

EXTENDED CONSOLIDATED REPORT OF THE CIECH GROUP

FOR THE FIRST HALF 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)

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CIECH GROUP — SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	6 months ended 30.06.2023	6 months ended 30.06.2022	6 months ended 30.06.2023	6 months ended 30.06.2022
Sales revenues on continued operations	2,917,240	2,478,853	632,395	533,925
Operating profit/(loss) on continued operations	130,554	217,050	28,301	46,751
Profit/(loss) before tax on continued operations	(31,593)	177,490	(6,849)	38,230
Net profit / (loss) for the period	(17,309)	147,548	(3,752)	31,780
Net profit/(loss) attributable to shareholders of the parent company	(16,484)	149,166	(3,573)	32,129
Net profit/(loss) attributed to non-controlling interest	(825)	(1,618)	(179)	(349)
Other comprehensive income net of tax	141,112	(20,419)	30,590	(4,398)
Total comprehensive income	123,803	127,129	26,838	27,382
Cash flows from operating activities	503,233	392,642	109,090	84,572
Cash flows from investment activities	(697,010)	(543,036)	(151,097)	(116,966)
Cash flows from financial activities	49,690	(14,240)	10,772	(3,067)
Total net cash flows	(144,087)	(164,634)	(31,235)	(35,461)
Earnings (loss) per ordinary share (in PLN/EUR)	(0.31)	2.83	(0.07)	0.61
	as at 30.06.2023	as at 31.12.2022	as at 30.06.2023	as at 31.12.2022
Total assets	7,673,764	8,092,527	1,724,325	1,725,523
Non-current liabilities	1,989,593	2,181,430	447,069	465,134
Current liabilities	3,159,082	3,206,787	709,858	683,764
Total equity	2,525,089	2,704,310	567,398	576,625
Equity attributable to shareholders of the parent	2,531,867	2,710,221	568,921	577,885
Non-controlling interest	(6,778)	(5,911)	(1,523)	(1,260)
Share capital	287,614	287,614	64,628	61,326

CIECH S.A. — SELECTED SEPARATE FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	6 months ended 30.06.2023	6 months ended 30.06.2022	6 months ended 30.06.2023	6 months ended 30.06.2022
Sales revenues on continued operations	1,394,881	1,130,899	302,380	243,586
Operating profit/(loss) on continued operations	31,165	44,888	6,756	9,669
Profit/(loss) before tax on continued operations	438,455	300,449	95,048	64,714
Net profit for the period	374,416	278,780	81,165	60,047
Other comprehensive income net of tax	(833)	4,050	(181)	872
Total comprehensive income	373,583	282,830	80,984	60,919
Cash flows from operating activities	91,873	10,691	19,916	2,303
Cash flows from investment activities	(159,640)	(107,069)	(34,607)	(23,062)
Cash flows from financial activities	125,498	108,884	27,205	23,453
Total net cash flows	57,731	12,506	12,514	2,694
	As at 30.06.2023	As at 31.12.2022	As at 30.06.2023	As at 31.12.2022
Total assets	5,676,368	5,290,147	1,275,502	1,127,987
Total non-current liabilities	1,637,356	1,808,534	367,920	385,623
Total current liabilities	1,835,428	1,348,588	412,428	287,552
Total equity	2,203,584	2,133,025	495,154	454,812
Share capital	287,614	287,614	64,628	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 30.06.2023	as at 31.12.2022	6 months ended 30.06.2023	6 months ended 30.06.2022
EUR 1 = PLN 4.4503	EUR 1 = PLN 4.6899	EUR 1 = PLN 4.6130	EUR 1 = PLN 4.6427

**SEMI-ANNUAL CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS OF THE CIECH GROUP
FOR 6-MONTH PERIOD ENDED 30 JUNE 2023**

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

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1. SEMI-ANNUAL 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.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
CONTINUING OPERATIONS			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Sales revenues	2,917,240	2,478,853	1,187,016	1,236,289
Cost of sales	(2,472,062)	(1,951,206)	(1,005,868)	(976,975)
Gross profit/(loss) on sales	445,178	527,647	181,148	259,314
Other operating income	50,791	27,166	21,465	14,762
Selling costs	(144,168)	(135,316)	(66,643)	(66,835)
General and administrative expenses	(180,806)	(157,059)	(80,910)	(93,572)
Other operating expenses	(40,441)	(45,388)	(21,677)	(27,987)
Operating profit/(loss)	130,554	217,050	33,383	85,682
Financial income, including:	70,531	26,596	44,078	10,719
<i>Profit from financial instruments</i>	<i>24,578</i>	<i>12,265</i>	<i>(260)</i>	<i>7,869</i>
Financial costs, including:	(234,975)	(66,606)	(163,828)	(35,633)
<i>Loss from financial instruments</i>	<i>(119,789)</i>	<i>(52,916)</i>	<i>(63,934)</i>	<i>(28,432)</i>
Net financial income/(expenses)	(164,444)	(40,010)	(119,750)	(24,914)
Share of profit / (loss) of equity-accounted investees	2,297	450	1,310	311
Profit/(loss) before tax	(31,593)	177,490	(85,057)	61,079
Income tax	14,284	(29,942)	10,751	(17,515)
Net profit/(loss) on continuing operations	(17,309)	147,548	(74,306)	43,564
DISCONTINUED OPERATIONS				
Net profit/(loss) on discontinued operations	-	-	-	-
Net profit / (loss) for the period	(17,309)	147,548	(74,306)	43,564
including:				
Net profit/(loss) attributable to shareholders of the parent company	(16,484)	149,166	(73,878)	44,859
Net profit/(loss) attributed to non-controlling interest	(825)	(1,618)	(428)	(1,295)
Earnings per share (in PLN):				
Basic	(0.31)	2.83	(1.40)	0.85
Diluted	(0.31)	2.83	(1.40)	0.85
Earnings/(loss) per share (in PLN) from continuing operations:				
Basic	(0.31)	2.83	(1.40)	0.85
Diluted	(0.31)	2.83	(1.40)	0.85

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 semi-annual condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE CIECH GROUP

	01.01.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Net profit / (loss) for the period	(17,309)	147,548	(74,306)	43,564
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	180,390	(42,935)	185,427	(38,551)
Currency translation differences (foreign companies)	(20,870)	12,975	(19,844)	5,208
Profit (loss) from cash flow hedge reserve	152,166	(43,876)	202,059	(34,588)
Profit (loss) from costs of hedging reserve	49,094	(12,034)	3,212	(8,798)
Other components of other comprehensive income	-	-	-	(373)
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	(39,278)	22,516	(45,896)	14,872
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	(39,278)	22,516	(45,896)	14,872
Other comprehensive income net of tax	141,112	(20,419)	139,531	(23,679)
TOTAL COMPREHENSIVE INCOME	123,803	127,129	65,225	19,885
Shareholders of the parent company	124,670	128,647	65,693	21,175
Non-controlling interest	(867)	(1,518)	(468)	(1,290)

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 semi-annual condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CIECH GROUP

	30.06.2023	31.12.2022
ASSETS		
Property, plant and equipment	3,807,437	3,933,393
Rights to use an asset	186,870	181,211
Intangible assets other than goodwill	391,663	394,545
Goodwill	145,017	151,852
Investment property	40,061	40,181
Non-current receivables	1,511	41,237
Investments in jointly-controlled entities measured under the equity method	9,265	7,033
Long-term financial assets	70,495	18,516
Deferred income tax assets	167,977	132,774
Total non-current assets	4,820,296	4,900,742
Inventory	678,748	771,541
Short-term intangible assets other than goodwill	698,217	515,934
Short-term financial assets	129,272	359,634
Income tax receivables	1,505	54,334
Trade and other receivables	802,970	805,005
Cash and cash equivalents	542,388	684,969
Non-current assets and groups for disposal held for sale	368	368
Total current assets	2,853,468	3,191,785
Total assets	7,673,764	8,092,527
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge reserve	147,632	35,848
Profit (loss) from costs of hedging reserve	(27,910)	(78,108)
Actuarial gains	(973)	(973)
Other reserve capitals	1,068,709	425,021
Currency translation reserve	(44,893)	(24,065)
Retained earnings	630,842	1,594,038
Equity attributable to shareholders of the parent	2,531,867	2,710,221
Non-controlling interest	(6,778)	(5,911)
Total equity	2,525,089	2,704,310
Non-current loans, borrowings and other debt instruments	1,576,469	1,671,280
Lease liabilities	103,463	104,849
Other non-current liabilities	115,411	228,645
Employee benefits reserve	13,944	14,344
Other provisions	130,825	137,189
Deferred income tax liability	49,481	25,123
Total non-current liabilities	1,989,593	2,181,430
Current loans, borrowings and other debt instruments	355,736	193,844
Lease liabilities	30,195	30,471
Trade and other liabilities	2,572,440	2,793,303
Income tax liabilities	123,403	67,224
Employee benefits reserve	1,598	2,764
Other provisions	75,710	119,181
Total current liabilities	3,159,082	3,206,787
Total liabilities	5,148,675	5,388,217
Total equity and liabilities	7,673,764	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 semi-annual condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE CIECH GROUP

	01.01.-30.06.2023	01.01.-30.06.2022
Cash flows from operating activities		
Net profit/(loss) for the period	(17,309)	147,548
Adjustments	531,275	373,419
Amortisation/depreciation	237,165	200,886
Recognition of impairment allowances	1	648
Foreign exchange (profit) /loss	74,127	(11,403)
Investment property revaluation	72	(1,399)
(Profit) / loss on investment activities	(173)	3,937
(Profit) / loss on disposal of property, plant and equipment	(173)	(786)
Dividends and interest	23,706	32,665
Income tax	(14,284)	29,942
Share of (profit) / loss on equity accounted investees	(2,297)	(450)
Valuation and other adjustments of derivatives	95,369	(75,988)
Other adjustments	(13,767)	(8,932)
Change in receivables	(87,354)	43,418
Change in inventory	87,872	(88,601)
Change in current liabilities	191,707	242,313
Change in provisions and employee benefits	(60,696)	7,169
Interest paid	(87,346)	(44,026)
Interest cost hedging effect	42,560	14,304
Income tax (paid)/returned	34,053	(98,603)
Net cash from operating activities	503,233	392,642
Cash flows from investment activities		
Disposal of intangible assets and property, plant and equipment	1,758	1,008
Dividends received	347	38
Interest received	1,895	1,413
Proceeds from repaid borrowings	-	95
Subsidies received for non-current assets	164	4,018
Acquisition of intangible assets and property, plant and equipment	(194,437)	(234,714)
Acquisition of financial assets	(12,429)	(1,287)
Acquisition of investment property	-	(605)
Development expenditures	(18,756)	(7,512)
Borrowings paid out	-	(239)
Expenditure on the purchase of emission rights	(475,552)	(303,552)
Other investment inflows (outflows)	-	(1,699)
Net cash from investment activities	(697,010)	(543,036)
Cash flows from financial activities		
Proceeds from loans and borrowings	267,000	613
Repayment of loans and borrowings	(197,562)	-
Payments of lease liabilities	(19,748)	(14,825)
Other financial inflows (outflows)	-	(28)
Net cash from financial activities	49,690	(14,240)
Total net cash flows	(144,087)	(164,634)
Cash and cash equivalents as at the beginning of the period	684,969	799,023
<i>Impact of foreign exchange differences</i>	<i>1,506</i>	<i>417</i>
Cash and cash equivalents as at the end of the period	542,388	634,806

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 semi-annual 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	-	-	111,784	50,198	-	-	(20,828)	(16,484)	124,670	(867)	123,803
Net profit / (loss) for the period	-	-	-	-	-	-	-	(16,484)	(16,484)	(825)	(17,309)
Other comprehensive income	-	-	111,784	50,198	-	-	(20,828)	-	141,154	(42)	141,112
30.06.2023	287,614	470,846	147,632	(27,910)	1,068,709	(973)	(44,893)	630,842	2,531,867	(6,778)	2,525,089
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	-	-	(21,359)	(12,035)	-	-	12,875	149,166	128,647	(1,518)	127,129
Net profit / (loss) for the period	-	-	-	-	-	-	-	149,166	149,166	(1,618)	147,548
Other comprehensive income	-	-	(21,359)	(12,035)	-	-	12,875	-	(20,519)	100	(20,419)
30.06.2022	287,614	470,846	137,404	(32,366)	425,021	(1,582)	(23,502)	1,255,317	2,518,752	(5,294)	2,513,458

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 semi-annual condensed consolidated financial statements.

2. EXPLANATORY NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP

2.1. BASIS FOR PREPARATION OF THE SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP

These semi-annual 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 June 2023 and as at 31 December 2022, results of the Group’s operations and cash flows for the period of 6 months ended 30 June 2023 and 30 June 2022, and were approved by the Management Board of CIECH S.A. on 7 September 2023.

These semi-annual 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 semi-annual 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 semi-annual 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 semi-annual 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 6 months ended 30 June 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.

The Management Board of CIECH S.A. represents that the entity authorised to audit the financial statements, reviewing the semi-annual condensed consolidated financial statements for the period from 1 January to 30 June 2023, was selected in accordance with the provisions of the law and the entity in question is: BDO Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, entered into the list of entities authorised to audit financial statements under the registry No 3355 kept by the National Chamber of Statutory Auditors.

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: 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	30.06.2023 ¹	31.12.2022 ²
EUR	4.4503	4.6899
RON	0.8967	0.9475

Average NBP rate for the reporting period	6 months ended 30.06.2023 ³	6 months ended 30.06.2022 ⁴
EUR	4.6130	4.6427
RON	0.9332	0.9385

¹ NBP's average foreign exchange rates table applicable as at 30 June 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 June 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 June 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 also sell their products on their own). These products are used in the glass, food, detergent and pharmaceutical industries. The Soda Segment (in the German company) also includes the business of producing and selling electricity.

At the current stage of work on the reorganisation, performance figures for BU Soda and BU Salt are analysed jointly, and the performance of BU Soda and BU Salt are closely linked due to sharing the same raw material, i.e. brine, fed jointly to the production facilities of Soda and Salt, as well as a common power plant and combined heat and power plant providing heat and electricity, within CIECH Soda Polska

Soda segment (comprising BU Soda and BU Salt)



S.A. For this reason, it is not possible to allocate direct costs in an unambiguous way (mainly: coal, electricity, CO₂, maintenance on shared infrastructure). As a result, business decisions are made jointly for both BUs - e.g. in the case of limitations in the availability of raw material or steam, the profitability analysis of all Soda and Salt products, rather than the fact of being part of a specific BU, determines the production of particular products. A shared source of raw material, a shared infrastructure and practically indivisible costs mean that, consequently, it is also not possible to allocate these values to the BU in question as regards liabilities and certain inventories. This all makes the analysis of cash flow generating units at the BU level potentially inappropriate. Decisions on the above matters are made at the level of the Management Board of CIECH S.A.

Agro Segment



The CIECH Group is a manufacturer of crop protection products used in agriculture and produced by the 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.

