1,808,534
Loans, borrowings and other debt instruments	789,940	587,175
Lease liabilities	6,200	5,670
Trade and other liabilities	568,319	704,207
Income tax liabilities	56,629	3,117
Employee benefits reserve	323	346
Other provisions	56,612	48,073
Total current liabilities	1,478,023	1,348,588
Total liabilities	3,126,509	3,157,122
Total equity and liabilities	5,350,558	5,290,147

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

	01.01.-30.09.2023	01.01.-30.09.2022
Cash flows from operating activities		
Net profit for the period	394,770	409,996
Amortisation/depreciation	16,551	16,282
Recognition of impairment allowances	1,091	3,414
Foreign exchange (profit) /loss	19,501	(58,727)
(Profit) / loss on investment activities	707	401
(Profit) / loss on disposal of property, plant and equipment	99	(14)
Dividends and interest	(243,410)	(255,538)
Income tax	70,463	33,350
Change in liabilities due to loan arrangement fee	2,132	1,867
Value of derivatives	(51,985)	(22,730)
Other	-	(28)
Cash from operating activities before changes in working capital and provisions	209,919	128,273
Change in receivables	27,192	(141,739)
Change in inventory	382	3,354
Change in current liabilities	(151,151)	155,581
Change in provisions and employee benefits	15,685	6,408
Cash generated from operating activities	102,027	151,877
Interest paid	(93,346)	(47,925)
Interest cost hedging effect	961	
Income tax (paid)	36,543	(17,140)
Net cash from operating activities	46,185	86,812
Cash flows from investment activities		
Disposal of a subsidiary	-	-
Disposal of intangible assets and property, plant and equipment	2,107	1,462
Dividends received	228,131	288,182
Interest received	85,362	39,502
Proceeds from repaid borrowings	410,188	191,542
Other inflows	-	19,000
Acquisition of a subsidiary	(1)	-
Acquisition of intangible assets and property, plant and equipment	(21,489)	(20,403)
Acquisition of financial assets	(2,639)	(2,982)
Raise capital expenditures and extra charge on capital	(33,380)	(10)
Borrowings paid out	(599,967)	(582,897)
Cash pooling outflows*	(44,141)	(10,397)
Net cash from investment activities	24,171	(77,001)
Cash flows from financial activities		
Proceeds from loans and borrowings	304,500	-
Cash pooling inflows*	2,512	52,547
Dividends paid to parent company	(303,024)	-
Repayment of loans and borrowings	(238,166)	(41,000)
Payments of lease liabilities	(7,355)	(5,689)
Net cash from financial activities	(241,533)	5,858
Total net cash flows	(171,177)	15,669
Cash and cash equivalents as at the beginning of the period	390,907	467,475
<i>Impact of foreign exchange differences</i>	<i>1,931</i>	<i>763</i>
Cash and cash equivalents as at the end of the period	221,661	483,907

*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

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
01.01.2023	287,614	470,846	5,260	422,699	(106)	946,712	2,133,025
Transactions with shareholders included directly in equity	-	-	-	643,688	-	(946,712)	(303,024)
Reserve fund	-	-	-	643,688	-	(643,688)	-
Dividend payment	-	-	-	-	-	(303,024)	(303,024)
Total comprehensive income for the period	-	-	(722)	-	-	394,770	394,048
Net profit / (loss) for the period	-	-	-	-	-	394,770	394,770
Other comprehensive income	-	-	(722)	-	-	-	(722)
30.09.2023	287,614	470,846	4,538	1,066,387	(106)	394,770	2,224,049
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

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

5.1. 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 CIECH S.A. as at 30 September 2023 and as at 31 December 2022, results of the Company's operations and cash flows for the period of 9 months ended 30 September 2023 and 30 September 2022, and were approved by the Management Board of CIECH S.A. on 16 November 2023.

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.

These interim condensed separate financial statements should be read together with the interim condensed consolidated financial statements of the CIECH Group for the 9-month period ended 30 September 2023.

5.2. ADOPTED ACCOUNTING PRINCIPLES

The CIECH S.A.'s accounting principles are described in the Financial Statements of CIECH S.A. for 2022, published on 23 March 2023. 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 2022, published on 23 March 2023.

5.3. CHANGES IN ESTIMATES

In the presented periods, there were no significant revisions to the estimates.

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
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 (annualised)/total assets at the end of a given period
return on equity (ROE)	net profit (annualised)/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 report of the CIECH Group for the three quarters of 2023 was approved by the Management Board of CIECH S.A. on 16 November 2023.

(signed on the polish original)

Kamil Majczak

President of the Management Board of CIECH Spółka
Akcyjna

(signed on the polish original)

Marcin Puziak

Member of the Management Board of CIECH Spółka
Akcyjna

(signed on the polish original)

Katarzyna Rybacka

Chief Accountant of CIECH Spółka Akcyjna

Warsaw, 16 November 2023