



FEERUM S.A. Capital Group.

Consolidated financial statements

for the period from 1 January 2023 to 31 December 2023

Town	CHOJNÓW
Date	30 APRIL 2024

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2023-12-31	2022-12-31
Non-current assets			
Goodwill		-	-
Intangible assets	4	24 829	27 131
Property, plant and equipment	5	37 871	41 646
Investment property		-	-
Investments in subsidiaries		-	-
Investments in associates		-	-
Trade and other non-current receivables		1 374	2 286
of which Non-current prepaid expenses		-	-
Other non-current financial assets	7	4	4
Deferred tax assets	8	2 335	1 861
Non-current assets		66 413	72 928
Current assets			
Stocks	9	65 504	75 730
Assets from contracts with customers	17	6 340	1 292
Trade and other short-term receivables	10, 16	11 410	15 412
of which Short-term prepaid expenses		256	313
Current income tax receivable		196	3
Other short-term financial assets		-	-
Cash and cash equivalents	11	2 015	12 979
Current assets excluding non-current assets classified as held for sale		85 465	105 416
Assets classified as held for sale		393	-
Current assets		85 858	105 416
Total assets		152 271	178 344

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

LIABILITIES	Notes	2023-12-31	2022-12-31
Equity			
Core capital	12	33 383	33 383
Own shares (-)		-	-
Share premium account		9 366	9 366
Other reserves		2 117	2 117
Retained earnings		70 740	71 447
of which net profit (loss) for the year attributable to equity holders of the parent company		(707)	4 736
Equity attributable to equity holders of the parent company		115 606	116 313
Non-controlling interests		-	-
Equity		115 606	116 313
Commitments			
Long-term liabilities			
Loans, borrowings, other debt instruments	7	-	3 510
Financial leasing	6	239	692
Other non-current financial liabilities		-	-
Trade and other non-current liabilities	14, 16	4 068	5 558
of which Accruals and deferred income		4 068	5 558
Deferred tax liability	8	2 230	1 665
Employee benefit obligations and provisions	13	291	257
Other long-term provisions		424	925
Long-term liabilities		7 252	12 607
Current liabilities			
Trade and other payables	14, 16	9 494	10 884
of which Accruals and deferred income		1 585	1 869
Liabilities from contracts with customers		-	1 480
Current income tax liabilities		0	551
Loans, borrowings, other debt instruments	7	17 412	30 377
Financial leasing	6	372	517
Other short-term financial liabilities		-	-
Employee benefit obligations and provisions	13	1 812	1 845
Other short-term provisions		323	3 770
Current liabilities excluding liabilities included in groups held for sale		29 413	49 424
Liabilities related to non-current assets held for sale		-	-
Current liabilities		29 413	49 424
Total liabilities		36 665	62 031
Total liabilities		152 271	178 344

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CONSOLIDATED STATEMENT OF INCOME

(CALCULATION OPTION)	Notes	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
<i>Continuing operations</i>			
Sales revenue	3	63 272	75 993
Cost of sales		51 297	58 358
Gross profit (loss) from sales		11 975	17 635
Selling costs		1 038	954
General and administrative expenses		7 079	7 825
Other operating income	18	433	275
Other operating expenses	18	1 376	674
Profit (loss) on sale of subsidiaries (+/-)		-	-
Operating profit (loss)		2 915	8 457
Financial income	19	50	1 051
Financial costs	19	3 588	3 346
Share of profit (loss) of equity accounted investees (+/-)		-	-
Profit (loss) before tax		(623)	6 162
Income tax	20	84	1 426
Net profit (loss) from continuing operations		(707)	4 736
<i>Discontinued operations</i>			
Net profit (loss) from discontinued operations		-	-
Net profit (loss)		(707)	4 736
Net profit (loss) attributable to:			
- shareholders of the parent company		(707)	4 736
- non-controlling entities		-	-

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

Specification	Notes	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
		PLN / share	PLN / share
<i>from continuing operations</i>	21		
- basic		(0,07)	0,50
- diluted		(0,07)	0,50
<i>from continuing and discontinued operations</i>	21		
- basic		(0,07)	0,50
- diluted		(0,07)	0,50

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Net profit		(707)	4 736
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss, before taxation</i>		-	-
<i>Other comprehensive income to be reclassified to profit or loss, before taxation</i>		-	-
Other comprehensive income before tax		-	-
Other comprehensive income after tax			
Total income		(707)	4 736
Comprehensive income attributable to:			
- shareholders of the parent company		(707)	4 736
- non-controlling entities		-	-

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Capital basic	Own shares (-)	Share premium account	Other reserves	Retained earnings	Equity attributable to owners of the parent	Total equity
Balance as at 01.01.2023		33 383	-	9 366	2 117	71 447	116 313	116 313
Changes in accounting policies		-	-	-	-	-	-	-
Correction of fundamental error*		-	-	-	-	-	-	-
Balance as amended		33 383	-	9 366	2 117	71 447	116 313	116 313
Changes in equity from 01.01 to 31.12.2023								
Share issue		-	-	-	-	-	-	-
Increase (decrease) due to share-based payment transactions, equity		-	-	-	-	-	-	-
Change in group structure (transactions with non-controlling parties)		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Net profit for the period from 01.01 to 31.12.2023		-	-	-	-	(707)	(707)	(707)
Other comprehensive income after tax for the period 01.01 to 31.12.2023		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(707)	(707)	(707)
Transfer to retained earnings (sale of revalued fixed assets)		-	-	-	-	-	-	-
Total changes in equity		-	-	-	-	(707)	(707)	(707)
Balance at 31.12.2023		33 383	-	9 366	2 117	70 740	115 606	115 606

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)

	Note s	Capital basic	Own shares (-)	Share premium account	Other reserves	Retained earnings	Equity attributable to owners of the parent	Total equity
Balance as at 01.01.2022		33 383	-	9 366	2 117	66 711	111 577	111 577
Changes in accounting policies		-	-	-	-	-	-	-
Correction of fundamental error*		-	-	-	-	-	-	-
Balance as amended		33 383	-	9 366	2 117	66 711	111 577	111 577
Changes in equity from 01.01 to 31.12.2022								
Share issue		-	-	-	-	-	-	-
Increase (decrease) due to share-based payment transactions, equity		-	-	-	-	-	-	-
Change in group structure (transactions with non-controlling parties)		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Net profit for the period from 01.01 to 31.12.2022		-	-	-	-	4 736	4 736	4 736
Other comprehensive income after tax for the period 01.01 to 31.12.2022		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	4 736	4 736	4 736
Transfer to retained earnings (sale of revalued fixed assets)		-	-	-	-	-	-	-
Total changes in equity		-	-	-	-	4 736	4 736	4 736
Balance at 31.12.2022		33 383	-	9 366	2 117	71 447	116 313	116 313

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CONSOLIDATED STATEMENT OF CASH FLOWS

INDIRECT METHOD	Notes	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Cash flow from operating activities			
Profit (loss) before tax		(623)	6 162
Corrections:	22		
Depreciation		7 255	6 893
Impairment of fixed assets		-	-
Profit (loss) on sale of non-financial fixed assets		(59)	(117)
Interest costs		2 767	3 017
Interest income		(50)	(42)
Dividend income		-	-
Other corrections		-	-
Change in stocks		10 226	(13 970)
Change in receivables (including accruals)		5 032	1 803
Change in liabilities (including accruals)		(3 216)	(4 479)
Change in provisions		(3 725)	(325)
Change in assets from contracts with customers		(5 048)	2 802
Change in liabilities from contracts with customers		(1 480)	1 480
Adjustments and changes in working capital		11 702	(2 938)
Cash flow from operations (used in operations)		11 079	3 224
Income tax paid (refund), included in operating activities		(739)	(1 198)
Net cash from operating activities		10 340	2 026
Cash flow from investing activities			
Expenditure on the acquisition of intangible assets		(269)	(23)
Proceeds from the sale of intangible assets		-	-
Expenditure on the acquisition of property, plant and equipment		(910)	(162)
Proceeds from sale of property, plant and equipment		59	120
Loan repayments received		-	-
Loans granted		-	-
Expenditure on the acquisition of other financial assets		(393)	-
Proceeds from government grants received		-	-
Interest received		50	42
Dividends received		-	-
Net cash from investing activities		(1 463)	(23)
Cash flow from financing activities			
Proceeds from borrowings		116	2 200
Repayment of loans		(16 591)	(13 329)
Repayment of finance lease liabilities		(599)	(808)
Interest paid		(2 767)	(3 017)
Dividends paid		-	-
Net cash from financing activities		(19 841)	(14 954)
Change in cash and cash equivalents before exchange differences		(10 964)	(12 951)
Change due to exchange rate differences		-	-
Change in cash and cash equivalents		(10 964)	(12 951)
Cash and cash equivalents at beginning of period		12 979	25 930
Cash and cash equivalents at the end of the period		2 015	12 979

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

a) Information about the parent company

Name of Reporting Entity or other identifying information: Feerum Joint Stock Company.
Explanation of changes to the name of the reporting entity or other identifying information since the end of the previous reporting period: there have been no changes
Registered office: Poland, 59-225 Chojnów, 6 Okrzei Street
Legal form: public limited company
Country of registration: Poland
Address of the registered office of the unit: 59-225 Chojnów, ul. Okrzei 6
Principal place of business: 59-225 Chojnów, ul. Okrzei 6
Description of the nature and core business of the entity: The principal activity of the Group is the manufacture, sale and installation of grain dryers, silos, and other equipment used in the storage and drying complexes for agricultural production.
Name of parent company: Feerum Joint Stock Company
Name of the group's ultimate parent company: Feerum Joint Stock Company

The parent company of the Feerum S.A. Capital Group [hereinafter referred to as 'Capital Group', 'Group'] is Feerum S.A. [hereinafter referred to as the 'Parent Company'].

The parent company was established by a Notarial Deed of 15.01.2007. The parent company is entered in the Register of Entrepreneurs of the National Court Register in the District Court for Wrocław-Fabryczna - IX Economic Division under the KRS number 0000280189. The parent company has been assigned the statistical number REGON 020517408.

The parent company's registered office is located at ul. Okrzei 6 in Chojnów 59-225. The parent company's registered office is also its principal place of business.

The shares of the Parent Company are listed on the Warsaw Stock Exchange. Pursuant to the agreement entered into, as of 18 December 2023, the function of market maker for the shares of the Parent Company is performed by Santander Bank Polska Spółka Akcyjna - Santander Biuro Maklerskie - a separate organisational unit of Santander Bank Polska Spółka Akcyjna with its registered office in Warsaw (KRS 0000008723).

b) Information on restructuring transformations in the Group

In October 2012, the share capital of the parent company was increased from the initial amount of PLN 4,673 thousand to PLN 25,683 thousand through the issue of series C and D shares (the capital increase was registered on 4 October 2012 and 23 October 2012 respectively). The shares of the new issues were taken up by Daniel Janusz and Magdalena Łabudzka-Janusz in exchange for cash and in-kind contributions in the form of shares in the share capital of Feer-Pol sp. z o.o. As a result of the aforementioned actions, a Capital Group was formed, in which the Parent Company acted as the parent company to two subsidiaries: Feer-Pol sp. z o.o. and (indirectly through Feer-Pol sp. z o.o.) Pearl Corporation Sp. z o.o. SKA (the legal successor of Pol-Silos sp. z o.o.).

On 27 May 2013, Pearl Corporation Sp.z.o.o. was acquired by FEERUM S.A.. As a result of further restructuring activities of the FEERUM Group, Pol-Silos Sp.z.o.o. was transformed into Pearl Corporation Sp.z.o.o. SKA. The company was entered in the National Court Register on 17 September 2013. Subsequent actions resulted in the transformation of Pearl Corporation Sp. z. o.o. SKA. into Pearl Invest Sp. z. o.o. The company became a legal entity on 14 January 2014.

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On 27 March 2014, a merger was registered on the basis of Article 492 §1 item 1 of the CCC by transferring all the assets of the company Pearl Invest Sp. z o.o. (target company) to the company Feer-Pol Sp. z o.o. (the target company) for the shares that the target company issued to the shareholder of the target company on the basis of the resolution of the AGM on the increase of the share capital and the amendment of the articles of association of 6 February 2014 and the resolution on the merger of 28 February 2014.

On 13 May 2014, the merger of Feerum S.A (Acquiring Company) with its subsidiaries Feer-pol Sp. z o.o. and Pearl Corporation Sp. z o.o. was registered in the National Court Register. (Acquired). The merger took place pursuant to Article 492 § 1(1), i.e. by transferring all the assets of the Acquired Companies to the Acquiring Company. Due to the fact that the Acquiring Company was the only shareholder of the Acquired Companies, the merger of the companies was carried out under a simplified procedure, pursuant to Article 516 § 6 of the CCC. Pursuant to Article 515 §1 of the Companies Act, the merger was carried out without an increase in the share capital of the Acquiring Company (RB No. 24/2014).

The aim of the restructuring activities was to create a simplified and modern organisational structure, to streamline operations and to increase the efficiency of the Acquiring Company in all areas of its business. In connection with the implementation of the final stage of restructuring, the subsidiaries do not continue their operations. The above changes did not result in the discontinuation of any of the activities carried out by the existing Group companies.

c) Information on the Group

On 21 July 2015, a subsidiary company 'Feerum Agro' Sp. z o.o. was established by a notarial deed Rep.A 3501/2015. [hereinafter referred to as the 'Subsidiary'], of which Feerum S.A. is a 100% shareholder. The Subsidiary was entered into the National Court Register on 5 October 2015 under the KRS number 0000578319. The Company's registered office is located at ul. Okrzei 6 in Chojnów 59-225. Its core business is post-harvest service activities.

On 17 May 2016, the Extraordinary Meeting of Shareholders of the Company adopted a resolution on changing the name of the Company "Feerum Agro" Sp. z o.o. to **"Feerum Yellow Energy" Sp. z o.o.** Pursuant to Article 255 par.1 of the Commercial Companies Code, the adopted resolution came into force on the day the change was registered by the registry court, i.e. on 10.11.2016.

In November 2017, a self-balancing branch of Feerum S.A., based in Dar es Salaam, was established in Tanzania. The branch is registered and operated in accordance with Tanzanian law and has obtained all legally required licences and permits for the silo project. Currently, the Feerum Tanzania Branch does not carry out any commercial, organisational or investment activities regarding the project for which it was originally established. The branch remains ready to commence operations.