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.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Net profit/(loss) on continuing operations	(17,309)	147,548	(74,306)	43,564
Income tax	(14,284)	29,942	(10,751)	17,515
Share of profit / (loss) of equity-accounted investees	(2,297)	(450)	(1,310)	(311)
Financial expenses	234,975	66,606	163,828	35,633
Financial income	(70,531)	(26,596)	(44,078)	(10,719)
Amortization	237,165	200,886	116,967	103,082
EBITDA on continued operations	367,719	417,936	150,350	188,764

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

	01.01.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
EBITDA on continued operations	367,719	417,936	150,350	188,764
One-offs including:	(2,819)	13,340	(2,381)	13,120
Impairment	-	6,608	-	6,610
Cash items, including, i.a:	4,353	5,411	5,496	5,719
<i>gain/loss on sale of property, plant and equipment</i>	<i>(954)</i>	<i>(1,372)</i>	<i>(157)</i>	<i>(278)</i>
<i>fees and compensations given and received</i>	<i>4,944</i>	<i>108</i>	<i>5,177</i>	<i>212</i>
<i>donations given</i>	<i>173</i>	<i>563</i>	<i>99</i>	<i>86</i>
<i>fortuitous events</i>	<i>(645)</i>	<i>5,519</i>	<i>(306)</i>	<i>5,513</i>
<i>refund of taxes and fees</i>	<i>-</i>	<i>(166)</i>	<i>-</i>	<i>(166)</i>
<i>other</i>	<i>835</i>	<i>759</i>	<i>681</i>	<i>439</i>
Non-cash items (without impairment)	(7,172)	1,321	(7,877)	792
<i>change in provisions</i>	<i>(7,366)</i>	<i>4,036</i>	<i>(8,071)</i>	<i>3,644</i>
<i>liquidation of fixed assets</i>	<i>194</i>	<i>585</i>	<i>194</i>	<i>414</i>
<i>fair value measurement of investment properties</i>	<i>-</i>	<i>(1,399)</i>	<i>-</i>	<i>-</i>
<i>restructuring costs</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1,354)</i>
<i>other</i>	<i>-</i>	<i>(1,901)</i>	<i>-</i>	<i>(1,912)</i>
Adjusted EBITDA on continued operations	364,900	431,276	147,969	201,884

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.-30.06.2023	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	2,201,676	228,456	145,535	241,071	79,923	20,579	-	-	2,917,240
Revenue from inter-segment transactions	90,100	323	1	811	587	79,118	-	(170,940)	-
Total sales revenues	2,291,776	228,779	145,536	241,882	80,510	99,697	-	(170,940)	2,917,240
Cost of sales	(2,015,975)	(183,630)	(121,415)	(187,961)	(45,369)	(59,277)	-	141,565	(2,472,062)
Gross profit /(loss) on sales	275,801	45,149	24,121	53,921	35,141	40,420	-	(29,375)	445,178
Selling costs	(88,404)	(34,627)	(7,081)	(14,974)	(5,075)	(20,702)	-	26,695	(144,168)
General and administrative expenses	(89,817)	(16,133)	(3,563)	(4,277)	(2,360)	(7,542)	(58,792)	1,678	(180,806)
Result on management of receivables	(15,334)	-	(53)	(1)	-	-	-	-	(15,388)
Result on other operating activities	23,188	1,905	(34)	95	(491)	3,242	589	(2,756)	25,738
Operating profit /(loss)	105,434	(3,706)	13,390	34,764	27,215	15,418	(58,203)	(3,758)	130,554
Exchange differences and interest on trade settlements	(5,990)	407	116	(852)	104	(1,476)	(25)	-	(7,716)
Group borrowing costs	-	-	-	-	-	-	(18,040)	-	(18,040)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(138,688)	-	(138,688)
Share of profit / (loss) of equity-accounted investees	2,297	-	-	-	-	-	-	-	2,297
Profit /(loss) before tax	101,741	(3,299)	13,506	33,912	27,319	13,942	(214,956)	(3,758)	(31,593)
Income tax	-	-	-	-	-	-	-	-	14,284
Net profit /(loss) on continued operations	-	-	-	-	-	-	-	-	(17,309)
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	(17,309)
Amortization/depreciation	175,629	22,337	2,582	10,228	2,459	14,448	9,482	-	237,165
EBITDA from continued operations	281,063	18,631	15,972	44,992	29,674	29,866	(48,721)	(3,758)	367,719
Adjusted EBITDA from continued operations	277,907	19,857	15,928	44,831	29,521	29,471	(48,857)	(3,758)	364,900
Investments outlays	135,543	21,468	942	6,974	1,549	5,153	10,162	-	181,791
30.06.2023									
ASSETS	5,755,575	798,956	66,757	208,560	65,435	155,171	1,552,345	(929,035)	7,673,764
LIABILITIES	1,456,058	33,669	34,670	48,176	14,007	23,896	4,453,642	(915,443)	5,148,675

OPERATING SEGMENTS 01.01.-30.06.2022	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	1,698,718	344,608	179,365	206,556	41,600	8,006	-	-	2,478,853
Revenue from inter-segment transactions	55,740	2	271	378	629	63,711	-	(120,731)	-
Total sales revenues	1,754,458	344,610	179,636	206,934	42,229	71,717	-	(120,731)	2,478,853
Cost of sales	(1,418,276)	(213,925)	(146,180)	(160,293)	(35,351)	(70,183)	-	93,002	(1,951,206)
Gross profit /(loss) on sales	336,182	130,685	33,456	46,641	6,878	1,534	-	(27,729)	527,647
Selling costs	(107,979)	(25,721)	(6,398)	(17,337)	(4,592)	(122)	-	26,833	(135,316)
General and administrative expenses	(74,128)	(18,550)	(2,648)	(3,227)	(2,473)	(5,964)	(53,670)	3,601	(157,059)
Result on management of receivables	348	112	24	(16)	15	(1,212)	(302)	153	(878)
Result on other operating activities	(16,032)	543	583	(2,940)	(976)	4,946	(435)	(3,033)	(17,344)
Operating profit /(loss)	138,391	87,069	25,017	23,121	(1,148)	(818)	(54,407)	(175)	217,050
Exchange differences and interest on trade settlements	(2,570)	(16,248)	11,491	365	(27)	(1,286)	(173)	-	(8,448)
Group borrowing costs	-	-	-	-	-	-	(28,572)	-	(28,572)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(2,990)	-	(2,990)
Share of profit / (loss) of equity-accounted investees	450	-	-	-	-	-	-	-	450
Profit /(loss) before tax	136,271	70,821	36,508	23,486	(1,175)	(2,104)	(86,142)	(175)	177,490
Income tax	-	-	-	-	-	-	-	-	(29,942)
Net profit /(loss) on continued operations	-	-	-	-	-	-	-	-	147,548
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	147,548
Amortization/depreciation	143,106	22,506	2,287	8,228	1,624	14,009	9,126	-	200,886
EBITDA from continued operations	281,497	109,575	27,304	31,349	476	13,191	(45,281)	(175)	417,936
Adjusted EBITDA from continued operations	289,088	110,765	26,565	34,198	1,624	14,371	(44,856)	(479)	431,276
Investments outlays	92,904	11,590	2,777	32,568	6,144	7,934	10,717	-	164,634
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 01.04.-30.06.2023 <i>Data not reviewed</i>	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	885,482	70,257	64,832	106,718	47,228	12,499	-	-	1,187,016
Revenue from inter-segment transactions	43,057	305	-	704	229	43,799	-	(88,094)	-
Total sales revenues	928,539	70,562	64,832	107,422	47,457	56,298	-	(88,094)	1,187,016
Cost of sales	(813,151)	(63,248)	(55,479)	(82,408)	(24,760)	(33,718)	(43)	66,939	(1,005,868)
Gross profit /(loss) on sales	115,388	7,314	9,353	25,014	22,697	22,580	(43)	(21,155)	181,148
Selling costs	(42,880)	(14,604)	(3,582)	(7,848)	(738)	(9,948)	-	12,957	(66,643)
General and administrative expenses	(45,002)	(5,089)	(1,990)	(2,562)	(1,215)	(3,774)	(22,238)	960	(80,910)
Result on management of receivables	(6,036)	-	-	-	-	-	-	(1)	(6,037)
Result on other operating activities	3,518	2,053	(52)	191	(502)	2,538	(38)	(1,883)	5,825
Operating profit /(loss)	24,988	(10,326)	3,729	14,795	20,242	11,396	(22,319)	(9,122)	33,383
Exchange differences and interest on trade settlements	(4,933)	(116)	70	(1,293)	82	(1,258)	3,316	-	(4,132)
Group borrowing costs	-	-	-	-	-	-	3,590	-	3,590
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(119,208)	-	(119,208)
Share of profit / (loss) of equity-accounted investees	1,310	-	-	-	-	-	-	-	1,310
Profit /(loss) before tax	21,365	(10,442)	3,799	13,502	20,324	10,138	(134,621)	(9,122)	(85,057)
Income tax	-	-	-	-	-	-	-	-	10,751
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	(74,306)
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	(74,306)
Amortization/depreciation	85,820	11,032	1,198	5,227	1,273	7,428	4,989	-	116,967
EBITDA from continued operations	110,808	706	4,927	20,022	21,515	18,824	(17,330)	(9,122)	150,350
Adjusted EBITDA from continued operations	108,269	1,479	4,927	19,767	21,363	18,624	(17,338)	(9,122)	147,969
Investments outlays	73,069	12,618	440	3,226	941	3,884	6,371	-	100,549

OPERATING SEGMENTS 01.04.-30.06.2023 <i>Data not reviewed</i>	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	908,254	99,490	81,601	119,418	23,292	4,234	-	-	1,236,289
Revenue from inter-segment transactions	28,572	(92)	(70)	201	327	34,248	-	(63,186)	-
Total sales revenues	936,826	99,398	81,531	119,619	23,619	38,482	-	(63,186)	1,236,289
Cost of sales	(749,434)	(69,534)	(67,136)	(87,299)	(16,443)	(34,995)	-	47,866	(976,975)
Gross profit /(loss) on sales	187,392	29,864	14,395	32,320	7,176	3,487	-	(15,320)	259,314
Selling costs	(54,056)	(12,522)	(3,182)	(9,214)	(2,797)	(16)	-	14,952	(66,835)
General and administrative expenses	(42,760)	(10,300)	(1,361)	(1,687)	(1,332)	(3,273)	(34,579)	1,720	(93,572)
Result on management of receivables	406	14	4	(17)	(3)	(599)	(235)	127	(303)
Result on other operating activities	(10,010)	247	(97)	(1,219)	(1,049)	1,199	(122)	(1,871)	(12,922)
Operating profit /(loss)	80,972	7,303	9,759	20,183	1,995	798	(34,936)	(392)	85,682
Exchange differences and interest on trade settlements	(1,766)	(7,866)	2,826	205	(15)	(1,155)	(179)	-	(7,950)
Group borrowing costs	-	-	-	-	-	-	(16,935)	-	(16,935)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	(29)	-	(29)
Share of profit / (loss) of equity-accounted investees	311	-	-	-	-	-	-	-	311
Profit /(loss) before tax	79,517	(563)	12,585	20,388	1,980	(357)	(52,079)	(392)	61,079
Income tax	-	-	-	-	-	-	-	-	(17,515)
Net profit /(loss) on continuing operations	-	-	-	-	-	-	-	-	43,564
Net profit /(loss) for the period	-	-	-	-	-	-	-	-	43,564
Amortization/depreciation	73,178	11,923	1,150	4,220	992	6,856	4,763	-	103,082
EBITDA from continued operations	154,150	19,226	10,909	24,403	2,987	7,654	(30,173)	(392)	188,764
Adjusted EBITDA from continued operations	161,456	20,005	10,919	25,631	4,135	10,227	(30,099)	(391)	201,884
Investments outlays	58,383	7,280	840	10,336	3,147	1,143	6,290	-	87,419

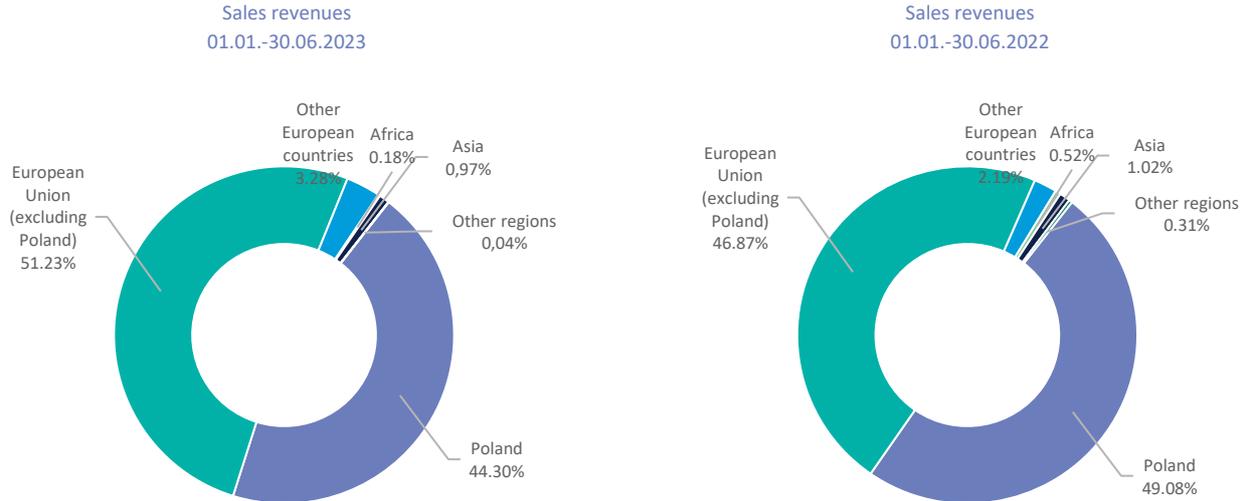
The value of investments in equity-accounted entities occurs only for the assets of the soda segment and amounts to PLN 9,265 thousand as at 30 June 2023 (PLN 7,033 thousand as at 31 December 2022).

INFORMATION ON GEOGRAPHICAL AREAS

ASSETS DIVIDED ON GEOGRAPHICAL REGIONS	Non-current assets other than financial instruments	Deferred income tax assets	Other assets	Total assets
30.06.2023				
Poland	2,595,021	61,296	782,044	3,438,361
European Union (excluding Poland)	2,005,773	106,681	2,105,996	4,218,450
Other European countries	9,578	-	418	9,996
Africa	-	-	4,001	4,001
Asia	-	-	2,956	2,956
TOTAL	4,610,372	167,977	2,895,415	7,673,764
31.12.2022				
Poland	2,566,831	56,923	2,129,152	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	4,763,740	132,774	3,196,013	8,092,527

SALES REVENUES – GEOGRAPHICAL STRUCTURE OF MARKETS

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022	Change half-year 2023/ half-year 2022	Change IIQ 2023/ IIQ 2022
	<i>Data not reviewed</i>		<i>Data not reviewed</i>			
Poland	1,290,227	1,212,171	582,976	573,902	6.4%	1.6%
European Union (excluding Poland), including:	1,494,607	1,161,880	540,354	604,619	28.6%	(10.6%)
Germany	843,181	599,112	234,188	291,462	40.7%	(19.7%)
Czech Republic	177,333	132,403	80,071	72,560	33.9%	10.4%
The Netherlands	129,141	104,475	56,255	65,379	23.6%	(14.0%)
Finland	51,117	42,935	26,282	23,965	19.1%	9.7%
Denmark	38,824	32,229	19,078	17,373	20.5%	9.8%
Spain	64,682	80,492	30,258	42,048	(19.6%)	(28.0%)
Other European Countries	95,655	54,356	45,791	32,865	76.0%	39.3%
Africa	5,235	12,908	2,184	4,262	(59.4%)	(48.8%)
Asia	28,406	25,349	13,451	16,049	12.1%	(16.2%)
Other regions	1,126	7,793	275	1,139	(85.6%)	(75.9%)
Cash flow hedge adjustment	1,986	4,397	1,986	3,454	-	(42.5%)
TOTAL	2,917,240	2,478,853	1,187,016	1,236,289	17.7%	(4.0%)



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

2.6. PROVISIONS AND IMPAIRMENT LOSSES ON ASSETS

During the first half and during the second quarter of 2023, the following changes in provisions and impairment losses on assets were recognised in the consolidated financial statements of the CIECH Group.

PROVISIONS FOR EMPLOYEE BENEFITS	LONG-TERM		SHORT-TERM	
	01.01.-30.06.2023	01.01.-30.06.2022	01.01.-30.06.2023	01.01.-30.06.2022
Opening balance	14,344	15,273	2,764	2,643
Recognition	226	362	520	191
Use and reversal	(413)	(137)	(1,676)	(302)
Foreign exchange differences	(211)	90	(32)	25
Other	(2)	53	22	(11)
Closing balance	13,944	15,641	1,598	2,547
	01.04.-30.06.2023*	01.04.-30.06.2022*	01.04.-30.06.2023*	01.04.-30.06.2022*
Opening balance	13,935	15,473	2,318	3,668
Recognition	205	208	254	(914)
Use and reversal	2	(82)	(962)	(204)
Foreign exchange differences	(200)	31	(28)	8
Other	3	11	16	(11)
Closing balance	13,944	15,641	1,598	2,547

*Data not reviewed.

