GRUPA KAPITAŁOWA WIELTON

Skonsolidowane sprawozdanie finansowe
za okres od 1 stycznia 2023 roku do 31 grudnia 2023 roku

Table of contents

All amounts in PLN '000, unless otherwise indicated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	Note	31 December 2023	31 December 2022
Non-current assets			
Goodwill	9.1.1.	63,987	63,987
Intangible assets	9.1.2.	213,144	136,469
Property, plant and equipment	9.1.3.	607,496	585,111
Investment property	9.2.	1,010	1,010
Long-term receivables	9.3.1.	680	509
Other long-term financial assets	9.4.	9,959	8,326
Deferred tax assets	7.8.2.	12,186	21,800
Total non-current assets		**908,462**	**817,212**
Current assets			
Inventories	9.5.	466,312	556,210
Contract assets			
Trade and other receivables	9.3.2.	527,636	606,142
Current income tax receivables		1,598	1,173
Derivative financial instruments	9.7.		
Other short-term financial assets	9.4.	7,778	7,738
Cash and cash equivalents	9.8.	90,568	116,342
Current assets excluding assets held for sale		**1,093,892**	**1,287,605**
Assets classified as held for sale	9.9.	**-**	-
Total current assets		**1,093,892**	**1,287,605**
TOTAL ASSETS		**2,002,354**	**2,104,817**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

Equity and liabilities

	Note	31 December 2023	31 December 2022
Equity			
Share capital	9.10.1.	12,075	12,075
Treasury shares (-)			
Share premium	9.10.3.	72,368	72,368
Other components of equity	9.10.4.	-42,053	-25,447
Retained earnings:		577,082	495,282
- profit (loss) brought forward		471,217	381,002
- net profit (loss) attributable to shareholders of the parent company		105,865	114,280
Equity attributable to shareholders of the parent company		**619,472**	**554,278**
Non-controlling interests	9.10.6.	7,833	10,657
Total equity		**627,305**	**564,935**
Long-term liabilities			
Credits, loans, other debt instruments	9.11.1.	142,131	216,939
Leases	9.11.1.4.	49,989	50,211
Derivative financial instruments	9.7.		
Trade and other payables	9.11.2.1.	41,780	36,346
Deferred tax liabilities	7.8.2.	26,931	36,114
Employee benefit obligations and provisions	9.13.	7,587	6,212
Other long-term provisions	9.14.	162	50
Total long-term liabilities		**268,580**	**345,872**
Short-term liabilities			
Trade and other payables	9.11.2.2.	665,847	761,864
Current tax liabilities		20,985	3,920
Credits, loans, other debt instruments	9.11.1.	311,541	321,483
Leases	9.11..1.4.	19,253	18,512
Derivative financial instruments	9.7.		805
Employee benefit obligations and provisions	9.13.	56,528	62,519
Other short-term provisions	9.14.	32,315	24,907
Short-term liabilities excluding liabilities related to assets held for sale		**1,106,469**	**1,194,010**
Liabilities related to assets classified as held for sale		-	-
Total short-term liabilities		**1,106,469**	**1,194,010**
Total liabilities		**1,375,049**	**1,539,882**
TOTAL EQUITY AND LIABILITIES		**2,002,354**	**2,104,817**

CONSOLIDATED INCOME STATEMENT

	Note	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Continuing operations			
Sales revenue	7.1.	3,225,223	3,433,366
Cost of sales	7.2.	2,793,512	3,018,155
Gross profit (loss) on sales		**431,711**	**415,211**
Selling expenses	7.2.	159,978	168,394
General and administrative expenses	7.2.	146,853	124,549
Other operating income	7.4.	30,040	19,972
Other operating expenses	7.5.	25,006	19,087
Gain on a bargain purchase			7,767
Operating profit (loss)		**129,914**	**130,920**
Finance income	7.6.	23,263	35,245
Finance costs	7.7.	36,023	39,419
Profit (loss) before tax		**117,154**	**126,746**
Income tax	7.8.	13,191	12,316
Net profit (loss) from continuing operations		**103,963**	**114,430**
Discontinued operations			
Net profit (loss) from discontinued operations			
Net profit (loss)		**103,963**	**114,430**
Net profit (loss) attributable to:			
- shareholders of the parent company		105,865	114,280
- non-controlling interests		-1,902	150

All amounts in PLN '000, unless otherwise indicated

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	Note	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Basic earnings per share			
Basic earnings per share from continuing operations		1.75	1.89
Basic earnings per share from discontinued operations			
Basic earnings per share		**1.75**	**1.89**
Diluted earnings per share			
Diluted earnings per share from continuing operations		1.75	1.89
Diluted earnings per share from discontinued operations			
Diluted earnings per share		**1.75**	**1.89**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Net profit (loss)		103,963	114,430
Other comprehensive income:			
Items not reclassified to profit or loss		-	444
Revaluation of property, plant and equipment		-	444
Income tax on other comprehensive income that will not be reclassified in subsequent periods		-	-
Items reclassified to profit or loss		**-9,439**	**-4,882**
Cash flow hedges		**13,876**	**154**
- gains (losses) for period recognised in other comprehensive income		17,636	-858
- amounts reclassified to profit or loss		-3,760	1,012
- amounts recognised at initial carrying amount of hedged items			
Exchange differences on translating foreign operations		**-23,315**	**- 5,036**
- gains (losses) for period recognised in other comprehensive income		-23,315	-5,036
- amounts reclassified to profit or loss – sale of foreign operations / change of the consolidation method		-	-
Share of other comprehensive income of equity-accounted entities		-	-
Other comprehensive income before tax		-9,439	-4,438
Income tax on components of other comprehensive income that may be reclassified to profit or loss		-2,637	-29
Other comprehensive income, net of tax		-12,076	-4,467
Total comprehensive income		**91,887**	**109,963**
Comprehensive income attributable to:			
- shareholders of the parent company		94,711	107,998
- non-controlling interests		-2,824	1,965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures for the period from 1 January 2023 to 31 December 2023

	Share capital	Treasury shares (-)	Share premium	Other components of equity	Retained earnings	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Note	9.10.1.		9.10.3.	9.10.4.			9.10.6.	9.10.
Balance as at the beginning of period	**12,075**	**-**	**72,368**	**-25,447**	**495,282**	**554,278**	**10,657**	**564,935**
Transactions with non-controlling interests:	-	-	-	-	-	-	-	-
Valuation of obligation to repurchase remaining shares	-	-	-	-5,452	-	-5,452	-	-5,452
Other adjustments	-	-	-	-	85	85	-	85
Change in group structure	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-24,150	-24,150	-	-24,150
Issue of shares	-	-	-	-	-	-	-	-
Net profit (loss)	-	-	-	-	105,865	105,865	- 1,902	103,963
Other comprehensive income, net of tax	-	-	-	-11,154		-11,154	-922	-12,076
Total comprehensive income	-	-	-	-11,154	105,865	94,711	-2,824	91,887
Changes in equity	**-**	**-**	**-**	**-16,606**	**81,800**	**65,194**	**-2,824**	**62,370**
Balance as at the end of period	**12,075**	**-**	**72,368**	**-42,053**	**577,082**	**619,472**	**7,833**	**627,305**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)

Figures for the period from 1 January 2022 to 31 December 2022

	Share capital	Treasury shares (-)	Share premium	Other components of equity	Retained earnings	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Note	9.10.1.		9.10.3.	9.10.4.			9.10.6.	9.10.
Balance as at the beginning of period	**12,075**	**-**	**72,368**	**-29,550**	**358,414**	**440,307**	**25,642**	**465,949**
Transactions with non-controlling interests:	-	-	-	23,123	-	23,123	-23,123	-
Valuation of obligation to repurchase remaining shares	-	-	-	-11,995	-4,412	-16,407	-	-16,407
Other adjustments	-	-	-	-743	-	-743	-	-743
Change in group structure	-	-	-	-	-	-	6,173	6,173
Dividends	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-
Net profit (loss)	-	-	-	-	114,280	114,280	150	114,430
Other comprehensive income, net of tax	-	-	-	-6,282	-	-6,282	1,815	-4,467
Total comprehensive income	-	-	-	-6,282	114,280	107,998	1,965	109,963
Changes in equity	**-**	**-**	**-**	**4,103**	**109,868**	**113,971**	**-14,985**	**98,986**
Balance as at the end of period	**12,075**		**72,368**	**-25,447**	**495,282**	**554,278**	**10,657**	**564,935**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Cash flows from operating activities			
Profit (loss) before tax		117,154	126,746
Adjustments:			
Depreciation, amortisation and impairment of non-current assets	9.1.2.,9.1.3.	76,666	72,120
Change in fair value of derivative instruments		-17,159	-32,445
Gain (loss) on disposal of non-current assets	9.1.2.,9.1.3.	-177	1,289
Foreign exchange gains (losses)		4,993	805
Interest expense	7.7.	27,438	21,196
Interest income	7.6.	-2,946	-60
Dividend income			
Other adjustments		-13,838	-8,470
Changes in inventories		68,362	-6,538
Change in receivables		53,104	-145,902
Change in liabilities		-61,440	28,132
Change in provisions		8,535	-4,384
Total adjustments		**143,538**	**-74,257**
Cash flows from activities		**260,692**	**52,489**
Inflows (outflows) from settlement of derivative financial instruments		15,618	-3,350
Income tax paid		-4,360	-7,680
Net cash from operating activities		**271,950**	**41,459**
Cash flows from investing activities			
Purchase of intangible assets	9.1.2.	-94,676	-26,414
Purchase of property, plant and equipment	9.1.3.	-87,464	-106,115
Proceeds from disposal of property, plant and equipment	9.1.3.	185	7,905
Purchase of intangible assets		-	-
Proceeds from sale of investment properties	9.2.	-	-
Acquisition of subsidiaries, net		-	-
Repayment of loans advanced		-	72
Loans advanced		-	-2,329
Purchase of other financial assets		-	-9,772
Proceeds from sale of other financial assets		734	-
Subsidies received		6,132	4,974
Interest received		3,447	76
Net cash from investing activities		**-171,642**	**-131,603**

Cash flows from financing activities			
Net proceeds from issue of shares		-	273
Proceeds from credits and loans	9.11.1.3.	63,432	169,046
Repayment of credits and loans	9.11.1.3.	-123,661	-45,811
Repayment of lease liabilities	9.11.1.3.	-24,502	-20,279
Interest paid	9.11.1.3.	-30,061	-20,534
Dividends paid	9.10.5.	-24,150	-
Other inflows (outflows)		-	-
Net cash from financing activities		**-138,942**	**82,695**
Net change in cash and cash equivalents, without foreign exchange differences		-38,634	-7,449
Effect of foreign exchange rate changes on cash and cash equivalents		12,860	180
Net change in cash and cash equivalents		-25,774	-7,269
Opening balance of cash and cash equivalents		116,342	123,611
Closing balance of cash and cash equivalents		**90,568**	**116,342**

ACCOUNTING POLICIES AND ADDITIONAL EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

1.1. Information about the Parent Company

Address of the entity's registered office: 98-300 Wieluń, ul. Rymarkiewicz 6

Country of incorporation: Poland

Business description: Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers;

Domicile of entity: Poland, 98-300 Wieluń, ul. Rymarkiewicz 6

Explanation of change in name of the entity: There were no changes in the name of the Entity in 2022.

Legal form: Joint-stock Company

of the parent company WIELTON S.A.

The name of the reporting entity: WIELTON S.A.

The name of the ultimate controlling party of the group: WIELTON S.A.

Principal place of business: The Group conducts business activities in Wieluń at ul. Rymarkiewicz, ul. Fabryczna and ul. Żołnierzy Niezłomnych.

The Parent Company of the WIELTON Group (the "Group") is WIELTON S.A. with its registered office in Poland, Wieluń at ul. Rymarkiewicz, ul. Fabryczna and ul. Żołnierzy Niezłomnych.

Wielton Spółka Akcyjna (the "Company", the "Issuer") was formed in 2004 as a result of transformation, under Articles 551-570 and 577–580 of the Code of Commercial Partnerships and Companies, of the company under the business name Wielton Trading Spółka z ograniczoną odpowiedzialnością with its registered office in Wieluń, established in 2002.

Pursuant to a decision issued by the District Court for Łódź-Śródmieście in Łódź, 20th Division of the National Court Register, on 31 December 2004 the Company was entered into the National Court Register under KRS number 0000225220.

Pursuant to a decision of the District Court for Łódź-Śródmieście in Łódź dated 15 January 2008, in connection with the public subscription for series D shares, the increase of the Company's share capital from PLN 10,075,000.00 to PLN 12,075,000.00 was registered.

The Company's duration is unlimited.

1.2. Composition of the Parent Company's Management Board and Supervisory Board

Management Board

As at 31 December 2023 and the date of submission of these financial statements for issue, the Management Board of Wielton S.A. was composed of the following members:

- Paweł Szataniak – Vice President of the Management Board and CEO of the Wielton Group;
- Mariusz Golec – First Vice President of the Management Board and Deputy CEO of the Wielton Group;
- Piotr Kuś – Vice President of the Management Board, General Director of Wielton Branch in Wieluń;
- Tomasz Śniatała – Member of the Management Board and Finance Director of the Wieluń Branch;
- Włodzimierz Masłowski – Member of the Management Board and Director of Eastern Markets and Agro Markets of the Wieluń Branch;
- Andrzej Mowczan – Member of the Management Board and Chief Sales Officer of the Wieluń Branch;
- Maciej Grzelązka – Member of the Management Board and Operational Director of the Wieluń Branch.

Supervisory Board

As at 31 December 2023 and as at the date of submission of these statements, the Supervisory Board was composed of the following members:

- Waldemar Frąckowiak – Chairman, Independent Member,
- Mariusz Szataniak – Deputy Chairman,
- Krzysztof Półgrabia – Secretary,
- Tadeusz Uhl – Independent Member,
- Krzysztof Tylkowski – Member,
- Piotr Maciej Kamiński – Member.

In 2023, there were no changes in the composition of Wielton S.A.'s Management Board and Supervisory Board.

For detailed information about the experience and competences of the managing and supervising personnel, see the *Investor relations – Corporate Governance* tab on the Company's website at http://wieltongroup.com/.

1.3. Business of the Group

The core business of the Parent Company and its subsidiaries comprises:

- manufacture of bodies (coachwork) for motor vehicles;
- manufacture of trailers and semi-trailers;
- repairs and maintenance of manufactured products.

1.4. Information on the Capital Group

The consolidated financial statements of the Wielton Group cover the Parent Company and the following subsidiaries:

Name of the subsidiary	Registered office	Business profile	% ownership interest held by Wielton S.A.: 31 December 2023	% ownership interest held by Wielton S.A.: 31 December 2022
"Wielton Russia" OOO *	Moscow, Russia	assembly and sales	100%	100%
"Wielton-Ukraina" TзOB	Kiev, Ukraine	sales	100%	100%
Wielton-Logistic Spółka z o.o.	Wieluń, Poland	transport	100%	100%
"Wielton BY" TJP	Minsk, Belarus	sales	100%	100%
Viberti Rimorchi S.R.L	Tocco da Casauria, Italy	manufacture	100%	100%
Wielton GmbH	Trebbin, Brandenburg	sales	100%	100%
Fruehauf SAS	Auxerre, France	manufacture and sales	100%	100%
Wielton Africa SARL	Abidjan (Côte d'Ivoire), Africa	sales	100%	100%
Langendorf GmbH **	Waltrop, Germany	manufacture and sales	80%	80%
Lawrence David Ltd	Peterborough, United Kingdom	manufacture and sales	100%	100%
Guillén Desarrollos Industriales S.L.	Alginet, Spain	manufacture and sales	80%	80%
Aberg Axles Sp. z o.o.***	Wieluń, Poland	development, manufacture, sales	80%	80%
Aberg-E Sp. z o.o.	Wieluń, Poland	development	100%	100%
Aberg Connect Sp. z o.o.	Wieluń, Poland	development, manufacture, sales	75%	75%
Wielton Group Shared Service Center Sp. o.o.	Wieluń, Poland	services	100%	100%
Wielton Slovakia S.R.L	Bratislava, Slovakia	sales	100%	-
Wielton Africa LTD	Peterborough, United Kingdom	sales	100%	-
Wielton Distribution Center Sp. z o.o.	Wieluń, Poland	services	100%	-
Aberg Service Sp. z o.o.	Wieluń, Poland	services and sales	100%	-
Wielton Agro Sp. z o.o.	Wieluń, Poland	sales	100%	-
Wielton Reefer Sp. z o.o.	Wieluń, Poland	development, manufacture, sales	100%	-
SLT1 Sp. z o.o.	Wieluń, Poland	development, manufacture, sales	100%	-

The structures of the sub-groups in the Wielton S.A. Group as at 31 December 2023 are described below:

*** "*Wielton Russia" OOO*** is the parent of the Wielton Russia capital group, holding 99% of shares in Wielton Kazakhstan. 1% of shares in Wielton Kazakhstan are held by Wielton Logistic

*****Langendorf GmbH*** is the parent company of a group comprising five subsidiaries.

Langendorf GmbH holds:

- 100% of shares in Langendorf Polska Sp. z o.o.,
- 100% of shares in SFL Verwaltungs GmbH,
- 100% SFL Grundstucksgesellschaft mbH & Co KG (it is the sole partner (limited partner)),
- 94% of shares in Langendorf Service GmbH (the remaining 6% is held directly by Wielton S.A.)

Langendorf Service GmbH (a subsidiary of Langendorf GmbH) holds:

- 100% of shares in Langendorf Trading GmbH,

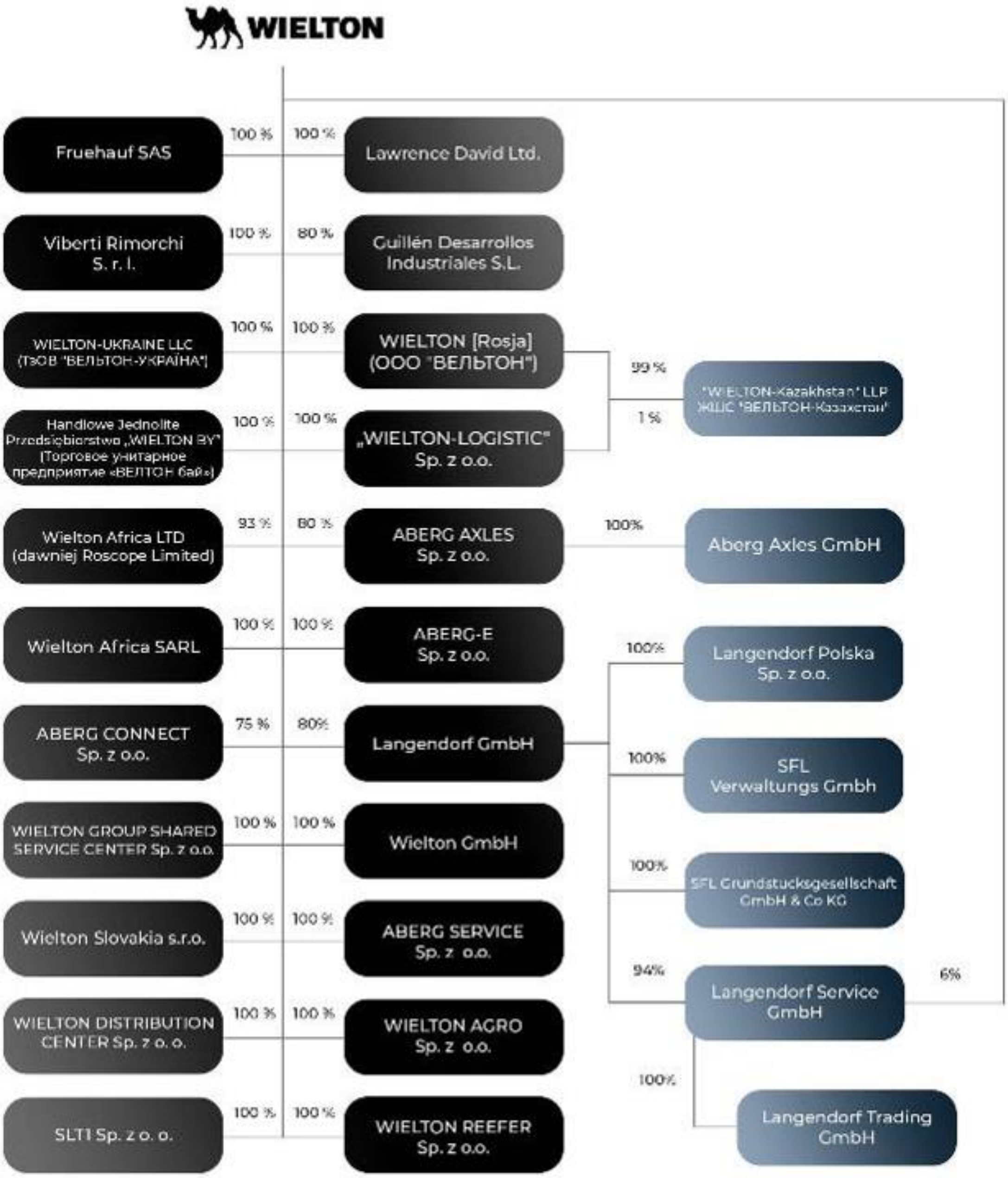
***** *Aberg Axles Sp. z o.o.*** is the parent company for Aberg Axles gmbh, in which it holds 100 % of the shares.

As the Parent company, Wielton S.A. sets out the Group's growth strategy and, by participating in the statutory bodies of the companies, makes key decisions concerning both the scope of business and financial matters of the Group entities. Capital ties between Wielton S.A. and the Group companies are strengthened by commercial ties.

As at 31 December 2023 and 31 December 2022, the Wielton S.A.'s shares in total voting rights at its subsidiaries were equal to its interests in their respective share capitals.

Wielton Group

As at 31 December 2023, the structure of the Wielton Group was as follows:



All amounts in PLN '000, unless otherwise indicated

In 2023, the structure of the Wielton Group changed as follows:

- **Wielton Slovakia s.r.o.** The company was registered in March 2023 (a form of limited liability company) with its registered office in Bratislava, Slovakia. Wielton S.A. acquired 100% of the shares in the company. The share capital of the company is EUR 5 thousand.
- **Wielton Africa Ltd.** On 24 April 2023, Wielton S.A. acquired 100% of the shares in Roscope Limited from Lawrence David Limited (a subsidiary of Wielton S.A.), i.e. 51 shares at GBP 1 each, for a total price of GBP 51. On the same date, the capital of Roscope Limited was increased from 51 to 100 shares (i.e. by 49 shares, also valued at GBP 1 each). Wielton S.A. took up 42 shares, the remaining 7 shares were acquired by a minority shareholder. The relevant amendments to the Companies House register were published on 15 May 2023. At the same time, the name of the company was changed from Roscope Limited to Wielton Africa Ltd. This change was disclosed in the register on 11 May 2023.
- In May 2023, three newly established subsidiaries, which are based in Wieluń and in which Wielton S.A. holds 100% of the shares, joined the structures of the Wielton Group, namely:
  - **Aberg Service Sp. z o.o.** Initially, the share capital of Aberg Service Sp. z o.o. was PLN 5 thousand; as at the date of publication of the financial statements, the share capital is PLN 14.3 million,
  - **Wielton Agro Sp. z o.o.** Initially, the share capital of Wielton Agro Sp. z o.o. was PLN 5 thousand; as at the date of publication of the financial statements, the share capital is PLN 48 million,
  - **Wielton Reefer Sp. z o.o.** Initially, the share capital of Wielton Reefer Sp. z o.o. was PLN 5 thousand.
- In July 2023, **Centrum Usług Wspólnych Wielton Group Sp. z o.o.** was renamed **Wielton Group Shared Service Center Sp. z o.o.**
- **Wielton Distribution Center Sp. z o. o.** The company was established in August 2023 with its registered office in Wieluń. Wielton S.A. took up 100% of the shares in the company. The company's share capital amounts to PLN 5 thousand.
- **SLT1 Sp. z o.o.** (as of March 2024, it operates under the name **MOVEYO Sp. z o.o.**). The company was established at the end of November 2023, with its registered office in Wieluń. Wielton S.A. took up 100% of the shares in the company. The company's share capital amounts to PLN 5 thousand.

All the subsidiaries listed above were fully consolidated.