In connection with the business activity planned in international markets, on 04.01.2024, the Parent Company paid up the share capital of the company established and operating in Egypt - Feerum Egypt Company for Silos and Storage (S.A.E) in part amounting to EGP 5,000,000. As a consequence of the above operation, the Parent Company became the owner of 50% of the shares in the joint stock company established and operating under Egyptian law. The Parent Company is entitled to appoint three of the seven directors of Feerum Egypt, including the Managing Director (CEO). The parent company appointed Janusz Musialski (managing director), Daniel Janusz and Piotr Wielesik to the above positions.

The consolidated financial statements include the parent company with its Tanzanian branch and its subsidiary Feerum Yellow Energy Sp. z o.o.

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d) Composition of the Management Board and Supervisory Board of the parent company

As at the date of approval of the financial statements for publication, the parent company's **Management Board** comprised:

1. Daniel Wojciech Janusz - Chairman of the Management Board,
2. Piotr Paweł Wielesik - Member of the Management Board.

During the period under review, the composition of the Parent Company's Management Board did not change. On 29 June 2020, the Supervisory Board of the parent company adopted resolutions to appoint the existing members of the parent company's Management Board for a further term of 5 years. The aforementioned resolutions entered into force on the date of adoption. In accordance with the declarations submitted by the Members of the Management Board, they are not engaged in any activities competitive to the Parent Company's business, nor are they partners in a competitive civil partnership or partnership, nor are they members of a body of a competitive capital company or any other competitive legal entity. The Members of the Management Board have not been entered in the Register of Insolvent Debtors maintained pursuant to the Act of 20 August 1997 on the National Court Register (Journal of Laws of 2019, item 1500).(RB 28/2020)

The Supervisory Board of the Parent Company at the date the consolidated financial statements were approved for publication comprised:

1. Magdalena Łabudzka -Janusz - Chairman of the Supervisory Board,
2. Henryk Chojnacki - Deputy Chairman of the Supervisory Board,
3. Jakub Rzucidło - Secretary of the Supervisory Board,
4. Maciej Janusz - Member of the Supervisory Board,
5. Jakub Marcinowski - Member of the Supervisory Board,

The composition of the Parent Company's Supervisory Board did not change during the period under review.

Pursuant to the provisions of Article 128 and Article 129 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2020, item 1415, as amended), there is an **Audit Committee** within the Supervisory Board of the Parent Company **with the** following composition:

1. Henryk Chojnacki - Chairman of the Audit Committee,
2. Jakub Marcinowski - Deputy Chairman of the Audit Committee,
3. Maciej Janusz - Secretary of the Audit Committee.

The Audit Committee, in the composition indicated above, meets the independence criteria and other requirements set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (RB No. 32/2017). Mr Henryk Chojnacki is a chartered accountant with extensive experience in the field of accounting. He has knowledge and experience in corporate financial management, analysis of value and investment projects, corporate strategy and corporate governance. Mr Jakub Marcinowski is a graduate of the Wrocław University of Technology, PhD in technical sciences in the field of construction, professor at the University of Zielona Góra, scientist, engineer, constructor and specialist in steel building structures. Mr Maciej Janusz is a graduate of the AGH University of Science and Technology in Kraków, MSc in mechanical engineering in the field of mining and metallurgical machinery. The career history of the members of the Audit Committee was published in current report No. RB 26/2020. The criteria for independence are met by: Mr Henryk Chojnacki and Mr Jakub Marcinowski.

e) Nature of the Group's activities

The core business of the parent company and the subsidiary is:

1. Manufacture of sheet metal products for the agricultural and food industries
2. Grain silos and dryers, chain conveyors, bucket conveyors
3. Dust extraction and control equipment

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For a broader description of the Group's activities, see Note 3 concerning operating segments.

f) Approval for publication

These consolidated financial statements for the year ended 31 December 2023 (including comparative figures) were authorised for issue by the Board of Directors of the parent company on **30 April 2024** (see note 29)

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Basis of preparation and accounting principles

a) Basis for the preparation of the consolidated financial statements

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, covering a period of not less than one year from the balance sheet date. As at the date of approval of these consolidated financial statements, there are no circumstances indicating a threat to the Group Companies' ability to continue as a going concern.

The functional currency of the Parent Company and the presentation currency of these consolidated financial statements is the Polish zloty, and all amounts are expressed in thousands of Polish zloty (unless otherwise indicated).

In view of the armed conflict taking place beyond the eastern border of the country, affecting the possibility of conducting business in Ukraine, the Management Board of the parent company monitors and analyses the impact of this situation on its operations, as cooperation with contractors from the Ukrainian market has been conducted on a large scale in recent years.

The Management Board of the parent company assumes that the temporary cut-off from an important area of the Ukrainian market will be compensated by increased demand for Feerum products on the domestic market. On the one hand, there is observed interest of Ukrainian investors in the construction of infrastructure of "silos" for storing cereals, grown on Ukrainian territory, in the region of south-eastern Poland. Efforts are being made at government and local government level to manage grain flows and provide opportunities to diversify export routes for areas of armed conflict. On the other hand, for domestic enterprises in the agricultural sector, through the Agency for the Restructuring and Modernisation of Agriculture, it is planned to launch subsidies from the NAP, allowing 50% of the costs incurred for the implementation of projects on the processing or marketing of agricultural products.

In the period of the past Covid-19 pandemic and then in the initial stage of the Russian aggression against Ukraine, the Group also worked intensively on an additional area of activity. Thanks to a thorough, more than two-year-long, observation of the market and out of the passion for cycling and the desire to provide Polish cyclists with the best quality products at a reasonable price, a new brand Madani was created within the Feerum structures. The flagship offer of the brand includes bicycles, bicycle clothing and bicycle accessories.

The Group's diversification strategy of entering business sectors that require a different set of skills, where different customer needs are met, is a response to today's socio-economic challenges.

The parent company's management monitors the market situation on a continuous basis and contracts are carried out on the basis of schedules agreed with the ordering parties. The Group's financial and liquidity position remains stable.

b) IFRS Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), as endorsed by the European Union, effective as at 31 December 2023.

c) Changes to standards or interpretations

Changes to standards or interpretations effective and applied by the Group from 2023 onwards

New or revised standards and interpretations that are effective from 1 January 2023 and their impact on the Group's consolidated accounts:

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Standard/interpretation	Date of entry into force	Description of the amendments to the standard/interpretation
New IFRS 17 "Insurance Contracts".	The standard is effective for annual periods beginning on or after 1 January 2023.	<p>A new standard governing the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.</p> <p>The Group's financial statements have not been affected by the new standard, as it is not engaged in insurance activities.</p>
Amendment to IFRS 17 "Insurance contracts"	The amendment is effective for annual periods beginning on or after 1 January 2023.	<p>The Board has established transitional provisions on comparative information for entities that simultaneously implement IFRS 17 and IFRS 9 to reduce potential accounting mismatches arising from differences between these standards.</p> <p>The Group's financial statements have not been affected by the new standard, as it is not engaged in insurance activities.</p>
Amendment to IAS 1 "Presentation of financial statements"	The amendment is effective for annual periods beginning on or after 1 January 2023.	<p>The IASB has clarified which information about an entity's accounting policies is material and requires disclosure in the financial statements. The principles focus on aligning disclosures to the individual circumstances of the entity. The Board cautions against the use of standardised entries copied from IFRS and expects that the basis of measurement of financial instruments is relevant information.</p> <p>The change had no impact on Group financial statements.</p>
Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"	The amendment is effective for annual periods beginning on or after 1 January 2023.	<p>The Board has introduced a definition of an accounting estimate into the standard: Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>Change not had impact on Group financial statements.</p>
Amendment to IAS 12 "Income tax"	The amendment is effective for annual periods beginning on or after 1 January 2023.	<p>The Council has introduced the principle that if, as a result of a transactions taxable and deductible temporary differences arise simultaneously for the same amount, a deferred tax asset and deferred tax liability should be recognised even if the transaction does not arise from the merger or affect the accounting or taxable result. This means that it is necessary to recognise</p>

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			tax assets and liabilities

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Standard/interpretation	Date of entry into force	Description of the amendments to the standard/interpretation
		deferred, e.g. when temporary differences of equal amounts occur for leases (separate temporary difference on the liability and on the right of use) or for reclamation liabilities. The rule that deferred tax assets and liabilities are offset if current tax assets and liabilities are offset has not been changed. The change had no impact on Group financial statements.
Amendment to IAS 12 "Income tax"	The amendment is effective for annual periods beginning on or after 1 January 2023.	The amendment introduces a temporary exemption from the recognition of deferred tax arising from the implementation of international tax reform (Pillar II) and the obligation to make additional related disclosures. The change had no impact on Group financial statements.

Standards and interpretations that are effective as published by the IASB but not endorsed by the European Union are shown below under standards and interpretations that are not in force.

Application of a standard or interpretation before its effective date

Voluntary early application has not been used in these financial statements standard or interpretation.

Published standards and interpretations that are not effective for periods beginning 1 January 2023 and their impact on the consolidated financial statements of the Group

Up to the date of these financial statements, new or revised standards and interpretations have been published, effective for annual periods after 2023. The list also includes amendments, standards and interpretations published but not yet adopted by the European Union.

Standard/interpretation	Date of entry into force	Description of the amendments to the standard/interpretation
Amendment to IAS 1 "Presentation of financial statements"	The amendments are effective for annual periods beginning on or after 1 January 2024.	The IAS Board has clarified the classification of liabilities into long-term or short-term primarily in two aspects: - it has been clarified that the classification depends on the rights the entity has at the balance sheet date, - management's intentions with regard to accelerating or delaying payment of the liability are not taken into account. The company is analysing the impact of the changes on its financial statements.

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Standard/interpretation	Date of entry into force	Description of the amendments to the standard/interpretation
Amendment to IAS 1 "Presentation of financial statements"	The amendment is effective for annual periods beginning on or after 1 January 2024.	The amendment clarifies that, at the balance sheet date, an entity does not take into account covenants that will need to be met in the future when considering the classification of liabilities as long- or short-term. Instead, an entity should disclose information about these covenants in the notes to the financial statements. The group is analysing the impact of the changes on its financial statements.
Amendment to IFRS 16 "Leasing"	The amendment is effective for annual periods beginning on or after 1 January 2024.	The amendment clarifies the requirements in relation to the measurement of the lease liability arising from sale and leaseback transactions. It is intended to prevent inaccurate recognition of the result on a transaction for the retained right-of-use portion when the lease payments are variable and do not depend on an index or rate. The group is analysing the impact of the changes on its financial statements.
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments - Disclosures".	The amendments are effective for annual periods beginning on or after 1 January 2024.	The amendments clarify the features of agreements for the financing of liabilities to suppliers (so-called reverse factoring agreements) and introduce the obligation to disclose information on agreements with suppliers, including their terms and conditions, the amounts of these liabilities, payment terms and information on liquidity risk. The group is analysing the impact of the changes on its financial statements.
Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"	The amendment is effective for annual periods beginning on or after 1 January 2025.	The amendment clarifies how an entity should assess whether a currency is convertible and how it should determine the exchange rate in case of non-convertibility, and requires disclosures that allow users of financial statements to understand the impact of currency non-convertibility. The group is analysing the impact of the changes on its financial statements.

The Group intends to implement the above regulations within the timeframes provided for by the standards or interpretations.

The effective dates are those resulting from the content of the standards promulgated by the International Financial Reporting Council. The application dates of the standards in the European Union may differ from the application dates resulting from the content of the standards and are announced at the time of endorsement for application by the European Union.

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d) Accounting principles

The consolidated financial statements have been prepared in accordance with the historical cost principle.

Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1. The Group presents separately the 'Consolidated statement of profit or loss', which is included immediately before the 'Consolidated statement of profit or loss and other comprehensive income'.

"The consolidated statement of profit or loss" is presented on a cost basis, while the

"The consolidated statement of cash flows" is prepared using the indirect method.

Operating segments

In distinguishing operating segments, the Parent's management is guided by product lines, which represent the main services and products supplied by the Group. Each segment is managed separately within a product line due to the specific nature of the services provided and products manufactured requiring different technologies, resources and approach to implementation.

The results of the operating segments result from internal reports reviewed periodically by the Parent Company's Management Board (the Company's main decision-making body). The Parent Company's Management Board analyses the performance of the operating segments at the level of profit (loss) from operations. The measurement of operating segment results used in management calculations coincides with the accounting principles 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 presented within operating segments, except for revenue not allocated to segments and consolidation exclusions relating to inter-segment transactions.

Group assets not directly attributable to the activities of an operating segment are not allocated to the assets of the operating segments. There were no assets not allocated to segments in the presented consolidated financial statements in the scope of data as at 31 December 2023.

Consolidation

The consolidated financial statements comprise the financial statements of the parent company and the financial statements of the company over which the Group exercises control, i.e. the subsidiary, as at 31 December 2023. Control is understood as the ability to influence the financial and operating policies of a subsidiary in order to obtain economic benefits from its activities.

The financial statements of the parent company and the subsidiary included in the consolidated financial statements are prepared as at the same balance sheet date, i.e. 31 December. Where necessary, adjustments are made to the financial statements of the subsidiaries to align the accounting policies applied by the company with those applied by the Group.

Companies whose financial statements are immaterial to the Group's consolidated financial statements may be excluded from consolidation. A subsidiary is also excluded from consolidation if it has been acquired and is held solely with the intention of reselling it in the near future. Investments in subsidiaries classified as held for sale are recognised in accordance with IFRS 5.

Subsidiaries are consolidated using the full method.

The full consolidation method consists of combining the financial statements of the parent company and its subsidiaries by adding up, in full, the individual items of assets, liabilities, equity, revenue and expenses. In order to present the Group as if it were a single economic entity, the following exclusions are made:

1. at the time control is acquired, goodwill or profit is recognised in accordance with IFRS 3,
2. non-controlling interests are identified and presented separately,
3. intercompany balances and transactions (income, expenses, dividends) are excluded in full,

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4. gains and losses from intra-Group transactions that are included in the carrying amount of assets such as inventories and fixed assets are excluded. Losses from intra-Group transactions are analysed for impairment of assets from a Group perspective,
5. deferred tax is recognised for temporary differences arising from the exclusion of gains and losses realised on intragroup transactions (in accordance with IAS 12).