CHANGE IN OTHER LONG-TERM PROVISIONS	Provisions for liabilities	Provision for environmental protection	TOTAL	Provisions for liabilities	Provision for environmental protection	TOTAL
	01.01.-30.06.2023			01.04.-30.06.2023*		
Opening balance	1,528	135,661	137,189	1,539	135,259	136,798
Foreign exchange differences	(15)	(6,664)	(6,679)	(15)	(6,262)	(6,277)
Other	315	-	315	304	-	304
Closing balance	1,828	128,997	130,825	1,828	128,997	130,825
	01.01.-30.06.2022			01.04.-30.06.2022*		
Opening balance	43,677	226,972	270,649	44,299	229,534	273,833
Recognition	1,376	-	1,376	754	-	754
Use and reversal	(485)	-	(485)	(485)	-	(485)

CHANGE IN OTHER LONG-TERM PROVISIONS	Provisions for liabilities	Provision for environmental protection	TOTAL	Provisions for liabilities	Provision for environmental protection	TOTAL
Foreign exchange differences	-	3,934	3,934	-	1,372	1,372
Other	92	1,973	2,065	92	1,973	2,065
Closing balance	44,660	232,879	277,539	44,660	232,879	277,539

*Data not reviewed.

CHANGE IN OTHER SHORT-TERM PROVISIONS	Provisions for liabilities	Provision for environmental protection	TOTAL	Provisions for liabilities	Provision for environmental protection	TOTAL
	01.01.-30.06.2023			01.04.-30.06.2023*		
Opening balance	118,568	613	119,181	111,246	444	111,690
Recognition	16,010	-	16,010	13,710	-	13,710
Use and reversal	(48,648)	(287)	(48,935)	(39,123)	(118)	(39,241)
Foreign exchange differences	(1,244)	-	(1,244)	(1,171)	-	(1,171)
Other	(9,302)	-	(9,302)	(9,278)	-	(9,278)
Closing balance	75,384	326	75,710	75,384	326	75,710
	01.01.-30.06.2022			01.04.-30.06.2022*		
Opening balance	82,148	1,663	83,811	83,337	969	84,306
Recognition	15,979	-	15,979	14,188	-	14,188
Use and reversal	(1,158)	(1,485)	(2,643)	(217)	(793)	(1,010)
Foreign exchange differences	557	(116)	441	219	(114)	105
Closing balance	97,527	62	97,590	97,527	62	97,590

*Data not reviewed.

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.06.2023					
Property, plant and equipment	83,554	-	-	(4,203)	79,350
Intangible assets, including:	494,764	-	-	(24,100)	470,664
<i>Goodwill</i>	445,898	-	-	(22,177)	423,721
Long-term receivables	66	-	-	(3)	62
Long-term financial assets	502	414	-	-	916
Inventories	42,343	7,830	(8,896)	(538)	40,739
Short-term financial assets	28,353	-	-	2	28,355
Trade and other receivables	64,553	2,003	(4,118)	(1,790)	60,647
Cash and cash equivalents	211	388	(140)	(4)	455
TOTAL	714,345	10,635	(13,155)	(30,636)	681,189
01.01.-30.06.2022					
Property, plant and equipment	77,359	4,491	-	1,382	83,232
Intangible assets, including:	488,945	2,197	-	7,702	498,844
<i>Goodwill</i>	437,598	-	-	7,523	445,121
Long-term receivables	198	-	-	3	201
Long-term financial assets	2,420	-	(214)	-	2,206
Inventories	34,932	10,458	(4,122)	166	41,434
Short-term financial assets	28,354	-	(1)	-	28,353
Trade and other receivables	69,278	2,039	(1,556)	2,455	72,216
Cash and cash equivalents	450	13	(270)	(82)	111
TOTAL	701,936	19,198	(6,163)	11,626	726,597
01.04.-30.06.2023*					
Property, plant and equipment	83,305	-	-	(3,955)	79,350
Intangible assets, including:	494,133	-	-	(23,469)	470,664
<i>Goodwill</i>	445,383	-	-	(21,662)	423,721
Long-term receivables	66	-	-	(4)	62
Long-term financial assets	195	180	-	541	916
Inventories	45,199	3,946	(7,898)	(507)	40,739
Short-term financial assets	28,353	-	-	2	28,355
Trade and other receivables	63,660	1,143	(2,632)	(1,524)	60,647
Cash and cash equivalents	270	203	(14)	(4)	455
TOTAL	715,181	5,472	(10,544)	(28,920)	681,189

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.04.-30.06.2022*					
Property, plant and equipment	78,280	4,491	-	461	83,232
Intangible assets, including:	493,783	2,171	28	2,862	498,844
<i>Goodwill</i>	442,501	-	-	2,620	445,121
Long-term receivables	200	-	-	1	201
Long-term financial assets	2,420	-	(214)	-	2,206
Inventories	37,210	6,454	(2,309)	79	41,434
Short-term financial assets	28,353	-	(1)	1	28,353
Trade and other receivables	70,944	1,084	(1,164)	1,352	72,216
Cash and cash equivalents	218	(31)	7	(83)	111
TOTAL	711,408	14,169	(3,653)	4,673	726,597

*Data not reviewed.

2.6.1. INFORMATION ON THE EXAMINATION OF THE PREMISES AND THE IMPAIRMENT TESTS PERFORMED

As at 30 June 2023, the Company assessed whether there was any impairment of property, plant and equipment. The Parent Company and key subsidiaries analysed whether the assumptions made for the impairment tests performed previously, i.e. as at 31 December 2022, and the results of these tests are up-to-date. As a result of the analysis, it was found that:

- the identification of cash-generating units ("CGUs") within the Group and the value of the assets of individual CGUs have not changed significantly compared to the status as at 31 December 2022.
- The Group's operating performance at EBITDA level and cash flow for the first six months of 2023 for certain CGUs are lower than the planned results assumed in the impairment tests at the end of 2022.
- The projected financial performance for 2023 for the majority of the Group's CGUs is also lower than the projected performance for this period, which formed the basis for the impairment tests performed at the end of 2022.
- An overall decrease in sales revenue was observed, but this was accompanied by a decrease in variable and fixed costs compared to planned values.
- At the same time, the risk-free rate decreased, leading to a reduction in the Group's weighted average cost of capital and consequently a decrease in the discount rate.
- Tests carried out on the basis of updated assumptions for those CGUs whose operating performance is materially lower than planned indicate that the recoverable amounts of the assets tested exceed their book value.

Given the above circumstances, it was considered that there was no need for recognition of additional impairment losses and no reasons for the reversal of impairment losses on assets recognised in previous periods.

2.6.2. 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.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			Data not reviewed	Data not reviewed
Current income tax	(26,500)	(48,716)	(9,649)	(26,672)
Deferred income tax	40,784	18,774	20,400	9,157
INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS	14,284	(29,942)	10,751	(17,515)

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	30.06.2023			31.12.2022		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Property, plant and equipment	9,057	164,690	(155,633)	9,053	174,229	(165,176)
Intangible assets	1,451	18,932	(17,481)	1,451	21,541	(20,090)
Investment property	2,868	1,107	1,761	2,861	1,106	1,755
Należności długoterminowe	-	1,829	(1,829)	796	1,928	(1,132)
Financial assets	664	14,926	(14,262)	437	83,497	(83,060)
Inventory	2,944	692	2,252	4,516	116	4,400
Trade and other receivables	3,673	2,712	961	4,837	387	4,450
Provisions for employee benefits	6,114	-	6,114	3,881	-	3,881
Other provisions	36,504	19	36,485	40,373	2	40,371
Tax losses carried forward	155,680	-	155,680	130,881	-	130,881
Foreign exchange differences	12,885	662	12,223	-	2,183	(2,183)
Liabilities	121,057	28,016	93,041	197,808	5,427	192,381
Liabilities due to financial instruments	-	9,412	(9,412)	-	-	-
Special economic zone	49,461	-	49,461	56,864	-	56,864
Net value of lease liabilities	11,489	336	11,153	-	-	-
Rights to use an asset	861	21,121	(20,260)	-	4,551	(4,551)
Cash and cash equivalents	6	-	6	2	-	2
Other	4,823	1,215	3,608	2,655	1,130	1,525
Deferred tax assets/liability	419,537	265,669	153,868	456,415	296,097	160,318
Set - off of deferred tax assets/ liability	(216,188)	(216,188)	-	(270,974)	(270,974)	-
Unrecognized deferred tax assets	(35,372)	-	(35,372)	(52,667)	-	(52,667)
Deferred tax assets/liability recognised in the statement of financial position	167,977	49,481	118,496	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.

	30.06.2023	30.06.2023	31.12.2022	31.12.2022
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	542,388	542,388	684,969	684,969
Loans granted	248	248	246	246
Trade receivables	335,717	335,717	371,285	371,285
Hedging derivatives with positive value	170,777	170,777	354,070	354,070
Derivatives with positive value	166	166	9,522	9,522
Factoring receivables	56,813	56,813	55,872	55,872
ASSETS	1,106,109	1,106,109	1,475,964	1,475,964
Credits and loans	(1,932,205)	(1,939,689)	(1,865,124)	(1,873,993)
Trade liabilities	(695,114)	(695,114)	(993,715)	(993,715)
Hedging derivatives with negative value	(127,638)	(127,638)	(462,097)	(462,097)
Derivatives recognised in financial liabilities	(25,867)	(25,867)	-	-
Factoring liabilities	(33,178)	(33,178)	(28,769)	(28,769)
LIABILITIES	(2,814,003)	(2,821,487)	(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.

	30.06.2023	30.06.2023	31.12.2022	31.12.2022
	Level 2	Level 3	Level 2	Level 3
ASSETS	170,943	40,061	363,592	40,181
Investment properties	-	40,061	-	40,181
Hedging instruments	170,777	-	354,070	-
Derivative instruments with positive valuation	166	-	9,522	-
LIABILITIES	(153,506)	-	(462,097)	-
Hedging instruments	(127,638)	-	(462,097)	-
Derivative instruments with negative valuation	(25,867)	-	-	-
TOTAL	17,437	40,061	(98,505)	40,181

As at 30 June 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. – 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.

In the first half 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
30.06.2023					
IRS EUR	3,023	2,442	-	-	5,465
CIRS	38,924	90,814	-	-	129,738
Forward EUR/PLN	-	5,255	-	(33)	5,222
Gas options	-	-	-	(1,403)	(1,403)
Gas and energy SWAP	-	30,485	-	(152,070)	(121,585)
TOTAL	41,947	128,996	-	(153,506)	17,437
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 June 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.-30.06.2023							
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	-	-	-	-	-	172,170	172,170
Reclassifications	-	52,817	69,420	2,815	3,050	(127,554)	548
Capitalised borrowing costs	-	-	-	-	-	2,567	2,567
Foreign exchange differences	(4,664)	(35,126)	(100,429)	(1,104)	(905)	(15,733)	(157,961)
Sale	-	-	(11,647)	(131)	(14)	-	(11,792)
Liquidation	-	(563)	(8,484)	(878)	(22)	-	(9,947)
Other	-	1,114	-	-	-	(719)	395
Gross value of property, plant and equipment at the end of the period	87,235	1,788,209	4,629,740	108,957	77,705	543,263	7,235,109
01.01.-30.06.2022							
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	-	-	-	-	-	146,024	146,024
Reclassifications	-	330,730	561,355	7,923	5,587	(900,722)	4,873
Capitalised borrowing costs	-	-	-	-	-	7,815	7,815
Foreign exchange differences	1,582	9,141	29,316	393	287	11,280	51,999
Sale	-	(78)	(9,725)	(609)	(12)	(10)	(10,434)

	Land	Buildings, premises, civil and marine engineering structures	Machinery and equipment	Vehicles	Other fixed assets	Property, plant and equipment under construction	TOTAL
Liquidation	-	(974)	(10,196)	-	(192)	-	(11,362)
Transfer to intangible assets	-	-	-	-	-	(7,298)	(7,298)
Other	-	863	(1,200)	(44)	(238)	-	(619)
Gross value of property, plant and equipment at the end of the period	91,735	1,752,438	4,531,891	104,553	73,172	442,149	6,995,938

Purchases of property, plant and equipment were made with own financial resources and credit facilities. As at 30 June 2023, commitments to purchase property, plant and equipment amounted to PLN 109,075 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 5.5.5 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.-30.06.2023	01.01.-30.06.2022
Revenues from sales of products and services, including:	705	2,778
<i>associates</i>	13	2,446
Revenues from sales of goods and materials, including:	21,831	16,435
<i>associates</i>	16,603	14,413
Other operating income, including:	-	8
<i>associates</i>	-	8
Financial income, including:	450	-
<i>associates</i>	450	-
Purchases of products, goods and materials:	12,673	65,438
Purchase of services, including:	18,161	15,957
<i>KI One S.A.</i>	152	104
<i>associates</i>	14,041	11,794
Financial expenses, including:	828	740
<i>associates</i>	302	-
	30.06.2023	31.12.2022
Trade receivables, including:	3,243	14,428
<i>associates</i>	1,407	13,481
Trade liabilities, including:	5,807	36,294
<i>associates</i>	2,682	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 half of 2023, except for transactions described in Section 5.3 hereof.

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

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

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

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

	30.06.2023	31.12.2022
Contingent assets	20,924	38,283
Other contingent receivables	20,924	38,283
Contingent liabilities	456,115	428,823
Tax liabilities (including interest)	65,323	68,822
Letters of support	279,265	254,662
Emission allowances	47,319	50,000
Promissory notes	22,611	22,610
Other	41,597	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 2,060 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.

The value of contingent assets decreased compared to the end of the year by PLN 17,359 thousand, which is mainly related to the receipt of interest from the tax office related to the payment of an additional income tax liability with interest for 2012 after the decision of the second instance authority in 2019. The contingent asset recognized at the end of the year concerned interest for the period from the date of payment of tax and interest until 31 December 2022.

As at 30 June 2023, contingent liabilities amounted to PLN 456,115 thousand and increased by PLN 27,292 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 41,597 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 first half of 2023, the CIECH Group companies were at various stages of proceedings, including 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.
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.
2016	CIECH Sarzyna S.A., CIECH S.A.

In the first half of 2023, the following events took place with regard to CIT audits in the Polish companies of the CIECH Group:

<p>CIT audit for 2012 at CIECH S.A.</p>	<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>
<p>CIT audit for 2013 at CIECH S.A.</p>	<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.</p>
<p>CIT audit for 2014 at CIECH S.A.</p>	<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.</p>
<p>CIT audit for 2015 at CIECH Soda Polska S.A.</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 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>

CIT audit for 2015 at CIECH Pianki Sp. z o.o.	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.
CIT audit for 2015 at CIECH Cargo Sp. z o.o.	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.
CIT audit for 2015 at CIECH Vitrosilicon S.A.	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.
CIT audit for 2015 at CIECH Sarzyna S.A.	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.
CIT audit for 2016 at CIECH Sarzyna S.A.	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.
CIT audit for 2016 at CIECH S.A.	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 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. Thus, according to the Head of the Małopolskie Province Customs and Tax Office in Kraków, the Company incorrectly determined its corporate income tax liability for 2016. The amount of potential tax liability arising from the above is approximately PLN 31.5 million plus interest on arrears (amounting to

approximately PLN 12.8 million as at the balance sheet date) and relates to 2016 and may affect 2018-2020 due to potential changes in the amount of tax losses accounted for in those years. The Company and its tax adviser disagree with the position of the Head of the Małopolskie Province Customs and Tax Office in Kraków and intend to prove their case if the Head of the Małopolskie Province Customs and Tax Office in Kraków continues to challenge the right to recognise all of the expenses referred to above. Nevertheless, guided by the principle of prudence, the Company will recognise a provision in the total amount of PLN 45 million for the amount of potential tax liabilities and interest. Tax proceedings are currently underway.