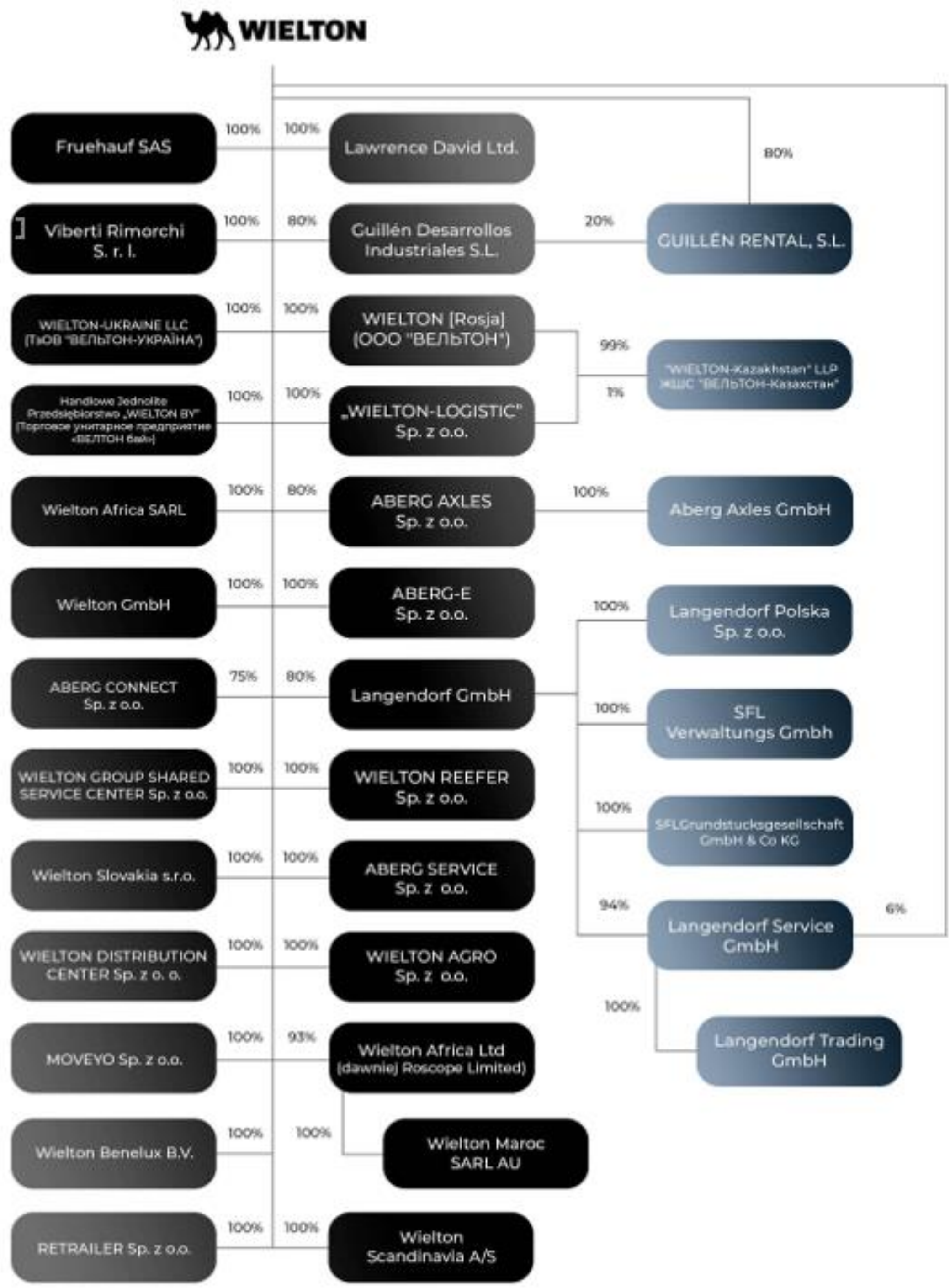
After the balance sheet date, up to the date of submission of these statements, the structure of the Wielton Group changed as follows:

- **In January 2024, WIELTON BENELUX B.V. was registered (**the equivalent of a limited liability company in the Netherlands). The share capital of a newly established company is at the minimal amount of EUR 1. The objective of the new subsidiary Wielton Benelux B.V. is to build and develop a sales network to increase sales of Wielton branded products in Benelux countries, as well as to conduct sales and commercial activities through the company. 100% of the company's shares will be taken up by Wielton S.A.

- **In February 2024, WIELTON MAROC SARL AU was registered** (the equivalent of a limited liability company with one shareholder) with its registered office in Casablanca. The share capital of the newly established company is MAD 10,000.00 (Moroccan Dirham). The objective of WIELTON MAROC SARL AU is to build and develop a sales network to increase sales of Wielton branded products in Morocco, as well as to conduct sales and commercial activities through the company. 100% of the company's shares will be taken up by WIELTON AFRICA LTD (a 93% subsidiary of Wielton S.A.).
- **In April 2024, RETRAILER Sp. z o.o., with its registered office in Wieluń, was registered.** The share capital of the newly established company is PLN 5 thousand. The purpose of establishing RETRAILER Sp z o.o. within the Wielton Group is to create new revenue channels through the repurchase, refurbishment, rental and recycling of semi-trailers, which will support sustainable growth and strengthen the Group's market position in the transport industry. Wielton S.A. took up 100% of the shares in the company.
- **In April 2024, GUILLÉN RENTAL, S.L. was registered** (the equivalent of a limited liability company) with its registered office in Spain. The share capital of the newly established company is EUR 500 thousand. The purpose of establishing GUILLÉN RENTAL, S.L. within the Wielton Group is to rent semi-trailers. This will complement the core business of Guillen Desarollos Industriales. 80% of the shares in the company were taken up directly by Wielton S.A., with the remaining 20% held by Guillen Desarollos Industriales (an 80% subsidiary of Wielton S.A.).
- **In April 2024, Wielton Scandinavia A/S, with its registered office in Denmark, was registered.** The company's share capital is DKK 400,000 (Danish Kroner). Wielton S.A. holds 100% of the company's share capital. The objective of the new subsidiary Wielton Scandinavia A/S is to build and develop a sales network

to increase sales of Wielton branded products in Denmark, Norway, Sweden and Finland, as well as to conduct sales and commercial activities through the company.

As at the date of submission of this report, the structure of the Wielton Group was as follows:



2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the European Union, effective for annual periods beginning on 1 January 2023.

The consolidated financial statements were drawn up with the assumption of the Company continuing as a going concern in the foreseeable future.

As at the date of issue, the Management Board believes that there are no circumstances resulting in a loss of the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments measured at fair value and liabilities in respect of credits, loans and other debt instruments measured at amortised cost. The consolidated financial statements are presented in accordance with IAS 1.

The Group presents separately the "Consolidated statement of profit or loss", which is presented immediately before the "Consolidated statement of comprehensive income". Items of the "Consolidated statement of profit or loss" are presented using the function of expense method, whereas the "Consolidated statement of cash flows" is prepared using the indirect method. In the case of retrospective introduction of changes in accounting principles, presentation or correction of errors, the Group presents a statement of financial position prepared additionally as at the beginning of the comparative period, if the above changes are significant for the data presented as at the beginning of the comparative period. In such a case, it is not required to present any notes to the third statement of financial position.

2.1. Principles of consolidation

These consolidated financial statements include the financial statements of Wielton S.A. and its subsidiaries for the year ended 31 December 2023. Subject to adjustments made to ensure compliance with IFRS, the financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the Parent Company, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of similar nature. Adjustments were made to eliminate any discrepancies in the applied accounting policies.

2.2. Use of accounting assumptions, estimates and judgements

The preparation of these consolidated financial statements requires the Parent's Management Board's judgement in making numerous estimates and assumptions, which have an effect on the accounting policies applied and the amounts of assets, liabilities, income and expenses reported. Actual results may differ from the Management Board's estimates. Judgements and estimates which are material to the consolidated financial statements are presented in the notes. Estimates and the underlying assumptions are verified on an ongoing 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. Material assumptions used in making the estimates are described in the relevant notes to these financial statements. Selected significant accounting policies and significant amounts based on judgements and estimates are presented as part of the individual notes to the consolidated financial statements, except as described above.

2.3. Functional currency, presentation currency, foreign currency translation and foreign currency transactions

The Polish zloty (PLN) is the functional currency of the Parent Company and the presentation currency of these consolidated financial statements and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise). For consolidation purposes, the financial statements of foreign companies are translated into the Polish currency in accordance with the principles presented in the accounting policies below.

When analyzing the figures reported in the Group's financial statements, please be aware that the rounding of individual figures in the financial statements to PLN thousand is done in accordance with the mathematical rounding rule. Individual figures (values) of up to PLN 499.99 are rounded down to 0 (PLN thousand) and figures (values) from PLN 500.00 are rounded up to 1 (thousand). This means that the sum of assets will always equal the sum of equity and liabilities, but it is possible that the rounding of a figure summarising the components will differ by 1 from the mathematical sum of the rounding of the individual figures of the components of the summary.

2.3.1. Translation of financial statements of foreign operations

Financial statements of foreign operations are translated into the presentation currency of the consolidated financial statements in the following manner:

- relevant items of the statement of financial position – at the mid-rate quoted by the National Bank of Poland for the end of the reporting period ("NBP's mid rate for the end of the reporting period"),
- respective items of the statement of comprehensive income – at the exchange rate computed as the arithmetic mean of mid-rates quoted by the National Bank of Poland for the end of each month in the reporting period ("NBP's average mid-rate for the reporting period").

The resulting exchange differences are recognised as a separate component in equity and other comprehensive income.

Exchange differences on translating foreign operations comprise exchange differences resulting from the translation into the złoty of the financial statements of foreign companies and groups of companies.

The following exchange rates were used for measurement of items of the statement of financial position:

Functional currency of the Subsidiary	31 December 2023	31 December 2022
EUR (euro)	4.3480	4.6899
RUB (Russian ruble)	0.0427	0.0618
KZT (Kazakh tenge)	0.0086	0.0095
UAH (hryvnia)	0.1037	0.1258
BYN (Belarusian ruble)	1.2955	1.2955
XOF (franc CFA)	0.0066	0.0068
GBP (pounds sterling)	4.9997	5.2957

The following exchange rates were used for measurement of items of the statement of comprehensive income:

Functional currency of the Subsidiary	1 January to 31 December 2023	1 January to 31 December 2022
EUR (euro)	4.5284	4.6883
RUB (Russian ruble)	0.0496	0.0681
KZT (Kazakh tenge)	0.0091	0.0097
UAH (hryvnia)	0.1153	0.1354
BYN (Belarusian ruble)	1.2955	1.3356
XOF (franc CFA)	0.0069	0.0071
GBP (pounds sterling)	5.2080	5.4900

2.3.2.Foreign currency transactions

The consolidated financial statements are presented in the Polish złoty (PLN), which is also the functional currency of the Parent Company.

In principle, transactions denominated in currencies other than the Polish złoty are translated into the złoty at the exchange rate effective for the transaction date (spot rate). However, if a sale or purchase is preceded by the receipt or payment of an advance payment in a foreign currency, as appropriate, the advance payment is recognised at the exchange rate quoted for that date. Next, at the time of recognition in the statement of profit or loss of revenue earned in a foreign currency or a cost or a purchased asset, such transactions are recognised based on the exchange rate applicable on the date of recognition of the advance consideration, and not based on the exchange rate applicable on the date on which such revenue or asset was recognised.

As at the reporting date, monetary items denominated in currencies other than the Polish złoty are translated into the Polish złoty at the relevant closing rate quoted by the National Bank of Poland for a given currency, effective on the last day of the reporting period.

Non-monetary items recognised at historical cost in a foreign currency are disclosed at the historical exchange rate from the transaction date.

Non-monetary items recognised at fair value in a foreign currency are translated at the exchange rate effective on the date of determining the fair value, i.e. the relevant average quoted by the National Bank of Poland for a given currency.

Foreign currency differences on settlement of transactions or translation of monetary items other than derivative instruments, are disclosed at net amounts under finance income or expenses, as appropriate, except for those differences which in line with the applied accounting policies are capitalised in the value of assets (see section related to borrowing costs).

Foreign currency differences on measurement of foreign-currency denominated derivatives are recognised in profit or loss, unless the derivatives serve as cash-flow hedges. Derivatives which serve as cash-flow hedges are disclosed in line with the principles of hedge accounting.

As at the reporting date, assets and liabilities of foreign subsidiaries are translated into the Polish currency at the closing rate prevailing at the reporting date, i.e. the average quoted by the National Bank of Poland for a given currency, and their statements of comprehensive income and income statements are translated at the weighted average exchange rate for a given financial period. Foreign currency differences on such translation are recognised in other comprehensive income and accumulated in a separate item of equity. Upon disposal of a foreign operation, the accumulated deferred currency translation differences recognised in equity which relate to that foreign operation are recognised in profit or loss.

Goodwill on acquisition of control of a foreign operation is treated like the assets and liabilities of the foreign operation and is translated at the closing rate effective for the reporting date, i.e. the average quoted for the given currency by the National Bank of Poland.

3. New standards and interpretations

<u>Amendments to standards or interpretations effective and applied by the Group as of 2022</u>

New or amended standards and interpretations effective as of 1 January 2022 and their impact on the Group's consolidated financial statements:

- Amendments to IFRS 9, examples to IFRS 16, IAS 41 as part of Annual Improvements 2018–2020:
    - IFRS 1: an additional exemption for the determination of cumulative exchange differences on consolidation;
    - IFRS 9: (1) in the 10% test made to determine whether a modification should result in the derecognition of a liability, only fees that are exchanged between the debtor and the creditor should be taken into account; (2) it is clarified that fees incurred when a liability is derecognised are included in profit or loss and, if the liability is not derecognised, they should be applied to the value of the liability;
    - IFRS 16: the issue of an incentive from the lessor to cover the lessee's fit-out costs, which raised questions of interpretation, has been removed from Example 13;
    - IAS 41: the prohibition on recognising tax cash flows in the measurement of biological assets has been deleted.

  The amendments are effective for annual periods beginning on or after 1 January 2022 (except for the amendment to the example in IFRS 16, which is effective upon publication).

  The amendments had no impact on the Group's consolidated financial statements.

- Amendment to IAS 16 "Property, Plant and Equipment"
  The amendment clarifies that the production carried out as part of the testing of a fixed asset before the asset is placed in service should be recognised as (1) inventory under IAS 2 and (2) income when the asset is sold (rather than affecting the value of the asset). Testing a fixed asset is a component of its cost, while the production cost is disclosed in profit or loss at the time revenue is recognized from sale of inventory resulting from such testing. The amendment is effective for annual periods beginning on or after 1 January 2022.

  The amendment had no impact on the Group's consolidated financial statements.

- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
  The amendment clarifies that the costs of fulfilling onerous contracts include incremental costs (e.g. labour costs) and an allocated part of other costs directly related to the cost of fulfilment, e.g. depreciation.
  The amendment is effective for annual periods beginning on or after 1 January 2022.

  The amendment had no impact on the Group's consolidated financial statements.

- Amendments to IFRS 3 "Business combinations"
  References to the definition of liabilities in the Conceptual Framework and the definition of contingent liabilities in IAS 37 have been clarified.
  The amendment is effective for annual periods beginning on or after 1 January 2022.

  The amendment had no impact on the Group's consolidated financial statements.

- Amendment to IFRS 16 "Leases"

  In 2020 the IAS Board published practical expedients for lessees benefiting from rent concessions due to the COVID-19 pandemic. One of the conditions was that the concessions apply only to payments originally due on or before end of June 2021. The amendment extended such deadline until June 2022. The amendment is effective for annual periods beginning on or after 1 April 2021 with early application permitted.
  The amendment had no impact on the Group's Consolidated Financial Statements as the Group did not avail itself of the simplification.

Standards and interpretations that are binding as issued by the IASB but not endorsed by the European Union are disclosed below in the section on standards and interpretations that are not yet effective.

Application of a standard or an interpretation prior to the effective date

When preparing these consolidated financial statements, the Group has not used the option of early application of any standard or interpretation.

Published standards and interpretations which are not yet effective for periods beginning on 1 January 2022 and their impact on the Group's financial statement

Until the date of these consolidated financial statements, new or amended standards and interpretations were published, effective for annual periods beginning after 2022: The list also includes amendments, standards and interpretations published but not yet endorsed by the European Union.

- New IFRS 17 "Insurance contracts"
  A new standard governing the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.

  The standard is effective for annual periods beginning on or after 1 January 2023.

  The Group estimates that the new standard will not affect its financial statements because the contracts it enters into do not meet the definition of insurance contracts.

- Amendment to IAS 1 "Presentation of Financial Statements"
  The IASB clarified the rules for classifying liabilities as non-current or current primarily in two aspects:
  - it has been clarified that classification depends on the rights of the entity as at the balance sheet date,
  - the management's intention to accelerate or delay settlement of the liability is not to be taken into account.

  The amendments are effective for annual periods beginning on or after 1 January 2023.

  As the Group already applies policies consistent with the amended standard, the amendments will not affect its financial statements.

- Amendment to IAS 1 "Presentation of Financial Statements"
  The IAS Board specified which information on the accounting policy applied in an entity are material and require to be disclosed in the financial statements. The rules focus on adjusting the disclosures to individual circumstances of an entity. IASB issued a warning not to apply standardized provisions copied from IFRS and expected the base for the measurement of the financial instruments to be deemed material information. The amendment is effective for annual periods beginning on or after 1 January 2023. The Group is in the process of estimating the impact of the amendment on its financial statements.

- Amendment to IAS 8 "Accounting Principles (Policies), Changes in Accounting Estimates and Errors". IASB included a definition of the accounting estimate in the standard:
  *Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.*The amendment is effective for annual periods beginning on or after 1 January 2023. The Group is in the process of estimating the impact of the amendment on its financial statements.

- Amendment to IAS 12 "Income Taxes"
  IASB set a rule that if as a result of a transaction both deductible and taxable temporary differences arise in the same amount, assets and deferred tax provision should be recognized even if such transaction is not an effect of any merger or has no impact on the accounting or tax result. This means it is necessary to recognize assets and deferred tax provision when, for example, equal amounts of temporary differences arise in lease (individual temporary difference on liability and on the usufruct) or in restoration liabilities. The rule that the deferred income tax assets and liabilities are set off against each other provided that the

current tax assets and liabilities do so remained unchanged. The amendment is effective for annual periods beginning on or after 1 January 2023.
The Group is in the process of estimating the impact of the amendment on its financial statements.

- Amendment to IFRS 17 "Insurance Contracts"
  ASB provided for transition rules on comparative data for entities that implement IFRS 17 and IFRS 9 simultaneously, with a view to reduce potential accounting mismatches resulting from the disparity between those standards. The amendment is effective for annual periods beginning on or after 1 January 2023. The Group estimates that the amendment will not affect its financial statements.

- Amendment to IFRS 16 "Leases"
  The change is more specific about the requirements with respect to measurement of a lease liability arising from a sale and leaseback transactions. It is meant to prevent incorrect recognition of the transaction effect in that part which refers to the retained right of use in the event lease payments are variable and independent from any index or rate.The amendment is effective for annual periods beginning on or after 1 January 2024. The Group is in the process of estimating the impact of the amendment on its financial statements.

The Group intends to implement the above regulations in accordance with the effective dates of these standards and interpretations.

4. Other factors with a bearing on the Group's financial statements

No other factors having a bearing on the Group's financial statements.

5. Operating segments

Accounting policies

In distinguishing operating segments, the Parent Company's Management Board is guided by the product lines representing the main services and goods provided by the Group. Each of the segments is managed separately within each product line, given the nature of the Group's services and products, requiring different technologies, resources and execution approaches.

In compliance with IFRS 8, results of the operating segments are based on internal reports regularly reviewed by the Parent Company's Management Board (the Group's chief operating decision maker). The Management Board of the Parent Company analyses the operating segments' results at the operating profit (loss) level. Measurement of the operating segments' results used in the management calculations is consistent with the accounting policies applied in the preparation of the consolidated financial statements.

Sales revenue reported in the consolidated statement of profit or loss does not differ from revenue reported in operating segments, except for revenue not allocated to segments and consolidation eliminations related to transactions between segments.

The Wielton Group presents sales revenue, cost of sales and profit (loss) on sales by individual segments. Assets and liabilities in the consolidated statement of financial position are not presented by operating segments as some of the fixed assets are used in production that is classified in different segments, hence it is not possible to allocate them in a reliable manner.

In distinguishing operating segments, the Issuer's Management Board is guided by the product lines representing the main services and goods provided by the Group. Each of the segments is managed separately within each product line, given the nature of the Group's services and products, requiring different technologies, resources and execution approaches.

Key operating segments of the Group are as follows:

- *Road transport,*
- *Agro,*

- *Maintenance,*
- *Transport and forwarding services,*
- *Other.*

The Transport operating segment offers over 60 types of transport vehicles. The Group offers the widest range of products on the domestic market and one of the largest in Europe. In addition, the Group customises its products to meet individual needs, so that customers can purchase different types of transport vehicles in one place. The range of products offered includes, among others:

- *semi-trailers, trailers and sets: curtain and box trailers,*
- *tipper semi-trailers,*
- *tippers,*
- *trailers for roller containers,*
- *closed box semi-trailers,*
- *Home Delivery bodies,*
- *other vehicles used for transporting:*
  - *large machinery and equipment,*
  - *structural elements (steel in coils),*
  - *containers for municipal waste,*
  - *glass panes,*
  - *specialised vehicles for unloading.*

The Agro operating segment is engaged in the implementation to production and sale of a group of products intended for agriculture, including:

- *2-axle trailers with turn-table,*
- *tandem trailers,*
- *half-pipes,*
- *bale platforms,*
- *dolly trolleys used to transport standard semi-trailers using a farm tractor – 1- and 2-axle trolleys,*
- *specialised semi-trailers (volumetric trailer, spreader)*

The Maintenance operating segment sells spare parts for semi-trailers and provides repair services:

- *warranty repairs,*
- *ongoing repairs,*
- *post-accident repairs,*
- *general overhauls.*

The "Transport and forwarding services" operating segment comprises

- *transport services in specialised and universal vehicles provided by the subsidiary, Wielton Logistic with its registered office in Wieluń. Wielton Logistic is licensed to provide international transport services.*

The "Other" segment includes the Group's operations which do not fall within the scope of the aforementioned segments, such as services and sales of goods.

During the period of twelve months of 2023, there were no changes in the Group's accounting policies regarding the identification of operating segments or in the principles of revenue valuation.

The table below presents information on revenue, profit or loss and material non-monetary items of operating segments.

Figures for the period from 1 January 2023 to 31 December 2023

	Road transport products	Agro transport products	Maintenance	Transport and forwarding services	Other	Total

Revenue from external customers	2,984,013	97,222	99,448	3,860	40,680	3,225,223
Total sales revenue, including:	2,984,013	97,222	99,448	3,860	40,680	3,225,223
- recognised at the time of performance	2,984,013	97,222	99,448	3,860	40,680	3,225,223
Segment's operating profit/loss	**114,937**	**1,639**	**3,529**	**1,658**	**3,117**	**124,880**
Other information						
Depreciation and amortisation	69,925	2,478	1,749	1,131	1,383	76,666

Figures for the period from 1 January 2022 to 31 December 2022

	Road transport products	**Agro transport products**	**Maintenance**	**Transport and forwarding services**	**Other**	**Total**
Revenue from external customers	3,184,553	137,001	85,442	2,030	24,340	3,433,366
Total sales revenue, including:	3,184,553	137,001	85,442	2,030	24,340	3,433,366
- recognised at the time of performance	3,184,553	137,001	85,442	2,030	24,340	3,433,366
Segment's operating profit/loss*	**106,900**	**-518**	**4,602**	**2,455**	**8,829**	**122,268**
Other information						
Depreciation and amortisation	65,321	3,547	1,704	958	590	72,120

Non-current assets in the amount of PLN 902,575 thousand (as at 31 December 2023) and PLN 810,298 thousand (as at 31 December 2022) relate to all revenue earned by geographic areas. The Group does not analyse in detail the allocation of these assets to particular geographic areas. Due to the fact that the assets are not subject to analysis by the Management Board, the Group does not disclose them in accordance with IFRS 8.23.

The reconciliation of the total revenue, profit or loss and assets of the operating segments with the corresponding items of the Group's consolidated financial statements is as follows:

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Segments' revenue		
Total revenue of operating segments	3,225,223	3,433,366
Sales revenue	3,225,223	3,433,366
Profit or loss of segments		
Operating profit or loss of segments	124,880	122,268
Other revenue not allocated to segments	30,040	19,972
Other expenses not allocated to segments (-)	-25,006	-19,087
Gain on bargain purchase of a subsidiary		7,767
Operating profit (loss)	**129,914**	130,920
Finance income	23,263	35,245
Finance costs (-)	36,023	39,419
Profit (loss) before tax	**117,154**	126,746

Other operating revenue and expenses not allocated to operating segments are described in Notes 8.4 and 8.5.

6. Acquisition of control of subsidiaries

In 2023, there was no acquisition of control of any subsidiaries.

7. Explanatory notes to the consolidated statement of profit or loss

7.1. Sales revenue

Accounting policies

Revenue is measured by reference to the fair value of the consideration received or receivable, less discounts, VAT and other sales-related taxes (excise duty), and arises from the sale of goods and the rendering of services in the course of ordinary activities. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group and its amount can be measured reliably.

In the case of sales with the repurchase option, the Group uses the expert method to estimate the probability of repurchase based on historical data on the exercise of the right to demand repurchase for contracts where the right to repurchase expired at the time of analysis. At the time of sale, if the probability of repurchase exists, the Group decreases the amount of revenue by the value of estimated repurchases. The cost of products sold is reduced by the expected value of the product at the time of repurchase, taking into account the expected decline in value at the time of repurchase. The amount deducted from revenue is recognised in the balance sheet as an obligation to repurchase and the amount deducted from the cost of products sold is recognised as an asset (inventories).All revenue in the Group is settled in accordance with IFRS 15.

Sales of goods and products

The Group sells mainly products such as semi-trailers, trailers and car bodies. Prices of goods and products sold do not include elements of variable consideration, and payment terms for individual customers do not exceed 14 days, *for cooperating dealers do not exceed 90 days, and in special cases the Group decides to extend the term beyond 90 days. Revenue from the sale of goods and products is recognised when the Group has transferred control over the goods and products sold to the buyer. The above condition fulfilled once the sales invoice is issued and handed over to the customer, thus putting the goods at the customer's disposal and enabling the vehicle to be registered.*

Revenue from contracts with the right of repurchase

The Group enters into contracts for the sale of semi-trailers with domestic and foreign leasing companies, whereby it undertakes to repurchase such semi-trailers if they are not purchased by the lessee at the end of the lease term. The Group analyses historical data (sale contracts with the right of repurchase for which the term of exercising the call option has expired), on the basis of which it estimates the probability that the lessee will not exercise the repurchase option and calculates the adjustment to the revenue and costs of products sold on the basis of such estimates.

Sales of services

Key services sold by the Group comprise: maintenance services, marketing services, sales agency and lease services. Prices of services sold do not include elements of variable consideration and payment terms do not exceed 31 days. Revenue from the sales of services is recongised when the performance obligation towards the customer is satisfied.The above condition is fulfilled at the moment of completion of the service.