Non-controlling interests are shown in a separate equity item and represent that portion of the total income and net assets of subsidiaries attributable to entities other than Group companies. The Group allocates the total income of subsidiaries between the shareholders of the Parent Company and non-controlling interests based on their share of ownership.

Until 1 January 2010, the excess of losses attributable to minority shareholders over the value of minority interests was charged to the parent company. In accordance with the amended IAS 27, the Group did not retrospectively restate the allocation of losses made, hence the profits of the subsidiaries made in later periods will be charged first to the parent company until the losses previously absorbed from minorities are covered.

Transactions with non-controlling parties that do not result in a loss of control of the Parent Company are treated by the Group as equity transactions:

1. partial sale of shares to non-controlling parties - the difference between the sale price and the carrying amount of the net assets of the subsidiary attributable to the shares sold to non-controlling parties is recognised directly in capital under retained earnings.
2. Acquisition of shares from non-controlling parties - the difference between the purchase price and the carrying amount of the net assets acquired from non-controlling parties is recognised directly in capital under retained earnings.

Business combinations

Business combination transactions falling within the scope of IFRS 3 are accounted for using the acquisition method.

At the date control is obtained, the assets and liabilities of the acquiree are generally measured at fair value and assets and liabilities are identified in accordance with IFRS 3, whether or not they were disclosed in the acquiree's pre-acquisition financial statements.

The consideration transferred in exchange for control comprises assets issued, liabilities incurred and equity instruments issued, measured at fair value at the acquisition date. Contingent consideration, measured at fair value at the acquisition date, is also part of the consideration. Costs associated with the acquisition (consultancy, valuations, etc.) do not constitute consideration for the acquisition, but are recognised as an expense on the date incurred.

Goodwill (profit) is calculated as the difference of two values:

1. the sum of the consideration transferred for control, the non-controlling interests and the fair value of the interests (shares) held in the acquiree prior to the acquisition date; and
2. the fair value of the identifiable net assets of the entity acquired.

The excess of the sum calculated as indicated above over the fair value of the identifiable net assets of the entity acquired is recognised as goodwill in the assets of the consolidated statement of financial position. Goodwill represents the payment made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified or separately recognised. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

If the aforementioned total is less than the fair value of the identifiable net assets of the entity acquired, the difference is recognised immediately in profit or loss. The Group recognises the gain on acquisition under other operating income.

For business combinations under common control, the Group does not apply the regulations under IFRS 3, but accounts for such transactions using the pooling of interests method as follows:

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1. the assets and liabilities of the acquiree are recognised at their carrying amount. The carrying amount is considered to be the value originally determined by the controlling party rather than the values arising from the separate financial statements of the acquiree,
2. intangible assets and contingent liabilities are recognised on the entity's pre-merger basis, in accordance with the relevant IFRS,
3. no goodwill arises - the difference between the consideration transferred and the net assets of the controlled entity acquired is recognised directly in capital, under retained earnings,
4. non-controlling interests are measured as a proportion of the carrying amount of net assets of the audited entity,
5. comparative amounts are restated as if the combination had occurred at the beginning of the comparative period. Where the date on which the relationship of subordination over an entity arises is later than the beginning of the comparative period, the comparative figures are presented from the date when the relationship of subordination first arose.

Transactions in foreign currencies

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

Transactions expressed in currencies other than the Polish zloty are converted into Polish zlotys using the average exchange rate of the National Bank of Poland (NBP) prevailing on the day preceding the conclusion of the transaction.

At the balance sheet date, monetary items expressed in currencies other than the Polish zloty are translated into the Polish zloty using the closing exchange rate prevailing at the end of the reporting period, i.e. the average exchange rate set for the currency in question by the National Bank of Poland.

Non-monetary balance sheet items recognised at historical cost, expressed in foreign currency, are reported at the historical rate on the day of the transaction.

Non-monetary balance sheet items recorded at fair value, expressed in a foreign currency, are measured at the exchange rate on the date the fair value is determined, i.e. the average rate set for the currency in question by the National Bank of Poland.

Exchange differences arising from the settlement of transactions or from the translation of monetary items other than derivatives are recognised in net financial income or expenses, as appropriate, with the exception of exchange differences capitalised in the value of assets in cases specified in the accounting rules (presented in the section on borrowing costs).

Exchange rate differences from the valuation of derivatives denominated in foreign currency are recognised in the statement of profit or loss unless they are cash flow hedges. Cash flow hedging derivatives are recognised in accordance with hedge accounting principles.

External financing costs

Financing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing costs comprise interest and foreign exchange gains or losses to the extent that they adjust interest expense.

The above principles are applied prospectively by the Group from 1 January 2009.

Intangible assets

Intangible assets include trademarks, licences, computer software, development costs and other intangible assets that meet the recognition criteria set out in IAS 38. Intangible assets that have not yet been placed in service (intangible assets under development) are also reported under this heading.

Intangible assets at the balance sheet date are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful economic lives. The useful lives of individual intangible assets are reviewed annually and, if necessary, adjusted from the beginning of the next financial year.

The expected useful life for each group of intangible assets is:

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Group	Period
Trade mark	indefinite
Patents and licences	2 years
Computer software	2 years
Completed development work	5-10 years
Other intangible assets	2 years

Intangible assets with indefinite useful lives are not amortised, but are tested annually for impairment. The Group's indefinite-lived intangible assets include the Feerum trademark, covered by national registrations R-221288 and R216459, and international registration number 1,185,877 (through WIPO) for the countries of the European Union, Russia and Ukraine. The Group does not foresee a time limitation in which this component will generate economic benefits for the entity.

Software maintenance costs incurred in later periods are recognised as cost of the period as they are incurred.

Research costs are recognised in the statement of profit or loss as they are incurred.

The following research and development work was completed at Group companies in 2015-2016:

1. work on the development of an energy-efficient dryer with heat recovery and an integrated dust collection system, where, following the completion of the research and development phase, the Parent Company introduced a new product to its product range. The new dryer is distinguished by its lower energy consumption and weight, as well as having a lower environmental impact thanks to a significant reduction in noise and dust emissions,
2. work related to the development of globally innovative lightweight steel and steel-textile silo structures, which are currently being implemented in the Parent Company's current operations. The new product developed as part of the investment is characterised by significantly improved properties in comparison to products currently available on the market (product innovation according to the OECD Oslo Manual). Within the implementation of the research part of the Project, works including industrial research and development works were carried out. The implementation part of the Project included the inclusion of the new product in the Group's offer, where all costs related to the implementation of the new product were borne entirely from the Parent Company's own resources.

Expenditure directly related to research and development is recognised as an intangible asset only if the following criteria are met:

1. completion of the intangible asset is technically feasible yes, to make it fit for use or sale,
2. The Group intends to complete the asset and use or sell it,
3. The Group is able to use or sell the intangible asset,
4. intangible asset will generate economic benefits and the Group can demonstrate this benefit through, among other things, the existence of a market or the utility of the asset to the Group's needs,
5. the technical, financial and other resources necessary for the Group to complete the development in order to sell or use the asset are available,
6. expenditure incurred in the course of development work can be reliably measured and attributed to the intangible asset.

Expenditure incurred on research and development work performed as part of a project is carried forward if it can be considered that it will be recovered in the future. The assessment of future benefits is based on the principles set out in IAS 36.

Following the initial recognition of research and development expenditure, the historical cost model is applied, whereby assets are recognised at cost less accumulated depreciation and accumulated impairment losses. Completed research and development work is amortised on a straight-line basis over the expected period of benefit, which on average is 5-10 years.

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Gains or losses arising from the disposal of intangible assets are determined as the difference between the sales proceeds and the net value of those intangible assets and are recognised in the statement of profit or loss under other operating income or expenses.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost. The cost is increased by all costs directly attributable to the purchase and bringing the asset to a usable condition.

After initial recognition, property, plant and equipment, with the exception of land, are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment under construction are not depreciated until construction or assembly is completed and the asset is placed in service.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset, which for individual groups of property, plant and equipment is:

Group	Period
Buildings and structures	2 - 67 years
Machinery and equipment	2 - 22 years
Means of transport	5 - 7 years
Other fixed assets	5 -10 years

Depreciation begins in the month following the month in which the fixed asset is available for use. The economic useful lives and depreciation methods are reviewed annually, resulting in a possible adjustment of depreciation charges in subsequent years.

Fixed assets are divided into components, which are items of significant value for which a separate useful life can be assigned. The costs of general overhauls and significant spare parts and equipment are also a component part if they will be used for more than one year. Ongoing maintenance costs incurred after the date an asset is placed in service, such as maintenance and repair costs, are recognised in the statement of profit or loss as they are incurred.

An item of property, plant and equipment may be removed from the statement of financial position upon disposal or when no economic benefits are expected from the continued use of such an asset. Gains or losses arising from the sale, liquidation or discontinued use of an item of property, plant and equipment are determined as the difference between the sales proceeds and the net value of the item and are recognised in the statement of profit or loss under other operating income or expenses.

Lease assets and liabilities

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 *Leases* ("IFRS 16"), which replaced IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating Leases - Special Promotional Offers* and SIC 27 *Evaluating the Substance of Transactions Involving a Form of Lease*. IFRS 16 sets out recognition principles for leases in terms of measurement, presentation and disclosure.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application was permitted for entities that apply IFRS 15 from or before the date of first application of IFRS 16.

The new standard has changed the accounting for contracts that meet the definition of a lease. The main change is to move away from the distinction between finance leases and operating leases for the lessee. All contracts meeting the definition of a lease are recognised in principle as current finance leases.

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The implementation of the standard has the following effect:

- in the statement of financial position: increase in non-financial fixed assets and liabilities

Financial,

- in the statement of comprehensive income: a decrease in operating expenses (other than depreciation and amortisation), an increase in depreciation and amortisation expenses and finance costs,

- an increase in net debt and the ratio of net debt to EBITDA due to a proportionately higher increase in financial liabilities than a reduction in operating expenses other than depreciation and amortisation.

In terms of IFRS 16 Leases - the Group applies the following.

Identification of leases

At the beginning of an arrangement, the Group assesses whether the arrangement contains a lease. An arrangement is a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition in the books of the lessee

At the inception date, the Group recognises a right-of-use asset and a lease liability. At the commencement date, the Group measures the lease liability at the present value of the lease payments outstanding at that date. Lease payments are recognised at values consistent with the contractual schedule of lease payments; if there is no schedule, the liability is discounted using the lessee's incremental interest rate.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability and:

1. any lease payments paid on or before the commencement date, less any lease incentives received,
2. any initial direct costs,
3. an estimate of the costs to be incurred in dismantling and removing the underlying asset, refurbishing the site where it was located, or refurbishing the underlying asset to the condition required by the lease terms.

After the lease commencement date, the Group measures the lease liability by:

1. An increase in the carrying amount to reflect interest on the liability for the leasing,
2. a reduction in the carrying amount to take account of lease payments made and
3. updating the measurement of the carrying amount to reflect any reassessment or modification of the lease to include updated substantially fixed lease payments.

After the lease commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation (amortisation) and accumulated impairment losses and adjusted for any revaluation of the lease liability.

Exemptions and practical solutions

The Group will apply the exemptions that the standard invokes for the recognition of low-value leases (not exceeding \$5,000) and short-term leases (not exceeding 12 months). The choice to exempt the recognition of short-term leases has been made for all types of right-of-use assets.

Presentation

The Group has chosen to present right-of-use assets under the same balance sheet headings as they would be presented if the Group owned the assets. Lease liabilities are presented in either the non-current or current liabilities line, depending on the settlement date.

As a result of the first-time application of IFRS 16, the Group reviewed its contracts to identify those that contain a lease or lease component in accordance with IFRS 16. The Group did not identify any significant contracts that would require a change to the existing presentation.

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Impairment of non-financial fixed assets

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

1. goodwill, with the first impairment test being carried out by the end of the period, in which the merger took place,
2. intangible assets with indefinite useful lives and
3. intangible assets that are not yet in use.

For other intangible assets and property, plant and equipment, an annual assessment is made as to whether there is any indication that the asset may be impaired. If it is determined that any events or circumstances may indicate that the carrying amount of an asset may be difficult to recover, an impairment test is performed.

For the purpose of impairment testing, assets are grouped at the lowest level at which they generate cash flows independently of other assets or groups of assets (so-called cash-generating units). Assets that generate cash flows independently are tested individually.

Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the business combination, with the cash-generating units being at least the operating segments.

If the carrying amount exceeds the estimated recoverable amount of assets or cash-generating units to which the assets belong, then the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of fair value less costs to sell or value in use. In determining value in use, estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks associated with the asset.

The impairment loss is first allocated to goodwill. The remaining amount of the write-down reduces the carrying amount of the assets included in the cash-generating unit proportionately.

Impairment losses are recognised in the consolidated statement of profit or loss under other operating expenses.

Impairment losses on goodwill are not reversed in subsequent periods. For other assets, indications of the possibility of reversal of impairment losses are assessed at subsequent balance sheet dates. Reversals of write-downs are recognised in the consolidated statement of profit or loss under other operating income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one party and, at the same time, a financial liability or equity instrument in the other party.

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Group becomes bound by the contractual provisions of the instrument. Standardised purchases and sales of financial assets and liabilities are recognised on the trade date.

A financial asset is derecognised from the statement of financial position when the contractual rights to the economic benefits and risks arising from it have been realised, have expired or the Group has waived them.

The Group derecognises a financial liability from the statement of financial position when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired.

At the balance sheet date, financial assets and liabilities are valued according to the principles set out below.

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Financial assets

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 addresses three areas related to financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied IFRS 9 from the effective date of the standard.

a) Classification and valuation

For valuation purposes, the Group classifies financial assets into:

1. financial assets measured at amortised cost,
2. financial assets at fair value through profit or loss,
3. financial assets at fair value through other comprehensive income

The Group classifies a financial asset on the basis of the Group Companies' business model for managing financial assets and the characteristics of the contractual cash flows for the financial asset (the so-called "SPPI criterion"). The Group reclassifies investments in financial assets if and only if the management model of those assets changes.