The total amount of potential tax burden resulting from the proceedings described above is PLN 40.1 million. Of this, following the second-instance decision regarding CIT 2013 in CIECH S.A., a tax amount of PLN 1.4 million was paid (shown as a receivable from the Tax Office fully covered by an impairment loss) despite further dispute, and an amount of PLN 38.7 million was recognised as a potential tax liability.

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 2013 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 first half of 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 ETA 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 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 any additional liabilities 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 first half of 2023.
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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 first half of 2023, there were no discontinued operations at the CIECH Group.

Assets and liabilities classified as held for sale

As at 30 June 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 THE FIRST HALF OF 2023

Information on important events taking place in the CIECH Group during the first half of 2023 has been presented in Sections 5.3 and 5.4 hereof.

2.17. INFORMATION ON POST-BALANCE-SHEET EVENTS

Until the date of publication of this report, there were no significant post-balance-sheet events.

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

During the first half of 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 first half 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 quarter 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 first half of 2023 was the decrease and stabilisation of raw material prices and the improvement in their availability, whereas, on the other hand, the Group and its key operating segments relied on financial projections 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

In the first half of 2023, the CIECH Group continued to pay particular attention to the effective management of cyber risks. With the ongoing armed conflict in Ukraine, security risks to the data and systems responsible for ensuring the operational continuity of the Group and its entities continued to be assessed as high. As a result, the Group has continued with the measures it had initiated to improve the security of its IT systems and the data processed. 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 first half of 2023 continued to see high volatility in energy and energy commodity prices, exchange rates and high inflation. Among other things, there was a partial reversal of the changes in exchange rate levels and increases in raw material prices that took place during the conflict.

Among other developments, in the initial phase of the conflict (2022), prices of assets perceived as more risky weakened, which translated into the depreciation of PLN against, among others, EUR and USD. In the first half of 2023, due to the strengthening of the PLN, there were, among other factors, significant negative changes in the valuations of intra-group loans granted in EUR and positive changes in the valuations of financial instruments held. For detailed information on the impact of exchange rate changes on the statement of profit or loss and on the statement of other comprehensive income, see the note on currency risk exposure for EUR and USD.

The conflict also resulted in an increase in inflation and indirectly in market interest rates. The increase in interest rates drove up the cost of servicing short-term working capital funding (factoring and credit facilities) and lease funding, while having a limited impact on the cost of servicing the Group's long-term term loan debt, due to the fact that a significant portion of interest rate risk in this funding was hedged with PLN IRS and CCIRS transactions entered into in May 2021, prior to the outbreak of the conflict.

Maintaining a secure financial position

The CIECH Group's liquidity position during the first half 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 June 2023, the Group held cash in the amount of PLN 542 million and limits available under committed credit facilities of PLN 320 million.

No indication of impairment

The first half 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 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.

**SEMI-ANNUAL CONDENSED SEPARATE FINANCIAL STATEMENTS OF
CIECH S.A.
FOR 6-MONTH PERIOD ENDED 30 JUNE 2023**

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

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

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

	01.01.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
CONTINUING OPERATIONS			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Sales revenues	1,394,881	1,130,899	670,283	628,245
Cost of sales	(1,220,508)	(939,858)	(596,955)	(522,156)
Gross profit on sales	174,373	191,041	73,328	106,089
Other operating income	2,753	3,319	841	1,530
Selling costs	(71,791)	(79,700)	(36,272)	(41,805)
General and administrative expenses	(71,715)	(65,364)	(31,637)	(46,822)
Other operating expenses	(2,455)	(4,408)	(1,251)	(2,046)
Operating profit	31,165	44,888	5,009	16,946
Financial income	620,069	342,077	493,089	239,367
Financial expenses	(212,779)	(86,516)	(145,158)	(14,286)
Net financial income/(expenses)	407,290	255,561	347,931	225,081
Profit before tax	438,455	300,449	352,940	242,027
Income tax	(64,039)	(21,669)	(46,486)	(14,047)
Net profit on continuing operations	374,416	278,780	306,454	227,980
DISCONTINUED OPERATIONS				
Net profit on discontinued operations	-	-	-	-
Net profit for the period	374,416	278,780	306,454	227,980
Earnings per share (in PLN):				
Basic	7.10	5.29	5.81	4.33
Diluted	7.10	5.29	5.81	4.33
Earnings per share (in PLN) from continuing operations:				
Basic	7.10	5.29	5.81	4.33
Diluted	7.10	5.29	5.81	4.33

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

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

	01.01.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Net profit on continuing operations	374,416	278,780	306,454	227,980
Net profit on discontinued operations	-	-	-	-
Net profit for the period	374,416	278,780	306,454	227,980
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	(1,028)	5,000	(166)	2,274
Cash flow hedge reserve	(1,028)	5,000	(166)	2,274
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	195	(950)	32	(432)
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	195	(950)	32	(432)
Other comprehensive income net of tax	(833)	4,050	(134)	1,842
TOTAL COMPREHENSIVE INCOME	373,583	282,830	306,320	229,822

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

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

	30.06.2023	31.12.2022
ASSETS		
Property, plant and equipment	15,680	14,735
Rights to use an asset	26,587	25,178
Intangible assets	85,989	82,123
Long-term financial assets	3,428,986	3,463,773
Total non-current assets	3,557,242	3,585,809
Inventory	14,001	11,557
Short-term financial assets	1,170,272	939,376
Income tax receivables	33	43,755
Trade and other receivables	484,675	318,743
Cash and cash equivalents	450,145	390,907
Total current assets	2,119,126	1,704,338
Total assets	5,676,368	5,290,147
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge reserve	4,427	5,260
Actuarial gains	(106)	(106)
Other reserve capitals	1,066,387	422,699
Retained earnings	374,416	946,712
Total equity	2,203,584	2,133,025
Loans, borrowings and other debt instruments	1,576,469	1,671,280
Lease liabilities	22,301	21,250
Other non-current liabilities	11,133	106,685
Employee benefits reserve	762	823
Deferred income tax liability	26,691	8,496
Total non-current liabilities	1,637,356	1,808,534
Loans, borrowings and other debt instruments	811,758	587,175
Lease liabilities	5,858	5,670
Trade and other liabilities	916,234	704,207
Income tax liabilities	46,522	3,117
Employee benefits reserve	353	346
Other provisions	54,703	48,073
Total current liabilities	1,835,428	1,348,588
Total liabilities	3,472,784	3,157,122
Total equity and liabilities	5,676,368	5,290,147

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

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

	01.01.-30.06.2023	01.01.-30.06.2022
Cash flows from operating activities		
Net profit for the period	374,416	278,780
Amortisation/depreciation	10,256	10,971
Recognition of impairment allowances	1,041	1,423
Foreign exchange (profit) /loss	75,081	(11,964)
(Profit) / loss on investment activities	414	25
(Profit) / loss on disposal of property, plant and equipment	46	(24)
Dividends and interest	(241,534)	(199,752)
Income tax	64,039	21,669
Change in liabilities due to loan arrangement fee	1,385	1,174
Value of derivatives	(115,268)	(46,361)
Cash from operating activities before changes in working capital and provisions	169,876	55,941
Change in receivables	61,702	(37,198)
Change in inventory	(2,444)	(5,865)
Change in current liabilities	(58,475)	48,688
Change in provisions and employee benefits	(24,930)	2,987
Cash generated from operating activities	145,729	64,553
Interest paid	(89,099)	(47,724)
Interest cost hedging effect	961	-
Income tax (paid)	34,282	(6,138)
Net cash from operating activities	91,873	10,691
Cash flows from investment activities		
Disposal of intangible assets and property, plant and equipment	1,160	1,137
Dividends received	50,231	54,775
Interest received	41,906	31,407
Proceeds from repaid borrowings	321,664	190,792
Other inflows	-	19,000
Acquisition of a subsidiary	(1)	-
Acquisition of intangible assets and property, plant and equipment	(14,379)	(16,861)
Acquisition of financial assets	(1,678)	(1,287)
Raise capital expenditures and extra charge on capital	(10,355)	(10)
Borrowings paid out	(517,773)	(385,319)
Cash pooling outflows*	(30,415)	(703)
Net cash from investment activities	(159,640)	(107,069)
Cash flows from financial activities		
Proceeds from loans and borrowings	267,000	-
Cash pooling inflows*	91,006	152,762
Repayment of loans and borrowings	(228,166)	(41,000)
Payments of lease liabilities	(4,342)	(2,851)
Other financial inflows/outflows	-	(27)
Net cash from financial activities	125,498	108,884
Total net cash flows	57,731	12,506
Cash and cash equivalents as at the beginning of the period	390,907	467,475
<i>Impact of foreign exchange differences</i>	<i>1,507</i>	<i>380</i>
Cash and cash equivalents as at the end of the period	450,145	480,361

*Cash pooling – presentation in cashflow:

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

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

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

	Share capital	Share premium	Cash flow hedge reserve	Other reserve capitals	Actuarial gains	Retained earnings	Total equity
01.01.2023	287,614	470,846	5,260	422,699	(106)	946,712	2,133,025
Transactions with the owners	-	-	-	643,688	-	(946,712)	(303,024)
Reserve funds	-	-	-	643,688	-	(643,688)	-
Dividends	-	-	-	-	-	(303,024)	(303,024)
Total comprehensive income for the period	-	-	(833)	-	-	374,416	373,583
Net profit / (loss) for the period	-	-	-	-	-	374,416	374,416
Other comprehensive income	-	-	(833)	-	-	-	(833)
30.06.2023	287,614	470,846	4,427	1,066,387	(106)	374,416	2,203,584
01.01.2022	287,614	470,846	20,085	422,699	(150)	413,507	1,614,601
Total comprehensive income for the period	-	-	4,050	-	-	278,780	282,830
Net profit / (loss) for the period	-	-	-	-	-	278,780	278,780
Other comprehensive income	-	-	4,050	-	-	-	4,050
30.06.2022	287,614	470,846	24,135	422,699	(150)	692,287	1,897,431

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

4. EXPLANATORY NOTES TO THE SEMI-ANNUAL CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A.

4.1. BASIS OF PREPARATION OF THE SEMI-ANNUAL 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 semi-annual 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 June 2023 and as at 31 December 2022, results of the Company's operations and cash flows for the period of 6 months ended 30 June 2023 and 30 June 2022, and were approved by the Management Board of CIECH S.A. on 7 September 2023.

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

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

The Management Board of CIECH S.A. represents that BDO Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, entered on the list of entities authorised to audit financial statements under registry No 3355 kept by the National Chamber of Statutory Auditors, was chosen in accordance with the binding legal regulations to review the semi-annual condensed separate financial statements for the period from 1 January to 30 June 2023.

4.2. 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.

4.3. FUNCTIONAL AND REPORTING CURRENCY

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

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

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

4.5. CIECH S.A.'S SEGMENT REPORTING

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

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

Soda segment (comprising BU Soda and BU Salt)



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

Agro Segment



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

Foams Segment



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

Silicates Segment



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

Packaging Segment



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

Other activities Segment



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

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

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

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

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

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

EBITDA should be viewed as a supplement not as a substitute for the business performance presented in accordance with IFRS. EBITDA is a useful ratio of the ability to incur and service debt. EBITDA and adjusted EBITDA levels are not defined by the IFRS and can be calculated in a different manner by other entities.

The reconciliation and definitions applied by CIECH S.A. when determining these measures are presented below.

	01.01.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Net profit on continuing operations	374,416	278,780	306,454	227,980
Income tax	64,039	21,669	46,486	14,047
Financial expenses	212,779	86,516	145,158	14,286
Financial income	(620,069)	(342,077)	(493,089)	(239,367)
Amortisation/depreciation	10,256	10,971	5,300	5,697
EBITDA on continued operations	41,421	55,859	10,309	22,643

	01.01.-30.06.2023	01.01.-30.06.2022	01.04.-30.06.2023	01.04.-30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
EBITDA on continued operations	41,421	55,859	10,309	22,643
One-offs including:	(136)	416	(8)	74
Impairment	-	-	-	-
Cash items, including, i.a:	(104)	375	30	(16)
<i>gain/loss on sale of property, plant and equipment</i>	<i>(55)</i>	<i>(126)</i>	<i>(46)</i>	<i>(51)</i>
<i>fees and compensations given and received</i>	<i>(5)</i>	<i>(55)</i>	<i>(5)</i>	<i>(18)</i>
<i>donations given</i>	<i>141</i>	<i>542</i>	<i>82</i>	<i>53</i>
<i>fortuitous events</i>	-	<i>14</i>		-
<i>refund of taxes and fees</i>	<i>(185)</i>	-	<i>(1)</i>	
Non-cash items (without impairment)	(32)	41	(38)	90
<i>change in provisions</i>	<i>(66)</i>	<i>(5)</i>	<i>(72)</i>	<i>(77)</i>
<i>liquidation of fixed assets</i>	<i>34</i>	-	<i>34</i>	-
<i>other</i>	-	<i>46</i>	-	<i>(13)</i>
Adjusted EBITDA on continued operations	41,285	56,275	10,301	22,717

CIECH S.A. — OPERATING SEGMENTS

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

OPERATING SEGMENTS 01.01.-30.06.2023	Soda Segment	Agro segment	Foams segment	Silicates segment	Packaging segment	Other operations segment	Corporate functions	TOTAL
Total sales revenues	1,369,495	6,642	762	13,017	810	2,221	1,934	1,394,881
Cost of sales	(1,196,419)	(6,357)	(740)	(12,046)	(642)	(2,416)	(1,888)	(1,220,508)
Gross profit /(loss) on sales	173,076	285	22	971	168	(195)	46	174,373
Selling costs	(71,460)	-	-	(331)	-	-	-	(71,791)
General and administrative expenses	(14,452)	-	-	(15)	-	-	(57,248)	(71,715)
Result on management of receivables	-	-	-	-	-	-	-	-
Result on other operating activities	(290)	6	-	-	-	(42)	624	298
Operating profit /(loss)	86,874	291	22	625	168	(237)	(56,578)	31,165
Exchange differences and interest on trade settlements	(1,738)	-	-	17	-	(894)	-	(2,615)
Borrowing costs	-	-	-	-	-	-	(6,532)	(6,532)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	416,437	416,437
Profit /(loss) before tax	85,136	291	22	642	168	(1,131)	353,327	438,455
Income tax	-	-	-	-	-	-	-	(64,039)
Net profit /(loss) on continued operations	-	-	-	-	-	-	-	374,416
Net profit /(loss) for the period	-	-	-	-	-	-	-	374,416
Amortization/depreciation	623	24	-	-	-	393	9,216	10,256
EBITDA from continued operations	87,497	315	22	625	168	156	(47,362)	41,421
Adjusted EBITDA from continued operations	87,496	315	22	625	168	156	(47,497)	41,285
Investment outlays	-	-	-	-	-	-	12,311	12,311
30.06.2023								
ASSETS	178,989	6,075	178	3,971	175	6,394	5,480,586	5,676,368
LIABILITIES	502,928	938	-	862	-	9,801	2,958,255	3,472,784