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Products		
Semi-trailers	1,540,607	2,272,506
Steel tippers	92,130	175,781
Aluminium tippers	321,910	146,633
Container semi-trailers and chassis	516,444	100,635
AGRO	96,273	135,384
Rigid bodies	17,425	19,734
Combinations	94,497	57,400
Trailers	45,614	47,990
Internally manufactured spare parts	15,456	6,467
Other	-	2,575
Revenue from sales of products	**2,740,356**	**2,965,105**
Services		
Transport and forwarding services	31,489	25,911
Other services	47,923	19,533
Maintenance services	10,639	9,304
Lease of semi-trailers	810	3,095
Revenue from sales of services	**90,861**	**57,843**
Goods and materials		
Materials	112,081	98,815
Goods	34,149	18,839
Universal semi-trailers	157,971	210,276
Chassis	14,801	8,854
Other	75,004	73,634
Revenue from sales of goods and materials	**394,006**	**410,418**
Sales revenue	**3,225,223**	**3,433,366**

Revenue from contracts with the right of repurchase – an increase or decrease in the probability that lessees will not exercise the repurchase option by 10 percentage points would result, respectively, in an increase or decrease in the adjustment to the revenue from sales of products and the cost of products sold by, respectively, PLN 3,770 thousand and PLN 3,648 thousand in the current reporting period, as well as in an increase in the balance of obligations on account of expected returns and their corresponding inventory balances by PLN 3,671 thousand and PLN 3,648 thousand, respectively.

7.1.1. Revenue by geographic area

The Group's revenue earned in 2023 in particular segments from external customers by geographic area are as follows:

Country	Road transport	Agro	Maintenance	Transport services	Other	Total
France	639,303	-	4,586	-	956	644,845
Poland	625,506	55,015	22,515	2,827	7,944	713,807
United Kingdom	566,843	-	23,870	-	-	590,713
Russia	-	-	-	-	-	-
Germany	181,076	20,344	31,650	24	244	233,338
Italy	204,597	-	-	83	933	205,613
Spain	70,585	-	2,342	-	4,835	77,762
Sweden	7,586	1,601	18	-	40	9,245
Belarus	152,455	195	-14	-	269	152,905
Romania	42,457	2,256	491	-	154	45,358
Ukraine	70,584	-	14	-	345	70,943
Ivory Coast	18,367	-	4,967	-	-	23,334
Hungary	17,141	1,577	173	-	-	18,891
Czech Republic	18,210	12,002	1,167	-	568	31,947
Serbia	29,229	-	131	621	4	29,985
Slovakia	43,646	-	746	18	350	44,760
Bulgaria	35,361	2,262	439	-	-	38,062
Netherlands	24,881	-	143	-	-	25,024
Lithuania	32,512	1,243	528	3	1,544	35,830
Mali	-	-	-	-	-	-
Switzerland	33,870	393	7	-	-	34,270
Japan	19,762	-	-	-	-	19,762
Austria	18,230	110	74	156	504	19,074
Other	144,341	225	5,601	128	9,460	159,755
TOTAL	**2,996,542**	**97,223**	**99,448**	**3,860**	**28,150**	**3,225,223**

The Group's revenue from external customers is presented by geographic areas, which are identified by the Group according to the criterion of location of external customers.

The Group's revenue earned in 2022 in particular segments from external customers by geographic area are as follows:

Country	Road transport	Agro	Maintenance	Transport services	Other	Total
France	656,532	-	3,975	-	-	660,508
Poland	652,853	74,401	21,077	1,639	19,648	769,618
United Kingdom	695,012	-	20,370	-	-	715,381
Russia	109,596	-	188	-	1,076	110,860
Germany	226,299	25,628	29,468	5	8	281,408
Italy	167,830	-	-	65	570	168,465
Spain	68,156	-	4,404	-	-	72,560
Sweden	4,304	-	-	-	-	4,304
Belarus	53,102	-	98	-	-	53,200
Romania	67,338	4,849	616	-	54	72,857
Ukraine	81,578	-	149	-	106	81,833
Ivory Coast	22,856	-	244	-	-	23,100
Hungary	17,291	7,541	145	-	-	24,977
Czech Republic	19,079	15,228	550	34	81	34,972
Serbia	23,374	612	219	83	1	24,289
Slovakia	18,362	-	478	45	307	19,192
Bulgaria	31,699	391	346	54	-	32,490
Netherlands	20,486	-	1,520	-	278	22,284
Lithuania	5,683	-	-	-	-	5,683
Mali	10,619	2,896	382	-	764	14,661
Switzerland	35,179	-	-	-	-	35,179
Japan	6,979	-	-	-	-	6,979
Austria	44,758	-	60	-	1	44,819
Other	146,987	5,454	1,158	105	43	153,747
TOTAL	**3,185,952**	**137,000**	**85,447**	**2,030**	**22,937**	**3,433,366**

7.2. Costs by type

Accounting policies

Operating expenses are recognised in profit or loss according to the matching principle.

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Depreciation and amortisation	76,666	72,120
Employee benefits	507,189	423,094
Consumption of materials and energy	2,038,282	2,368,758
Third-party services	292,929	304,657
Taxes and charges	15,423	17,340
Research and development recognised as expense	248	115
Other expenses by nature	18,167	19,439
Total expenses by nature	2,948,904	3,205,523
Cost of goods and materials sold	182,331	119,760
Change in products, work-in-progress (+/-)	-17,654	-8,869
Manufacturing costs of products for own use (-)	-13,238	-5,316
Cost of sales, selling costs and administrative expenses	**3,100,343**	**3,311,098**
including selling expenses	**159,978**	**168,394**
including general and administrative expenses	**146,853**	**124,549**
including cost of sales	**2,793,512**	**3,018,155**

7.3. Employee benefits expense

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Wages and salaries expense	411,842	337,827
Social security	83,291	77,183
Costs of other employee benefits	12,056	8,084
Total employee benefit expense	**507,189**	**423,094**

For the accounting policy in respect of employee benefits, see Note 9.13.

7.4. Other operating income

Accounting policies

Other income includes: gain on sale of non-financial non-current assets, donations received, disclosed inventory surpluses, compensation received, reversal of impairment losses on non-financial assets, other. The Group applies the principle of offsetting similar types of transactions in accordance with the provisions of IAS 1 "Presentation of Financial Statements", paragraphs 34 and 35.

The Group reports significant items of income and expenses recognised in profit or loss separately, as presented in the table below.

	from 1 January 2023 to 31 December 2023	**from 1 January 2022 to 31 December 2022**
Gain on disposal of non-financial non-current assets	138	-
Reversal of impairment losses on financial receivables	-	662
Reversal of impairment losses on inventories	-	-
Reversal of unused provisions	593	1,577
Compensation and penalties received and estimated	14,466	10,956
Grants and subsidies received	6,719	1,137
Tax on means of transport	-	-
Reversal of impairment losses on property, plant and equipment and on intangible assets	34	588
Income from trademark licences	865	922
Tax refund	171	642
Other operating income (other)	7,054	3,488
Total other operating income	**30,040**	**19,972**

In 2023, the Group's net other operating income amounted to PLN 5,034 thousand, compared to PLN 885 thousand in the previous year.

The main items of other operating income in 2023 included: compensation received of PLN 14,466 thousand and grants and subsidies received of PLN 6,719 thousand.

The main items of other operating income in 2022 included: compensation received of PLN 10,956 thousand and the reversal of unused provisions of PLN 1,577 thousand, as well as grants received of PLN 1,137 thousand.

7.5. Other operating expenses

Accounting policies

Other expenses include: loss on sale/liquidation of non-financial non-current assets, written-off time-barred and cancelled receivables, donations made, fines and penalties paid, court fees, inventory shortages, impairment loss on non-financial assets, compensation costs, other. The Group applies the principle of offsetting similar types of transactions in accordance with the provisions of IAS 1 "Presentation of Financial Statements", paragraphs 34 and 35.

The Group reports significant items of income and expenses recognised in profit or loss separately, as presented in the table below.

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Loss on disposal of non-financial non-current assets	-	2,385
Impairment losses on property, plant and equipment and on intangible assets	1,573	22
Impairment losses on financial receivables	11,362	-
Impairment losses on non-financial receivables	-	12,000
Impairment losses on inventories	6,307	281
Compensation and penalties paid	1,095	764
Donations given	309	430
Disposal of materials	145	174
Costs of banking services	128	613
Write-off of bad debts	-	1,564
Other operating expenses (other)	4,087	854
Total other operating expenses	**25,006**	**19,087**

Other operating expenses of the Group in 2023 include impairment losses on financial receivables in the amount of PLN 11,362 thousand and inventory write-downs in the amount of PLN 6,307 thousand.

Other operating expenses of the Group in 2022 include impairment losses on financial receivables in the amount of PLN 12,000 thousand and loss on disposal of non-financial non-current assets in the amount of PLN 2,385 thousand.

7.6. Finance income

Accounting policies

Finance income includes: interest received, net foreign exchange gains, other finance income. Interest income is recognised as it accrues, using the effective interest method. Dividends are recognised when the shareholders' rights to receive the payment are established. The Group applies the principle of offsetting similar types of transactions in accordance with the provisions of IAS 1 "Presentation of Financial Statements", paragraphs 34 and 35.

The Group reports significant items of income and expenses recognised in profit or loss separately, as presented in the table below:

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Interest income on financial assets other than at fair value through profit or loss:		
Cash and cash equivalents (bank deposits)	1,683	679
Loans and receivables (interest)	250	255
Interest income on financial assets other than at fair value through profit or loss	**1,933**	**934**
Derivative hedging instruments	17,159	-
Fair value and disposal gains on financial instruments at fair value through profit or loss	**17,159**	**-**
Foreign exchange differences:		
Cash and cash equivalents	893	-
Loans and receivables	-18,499	-
Financial liabilities at amortised cost	21,543	-
Gain/(loss) (+/-) from exchange differences on:	**3,937**	-
Revaluation of contingent liability for minority interest buy-back option	-	33,942
Other finance income	234	369
Other finance income	**234**	**34,311**
Total finance income	**23,263**	**35,245**

The Group does not hold any financial assets or liabilities designated at initial recognition as measured at fair value through profit or loss. The disclosed fair value and disposal gains and losses on financial instruments at fair value through profit or loss relate entirely to financial instruments held for trading.

7.7. Finance costs

Accounting policies

The Group applies the principle of offsetting similar types of transactions in accordance with the provisions of IAS 1 "Presentation of Financial Statements", paragraphs 34 and 35. The Group reports significant items of income and expenses recognised in profit or loss separately, as presented in the table below. Impairment losses on receivables pertaining to operating activities are recognised by the Group as other operating expenses (see Note 8.5).

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Interest expense on financial liabilities other than at fair value through profit or loss:		
Finance lease liabilities	1,902	1,157
Credit facilities	7,571	9,628
Overdraft facilities	14,629	9,866
Loans (interest)	196	-
Debt securities	5,515	2,445
Trade and other payables	5,641	3,100
Interest expense on financial liabilities other than at fair value through profit or loss	**35,454**	**26,196**
Derivative hedging instruments	-	1,064
Fair value and disposal losses on financial instruments at fair value through profit or loss	**-**	**1,064**
Foreign exchange differences:		
Cash and cash equivalents	-	2,391
Loans and receivables	-	-552
Financial liabilities at amortised cost	-	9,587
Total foreign exchange differences	**-**	**11,426**
Other finance costs	569	733
Other finance costs	**569**	**733**
Total finance costs	**36,023**	**39,419**

The most significant items of finance costs included interest expenses relating to financial instruments not measured at fair value through profit or loss in the amount of PLN 35,454 thousand.

7.8. Income tax

Accounting policies

The mandatory decreases of profit comprise: current and deferred income tax not recognised in other comprehensive income or directly in equity. Current tax expense is calculated based on the taxable profit (tax base) for a financial year. Taxable profit (tax loss) differs from profit (or loss) before tax established for financial reporting purposes due to temporary differences and items which will never be subject to taxation. Tax expenses are calculated based on the tax rates effective for a given financial year. Deferred income tax is calculated as the tax to be paid or received in subsequent periods using the liability method on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. A deferred tax liability is recognised for all taxable temporary differences, and deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets or liability is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss, nor taxable profit or loss. No deferred tax liability is recognised for goodwill that is not subject to amortisation under tax regulations. Deferred tax is calculated at tax rates that are expected to apply when the asset is realised and the liability is settled, based tax legislation which is in force on the reporting date. The carrying amount of a deferred tax asset is reviewed as at each reporting date and is reduced to the extent it is no longer probable that sufficient taxable profits will be generated to allow the deferred tax asset to be realised in full or in part. Deferred income tax assets and deferred income tax liabilities are offset by the Group if and only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The Group adopted an accounting policy regarding the recognition of assets for investment allowance in connection with the operation in a special economic zone and according to new rules – when it obtains a decision on support within the Polish Investment Zone.

Professional judgement and estimates

The Group recognises deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised. Deterioration in the generated taxable profit or loss in the future may result in such an assumption being regarded as unfounded.

The key assumptions regarding the recognition of an asset for investment allowance, is that the asset is recognised when the minimum investment level specified in the zone permit or support decision is met. In addition, an estimate is made of the time at which the allowance will be settled, which is translated into the value of the allowance to be settled.

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Current tax expense:		
Settlement of tax for the reporting period	14,507	8,884
Adjustments to tax expense for previous periods (+/-)	-	-
Current income tax	14,507	8,884
Deferred tax expense:		
Origination and reversal of temporary differences	-2,039	2,142
Settlement of unused tax losses	-53	-
Deferred income tax	-2,092	2,142
Tax on dividends	776	1,290
Total income tax expense	**13,191**	**12,316**

In 2023, the income tax expense amounted to PLN 13,191 thousand. The tax amount takes into account the recognition of an asset on the investment premium in the amount of PLN 14,442 thousand and utilisation of the investment premium in the amount of PLN 13,810 thousand.

In 2022, the income tax expense amounted to PLN 12,316 thousand. The tax amount takes into account the recognition of an asset on the investment premium in the amount of PLN 14,442 thousand and utilisation of the investment premium in the amount of PLN 16,302 thousand.

7.8.1. Corporate income tax calculated at effective tax rate and reconciliation of profit before tax to taxable income

Reconciliation of income tax calculated at the rate of 19% on profit before tax with the income tax recognised in the consolidated statement of profit or loss is as follows:

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Profit/(loss) before tax	117,154	126,746
Income tax calculated at the Parent Company's domestic tax rate (19%)	22,259	24,082
Reconciliation of income tax due to:		
Application of a different tax rate at Group companies (+/-)	- 2,422	-1,962
Non-taxable income (-)	-1,297	-727
Dividend tax of 9% (resulting from the difference in rate between PL 19% and RU 10%)	776	922
Income non-taxable in Poland	-61	-64
Tax-exempt income	-17,217	-16,887
Expenses which are permanently non-tax-deductible (+)	5,989	922
Utilisation of tax losses previously unrecognised (-)	-66	-
Unrecognised deferred tax asset on deductible temporary differences (+)	402	21
Unrecognised deferred tax asset on tax losses (+)	7,218	5,182
Adjustment to tax expense for previous periods (+/-)	1,506	1,177
Recognition of assets from investment premium	-14,442	-14,382
Revaluation of assets from investment premium	- 2,492	-272
Capital gains	-1,215	-1,655
Reversal of asset on tax loss		
Tax on dividends		
Income tax expense		
Utilisation of assets from investment premium	16,302	16,270
Other provisions	-	217
Asset on tax loss	-2,368	-467
Other changes	319	-61
TOTAL	**13,191**	**12,316**

7.8.2. Deferred income tax

The table below presents deferred tax assets and liabilities disclosed in the consolidated financial statements:

	31 December 2023	**31 December 2022**
Balance as at the beginning of period		
Deferred tax assets	21,800	21,939
Deferred tax liabilities	36,114	32,366
Net deferred tax as at the beginning of period	**-14,314**	**-10,427**
Changes in the period recognised in:		
Profit or loss (+/-)	2,029	-2,200
Other comprehensive income (+/-)	-2,637	-29
Acquisition of control of a subsidiary	-	- 2,157
Other (including net exchange differences)	177	499
Net deferred tax as at the end of period, of which:	**-14,745**	**-14,314**
Deferred tax assets	12,186	21,800
Deferred tax liabilities	26,931	36,114

7.8.3. Deferred tax assets and liabilities

In the consolidated financial statements, at the level of the financial statements of the Group's companies, the items of deferred income tax assets and liabilities are presented on a net basis.

Figures for the period from 1 January 2023 to 31 December 2023

Description	Balance as at the beginning of period	Profit or loss	Other comprehensive income	Accounting for business combinations	Net exchange differences	Balance as at the end of period
Deferred tax assets	**27,500**	**1,530**	**-2,637**	**-**	**-1,590**	**24,803**
Assets:						
Intangible assets	613	625	-	-	-68	1,170
Property, plant and equipment	2,841	128	-	-	-326	2,643
Inventories	4,298	3,099	-	-	-438	6,959
Trade receivables	3,763	-54	-2,637	-	-12	1,060
Other assets	1,837	8	-	-	-291	1,554
Liabilities:			-			
Liabilities from employee benefits	1,260	52	-	-	-19	1,293
Provisions for employee benefits	1,584	107	-	-	-100	1,591
Other provisions	565	95	-	-	-1	659
Derivative financial instruments	60	-	-	-	-4	56
Trade payables	-47	-119	-	-	12	-154
Credits, loans, other debt instruments	535	65	-	-	-	600
Other liabilities	692	-335	-	-	-8	349
Other:						
Differences between recognition of revenue for tax purposes and accounting purposes	-672	-2,773	-	-	-335	-3780
Unused tax losses	10,171	-	-	-	-	10,171
Asset from investment premium	-	632	-	-	-	632
Adjustment for previous period			-	-		
Deferred tax liability	**41,814**	**-499**	**-**	**-**	**-1,767**	**39,548**
Assets:			-	-		
Intangible assets	23,527	157	-	-	-236	23,448
Property, plant and equipment	14,802	-825	-	-	-1,354	12,623
Trade receivables	344	-9	-	-	-21	314
Other assets	275	953	-	-	10	1,239
Liabilities:			-	-		
Trade payables	2,201	-794	-	-	-120	1,287
Credits, loans, other debt instruments	528	6	-	-	-39	495
Other liabilities	137	13	-	-	-7	143
Net deferred tax as at the end of period	**-14,314**	**2,029**	**-2,637**	**-**	**177**	**-14,745**

Figures for the period from 1 January 2022 to 31 December 2022

Description	Balance as at the beginning of period	Profit or loss	Other comprehensive income	Accounting for business combinations	Net exchange differences	Balance as at the end of period
Deferred tax assets	**30,595**	**-3,491**	**-29**	**-**	**425**	**27,500**
Assets:						
Intangible assets	863	-267	-	-	17	613
Property, plant and equipment	2,984	-171	-	-	27	2,841
Inventories	4,112	118	-	-	69	4,298
Trade receivables	3,727	74	-29	-	-9	3,763
Other assets	1,748	-21	-	-	110	1,837
Liabilities:						
Liabilities from employee benefits	1,230	24	-	-	6	1,260
Provisions for employee benefits	1,564	-8	-	-	26	1,584
Other provisions	563	3	-	-	-1	565
Derivative financial instruments	116	-57	-	-	2	60
Trade payables	103	-150	-	-	1	-47
Credits, loans, other debt instruments	210	325	-	-	-	535
Other liabilities	801	-160	-	-	50	692
Other:						
Differences between recognition of revenue for tax purposes and accounting purposes	-672	-	-	-	-	-672
Unused tax losses	11,631	-1,587	-	-	127	10,171
Asset from investment premium	2,219	-2,219	-	-	-	-
Adjustment for previous period	-605	605	-	-	-	-
Deferred tax liability	**41,021**	**-1,291**	**-**	**2,228**	**-145**	**41,814**
Assets:						
Intangible assets	21,217	65	-	2,228	17	23,527
Property, plant and equipment	14,529	433	-	-	-160	14,802
Trade receivables	2,490	-2,149	-	-	3	344
Other assets	323	-48	-	-	-	275
Liabilities:						
Trade payables	1,778	442	-	-	-19	2,201
Credits, loans, other debt instruments	518	-	-	-	10	528
Other liabilities	166	-33	-	-	4	137
Net deferred tax as at the end of period	**-10,427**	**-2,200**	**-29**	**-2,228**	**570**	**-14,314**

7.9. Earnings/(loss) per share

Accounting policies

Earnings per share are computed as the quotient of net profit attributable to shareholders of the Parent and the weighted average number of ordinary shares outstanding during the reporting period. Diluted earnings/(loss) per share are equal to basic earnings/(loss) per share as there are no instruments with a dilutive effect. The table below presents the computation of the basic and diluted earnings/(loss) per share, with the reconciliation of the diluted weighted average number of shares.

For details, see the statement of comprehensive income.

8. Cash flows

The following adjustments were made to profit (loss) before tax to determine cash flow from operating activities:

	from 1 January to 31 December 2023	from 1 January to 31 December 2022
Adjustments:		
Depreciation and impairment of property, plant and equipment	66,174	60,703
Amortisation and impairment of intangible assets	10,492	11,417
Change in fair value of investment property	-	-
Gain (loss) on financial assets (liabilities) measured at fair value through profit or loss	-13,398	-33,348
Cash flow hedges recycled from equity	-3,761	902
Impairment losses on financial assets	-	-
Gain (loss) on disposal of non-financial non-current assets	-177	1,289
Gain (loss) on disposal of non-derivative financial assets	-	-
Foreign exchange gains (losses)	4,993	805
Interest expense	27,438	21,196
Interest and dividend income	-2,946	-60
Cost of share-based payments (incentive schemes)	-	-
Share of profit (loss) of associates	-	-
Other adjustments	-13,838	-8,470
Total adjustments	74,977	54,435
Changes in inventories	68,362	-6,538
Change in receivables	53,104	-145,902
Change in liabilities	-61,440	28,132
Change in provisions, prepayments and accruals	8,535	-4,384
Change in contract assets and liabilities	-	-
Changes in working capital	68,561	-128,692

For the purpose of preparing a statement of cash flows, the Group classifies cash in the manner applied to the presentation in the statement of financial position. The difference in cash reported in the statement of financial position and statement of cash flows is affected by:

	31 December 2023	31 December 2022
Cash and cash equivalents as reported in the statement of financial position	**90,568**	**116,342**
Adjustments:		
Exchange differences on balance sheet valuation of cash denominated in foreign currency	12,860	180
Other	-	-
Cash and cash equivalents reported in CF	**77,708**	**116,162**

9. Explanatory notes to the statement of financial position

9.1. Goodwill, property, plant and equipment and intangible assets

9.1.1. Goodwill

Accounting policies

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if there are reasons for that.

Professional judgement and estimates

The following assets are tested for impairment on an annual basis:

- *goodwill (the first impairment test is performed before the end of the period in which the business combination occurred),*
- *intangible assets with infinite lives,*
- *intangible assets not yet available for use.*

For other intangible assets and items of property, plant and equipment, the Group assesses on an annual basis whether there is any indication that an asset may be impaired. If given developments or circumstances indicate that the carrying amount of an asset may not be recoverable, the asset is tested for impairment.

For impairment testing, assets are grouped into smallest groups at which they generate cash flows independently of other assets or asset groups (cash-generating units). Assets which generate cash-flows independently from other assets are tested for impairment individually.

Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of a business combination, provided that a cash generating unit is not larger than an operating segment.

If the carrying amount is higher than its recoverable amount of assets or cash-generating units to which these assets belong, the carrying amount is written-down to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value in use. In assessing value in use, the projected cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment loss is first allocated to the carrying amount of goodwill. Then the carrying amounts of the assets comprising the cash-flow generating unit are reduced pro rata.

Impairment losses are recognised in profit or loss under other operating expenses.

Impairment losses for goodwill cannot be reversed in subsequent periods. For other assets, an assessment is made on each subsequent reporting date whether impairment losses may be reversed. A reversal of impairment loss is recognised under other operating income.

In 2022, the acquisition of control over Lawrence David Ltd in 2018 had the most significant impact on the amount of goodwill presented in the consolidated statement of financial position. The table below presents changes in the carrying amounts of goodwill during the periods covered by these consolidated financial statements.

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Gross carrying amount		
Balance as at the beginning of period	63,987	63,987
Business combination	-	-
Disposal of subsidiaries (-)	-	-
Net exchange differences	-	-
Other adjustments	-	-
Gross amount as at the end of the period	-	-
Impairment losses		
Balance as at the beginning of period	-	-
Impairment losses recognised as expense in the period	-	-
Net exchange differences		-
Other changes	-	-
Impairment losses as at the end of the period	-	-
Goodwill – carrying amount as at the end of the period	**63,987**	**63,987**

Goodwill disclosed under assets is related to the acquisition of the following subsidiaries:

	31 December 2023	31 December 2022
OOO Wielton Ukraina	6	6
Lawrence David Ltd	63,981	63,981
Total goodwill	**63,987**	**63,987**

In order to perform the annual impairment tests, goodwill is allocated to relevant cash-generating units which are separate operating segments. The table below presents goodwill by operating segment:

	31 December 2023	31 December 2022
Road transport products	63,987	63,987
Total goodwill	**63,987**	**63,987**

	Growth rate		Discount rate	
	from 1 January to 31 December 2023	from 1 January to 31 December 2022	from 1 January to 31 December 2023	from 1 January to 31 December 2022
Road transport products	2.5%	1%	8.9%	11.7%

The recoverable amount of the CGU that represents the Road transport products segment was PLN 63,*987 thousand.*

As regards the Road transport products segment, the Management Board of the Parent Company is confident that a change in the key assumptions used to estimate the value in use of the CGUs that would result in the determination of the recoverable amount of the CGUs below their carrying amount reported in the statement of financial position is not probable. The estimate is based on a five-year cash flow projection. The projection was prepared on the basis of budgets prepared by the management and historical dynamics of individual profit or loss items.