These categories determine the measurement principles at the balance sheet date and the recognition of measurement gains or losses in profit or loss or other comprehensive income. Gains or losses recognised in profit or loss are presented as finance income or expenses, except for impairment losses and their reversals on trade receivables, which are presented as other operating expenses or other operating income.

b) Valuation at initial recognition

With the exception of certain trade receivables, on initial recognition the Group measures a financial asset at its fair value, which, in the case of financial assets not at fair value through profit or loss, is increased by transaction costs directly attributable to the acquisition of those financial assets.

Trade receivables that do not contain a significant financing component (as understood in accordance with IFRS 15) are initially recognised at the transaction price.

c) Discontinuation of recognition

Financial assets are excluded from the accounts when:

1. the rights to receive cash flows from the financial assets have expired, or
2. the rights to receive cash flows from the financial assets have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

d) Valuation after initial recognition

For the purposes of measurement after initial recognition, financial assets are classified into one of three categories:

1. financial assets carried at amortised cost
2. financial assets at fair value through other comprehensive income,
3. financial assets at fair value through profit or loss.

Financial assets measured **at amortised cost**

A financial asset is measured at amortised cost if both of the following are met conditions:

1. the financial asset is held in accordance with a business model that seeks to hold the financial asset to earn contractual cash flows, and

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- the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely the repayment of principal and interest on the principal outstanding.

In the category of financial assets measured at amortised cost, the Group classifies:

- trade and other receivables,
- loans that meet the SPPI classification test and which, according to the business model, are reported as held for cash flow,
- cash and cash equivalents.

The Group uses the effective interest method to measure financial assets measured at amortised cost. The appropriate value is calculated by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income calculated using the effective interest method is recognised in the statement of comprehensive income in financial income.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held in accordance with a business model that aims to both receive contractual cash flows and sell financial assets, and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are solely the repayment of principal and interest on the principal outstanding.

Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss and calculated in the same way as for financial assets measured at amortised cost. Other changes in fair value are recognised through other comprehensive income.

When recognition of a financial asset is discontinued, the total gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Interest income is calculated using the effective interest rate method and is shown in the statement of comprehensive income in financial income.

The Group has no such asset titles **as at 31 December 2023**.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

The gain or loss on the fair value measurement of debt investments is recognised in profit or loss.

Dividends are recognised in the statement of comprehensive income when the entitlement of Group companies to receive dividends arises.

The Group has no such asset titles **as at 31 December 2023**.

e) Impairment

The application of IFRS 9 fundamentally changes the approach to impairment of financial assets by moving away from the concept of incurred loss to expected loss, where all expected credit loss is recognised ex-ante.

For financial assets other than trade receivables and assets recognised in accordance with the IFRS 15 The Group measures the allowance for expected credit losses on a financial instrument at an amount of

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equal to the expected lifetime losses if the credit risk associated with the financial instrument has increased significantly since initial recognition.

For other financial assets, such as loans, guarantees and warranties, the Group measures the allowance for expected credit losses at an amount equal to 12 months of expected credit losses. If the credit risk associated with a financial instrument has increased significantly since initial recognition, the Group measures the allowance for expected credit losses on the financial instrument at an amount equal to the lifetime expected credit losses.

For trade receivables and assets recognised under IFRS 15, the Group uses a simplified approach and measures the allowance for expected credit losses always at an amount equal to expected lifetime credit losses. The Group uses its historical credit loss data, adjusted where appropriate for the impact of forward-looking information.

In determining whether lifetime recognition of expected credit losses is necessary, the Group considers reasonable and documentable information that is available without undue cost or effort and that may affect the credit risk associated with the financial instrument. The analysis of the credit risk performed is a multi-factor and holistic analysis depending on the type of counterparty, the geographical area and the individual provisions of the agreement

The Group measures expected credit losses on financial instruments to include:

1. an unencumbered and probability-weighted amount that is determined by assessing a range of possible outcomes,
2. reasonable and demonstrable information that is available without undue cost or effort at the reporting date about future events, current conditions and projections of future economic conditions.

The Group applies a three-stage impairment classification for financial assets other than trade receivables:

I - includes balances for which credit risk has not materially increased since initial recognition, expected credit losses are determined based on the probability of default within 12 months.

II - includes balances for which there has been a significant increase in credit risk since initial recognition but there is no objective indication of impairment, expected credit losses are determined based on the probability of default over the contractual life of the asset,

III - includes balances where individual impairment has been identified.

The Group classifies trade receivables as either Grade II or III.

Grade II - includes trade receivables to which the simplified approach to measuring expected credit losses over the life of the receivable has been applied, except for certain trade receivables included in Grade III

Grade III - includes trade receivables that are more than 365 days past due and for which an individual impairment has been identified.

The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or the amount of the reversed provision) that is required to adjust the allowance for expected credit losses at the reporting date.

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Financial liabilities

a) Classification of financial liabilities

The Group classifies all financial liabilities as measured after initial recognition at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured after initial recognition at fair value.

b) Valuation at initial recognition

On initial recognition, the entity measures a financial liability at its fair value, which, for financial liabilities not at fair value through profit or loss, is increased or decreased by transaction costs directly attributable to those financial liabilities.

c) Measurement of financial liabilities after initial recognition

After initial recognition, an entity measures a financial liability at amortised cost, except for financial liabilities measured at fair value through profit or loss, provided the effect of discounting is significant. When the effect of discounting is not significant, financial liabilities are measured at the amount payable.

Financial liabilities other than hedging derivatives are shown under the following headings in the statement of financial position:

1. loans, borrowings, other debt instruments,
2. financial leasing,
3. trade and other payables and
4. derivative financial instruments.

Trade and other receivables

Short-term trade receivables are recognised and reported at the amounts originally invoiced, including an allowance for expected credit losses over their lifetime.

Where the effect of the time value of money is material, the value of receivables is determined by discounting the projected future cash flows to present value, using a gross discount rate that reflects current market assessments of the time value of money and the credit risk of the counterparty. If the discounting method is used, the increase in receivables due to the passage of time is recognised as finance income.

Advances are presented in accordance with the nature of the assets to which they relate - as follows, as appropriate fixed or current assets. As non-monetary assets, advances are not discounted.

Budget receivables are presented within other receivables, with the exception of corporate tax receivables, which are a separate line item on the balance sheet.

Stocks

Inventories are valued at the lower of cost and net realisable value. Cost consists of purchase costs, processing costs and other costs incurred in bringing inventories to their present location and condition.

The cost of finished goods and work in progress comprises direct costs (mainly materials and labour) plus a mark-up of indirect production costs determined assuming normal capacity utilisation.

Stocks of materials and goods are valued at purchase price. The purchase price comprises the supplier's calculated purchase price for materials and goods, including non-deductible VAT, plus the costs incurred in connection with the purchase, i.e. customs duty and transport.

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Stocks of stored grain are valued at purchase cost, taking into account the costs incurred drying and storage.

The outflow of finished goods during the year is determined on the basis of the inventory prices, at 31 December, after the inventory has been drawn up and accounted for, it is possible to determine the actual value of finished goods and work in progress and the deviations from the inventory prices.

Net realisable value is the estimated selling price determined in the ordinary course of business, less the costs of completion and the costs necessary to bring the sale to fruition.

In the opinion of the Management Board, due to the fact that the Group's products are manufactured from galvanised or stainless steel and good and safe storage conditions are ensured, the stocks held do not lose value during storage. When advanced technological changes are identified, stock is reviewed, where the prospective suitability of the product is analysed. If a product is found to be unsuitable, it is disposed of, taking into account the recovery process.

With regard to the stock of sports range goods, which is valued at cost, the Board of Directors inspects the asset for its commercial value. If a permanent impairment is identified, an impairment loss is created. Sports equipment represents a range of fixed performance and possible impairment is related to market fashion trends. Goods are stored in such a way as to maintain their original characteristics, parameters and quality.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank accounts, demand deposits and highly liquid short-term investments (up to 3 months) that are readily convertible to cash and for which the risk of changes in value is negligible.

Non-current assets classified as held for sale

Non-current assets (groups of non-current assets) are classified by the Group as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only deemed to be met if the asset (asset group) is available for immediate sale in its present condition subject to normal and customary conditions of sale and it is highly probable that a sale transaction will occur within one year of reclassification.

Non-current assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Certain non-current assets classified as held for sale, such as financial assets and deferred tax assets, are measured using the same accounting policies as those applied by the Group prior to their classification as non-current assets held for sale. Non-current assets classified as held for sale are not depreciated.

Equity

The share capital is shown at the nominal value of the issued shares, in accordance with the parent company's articles of association and the entry in the National Court Register.

Treasury shares are valued at cost.

Share premium is formed from the excess of the issue price over the nominal value of the shares, less issue costs.

Other capitals include:

1. capital from the recognition of the valuation of share-based payment schemes, and
2. capital from accumulating other comprehensive income including, the valuation of available-for-sale financial assets (see subsection on financial instruments),

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Retained earnings show the results of previous years (including those transferred to capital by shareholder resolutions) and the current year's financial result.

All transactions with owners of the Parent Company are presented separately in the 'Consolidated Statement of Changes in Equity'.

Employee benefits

The liabilities and provisions for employee benefits reported in the consolidated statement of financial position include the following titles:

1. short-term employee benefits for salaries (including bonuses) and social security contributions,
2. provisions for unused leave and
3. other long-term employee benefits, which the Group includes retirement benefits.

Short-term employee benefits

The value of short-term employee benefit obligations is determined on an undiscounted and shows in the consolidated statement of financial position at the amount due.

Provisions for unused leave

The Group recognises a provision for the cost of accumulating compensated absences that it will have to incur as a result of employees' unused entitlement that has accrued at the balance sheet date. The provision for unused leave is a short-term provision and is not discounted.

Severance payments and jubilee bonuses

In accordance with the Group's remuneration systems, employees are entitled to retirement gratuities. Retirement severance payments are paid once, at the time of retirement. The amount of severance payments depends on the employee's length of service and average salary.

The Group recognises a provision for future retirement benefit obligations to allocate costs to employees' vesting periods. The present value of the provisions is estimated at each balance sheet date. The accrued provisions are equal to the discounted payments to be made in the future and relate to the period up to the balance sheet date. Demographic and staff turnover information is based on historical data.

Gains and losses on calculations and past service costs are recognised immediately in the consolidated statement of profit or loss.

Jubilee awards are an optional benefit. The Group does not have and does not apply a policy on jubilee awards. It does not pay jubilee benefits and does not make a provision for them.

Provisions, liabilities and contingent assets

Provisions are recognised when the Group has an existing obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing of the incurrence and the amount required to be paid may be uncertain.

Provisions are made for, among other things, the following:

1. after-sales service guarantees for products and services provided,
2. pending legal proceedings and litigation,
3. losses on construction contracts recognised in accordance with IAS 11,
4. restructuring, only if, on the basis of separate regulations, the Group is obliged to carry it out or binding agreements have been concluded in this regard.

No provisions are made for future operating losses.

Provisions are recognised at the value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement date

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financial, including those relating to risk and the degree of uncertainty. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to present value, using a discount rate that reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Probable future liabilities for warranty repairs are also recognised under other provisions. The Group, on the basis of an analysis of historical data, has determined that the costs of warranty repairs represent on average 1.5% of the value of revenue from the sale of products. Provisions for warranty are created for contracts with a value of more than PLN 100,000, excluding the amount of construction services, for which the Group does not anticipate probable warranty liabilities.

If the Group expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, then this reimbursement is recognised as a separate asset, but only if there is reasonable assurance that the reimbursement will actually occur. However, the value of this asset must not exceed the amount of the provision.

Where expenditure to meet a present obligation is not probable, the amount of the contingent liability is not recognised in the consolidated statement of financial position, except for contingent liabilities identified in a business combination in accordance with IFRS 3.

Information on contingent assets and liabilities is disclosed in the narrative section of the financial statements in note 22.

Possible inflows containing economic benefits for the Group that do not yet meet the criteria for recognition as assets are contingent assets that are not recognised in the statement of financial position. Information on contingent assets is disclosed in the additional notes.

Accruals and deferred income

The Group reports prepaid expenses relating to future reporting periods, primarily policies, in the assets of the consolidated statement of financial position under 'Accruals'.

The item "Accruals" included in the liabilities of the consolidated statement of financial position presents deferred income, including cash received to finance fixed assets, which is accounted for in accordance with IAS 20 "Government grants".

Other accrued expenses are shown under 'Trade and other payables'.

Grants are only recognised when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will actually be received.

A grant relating to a cost item is recognised as revenue commensurate with the costs that the grant is intended to offset.

A grant that finances an asset is progressively recognised in the consolidated statement of profit or loss as income over the periods in proportion to the depreciation and amortisation charged on the asset. For the purposes of presentation in the consolidated statement of financial position, the Group does not deduct the grant from the carrying amount of the asset, but recognises the grant as deferred income under 'Accruals and deferred income'.

Interest and dividends

Interest income is recognised consecutively as it accrues according to the effective interest rate method. Dividends are recognised when the shareholders' rights to receive them are established.

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Operating costs

Operating expenses are recognised in the consolidated statement of profit or loss in accordance with the principle of matching revenues and expenses. The Group presents costs by place of origin in the consolidated financial statements.

Income tax (including deferred tax)

The tax expense on the financial result includes current and deferred income taxes that have not been recognised in other comprehensive income or directly in capital.

The parent company operates in the Legnica Special Economic Zone (LSSE) - Chojnów subzone. Production in the newly built - within the LSSE - plant was commenced by the Parent Company in January 2010. On 3 February 2022, the zone permit was terminated at the request of the Parent Company, due to utilisation of the limit of available state aid.

The current tax charge is calculated on the basis of the taxable profit (tax base) for the financial year. Tax profit (loss) differs from accounting profit (loss) before tax due to the temporary shifting of taxable income and deductible expenses to other periods and the exclusion of expense and revenue items that will never be taxable. Tax expense is calculated based on the tax rates applicable in the financial year.

Deferred tax is calculated using the balance sheet method as the tax payable or refundable in the future on the differences between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the tax base.

A deferred tax liability is recognised for all taxable temporary differences, while a deferred tax asset is recognised to the extent that it is probable that future taxable profits will be able to be reduced by the recognised deductible temporary differences. No asset or liability is recognised when the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of its occurrence, affects neither taxable nor accounting profit. No deferred tax liability is recognised for goodwill that is not amortised under tax legislation.