OPERATING SEGMENTS 01.01.-30.06.2022	Soda segment	Agro segment	Foams segment	Silicates segment	Packaging segment	Other operations segment	Corporate functions	TOTAL
Total sales revenues	1,102,481	9,175	1,067	12,969	734	2,858	1,614	1,130,899
Cost of sales	(912,996)	(8,950)	(982)	(11,856)	(633)	(2,995)	(1,446)	(939,858)
Gross profit /(loss) on sales	189,485	226	85	1,113	101	(137)	168	191,041
Selling costs	(79,310)	-	-	(390)	-	-	-	(79,700)
General and administrative expenses	(13,963)	-	-	4	-	-	(51,405)	(65,364)
Result on management of receivables	-	-	-	-	-	-	235	235
Result on other operating activities	426	(39)	-	-	-	81	(1,792)	(1,324)
Operating profit /(loss)	96,638	187	85	727	101	(56)	(52,794)	44,888
Exchange differences and interest on trade settlements	916	3	-	-	-	(1,514)	(34)	(629)
Borrowing costs	-	-	-	-	-	-	(10,733)	(10,733)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	266,923	266,923
Profit /(loss) before tax	97,554	190	85	727	101	(1,570)	203,362	300,449
Income tax	-	-	-	-	-	-	-	(21,669)
Net profit /(loss) on continued operations	-	-	-	-	-	-	-	278,780
Net profit /(loss) for the period	-	-	-	-	-	-	-	278,780
Amortization/depreciation	1,666	21	-	-	-	329	8,955	10,971
EBITDA from continued operations	98,304	208	85	727	101	273	(43,839)	55,859
Adjusted EBITDA from continued operations	98,294	208	85	727	101	273	(43,413)	56,275
Investment outlays	-	-	-	-	-	-	10,311	10,311
31.12.2022								
ASSETS	193,577	2,611	217	472	142	20,194	5,072,934	5,290,147
LIABILITIES	597,605	1,816	-	51	-	18,645	2,539,005	3,157,122

OPERATING SEGMENTS 01.04.-30.06.2023 <i>Data not reviewed</i>	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	TOTAL
Total sales revenues	659,781	2,563	263	5,687	367	895	727	670,283
Cost of sales	(586,025)	(2,669)	(380)	(5,424)	(338)	(1,147)	(972)	(596,955)
Gross profit /(loss) on sales	73,756	(106)	(117)	263	29	(252)	(245)	73,328
Selling costs	(36,144)	-	-	(128)	-	-	-	(36,272)
General and administrative expenses	(10,060)	-	-	(18)	-	-	(21,559)	(31,637)
Result on management of receivables	-	-	-	-	-	-	-	-
Result on other operating activities	(312)	(7)	-	-	-	(50)	(41)	(410)
Operating profit /(loss)	27,240	(113)	(117)	117	29	(302)	(21,845)	5,009
Exchange differences and interest on trade settlements	(1,570)	-	-	17	-	(790)	-	(2,343)
Borrowing costs	-	-	-	-	-	-	3,040	3,040
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	347,234	347,234
Profit /(loss) before tax	25,670	(113)	(117)	134	29	(1,092)	328,429	352,940
Income tax	-	-	-	-	-	-	-	(46,486)
Net profit /(loss) on continued operations	-	-	-	-	-	-	-	306,454
Net profit /(loss) for the period	-	-	-	-	-	-	-	306,454
Amortization/depreciation	242	12	-	-	-	202	4,844	5,300
EBITDA from continued operations	27,482	(101)	(117)	117	29	(100)	(17,001)	10,309
Adjusted EBITDA from continued operations	27,481	(101)	(117)	117	29	(100)	(17,008)	10,301
Investment outlays	-	-	-	-	-	-	8,360	8,360

OPERATING SEGMENTS 01.04.-30.06.2022 <i>Data not reviewed</i>	Soda Segment	Agro Segment	Foams Segment	Silicates Segment	Packaging Segment	Other operations Segment	Corporate functions	TOTAL
Total sales revenues	613,174	5,066	488	6,775	364	1,535	842	628,245
Cost of sales	(508,110)	(4,866)	(512)	(6,196)	(322)	(1,402)	(748)	(522,156)
Gross profit /(loss) on sales	105,064	201	(24)	579	42	133	94	106,089
Selling costs	(41,614)	-	-	(191)	-	-	-	(41,805)
General and administrative expenses	(13,896)	-	-	5	-	-	(32,931)	(46,822)
Result on management of receivables	-	-	-	-	-	-	302	302
Result on other operating activities	129	(18)	-	-	-	99	(1,028)	(818)
Operating profit /(loss)	49,683	183	(24)	393	42	232	(33,563)	16,946
Exchange differences and interest on trade settlements	796	-	-	7	-	(1,298)	(34)	(529)
Borrowing costs	-	-	-	-	-	-	(6,388)	(6,388)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	231,998	231,998
Profit /(loss) before tax	50,479	183	(24)	400	42	(1,066)	192,013	242,027
Income tax	-	-	-	-	-	-	-	(14,047)
Net profit /(loss) on continued operations	-	-	-	-	-	-	-	227,980
Net profit /(loss) for the period	-	-	-	-	-	-	-	227,980
Amortization/depreciation	833	11	-	-	-	175	4,678	5,697
EBITDA from continued operations	50,516	194	(24)	393	42	407	(28,885)	22,643
Adjusted EBITDA from continued operations	50,516	194	(24)	393	42	407	(28,811)	22,717
Investment outlays	-	-	-	-	-	-	5,883	5,883

CIECH S.A. — SALES REVENUES BY BUSINESS SEGMENTS

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022	Change half- year 2023/half- year 2022	Change IIQ 2023/IIQ 2022	% of total revenues in 2023	% of total revenues in 2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>				
Soda segment, including:	1,369,495	1,102,481	659,781	613,174	267,014	46,607	98.2%	97.5%
Dense soda ash	837,696	657,895	400,888	371,774	179,801	29,114	60.1%	58.2%
Light soda ash	227,676	217,170	107,755	114,784	10,506	(7,029)	16.3%	19.2%
Salt	166,897	110,008	85,076	60,522	56,889	24,554	12.0%	9.7%
Sodium bicarbonate	88,786	72,903	42,284	40,742	15,883	1,542	6.4%	6.4%
Calcium chloride	16,443	17,638	8,375	10,480	(1,195)	(2,105)	1.2%	1.6%
Other goods and services	31,997	26,867	15,403	14,872	5,130	531	2.3%	2.4%
Agro segment, including:	6,642	9,175	2,563	5,066	(2,533)	(2,503)	0.5%	0.8%
Raw materials for production of plant pro-tect-ion products	-	5,761	-	1,652	(5,761)	(1,652)	0.0%	0.5%
Other goods and services	6,642	3,414	2,563	3,414	3,228	(851)	0.5%	0.3%
Foam segment, including:	762	1,067	263	488	(305)	(225)	0.1%	0.1%
Other goods and services	762	1,067	263	488	(305)	(225)	0.1%	0.1%
Silicates segment, including:	13,017	12,969	5,687	6,775	48	(1,088)	0.9%	1.1%
Sodium silicates	-	6,144	-	2,858	(6,144)	(2,858)	0.0%	0.5%
Other goods and services	13,017	6,825	5,687	3,917	6,192	1,770	0.9%	0.6%
Packaging segment, including:	810	734	367	364	76	3	0.1%	0.1%
Other goods and services	810	734	367	364	76	3	0.1%	0.1%
Other segment, including:	4,155	4,473	1,622	2,378	(318)	(756)	0.3%	0.4%
Revenues from third parties	4,155	4,473	1,622	2,378	(318)	(756)	0.3%	0.4%
TOTAL	1,394,881	1,130,899	670,283	628,245	263,982	42,038	100.0%	100.0%

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

CIECH S.A. — INFORMATION ON GEOGRAPHICAL AREAS

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

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022	Change 1H 2023/1H 2022	Change 2Q 2023/ 2Q 2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>		
Poland	946,902	752,160	451,302	418,750	25.9%	7.8%
European Union (excluding Poland)	371,452	319,402	182,407	176,715	16.3%	3.2%
Other Europe	73,924	47,223	35,326	28,757	56.5%	22.8%
Africa	-	8,052	-	1,590	(100.0%)	(100.0%)
Asia	2,603	4,062	1,248	2,433	(35.9%)	(48.7%)
TOTAL	1,394,881	1,130,899	670,283	628,245	23.3%	6.7%

ASSETS DIVIDED ON GEOGRAPHICAL REGIONS	30.06.2023	31.12.2022
Poland	3,167,788	2,723,683
European Union (excluding Poland)	2,506,199	2,564,767
Other European countries	293	-
Africa	930	-
Asia	1,158	1,697
TOTAL	5,676,368	5,290,147

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

4.6. PROVISIONS AND IMPAIRMENT LOSSES ON ASSETS

PROVISIONS FOR EMPLOYEE BENEFITS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.06.2023					
Long-term	823	-	(14)	(47)	762
Short-term	346	-	(40)	47	353
01.01.-30.06.2022					
Long-term	734	55	-	(2)	787
Short-term	413	6	(32)	2	389
01.04.-30.06.2023*					
Long-term	740	60	-	(38)	762
Short-term	340	-	(24)	37	353
01.04.-30.06.2022*					
Long-term	744	45	-	(2)	787
Short-term	400	6	(19)	2	389

*Not reviewed data.

CHANGE IN OTHER SHORT-TERM PROVISIONS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.06.2023					
Provision for liabilities and expected losses	48,073	14,568	(743)	(7,195)	54,703
TOTAL	48,073	14,568	(743)	(7,195)	54,703
01.01.-30.06.2022					
Provision for liabilities and expected losses	34,561	12,217	(89)	-	46,689
TOTAL	34,561	12,217	(89)	-	46,689
01.04.-30.06.2023*					
Provision for liabilities and expected losses	48,942	13,699	(743)	(7,195)	54,703
TOTAL	48,942	13,699	(743)	(7,195)	54,703
01.04.-30.06.2022*					
Provision for liabilities and expected losses	34,880	11,809	-	-	46,689
TOTAL	34,880	11,809	-	-	46,689

*Not reviewed data.

CHANGE IN IMPAIRMENT LOSSES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.06.2023					
Long-term financial assets	33,165	436	(581)	-	33,020
Short-term financial assets	5,523	1,599	-	2	7,124
Trade and other receivables	35,187	16	(502)	(1,005)	33,696
Cash and cash equivalents	6	363	-	-	369
TOTAL	73,881	2,414	(1,083)	(1,003)	74,209
01.01.-30.06.2022					
Long-term financial assets	30,733	915	(464)	-	31,184
Short-term financial assets	3,833	764	(6)	-	4,591
Trade and other receivables	37,163	334	(235)	1,812	39,074
Cash and cash equivalents	244	-	(239)	-	5
TOTAL	71,973	2,013	(944)	1,812	74,854
01.04.-30.06.2023*					
Long-term financial assets	33,555	180	(715)	-	33,020
Short-term financial assets	6,829	293	-	2	7,124
Trade and other receivables	34,822	5	(239)	(892)	33,696
Cash and cash equivalents	130	239	-	-	369
TOTAL	75,336	717	(954)	(890)	74,209
01.04.-30.06.2022*					
Long-term financial assets	29,611	733	840	-	31,184
Short-term financial assets	4,556	35	-	-	4,591
Trade and other receivables	38,111	60	(28)	931	39,074
Cash and cash equivalents	37	(37)	5	-	5
TOTAL	72,315	791	817	931	74,854

*Not reviewed data.

4.7. INCOME TAX, DEFERRED TAX ASSETS AND LIABILITY

The main components of tax expense include:

THE MAIN COMPONENTS OF TAX EXPENSE (TAX INCOME)	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
			<i>Data not reviewed</i>	<i>Data not reviewed</i>
Current income tax	(45,651)	(21,949)	(35,465)	(20,305)
Deferred income tax	(18,388)	280	(11,021)	6,258
INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS	(64,039)	(21,669)	(46,486)	(14,047)

Deferred income tax is attributable to the following items:

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	30.06.2023			31.12.2022		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Property, plant and equipment	-	12,698	(12,698)	-	11,847	(11,847)
Financial assets	453	18,910	(18,457)	453	11,046	(10,593)
Inventory	-	195	(195)	-	-	-
Trade and other receivables	74	-	74	313	374	(61)
Provisions for employee benefits	147	-	147	157	-	157
Tax losses carried forward	28,041	-	28,041	33,510	-	33,510
Foreign exchange differences	11,841	-	11,841	-	1,011	(1,011)
Liabilities	19,621	27,093	(7,472)	17,549	5,427	12,122
Other	70	-	70	1	-	1
Deferred tax assets/liability	60,247	58,896	1,351	51,983	29,705	22,278
Set - off of deferred tax assets/ liability	(32,205)	(32,205)	-	(21,209)	(21,209)	-
Unrecognized deferred tax assets	(28,042)	-	(28,042)	(30,774)	-	(30,774)
Deferred tax assets/liability recognised in the statement of financial position	-	26,691	(26,691)	-	8,496	(8,496)

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

4.8. INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	30.06.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	450,145	450,145	390,907	390,907
Loans granted	2,374,608	2,374,608	2,218,184	2,218,184
Trade receivables	181,168	181,168	204,700	204,700
Derivatives with positive value	5,465	5,465	6,494	6,494
Hedging derivatives with positive value	134,992	134,992	105,898	105,898
Cash pooling receivables	36,116	36,116	5,688	5,688
Factoring receivables	25,296	25,296	36,108	36,108
ASSETS	3,207,790	3,207,790	2,967,979	2,967,979
Credits and loans	(2,131,526)	(2,139,010)	(2,092,593)	(2,101,462)
Trade liabilities	(514,293)	(514,293)	(618,022)	(618,022)
Derivatives with negative value	(33)	(33)	(86,207)	(86,207)
Cash pooling liabilities	(256,701)	(256,701)	(165,862)	(165,862)
Factoring liabilities	(12,353)	(12,353)	(14,612)	(14,612)
LIABILITIES	(2,914,906)	(2,922,390)	(2,977,296)	(2,986,165)

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.

The carrying amount is the net amount, loans are based on a variable rate, commissions and fees are not amortised.

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 – did not occur.
- **Level 2** – CIECH S.A. measures derivatives at fair value by using measurement models for financial instruments and applying generally available interest rates, currency exchange rates etc.
- **Level 3** – fair value estimated on the basis of various valuation techniques which are not based on observable market inputs - did not occur.

Assets and liabilities measured at fair value

	30.06.2023	31.12.2022
	Level 2	Level 2
ASSETS	140,457	112,392
Hedging instruments	5,465	6,494
Derivative instruments measured at fair value through profit or loss	134,992	105,898
LIABILITIES	(33)	(86,207)
Derivative instruments measured at fair value through profit or loss	(33)	(86,207)
TOTAL	140,424	26,185

As at 30 June 2023, CIECH S.A. held the following types of financial instruments measured at fair value:

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

In the first half 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, CIECH S.A. has not made any changes in methods of measurement of financial instruments held. The descriptions of methods of measurement to fair value was presented in Note 8.4 to the Financial Statements of CIECH S.A. for 2022, published on 23 March 2023. 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
30.06.2023					
IRS EUR	3,023	2,442	-	-	5,465
CIRS	38,924	90,814	-	-	129,737
Forward EUR/PLN	-	5,255	-	(33)	5,222
TOTAL	41,947	98,511	-	(33)	140,424
31.12.2022					
IRS EUR	4,233	2,261	-	-	6,494
CIRS	-	96,376	(86,207)	-	10,169
Forward EUR/PLN	-	9,522	-	-	9,522
TOTAL	4,233	108,159	(86,207)	-	26,185

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

In the period from 1 January to 30 June 2023, CIECH S.A. carried out the following transactions increasing and decreasing the gross value of property, plant and equipment:

01.01.-30.06.2023	Buildings, premises	Machinery and equipment	Other fixed assets	TOTAL
Purchase/transfer from construction in progress	484	3,014	103	3,601
Disposal	-	(397)	(11)	(408)
01.01.-30.06.2022				
Purchase/transfer from construction in progress	69	2,605		2,674
Disposal		(521)	(12)	(533)

Purchases in the first half of 2023 were made with the Company's own financial resources.

As at 30 June 2023 and 31 December 2022, there were no agreements for the acquisition of property, plant and equipment giving rise to future commitments.

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

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

All information concerning the financing conditions, which results from the agreements and arrangements with the banks, has been presented in the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2022, published on 23 March 2023.

For additional information on debt financing in the CIECH Group, see also Section 5.5.5 of this report.