Estimation of the value in use of the Road transport products segment is susceptible to changes in the discount rate and growth rate after the detailed projection period. The analysis of sensitivity of estimates to changes in the assumptions made is presented in the table below.

The table presents the level of the discount rate at which the recoverable amount of assets included in the CGUs will equal their carrying amount reported in the statement of financial position, with other assumptions used to determine the value in use remaining unchanged. Similarly, the presented level of the growth rate determines the recoverable amount of assets included in the CGUs at their carrying amount, with other assumptions remaining unchanged. The effect of a change in the discount rate on the amount of recognised impairment losses on goodwill is also discussed in the chapter on accounting policies, section on estimation uncertainty.

	Discount rate	**Growth rate**
Road transport products	28.2%	2.5%

In 2023, the Group did not recognise impairment of goodwill.

9.1.2. Intangible assets

Accounting policies

Intangible assets include trademarks, patents and licences, software, costs of development work and other intangible assets which meet the recognition criteria specified in IAS 38. This item also includes such intangible items which have not yet been placed in service (intangible assets under development). As at the reporting date, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with finite lives are amortised using the straight-line method over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Useful lives of individual intangible items are reviewed annually, and when necessary – adjusted from the beginning of the next financial year. Changes in the expected useful life or pattern of consumption of future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates.

Expected useful lives for particular groups of intangible assets are presented below:

Group	***Period***
Patents and licences	*5 years*
Cost of completed development work	*1.5–5 years*
Computer software	*2–10 years*
Other intangible assets	*1–5 years*

Amortisation charges on intangible assets with definite useful lives are recognised in profit or loss in the category that corresponds to the function of a given intangible asset.

Intangible assets with indefinite lives are not amortised, but they are annually tested for impairment. Intangible assets with indefinite lives held by the Group comprise word and device marks. Software maintenance costs incurred in subsequent periods are charged to expense of the period as incurred.

Research costs are charged to profit or loss as incurred. The Group companies carry out development works related to the development of a new design, technology and preparation of the manufacture of new products that will be characterised by innovative solutions. The implementation of the development works will allow for the launch of new designs of Wielton products. The expenditure directly related to development work is recognised as intangible assets only when the following criteria are met:

- *technical feasibility of the asset for sale or use has been established;*
- *the Group intends to complete the asset and either use it or sell it;*
- *the Group is able to either use or sell the intangible asset;*
- *the intangible asset will bring economic benefits and the Group is able to demonstrate that, e.g. through the existence of a market or usefulness of the item for the Group;*
- *the Group has all the technical, financial and other means necessary to complete the development work and either sell or use the asset;*
- *the expenditure incurred in the course of development work can be measured reliably and attributed to the given intangible item.*

Expenditure incurred on development work performed as part of a given project is carried forward to the next period when it can be assumed that it will be recovered in the future. Future benefits are estimated in accordance with the principles set forth in IAS 36. Following initial recognition of expenditure on development work, the historical cost model is used, according to which individual assets are carried at cost less accumulated amortisation and accumulated impairment losses. Completed development work is amortised using the straight-line method over the period during which they are expected to generate benefits, i.e. 1–5 years on average. Gains or losses on disposal of intangible assets are calculated as the difference between the sales proceeds and the carrying amount of the given intangible assets and are recognised in profit or loss as other operating income or expenses.

Professional judgement and estimates

The Group tests non-current assets for impairment whenever there is an indication that these assets may be impaired. This requires an estimation of the value in use of the cash-generating unit to which these assets are allocated. Estimating the value in use involves estimating future cash flows expected to be derived from a cash-generating unit and determining a discount rate to be applied to calculate the present value of such cash flows. In accordance with IAS 36, the Group tests trademarks for impairment by comparing their carrying amount with their recoverable amount.

In the current reporting period, for the purpose of the test, the Group used a discount rate of 11.2% for the Viberti trademarks, 11.7% for Lawrence David trademarks, 12.1% for Guillen, 11.5% for Fruehauf, 11.1% for Langendorf and 12.1% for Wielton S.A. to calculate the present value of cash flows.Based on the test, it was found that there was no need to recognise any impairment losses on the trade mark, as the recoverable amount of the trade mark significantly exceeded its carrying amount recognised in the accounting records. Increasing the discount rate by 1 pp. wouldn't also result in the need to recognise any impairment loss.

Intangible assets used by the Group include trademarks, patents and licences, customer relations, software, costs of internal development work and other intangible assets. Intangible assets that have not been placed in service until the reporting date are presented under "Intangible assets under development".

Figures for the period from 1 January 2023 to 31 December 2023

	Trademarks	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under development	Total
Net carrying amount as at beginning of the period	**50,377**	**740**	**15,138**	**10,208**	**32,005**	**28,001**	**136,469**
Increases due to acquisition of control of a subsidiary	-	-	-	-	-	-	-
Increases (acquisition, manufacture, leases)	-	1,976	7,611	13,481	423	98,235	121,726
Decreases (disposal, liquidation) (-)	-	-	-	-	-	-4,269	-4,269
Other changes (reclassification, transfer etc.)	-	-79	-	-288	-	-23,492	-23,859
Reclassification to non-current assets held for sale (-)	-	-	-	-	-	-	-
Depreciation (-)	-	-198	-3,179	-5,953	-1,162	-	-10,492
Impairment losses (-)	-	-	-	-	-	-	-
Impairment loss reversed	-	-	-	-	-	-	-
Currency translation differences (+/-)	-3,199	-122	-822	-50	-2,004	-234	-6,431
Net carrying amount as at end of the period	**47,178**	**2,317**	**18,748**	**17,398**	**29,262**	**98,241**	**213,144**

Figures for the period from 1 January 2022 to 31 December 2022

	Trademarks	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under development	Total
Net carrying amount as at beginning of the period	48,254	897	3,783	11,940	29,100	17,425	111,399
Increases due to acquisition of control of a subsidiary	2,121	-	1,427	1,183	6,281	-	11,013
Increases (acquisition, manufacture, leases)	-	19	12,160	2,664	100	25,468	40,412
Decreases (disposal, liquidation) (-)							
Other changes (reclassification, transfer etc.)	50	-	-6	-	-	-14,943	-14,899
Reclassification to non-current assets held for sale (-)	-	-	-	-	-	-	-
Depreciation (-)	-	-194	-2,276	-5,620	-3,327	-	-11,417
Impairment losses (-)	-	-	-	-	-	-	-
Impairment loss reversed	-	-	-	-	-	-	-
Currency translation differences (+/-)	-48	17	51	40	-148	51	-38
Net carrying amount as at end of the period	50,377	740	15,138	10,208	32,005	28,001	136,469

Key intangible assets under development as at 31 December 2023 are as follows:

- development works on prototypes and construction documentation for semi-trailers – PLN 17,490 thousand (as at 31 December 2022: PLN 8,742 thousand) and development works on a new technology line for semi-trailers of the van-chiller type – PLN 7,048 thousand (as at 31 December 2022: PLN 6,161 thousand),
- development of the technology of hydroforming selected elements of a semi-trailer in order to design an innovative INNFLEXTRAILER semi-trailer – PLN 29,090 thousand (PLN 2,137 thousand as at 31 December 2022),
- software – PLN 364 thousand (as at 31 December 2022: PLN 426 thousand),
- type-approvals – PLN 445 thousand (as at 31 December 2022: PLN 35 thousand),
- property right – PLN 368 thousand (as at 31 December 2022: PLN 402 thousand).

Based on analyses and budgets, the Management Board did not identify any indications of impairment of intangible assets under development and completed development works.

In its operations, the Group uses intangible assets with indefinite useful lives, i.e. trademarks (see section on accounting policies). Trademarks are not amortised by the Group but are tested for impairment. The carrying amount of trademarks with indefinite useful lives was PLN 47,178 thousand; The Group has analysed the factors set forth in the IAS and concluded that there is no indication that the useful life is definite. Therefore, no amortisation charges are recognised. However, the Group performs an impairment test for trademarks on an annual basis.

In the current reporting period, the Capital Group performed an annual impairment test of these assets, showing no need to recognise any impairment loss.

The recoverable amount of the CGU that represents the Road transport products segment was determined in terms of value in use, using discount rates ranging between 7.9% and 10.2%, amounting to 275,277 thousand.

9.1.3. Property, plant and equipment

Accounting policies

An item of property, plant and equipment may be derecognised upon disposal or when no further economic benefits from the continued use of the asset are anticipated. Any gains or losses on derecognition of an asset (calculated as the difference between net proceeds from its sale, if any, and the carrying amount of the asset) are charged to profit or loss for the period when the item was derecognised.

Investments in progress comprise fixed assets under construction or assembly, and are measured at cost less any impairment losses. Property, plant and equipment are not depreciated until completed and placed in service.

Property, plant and equipment is initially recognised at cost. Such cost is increased by any expenses directly attributable to the purchase and preparation or adaptation of the asset for use. The cost also includes the cost of replacing component parts of plant and equipment, which is recognised when incurred, if relevant recognition criteria are fulfilled.Following initial recognition, items of property, plant and equipment are carried at cost less depreciation and impairment losses. Property, plant and equipment under construction is not depreciated until the construction or erection work is completed and the item is placed in use.

Depreciation is charged based on the straight-line method over the estimated useful life of an assets. For particular groups of items of property, plant and equipment, the useful lives are presented below:

Group	***Period***
Land	*Not depreciated*
Buildings and structures	*15–65 years*
Machinery and equipment	*2–22 years*
Vehicles	*2.5–13 years*
Other fixed assets	*2–12 years*

Depreciation begins in the month following the month in which a fixed asset is placed in use. Useful lives and depreciation methods are reviewed once a year, leading to an adjustment of the depreciation charges in subsequent years. The principles of depreciation of fixed assets provide for a simplification, according to which fixed assets and intangible assets with low initial value (PLN 1,500 to PLN 3,500) are expensed on a one-off basis as amortisation and depreciation costs in the month of their release for use. Fixed assets with value of up to PLN 1,500 are expensed on a one-off basis. Such fixed and intangible assets are classified as eligible for being expensed on a one-off basis pursuant to external regulations in this respect.

Current maintenance costs incurred after a fixed asset has been placed in use, such as costs of maintenance or repair, are charged to the profit or loss when incurred.

An item of property, plant and equipment may be derecognised upon disposal or when no further economic benefits from the continued use of the asset are anticipated. Any gains or losses arising from the sale, liquidation or withdrawal of fixed assets from use are calculated as the difference between the sale proceeds and net amount of such fixed assets, and are included in profit or loss as other operating income or expenses.

Borrowing costs Borrowing costs which may be directly attributed to an acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such an asset. Borrowing costs include interest calculated using the effective interest rate method and foreign exchange gains or losses up to the amount of interest expense adjustment. The above principles have been applied by the Group prospectively since 1 January 2009.

Professional judgement and estimates*Depreciation and amortisation rates are determined based on the expected useful lives of property, plant and equipment and intangible assets. The Group reviews the useful lives of its assets annually, on the basis of current estimates.*

Figures for the period from 1 January 2023 to 31 December 2023

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Property, plant and equipment under construction	Total
Net carrying amount as at beginning of the period	**88,212**	**168,965**	**138,838**	**32,179**	**12,310**	**144,606**	**585,111**
of which:							
effect of IFRS 16	*9,445*	*26,397*	*38*	*11,507*	*146*	*-*	*47,532*
Net carrying amount at beginning of the period following the application of IFRS 16	**88,212**	**168,965**	**138,838**	**32,179**	**12,310**	**144,606**	**585,111**
Increases (acquisition, manufacture, leases)	2,880	68,727	63,272	14,820	12,794	109,114	271,606
of which:							
effect of IFRS 16	*223*	*-451*	*-*	*5,859*	*-*		*5,630*
Increases due to acquisition of control of a subsidiary	-	-	-	-	-	-	-
Reclassification to non-current assets held for sale (-)	-	-	-	-	-	-	-
Decreases (disposal, liquidation) (-)	-	-	-1,383	-2,838	-77	-146	-4,444
Other changes (reclassification, transfer etc.)	-	3	1,107	344	-68	-162,492	-161,105
Revaluation to the fair value (+/-)	-	-	-	-	-	-	-
Depreciation (-)	-2,284	-12,370	-32,187	-12,354	-4,915	-2,064	-66,174
of which:							
effect of IFRS 16	-1,827	-6,155	-38	-7,561	-109	-	-15,690
Impairment losses (-)	-	-1	-296	-	-3	-2,741	-3,042
Impairment loss reversed	-	34	-	-	-	-	34
Currency translation differences (+/-)	-3,316	-3,798	-5,559	271	-572	-1,516	-14,490
of which:							
effect of IFRS 16	-376	120	-	1,795	-	-	1,539
Net carrying amount as at end of the period	**85,492**	**221,560**	**163,792**	**32,422**	**19,469**	**84,761**	**607,496**
of which:							
effect of IFRS 16	*7,464*	*19,911*	*-*	*11,599*	*36*	*-*	*39,011*

Figures for the period from 1 January 2022 to 31 December 2022

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Property, plant and equipment under construction	Total
Net carrying amount as at beginning of the period	**89,610**	**158,930**	**128,491**	**35,052**	**10,709**	**102,783**	**525,575**
of which:							
effect of IFRS 16	*10,520*	*13,119*	*229*	*14,511*	*-*	*286*	*38,665*
Net carrying amount at beginning of the period following the application of IFRS 16	**89,610**	**158,930**	**128,491**	**35,052**	**10,709**	**102,783**	**525,575**
Increases (acquisition, manufacture, leases)	4,224	26,557	27,840	15,414	5,371	120,190	199,597
of which:							
effect of IFRS 16	*330*	*21,109*	*-*	*2,969*	*-*	*-*	*24,800*
Increases due to acquisition of control of a subsidiary	-	-	11,775	208	3,088	-	15,070
Reclassification to non-current assets held for sale (-)							
Decreases (disposal, liquidation) (-)	-2,733	-1,527	-2,043	-6,388	-2,748	-	-15,439
Other changes (reclassification, transfer etc.)	-	5	2,385	-1,201	-446	-79,407	-78,664
Revaluation to the fair value (+/-)	-	3	132	668	5	-	809
Depreciation (-)	-2,209	-13,308	-30,155	-11,353	-3,675	-3	-60,703
of which:							
effect of IFRS 16	*-1,910*	*-6,131*	*-154*	*-5,403*	*-109*	*-*	*-13,708*
Impairment losses (-)	-	-13	-8	-	-	-	-21
Impairment loss reversed	-	50	-	-	-	-	50
Currency translation differences (+/-)	-680	-1,732	501	-229	-67	1,044	-1,164
of which:							
effect of IFRS 16	*505*	*-1,700*	*-37*	*-570*	*255*	*-286*	*-1,833*
Net carrying amount as at end of the period	**88,212**	**168,965**	**138,838**	**32,179**	**12,310**	**144,606**	**585,111**
of which:							
effect of IFRS 16	*9,445*	*26,397*	*38*	*11,507*	*146*	*-*	*47,532*

The value of property, plant and equipment also includes the right-of-use assets in respect of underlying assets that would be presented as property, plant and equipment

9.1.4. Right-of-use assets

Accounting policies

The Group has applied a uniform accounting model for leases under which the lessee recognises right-of-use assets and lease liabilities for all leases other than leases excluded from application, i.e: short-term leases and leases for which the underlying asset is of low value. At inception of a contract, the Group assesses whether the contract is, or contains, a lease. As defined by IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In addition, a contract is, by definition, a lease or contains a lease if the Group:

- *has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use and*
- *has the right to direct the use of an identified asset throughout the period of use.*

The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed. The Group has applied a uniform accounting model for leases under which the lessee recognises right-of-use assets and lease liabilities for all leases other than those not covered by IFRS 16. In accordance with IFRS 16, the Group applies exemptions and does not recognise assets and liabilities with respect to:

a) *short-term leases – a short-term lease is a contract with a term of 12 months or less, containing no purchase options. In particular, the Group defines as short-term leases contracts made for an indefinite term which may be terminated on a short notice (up to 12 months) without any significant penalty imposed on the party.*
b) *leases for which the underlying asset is of low value. A lessee assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.*

In the case of these leases, the Group accounts for lease payments as an expense on a straight-line basis over the lease term. The differences between the amounts paid and those resulting from the straight-line accounting for expenses are recognised as prepayments or accruals. Due to the fact that election for short-term leases must be made by class of underlying asset to which the right of use relates, the Group has defined the following underlying assets:

- *premises,*
- *other properties,*
- *machinery,*
- *IT equipment,*
- *right of perpetual usufruct of land,*
- *other.*

The Group will apply the exemption for short-term leases with respect to all the above mentioned classes of the underlying asset. Having applied these simplifications, the Group is required to apply them throughout the validity period of the standard. For a contract that is, or contains, a lease, and where the class of the underlying asset is premises and the contract sets out the value of rent for lease components separately from non-lease components, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Group measures the lease component on the basis of all available information on the real value of rent for the lease component. For all other contracts that are or contain a lease and the class of the underlying asset under the contract are premises, and the contract sets out the total rent relating to the lease and non-lease components, the Group applies the practical expedient where it may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The Group recognises a right-of-use asset and a lease liability upon commencement of a contract under which control of the use of specified assets is transferred for a certain period of time. The date of commencement of a lease contract is the date on which the leased asset is made available to the Group as the lessee. A right-of-use asset is initially measured at cost which includes:

- *the amount of the lease liability initially measured,*
- *any lease payments made at or before the commencement date, less any lease incentives received;*
- *any initial direct costs incurred by the lessee,*
- *the initial estimate of the costs of dismantling and removing the underlying asset and restoring the site on which it is located.*

Right-of-use assets are recognised in the statement of financial position as property, plant and equipment. Perpetual usufruct right to land acquired for a consideration or received free of charge meets the definition of a lease in accordance with IFRS 16, and is recognised in the same manner as other lease contracts (as right-of-use assets and lease liabilities). To calculate assets and liabilities related to perpetual usufruct, the Group conducts an analysis *to determine the anticipated term of perpetual usufruct. Once the anticipated term of perpetual usufruct has been determined, the lease liability is calculated in accordance with general principles. In the case of the right of perpetual usufruct of land acquired for a fee, the right-of-use assets are recognized on the basis of the acquisition cost determined before the date of transition to IFRS 16, which is one of the elements of the initial recognition of the right-of-use asset on the basis of the right of perpetual usufruct, recognized together with the value of the calculated liability. After the lease commencement date, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses. If there is a lease modification, the right-of-use asset is adjusted to the remeasurement of the lease liability (reflecting changes resulting from the lease modification or revision of the discount rate). Depreciation is calculated using the straight-line method over the shorter of: (1) the estimated useful life or (2) the lease term. If a lease contract transfers ownership of a given asset to the Group before the end of the lease term or if the cost of the right-of-use asset reflects the fact that the Group will exercise its option to repurchase the leased asset at its residual value, the Group depreciates the right-of-use asset from the commencement of the lease term until the end of the estimated useful life of the asset. In other cases, the Group depreciates right-of-use assets from the date of commencement of the lease to the earlier of – the end date of the useful life of the asset or the end date of the lease contract. A lease liability is initially measured at the present value of lease payments outstanding at that date, including:fixed lease payments net of any lease incentives;variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;amounts expected to be payable by the lessee under residual value guarantees,the exercise price of a purchase option if exercise of that option by the lessee is reasonably certain;*

- *payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.*

Lease payments do not include variable charges that depend on external factors. Variable lease payments not included in the initial measurement of a lease liability are recognised directly in profit or loss. Lease payments are discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate when the interest rate implicit in the lease cannot be readily determined. The lease term determined by the Group includes:

- *the non-cancellable lease term,*
- *periods covered by an option to extend the lease if the Group as a lessee is reasonably certain to exercise that option,*
- *periods covered by an option to terminate the lease if the Group as a lessee is reasonably certain not to exercise that option.*

In determining the lease term and assessing the length of the non-cancellable period of a lease, the entity applies the definition of a contract and determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. After initial recognition, the Group measures lease liabilities by:

- *increasing the carrying amount to reflect interest on the lease liability;*
- *reducing the carrying amount to reflect the lease payments made; and*
- *remeasuring the carrying amount in order to take into account a lease reassessment or modification, or to take account of revised substantially fixed lease payments, including increases or reductions due to index changes in the case of index-linked contracts.*

Upon lease commencement, and to the extent that the costs are not included in the carrying amount of another asset in accordance with applicable standards other than IFRS 16, the lessee recognises in profit or loss both a) interest on the lease liability and b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers payment occurs.

For each type of contract, the Group has estimated the amount of the discount rate that will affect the final value of these contracts. The lease payments are discounted first using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate. To determine the incremental borrowing rate, the Group takes into account the type of contract, the duration of the contract, the currency of the contract and the potential margin it would have to pay to external financial institutions if it wanted to enter into such a transaction on the financial market. The Group determined incremental borrowing rates in a breakdown by contract currency and taking into account contract term, based on the time brackets presented below:

- *contracts for a term of more than 1 year (inclusive),*
- *contracts for a term of 1 to 2 years (inclusive),*
- *contracts for a term of 2 to 5 years (inclusive),*
- *contracts for a term of 5 to 10 years (inclusive),*
- *contracts for a term of more than 10 years.*

To calculate discount rates for the purposes of IFRS 16, the Group assumes that the discount rate should reflect the cost that it would have to pay to borrow the funds necessary to purchase an asset of a similar value to the right-of-use asset. The 5 main currencies in which the Group enters into lease contracts, together with the base discount rate assigned, are presented below:

- *PLN with the base rate of 1M WIBOR = 0.07% for short-term periods and interest rate of treasury bonds for long-term periods,*
- *EUR with the base rate of 1M EURIBOR = 0.04% for short-term periods and interest rate of treasury bonds for long-term periods,*
- *GBP with the base rate of 1M LIBOR = 0.045%,*
- *UAH with the base rate of 1M EURIBOR = 0.04%,*
- *CFA with the base rate of 1M EURIBOR = 0.012%.*

The Group updates the discount rates on an annual basis. These rates are subsequently used for lease calculations in accordance with IFRS16 for the period until the next update of the discount rates.

As a lessor, the Group classifies contracts as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, the lease is treated as operational lease. In the case of subleases, the assessment is made in the context of the right-of-use asset and not the underlying asset.

The Group's leasing activities resulting from right-of-use assets can be summarized in the following table: 2023

	Carrying amount of right-of-use assets	**Accumulated depreciation of right-of-use assets**
As at 31 December 2023 Class of underlying assets	**31 December 2023**	**from 1 January to 31 December 2023**
Land	7,464	1,827
Buildings and structures	19,911	6,155
Machinery and equipment	0	38
Vehicles	11,599	7,561
Other fixed assets	37	109
	39,011	**15,690**

The Group's leasing activities can be summarized in the following table: 2022

	Carrying amount of right-of-use assets	**Accumulated depreciation of right-of-use assets**
As at 31 December 2022 Class of underlying assets	**31 December 2022**	**from 1 January to 31 December 2022**
Land	9,445	1,910
Buildings and structures	26,397	6,131
Machinery and equipment	38	154
Vehicles	11,507	5,403
Property, plant and equipment under construction	146	109
	47,533	**13,708**

The Group does not recognise liabilities in respect of short-term leases and leases for which the underlying asset is of low value. In addition, lease payments that depend on factors other than an index or rate are not included in the lease liability.

In 2023, these costs were as follows:

	from 1 January to 31 December 2023
Interest expense	1,584
Short-term lease	5,250
Low-value leases	100
Total costs	**6,934**

In 2022, these costs were as follows:

	from 1 January to 31 December 2022
Interest expense	1,790
Short-term lease	5,939
Low-value leases	83
Total costs	**7,812**

Total lease expenses in 2023 were as follows:

	from 1 January to 31 December 2023
Repayment of lease liabilities	15,324
Repayment of interest	1,584
Short-term lease	5,250
Low-value leases	100
Total expenses	**22,258**

Total lease expenses in 2022 were as follows:

	from 1 January to 31 December 2022
Repayment of lease liabilities	15,694
Repayment of interest	1,923
Short-term lease	5,939
Low-value leases	83
Total expenses	**23,639**

In 2023, there was no income from sub-lease of right-of-use assets.

The most significant finance leases at 31 December 2023 included:

- Lease between Langendorf Polska Sp. z o.o. and Deutsche Leasing where the leased asset is a laser (2 units) with an initial value of EUR 555,000 each, conclusion date: June 2021, maturity date: August 2027
- Lease between Langendorf Polska Sp. z o.o. and Deutsche Leasing where the leased asset is the TruStore System with an initial value of EUR 285 thousand, conclusion date: June 2021, maturity date: July 2027

- Lease between Langendorf Polska Sp. z o.o. and PKO Leasing S.A. where the leased asset is the Press Durma laser with an initial value of EUR 469 thousand, conclusion date: February 2022, maturity date: February 2029
- Lease agreement with Unicredit Leasing GmbH where the leased asset is an Axis Shuttle Machine with an initial value of EUR 700 thousand, conclusion date: August 2020, maturity date: August 2025
- Lease between Wielton S.A. and Deutsche Leasing where the leased asset is a laser punching machine with a total initial value of PLN 9,476 thousand, conclusion date: December 2022, September 2023, maturity date: August 2026, June 2028.
- Lease between Wielton S.A. and Deutsche Leasing where the leased assets are press brakes with a total initial value of PLN 6,004 thousand, conclusion date: December 2022, maturity date: December 2027.