Deferred tax is calculated using the tax rates that will apply when the asset item is realised or the liability settled, taking as a basis the legislation in force at the balance sheet date.

The value of the deferred tax asset is reviewed at each balance sheet date, and a write-down is made if expected future taxable profits are insufficient to realise the asset or part of it.

Revenue from contracts with customers

International Financial Reporting Standard 15 'Revenue from Contracts with Customers' (IFRS 15) came into force on 1 January 2018. This standard replaced the previous basic international regulations on revenue recognition.

The basic principle of IFRS 15 is to recognise revenue when goods and services are transferred to the customer, at a value that reflects the price expected by the entity, in exchange for the transfer of those goods and services. These principles are applied using a five-step model:

1. an agreement with the client has been identified,
2. performance obligations under the contract with the client have been identified,
3. the transaction price was determined,

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4. an allocation of the transaction price to individual performance obligations was made,
5. revenue was recognised when the contractual obligation was fulfilled.

The application of IFRS 15 requires the Boards of Directors of Group companies to make a number of subjective judgements at each of the five steps of the established model, in particular with regard to the determination of the timing of performance obligations and the measurement of the extent to which performance obligations are fully met, affecting the timing of revenue recognition and the amount of revenue disclosed.

On the basis of the contracts entered into with customers, Group companies are able to identify the rights of each party regarding the goods or services to be transferred and the terms of payment for those goods or services. Contracts entered into have an economic content, i.e. the risk, time distribution or amount of the entity's future cash flows can be expected to change as a result of the contract. In assessing the probability of receiving the amount of consideration, Group companies only take into account the customer's ability and intention to pay the amount of consideration in a timely manner.

At the time of entering into a contract, the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer a good or service (or bundle of goods or services) that can be distinguished or a group of separate goods or services that are substantially the same and for which the transfer to the customer is of the same nature.

To determine the transaction price, the Group takes into account the terms of the contract and its customary business practices. The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes).

The breakdown of the transaction price into individual performance obligations (if there is more than one obligation) is made on the basis of the inputs incurred. A precise assessment based on an analysis of market prices for similar goods and services due to a non-standard product is not possible. The same applies to variable remuneration (e.g. discounts).

In the core of its operational activities, the Group supplies products for specific orders, carrying out specialised projects on behalf of customers, and concludes contracts for complex services. In the Group's opinion, on the basis of the contractual and general terms and conditions of cooperation, the Group is entitled to receive remuneration for the work performed in the proportion in which it was performed.

The Group analyses contracts under long-term contracts (grain elevators and construction services segment) and considers that the performance of the entity does not result in an alternative use asset for the entity and that the entity has an enforceable right to payment for the performance to date.

Consequently, the Group transfers control and therefore meets the performance obligation over **time**. To measure the degree of fulfilment of performance obligations under these contracts, the Group uses the input-based method, whereby it recognises revenue based on the costs incurred relative to the total expected expenditure required to fulfil the performance obligation (i.e. as a percentage of the costs incurred relative to the estimated costs required to fulfil the contract). Individual contract budgets are subject to a formal updating (revision) process based on current information. If the cost incurred is not commensurate with the degree of fulfilment of the performance obligation, in order to better reflect the degree of fulfilment, the Group adjusts the input-based method to recognise only those revenues that correspond to the costs incurred.

The basis for the adoption of the input-based method is the Group's conviction that this method best illustrates the transfer of goods and services to customers, given that the right to claim remuneration for the obligation provided and its amount is inextricably linked to the documented inputs.

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Revenue recognised over time in this case is considered in proportion to the expenditure incurred, and the Group assesses the consistency of the expenditure incurred with the adopted budget associated with the performance obligation and the likelihood of achieving the planned revenue.

If it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised immediately as an expense.

The Group has assessed that for contracts with customers for which the period between the transfer of the promised good or service to the customer and the time of payment for the good or service exceeds one year by giving either party a material financing advantage, the contract is considered to have a material financing component. To determine the transaction price, the Group adjusts the promised consideration for the significant financing component by applying the discount rate that would have been applied if a separate financing transaction had been entered into between the entity and its customer at the time the contract was entered into.

The Group has chosen not to adjust the promised consideration for the impact of a material financing element if, at the time of contract conclusion, it expects the period between the transfer of the promised good or service to the customer and payment for the good or service by the customer to be no more than one year.

The Group has analysed the provisions of the contracts concluded with customers and assessed that, in the aspect described, the contracts do not contain a material financing element, as the condition set out in IFRS 15.62art. is met, i.e. the prepayment of advances in a material amount is due to reasons other than making the financing available to the customer and the difference between the promised consideration and the cash sale price is proportionate to the reason for it. The prepayments are a hedge against the customer's failure to adequately fulfil its part of the contractual obligations, i.e. the consideration due.

The Group recognises the following costs as they are incurred:

- a) general and administrative costs (unless these costs - according to the contract - are expressly charged to the customer;
- b) the cost of losses of materials, labour or other resources used in the performance of the contract that are not reflected in the contract price;
- c) costs associated with the performance obligations (in part or in full) specified in the contract (i.e. costs relating to past performance); and
- d) costs for which the entity is unable to distinguish whether they relate to unfulfilled or fulfilled performance obligations (or partially fulfilled performance obligations).

Within the Group's operations, there are also cases of performance obligations **at a specific point in time** (sales of goods and materials, maintenance services and other segments), where the assessment of the point in time at which the customer obtains control of the promised goods and services is guided by both the physical transfer of the good or the provision of the service and legal considerations, i.e. the point in time at which the right to payment is established or the point in time at which title passes to the purchaser.

The gross amounts due from contracting authorities for contract work are presented in the assets in the statement of financial position under the heading '**Assets from contracts with customers**'.

The gross amounts payable to the contracting authorities for work under the contracts are presented in the statement of financial position as liabilities under the heading '**Liabilities** under **contracts with customers**'.

Subjective assessments by the Management Board and estimation uncertainty

In preparing the consolidated financial statements, the parent company's Management Board uses its judgement in making a number of estimates and assumptions that affect the accounting policies applied and the values of assets, liabilities, revenues and expenses presented. Actual realised values may differ from those estimated by Management. Information on the estimates and assumptions made that are significant to the consolidated financial statements is presented below.

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Economic useful lives of non-current assets

The Parent Company's Management Board reviews annually the useful lives of non-current assets subject to depreciation. As at 31.12.2023, the Management Board assesses that the useful lives of the assets adopted by the Group for depreciation purposes reflect the expected period over which the assets will bring economic benefits in the future. However, the actual useful lives of these assets in the future may differ from those assumed, including due to technical obsolescence. The carrying amount of depreciable non-current assets is presented in Notes 4 and 5.

Revenue from contracts with customers (for construction services)

Under the term 'construction service', the Group identifies, depending on the subject matter of the contract, the manufactured components, their transport and their assembly at the site indicated by the investor.

The amount of revenue from contracts with customers and remuneration for the obligation provided recognised in the financial statements is influenced by the Management Board's estimates, based on the best knowledge at the time, of the stage of completion of construction contracts and the margin planned to be achieved on individual contracts. These estimates are subject to uncertainty and are subject to revision in the following financial year. The effect of a change in estimate is recognised prospectively in the result of the next financial year. The budgeted costs remaining to be incurred in connection with the execution of individual tasks are monitored on an ongoing basis by the management overseeing the progress of construction work, as a result of which the budgets of individual contracts are subject to updating at least on a monthly basis. However, the costs remaining to be incurred and the profitability of the works in progress are subject to a certain degree of uncertainty, especially in the case of construction tasks of a high degree of complexity, carried out over periods of several years.

The Parent's Management Board's budgeted results from the construction contracts that were performed in 2023 are as follows:

	31.12.2023	31.12.2022
Amount of revenue from construction services initially agreed in the contract	79 673	112 236
Change in contract revenue	-	-
Total contract revenue	79 673	112 236
Contract costs incurred up to the balance sheet date	51 543	62 386
Costs remaining to implement the contract	14 125	27 403
Estimated total contract costs	65 668	89 789
Estimated total results from construction contracts, including:	14 005	22 447
profits	14 005	22 447
losses (-)	-	-

The total amount of assets from contracts with customers disclosed in the consolidated financial statements amounted to PLN 6,340 thousand (2022: PLN 1,292 thousand), and the revenue recognised on this account reflects the best estimates of the parent company's Management Board as to the performance and stage of completion of the individual construction contracts.

Reserves

Provisions for employee benefits - retirement benefits - are estimated using actuarial methods. The amount of provisions for employee benefits shown in the consolidated financial statements of PLN 549 thousand (2022: PLN 583 thousand) results from an estimate made by the Group using actuarial methods. The level of provisions is influenced by assumptions regarding the discount rate and the salary growth rate. A salary increase rate of 1% and a discount rate of 3.5% were assumed. A decrease in the discount rate by 1 p.p. and an increase in the remuneration growth ratio by 1 p.p. would increase the provisions set as at 31.12.2023 by PLN 114 thousand.

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Other provisions - after-sales service for products and services provided

This item recognises probable future liabilities for warranty repairs. The Group, on the basis of an analysis of historical data, has determined that the costs of warranty repairs represent on average 1.5% of the value of revenue from the sale of products. Provisions for warranty are made for contracts with a value of more than PLN 100,000, excluding the amount of construction services, for which the Group does not anticipate probable warranty liabilities.

Provisions for court cases

The Group is party to legal proceedings. The parent company's Management Board performs a detailed analysis of the potential risks associated with the cases and, on this basis, decides whether it is necessary to recognise the effects of these proceedings in the accounts and the amount of provisions.

To the knowledge of the parent company's Management Board, as at the date of approval of the report, there were no significant administrative proceedings or proceedings before administrative, criminal or arbitration courts against or involving Group companies that have or could have materially affected or recently affected the Group's financial position or results. Under normal market conditions, Group companies are subject to various legal proceedings and claims. Based on legal studies, the Board of Directors of the Parent Company has decided not to set aside a provision for litigation, as the ultimate value of such proceedings, individually or in aggregate, has no material impact on the Group's operations or financial condition.

Deferred tax assets

The likelihood of a deferred tax asset being settled against future taxable profits is based on the financial forecasts of the Parent Company's management. If the projected financial results indicate that the Group Companies will generate sufficient taxable income, deferred tax assets are recognised in full.

Impairment of non-financial assets

At each balance sheet date, the Group analyses individual indications of impairment of trade receivables such as: disputed receivables, receivables asserted in court, receivables from companies in bankruptcy or liquidation and others. On this basis, individual allowances are made for receivables, and the Group covers the remaining receivables with a possible allowance for expected credit losses.

In order to determine the value in use, the parent company's Management Board estimates the projected cash flows and the rate at which the flows are discounted to present value (see subsection on impairment of non-financial assets). In the process of assessing the present value of future flows, assumptions are made regarding the projected financial results. These assumptions relate to future events and circumstances. The actual realised values may differ from the estimated values, which may contribute to significant adjustments to the value of the Group's assets in subsequent reporting periods.

Uncertainty related to tax settlements

Regulations on value added tax, corporate income tax and social security burdens are subject to frequent change. These frequent changes result in a lack of appropriate reference points, inconsistent interpretations and few established precedents that could be applied. The current legislation also contains ambiguities that result in differences of opinion as to the legal interpretation of tax laws, both between state bodies and state bodies and companies. Tax settlements and other areas of activity may be subject to audits by authorities with the power to impose high penalties and fines, and any additional tax liabilities resulting from the audit must be paid with high interest. These conditions make the tax risk in Poland higher than in countries with a more mature tax system. Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of a final decision of a tax audit authority.

The Group recognises and measures current and deferred tax assets or liabilities using the requirements of IAS 12 *Income Taxes* based on tax profit (loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account an assessment of the uncertainties associated with tax settlements.

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1. Significant events affecting the Group's financial position in 2023

In 2023, the Group recorded a decrease in revenue of approximately 16.7% compared to the previous year and a negative financial result. The source of the resulting loss was the lack of profitability observed in the trading of maize grain, which is part of the Group's inventory. Due to the significant reduction in the selling price as a result of the excess of grain supply over demand and the market absorption capacity of the domestic economy, the Group wrote down the value of the grain to the achieved net selling price in the first quarter of 2024. The current fluctuations in the prices of agricultural products determine to a large extent the level of profitability of agricultural production, the possibilities of accumulation, the standard of living of producers and consumers, as well as the possibilities and volume of exports, making it difficult to make business decisions. The revolution in this regard on global markets and exchanges is due to the fact that Ukraine and Russia are large producers and exporters for the cereal market.

The main factors that translated into a decrease in turnover of 2023 is the fact of the ongoing invasion of Ukraine by the troops of the Russian Federation since 24 February 2022. Due to the dynamics of the situation and the high uncertainty surrounding business in the region, the Company's Management Board has significantly reduced the scale of operations with Ukrainian counterparties.

Global agriculture is a sector of great opportunity. In the current political and economic situation, this aspect is particularly evident. The period of the pandemic, and now also the period of Russian hostilities within Ukraine, reveal significant disruptions to distribution channels and supply chains, and thus confirm the legitimacy of expanding internal, domestic storage facilities to secure food reserves.

As today's realities show - proper food storage is a great need and a challenge here at the same time. A system of proper and safe food storage is a way for national economies to become stronger and more independent from the rest of the world. According to the management's assessment, further contracts in the eastern part of Europe are only a matter of time. FEERUM's offering is distinguished by its full comprehensiveness, innovation and extensive experience in implementing facilities in extremely diverse conditions. It is also worth emphasising that in times of rising labour costs and problems with finding suitable staff, our solutions based on automatic management of the entire warehouse complex remain unrivalled.

The Management Board of the parent company assumes that the temporary cut-off from an important area of the Ukrainian market will be compensated by increased demand for Feerum products on the domestic market. On the one hand, there is observed interest of Ukrainian investors in the construction of infrastructure of "silos" for storing cereals, grown on Ukrainian territory, in the region of south-eastern Poland. Efforts are being made at government and local government level to manage grain flows and provide opportunities to diversify export routes for areas of armed conflict. On the other hand, for domestic enterprises in the agricultural sector, through the Agency for the Restructuring and Modernisation of Agriculture, it is planned to launch subsidies from the NAP, allowing 50% of the costs incurred for the implementation of projects on the processing or marketing of agricultural products.