4.11. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES

Detailed information about transactions between CIECH S.A. and other related entities (i.e. companies controlled by the parent company at the 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:

CIECH S.A.'S TRANSACTIONS WITH RELATED ENTITIES	Subsidiaries	Associates	Other related parties	TOTAL
01.01.-30.06.2023				
Sales revenues	149,051	15,468	152	164,671
Financial income, including:	336,802	450	-	337,252
<i>Dividend</i>	247,424	436	-	247,860
Purchases of products, goods, materials and services, including:	1,208,134	3,124	3,415	1,214,673
<i>KI One SA</i>	-	-	152	152
Financial expenses	103,535	302	-	103,837
30.06.2023				
Receivables, including:	582,888	1,407	34	584,329
<i>KI One SA</i>	-	-	34	34
Loans granted	2,374,607	-	-	2,374,607
Trade and other liabilities	745,469	741	231	746,441
Loans received	201,765	-	-	201,765
01.01.-30.06.2022				
Sales revenues	110,738	14,143	-	124,881

CIECH S.A.'S TRANSACTIONS WITH RELATED ENTITIES	Subsidiaries	Associates	Other related parties	TOTAL
Financial income, including:	274,272	35	8	274,315
<i>Dividend</i>	217,007	35	-	217,042
Purchases of products, goods, materials and services, including:	925,775	6,309	2,755	934,839
<i>KI One SA</i>	-	-	104	104
Financial expenses	26,601	-	-	26,601
31.12.2022				
Receivables	75,586	4,949	-	80,535
Loans granted	2,218,183	-	-	2,218,183
Trade and other liabilities	746,341	825	13	747,179
Loans received	234,665	-	-	234,665

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 half of 2023, except for transactions described in Section 5.3 hereof.

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

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

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

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

	30.06.2023	31.12.2022
Contingent assets	18,864	34,153
Other contingent receivables	18,864	34,153
Contingent liabilities	1,999,750	2,278,195
Guarantees granted	1,720,485	2,021,130
Tax liabilities (including interest)	-	2,404
Letters of support	279,265	254,662

Contingent asset in the amount of PLN 18,864 thousand is 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.

The value of contingent assets decreased compared to the end of the year by PLN 15,289 thousand, which is related to the receipt of interest from the tax office related to the payment of an additional income tax liability with interest for 2012 after the decision of the second instance authority in 2019. The contingent asset recognized at the end of the year concerned interest for the period from the date of payment of tax and interest until 31 December 2022.

As at 30 June 2023, contingent liabilities amounted to PLN 1,999,750 thousand and decreased as compared to 31 December 2022 by PLN 278,445 thousand. The change was mainly attributable to changes in the value of the guarantees granted for the liabilities of subsidiaries and payments received for the caverns covered by the Letter of support.

Audits of tax settlements at CIECH S.A.

The information is provided in Section 2.13 hereof.

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

The information is provided in Section 2.14 hereof.

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

Discontinued operations

During the first half of 2023, there were no discontinued operations at CIECH S.A.

Assets and liabilities classified as held for sale

There were no assets or liabilities classified as held for sale in CIECH S.A. during the first half of 2023.

4.16. INFORMATION ON POST-BALANCE-SHEET EVENTS

The information is provided in Section 2.17 hereof.

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

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

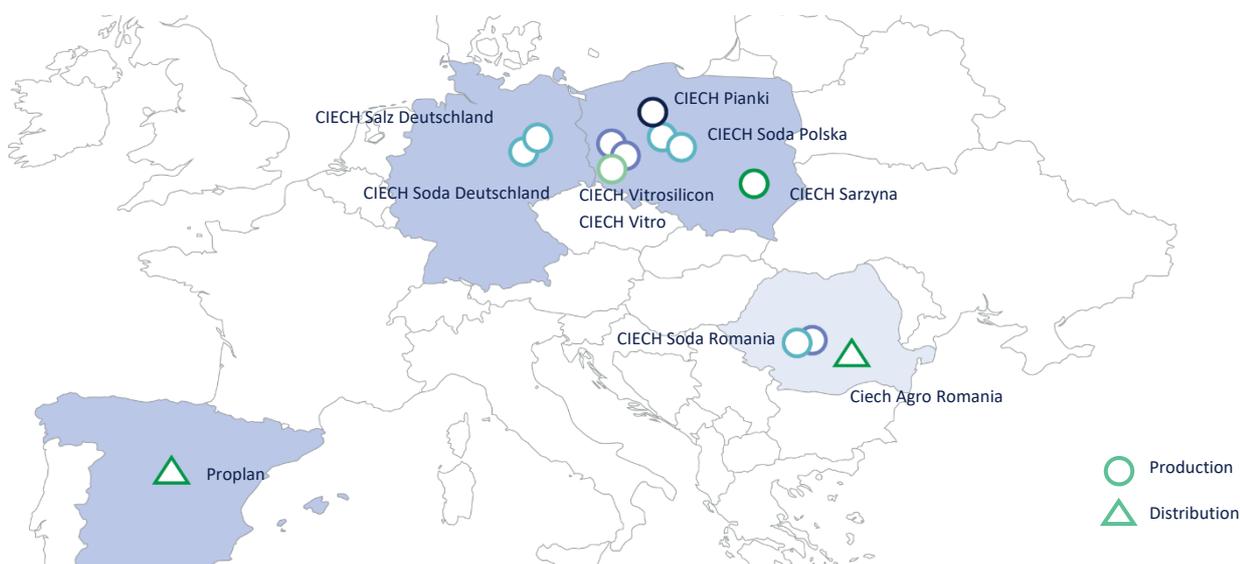
MANAGEMENT BOARD REPORT ON THE CIECH GROUP'S ACTIVITIES

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

5.1. DESCRIPTION OF THE CIECH GROUP'S ORGANISATION

CIECH is a diversified chemical group with a strong position on European markets. The group was founded in 1945 and currently employs approximately 3,456 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.

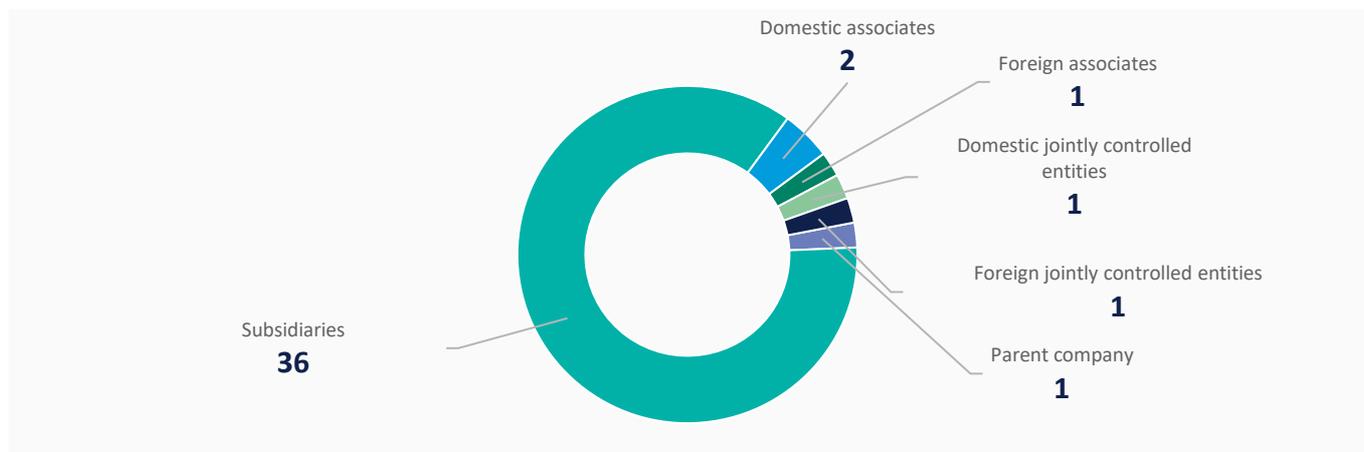
Products of the CIECH Group are manufactured in 9 production plants. The five largest production plants (2 in Poland, 2 in Germany and 1 in Romania) operate in the Soda Segment and manufacture soda ash, soda derivatives and salt; the plant in Romania produces glassy sodium silicate and sodium water glass.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

Detailed information on ownership changes taking place in the first half of 2023 is presented in point 5.3 of this report. As at 30 June 2023, the CIECH Group comprised 42 business entities, including:

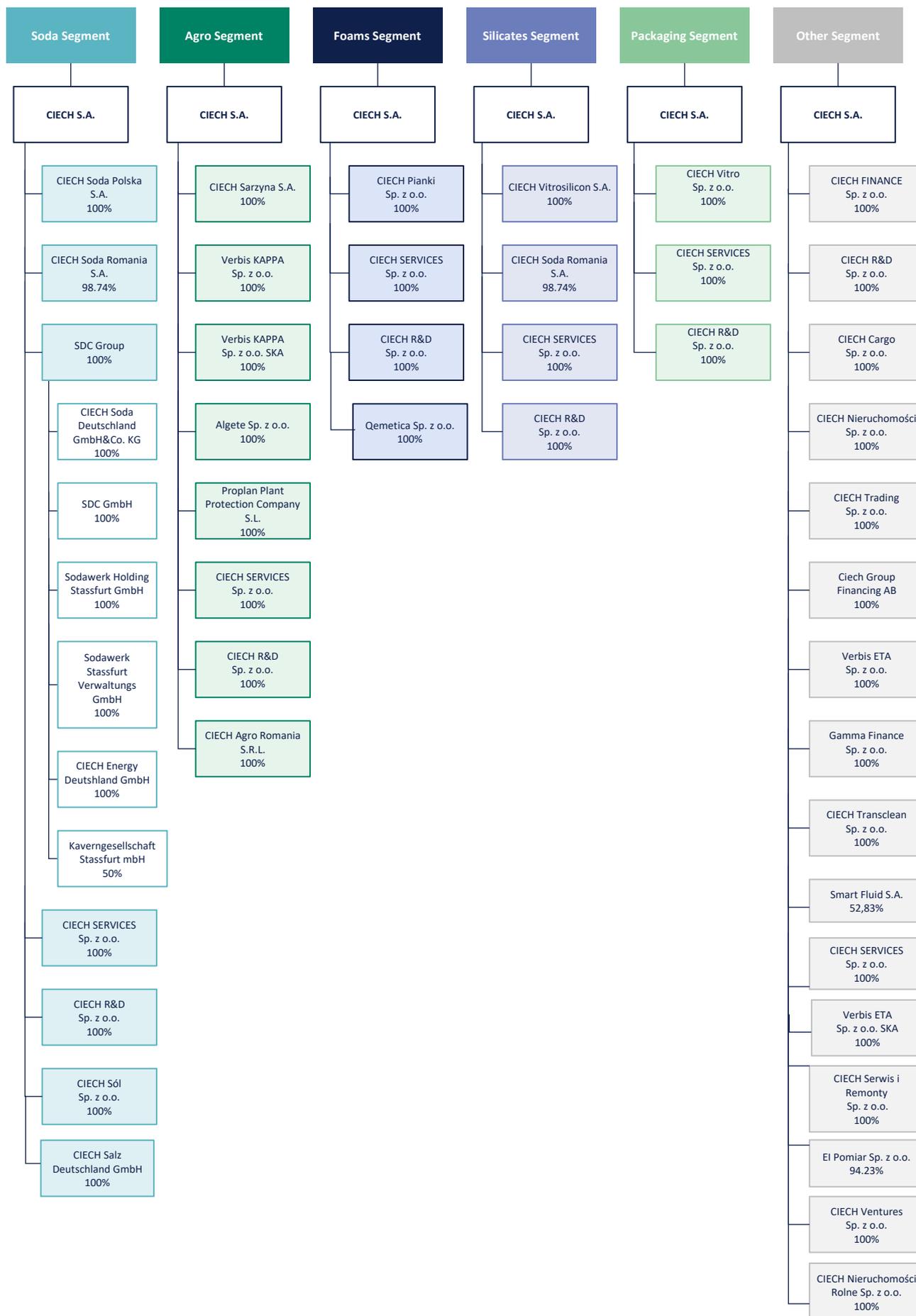


The Parent company of the Group is CIECH S.A. It is a holding company that manages domestic and foreign manufacturing, trade and service companies of the Group. CIECH S.A. also provides support services to key subsidiaries. Key products manufactured by the CIECH Group include: soda ash, sodium bicarbonate, 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 30.06.2023 / % of votes at the GMS	Share in equity as at 30.06.2022 / % of votes at the GMS
Parent company					
CIECH S.A.	Warsaw	Soda, Agro, Foams, Silicates, Packaging, Other, (Resins – discontinued operations)	Sales of chemical products manufactured by the CIECH Group companies, sales of chemical products and semi-finished products purchased from third-party producers, holding activities, managing a portfolio of the Group's subsidiaries, provision of support services (including in the area of sales, purchases, finance, HR and the legal area) for the Group's companies, financial service activities not elsewhere classified (so-called intercompany loans) for the benefit of the Group's companies.	-	-
Fully consolidated direct and indirect subsidiaries					
CIECH Trading Sp. z o.o.	Warsaw	Other	The company is preparing for the liquidation process, operations are being phased out.	100%	100%
CIECH Soda Romania S.A.	Ramnicu Valcea, Romania	Soda, Silicates	Manufacture of other basic inorganic chemicals, wholesale of chemical products. Production suspended in the Soda Segment.	98.74%	98.74%
CIECH Vitrosilicon S.A.	Iłowa	Silicates	Manufacture of other basic inorganic chemicals, manufacture of other chemical products.	100%	100%
CIECH Vitro Sp. z o.o. ¹	Iłowa	Packaging	Manufacture of hollow glass, manufacture and processing of other glass.	100%	100%
CIECH Transclean Sp. z o.o.	Bydgoszcz	Other	Since 2017, the Company has not carried out any operating activities.	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%	-
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, Packaging, Other	Research and developments activities, granting licenses to the CIECH Group companies to use the trademarks: "Ciech", "Ciech Trading" and "Sól Kujawska naturalna czysta".	100%	100%
Smart Fluid S.A.	Warsaw	Other	Research & Development.	52.83%	52.83%
CIECH Soda Polska Group					

Company name	Registered office	Segment	Business	Share in equity as at 30.06.2023 / % of votes at the GMS	Share in equity as at 30.06.2022 / % of votes at the GMS
CIECH Soda Polska S.A.	Inowrocław	Soda	Manufacture of other basic inorganic chemicals, wholesale of chemical products, power generation and distribution.	100%	100%
CIECH Cargo Sp. z o.o.	Inowrocław	Soda	Freight transport services.	100%	100%
Gamma Finanse Sp. z o.o. ⁴	Warsaw	Other	Financing activities.	100%	100%
El-Pomiar Sp. z o.o. w likwidacji (in liquidation)	Inowrocław	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 Finance Sp. z o.o. — 0.82%.

³Shares in the share capital acquired by CIECH S.A. — 1% and CIECH Pianki Sp. z o.o. — 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.

5.2. INFORMATION ON NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

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

The total share of data of subsidiaries not covered by consolidation under the full method, due to their irrelevance, in relation to the total values of the CIECH Group for the period from 1 January 2023 to 30 June 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 which were not measured under the equity method for the period from 1 January 2023 to 30 June 2023 did not exceed 1% of the total consolidated equity of the CIECH Group.

5.3. SIGNIFICANT EFFECTS OF CHANGES TO THE ORGANISATIONAL STRUCTURE OF THE CIECH GROUP IN THE FIRST HALF 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. 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>
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 (PLN 500 thousand), 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.
El-Pomiar Sp. z o.o.	<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 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>

5.4. THE MOST IMPORTANT EVENTS IN THE CIECH GROUP IN THE FIRST HALF OF 2023

SIGNIFICANT EVENTS IN THE CIECH GROUP

On 31 January 2023, Mr Miroslaw 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:

- 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 Jaroslaw 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:

- 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 36 million in the first half of the year 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 June 2023, the Company recognised this as a current liability. The relief is subject to certain formal and organizational conditions and on the final costs of steam producing process. Recognition in the statement of profit or loss in 2023 depends on the fulfillment of the conditions described in the previous sentence.