The most significant finance leases at 31 December 2022 included:

- Lease between Langendorf Polska Sp. z o.o. and Deutsche Leasing where the leased asset is a laser (2 units) with an initial value of EUR 555,000 each, conclusion date: June 2021, maturity date: August 2027

- Lease between Langendorf Polska Sp. z o.o. and Deutsche Leasing where the leased asset is the TruStore System with an initial value of EUR 285 thousand, conclusion date: June 2021, maturity date: July 2027
- Lease between Langendorf Polska Sp. z o.o. and PKO Leasing S.A. where the leased asset is the Press Durma laser with an initial value of EUR 469 thousand, conclusion date: February 2022, maturity date: February 2029

Lease agreement with Unicredit Leasing GmbH where the leased asset is an Axis Shuttle Machine with an initial value of EUR 700 thousand, conclusion date: August 2020, maturity date: August 2025

- Lease between Wielton S.A. and PKO Leasing S.A. where leased assets are painting lines and a painting booth with a total initial value of PLN 7,409 thousand, conclusion date: March-May 2018, maturity date: August-October 2023
- Lease between Wielton S.A. and PKO Leasing S.A. where leased assets are welding machines and equipment, welding lines and cranes with a total initial value of PLN 5,513 thousand, conclusion date: January-March 2018, maturity date: June-August 2023

9.1.5. Other information on property, plant and equipment and intangible assets

Amortisation of intangible assets was recognised in the consolidated statement of profit or loss under the following headings:

	from 1 January 2023 to 31 December 2023	**from 1 January 2022 to 31 December 2022**
Cost of sales	1,631	4,694
General and administrative expenses	6,231	4,179
Selling expenses	727	1,264
Other expenses	1,903	1,280
Total amortisation of intangible assets	**10,492**	**11,417**

In 2023, the Group did not recognise impairment of intangible assets.

As at 31 December 2023, intangible assets with the carrying amount of PLN 32,443 thousand (2022: PLN 34,492 thousand) were pledged as collateral for the Group's liabilities. For information on collateral, see Note 9.11.1.2

Depreciation of property, plant and equipment was recognised in the following items of the consolidated statement of profit or loss and statement of financial position:

	from 1 January 2023 to 31 December 2023	**from 1 January 2022 to 31 December 2022**
Cost of sales	39,343	40,585

General and administrative expenses	17,705	9,548
Selling expenses	8,767	10,164
Cost of other assets	359	406
Total depreciation of property, plant and equipment	**66,174**	60,703

In 2023, the Group recognised impairment losses on property, plant and equipment of PLN 3,042 thousand (2022: PLN 22 thousand).

As at 31 December 2023, items of property, plant and equipment with the carrying amount of PLN 330,633 thousand (2022: PLN 250,404 thousand) were pledged as collateral for the Group's liabilities. For information on collateral, see Note 9.11.1.2

Commitments for the purchase of property, plant, and equipment:

	As at the end of the current period	**As at the end of the previous period**
Membrane press	-	2,780
Refrigeration panel production system	107	4,144
Press brake	103	12,190
Construction of a hall and hard-surfacing of the site	-	6,047
HP line instrumentation	-	1,401
Construction of a storage hall	-	3,738
PV installation of 3,319.77 kWp	132	-
Friction welding machine	9,656	-
Total	**9,998**	**30,300**

In 2023, the Group reviewed depreciation rates and did not make changes to estimated useful lives of fixed assets.

9.2. Investment property

Accounting policies

Investment property is measured at the historic cost.

	31.12.2023	31.12.2022
Carrying amount as at the beginning of the period	1,010	1,010
Increases due to business combinations	-	-
Increase due to acquisition	-	-
Capitalisation of subsequent expenditure	-	-
Sale of a subsidiary (-)	-	-
Disposal of properties (-)	-	-
Other changes (reclassification, transfer etc.) (+/-)	-	-
Revaluation to the fair value (+/-)	-	-
Currency translation differences (+/-)	-	-
Carrying amount as at the end of the period	**1,010**	**1,010**

Investment property comprises properties with a value of PLN 884 thousand, whose purpose has not been clearly specified by the Group, and properties with a value of PLN 126 thousand, acquired on 28 September 2018, which will be designated for sale or lease. In 2023, no changes were observed on the real estate market that would cause the purchase price to differ from fair value.

9.3. Financial assets

Accounting policies

In the consolidated statement of financial position, financial assets are presented in the following IFRS 9 measurement categories:

- *financial assets measured at amortised cost,*
- *financial assets measured at fair value through profit or loss,*
- *financial assets measured at fair value through other comprehensive income,*
- *derivative hedging instruments,*
- *assets not included in IFRS 9.*

Since 1 January 2018, the Group has been classifying its financial assets into the following measurement categories:

- *measured at amortised cost;*
- *measured at fair value through profit or loss;*
- *measured at fair value through other comprehensive income.*

The classification depends on the business model adopted by the Group to manage financial assets and the terms of contractual cash flows. The Group reclassifies investments in debt instruments when, and only when, the relevant management model changes.

(ii) Debt instruments – Financial assets at amortised cost

Debt instruments held to collect contractual cash flows which comprise solely payments of principal and interest ("SPPI"), are measured at amortised cost. Interest income is calculated using the effective interest rate method and disclosed under "interest income" in profit or loss. Impairment losses are recognised in accordance with the accounting policy set out in item (vi) and presented under "impairment losses on financial assets".

(iii) Debt instruments – Financial assets measured at fair value through other comprehensive income

Debt instruments from which cash flows are solely payments of principal and interest and which are held for the purpose of collecting contractual cash flows and selling these assets are measured at fair value through other comprehensive income. Changes in the carrying amount are recognised through other comprehensive income, except for impairment gains and losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. If a financial asset is derecognised, the cumulative gain or loss previously recognised *in other comprehensive income is reclassified from equity to profit or loss and recognised as other gains/(losses). Interest income on such financial assets is calculated using the effective interest rate method and recognised under "interest income". Impairment losses are recognised in accordance with the accounting policy set out in item (vi) and presented under "impairment losses on financial assets".*

(iv) Debt instruments – Financial assets measured at fair value through profit or loss

Assets which do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. Such instruments include in particular: trade receivables subject to regular factoring to manage liquidity, where the terms and conditions of the factoring agreement result in derecognition of such receivables; and loans that do not meet the SPPI criteria (i.e. cash flows resulting from those loans are not solely payments of principal and interest) as the frequency of interest rate changes does not correspond to the interest accrual convention.

Gain or loss on fair value measurement of debt investments is recognised in profit or loss and presented under "Gains/(losses) on changes in the fair value of financial instruments" in the period in which it occurred, save for interest income, which is calculated using the effective interest rate method, recognised under "Interest income".

(v) Equity instruments – Financial assets measured at fair value through other comprehensive income

Upon initial recognition, the Group measures all investments in equity instruments at fair value. The Group has elected to present gains and losses on changes in the fair value of equity instruments in other comprehensive income. If such election is made, gains and losses on changes in the fair value are not reclassified to profit or loss at a later date, when the investment is derecognised. Dividends from such investments are recognised in profit or loss once the Group's right to receive payment is established. Impairment losses (and reversals of impairment losses) on equity investments measured at fair value through other comprehensive income are not presented separately from other changes in fair value.

(vi) Impairment of financial assets listed in items (ii)–(iii) above

The Group estimates expected credit losses on debt instruments measured at amortised cost and at fair value through other comprehensive income, whether or not there has been any evidence of impairment.

For short-term trade receivables without significant financing component, the Group applies the simplified approach set out in IFRS 9 and measures impairment losses in the amount of lifetime expected credit losses on receivables. The Group applies an impairment matrix in which impairment losses are calculated for trade receivables included in different age brackets or overdue periods.

For the purpose of determining expected credit losses, trade receivables were grouped into portfolios based on similarity of credit risk characteristics, where the classification criterion was the geographical area in which the Group companies operate. Default rates are calculated for the following brackets: (1) to 90 days; (2) from 91 to 180 days; (3) from 181 to 360 days; and (4) more than 360 days. In order to determine the overall default rate, an uncollectibility analysis for the last 3-5 years is carried out, using the so-called migration matrix. The model applied in the migration matrix analyses the repayment of invoices or their migration to the next age bracket. On the basis of mathematical operations (i.e. matrix multiplication) implemented in the model, default rates are calculated for the origination date of the receivable and for each subsequent overdue bracket.

The Company does not take into account the impact of future factors on the amount of credit losses.

Impairment losses are calculated taking into account default rates and the balance of outstanding receivables at the reporting date for each age bracket.

The Group applies a three-stage impairment model with respect to financial assets, except for trade receivables:

- *Stage 1 – balances for which credit risk has not increased significantly since initial recognition. Expected credit losses are determined based on the probability of default within 12 months (i.e. the total expected credit loss is multiplied by the probability that the loss will occur over the next 12 months);*
- *Stage 2 – balances for which there has been a significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment. Expected credit losses are determined based on the probability of default on a given asset occurring over its contractual life;*
- *Stage 3 – balances for which there is objective evidence of impairment.*

Financial assets are written off, in whole or in part, when the Group has exhausted practically all collection activities and considers that recovery of receivables can no longer be reasonably expected. This usually occurs when an asset is past due for more than 360 days.

Professional judgement and estimates

The Group has made an estimate for the recognition of compensation receivable. The carrying amount of trade receivables is considered to be a reasonable approximation of their fair value. The Group has assessed receivables in terms of impairment in accordance with the applicable accounting policy.

Figures as at 31 December 2023

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Derivative hedging instruments	Non-IFRS 9	Total
Long-term financial assets	**10,165**	**-**	**-**	**-**	**474**	**10,639**
Receivables	206	-	-	-	474	680
Other long-term financial assets (including loans)	9,959	-	-	-	-	9,959
Short-term financial assets	**506,206**	**-**	**-**	**-**	**119,776**	**625,982**
Trade and other receivables	407,860	-	-	-	119,776	527,636
Derivative financial instruments	-	-	-	-	-	-
Other short-term financial assets (including loans)	7,778	-	-	-	-	7,778
Cash and cash equivalents	90,568	-	-	-	-	90,568
Total financial assets	**516,371**	**-**	**-**	**-**	**120,250**	**636,621**

Figures as at 31 December 2022

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Derivative hedging instruments	Non-IFRS 9	Total
Long-term financial assets	**8,524**	**-**	**-**	**-**	**311**	**8,835**
Receivables	198	-	-	-	311	509
Other long-term financial assets (including loans)	8,326	-	-	-	-	8,326
Short-term financial assets	**615,476**	**-**	**-**	**-**	**114,746**	**730,222**
Trade and other receivables	491,396	-	-	-	114,746	606,142
Derivative financial instruments	-	-	-	-	-	-
Other short-term financial assets (including loans)	7,738	-	-	-	-	7,738
Cash and cash equivalents	116,342	-	-	-	-	116,342
Total financial assets	**624,000**	**-**	**-**	**-**	**115,057**	**739,057**

9.3.1. Long-term receivables

	31 December 2023	31 December 2022
Deposits paid on other accounts	111	102
Other receivables	95	182
Impairment losses on receivables (-)	-	-86
Long-term receivables excluding prepayments	**206**	**198**
Short-term prepayments	**474**	**311**
Total long-term receivables	**680**	**509**

9.3.2. Short-term receivables

	31 December 2023	31 December 2022
Financial assets (IFRS 9):		
Net receivables under supplies and services	420,420	484,248
Impairment write-downs on receivables under supplies and services (-)	-15,598	-5,674
Net receivables under supplies and services	404,822	478,574
Other receivables	55	1,613
Impairment losses on other financial receivables (-)	-	-
Receivables from the sale of non-current assets	2,275	11,209
Deposits paid on other accounts	708	-
Net other financial receivables	3,038	12,822
Financial receivables	**407,860**	**491,396**
Non-financial assets (outside IFRS 9):		
Tax and other benefit receivables	45,710	46,523
Prepayments and advances	56,886	55,405
Other non-financial receivables	2,794	573
Non-financial receivables	**105,390**	**102,501**
Trade and other receivables excluding prepayments	**513,250**	**593,897**
Short-term prepayments	**14,386**	**12,245**
Total short-term trade and other receivables	**527,636**	**606,142**

The amount of PLN 3,038 thousand disclosed under "Other financial receivables" includes, among others, an amount receivable from the sale of non-current assets of PLN 2,275 thousand. The carrying amount of trade receivables is considered to be a reasonable approximation of their fair value. The Group has assessed receivables in terms of impairment in accordance with the applicable accounting policy. Impairment losses on receivables, which were charged to other operating expenses in 2023 in the amount of PLN 11,362 thousand (in 2022, impairment losses increased other operating income in the amount of PLN 662 thousand).

9.3.2.1. Short-term prepayments

Accounting policies

Under the asset line item "Prepaid expenses", the Group reports prepaid costs relating to future reporting periods, mainly rent payments.

Figures as at 31 December 2023

Prepayments, accruals and deferred income	Short-term	Long-term	Total
Assets – prepaid expenses:			
Insurance	5,544	-	5,544
Technical assistance for software	2,324	-	2,324
Lease rentals	2,572	-	2,572
Transport costs	564	-	564
Property tax	645	-	645
Other prepayments	2,737	474	3,211
Assets – prepaid expenses, total	**14,386**	**474**	**14,860**

Figures as at 31 December 2022

Prepayments, accruals and deferred income	Short-term	Long-term	Total
Assets – prepaid expenses:			
Insurance	4,271	-	4,271
Technical assistance for software	3,025	-	3,025
Lease rentals	1,416	311	1,727
Transport costs	307	-	307
Property tax	389	-	389
Other prepayments	2,837	-	2,837
Assets – prepaid expenses, total	**12,245**	**311**	**12,556**

9.3.3. Change in impairment losses on receivables

Changes in impairment losses on receivables which were recognised during the reporting period of these consolidated financial statements are presented in the table below:

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Opening balance	5,674	7,934
Impact of IFRS 9 implementation	-	-
Impairment losses recognised as expense in the period	11,362	2,007
Impairment loss reversed and recognised as revenue in the period (-)	-	-2,668
Impairment losses used (-)	-933	-1,617
Acquisition of control of a subsidiary	-	-
Reclassification	-	-
Other changes	-505	18
As at the end of the period	**15,598**	**5,674**

For further analysis of credit risk of receivables, including the age analysis of overdue receivables not covered by impairment losses, see Note below.

As at 31 December 2023, receivables with the carrying amount of PLN 196,986 thousand (31 December 2022: PLN 211,701 thousand) were pledged as collateral for the Group's liabilities. For information on collateral, see Note 9.11.1.2

9.3.4. Maturity structure of receivables

The Group monitors its clients' outstanding payments by analysing credit risk individually, or for individual asset classes identified according to credit risk (e.g. by industry, region or structure of customers). In addition, as part of credit risk management, the Group transacts with counterparties who are reliably credible. According to the Parent Company's Management Board, the above financial assets that are not overdue or subject to impairment at each reporting date can be treated as assets of a high credit quality. The following tables contain an analysis of receivables, which is the most important category of assets exposed to credit risk as regards payment delays and the ageing structure of overdue receivables that are not covered by impairment:

Figures as at 31 December 2023

Short-term receivables	Not past due	Past due	Total
Trade receivables	232,344	188,076	420,420
Impairment write-downs on receivables under supplies and services (-)	-	-15,598	-15,598
Trade receivables (net)	**232,344**	**172,478**	**404,822**
Other receivables	2,938	100	3,038
Impairment of other receivables (-)	-	-	-
Other receivables, net	2,938	100	3,038
Total receivables	**235,282**	**172,578**	**407,860**

Figures as at 31 December 2022

Short-term receivables	Not past due	Past due	Total
Trade receivables	302,592	181,656	484,248
Impairment write-downs on receivables under supplies and services (-)	-13	-5,662	-5,675
Trade receivables (net)	**302,579**	**175,994**	**478,573**
Other receivables	12,120	703	12,823
Impairment of other receivables (-)	-	-	-
Other receivables, net	12,120	703	12,823
Total receivables	**314,699**	**176,697**	**491,396**

With respect to trade receivables, the Group is not exposed to credit risk related to a single major counterparty or a group of similar counterparties. As a consequence, estimates of impairment losses are made on a collective basis, and receivables are grouped by age from maturity and geographical location of the debtor. The estimation of the impairment loss is based on a model that uses a simplified group analysis for a homogeneous portfolio and was designed for trade receivables. The model uses data on invoices issued 3-5 years before the analysis date to create an impairment matrix that determines the default rates for certain payment delays, i.e. overdue periods. The default ratios will be used to calculate the impairment loss for the entire receivables portfolio. The process of estimating impairment losses for individual payment delays begins with the analysis of payments of invoices from the last 3-5 years and requires the use of data from the customers' ledger. The model analyses the amount of each invoice and calculates the "migration matrix", i.e. the percentage of receivables falling into the next age bracket or overdue bracket. On the basis of mathematical operations (i.e. matrix multiplication) implemented in the model, default rates are calculated for the origination date of the receivable (i.e. the invoice issue date) and for each subsequent overdue bracket. The Expected Credit Loss ("ECL") is calculated using the following formula: Expected credit loss = Probability of impairment x Exposure at the moment of impairment x Loss in case of impairment.

Seller's country / Seller's region	Gross trade receivables	not past due	past due up to 90 days	past due 91 to 180 days	past due 181 to 360 days	past due more than 360 days	Total
Poland	Value	81,181	32,214	3,912	1,602	3,349	122,258
	%ECL	0.07%	1.64%	10.66%	7.00%	2.73%	
UE	Value	138,953	67,117	61,513	5,887	8,258	281,728
	%ECL	0.03%	1.08%	1.89%	35.18%	86.73%	
Eastern Europe	Value	1,871	2,119	-9	152	608	4,741

	%ECL	0.00%	-0.10%	0.00%	0.00%	52.73%	
Other	Value	9,520	58	108	0	2,008	11,694
	%ECL	-0.51%	0.00%	0.00%	0.00%	0.00%	

The calculation and measurement of expected credit losses on trade receivables is an area that requires significant judgment in the selection of appropriate methodologies, models and inputs. In its models, the Group mainly uses historical information from its accounting systems and does not adjust the default rates calculated on the basis of historical data by the impact of future factors, due to the absence of reliable information on the impact of such factors. An increase or decrease in default rates by 10% as a result of the impact of future factors applied to the estimation of expected credit losses as at 31 December 2023 would result, respectively, in an increase or decrease in expected credit losses by the amount of PLN 1560 thousand (PLN 567 thousand as at 31 December 2022).

Credit risk related to cash and cash equivalents, market securities, loans advanced and derivative financial instruments is considered to be immaterial due to high reliability of entities who are parties to transactions (mainly banks).

Impairment losses on financial assets exposed to credit risk are discussed in detail in Note 13.2.

9.4. Other assets

As at 31 December 2023

Other financial assets	Short-term	Long-term
Financial assets measured at amortised cost:		
Loans	1,350	8,834
Other	6,428	1,125
Financial assets measured at amortised cost	**7,778**	**9,959**

As at 31 December 2022

Other financial assets	Short-term	Long-term
Financial assets measured at amortised cost:		
Loans	1,717	7,075
Other	6,021	1,251
Financial assets measured at amortised cost	**7,738**	**8,326**

Loans granted meet the respective requirements of IFRS 9 and are carried at amortised cost using the effective interest rate method. The carrying amount of loans is considered to be a reasonable approximation of fair value.

The characteristics of loans are presented in the table below:

As at the end of the current period	Currency	Value in the currency	Value in PLN	Interest rate	Repayment date
floating rate loan	PLN	-	562	WIBOR3M	31.12.2023
floating rate loan	PLN	-	247	3M WIBOR + margin	31.12.2023
floating rate loan	EUR	2,018	8,772	12M EURIBOR + margin	01.06.2025

fixed rate loan	PLN	-	603	margin, fixed interest rate	31 .12.2023
Loans as at the end of the period			**10,184**		

As at the end of the previous period	Currency	Value in the currency	Value in PLN	Interest rate	Repayment date
floating rate loan	PLN	-	913	WIBOR3M	30.06.2023
floating rate loan	PLN	-	248	3M WIBOR + margin	30.06.2023
floating rate loan	EUR	1,510	7,076	12M EURIBOR + margin	01.06.2025
fixed rate loan	PLN	-	555	margin, fixed interest rate	30.06.2023
Loans as at the end of the period			**8,792**		

Change in the carrying amount of loans, including impairment losses, is presented below:

	31 December 2023	31 December 2022
Gross carrying amount		
Gross amount as at the beginning of period	**8,792**	**6,316**
Business combination		
Amount of loans granted in the period	5,284	2,329
Interest accrued using the effective interest rate	228	146
Repayment of loans together with interest (-)	-3,442	-993
Disposal of subsidiaries (-)	-	-
Other changes (reclassification, transfer etc.) (+/-)	-	-
Currency translation differences (+/-)	-678	994
Gross carrying amount as at the end of the period	**10,184**	**8,792**
Impairment losses	-	-
Balance as at the beginning of period	**-**	**-**
Impairment losses recognised as expense in the period	-	-
Impairment loss reversed and recognised as revenue in the period (-)	-	-
Impairment losses used (-)	-	-
Other changes	-	-
Impairment losses as at the end of the period	-	-
Carrying amount as at the end of the period	**10,184**	**8,792**

The Group did not recognise any impairment losses on loans.

9.4.1. Reclassification

The Group has not carried out any reclassification of financial assets that would lead to a change in the principles of measurement of such assets between the fair value and purchase price or amortised cost.

9.4.2. Derecognition from the statement of financial position

As at 31 December 2023, the Group held no financial asset whose reclassifications would qualify for derecognition from the statement of financial position.

9.5. Inventories

Accounting policies

Inventories are measured at the lower of purchase price/cost of manufacture and net realisable value. The purchase price or cost of manufacture comprise costs of purchase, costs of conversion and other costs incurred to bring the inventories to their present location and condition. Cost of manufacture of finished goods and work in progress includes all expenses directly attributable to the manufacturing process (mainly materials and labour) plus related production overheads, based on normal operating capacity. The following methods are used to measure the balance and disbursements of current tangible assets:

- *for inventories of materials – fixed book prices set at the level of purchase prices adjusted for deviations constituting the difference between the fixed book price and the actual purchase price. At the end of each month, deviations are allocated between materials consumed and materials remaining in stock. Deviations allocated to the stock of materials adjust the balance of materials in the statement of financial position to bring them up to the purchase price, trade goods are recognised at purchase price, finished products, semi-finished goods and products in progress are recorded at fixed book prices determined on the basis of the planned* *production cost, The difference between the planned cost and the actual cost is recorded in the account of deviations, which at the end of each month are allocated between the disbursement and stocks of finished goods, semi-finished goods and products in progress.In the statement of financial position, finished goods, semi-finished goods and products in progress are presented at their actual cost of manufacture. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Costs of manufacture do not include:*

- *costs resulting from idle production capacity and production losses,*
- *general and administrative expenses,*
- *storage costs of finished goods and semi-finished goods,*
- *product selling expenses.*

These costs affect the profit or loss of the reporting period in which they are incurred. The value of tangible current assets which have lost their utility characteristics or usefulness is determined no later than as at the reporting date at net realisable selling prices. The net selling price of an asset is a realisable value as at the reporting date, net of VAT and excise duty, less any rebates, discounts and any other similar reductions and costs incurred in connection with the adaptation of the asset for sale and the sale thereof, plus a specific subsidy. Revaluation write-downs on tangible current assets made in connection with their impairment and resulting from measurement at net sale price instead of at purchase (acquisition) price or cost of manufacture are recognised respectively as cost of the period. If the reason for the recognition of a revaluation write-down ceases to exist, the total or partial recovery of the inventory value is recognised as an increase in operating income not later than as at the reporting date.

Professional judgement and estimates

The Group estimates write-downs on inventories.

The Group recognised the following items of inventories in the consolidated financial statements:

	31 December 2023	31 December 2022
Materials	228,161	271,003
Finished goods	159,220	185,263
- products sold that may be subject to repurchase	*13,158*	*13,919*
Semi-finished products and work in progress	72,532	98,099
Goods	6,399	1,845
Total carrying amount of inventories	**466,312**	**556,210**

In 2023, the Group recognised costs of inventories sold and unallocated indirect production costs in the total amount of PLN 2,765,346 thousand (2022: PLN 2,991,438 thousand) in the consolidated statement of profit or loss, under operating activities. Impairment losses on inventories recognised in the consolidated statement of profit or loss, under operating expenses, amounted to PLN 8,405 thousand in 2023 (2022: PLN 2,944 thousand).

	31 December 2023	31 December 2022
Opening balance	9,402	9,093
Acquisition of control of a subsidiary	-	-
Impairment losses recognised as expense in the period	8,405	2,944
Impairment losses reversed in the period (-)	-2,098	-2,663
Other changes (net exchange differences)	14	28
As at the end of the period	**15,723**	**9,402**

As at 31 December 2023, inventories with the carrying amount of PLN 232,949 thousand (31 December 2022: PLN 219,521 thousand) were pledged as collateral for the Group's liabilities. For information on collateral, see Note 9.11.1.2

Type of collateral	Current period	Previous period
Registered pledge over a set of movables – inventories (materials, semi-finished products and work in progress and on finished products) of Wielton S.A.	195,500	135,500
Pledge over Lawrence David Limited's inventories (debenture)	37,449	84,021
Total:	**232,949**	**219,521**

9.6. Fair value of financial instruments

Changes in fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their fair values. Information on the fair value measurement of financial instruments is presented in the Group's most recent annual consolidated financial statements.

As at 31 December 2023, the Group did not hold any open derivative financial instruments.

Reclassification of financial assets

The Group has not carried out any reclassification of financial assets that would lead to a change in the principles of measurement of such assets between the fair value and purchase price or amortised cost.