In view of the fact that one of the strategic markets for the group is the steel market, where in past periods there has been a problem of steel shortage and consequent price increases, the Management Board has worked on the profitability of contracted sales by dynamically updating the price of the products offered.

High price levels and price momentum were driven by rising demand for steel in the world's major economies. The level of rebound in the steel market, following the pandemic crisis, took the market and companies by surprise. The radical increase in prices and the continuation of trade restrictions reduced the competitiveness of European steel producers, while at the same time perpetuating shortages, maintaining upward pressure on prices, which negatively affected downstream production companies. Currently, a certain level of stabilisation and slight downward trends in the above are noticeable.

The implementation of a modern IT system and the progressive automation of production processes, and thus a significantly strengthened competitive advantage, result in high efficiency in Feerum's operations. A key element of the negotiations is the comprehensive product offer, additionally expanded with innovative energy-efficient grain dryers with heat recovery and integrated dust removal system, as well as innovative lightweight steel silo constructions, enabling the realisation of highly

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technologically advanced designs, characterised by functionalities and features that make the facilities stand out significantly from the best currently available on the global market.

The many years of experience and innovative technical solutions developed and implemented by the parent company in the production process have enabled it to become one of the largest players on the Polish elevator market, thus building the Group's value.

In the period of the past Covid-19 pandemic, and then in the initial stage of the Russian aggression against Ukraine, the Parent Company also worked intensively on an additional area of activity. Thanks to a thorough, more than two-year observation of the market and out of a passion for cycling and a desire to provide Polish cyclists with products of the best quality at a reasonable price, a new brand Madani was created within the Feerum structures. The flagship offer of the brand includes bicycles, bicycle clothing and bicycle accessories. The year 2023 includes the first full sales season of this range and, due to inflationary factors, records a lower turnover than originally expected. The Group's diversification strategy of entering business sectors that require a different skill set, where different customer needs are being met, is a response to today's social and economic challenges.

The Group's current efforts are primarily focused on maintaining satisfactory profitability of contracted projects and adequate financial backing for the demands arising from their implementation.

2. Correction of an error and change in accounting policy

In the consolidated financial statements presented, the figures for the comparative period have not been altered from the data originally approved and published.

3. Operating segments

The Group's core business is the manufacture, sale and installation of grain dryers, silos and other equipment used in agricultural production storage and drying complexes. The Group carries out comprehensive projects developed in response to the specific needs of individual customers, providing turnkey solutions. Covering the production of equipment, design and implementation of modern technologies for drying and storing agricultural produce, the Group has one of the widest ranges of products and components on the Polish market, enabling it to meet the needs of its customers in a very comprehensive manner. To the knowledge of the Management Board, the Group is one of the largest manufacturers offering corrugated sheet metal structures in Poland. Silos made of corrugated sheet are characterised by better durability, allowing the construction of structures with a larger capacity, i.e. from 2,000 tonnes to 16,000 tonnes in one container.

In distinguishing operating segments, the parent company's management is guided by product lines, which represent the main products supplied by the Group and the services provided. Each segment is managed separately within a product line due to the specific nature of the services/products provided, which require different technologies, resources and implementation approaches.

The Group divides its activities into the following operating segments:

1. grain elevators
2. sales of goods and materials,
3. other services,
4. scrap metal sales.

In accordance with IFRS 8, the results of the operating segments result from internal reports reviewed periodically by the Parent Company's Management Board. The Parent Company's Management Board analyses the results of the operating segments at the level of profit (loss) from operations. The measurement of operating segment results used in the management calculations coincides with the accounting principles applied in the preparation of the consolidated financial statements.

Sales revenue reported in the consolidated statement of income does not differ from that presented within the operating segments.

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Segment revenues, results and assets operational	Elevators cereal	Goods and materials	Services	Scrap	Other	Total
for the period from 01.01 to 31.12.2023						
Revenue from external customers	52 651	8 939	1 020	662	-	63 272
Inter-segment sales revenue	-	-	-	-	-	-
Total revenue	52 651	8 939	1 020	662	-	63 272
Segment operating result	10 286	861	792	36	-	11 976
<i>Other information:</i>						
Depreciation	6 709	9	-	-	537	7 255
Impairment of non-financial fixed assets	-	-	-	-	-	-
Operating segment assets	119 964	3 030	-	-	29 277	152 271
Expenditure on fixed assets of the operating segment	-	-	-	-	-	-
for the period from 01.01 to 31.12.2022						
Revenue from external customers	65 300	7 161	2 170	1 362	-	75 993
Inter-segment sales revenue	-	-	-	-	-	-
Total revenue	65 300	7 161	2 170	1 362	-	75 993
Segment operating result	13 599	2 047	1 912	77	-	17 635
<i>Other information:</i>						
Depreciation	6 479	139	-	-	275	6 893
Impairment of non-financial fixed assets	-	-	-	-	-	-
Operating segment assets	128 230	10 513	-	-	39 601	178 344
Expenditure on fixed assets of the operating segment	-	-	-	-	-	-

The Group's revenue in the grain elevators and construction services segment is recognised over **time** in proportion to the degree to which the performance obligation associated with the contract has been fully met and the benefits transferred to the customer. Revenue in the goods and materials, scrap and other segments is recognised **at a specific point in time**.

Operating segment revenue by date of transfer of goods	Elevators cereal	Goods and materials	Services	Scrap	Other	Total
for the period from 01.01 to 31.12.2023						
at a specific moment	6 681	8 939	1 020	662	-	17 302
over time	45 970	-	-	-	-	45 970
Total	52 651	8 939	1 020	662	-	63 272

Due to the global political and economic situation, the share of foreign sales in the Group's revenue decreased in the past year, and the domestic market gained a significant advantage, reaching approximately 95.3%. The Group's revenues from external customers and fixed assets are presented by geographical area, which the Group distinguishes according to the location of external customers.

	01.01 to 31.12.2023		01.01 to 31.12.2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Country, Poland	60 313	66 413	70 565	72 928
Country Ukraine	441	-	2 407	-
Country Tanzania	-	-	-	-
Country Lithuania	1 499	-	2 932	-
Other countries	1 018	-	88	-
Total	63 272	66 413	75 993	72 928

Customers whose share of the Group's sales amount exceeds 10% are: 10% are: Farma Redło Sp. z o.o. (RB 4/2023), Świerkot Sp. z o.o. (RB 19/2022), REST Usługi Remontowo-Budowlane i Specjalistyczne M.Jamróż, J.Nowak, Spółka Jawna (RB 17/2022) and Fortune Sp. z o.o. (RB 12/2023). The total share of contractors in the Group's sales in the reporting period was 58%. There are no formal relationships of customers with Group companies known to the Management Board.

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A reconciliation of the total revenue, result and assets of the operating segments with the corresponding items in the Group's consolidated financial statements is as follows:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Segment revenues		
Total income of operating segments	63 272	75 993
Revenues not allocated to segments	-	-
Exclusion of revenue from inter-segment transactions	-	-
Sales revenue	63 272	75 993
Segment result		
Segment operating result	11 976	17 635
Corrections:		
Selling costs	(1 038)	(954)
General and administrative expenses	(7 079)	(7 831)
Other operating income	433	281
Other operating expenses	(1 376)	(674)
Other income not allocated to segments	-	-
Other costs not allocated to segments (-)	-	-
Exclusion of result from inter-segment transactions	-	-
Operating profit (loss)	2 914	8 457
Financial income	50	1 051
Finance costs (-)	(3 587)	(3 346)
Share of profit or loss of equity accounted investees (+/-)	-	-
Profit (loss) before tax	(623)	6 162
Segment assets		
Total assets of operating segments	152 271	178 344
Assets not allocated to segments	-	-
Exclusion of inter-segment transactions	-	-
Total assets	152 271	178 344

Revenues generated by the Group from the sale of individual groups of products, services and goods and materials are as follows:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Products		
Silos and dryers with instrumentation	52 651	65 300
Scrap	662	1 362
Revenue from the sale of products	53 313	66 662
Services		
Services	1 020	2 170
Revenue from sale of services	1 020	2 170
Goods and materials		
Goods and materials	8 939	7 161
Revenue from sale of goods and materials	8 939	7 161
Sales revenue	63 272	75 993

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4. Intangible assets

Intangible assets used by the Group include trademarks, computer software, internally generated development work and other intangible assets. Intangible assets that have not been placed in service by the balance sheet date are presented under 'Intangible assets under development'.

	Trade marks	Computer software	Costs of the work development	Other intangible assets	Intangible assets under development	Total
As at 31.12.2023						
Gross carrying amount	20 800	3 461	24 498	78	-	48 837
Accumulated depreciation and impairment losses	-	(3 239)	(20 691)	(78)	-	(24 008)
Net carrying amount	20 800	222	3 807	0	-	24 829
As at 31.12.2022						
Gross carrying amount	20 800	3 193	24 498	78	-	48 569
Accumulated depreciation and impairment losses	-	(3 177)	(18 184)	(78)	-	(21 439)
Net carrying amount	20 800	16	6 314	0	-	27 131

The table below shows acquisitions and disposals and impairments of intangible assets:

	Trade marks	Computer software	Costs of the work development	Other intangible assets	Intangible assets under development	Total
for the period from 01.01 to 31.12.2023						
Net carrying amount on 01.01.2023	20 800	16	6 314	0	-	27 131
Acquisition by business combination	-	-	-	-	-	-
Additions (acquisition, production, leasing)	-	268	-	-	-	268
Sale of a subsidiary (-)	-	-	-	-	-	-
Decreases (disposal, liquidation) (-)	-	-	-	-	-	-
Other changes (reclassifications, relocations, etc.)	-	-	-	-	-	-
Revaluation at fair value (+/-)	-	-	-	-	-	-
Depreciation (-)	-	(62)	(2 507)	-	-	(2 569)
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Net exchange differences on translation (+/-)	-	-	-	-	-	-
Net carrying amount at 31.12.2023	20 800	222	3 807	0	-	24 829

	Trade marks	Computer software	Costs of the work development	Other intangible assets	Intangible assets under development	Total
for the period from 01.01 to 31.12.2022						
Net carrying amount on 01.01.2022	20 800	2	8 919	0	-	29 720
Acquisition by business combination	-	-	-	-	-	-
Additions (acquisition, production, leasing)	-	23	-	-	-	23
Sale of a subsidiary (-)	-	-	-	-	-	-
Decreases (disposal, liquidation) (-)	-	-	-	-	-	-
Other changes (reclassifications, relocations, etc.)	-	-	-	-	-	-
Revaluation at fair value (+/-)	-	-	-	-	-	-
Depreciation (-)	-	(9)	(2 604)	-	-	(2 613)
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Net exchange differences on translation (+/-)	-	-	-	-	-	-
Net carrying amount at 31.12.2022	20 800	16	6 314	0	-	27 131

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

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Cost of sales	2 383	2 379
General and administrative expenses	186	234
Selling costs	-	-
Other	-	-
Total amortisation of intangible assets	2 569	2 613

The most significant intangible asset is the 'Feerum' trademark, whose carrying amount as at 31.12.2023 was PLN 20,800 thousand. The component is not subject to amortisation due to its indefinite useful life. In the current reporting period, the Group, using the DCF (Discounted Cash Flow) method, carried out the annual impairment test for these components, which did not indicate a need to write them down.

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5. Property, plant and equipment

	Land	Buildings and structures	Machinery and devices	Measures transport	Other fixed assets	Property, plant and equipment in the course of production	Total
As at 31.12.2023							
Gross carrying amount	1 609	41 892	52 032	7 690	3 813	1 127	108 162
Accumulated depreciation and impairment losses	-	(13 410)	(46 270)	(6 801)	(3 809)	-	(70 291)
Net carrying amount	1 609	28 481	5 761	889	4	1 127	37 871
As at 31.12.2022							
Gross carrying amount	1 609	41 832	51 225	7 958	3 813	1 151	107 588
Accumulated depreciation and impairment losses	-	(12 271)	(43 290)	(6 580)	(3 800)	-	(65 942)
Net carrying amount	1 609	29 561	7 934	1 378	13	1 151	41 646

	Land	Buildings and structures	Machinery and devices	Measures transport	Other fixed assets	Property, plant and equipment in the course of construction	Total
for the period from 01.01 to 31.12.2023							
Net carrying amount on 01.01.2023	1 609	29 561	7 934	1 378	13	1 151	41 647
Acquisition by business combination	-	-	-	-	-	-	-
Additions (acquisition, production, leasing)	-	60	875	-	-	(24)	910
Sale of a subsidiary (-)	-	-	-	-	-	-	-
Decreases (disposal, liquidation) (-)	-	-	-	(268)	-	-	(268)
Other changes (reclassifications, relocations, etc.)	-	-	-	-	-	-	-
Revaluation at fair value (+/-)	-	-	-	-	-	-	-
Depreciation (-)	-	(1 140)	(3 048)	(489)	(9)	-	(4 686)
Impairment losses (-)	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	268	-	-	268
Net exchange differences on translation (+/-)	-	-	-	-	-	-	-
Net carrying amount at 31.12.2023	1 609	28 481	5 761	889	4	1 127	37 871

	Land	Buildings and structures	Machinery and devices	Measures transport	Other fixed assets	Property, plant and equipment in the course of construction	Total
for the period from 01.01 to 31.12.2022							
Net carrying amount on 01.01.2022	1 609	30 700	10 490	1 799	30	1 136	45 765
Acquisition by business combination	-	-	-	-	-	-	-
Additions (acquisition, production, leasing)	-	-	46	101	-	15	162
Sale of a subsidiary (-)	-	-	-	-	-	-	-
Decreases (disposal, liquidation) (-)	-	-	-	(509)	-	-	(509)
Other changes (reclassifications, relocations, etc.)	-	-	-	-	-	-	-
Revaluation at fair value (+/-)	-	-	-	-	-	-	-
Depreciation (-)	-	(1 139)	(2 602)	(521)	(18)	-	(4 280)
Impairment losses (-)	-	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	509	-	-	509
Net exchange differences on translation (+/-)	-	-	-	-	-	-	-
Net carrying amount at 31.12.2022	1 609	29 561	7 935	1 378	13	1 151	41 647

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Depreciation of property, plant and equipment is included in the following items of the consolidated reports on the outcome:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Cost of sales	4 178	3 619
General and administrative expenses	440	611
Selling costs	67	50
Cost of other assets	-	-
Other	-	-
Total depreciation of property, plant and equipment	4 686	4 280

In 2023, the parent company's management has not identified any indication requiring additional impairment losses on property, plant and equipment. The carrying amount of property, plant and equipment located in Tanzania remains reduced by impairment losses made in 2020.