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

5.5.1. BASIC FINANCIAL DATA

During the first half of 2023, the CIECH Group incurred a net loss from continuing operations of PLN -17,309 thousand, the net cash balance decreased by PLN -144,087 thousand and, as at the end of the first half of 2023, total assets amounted to PLN 7,673,764 thousand. The table below presents selected financial data and basic financial ratios for the first half of 2023 and 2022.

Selected financial data

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022	Change 2023/2022	Change 2023/2022
CONTINUING OPERATIONS			<i>Data not reviewed</i>	<i>Data not reviewed</i>		
Sales revenues	2,917,240	2,478,853	1,187,016	1,236,289	17.7%	438,387
Cost of sales	(2,472,062)	(1,951,206)	(1,005,868)	(976,975)	(26.7%)	(520,856)
Gross profit/(loss) on sales	445,178	527,647	181,148	259,314	(15.6%)	(82,469)
Selling costs	(144,168)	(135,316)	(66,643)	(66,835)	(6.5%)	(8,852)
General and administrative expenses	(180,806)	(157,059)	(80,910)	(93,572)	(15.1%)	(23,747)
Other operating income/expense	10,350	(18,222)	(212)	(13,225)	-	28,572
Operating profit/(loss)	130,554	217,050	33,383	85,682	(39.9%)	(86,496)
Net financial income/expenses	(164,444)	(40,010)	(119,750)	(24,914)	(311.0%)	(124,434)
Share of profit of equity-accounted investees	2,297	450	1,310	311	410.4%	1,847
Income tax	14,284	(29,942)	10,751	(17,515)	-	44,226
Net profit/(loss) on continuing operations	(17,309)	147,548	(74,306)	43,564	-	(164,857)
DISCONTINUED OPERATIONS						
Net profit/(loss) on discontinued operations	-	-	-	-	-	-
Net profit / (loss) for the period	(17,309)	147,548	(74,306)	43,564	-	(164,857)
including:						
Net profit/(loss) attributable to shareholders of the parent company	(16,484)	149,166	(73,878)	44,859	-	(165,650)
Net profit/(loss) attributed to non-controlling interest	(825)	(1,618)	(428)	(1,295)	49.0%	793
EBITDA from continuing operations	367,719	417,936	150,350	188,764	(12.0%)	(50,217)
Adjusted EBITDA from continuing operations*	364,900	431,276	147,969	201,884	(15.4%)	(66,375)

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

5.5.2. SALES REVENUES

Consolidated net sales revenues from continued operations of the CIECH Group for the first half of 2023 amounted to PLN 2,917,240 thousand. Compared to the corresponding period of the previous year, revenues increased by PLN 438,387 thousand. This increase resulted, among other factors, from higher prices for soda products, energy and silicate products compared to prices obtained in the corresponding period.

In the first half 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. 78.6%. 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 doubled in the packaging segment.

Sales revenues — business segments

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022	Change half-year 2023/half- year 2022	Change IIQ 2023/IIQ 2022	% of total revenues in 2023	% of total revenues in 2022
	<i>Data not reviewed</i>			<i>Data not reviewed</i>				
Soda segment, including:	2,291,776	1,754,458	928,539	936,826	30.6%	(0.9%)	78.6%	70.8%
Dense soda ash	1,101,889	916,366	521,529	515,359	20.2%	1.2%	37.8%	37.0%
Light soda ash	225,888	221,904	101,811	114,141	1.8%	(10.8%)	7.7%	9.0%
Salt	246,444	150,590	119,916	85,221	63.7%	40.7%	8.4%	6.1%
Sodium bicarbonate	164,347	145,187	79,992	80,694	13.2%	(0.9%)	5.6%	5.9%
Energy	420,226	229,514	39,076	94,918	83.1%	(58.8%)	14.4%	9.3%
Calcium chloride	11,054	14,753	6,228	9,424	(25.1%)	(33.9%)	0.4%	0.6%
Other products	31,828	20,404	16,930	8,497	56.0%	99.2%	1.1%	0.8%
Revenues from inter-segment transactions	90,100	55,740	43,056	28,572	61.6%	50.7%	3.1%	2.2%
Agro segment, including:	228,779	344,610	70,562	99,398	(33.6%)	(29.0%)	7.8%	13.9%
Agro products	228,456	344,608	70,257	99,490	(33.7%)	(29.4%)	7.8%	13.9%
Revenues from inter-segment transactions	323	2	305	(92)	16038.3%	(431.1%)	0.0%	0.0%
Foams segment, including:	145,536	179,636	64,832	81,531	(19.0%)	(20.5%)	5.0%	7.2%
Polyurethane foams	145,535	179,365	64,832	81,601	(18.9%)	(20.5%)	5.0%	7.2%
Revenues from inter-segment transactions	1	271	-	(70)	(99.6%)	(100.0%)	0.0%	0.0%
Silicates segment, including:	241,882	206,934	107,422	119,619	16.9%	(10.2%)	8.3%	8.3%
Sodium silicates	227,124	197,443	100,837	113,329	15.0%	(11.0%)	7.8%	8.0%
Potassium silicates	8,014	9,055	3,697	6,063	(11.5%)	(39.0%)	0.3%	0.4%
Other products	5,933	58	2,184	26	10129.3%	8300.0%	0.2%	0.0%
Revenues from inter-segment transactions	811	378	704	201	114.6%	250.2%	0.0%	0.0%
Packaging segment, including:	80,510	42,229	47,457	23,619	90.7%	100.9%	2.8%	1.7%
Glass packaging	79,923	41,600	47,228	23,292	92.1%	102.8%	2.7%	1.7%
Revenues from inter-segment transactions	587	629	229	327	(6.7%)	(30.0%)	0.0%	0.0%
Other segment, including:	99,697	71,717	56,298	38,482	39.0%	46.3%	3.4%	2.9%
Revenues from third parties	20,579	8,006	12,499	4,234	157.0%	195.2%	0.7%	0.3%
Revenues from inter-segment transactions	79,118	63,711	43,799	34,248	24.2%	27.9%	2.7%	2.6%
Consolidation adjustments	(170,939)	(120,731)	(88,093)	(63,186)	41.6%	39.4%	(5.9%)	(4.9%)
TOTAL	2,917,240	2,478,853	1,187,016	1,236,289	17.7%	(4.0%)	100.0%	100.0%

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

Gross profit on sales

Cost of goods sold for the first half of 2023 amounted to PLN 2,472,062 thousand, which represents an increase by PLN 520,856 thousand (i.e. by 26.7%) compared to the cost of goods sold in the first half of 2022, amounting to PLN 1,951,206 thousand. The increase was mainly driven by higher sales in the soda segment and high prices of raw materials for production (coal, gas, electricity), also of fuel inputs (coke, anthracite) due to long-term contracts concluded during the period of high energy commodity prices.

After the first half of 2023, gross profit on sales from continuing operations amounted to PLN 445,178 thousand, whereas in the same period of the previous year it amounted to PLN 527,647 thousand.

Operating profit/loss

Selling costs for the first half of 2023 amounted to PLN 144,168 thousand, which represents an increase by PLN 8,852 thousand as compared to PLN 135,316 thousand for the first half of 2022. Selling costs accounted for 4.9% of sales revenues for the first half of 2023, compared with 5.5% in the corresponding period of the comparable year.

General and administrative expenses for the first half of 2023 amounted to PLN 180,806 thousand which is an increase by PLN 23,747 thousand (i.e. by 15.1%) as compared to PLN 157,059 thousand in the first half of the corresponding period. The increase was driven, among other factors, by higher personnel costs and higher fixed costs related to inflationary pressure.

Other operating income for the first half of 2023 amounted to PLN 50,791 thousand which represents an increase by PLN 23,625 thousand, compared to PLN 27,166 thousand for the first half of 2022. In the first half 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 first half of 2023 amounted to PLN 40,441 thousand which represents a decrease by PLN 4,947 thousand from the first half of 2022, when these expenses amounted to PLN 45,388 thousand.

Operating profit for the first half of 2023 stood at PLN 130,554 thousand, whereas in the comparative period it reached PLN 217,050 thousand.

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

Soda Segment



In the first half 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 salt imports from eastern markets.
- Stable demand levels for high-margin products, particularly salt tablets.
- Declining energy prices allowed for margin normalization in the salt products segment.
- Decrease in transport costs.

Negative developments:

- Inability to take full advantage of falling gas and coal prices due to long-term contracts entered into during a period of high energy commodity prices.
- 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 and the need to maintain large stocks of the product.

Agro Segment



In the first half of 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.
- 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 first half of 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 first half of 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 to reduce the melt from furnaces for the production of glassy sodium silicate.
- 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.
- Decreased price competitiveness in the European market following the appreciation of PLN.

Packaging Segment



In the first half of 2023, the Group's results in the **Packaging Segment** were most significantly shaped by:

Positive developments:

- Optimisation of production rates and costs including the raw material mix to improve quality and reduce costs, as well as reducing waste.
- 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.

5.5.4. FINANCING ACTIVITIES AND NET PROFIT/LOSS

Financial income for the first half of 2023 amounted to PLN 70,531 thousand and increased compared to the corresponding period of the previous year, when it amounted to PLN 26,596 thousand.

Financial expenses for the first half of 2023 amounted to PLN 234,975 thousand and increased compared to the corresponding period of the previous year, when it amounted to PLN 66,606 thousand.

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

The consolidated net result for the first half of 2023 amounted to PLN -17,309 thousand (of which PLN -16,484 thousand was a net loss attributable to the shareholders of the parent company and PLN -825 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 first half of 2023 (PLN - 86,496 thousand),
- lower net result on financing activities (- PLN 124,434 thousand) due to higher interest expenses, losses on financial instruments and foreign exchange losses in 2023.

The reduction in the loss recorded 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 creation 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 new 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). 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 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 will focus 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.

5.5.5. ASSET POSITION OF THE CIECH GROUP

Basic consolidated balance sheet data

	30.06.2023	31.12.2022	Change 2023/2022	Change 2023/2022
Total assets	7,673,764	8,092,527	(5.2%)	(418,763)
Total non-current assets	4,820,296	4,900,742	(1.6%)	(80,446)
<i>Total current assets, including:</i>	<i>2,853,468</i>	<i>3,191,785</i>	<i>(10.6%)</i>	<i>(338,317)</i>
<i>Inventory</i>	<i>678,748</i>	<i>771,541</i>	<i>(12.0%)</i>	<i>(92,793)</i>
<i>Short-term intangible assets other than goodwill</i>	<i>698,217</i>	<i>515,934</i>	<i>35.3%</i>	<i>182,283</i>
<i>Current receivables</i>	<i>804,475</i>	<i>859,339</i>	<i>(6.4%)</i>	<i>(54,864)</i>
<i>Cash and cash equivalents</i>	<i>542,388</i>	<i>684,969</i>	<i>(20.8%)</i>	<i>(142,581)</i>
<i>Short-term financial assets</i>	<i>129,272</i>	<i>359,634</i>	<i>(64.1%)</i>	<i>(230,362)</i>
Non-current assets held for sale	368	368	0.0%	-
Total equity, including:	2,525,089	2,704,310	(6.6%)	(179,221)
<i>Equity attributable to shareholders of the parent</i>	<i>2,531,867</i>	<i>2,710,221</i>	<i>(6.6%)</i>	<i>(178,354)</i>
<i>Non-controlling interest</i>	<i>(6,778)</i>	<i>(5,911)</i>	<i>(14.7%)</i>	<i>(867)</i>
Total non-current liabilities	1,989,593	2,181,430	(8.8%)	(191,837)
Total current liabilities	3,159,082	3,206,787	(1.5%)	(47,705)

Assets

As at the end of June 2023, the Group's non-current assets amounted to PLN 4,820,296 thousand. Compared to the balance as at 31 December 2022, the value of non-current assets decreased by PLN 80,446 thousand.

The Group's current assets amounted to PLN 2,853,468 thousand as at 30 June 2023. Compared to the end of December 2022, the value of current assets decreased by PLN 338,317 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 June 2023, the CIECH Group's liabilities (non-current and current) amounted to PLN 5,148,675 thousand, which is a decrease compared to the end of December 2022 by PLN 239,542 thousand.

The debt ratio amounted to 67.1% as at 30 June 2023 (at the end of December 2022 to 66.6%). The consolidated net debt of the Group amounted to PLN 1,643,871 thousand as at 30 June 2023 and increased in comparison to the balance as at the end of December 2022 by PLN 279,030 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.

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 the first half of 2023, the CIECH Group's debt financing is secured mainly through facilities made available to CIECH S.A. under the following 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 June 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 June 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 June 2023, the amount used was PLN 2,444 thousand).

The total value of facilities available to CIECH S.A. under the aforesaid agreements is PLN 2,259,282 thousand, the debt limits used amount to PLN 1,937,276 thousand (PLN 1,939,719 thousand in the CIECH Group after taking into account the debt in Proplan Plant Protection Company S.L.).

5.5.6. CASH POSITION OF THE CIECH GROUP

	01.01.-30.06.2023	01.01.-30.06.2022	Change 2023/2022
Net cash from operating activities	503,233	392,642	28.2%
Net cash from investment activities	(697,010)	(543,036)	(28.4%)
Net cash from financial activities	49,690	(14,240)	-
Total net cash flows	(144,087)	(164,634)	12.5%
Free cash flow	(193,777)	(150,394)	(28.8%)

Total net cash flows in the first half of 2023 were negative and amounted to PLN 144,087 thousand. Compared to the same period of the previous year, the cash flows generated by the Group were higher by PLN 20,547 thousand. Cash flows from operating activities were positive and amounted to PLN 503,233 thousand. They increased as compared to the same period in 2022 by PLN 110,591 thousand.

During the first half 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 positive and amounted to PLN 49,690 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.

	01.01.-30.06.2023	01.01.-30.06.2022	Change 2023/2022
Financial surplus ((net profit/(loss) on continuing operations + depreciation)	219,856	348,434	(128,578)
Other adjustments to net profit/(loss) on continuing operations	91,152	(117,772)	208,924
Adjusted financial surplus (1+2)	311,008	230,662	80,346
Change in working capital	192,225	161,980	30,245
Net cash from operating activities (3+4)	503,233	392,642	110,591
Net cash from investing activities	(697,010)	(543,036)	(153,974)
Free cash flow (5+6)	(193,777)	(150,394)	(43,383)

During the first half 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.

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

Liquidity of the CIECH Group

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

	30.06.2023	31.12.2022
Current ratio	0.90	1.00
Quick ratio	0.69	0.75

Working capital of the CIECH Group

As at the end of June 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 404,659 thousand, which is an increase of PLN 25,971 thousand compared to the end of 2022.

	30.06.2023	31.12.2022
1. Current assets, including:	2,853,468	3,191,785
Inventory	678,748	771,541
Trade receivables and services and advances for deliveries	339,058	376,320
2. Cash and cash equivalents and short-term investments	671,660	1,044,603
3. Adjusted current assets (1-2)	2,181,808	2,147,182
4. Current liabilities, including:	3,159,082	3,206,787
Trade liabilities and advances taken	696,035	993,942
5. Short-term credits and other current financial liabilities*	572,615	628,975
6. Adjusted current liabilities (4-5)	2,586,467	2,577,812
7. Working capital including short-term credits(1-4)	(305,614)	(15,002)
8. Working capital (3-6)	(404,659)	(430,630)
9. Trade working capital	321,771	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 321,771 thousand as at the end of the first half of 2023 (a change by PLN 167,852 thousand) was mainly due to:

- The companies continue to achieve high levels of sales which has translated into increased receivables from external customers,
- 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 the first half 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.-30.06.2023	01.01.-30.06.2022	Change 2023/2022
CONTINUING OPERATIONS			
Gross return on sales	15.3%	21.3%	(6.0) p.p.
Return on sales	4.1%	9.5%	(5.4) p.p.
EBIT margin	4.5%	8.8%	(4.3) p.p.
EBITDA margin	12.6%	16.9%	(4.3) p.p.
adjusted EBIT margin	4.4%	9.3%	(4.9) p.p.
Adjusted EBITDA margin	12.5%	17.4%	(4.9) p.p.
net return on sales (ROS)	(0.6%)	6.0%	(6.6) p.p.
Return on assets (ROA)	5.2%	2.2%	3p.p.
Return on equity (ROE)	15.8%	6.9%	8,9p.p.
Earnings/(loss) per share (in PLN) from continuing operations	(0.31)	2.83	(3.14)

PROFITABILITY LEVELS OF THE CIECH GROUP



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

Source: CIECH S.A.