A comparison of the carrying amount of financial assets and liabilities with their fair value is as follows:

Class of financial instrument	31 December 2023		31 December 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets:				
Loans	10,184	10,184	8,792	8,792
Trade and other receivables	407,860	407,860	491,396	491,396
Derivative financial instruments	-	-	-	-
Debt securities	-	-	-	-
Listed equity instruments	-	-	-	-
Unlisted equity instruments	-	-	-	-
Units of investment funds	-	-	-	-
Other classes of other financial assets	-	-	-	-
Cash and cash equivalents	90,568	90,568	116,342	116,342
Liabilities:				
Credit facilities	167,164	167,164	238,861	238,861
Overdraft facilities	210,390	210,390	152,196	152,196
Loans	58,707	58,707	88,149	88,149
Debt securities	17,411	17,411	59,216	59,216
Finance lease	69,242	69,242	68,723	68,723
Derivative financial instruments	-	-	805	805
Trade and other payables	584,760	584,760	653,479	653,479

9.7. Derivatives and hedges

Accounting policies

Derivatives used by the Group to hedge against interest rate and foreign exchange risks are primarily currency forward contracts. Such derivative financial instruments are measured at fair value. Derivative instruments are recognised as assets if their value is positive and as liabilities if their value is negative. Gains and losses on changes in the fair value of derivatives that do not qualify for hedge accounting are recognised directly in net profit or loss for the financial year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined on the basis of a valuation model taking into account observable market data, including in particular current forward interest rates.

When applying hedge accounting, hedges are classified as:

- *a fair value hedge against changes in fair value of a recognised asset or liability, or*
- *a cash flow hedge against cash flow changes attributable to a particular type of risk related to a recognised asset, liability, or a forecast transaction, or*
- *a hedge of a net investment in a foreign operation.*

A hedge against the currency risk related to a firm commitment is accounted for as a cash flow hedge. At the inception of the hedge, the Group formally designates and documents the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk. The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated. If contractual terms of a financial liability are modified in a way that does not result in derecognition of the existing liability, the gain or loss is immediately recognised in profit or loss at an amount equal to the difference between the present value of modified and original cash flows, discounted using the original effective interest rate.

Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction and could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, and the ineffective portion is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affect profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the gains or losses that were recognised in other comprehensive income are reclassified from equity to profit or loss in the same period or periods during which the non-financial asset acquired or non-financial liability assumed affect profit or loss.

Gains or losses from changes in fair value of derivative instruments that do not comply with the hedge accounting criteria are recognised directly in profit or loss for the current period.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting. In this case, the cumulative gain or loss on the hedging instrument recognised in other comprehensive income and accumulated in equity remain separately recognised in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gain or loss accumulated in equity are recognised in profit or loss for the current period.

9.7.1. Trading derivatives

The Group uses derivatives to minimise the currency risk related to some of its purchase and sale transactions. Some derivatives, although economically hedging the Group against currency risk, do not formally constitute a hedge as defined in IFRS 9, therefore they are treated as held-for-trading instruments (trading derivatives).

All derivatives are measured at fair value, determined based on market data (exchange rates and interest rates). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group did not measure financial assets and liabilities – their carrying amount is considered by the Group to be a reasonable approximation of their fair value.

Hedge accounting

The Group manages the risk of changes in cash flows resulting from foreign currency transactions through FX Forward derivatives, FX Swap transactions and, in special cases, other financial instruments, such as loans. The economic effect of using these instruments is hedging the risk of foreign exchange rate fluctuations. The Group establishes hedging relationships (cash flow hedges) in order to reduce the impact of fluctuations in the measurement of financial instruments on its profit or loss resulting from changes in foreign exchange rates.

The Group, as part of its Currency Risk Management Policy, has defined the level of hedging as a system of internal limits (risk appetite) taking into account the volatility of foreign exchange rates in the market determining the level of maximum net exposure as open and has set a maximum level of deviation of foreign exchange rates on a daily or monthly basis. The remaining exposure is mandatorily hedged. Unless otherwise specified in the relevant strategy, up to 100% of the open position may be hedged.

Currency risk related in particular to EUR/PLN and GBP/PLN currency pairs may be hedged.

At 31 December 2023, the Group’s portfolio did not include open forward contracts.

The Group has a long currency position in EUR from operating activities resulting from the surplus of sales revenue in EUR or indexed to EUR/PLN exchange rate over operating expenses incurred in EUR or indexed to EUR/PLN exchange rate.

The Group assumes that in the future the surplus of sales revenue in EUR over the expenses incurred in EUR will be maintained or that the surplus will increase as a result of growth of the Group's business in Western Europe.

Using its natural hedging strategy as an instrument to limit its exposure to currency risk, the Group also obtains financing in the currency corresponding to its long currency position from operating activities.

In order to reflect in the financial statements the manner in which financing in a foreign currency reduces the currency exposure, the Group establishes a hedging relationship in the cash flow hedge model.

The essence of the hedge is to neutralise the impact of foreign exchange differences on the repayment of financing in EUR in connection with foreign exchange differences on sales revenue, and then to present the hedging effect in finance income/costs.

In the reporting period, the hedging instrument are future cash flows from repayment of principal instalments on credit liabilities in EUR, hedging future revenue denominated in EUR in the amount of EUR 34,047 thousand.

Under the relationship established, the forecast transactions will take place and will affect the net profit or loss in the periods of repayment of particular credit and liability instalments, i.e. from February 2024 to December 2025.

Cumulative foreign exchange differences on measurement of the above hedging instrument in the amount of PLN 1,301 thousand (PLN 247 thousand net of deferred income tax) (decrease in equity) were recognised in the consolidated statement of financial position under “Other components of equity”.

In the period covered by these financial statements, the amount of PLN 3,790 thousand, accumulated in equity, was reclassified as an increase of the net profit (PLN 714 thousand net of deferred income tax).

9.8. Cash

Accounting policies

Cash and cash equivalents comprise cash in hand and cash at banks, demand deposits and highly liquid short-term investments (with maturities up to 3 months), that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

	31 December 2023	**31 December 2022**
Bank accounts	62,407	74,619
Foreign currency bank accounts	10,606	31,985
Cash in hand	1,323	124
Short-term deposits	16,168	9,552
Other cash and cash equivalents	64	62
Cash and cash equivalents	**90,568**	**116,342**

As at 31 December 2023, the Group held restricted cash in the following amount: PLN 189 thousand.

For the purpose of preparing a statement of cash flows, the Group classifies cash in the manner applied to the presentation in the statement of financial position.

9.9. Non-current assets held for sale and discontinued operations

Accounting policies

Non-current assets (groups of non-current assets) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use of the asset. That condition is met only if an asset (or a group of assets) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets, and its sale is highly probable within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Some of the Group's non-current assets classified as held for sale (e.g. financial assets or deferred tax assets) continue to be measured in accordance with the same accounting policy that applied to them before they were reclassified as non-current assets held for sale. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

As at 31 December 2023, the Group held no assets classified as Non-current assets held for sale.

9.10. Equity

Accounting policies

Share capital represents the nominal value of shares that have been issued, as specified in the Parent Company's articles of association and the relevant entry in the National Court Register.

Shares in the Parent Company acquired and held by the Parent Company or by other consolidated subsidiaries are deducted from equity. Treasury shares are measured at cost.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other components of equity may include the following:

- *share-based payment reserve, and*
- *other comprehensive income accumulated in equity, including:*
- *fair value measurement of property, plant and equipment (see section on property, plant and equipment),*
- *measurement of available-for-sale financial assets (see section on financial instruments),*
- *measurement of cash-flow hedges (see section on hedge accounting),*
- *exchange differences on translating foreign operations (see section on foreign currency transactions),*
- *share of comprehensive income of equity-accounted entities (see section on investments in associates).*

Retained earnings include all current and prior period retained profits (including the amounts transferred to reserves pursuant to resolution of the General Meeting). All transactions with owners of the Parent Company are presented separately in the "Consolidated statement of changes in equity". For each period, earnings per share are computed as the quotient of the net profit attributable to shareholder of the parent company for the period and the weighted average number of shares in the reporting period.

9.10.1. Share capital

As at 31 December 2023, the share capital of Wielton S.A. amounted to PLN 12,075 thousand and was divided into 60,375,000 shares with a par value of PLN 0.20 per share. All the shares have been fully paid-up. There were no changes in the Company's equity in 2023. All shares equally participate in dividend, and each share carries the right to one vote at the General Meeting of the Company.

	31 December 2023	31 December 2022
Shares issued and fully paid:		
Number of shares at the beginning of the period	60,375,000	60,375,000
Issue of shares for share-based payment programme	-	-
Issue of shares	-	-
Cancellation of shares (-)	-	-
Number of shares at the end of the period	60,375,000	60,375,000

9.10.2. Ownership structure of the share capital

The structure of shareholders holding, either directly or indirectly, 5% or more of voting rights in Wielton S.A. as at 31 December 2023 and the date of submission of these financial statements is presented in the table below:

	Number of shares / number of votes at the GM	% of total voting rights and share capital
MP Inwestors S.a r.l. *	22,714,618	37.62%
MPSZ Sp. z o.o.**	8,058,300	13.35%
Łukasz Tylkowski	5,870,018	9.72%
VESTA FIZ Aktywów Niepublicznych together with a subsidiary***	3,536,505	5.86%
Other	20,195,559	33.45%
Total number of shares	**60,375,000**	**100.00%**

** MP Inwestors S.a r.l. is a subsidiary of Forum 109 Fundusz Inwestycyjny Zamknięty (the sole shareholder of MP Inwestors S.à.r.l.).*
The holders of all investment certificates issued by Forum 109 Fundusz Inwestycyjny Zamknięty are Mariusz Szataniak and Paweł Szataniak.
Mariusz Szataniak and Paweł Szataniak also hold 50% of the shares in MPSz sp. z o.o. each and represent its entire management board.
Mariusz Szataniak and Paweł Szataniak as well as MP Inwestors S.à r.l. and MPSz sp. z o.o. are parties to a cooperation agreement which has the nature of an agreement within the meaning of Article 87(1)(5) and (6) of the Public Offering Act (...) concerning shares in Wielton S.A. ("Agreement"). According to the Agreement:
- MP Inwestors S.à r.l. shall have, among other things, the right to exercise voting rights attached to all shares in the share capital of MPSz sp. z o.o. and to appoint and dismiss the majority of the members of the management board of MPSz sp. z o.o., thus being the parent company of MPSz sp. z o.o. within the meaning of the Act on Public Offering (...),
- MPSz sp. z o.o. is obliged to exercise the voting rights attached to its shares in Wielton S.A. at general meetings of Wielton S.A. in accordance with the instructions given by MP Inwestors S.à r.l.
*** Forum 109 Fundusz Inwestycyjny Zamknięty being the parent - sole shareholder of MP Inwestors S.à r.l. and VESTA FIZ Aktywów Niepublicznych are funds managed by the same investment fund company - Forum TFI S.A.*

Accordingly, the holdings of the Company's shares by shareholders who also hold them **indirectly** as at 31 December 2023 and as at the date of submission of these statements, i.e. 25 April 2024, were as follows: MP Inwestors S.à r.l. holds, directly and indirectly (through MPSz sp. z o.o., due to the fact that MP Inwestors S.à r.l. is the parent entity of MPSz sp. z o.o.) a total of 30,772,918 shares in the Company, representing 50.97% of the Company's share capital, carrying 30,772,918 votes, representing 50.97% of the total number of votes in the Company, Forum 109 Fundusz Inwestycyjny Zamknięty holds indirectly (through MP Inwestors S.à r.l.) 30,772,918 shares in the Company, representing 50.97% of the Company's share capital, carrying 30,772,918 votes, representing 50.97% of the total number of votes in the Company, Mariusz Szataniak and Paweł Szataniak hold jointly indirectly through the subsidiary MPSz sp. z o.o. 8,058,300 shares in the Company representing 13.35% of the Company's share capital, carrying 8,058,300 votes, representing 13.35% of the total number of votes in the Company, and are also holders of all investment certificates issued by Forum 109 Fundusz Inwestycyjny Zamknięty, which indirectly holds 30,772,918 shares in the Company, representing 50.97% of the Company's share capital, carrying 30,772,918 votes, representing 50.97% of the total number of votes in the Company (whereby this holding includes 22,714,618 shares held by MP Inwestors S.à r.l. and the aforementioned 8,058,300 shares held by MPSz sp. z o.o.),funds managed by Forum TFI S.A. (Forum 109 Fundusz Inwestycyjny Zamknięty and VESTA FIZ Aktywów Niepublicznych) hold a total of 34,309,423 shares in the Company directly and indirectly, representing 56.83% of the Company's share capital, carrying 34,309,423 votes, representing 56.83% of the total number of votes in the Company.

Wielton S.A. is not aware of any agreements, including those concluded after the balance sheet date, which may result in future changes in the proportion of shares held by existing shareholders, with the exception of the pledge agreement referred to below.

Information on pledges established over shares in the Company The shares held directly by MP Inwestors S.à r.l., are subject to a pledge - according to the notice provided to the Company by this entity, dated 11 August 2022, a registered pledge and financial pledge agreement on the shares was concluded between MP Inwestors S.à r.l., as pledgee, and Bank Polska Kasa Opieki Spółka Akcyjna, as pledgor, pursuant to which a financial pledge and a registered pledge were established on 22,714,618 shares of the Company held by MP Inwestors S.à r.l. The pledgee continues to have the right to vote attached to the aforementioned shares of the Company, while the pledgor has the right to exercise voting rights based on the power of attorney granted by MP Inwestors S.à r.l. upon the occurrence of a so-called event of default within the meaning of the credit facility agreement concluded on 10 August 2022 between MP Inwestors S.à r.l. and Bank Polska Kasa Opieki Spółka Akcyjna. Share premium. In 2023, members of the Wielton Group did not issue securities.

WIELTON GROUP

9.10.3. Other components of equity

Figures as at 31 December 2023

	Revaluation of property, plant and equipment	Available-for-sale financial assets	Cash flow hedges	Actuarial gains/losses	Exchange differences on translating foreign operations	Share of other comprehensive income of equity-accounted entities	Total other comprehensive income	Share-based payment reserve	Accounting for transactions within the group	Total other components of equity
Balance as at the beginning of period	**-36,668**	**-**	**-13,878**	**-**	**15,160**	**-**	**-35,386**	**-**	**9,939**	**-25,447**
Issue of shares in connection with execution of options (payment in shares programme)	-	-	-	-	-	-	-	-	-	-
Revaluation of property, plant and equipment	-	-	-		-	-	-	-	-	-
Other comprehensive income before tax	-	-	13,877	-	-24,317	-	- 10,440	-	-	-10,440
Income tax on other comprehensive income (-)	-	-	-2,637	-	-	-	-2,637	-	-	-2,637
Reclassification of other comprehensive income to retained earnings (-)	-	-	-	-	-	-	-	-	-	-
Valuation of obligation to repurchase remaining shares	-	-	-	-	-	-	-	-	-3,529	-3,529
Change in group structure	-	-	-	-	-	-	-	-	-	-
Balance as at the end of period	**-36,668**		**-2,638**	-	**- 9,157**	-	**-48,463**	-	**6,410**	**-42,053**

Figures as at 31 December 2022

	Revaluation of property, plant and equipment	Available-for-sale financial assets	Cash flow hedges	Actuarial gains/losses	Exchange differences on translating foreign operations	Share of other comprehensive income of equity-accounted entities	Total other comprehensive income	Share-based payment reserve	Accounting for transactions within the group	Total other components of equity
Balance as at the beginning of period	**-37,112**	**-**	**-14,003**	**-**	**22,010**	**-**	**-29,105**	**-**	**-445**	**-29,550**
Issue of shares in connection with execution of options (payment in shares programme)	-	-	-	-	-	-	-	-	-	-
Revaluation of property, plant and equipment	444	-	-		-	-	444	-	-	444
Other comprehensive income before tax	-	-	154	-	- 6,850	-	- 6,696	-	-	-6,696
Income tax on other comprehensive income (-)	-	-	-29	-	-	-	-29	-	-	-29
Reclassification of other comprehensive income to retained earnings (-)	-	-	-	-	-	-	-	-	-	-
Valuation of obligation to repurchase remaining shares	-	-	-	-	-	-	-	-	-11,995	-11,995
Change in group structure	-	-	-	-	-	-	-	-	22,379	22,379
Balance as at the end of period	**-36,668**		**-13,878**	-	**15,160**	-	**-35,386**	-	**9,939**	**-25,447**

9.10.4. Dividends

On 2 June 2023, the Management Board of Wielton S.A. adopted a resolution to recommend to the Company's Annual General Meeting the distribution of the net profit of PLN 72,689,689.42 earned by the Company in 2022, in the following manner:

- the amount of PLN 30,000,000 was to be allocated to increase the capital reserve to finance the acquisition of treasury shares by the Company,
- the amount of PLN 42,689,689.42 was to be allocated to the supplementary capital.

To support the above resolution, the Management Board of Wielton S.A. indicated that, taking into account the current as well as the expected macroeconomic and market situation resulting from changes in the geopolitical situation, the increase in the prices of energy, raw materials and components used in the manufacture of the Company's products, as well as the restrictions resulting from Russia's invasion of Ukraine and the associated sanctions, which have translated into significant turbulence in supply chains, the allocation of part of the net profit to supplementary capital will ensure, by keeping the funds earned within the Company, the implementation of investment plans focused on automation and robotisation of processes, vertical integration and digitalisation, as well as new technologies, and will ensure the maintenance of a safe net debt/EBITDA ratio. On the other hand, the creation of capital reserves is intended to provide funding for future share buybacks as a form of profit distribution. On 2 June 2023, the Supervisory Board of the Company adopted a resolution in which it stated that it takes a positive view of the Management Board's proposal indicated above.

The final decision on the allocation of the Company's net profit for 2022 was taken by the Annual General Meeting of Wielton S.A. on 29 June 2023.

The Annual General Meeting of Wielton S.A. passed a resolution on the distribution of profit for the financial year covering the period from 1 January 2022 to 31 December 2022, according to which it was decided to allocate the net profit of PLN 72,689,689.42:

- in the amount of PLN 24,150,000.00 – to payment of the dividend for the Company's shareholders (i.e. PLN 0.40 per share);
- the amount of PLN 30,000,000.00 was allocated to capital reserves to finance the acquisition of treasury shares by the Company;
- in the amount of PLN 18,539,689.42 – to supplementary capital.

According to the resolution, the dividend date was set for 2 August 2023. The dividend was distributed in two tranches: the first tranche was distributed on 7 August 2023 in the amount of PLN 6,037,500.00 (i.e. PLN 0.10 per share), and the second tranche was distributed on 2 November 2023 in the amount of PLN 18,112,500.00 (the amount of dividend per share in the second tranche is PLN 0.30).

The Company published information on the recommendation of the Management Board and the opinion of the Supervisory Board of Wielton S.A. in current report No 8/2023 of 2 June 2023, and information on the resolution of the Annual General Meeting in current reports No 10/2023 and 11/2023 of 29 June 2023.

9.10.5. Non-controlling interests

Accounting policies

Transactions with non-controlling interests are accounted for through equity (retained earnings), in accordance with the provisions of IFRS 10.

Non-controlling interests disclosed in the Group's equity relate to the following subsidiaries:

	31 December 2023	31 December 2022
Langendorf	2,601	4,802
Guillén	5,617	6,146
Aberg Axles	-560	-301
Aberg Connect	175	11
Total non-controlling interests	**7,833**	**10,657**

In the reporting period of these consolidated financial statements, non-controlling interests changed as a result of transactions which affected the Group's structure, and as a result of settlement of a portion of comprehensive income attributable to non-controlling interests, as shown in the table below:

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Balance as at the beginning of period	**10,657**	**25,642**
Change in the Group's structure (transactions with non-controlling interests)	-	-23,124
Acquisition of control – initial recognition of non-controlling interest (+)	-	-
Disposal of subsidiaries outside the Group – settlement of non-controlling interest (-)	-	-
Acquisition of non-controlling interest by the Group (-)	-	6,175
Ownership interests disposed of by the Group to non-controlling interest, with no loss of control (+)	-	-
Comprehensive income:		
Net profit/(loss) for period (+/-)	-1,902	150
Other comprehensive income for period (after tax) (+/-)	-922	1,814
Other changes	-	-
Non-controlling interest as at the end of period	**7,833**	**10,657**

9.11. Financial liabilities

Accounting policies

Financial liabilities other than derivative hedging instruments are presented in the statement of financial position under the following items:

- *credits, loans, other debt instruments,*
- *finance leases,*
- *trade and other payables and*
- *derivative financial instruments.*

Following initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated as measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss include derivatives other than designated as hedging instruments.

Short-term trade payables are measured at amounts expected to be paid, as the effect of discounting future outflows would be negligible. Any gains or losses on measurement of financial liabilities are recognised in profit or loss under financing activities.

In the consolidated statement of financial position, financial liabilities are presented in the following IFRS 9 measurement categories:

- *financial liabilities measured at fair value through profit or loss – held for trading (LFVTPL-T),*
- *financial liabilities at fair value through profit or loss – designated as such upon initial recognition (LFVTPL-D),*
- *financial liabilities measured at amortised cost (LAC),*
- *derivative hedging instruments (DHI),*
- *liabilities not included in IFRS 9.*

Figures as at 31 December 2023

	LFVTPL-T	LFVTPL-D	LAC	DHI	Non-IFRS 9	Total
Non-current financial liabilities	**-**	**-**	**176,179**	**-**	**57,721**	**233,900**
Credit, loans and other debt instruments (long-term)	-	-	142,131	-	-	142,131
Leases (long-term)	-	-	-	-	49,989	49,989
Other liabilities	-	-	34,048	-	7,732	41,780
Current financial liabilities	**-**	**-**	**896,301**	**-**	**100,340**	**996,641**
Trade and other payables	-	-	584,760	-	81,087	665,847
Credit, loans and other debt instruments (short-term)	-	-	311,541	-	-	311,541
Leases (short-term)	-	-	-	-	19,253	19,253
Derivative financial instruments	-	-	-	-	-	-
Total financial liabilities	**-**	**-**	**1,072,480**	**-**	**158,061**	**1,230,541**

Figures as at 31 December 2022

	LFVTPL-T	LFVTPL-D	LAC	DHI	Non-IFRS 9	Total
Non-current financial liabilities	**-**	**-**	**246,232**	**-**	**57,264**	**303,496**

Credit, loans and other debt instruments (long-term)	-	-	216,939	-	-	216,939
Leases (long-term)	-	-	-	-	50,211	50,211
Other liabilities	-	-	29,293	-	7,053	36,346
Current financial liabilities	**-**	**-**	**974,962**	**805**	**126,897**	**1,102,664**
Trade and other payables	-	-	653,479	-	108,385	761,864
Credit, loans and other debt instruments (short-term)	-	-	321,483	-	-	321,483
Leases (short-term)	-	-	-	-	18,512	18,512
Derivative financial instruments	-	-	-	805	-	805
Total financial liabilities	**-**	**-**	**1,221,194**	**805**	**184,160**	**1,406,159**

9.11.1. Credits, loans, other debt instruments

Accounting policies

The Group does not classify any instruments in the credits and loans category as financial liabilities carried at fair value through profit or loss. All credits, loans and other debt instruments are measured at amortised cost using the effective interest rate.