Impairment occurs when it is highly probable that an asset controlled by an entity will not generate in the future, in significant part or in whole, the anticipated economic benefits. The impairment of fixed assets located in the parent company's Tanzanian branch was caused by the withdrawal of assets from use as a result of: the parent company's withdrawal from its contract with the Tanzanian NFRA, the loss of control by the parent company, the NFRA taking control of the locations, the lack of an economically justifiable opportunity to bring the assets to Poland and the inability to sell the assets within Tanzania. The total write-down for the above amounted to PLN 5.87 million.

The parent company's Management Board has concluded that the above rationale justifies the recognition of an impairment loss bringing the value of the asset as shown in the books to fair value.

Information on collateral for liabilities is presented in note 7.3.

6. Lease assets and liabilities

The parent company, as lessee, uses property, plant and equipment under finance lease agreements. The carrying amount of assets subject to finance leases is as follows:

	Measures transport	Total
As at 31.12.2023		
Gross carrying amount	3 795	3 795
Accumulated depreciation and impairment losses	(2 621)	(2 621)
Net carrying amount	1 174	1 174
As at 31.12.2022		
Gross carrying amount	3 848	3 848
Accumulated depreciation and impairment losses	(2 143)	(2 143)
Net carrying amount	1 705	1 705

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The outstanding future minimum lease payments as at the balance sheet date amount to:

	Payments under finance leases payable in period:			Total
	up to 1 year	1 to 5 years	over 5 years	
As at 31.12.2023				
Future minimum lease payments	378	239	-	617
Finance costs (-)	(6)	(1)	-	(7)
Present value of future minimum lease payments	372	239	-	610
As at 31.12.2022				
Future minimum lease payments	535	699	-	1 234
Finance costs (-)	(18)	(7)	-	(25)
Present value of future minimum lease payments	517	692	-	1 209

During the period covered by the consolidated financial statements, no expense was recognised for contingent lease payments and there are no sublease payments as the assets are used solely by the parent company. As a result of the application of IFRS 16, the Group has reviewed its contracts to identify those that contain a lease or lease component in accordance with IFRS 16. The Group has not identified any significant contracts that would require a change to the existing presentation.

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7. Financial assets and liabilities

7.1 Categories of financial assets and liabilities

Value of **financial assets** presented in the consolidated statement of financial position refers to the following categories of financial instruments as defined in IFRS 9:

1 - financial assets measured at amortised cost (AZK)
2 - financial assets at fair value through profit or loss (AWG-W)
3 - financial assets at fair value through other comprehensive income (AWG-D)
4 - assets outside the scope of IFRS 9 (Non-IFRS 9)

	Note	Categories of financial instruments by IFRS 9				Total
		AZK	AWG-W	AWG-D	Beyond IFRS 9	
As at 31.12.2023						
Non-current assets:						
Receivables and loans	10	1 374	-	-	-	1 374
Derivative financial instruments		-	-	-	-	-
Other non-current financial assets		4	-	-	-	4
Current assets:						
Trade and other receivables	10	10 840	-	-	314	11 154
Loans	7.2	-	-	-	-	-
Derivative financial instruments		-	-	-	-	-
Other short-term financial assets		-	-	-	-	-
Cash and cash equivalents	11	2 015	-	-	-	2 015
Total category of financial assets		14 233	-	-	314	14 547

	Note	Categories of financial instruments by IFRS 9				Total
		AZK	AWG-W	AWG-D	Beyond IFRS 9	
As at 31.12.2022						
Non-current assets:						
Receivables and loans	10	2 286	-	-	-	2 286
Derivative financial instruments		-	-	-	-	-
Other non-current financial assets		4	-	-	-	4
Current assets:						
Trade and other receivables	10	13 984	-	-	1 116	15 100
Loans	7.2	-	-	-	-	-
Derivative financial instruments		-	-	-	-	-
Other short-term financial assets		-	-	-	-	-
Cash and cash equivalents	11	12 979	-	-	-	12 979
Total category of financial assets		29 251	-	-	1 116	30 368

Within other non-current financial assets, the Group measures shares in **unlisted companies** at cost with impairment, due to the inability to reliably estimate their fair value. The Group does not intend to dispose of unlisted shares in the near future.

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The value of **financial liabilities** presented in the consolidated statement of position financial instruments refers to the following categories of financial instruments as defined in IFRS 9:

1 - financial liabilities measured at amortised cost (MCA)
2 - financial liabilities at fair value through profit or loss (ZWG-W)
3 - liabilities outside the scope of IFRS 9 (Beyond IFRS 9)

	Note	Instrument categories financials under IFRS 9			Total
		ZWG-W	ZZK	Beyond IFRS 9	
As at 31.12.2023					
Long-term liabilities:					
Loans, borrowings, other debt instruments	7.2	-	-	-	-
Financial leasing	6	-	239	-	239
Derivative financial instruments		-	-	-	-
Other liabilities	14	-	-	-	-
Current liabilities:					
Trade and other payables	14	-	2 288	5 620	7 909
Loans, borrowings, other debt instruments	7.2	-	17 412	-	17 412
Financial leasing	6	-	372	-	372
Derivative financial instruments		-	-	-	-
Total category of financial liabilities		-	20 311	5 620	25 931

	Note	Instrument categories financials under IFRS 9			Total
		ZWG-W	ZZK	Beyond IFRS 9	
As at 31.12.2022					
Long-term liabilities:					
Loans, borrowings, other debt instruments	7.2	-	3 510	-	3 510
Financial leasing	6	-	692	-	692
Derivative financial instruments		-	-	-	-
Other liabilities	14	-	-	-	-
Current liabilities:					
Trade and other payables	14	-	3 293	5 722	9 015
Loans, borrowings, other debt instruments	7.2	-	30 377	-	30 377
Financial leasing	6	-	517	-	517
Derivative financial instruments		-	-	-	-
Total category of financial liabilities		-	38 390	5 722	44 112

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

7.2 Loans, borrowings, other debt instruments

The value of loans, borrowings and other debt instruments recognised in the consolidated financial statements is shown in the table below:

	Current liabilities		Long-term liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>Financial liabilities measured at amortised cost:</i>				
Overdraft facilities	3 510	9 007	-	3 510
Overdraft facilities	11 704	19 171	-	-
Loans	2 198	2 200	-	-
Debt securities	-	-	-	-
Financial liabilities measured at amortised cost	17 412	30 377	-	3 510
<i>Financial liabilities designated at fair value through profit or loss:</i>				
Bank loans	-	-	-	-
Debt securities	-	-	-	-
Other	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total loans, borrowings, other debt instruments	17 412	30 377	-	3 510

Financial liabilities measured at amortised cost

The Group does not classify any instruments in the class of loans and borrowings as financial liabilities designated at fair value through profit or loss. All loans, borrowings and other debt instruments are measured at amortised cost using the effective interest rate. The fair value of loans, borrowings and other debt instruments is presented in note 7.6.

Information on the nature and extent of the risks to which the Group is exposed by virtue of its borrowings and other debt instruments is presented in the table below (see also note 25 on risks):

	Currency	Interest rate	Deadline maturity	Carrying amount		Commitment	
				in currency	in PLN	short-term	long-term
As at 31.12.2023							
Overdraft facility	PLN	WIBOR 1M + margin	30.06.2024	-	7 740	7 740	-
Overdraft facility	PLN	WIBOR 1M + margin	30.06.2024	-	3 846	3 846	-
Overdraft facility	PLN	WIBOR 1M + margin	31.08.2024	-	285	285	-
Loans	PLN	WIBOR 1M + margin	31.12.2024	-	2 198	2 198	-
Overdraft facility	PLN	WIBOR 1M + margin	30.09.2024	-	1 196	1 196	-
Overdraft facility	PLN	WIBOR 1M + margin	30.09.2024	-	2 030	2 030	-
Renewable credit limit	PLN	WIBOR 1M + margin	31.07.2024	-	119	119	-
Total loans, borrowings, other debt instruments as at 31.12.2023				-	17 412	17 412	-
As at 31.12.2022							
Overdraft facility	PLN	WIBOR 1M + margin	30.06.2024	-	14 578	14 578	-
Overdraft facility	PLN	WIBOR 1M + margin	31.05.2023	-	4 593	4 593	-
Overdraft facility	PLN	WIBOR 1M + margin	31.08.2024	-	585	300	285
Overdraft facility	PLN	WIBOR 1M + margin	29.06.2023	-	409	409	-
Loans	PLN	WIBOR 1M + margin	31.12.2023	-	2 200	2 200	-
Overdraft facility	PLN	WIBOR 1M + margin	30.09.2024	-	2 828	1 632	1 196
Overdraft facility	PLN	WIBOR 1M + margin	30.09.2024	-	4 790	2 760	2 030
Renewable credit limit	PLN	WIBOR 1M + margin	30.07.2023	-	-	-	-
Revolving credit	PLN	WIBOR 1M + margin	01.07.2024	-	3 906	3 906	-
Total loans, borrowings, other debt instruments as at 31.12.2022				-	33 888	30 377	3 510

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

The majority of the loans bear variable interest rates based on the reference WIBOR 1M rate, which as at 31.12.2023 stood at 5.80% (31.12.2022: 6.93%).

7.3 Security for repayment of liabilities and contingent liabilities

The Group's borrowings, loans, other debt instruments and finance leases are covered by the following repayment security (as at the balance sheet date):

1. contractual joint mortgage on real estate up to PLN 75,800 thousand (2022: PLN 75,800 thousand),
2. A contractual joint mortgage on real estate up to EUR 6,363 thousand (2022: EUR 6,363 thousand),
3. registered pledge on machinery and equipment up to PLN 13,312 thousand (2022 - PLN 13,312 thousand),
4. a registered pledge on stock of PLN 47,655 thousand (2022: PLN 47,655 thousand), although its composition would be variable,
5. registered pledge on trade receivables of PLN 823k (2022: PLN 823k), although its composition would be variable
6. assignment of rights under insurance policies for the above assets,
7. blank promissory notes together with a declaration of exchange,
8. a declaration of surrender to enforcement,
9. power of attorney to dispose of current and future receipts on the bank account.

As at 31.12.2023, the following assets of the Group (at carrying value) provided security for the repayment of liabilities and contingent liabilities (see note 24):

	31.12.2023	31.12.2022
Intangible assets	3 807	6 314
Property, plant and equipment, including leased assets	25 906	32 034
Financial assets (other than receivables)	-	-
Stocks	35 469	53 439
Trade and other receivables	572	281
Cash	-	-
Total carrying amount of assets pledged as collateral	65 754	92 069

7.4 Other information on financial instruments

7.4.1 Information on the fair value of financial instruments

The Group has departed from determining the fair value of certain shares of unlisted companies due to the difficulty of reliably estimating their fair value. Shares of certain unlisted companies included in the category of financial assets measured at amortised cost, for which fair value cannot be determined, are measured at cost subject to impairment (see note 7.1)

Fair value is defined as the amount for which an asset could be exchanged, and a liability settled, between knowledgeable, willing and unrelated parties in an arm's length transaction. In the case of financial instruments for which an active market exists, their fair value is determined on the basis of parameters derived from an active market (selling and purchase prices). For financial instruments for which there is no active market, fair value is determined on the basis of valuation techniques, using variables from active markets (exchange rates, interest rates, etc.) as model inputs to the maximum extent possible.

The fair value of financial assets and liabilities which, in accordance with accounting policy, the Group recognises in the balance sheet at amortised cost and for which no active market exists, was determined at

Name of Issuer:	<i>Feerum Capital Group</i>		
Period covered by the financial statements:	<i>01.01.2023- 31.12.2023</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of rounding:	<i>all amounts are expressed in thousands of Polish zloty (unless otherwise stated)</i>		

purposes of the note as the present value of future cash flows, discounted at the market interest rate. The Group did not measure the fair value of trade receivables and trade payables - their carrying amount is considered by the Group to be a reasonable approximation of fair value.

7.4.2 Retraining

The Group has not reclassified any financial assets that would result in a change in the measurement basis of those assets between fair value and cost or the amortised cost method.

7.4.3 Exclusion from the consolidated statement of financial position

As at 31.12.2023, the Group had no financial assets whose transfers qualify for exclusion from the consolidated statement of financial position.

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

8. Deferred tax assets and liabilities

Deferred tax assets and liabilities are affected as follows consolidated financial statements:

	31.12.2023	31.12.2022
Opening balance:		
Deferred tax assets	1 861	2 589
Deferred tax liability	1 665	2 598
Deferred tax per opening balance	196	(9)
Change of state during the period affecting:		
Result (+/-)	(91)	205
Other comprehensive income (+/-)	-	-
Accounting for business combinations	-	-
Other (including net exchange differences on translation)	-	-
Deferred tax per balance at the end of the period, of which:	105	196
Deferred tax assets	2 335	1 861
Deferred tax liability	2 230	1 665

Deferred tax assets:

Titles of temporary differences	Balance at beginning of period	Change of state:			Balance at end of period
		result	other comprehensive income	billing links	
As at 31.12.2023					
<i>Assets:</i>					
<i>Commitments:</i>					
Employee benefit obligations	195	(11)	-	-	185
Provisions for employee benefits	-	-	-	-	-
Other reserves	939	(797)	-	-	142
Derivative financial instruments	-	-	-	-	-
Trade payables	14	-	-	-	14
Loans, borrowings, other debt instruments	230	(114)	-	-	116
Other commitments	200	876	-	-	1 076
<i>Other:</i>					
Unrelieved tax losses	-	566	-	-	566
Total	1 861	473	-	-	2 335
As at 31.12.2022					
<i>Assets:</i>					
<i>Commitments:</i>					
Employee benefit obligations	205	(10)	-	-	195
Provisions for employee benefits	-	-	-	-	-
Other reserves	978	(39)	-	-	939
Derivative financial instruments	-	-	-	-	-
Trade payables	11	2	-	-	14
Loans, borrowings, other debt instruments	383	(154)	-	-	230
Other commitments	622	(422)	-	-	200
<i>Other:</i>					
Unrelieved tax losses	-	-	-	-	-
Total	2 589	(728)	-	-	1 861

When incurring a tax loss, the Group recognises deferred tax assets, the realisation of which is dependent on future tax income in excess of the income from the reversal of taxable temporary differences. The assets are recognised on the basis of the forecasts of future financial results prepared by the Management Board of the Parent Company and the business strategy of the Group Companies.