Indebtedness

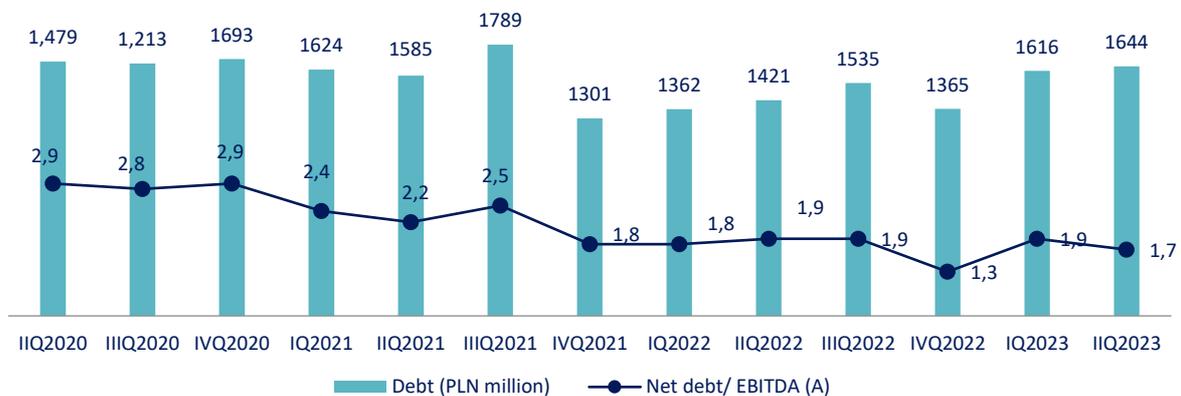
The debt ratio increased slightly in comparison to December 2022 and amounts to 67,1%. The level of net debt (net financial liabilities in relation to EBITDA) increased as compared to the end of 2022.

	30.06.2023	31.12.2022
Loans, borrowings and other debt instruments	1,932,205	1,865,124
Lease liabilities	133,658	135,320
Factoring liabilities	33,178	28,769
Negative net valuation of derivatives	87,218	20,597
Gross debt	2,186,259	2,049,810
Cash and cash equivalents	542,388	684,969
Net debt	1,643,871	1,364,841

The CIECH Group's debt ratios

	30.06.2023	31.12.2022	Change 2023/2022
Debt ratio	67.1%	66.6%	0.5p.p.
Long term debt ratio	25.9%	27.0%	(1.1) p.p.
Debt to equity ratio	203.9%	199.2%	4.7p.p.
Equity to assets ratio	32.9%	33.4%	(0.5) p.p.
Gross debt	2,186,259	2,049,810	6.7%
Net debt	1,643,871	1,364,841	20.4%
EBITDA annualized*	971,233	1,021,452	(4.9%)
Adjusted EBITDA (annualised)*	967,115	1,033,491	(6.4%)
Net debt / EBITDA annualized	1.7	1.3	26.7%
Net debt / Adjusted EBITDA (annualised)	1.7	1.3	28.7%
Net debt according to Facilities Agreement	1,490,552	1,279,939	16.5%
Adjusted EBITDA (annualised) according to Facilities Agreement	944,954	1,033,007	(8.5%)
Adjusted EBITDA (annualised) according to Facilities Agreement	1.6	1.2	27.3%

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



The ratio "Net financial liabilities / Adjusted (annualised) EBITDA in accordance with the Facilities Agreement" is calculated in accordance with the following principles:

- net debt in accordance with the Facilities Agreement do not include, among others, liabilities related to contracts classified as operating leases (before the implementation of IFRS 16 "Leases") in the amount of PLN 125 million and do not include liabilities due to negative valuation of financial instruments in the amount of PLN 87 million,
- adjusted (annualised) EBITDA in accordance with the Facilities Agreement takes into account EBITDA from continuing and discontinued operations in the total amount of PLN 971 million, and is adjusted by, among others, write-downs on receivables and inventories, as well as changes in provisions and fixed assets, totalling approximately PLN 26 million.

The ratio calculated on the basis of the definitions in the Facilities Agreement is 1.58 as at 30 June 2023 and is lower by 0.12 compared to the ratio calculated in these consolidated financial statements.

5.6. SIGNIFICANT RISK FACTORS

In connection with its operations, the CIECH Group is exposed to a number of risks, including financial risks. The most important risk factors are presented in details in Note 3.4 to the Management Board Report on activities of the CIECH Group and CIECH S.A. in 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 the SDC Group, CIECH Salz Deutschland GmbH and Proplan) and in USD as at 30 June 2023 due to financial instruments:

Exposure to currency risk <i>(figures in '000 EUR and '000 USD, as appropriate)</i>	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	294,700	-	x	
Trade and other receivables	10,273	2,339	x	
Cash including bank deposits	38,577	951	x	
Liabilities				
Trade and other liabilities	(8,183)	(1,663)	x	
Term loan liabilities	(13,370)	-		x
Forward	(209,799)	-		
Forward (not designated to hedge accounting)	(37,535)	-	x	
CIRS (forward transactions isolated as part of decomposition of CIRS)	(332,054)	-	x	
Total exposure	(257,402)	1,627		

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

Analysis of sensitivity to currency risk <i>(Increase of EUR/PLN or USD/PLN exchange rate by 1 grosz)</i>	(PLN '000)	Impact on the statement of profit or loss	Impact on the statement of other comprehensive income
EUR			
Foreign-currency balance sheet items	3,220	3,220	-
Hedging instruments: Forward and CIRS	(5,794)	(375)	(5,419)
USD			
Foreign-currency balance sheet items	16	16	-

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. 7% 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 30.06.2023
Long-term receivables in relation to caverns	(66)	-	-	3	(63)
Trade receivables	(43,700)	(2,219)	4,211	1,079	(40,629)
Factoring receivables	(483)	(18)	41	13	(447)
Cash and cash equivalents	(211)	(388)	140	4	(455)
TOTAL	(44,460)	(2,625)	4,392	1,098	(41,594)

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 June 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 June 2023, they were drawn down in the amount of PLN 2.4 million) have been made available to the Group.

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

30.06.2023	Carrying amount	Contractual cash flows	Less than 6 months	up to 12 months	1-2 years	3-5 years	More than 5 years
Other financial liabilities:	(2,660,497)	(3,011,234)	(1,060,689)	(161,611)	(311,111)	(1,477,823)	-
<i>Trade liabilities</i>	<i>(695,114)</i>	<i>(695,114)</i>	<i>(695,114)</i>	-	-	-	-
<i>Credits and loans</i>	<i>(1,932,205)</i>	<i>(2,282,941)</i>	<i>(332,397)</i>	<i>(161,611)</i>	<i>(311,111)</i>	<i>(1,477,823)</i>	-
<i>Factoring</i>	<i>(33,178)</i>	<i>(33,178)</i>	<i>(33,178)</i>	-	-	-	-
Lease liabilities	(133,658)	(255,969)	(17,102)	(13,113)	(41,470)	(21,271)	(163,013)
Hedging derivatives with negative value	(127,638)	(211,507)	(154,498)	(1,562)	-	(55,447)	-
Derivatives with negative value recognized as financial liabilities	(25,867)	(25,867)	(25,867)	-	-	-	-
TOTAL	(2,947,661)	(3,504,577)	(1,258,157)	(176,285)	(352,581)	(1,554,541)	(163,013)

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

A detailed description of information on financial risks is provided in Note 8.3 to the Consolidated Financial Statements of the CIECH Group for 2022, published on 23 March 2023.

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

On 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. The expected significant support for the annual result is a subsidy for energy costs in Germany.

After the first half of 2023, the CIECH Group upholds the forecast published.

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

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

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

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

Factors	Description
<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 6 months of 2023 decreased by 1.7% year on year (in 2022 — an increase by 13.6%). After 6 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 21.3%); manufacture of food products (decrease by 0.4%); manufacture of rubber and plastic products (decrease by 3.1%); construction and assembly output (increase by 3.8%, including construction of buildings - decrease by 5.3%); manufacture of furniture (decrease by 10.3%, including furniture used for sleeping - decrease by approx. 10% in terms of volumes); manufacture of chemicals and chemical products (decrease by 19.0%).</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). A further significant slowdown and GDP growth of +1% is projected for 2023 (with high uncertainty in projections related to the war between Russia and Ukraine, inflation and volatile energy prices). Similar trends should 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 July 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 (+1.0% of GDP in 2023), with higher growth rates projected for the USA (+1.8%) and Japan (+1.4%). India (+6.1%), China (+5.2%) and ASEAN countries (+4.6%) grow above average. Among other major developing countries, relatively low GDP growth in 2023 is expected in Russia (1.5%).</p> <p>The war in eastern Europe is also causing production constraints and growing uncertainty in the European chemical industry. This is due to the fact that this sector is highly energy-intensive and relies on raw materials such as oil and gas. With the prolonged conflict between Russia and Ukraine, projections are also being revised every few months for the chemical industries. According to</p>

Factors	Description
	<p>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% in 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 EU's import of coal is nearly two times higher than production. Most of the coal imported to the EU is power coal, i.e. coal used by the CIECH Group in the production of process steam and electricity in soda plants in Poland. 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. This trend continued in the second quarter and brought coal prices down to pre-2022 levels, and in the third quarter we observe 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.</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 first half of 2023.</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</p>

Factors	Description
	<p>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 in the third and fourth quarter of 2022, the price of this raw material fell significantly, allowing it to once again compete effectively with anthracite in terms of cost. This situation continued 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>
Exchange rates of Polish zloty (PLN) and Romanian leu (RON) to euro (EUR) and US dollar (USD)	<p>The CIECH Group's main source of exposure to foreign currency risk is related to EUR and USD, in which 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 second quarter of 2023 saw a significant strengthening of the PLN against the EUR, which, among other things, resulted in significant foreign exchange losses on the valuation of loans granted in EUR and a positive change in the valuation of currency financial instruments. The strengthening of the PLN had a negative 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>
Volume of chemical production capacity on markets where the CIECH Group operates	<p>In the sectors of mass chemical products, in which the CIECH Group operates, the capital expenditures are an important barrier to entry, and in the case of the soda segment – an access to natural resources. For this reason, in the scope of the most important segment of the CIECH Group, the soda segment, green field investments are rare and generally done outside Europe.</p> <p>Information published in recent years and months shows that globally, particularly from the second half of this year onwards, a gradual increase in soda ash capacity can be expected (mainly in China and the USA). Significantly large capacity additions are planned for 2024-2028 in China, Turkey and the USA. These will mainly concern natural soda. Due to the energy crisis and the delays observed in the launch of projects based on natural resources in the past, it is expected that the performance of these projects will be delayed. New capacities will gradually cover the ever-increasing demand.</p>
Environmental requirements	<p>REACH system implementation</p> <p>In accordance with the REACH regulation, the Group's companies producing substances in quantities exceeding 1 tonne p.a. have completed 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>

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

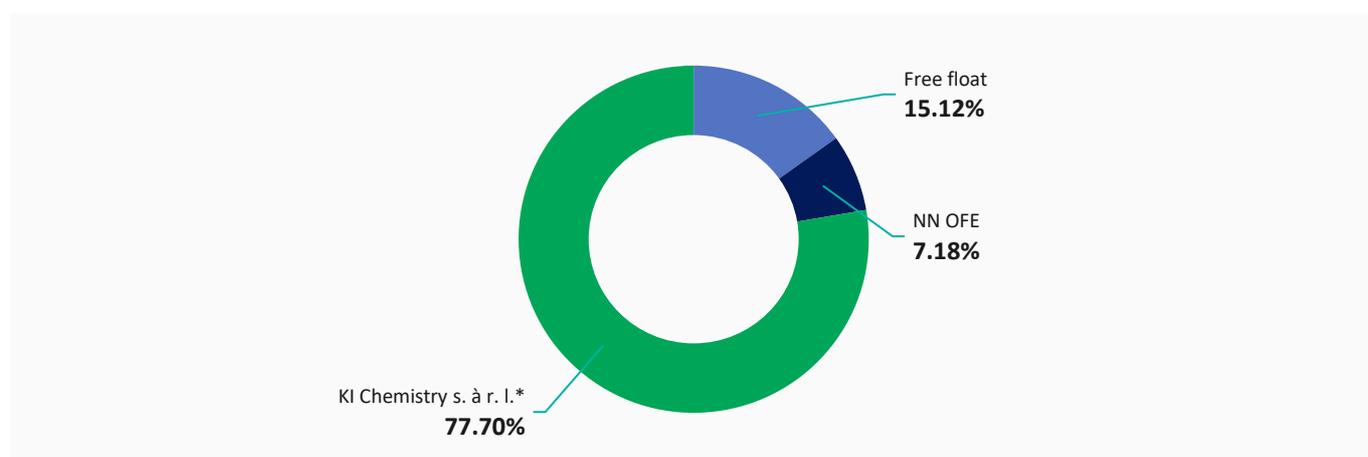
The shares of CIECH S.A. are listed on Warsaw Stock Exchange and on Frankfurt Stock Exchange. The share capital of CIECH S.A. amounts to PLN 263,500,965 and is divided into 52,699,909 shares with a nominal value of PLN 5 each. The number of shares and their nominal value has not changed since the last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

SHAREHOLDERS

From the date of the Extraordinary General Meeting of CIECH S.A. on 22 June 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:

In the previous reporting period, Allianz Polska Otwarty Fundusz Emerytalny was also a significant Shareholder (6.43% - 3,389,024 shares), and on 29 June 2023 it submitted a notice of sale of its entire shareholding in CIECH S.A. on 28 June 2023 (Cr 51/2023).

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	40,947,891	40,947,891	77.70%	77.70%
Nationale-Nederlanden Otwarty Fundusz Emerytalny ²	Ordinary bearer	3,783,855	3,783,855	7.18%	7.18%
Other	Ordinary bearer	7,968,163	7,968,163	15.12%	15.12%

¹In accordance with information dated 30 June 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 52/2023).

² on the basis of the list of entities holding at least 5% of votes at the Ordinary General Meeting of Shareholders of CIECH S.A. on 22 June 2023, CR 46/2023 prepared and published pursuant to Article 70(3) of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

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

The following managers and supervisors held shares of CIECH S.A. as at the date of publication of the Extended consolidated report of the CIECH Group for the first half of 2023, i.e. as at 7 September 2023 (and this situation changed in the period from the publication of the most recent statements, i.e. the Extended consolidated quarterly report of the CIECH Group for the first quarter of 2023, published on 25 May 2023):

Number of shares held as at the publication date

Supervisory Board of CIECH S.A.:	As at	As at
	7 September 2023	25 May 2023
Sebastian Kulczyk – Chairman of the Supervisory Board of CIECH S.A.	40,947,891	30,681,904

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 June 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 quarterly report of the CIECH Group for the first quarter of 2023, published on 25 May 2023.

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

5.11.1. Significant disputed liabilities of the CIECH Group

As at 30 June 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".

5.11.2. SIGNIFICANT DISPUTED RECEIVABLES OF THE CIECH GROUP

As at 30 June 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 disclosed as 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.

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

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

Letters of support

As at 30 June 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 June 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.

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

Information on transactions with related entities is presented in Note 2.11 hereto and Note 9.2. Consolidated Financial Statements of the CIECH Group for 2022, published on 23 March 2023.

RATIO CALCULATION METHODOLOGY

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

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

REPRESENTATION BY THE MANAGEMENT BOARD

This Extended consolidated quarterly report of the CIECH Group for the first half of 2023 was approved by the Management Board of CIECH S.A. on 7 September 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, 7 September 2023