The table below presents the value of credit, loans and other debt instruments recognised in the consolidated financial statements:

Long-term liabilities	**31 December 2023**	**31 December 2022**
Financial liabilities at amortised cost		
Credit facilities	122,503	174,702
Overdraft facilities	-	-
Long-term loans	19,628	42,237
Debt securities	-	-
Total long-term credits, loans and other debt instruments	**142,131**	**216,939**

Short-term liabilities	**31 December 2023**	**31 December 2022**
Financial liabilities at amortised cost		
Credit facilities	44,661	64,159
Overdraft facilities	210,390	152,196
Short-term loans	39,079	45,912
Debt securities	17,411	59,216
Short-term credits, loans and other debt instruments	**311,541**	**321,483**

9.11.1.1. Characteristics of credits, loans and other debt instruments

Figures as at 31 December 2023

Item	Currency	Interest rate	Due date	Value in the currency	Value in PLN	Short-term portion	Long-term portion
Consortium of BNP Paribas Bank Polska S.A.; BGK; PKO BP S.A.:			12.12.2025	515,000			
- overdraft facilities in PLN, EUR	PLN	1M WIBOR + margin, 3M WIBOR + margin	13.12.2024 12.12.2025		199,982	199,982	-
- credit facility in EUR	EUR	fixed interest rate	12.12.2025		90,284	19,150	71,134
- credit facility in EUR	EUR	3M EURIBOR + margin	12.12.2025		57,022	11,888	45,134
PKO BP S.A., working capital facility	PLN	1M WIBOR + margin	05.04.2024	-	7,506	7,506	-
KUKE Finance S.A., recourse factoring	GBP	SONIA + margin	unspecified	60,000	17,411	17,411	-
Caisse d'Epargne, investment loan	EUR	margin	05.09.2027	3,000	6,570	1,788	4,782
Bpifrance DOS0062629/00, investment loan	EUR	margin	31.05.2025	1,581	2,750	1,752	998
Bpifrance DOS0078400/00, investment loan	EUR	margin	31.10.2025	1,581	2,750	1,398	1,352
BNP Paribas, investment loan	EUR	margin	08.11.2029	3,860	14,197	2,410	11,787
BNP Paribas, working capital facility	EUR	margin	unspecified	10,000	24,197	24,197	-
Caisse d'Epargne, working capital facility	EUR	margin	12.2023	2,000	-	-	-
Bpifrance, factoring	EUR	Margin	30.10.2024	3,000	-	-	-
Sparkasse VEST bank overdraft	EUR	margin	unspecified	800	1,007	1,007	-
Sparkasse VEST investment loan	EUR	margin	30.11.2024	1,100	526	526	-
Sparkasse VEST working capital facility	EUR	margin	unspecified	100	369	369	-
Sparkasse VEST investment loan	EUR	margin	30.01.2025	1,200	356	342	14
Sparkasse VEST investment loan	EUR	margin	30.10.2026	750	600	206	394
Sparkasse VEST, working capital facility (business support loan)	EUR	margin	30.06.2025	2,000	2,174	2,174	-
National Bank working capital facility	EUR	margin	unspecified	2,000	8,679	8,679	-
GEFA, stock financing	EUR	margin	unspecified	650	2,611	2,611	-
Deutsche Factoring Bank, factoring	EUR	margin	unspecified	600	353	353	-
BBVA, investment loan	EUR	margin	22.04.2027	600	1,774	501	1,273
CDTI, investment loan	EUR	margin	31.07.2028	684	2,289	458	1,831
CDTI, investment loan	EUR	margin	12.02.2027	273	640	183	457
IBERCAJA, investment loan	EUR	margin	23.09.2027	500	1,374	361	1,013
BBVA, investment loan	EUR	margin	21.01.2025	1,300	1,239	1,143	96
IBERCAJA, working capital facility	EUR	margin	unspecified	1,000	-	-	-
Bankinter, working capital facility	EUR	margin	unspecified	1,000	-	-	-
Caixbank, working capital facility	EUR	margin	unspecified	1,300	3,044	3,044	-
Caixbank, investment loan	EUR	margin	25.11.2027	197	695	165	530
Caixabank, investment loan	EUR	margin	01.07.2028	129	513	112	401
IBERCAJA, investment loan	EUR	margin	17.10.2028	183	784	150	634
HSBC HP, investment loan	GBP	margin	01.01.2025	1,674	1,976	1,675	301
Total					**453,672**	**311,541**	**142,131**

Figures as at 31 December 2022

Item	Currency	Interest rate	Due date	Value in the currency	Value in PLN	Short-term portion	Long-term portion
Consortium of BNP Paribas Bank Polska S.A.; BGK; PKO BP S.A.:			12.12.2025	515,000			
- overdraft facilities in PLN, EUR	PLN	1M WIBOR + margin, 3M WIBOR + margin	14.12.2023		144,371	144,371	-
- credit facility in EUR	EUR	fixed interest rate	12.12.2025		118,145	20,702	97,443
- credit facility in EUR	EUR	3M EURIBOR + margin	12.12.2025		28,128	4,872	23,256
- credit facility in PLN	PLN	3M WIBOR + margin	12.12.2025		46,019	8,076	37,943
PKO BP S.A., working capital facility	PLN	1M WIBOR + margin	05.04.2024	30,000	29,994	22,550	7,444
KUKE Finance S.A., recourse factoring	PLN	SONIA + margin	unspecified	60,000	59,216	59,216	-
Caisse d'Epargne, investment loan	EUR	margin	05.09.2027	3,000	8,958	1,928	7,030
Bpifrance DOS0062629/00, investment loan	EUR	margin	30.09.2025	1,581	4,449	1,533	2,916
Bpifrance DOS0078400/00, investment loan	EUR	margin	31.10.2025	1,581	4,449	1,524	2,925
BNP Paribas, investment loan	EUR	margin	31.10.2029	3,860	17,888	2,600	15,289
BNP Paribas, working capital facility	EUR	margin	unspecified	10,000	30,451	30,451	-
Sparkasse VEST working capital facility	EUR	margin	unspecified	800	-	-	-
Sparkasse VEST investment loan	EUR	margin	30.11.2024	1,100	1,194	437	757
Sparkasse VEST working capital facility	EUR	margin	unspecified	100	17	17	-
Sparkasse VEST investment loan	EUR	margin	30.01.2025	1,200	751	346	405
Sparkasse VEST investment loan	EUR	margin	30.10.2026	750	869	207	662
Sparkasse VEST, working capital facility (business support loan)	EUR	margin	30.06.2025	2,000	4,690	2,345	2,345
National Bank working capital facility	EUR	margin	unspecified	2,000	7,455	7,455	-
GEFA, stock financing	EUR	margin	unspecified	650	726	726	-
Deutsche Factoring Bank, factoring	EUR	margin	unspecified	600	353	353	-
BBVA, investment loan	EUR	margin	22.04.2027	600	2,448	554	1,894
CDTI, investment loan	EUR	margin	31.07.2028	490	2,961	495	2,466
CDTI, investment loan	EUR	margin	12.02.2027	273	888	197	691
IBERCAJA, investment loan	EUR	margin	23.09.2027	500	1,868	386	1,482
BBVA, investment loan	EUR	margin	21.01.2025	1,300	2,563	1,225	1,338
IBERCAJA, working capital facility	EUR	margin	unspecified	1,000	3,517	3,517	-
Bankinter, working capital facility	EUR	margin	unspecified	1,000	-	-	-
Caixbank, working capital facility	EUR	margin	unspecified	1,300	1,407	1,407	-
Caixbank, investment loan	EUR	margin	14.11.2027	200	923	177	746
Caixbank, non-recourse factoring	EUR	margin	unspecified	1,000	-	-	-
HSBC, working capital facility	GBP	base rate + margin	09.2023	1,000	-	-	-
HSBC HP, investment loan	GBP	margin	31.03.2025	3,674	13,724	3,816	9,908
Total					**538,422**	**321,483**	**216,939**

9.11.1.2. Assets pledged as collateral for liabilities

The following collateral has been established for the Group's liabilities on account of credits, loans, other debt instruments and finance lease agreements (as at 31 December 2023):

Type of collateral	31 December 2023	31 December 2022
Joint contractual mortgage on property	772,500	772,500
Joint contractual mortgage on property	45,000	45,000
Registered pledge over a set of movables – machinery and equipment of Wielton S.A. located: at ul. Żołnierzy Niezłomnych 10A, 98-300 Wieluń; at ul. Fabryczna 8, 98-300 Wieluń and at ul. Rymarkiewicz 6, 98-300 Wieluń.	91,336	70,355
Registered pledge over a set of movables – inventories (materials, semi-finished products and work in progress and on finished products) of Wielton S.A.	195,500	135,500
Assignment of Wielton S.A.'s rights under Commercial Agreements	162,625	95,500
Pledge over all shares in Langendorf held by Wielton S.A.	21,915	21,915
Pledge over shares in Fruehauf held by Wielton S.A. and over the dividend account maintained for Wielton S.A. (agreement of 14 December 2018)	93,568	93,568
Pledge over all shares in Viberti Rimorchi held by Wielton S.A. of 11 January 2019	42	42
Pledge over all shares in Lawrence David Limited held by Wielton S.A. (agreement of 14 December 2018)	130,027	131,458
Subordination agreement of 31 January 2019	19,566	28,217
Pledge over all shares in OOO WIELTON held by Wielton S.A. (agreement of 29 April 2019)	116	116
BGK guarantee	64,000	24,000
KUKE guarantee	48,000	48,000
Mortgage over Wirrigen property	13,335	14,384
Mortgage over Bahnhofstrasse property	13,479	14,539
KfW surety	2,174	4,690
Pledge over business and mortgages over Lawrence David's Lawrence David (debenture)	168,780	292,387
Total	**1,841,963**	**1,792,171**

As at 31 December 2023, the following assets of the Group were pledged as collateral for liabilities:

	31 December 2023	31 December 2022
Intangible assets	32,443	34,492
Property, plant and equipment, including leased assets	330,633	250,404
Financial assets (other than receivables)	245,668	247,099
Inventories	232,949	219,521
Trade and other receivables	196,986	211,701
Total carrying amount of assets pledged as collateral	**1,038,679**	**963,217**

As at 31 December 2023, the Group did not violate any contractual terms and conditions of credits, loans or other debt instruments, or received no information about their violation.

9.11.1.3. Lease liabilities

Professional judgement and estimates

In 2023, the Group did not change its estimate of the lease terms.

The following table presents future minimum lease payments due as at 31 December 2023:

Figures as at 31 December 2023

	up to 1 year	1 to 5 years	more than 5 years	Total
Future minimum lease payments	20,774	53,101	4,278	78,153
Finance costs (-)	-1,521	-4,697	-2,693	-8,911
Present (reporting) value of future minimum lease payments	**19,253**	**48,404**	**1,585**	**69,242**

Figures as at 31 December 2022

	up to 1 year	1 to 5 years	more than 5 years	Total
Future minimum lease payments	19,048	52,461	6,345	77,854
Finance costs (-)	-536	-4,554	-4,042	-9,132
Present (reporting) value of future minimum lease payments	**18,512**	**47,907**	**2,303**	**68,722**

Leases in the scope of IFRS 16 are described in Note 9.1.4

9.11.2. Trade and other payables

9.11.2.1. Long-term trade and other payables

	31 December 2023	31 December 2022
Deposits received	15	29,293
Other financial liabilities	34,033	
Other long-term liabilities excluding accruals	**34,048**	**29,293**
Long-term accruals	7,732	7,052
Long-term trade and other payables	**41,780**	**36,345**

9.11.2.2. Short-term trade and other payables

	31 December 2023	31 December 2022
Financial liabilities (IFRS 9):		
Trade payables	582,014	651,330
Other financial liabilities	2,746	2,149
Total financial liabilities	**584,760**	**653,479**
Non-financial liabilities (non-IFRS 9):		
Taxes and other considerations	26,108	52,286
Prepayments and advances for deliveries received	26,555	30,855
Other non-financial liabilities	674	22
Liabilities in respect of expected returns	13,240	15,151
Short-term accruals and deferred income	14,510	10,071
Total financial liabilities	**81,087**	**108,385**
Total trade and other payables	**665,847**	**761,864**

The carrying amount of trade payables is considered to be a reasonable approximation of their fair value.

9.11.2.2.1. Accruals and deferred income

Accounting policies

The liabilities line item "Accruals and deferred income" includes deferred income, including cash received to finance fixed assets, accounted for under IAS 20 "Accounting for government grants", and accrued expenses. Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grant will be received. When a grant relates to a cost item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. A grant related to an asset is recognised as income in the consolidated statement of profit or loss on a systematic basis, over the periods and in the proportions in which depreciation on those assets is charged. For presentation purposes, instead of deducting the grant from the asset's carrying amount, the Group presents it in the consolidated statement of financial position as deferred income, under "Deferred income".

Figures as at 31 December 2023

Accruals and deferred income	Short-term	Long-term	Total
Liabilities – accruals and deferred income:			
Grants received	14,389	3,274	17,663
Other accruals and deferred income	121	4,458	4,579
Total accruals and deferred income	**14,510**	**7,732**	**22,242**

Figures as at 31 December 2022

Accruals and deferred income	Short-term	Long-term	Total
Liabilities – accruals and deferred income:			
Grants received	9,842	2,260	12,102
Other accruals and deferred income	229	4,792	5,021
Total accruals and deferred income	**10,071**	**7,052**	**17,123**

As at 31 December 2023, "Grants received" comprised:

- a grant from the National Centre for Research and Development for the project "Development of technology for production of a complete semi-trailer for food transport in refrigerated conditions with improved technical parameters", in the short-term portion amounting to PLN 334 thousand and in the long-term portion amounting to PLN 4,458 thousand;
- co-financing of the project entitled: "Development of production technology and production system of a semi-trailer of the van-chiller type for transport of goods in refrigerated conditions under the INNOMOTO Sector Programme, financed from Measure 1.2 "Sectoral R&D programmes" POIR 2014-2020, in the short-term portion amounting to PLN 5,324 thousand;
- co-financing of the project entitled: "Development of the technology of hydroforming selected elements of a semi-trailer in order to design an innovative INNFLEXTRAILER semi-trailer", financed from Measure 1.2 of the Smart Growth Operational Programme 2014–2020, in the short-term portion amounting to PLN 8,605 thousand.

9.12. Deferred tax liabilities

For a description of the item see Note 7.8.2.

9.13. Employee benefit obligations and provisions

Accounting policies

Employee benefit obligations reported in the consolidated statement of financial position include:

- *short-term employee benefits from remuneration and social security contributions. Short-term employee benefit obligations are measured at the undiscounted amounts and reported in the consolidated statement of financial position at amounts due.*
- *provision for the costs of accumulating compensated absences which the Group will be required to incur as a result of the unused holiday entitlement as at the reporting date. The provision for unused holiday entitlement is not discounted.*

The Group does not recognise any provision for length-of-service awards, as remuneration rules applicable in the Group do not provide for such awards. In accordance with the remuneration systems in the Group, employees of the Group Companies are entitled to retirement severance pays. The amount of retirement severance pays depends on the number of years in service and the average monthly remuneration. The Group recognises a provision for future retirement severance pay obligations in order to allocate costs to the periods in which the benefits become vested. According to IAS 19, retirement severance pays are classified as other long-term employee benefits. The present value of future retirement severance pay obligations is assessed by an independent actuary or internally by the respective Company in accordance with IAS 19. The calculated value of the provisions is equal to the amount of discounted future payments and relates to the period until the reporting date. Information on demographics and employment turnover is sourced from historical data. The effects of measurement of future retirement severance pay obligations are recognised in profit or loss, under remuneration costs.

Professional judgement and estimates

Provisions for employee benefits are determined using actuarial valuations.

Employee benefit liabilities and provisions included on the consolidated statement of financial position are as follows:

Figures as at 31 December 2023

Liabilities and provisions	Short-term	Long-term	Total
Short-term employee benefits	**56,528**	**-**	**56,528**
Wages and salaries	15,663	-	15,663
Social security liabilities	27,572	-	27,572
Provision for unused holiday	13,293	-	13,293
Long-term employee benefits	**-**	**7,587**	**7,587**
Provisions for retirement severance pays	-	7,587	7,587
Total employee benefits	**56,528**	**7,587**	**64,115**

Figures as at 31 December 2022

Liabilities and provisions	Short-term	Long-term	Total
Short-term employee benefits	**62,519**	**-**	**62,519**
Wages and salaries	14,503	-	14,503
Social security liabilities	26,560	-	26,560
Provision for unused holiday	21,456	-	21,456
Long-term employee benefits	**-**	**6,212**	**6,212**
Provisions for retirement severance pays	-	6,212	6,212
Total employee benefits	**62,519**	**6,212**	**68,731**

The Group companies pay retirement severance pays to retired employees pursuant to remuneration systems applicable in individual Companies. Therefore, based on valuation prepared by an independent actuary or by a given Group Company itself, the Group recognises a provision for the present value of the retirement severance pays.

The table below presents a summary of the benefits, the amount of the provision and reconciliation of changes in the reporting period:

Figures for the period from 1 January 2023 to 31 December 2023

Provisions for other long-term employee benefits	Retirement severance pays	Length-of-service awards	Other	Total
Provisions at beginning of period	6,212	-	-	6,212
Changes recognised in profit or loss:				
Current and past service costs	1,103	-	-	1,103
Interest expense	407	-	-	407
Revaluation of liability	482	-	-	482
Benefits paid (-)	-184	-	-	-184
Changes not affecting profit or loss:	-			-
Increase from business combinations	-	-	-	-
Other changes (net exchange differences)	-433	-	-	-433
Present value of provisions at end of period	7,587	**-**	**-**	7,587

Figures for the period from 1 January 2022 to 31 December 2022

Provisions for other long-term employee benefits	Retirement severance pays	Length-of-service awards	Other	Total
Provisions at beginning of period	6,969	-	-	6,969
Changes recognised in profit or loss:				
Current and past service costs	2,162	-	-	2,162
Interest expense	-1,998	-	-	-1,998
Revaluation of liability	-93	-	-	-93
Benefits paid (-)	-939	-	-	-939
Changes not affecting profit or loss:	-			-
Increase from business combinations	-	-	-	-
Other changes (net exchange differences)	111	-	-	111
Present value of provisions at end of period	6,212	-	-	6,212

Wielton S.A. applies a discount rate of 5.1% – based on the market yield of 10-year treasury bonds.

Wielton S.A. applies a long-term annual wage growth rate of 4.5%.

The table below shows the impact of the change in assumptions in Wielton S.A. on the value of liabilities under provisions for retirement severance pays as at 31 December 2023.

Item	Retirement severance pays
Baseline scenario	7,587
Discount rate +0.25% to 1%	6,421
Discount rate -0.25% to -1%	6,915
Wage growth +0.25% to +0.5%	7,009
Wage growth -0.25% to –0.5%	6,344
Likelihood of resignation +0.25%	5,138
Likelihood of resignation -0.25%	5,112

9.14. Other provisions

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing and amount of the liability may be uncertain. Provisions are recognised for, among others:

- *warranties to provide after-sale support of products and services, pending litigations and disputes,*
- *restructuring, only if the Group is required to undertake the restructuring under separate regulations or a binding agreement,*
- *bonuses for the Management Board.*

Provisions for warranties to provide after-sale support are presented under "Other short-term provisions". Provisions are not recognised for future operating losses. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, based on the most reliable evidence available on the date on which the consolidated financial statements are prepared, including evidence as to risks and uncertainties. If the effect of the time value of money is significant, the amount of provisions is determined by discounting projected future cash flows to their present value at a discount rate reflecting current market estimates *of the time value of money and risks, if any, specific to a given obligation. If the discount method is applied, an increase in the provision over time is recognised as finance costs.*

If the Group anticipates that the costs for which provisions have been recognised will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate asset, but only when it is practically certain to occur. However, the value of this asset may not be higher than the amount of the provision. If the probability of an outflow of resources to settle a present obligation is remote, no contingent liability is recognised in the consolidated statement of financial position, except for contingent liabilities identifiable in a business combination, as part of the allocation of acquisition costs under IFRS 3 (see section on business combinations).The Group also presents information on contingent lease liabilities arising under operating leases. Any possible inflows of economic benefits to the Group which do not yet meet the criteria to qualify as assets are classified as contingent assets, and as such are not recognised in the consolidated statement of financial position. Information on contingent assets is disclosed in additional explanatory notes.

Figures as at 31 December 2023

Provisions	Short-term	Long-term
Provision for warranty repairs	13,913	-
Provision for used vehicles	609	109
Provision for environmental protection	433	-
Audit provision	245	-
Provisions for trade commissions	786	-
Provision for transport services	69	-
Provision for legal services	1,247	53
Provision for costs incurred	1,578	-
Provision for other services	2,437	-
Other provisions	10,998	
Total other provisions	**32,315**	**162**

Figures as at 31 December 2022

Provisions	Short-term	Long-term
Provision for warranty repairs	11,811	-
Provision for used vehicles	820	-
Provision for environmental protection	400	-
Audit provision	438	-
Provisions for trade commissions	306	-
Provision for transport services	656	-
Provision for legal services	1,066	-
Provision for costs incurred	-	-
Provision for other services	100	-
Other provisions,	9,310	50
Total other provisions	**24,907**	**50**

10. Related-party transactions

Related parties of the Capital Group include key management personnel, associates, non-consolidated subsidiaries and other related parties, i.e. entities controlled by the owners of the Parent.

Parent Company

None.

Ultimate controlling entity

Paweł Szataniak and Mariusz Szataniak – do not prepare financial statements for publication.

Other related parties

Other key related parties of the Group include:

- Serwis 44,
- Pamapol S.A.,
- Warmińskie Zakłady Przetwórstwa Owocowo Warzywnego Sp. z o.o.,
- Amerykanka Struktura Sp. z o.o. spółka komandytowa.
- Mitmar Sp. z o.o.

Unsettled balances of receivables and liabilities are usually settled in cash.

There are no contingent liabilities towards related parties.

10.1. Transactions with key management personnel

The Group's key management personnel includes Members of the Parent's Management Board and Members of subsidiaries' management boards. Remuneration paid to members of the key management personnel during the reporting period is presented below:

	from 1 January 2023 to 31 December 2023	**from 1 January 2022 to 31 December 2022**
Short-term employee benefits	4,743	11,579
Termination benefits	365	-
Remuneration for services provided	5,689	364
Other benefits	44	514
Benefits to key management personnel	**10,841**	**12,457**

For detailed information on the remuneration of members of the Parent's Management Board, see Note 15.2.

The Group advanced no loans to the key management personnel in the reporting period of the consolidated financial statements.

In 2023, the Group did not make any sales to or purchases from entities controlled by its key management personnel.

10.2. Transactions with associates, non-consolidated subsidiaries and other related parties

The Group holds no investments in non-consolidated subsidiaries

During the reporting period of the consolidated financial statements, the following amounts of sales revenue and receivables from the other related parties were disclosed:

Operating revenue	**from 1 January 2023 to 31 December 2023**	**from 1 January 2022 to 31 December 2022**
Sales to:		
of the Parent Company	-	-
Subsidiary	-	-
Associate	-	-
Joint venture	-	-
Key management personnel	45	2
Other related parties	1,460	845
Total	**1,505**	**847**

Receivables	**31 December 2023**	**31 December 2022**
Receivables from:		
of the Parent Company	-	-
Subsidiary	-	-
Associate	-	-
Joint venture	-	-
Key management personnel	-	-
Other related parties	437	167
Total	**437**	**167**

No impairment write-downs on receivables from related parties were recognised and therefore no expenses were recognised on this account.

During the reporting period of the consolidated financial statements, the following amounts of purchases from and liabilities towards associates, subsidiaries and other related parties were disclosed:

Purchases – costs, assets	**from 1 January 2023 to 31 December 2023**	**from 1 January 2022 to 31 December 2022**
Purchases from:		
of the Parent Company	-	-
Subsidiary	-	-
Associate	-	-
Joint venture	-	-
Key management personnel	-	-
Other related parties	28,287	24,898
Total	**28,287**	**24,898**

Liabilities	**31 December 2023**	**31 December 2022**
Liabilities to:		
of the Parent Company	-	-
Subsidiary	-	-
Associate	-	-
Joint venture	-	-
Key management personnel	-	-
Other related parties	599	729
Total	**599**	**729**

11. Contingent assets and liabilities

The following table presents contingent liabilities as at the end of respective periods:

	31 December 2023	**31 December 2022**
Guarantees issued:		
to other entities	3,909	228
to related entities	**8,542**	**11,937**
Total contingent liabilities	**12,451**	**12,165**

In 2023, neither Wielton S.A. nor companies from the Wielton Group issued or received any guarantees, except for the guarantees listed below:

As at 31 December 2023, the following guarantees were in effect:

- a guarantee issued by Korporacja Ubezpieczeń Kredytów Eksportowych S.A., at the request of Wielton S.A., in the amount of PLN 48.0 million (i.e. 80% of the factoring limit) for the period until 30 September 2024 to secure the factoring agreement concluded between Wielton S.A. and KUKE Finance S.A. on 21 April 2022, as amended;
- a guarantee issued at the request of Wielton S.A., in the amount of PLN 40.0 million (i.e. 80% of the loan amount) for a period until 12 March 2026, by Bank Gospodarstwa Krajowego, under the portfolio guarantee line agreement of the Crisis Guarantee Fund to secure repayment of the overdraft facility agreement of 9 October 2023, granted by Credit Agricole Bank Polska Spółka Akcyjna in the amount of PLN 50.0 million with a final repayment date of 12 December 2025;
- a guarantee issued on 17 January 2023 by Wielton S.A. in the amount of EUR 0.95 million to secure the lease agreement between Langendorf Polska sp. z o.o. and De Lage Landen Leasing Polska S.A. The guarantee expires in the fourth quarter of 2029;
- a guarantee issued at the request of Wielton S.A., in the amount of PLN 24.0 million (i.e. 80% of the loan amount) for a period of 27 months, by Bank Gospodarstwa Krajowego, under the "Portfolio Guarantee Line Agreement of the Liquidity Guarantee Fund No 4/PLG-FGP/2020" of 10 April 2020, as amended, to secure repayment of the working capital facility agreement of 6 April 2022, granted by Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna in the amount of PLN 30.0 million. The loan was repaid on 29 March 2024;
- a fiscal guarantee issued on 23 March 2020 by the Italian bank Banca Nazionale del Lavoro SpA, at the request of Wielton S.A., in favour of the Italian tax office, based on a counter-guarantee issued by BNP PARIBAS Bank Polska S.A., in the amount of EUR 48.7 thousand to secure the recovery of reimbursed VAT. The guarantee was issued on the basis of the RCF A bilateral credit facility granted by BNP PARIBAS Bank Polska S.A., thus reducing the available RCF A credit limit by the guarantee amount. The counter guarantee period expires in the first quarter of 2025;
- a guarantee of EUR 0.3 million issued in 2014 by Langendorf GmbH to secure Langendorf Service GmbH's obligations under the master financing agreement for the purchase of commercial vehicles (stock financing agreement) concluded between GEFA Gesellschaft für Absatzfinanzierung mbH and Langendorf Service GmbH. The guarantee will expire upon expiry of the underlying agreement.

On 21 February 2024 (event subsequent to the balance sheet date), BNP Paribas Bank Polska S.A., at the request of Wielton S.A., issued a guarantee of up to PLN 15.0 million to secure a loan agreement between Wielton S.A.

and the Provincial Fund for Environmental Protection and Water Management in Łódź. The guarantee period expires in the first quarter of 2030.

In 2023, neither Wielton S.A. nor the companies of the Wielton Group issued or received any other sureties with the exception of those listed below.

As at 31 December 2023, the following guarantees were in effect:
- a surety issued by Wielton S.A., on 7 July 2022, for the repayment of liabilities of Langendorf Polska sp. z.o.o under a cooperation agreement with FAM sp. z o.o. up to PLN 50.0 thousand;
- a surety issued by Wielton S.A., on 29 June 2023, for the repayment of liabilities of Fruehauf SAS under the commercial agreement with Polyfont up to EUR 0.5 million. The surety was granted until 31 December 2023;
- a surety issued by Wielton S.A., on 15 June 2023, for the repayment of liabilities of Langendorf Polska sp. z o.o. under the commercial agreement with Jost Polska sp. z o.o. up to PLN 0.5 million. On 15 January 2024, the surety was extended until 31 December 2024;
- a surety issued by Wielton S.A., on 24 January 2023, for the repayment of liabilities of Langendorf Polska sp. z o.o. under the commercial agreement with Bowim S.A. up to PLN 2.0 million. The surety is effective for liabilities incurred up to 31 December 2023.
- a surety issued by Langendorf GmbH for the repayment of liabilities of Langendorf Polska sp. z o.o. under the commercial agreement with thyssenkrupp Materials Poland up to PLN 1 million. The surety is effective for liabilities incurred up to 31 December 2024;
- a surety issued by Langendorf GmbH for the repayment of liabilities of Langendorf Polska sp. z o.o. under the commercial agreement with SSAB Poland up to EUR 400 thousand. The surety is effective for liabilities incurred up to 31 December 2024;
- a surety issued by Langendorf GmbH on 11 February 2022 for the repayment of Langendorf Polska sp.z.o.o's liabilities under a commercial contract with Salzgitter Mannesmann Stahlhandel up to EUR 250 thousand. The surety is effective for liabilities incurred up to 31 December 2023;
- a surety issued on 24 May 2021 by Wielton S.A. for the liabilities of Langendorf Polska sp. z.o.o. to the amount of EUR 1.98 million under the lease agreement concluded between Langendorf Polska sp. z o.o. and Deutsche Leasing Polska S.A. The surety expires on 31 December 2027;
- a surety issued by the Kreditanstalt für Wiederaufbau (KfW) as collateral for the aid loan agreement concluded on 15 April 2020 between Langendorf GmbH and Sparkasse Vest (in connection with the coronavirus epidemic) in the amount of EUR 2.0 million for working capital purposes for the period until 30 June 2025;
- sureties issued on 31 January 2019 by subsidiaries: Fruehauf SAS, Langendorf GmbH, Viberti Rimorchi S.r.l., on 29 April 2019 by subsidiary OOO Wielton and on 17 January 2023 (event subsequent to the reporting period) by Lawrence David Limited (each referred to separately as Surety Provider and jointly as Surety Providers) in favour of Powszechna Kasa Oszczędności Bank Polski S.A., BNP Paribas Bank Polska S.A. and Bank Gospodarstwa Krajowego (Lenders) for the timely performance by each borrower (other than the Surety Provider) of all their obligations under the facility agreement dated 14 December 2018 as amended (Facilities Agreement), described in detail in the Financial statements of Wielton S.A. for the 12-month period from 1 January 2023 to 31 December 2023.
  These companies undertook towards the Lenders to pay the liability covered by the surety immediately upon request in the event that any borrower (other than the Surety Provider) fails to pay any amount due under the Facilities Agreement on time. The aggregate liability of the Surety Providers under the sureties granted is limited, with respect to each of the Lenders, to an amount representing 150% of the sum of the exposures of individual Lenders. As of the date of submitting these statements, the sole borrower is Wielton S.A. The sureties also cover the liability of the Surety Providers for any future debts of the borrowers that may arise under or in connection with the Facilities Agreement. However, with respect to future debts, any surety is of limited term and covers only future debts of borrowers that will arise before 14 December 2028.

  However:
  - Fruehauf SAS' obligations and liabilities under the surety apply only to the extent required for the amount of payment obligations and up to the maximum amount equal to the aggregate of all amounts borrowed under the Facilities Agreement directly (as a borrower) or indirectly (through intra-group loans directly or indirectly from another borrower) and subsequently directly or indirectly lent to Fruehauf SAS and outstanding at the date of enforcement of the surety against Fruehauf SAS;
  - liabilities of Viberti Rimorchi, in respect of the liabilities of any borrower and Surety Provider other than a subsidiary of Viberti Rimorchi, may at no time exceed the aggregate maximum amount of any intra-group loans (or other means of financial support in any form whatsoever) granted or made available to Viberti

Rimorchi by any borrower and Surety Provider as disclosed in the most recent financial statements duly approved by the General Meeting of Viberti Rimorchi. In any case, in accordance with Article 1938 of the Italian Civil Code, the maximum amount that Viberti Rimorchi may be required to pay in connection with its obligations as a Surety Provider under the Facilities Agreement may not exceed PLN 618 million (or equivalent in any other currency);

- Langendorf GmbH's liability up to the amount of the net assets, taking into account appropriate adjustments and the extent of impairment of capital.Impairment of capital – if Langendorf GmbH is able to demonstrate that, on the date on which it became a party to the Loan Agreement, the issue of the surety resulted in a reduction in the net asset value below the value of its registered share capital (an increase in the registered share capital deficit) contrary to the provisions of Section 30 of GmbHG (such event being referred to as "Impairment of Capital"), the Lenders may demand payment of the surety from Langendorf GmbH only to the extent to which no Impairment of Capital has occurred.

12. Risk related to financial instruments

The Group is exposed to risks associated with financial instruments. The Group's financial assets and liabilities by categories are presented in Note 12.1. The Group is exposed to the following risks:

- market risks, including currency risks,
- credit risk related to interest rate risk,
- liquidity risk.

The Group's financial risk management is coordinated by the Parent Company in close cooperation with managers of subsidiaries. The following are key objectives of financial risk management:

- hedging short- and medium-term cash flows,
- neutralising volatility of the Group's financial result,
- delivering on financial forecasts by achieving budgetary objectives,
- generating returns on long-term investments, together with securing optimal financing sources for investments.

The Group does not execute transactions in financial markets for speculative reasons. From an economic standpoint, such transactions are entered into for the purpose of hedging against specific risks.

Derivatives concluded by the Parent Company are cash flow hedges in accordance with IFRS 9 (hedging derivative instruments). The impact of the applied hedge accounting on the items of the consolidated statement of profit or loss and other comprehensive income is presented in Note 12.1.

The most significant risks to which the Group is exposed are presented below:

12.1. Market risk

Analysis of sensitivity to currency risk

Due to the dominant share of transactions in foreign currencies, the Wielton Group is exposed to currency risk. Nearly 76% and 12% of total sales of the Parent Company in 2023 were made or indexed in, respectively, EUR and GBP. Transactions between the Group companies were carried out in EUR, GBP and PLN.Foreign subsidiaries, for which the functional currency is EUR or GBP, are not exposed to currency risk. Other foreign Group companies carry out transactions with the end customer in the local currency of the country where the companies are based, and as they settle their liabilities towards Wielton in EUR, the risk of currency pairs such as RUB/EUR, UAH/EUR and BYN/EUR is identified.

As regards purchases of materials and services, the share of transactions carried out in EUR reached nearly 60% and covered the EUR exposure of revenue in 70% (natural hedging). In addition, revenue was covered by the exposure of loans incurred in EUR. The Group has a clear position as an exporter characterised by a long open currency position. It follows from the above that the Group's exposure to currency risk results from foreign sales transactions concluded by the parent company in EUR and GBP, and by other companies in the local currency. The

Group monitors and calculates risk measures on an ongoing basis. The currency risk hedging strategy for 2023 assumed hedging an appropriate portion of future currency cash flow exposures with forward contracts with an appropriately assumed tenor of several months.

When hedging against currency risk, the Group does not execute transactions in financial markets for speculative reasons.

The Group's financial assets and liabilities, other than derivative instruments denominated in foreign currencies, translated into PLN at the closing rate effective as at 31 December 2023 are as follows:

Figures as at 31 December 2023

	EUR	USD	GBP	RUB	Translated
Financial assets (+)	**-**	**-**	**-**	**-**	**-**
Loans	-	-	-	-	**-**
Other financial assets	-	-	-	-	**-**
Trade and other financial receivables	55,001	-	4,363	-	**260,897**
Cash and cash equivalents	2,206	1	109	-	**10,156**
Financial liabilities (-)					
Credits, loans, other debt instruments	-51,819	-	-10,374	-	**-243,724**
Lease liabilities	-501	-	-	-	**-2,821**
Trade and other payables	-65,017	-16	-153	-5,302	**-282,978**
Total	**-60,130**	**-15**	**-6,055**	**- 5,302**	**- 258,470**

Figures as at 31 December 2022

	EUR	USD	GBP	RUB	Translated
Financial assets (+)	**-**	**-**	**-**	**-**	**-**
Loans	-	-	-	-	**-**
Other financial assets	-	-	-	-	**-**
Trade and other financial receivables	50,098	-	23,189	-	**356,995**
Cash and cash equivalents	4,060	1	2,473	-	**32,036**
Financial liabilities (-)					
Credits, loans, other debt instruments	-40,917	-	-11,182	-	**-250,498**
Lease liabilities	-	-	-	-	**-**
Trade and other payables	-60,454	-58	-1,405	-4,811	**-290,145**
Total	**-47,213**	**-57**	**13,075**	**- 4,811**	**- 151,612**

As at 31 December 2023, the Group does not hold derivative financial instruments (financial assets and liabilities) which expose the Group to currency risk.

Derivative instruments exposed to currency risk are presented in the following table:

Figures as at 31 December 2023

Value in PLN	**EUR**	**USD**	**GBP**	**RUB**
Financial assets (+)	-	-	-	-
Financial liabilities (-)	-	-	-	-
Total exposure to currency risk	**-**	**-**	**-**	**-**

Figures as at 31 December 2022

Value in PLN	**EUR**	**USD**	**GBP**	**RUB**

Financial assets (+)	-	-	-	-
Financial liabilities (-)	-805	-	-	-
Total exposure to currency risk	**-805**	**-**	**-**	**-**

The sensitivity analysis of measurement of financial assets and liabilities denominated in EUR and other foreign currencies and its impact on profit or loss are presented below: The impact of currency pairs other than EUR/PLN, GBP/PLN is immaterial.

The measurement sensitivity analysis shows the effect of a potential increase or decrease in the EUR/PLN, GBP/PLN, RUB/PLN exchange rate by 10% in relation to the closing rate effective as at particular reporting dates.

Please note that currency derivatives offset exchange rate volatility. Thus, it is assumed that the measurement risk exposure is connected with financial instruments (receivables and liabilities denominated in foreign currency) held by the Group as at particular reporting dates, and that the exposure is adjusted by the Group's position in derivative instruments, i.e. forward contracts that constitute the primary hedging instruments specified in the Group's hedging policy.

Figures as at 31 December 2023

Effect on profit or loss	EUR	USD	GBP	RUB	Other	Total
Exchange rate increase (+10%)	-22,146		1,115	-23		-21,054
Exchange rate decrease (-10%)	22,146		-1,115	23		21,054

Figures as at 31 December 2022

Effect on profit or loss	EUR	USD	GBP	RUB	Other	Total
Exchange rate increase (+10%)	-33,962		12,732	-30		21,260
Exchange rate decrease (-10%)	33,962		-12,732	30		21,260

Exposure to currency risk varies over the year, depending on the volume of transactions executed in foreign currencies. Nevertheless, the sensitivity analysis can be regarded as a representative measure to quantify the Group's exposure to currency risk as at the reporting date.

Analysis of sensitivity to interest rate risk

The management of interest rate risk focuses on minimising the fluctuations in interest cash flows on financial assets and liabilities bearing variable rates of interest. The Group is exposed to interest rate risk in connection with the following categories of financial assets and liabilities:

- loans,
- credits, other debt instruments,
- leases.

The characteristics of the above instruments, including variable interest rates and fixed interest rates, are presented in Note 10.11.

Presented below is an analysis of the sensitivity of profit or loss to a potential increase and decrease of interest rates by 1% in 2023. The calculation assumed a (+/-) 1% change in the average interest rate during the period for debt exposures denominated in PLN and sensitive to interest rate changes, i.e. floating-rate instruments.

Figures as at 31 December 2023

	effect on profit or loss	effect on other comprehensive income
Interest rate increase (+1%)*	-3,940	-
Interest rate decrease (-1%)*	3,940	-

**on debt exposures denominated in PLN*

Figures as at 31 December 2022

	effect on profit or loss	effect on other comprehensive income
Interest rate increase (+1%)	-4,684	-
Interest rate decrease (-1%)	4,684	-

12.2. Credit risk

The Group's maximum exposure to credit risk is determined by the carrying amounts of financial assets and contingent liabilities presented in the table below.

	31 December 2023	31 December 2022
Loans	10,184	8,792
Trade and other financial receivables	407,860	491,395
Derivative financial instruments	-	-
Cash and cash equivalents	90,568	116,342
Contingent liabilities concerning guarantees and sureties granted	11,449	971
Total exposure to credit risk	**520,061**	**617,500**

As at 31 December 2023, Group applies a three-stage impairment model for financial assets measured at amortised cost, as described in the section on accounting policies, Note 9.3.

For description of the accounting policies applied to date and information on credit risk, see Note 9.3.4 to the financial statements for the financial year ended 31 December 2023.

Classification of financial assets measured at amortised cost to particular stages of the impairment model is presented below:

	IFRS 9 31 December 2023				IFRS 9 31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount:								
- Loans advanced	10,184	-	-	10,184	8,792	-	-	8,792
- Cash and cash equivalents	90,568	-	-	90,568	116,342	-	-	116,342
Carrying amount (IFRS 9)	**100,752**	**-**	**-**	**100,752**	**125,134**	**-**	**-**	**125,134**

12.3. Liquidity risk

The Group is exposed to liquidity risk, that is the risk of inability to meet its financial liabilities as and when they fall due.

The Group manages the liquidity risk by monitoring payment dates and demand for cash with respect to the servicing of payables (current transactions are monitored on a weekly basis) and long-term demand for cash based on cash flow projections that are updated monthly. The demand for cash is assessed against the available sources of funding, including by evaluating the ability to source funds under credit facilities and operations in working capital.

In 2023, the Group maintained its ability to settle its current liabilities and consolidated its strong financial position in the long term.

The maturities of the Group's financial liabilities, other than derivatives, as at 31 December 2023, are presented in the table below:

Figures as at 31 December 2023

	up to 6 months	6 to 12 months	1–3 years	3–5 years	more than 5 years	Total undiscounted cash flows
Credit facilities	26,435	18,118	165,180	-	-	**209,733**
Overdraft facilities	115,674	105,324	-	-	-	**220,998**
Loans	21,575	-	19,121	120	-	**40,816**
Lease liabilities	5,151	1,985	26,826	6,734	-	**40,696**
Trade and other payables	508,451	76,308	-	-	-	**584,759**
Total exposure to liquidity risk	**677,286**	**201,735**	**211,127**	**6,854**	**-**	**1,097,002**

Figures as at 31 December 2022

	up to 6 months	6 to 12 months	1–3 years	3–5 years	more than 5 years	Total undiscounted cash flows
Credit facilities	27,491	34,287	171,863	-	-	**233,641**
Overdraft facilities	83,847	76,087	-	-	-	**159,934**
Loans	42,268	4,608	34,279	779	-	**81,934**
Lease liabilities	3,391	1,075	21,396	1,268	-	**27,130**
Trade and other payables	603,452	50,027	-	-	-	**653,479**
Total exposure to liquidity risk	**760,451**	**166,083**	**227,537**	**2,047**	**-**	**1,156,118**

The table presents the contractual value of liabilities, net of discount related to measurement of liabilities at amortised cost, hence the amounts presented may differ from the amount recognised in the consolidated statement of financial position.

As at the respective reporting dates, the Group had the following available overdraft facilities:

	31 December 2023	31 December 2022
Overdraft facilities granted	240,117	229,071
Overdraft facilities used	189,207	7,824
Available overdraft facilities	50,910	221,247

13. Capital management

The Group manages capital in order to ensure that it continues as a going concern and generates the expected returns for its shareholders and other entities interested in the Group's financial standing.

The Group monitors capital management on the basis of the following measures as at 31 December 2023:

- net financial debt/EBITDA ratio (i.e. the ratio of liabilities under lease, credits, loans and other debt instruments less cash) to EBITDA (operating profit/(loss) adjusted for depreciation/amortisation) at a level not higher than 3.5.
- debt service cover ratio at the level not lower than 1.25.

The Group permits modification of the above ratios in the case of debt-financed acquisition initiatives, within the limits of ratios specified as covenants in credit agreements.

The above objectives of the Group are consistent with the requirements imposed by credit agreements.

Neither the Group nor the Parent Company is subject to any external capital requirements.

During the period covered by the consolidated financial statements, the above ratios were as follows:

Cash flows*	**31 December 2023**	**31 December 2022**
Opening balance of cash	164,172**	241,586**
Opening balance of investments in monetary assets	-	-
Operating cash flows	289,361***	100,675***
Investment expenditure (excluding investment expenditure financed from investment facilities, leases, subsidies, compensation under insurance contracts and sale of assets)	175,823	125,494
Profit distributions to shareholders	24,150	-
Debt service**		
Principal instalments on credit facilities and leases excluding principal amounts that can be drawn down again	102,406	63,935
Interest on leases	1,902	1,157
Interest and commissions on credit facilities	27,911	19,493
Debt service cover ratio	**1.92**	**2.56**
EBITDA:		
Operating profit (loss)	129,914	130,920
Depreciation and amortisation	76,666	72,120
EBITDA	206,580	203,040
Debt:		

Credits, loans, other debt instruments	453,672	538,422
Leases	69,242	68,723
Cash	90,568	116,342
Net debt	432,346	490,803
Net debt to EBITDA	**2.09**	**2.42**

*Figures for consecutive 12 months to the reporting date
In all periods, the ratios were within the levels assumed by the Group.
**Cash plus available funds from overdraft facilities
*** Operating cash flow adjusted for liabilities on account of financed invoices included in financing activities.

14. Events subsequent to the reporting period

Wielton Group's plans for 2024

On 5 March 2024, the Management Board of Wielton S.A. adopted the Wielton Group's plans for 2024. In 2024, the Wielton Group focuses its activities on building market share in existing markets as well as expanding into new ones. The Group plans to expand its current portfolio with new products and options. In addition, the Wielton Group plans to spend around PLN 130 million on investment projects related to the optimisation of production processes and robotisation.

Wielton Group's plans for 2024 were announced by the Company in current report No 2/2024 on 5 March 2024.

15. Other information

15.1. Selected financial data converted into EUR

During the reporting periods of the consolidated financial statements, selected financial data were translated from PLN into EUR using the following average rates quoted by the National Bank of Poland:

- Exchange rate effective for the last day of the reporting period: 31 December 2022: EUR/PLN 4.6899; 31 December 2023: EUR/PLN 4.3480,
- Average exchange rate for the period, calculated based on the arithmetic mean of exchange rates effective for the last day of each individual month during the period: 1 January–31 December 2022: EUR/PLN 4.6883; 1 January–31 December 2023: EUR/PLN 4.5284,
- The highest and lowest exchange rate during each period were as follows: 1 January–31 December 2023: EUR/PLN 4.7895, EUR/PLN 4.3053, 1 January–31 December 2022: EUR/PLN 4.9647, EUR/PLN 4.4879.

The key items of the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated statement of cash flows, translated into EUR, are presented in the table below:

	from 1 January 2023 to 31 December 2023	**from 1 January 2022 to 31 December 2022**	**from 1 January 2023 to 31 December 2023**	**from 1 January 2022 to 31 December 2022**
	PLN '000	**PLN '000**	**EUR '000**	**EUR '000**
Statement of profit or loss				
Sales revenue	3,225,223	3,433,366	712,221	732,326
Operating profit (loss)	129,914	130,920	28,689	27,925
Profit (loss) before tax	117,154	126,746	25,871	27,034
Net profit (loss)	103,963	114,430	22,958	24,407
Net profit (loss) attributable to shareholders of the parent company	105,865	114,280	23,378	24,376
Earnings per share (PLN)	1.75	1.89	0.39	0.40
Diluted earnings per share (PLN)	1.75	1.89	0.39	0.40

Average PLN/EUR exchange rate in the period			**4.5284**	**4.6883**

Statement of cash flows				
Net cash from operating activities	271,950	41,459	60,054	8,843
Net cash from investing activities	-171,642	-131,603	-37,903	-28,071
Net cash from financing activities	-138,942	82,695	-30,682	17,639
Net change in cash and cash equivalents	-38,634	-7,449	-8,531	-1,589
Average PLN/EUR exchange rate in the period			**4.5284**	**4.6883**

	PLN '000	**PLN '000**	**EUR '000**	**EUR '000**
Statement of the financial position	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Assets	2,002,354	2,104,817	460,523	448,798
Long-term liabilities	268,580	345,872	61,771	73,748
Short-term liabilities	1,106,469	1,194,010	254,478	254,592
Equity	627,305	564,935	144,274	120,458
Equity attributed to the shareholders of the Parent Company	619,472	554,278	142,473	118,185
PLN/EUR exchange rate at end of period			**4.3480**	**4.6899**

15.2. Remuneration of Members of the Parent Company's Management Board

The total value of remuneration and other benefits due for 2023 and the corresponding period, including the provision for bonus for Members of the Parent Company's Management Board, amounted to:

	In the Parent Company:	**In the Parent Company:**	**At subsidiaries and associates:**	**At subsidiaries and associates:**	**At subsidiaries and associates:**	**Total**
	Remuneration	**Other benefits**	**Remuneration:**	**Remuneration for services provided**	**Other benefits**	
period from 1 January 2023 to 31 December 2023						
Paweł Szataniak	841	6	-	1,435	-	2,282
Mariusz Golec	773	6	-	1,309	-	2,088
Piotr Kuś	670	6	-	752	-	1,428
Włodzimierz Masłowski	638	6	-	702	-	1,346
Tomasz Śniatała	543	6	-	617	-	1,166
Andrzej Mowczan	543	7	-	617	-	1,167
Maciej Grzelązka	483	7	-	576	-	1,066
Total	**4,491**	**44**	**-**	**6,008**	**-**	**10,543**

In addition, compensation of PLN 617 thousand was paid to Mr Piotr Kaminski under the post-employment non-competition agreement in 2023.

	In the Parent Company:	In the Parent Company:	At subsidiaries and associates:	At subsidiaries and associates	At subsidiaries and associates:	Total
	Remuneration	Other benefits	Remuneration	Remuneration for services provided	Other benefits	
period from 1 January 2022 to 31 December 2022						
Paweł Szataniak	2,088	7	471	196	-	2,762
Mariusz Golec	1,931	7	431	168	-	2,537
Piotr Kamiński	1,365	3	-	-	-	1,368
Piotr Kuś	1,511	7	-	-	-	1,518
Włodzimierz Masłowski	1,579	6	-	-	-	1,585
Tomasz Śniatała	1,367	7	-	-	-	1,374
Andrzej Mowczan	1,350	7	-	-	-	1,357
Maciej Grzelązka	621	3	-	-	-	624
Total	**11,812**	**47**	**902**	**364**	**-**	**13,125**

For other information on key management personnel see Note 10.1.

15.3. Remuneration of Members of the Parent Company's Supervisory Board

The total amount of remuneration and other benefits paid to Members of the Parent Company's Supervisory Board was as follows:

	In the Parent Company:	In the Parent Company:	At subsidiaries and associates:	At subsidiaries and associates:	Total
	Remuneration	Other benefits	Remuneration	Other benefits	
period from 1 January 2023 to 31 December 2023					
Mariusz Szataniak	167	-	-	-	167
Krzysztof Półgrabia	125	-	-	-	125
Krzysztof Tylkowski	125	-	-	-	125
Tadeusz Uhl	125	-	-	-	125
Waldemar Frąckowiak	251	-	-	-	251
Piotr Kamiński	125	-	-	-	125
Total	**918**	**-**	-	-	**918**

	In the Parent Company:	In the Parent Company:	At subsidiaries and associates:	At subsidiaries and associates:	Total
	Remuneration	Other benefits	Remuneration	Other benefits	
period from 1 January 2022 to 31 December 2022					
Mariusz Szataniak	149	-	-	-	149
Krzysztof Półgrabia	112	-	-	-	112
Krzysztof Tylkowski	112	-	-	-	112
Tadeusz Uhl	112	-	-	-	112
Waldemar Frąckowiak	224	-	-	-	224
Piotr Kamiński	30				30
Total	**739**	**-**	-	-	**739**

15.4. Remuneration of the audit firm

Remuneration of the audit firm, paid or payable for the financial year:

	from 1 January 2023 to 31 December 2023	from 1 January 2022 to 31 December 2022
Audit of financial statements	306	311
Other assurance services, including review of financial statements	228	246
Other services	28	25
Total remuneration of the auditor	**562**	**582**

15.5. Headcount

As at 31 December 2023, the average headcount at the Group by employee groups was as follows:

	31 December 2023	31 December 2022
Wielton Group, of which:	3,448	3,345
Wielton S.A.	2,006	1,954

16. Other factors with a bearing on the Group's financial statements

No other factors affecting the Group's financial statements beyond those described in the notes have been identified

17. Authorisation for issue

The consolidated financial statements for the year ended 31 December 2023 (together with comparative data) were authorised for issue by the Company's Management Board on 24 April 2024.

Signatures of all members of the Management Board

Date	Name and surname	Position	Signature
24 April 2024	Paweł Szataniak	President of the Management Board	
24 April 2024	Mariusz Golec	First Vice President of the Management Board	
24 April 2024	Piotr Kuś	Vice President of the Management Board	
24 April 2024	Tomasz Śniatała	Member of the Management Board	
24 April 2024	Włodzimierz Masłowski	Member of the Management Board	
24 April 2024	Andrzej Mowczan	Member of the Management Board	
24 April 2024	Maciej Grzelązka	Member of the Management Board	

Signature of the person responsible for the preparation of the consolidated financial statements

Date	Name and surname	Position	Signature
24 April 2024	Monika Hojan	Director of Reporting & Finance Wielton Group Shared Service Center	

Signature of the Chief Accountant of the parent company

Date	Name and surname	Position	Signature
24 April 2024	Aneta Piekarek	Chief Accountant	

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