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

Deferred tax liability:

Titles of temporary differences	Balance at beginning of period	Change of state:			Balance at end of period
		result	other comprehensive income	billing links	
As at 31.12.2023					
Assets:					
Intangible assets	745	(282)	-	-	463
Property, plant and equipment	675	(113)	-	-	562
Investment property	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Trade receivables	-	-	-	-	-
Construction contracts	-	1 205	-	-	1 205
Other assets	245	(245)	-	-	-
Commitments:					
Derivative financial instruments	-	-	-	-	-
Trade payables	-	-	-	-	-
Loans, borrowings, other debt instruments	-	-	-	-	-
Other commitments	-	-	-	-	-
Total	1 665	565	-	-	2 230
As at 31.12.2022					
Assets:					
Intangible assets	1 026	(282)	-	-	745
Property, plant and equipment	794	(119)	-	-	675
Investment property	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Trade receivables	-	-	-	-	-
Construction contracts	778	(778)	-	-	-
Other assets	-	245	-	-	245
Commitments:					
Derivative financial instruments	-	-	-	-	-
Trade payables	-	-	-	-	-
Loans, borrowings, other debt instruments	-	-	-	-	-
Other commitments	-	-	-	-	-
Total	2 598	(933)	-	-	1 665

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

9. Stocks

The following inventory items are included in the Group's consolidated financial statements:

	31.12.2023	31.12.2022
Materials	16 711	29 100
Intermediate products and work in progress	10 634	7 396
Finished products	25 045	25 555
Goods	13 114	13 679
Total carrying amount of inventories	65 504	75 730

In the opinion of the Parent's Management Board, due to the fact that the Group's products are manufactured from galvanised or stainless steel and good and safe storage conditions are provided, the stocks held do not lose value during storage. When advanced technological changes are identified, stock is reviewed, where the prospective suitability of the product is analysed. If a product is found to be unsuitable, it is disposed of, taking into account the recovery process.

With regard to the stock of sports range goods, which is valued at cost, the Board of Directors inspects the asset for its commercial value. If a permanent impairment is identified, an impairment loss is created. Sports equipment represents a range of fixed performance and possible impairment is related to market fashion trends. Goods are stored in such a way as to maintain their original characteristics, parameters and quality.

With regard to the stock of materials - maize grain - due to a significant reduction in the selling price as a result of the excess of grain supply over demand and the market absorption capacity of the domestic economy, the Group made a write-down of the value of the grain to the achieved net selling price in the first quarter of 2024. The current fluctuations in the prices of agricultural products determine to a large extent the level of profitability of agricultural production, the possibilities of accumulation, the standard of living of producers and consumers, as well as the possibilities and volume of exports, making it difficult to make business decisions. The revolution in this regard on global markets and exchanges is due to the fact that Ukraine and Russia are large producers and exporters for the cereal market.

Inventory write-downs are presented in the table below:

	31.12.2023	31.12.2022
Balance at beginning of period	-	1 301
Write-downs recognised as an expense during the period	851	-
Allowances used during the period (-)	-	(589)
Other changes	-	(712)
Balance at end of period	851	-

Information on stocks pledged as collateral for liabilities is presented in note 7.3.

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

10. Trade and other receivables

Trade and other receivables recognised by the Group under the categories of **The long-term figures** are as follows:

	31.12.2023	31.12.2022
Retention amounts (deposits) for construction contracts	-	-
Deposits paid for other purposes	-	-
Other receivables	1 374	2 286
Allowance for expected impairment of receivables (-)	-	-
Total long-term receivables	1 374	2 286

Receivables of the Ukrainian counterparty Epicentr K LLC, included in the balance sheet balance of other **long-term** receivables, covered by the export support programme, were insured with policies from KUKE S.A., covering the risk of non-payment for political reasons at 100% (so-called political risk).

The Group did not recognise any allowance for expected credit losses on long-term receivables during the period under review

Trade and other receivables recognised by the Group under the categories of **short-term** are as follows:

	31.12.2023	31.12.2022
<i>Financial assets (IFRS 9):</i>		
Trade receivables	6 626	14 587
Allowance for expected credit losses on trade receivables (-)	(2 119)	(2 209)
Net trade receivables	4 507	12 378
Receivables from sale of non-current assets	-	-
Retention amounts (deposits) from contracts with customers	7 923	7 923
Deposits paid for other purposes	-	-
Other receivables	6 333	1 606
Allowance for expected credit losses on other financial receivables(-)	(7 923)	(7 923)
Other financial receivables, net	6 333	1 606
IFRS 9 financial receivables	10 840	13 984
<i>Financial assets (excluding IFRS 9):</i>		
Tax and other benefits receivable	74	378
Prepayments and advances	230	698
Other financial receivables	10	40
Allowance for expected credit losses on financial receivables (-)	-	-
Financial receivables outside IFRS 9	314	1 116
Total short-term receivables	11 154	15 100

Impairment losses on **short-term financial receivables** are shown in the table below:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Balance at beginning of period	10 133	10 131
Write-downs recognised as an expense during the period	46	1
Reversals recognised as income in the period (-)	-	-
Allowances used (-)	(136)	(0)
Other changes (net exchange differences on translation)	-	-
Balance at end of period	10 042	10 133

Name of Issuer:	Feerum Capital Group		
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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

The current and overdue values of **short-term financial receivables** are shown in the table below:

	31.12.2023		31.12.2022	
	Current	Outstanding	Current	Outstanding
Short-term receivables:				
Trade receivables	11 909	8 973	21 396	2 720
Allowance for expected losses of trade receivables (-)	(7 923)	(2 119)	(9 022)	(1 110)
Net trade receivables	3 986	6 854	12 374	1 610
Other financial receivables	314	-	1 116	-
Allowance for expected losses of other receivables (-)	-	-	-	-
Other financial receivables, net	314	-	1 116	-
Short-term financial receivables	4 300	6 854	13 490	1 610

The carrying amount of trade receivables is considered by the Group to be a reasonable approximation of fair value (see note 7.4). Information on receivables pledged as collateral for liabilities is presented in Note 7.3.

In view of the written declaration of withdrawal from the contract concluded with NFRA submitted by the Parent Company on 1 December 2020, the Group made a significant write-down on the receivables under the contract, comprising the retention amounts (10% of the value of each sales invoice) subject, under the terms of the contract, to payment to the Parent Company, half after the signing of the final acceptance protocol and the remainder after the expiry of the quality guarantee period expiring one year after the signing of the final acceptance protocol. The immediate grounds for the withdrawal were delays in payment and the inability to carry out the work for reasons beyond the control of the Parent Company. The total amount of retained receivables amounted to PLN 7.9 million. As at the date of publication, the settlement in question had not been made, so the Parent Company's Management Board maintained the write-down made in 2020

The Group's credit risk is mainly related to trade receivables. In the domestic market, the Group's significant transactions are mainly with customers who benefit from targeted EU funding, while for significant contracts in the Ukrainian market, which prevailed in 2021, the Group benefited from KUKE S.A. insurance, where contract payments were spread over five years and the insured receivables were purchased by Bank Gospodarstwa Krajowego. These transactions are the first of their kind in Poland in terms of cooperation with a Ukrainian counterparty. As a result, these types of contracts are financed with supplier credit using the government's export support programme, which significantly mitigates credit risk. In addition, a customer that has been accepted by all institutions participating in the government programme can be considered as a counterparty of high credibility and verifiable creditworthiness. Therefore, the Group's exposure to bad debt risk is negligible.

Due to the fact that the Central Bank of Ukraine, on the basis of Resolution No. 18 issued on 24 February 2022, imposed a moratorium on cross-border foreign exchange payments, the Ukrainian partner, Epicentr K LLC, failed to make payments of instalments due as scheduled. KUKE S.A.'s insurance contracts qualify such an event as a political risk.

The balance of **short-term receivables on the** balance sheet includes, among others, receivables from the Ukrainian counterparty Epicentr K LLC covered by the export promotion programme, including:

- a) receivables from contracts 963/SILO and 963/2/SILO arising from the Parent Company's own share of 5% of the receivables from the contracts in question, in respect of outstanding instalments, insured by KUKE S.A. at 100% for political risk;
- b) receivables from contracts 1337/SILO and 1340/SILO resulting from recourse deductions applied by Bank Gospodarstwa Krajowego against the Parent Company, covering receivables to the extent of 10% of instalments for which KUKE S.A. recognised and paid compensation to Bank Gospodarstwa Krajowego.

Epicentr K LLC was regularly servicing its debt under the above contracts until the invasion of Ukraine by the Russian Federation's military, which began on 24 February 2022. In connection with the invasion, Ukrainian President Volodymyr Zelenski declared martial law throughout the country and the Central Bank of Ukraine imposed a moratorium on cross-border foreign exchange payments. The effect of

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The effect of the moratorium was, inter alia, the cessation of Ukrainian entities' payment of foreign currency liabilities to foreign entities, in particular the cessation of Epicentr K LLC's payment of current instalments payable in euro.

On 16 June 2023, the National Bank of Ukraine partially lifted the restrictions under the moratorium. According to information obtained from KUKA S.A., the moratorium in its current version allows Epicentr K LLC to pay instalments under contract 963/2/SILO, while leaving in abeyance the possibility of paying arrears under the other three contracts. Following the partial lifting of the payment restrictions under the moratorium, Epicentr K LLC has paid the outstanding obligations under contract 963/2/SILO.

In view of the fact that information obtained from KUKA S.A. and Bank Gospodarstwa Krajowego confirms the qualification of the current payment delays as a case of political risk caused by the moratorium in force and at the same time signals that discussions are underway at the international level to further reduce the rigours of the moratorium, the Management Board of the Parent Company, bearing in mind the good financial condition of Epicentr K LLC, decided not to create an allowance for expected credit losses on short-term receivables relating to receivables from Epicentr K LLC.

Due to the application of the standardised presentation of information, in accordance with the ESEF standard, the Group has adjusted terminology and reclassified and aggregated selected items in the statement of financial position. Accruals have also been classified under trade and other receivables, which are presented separately within the notes (see note 16).

11. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash at bank accounts held in PLN	891	593
Cash in foreign currency bank accounts	1 099	12 301
Cash on hand	24	85
Short-term deposits	-	-
Other	-	-
Total cash and cash equivalents	2 015	12 978

For the purpose of preparing the consolidated statement of cash flows, the Group classifies cash in the manner adopted for presentation in the consolidated statement of financial position. A value-based reconciliation of cash reported in the consolidated statement of financial position and consolidated statement of cash flows is provided in note 22.

12. Equity

12.1. Core capital

As at 31.12.2023, the parent company's share capital amounted to PLN 33,383 thousand (2022: PLN 33,383 thousand) and was divided into 9,537,916 shares (2022: 9,537,916) with a nominal value of PLN 3.5 each. All shares were fully paid up. All shares participate equally in the distribution of dividends and each share carries the right to one vote at the General Meeting of Shareholders.

Changes in the number of shares during the period covered by the consolidated financial statements result from the following transactions with owners:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
<i>Shares issued and fully paid up:</i>		
Number of shares at the beginning of the period	9 537 916	9 537 916
Issue of shares in connection with the exercise of options (share payment scheme)	-	-
Share issue	-	-
Cancellation of shares (-)	-	-
Number of shares at the end of the period	9 537 916	9 537 916

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Level of rounding:	<i>all amounts are expressed in thousands of Polish zloty (unless otherwise stated)</i>		

12.2. Share premium account

In 2013, the parent company issued 2,200,000 series E shares, offering 1 share at a price of PLN 8.5. The issue value of the shares sold thus amounted to PLN 18,700 thousand. The parent company incurred costs of conducting the issue amounting to PLN 1,634 thousand and created a provision of PLN 32 thousand for future expenses related to the issue. The above provision was released in 2015 increasing the share premium by PLN 32 thousand. Thus, the acquired surplus from the sale of E series shares above their nominal value amounted to PLN 9,366 thousand.

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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

13. Employee benefits

13.1. Employee benefit costs

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Salary costs	12 550	12 368
Social security costs	2 956	2 872
Costs of share-based payment schemes	-	-
Costs of future benefits (provisions for jubilee awards, retirement benefits)	34	61
Total employee benefit costs	15 539	15 300

13.2. Employee benefit obligations and provisions

Employee benefit liabilities and provisions recognised in the consolidated statement of financial position include:

	Current liabilities and provisions		Non-current liabilities and provisions	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>Short-term employee benefits:</i>				
Payroll liabilities	852	858	-	-
Social security liabilities	702	662	-	-
Provisions for unused leave	258	326	-	-
Short-term employee benefits	1 812	1 845	-	-
<i>Other long-term employee benefits:</i>				
Provisions for jubilee awards	-	-	-	-
Provisions for severance payments	-	-	291	257
Other reserves	-	-	-	-
Other long-term employee benefits	-	-	291	257
Total liabilities and provisions for employee benefits	1 812	1 845	291	257

The change in other long-term employee benefits was affected by the following items:

	Provisions for other long-term employee benefits			
	jubilee awards	retirement benefits	other	together
for the period from 01.01 to 31.12.2023				
Balance at beginning of period	-	257	-	257
Changes recognised in the result:	-	-	-	-
Employment costs	-	34	-	34
Interest costs	-	-	-	-
Remeasurement of the liability	-	-	-	-
Changes with no impact on the outcome:	-	-	-	-
Benefits paid (-)	-	-	-	-
Increase by business combination	-	-	-	-
Other changes (net exchange differences on translation)	-	-	-	-
Present value of provisions as at 31.12.2023	-	291	-	291
for the period from 01.01 to 31.12.2022				
Balance at beginning of period	-	196	-	196
Changes recognised in the result:	-	-	-	-
Employment costs	-	61	-	61
Interest costs	-	-	-	-
Remeasurement of the liability	-	-	-	-
Changes with no impact on the outcome:	-	-	-	-
Benefits paid (-)	-	-	-	-
Increase by business combination	-	-	-	-
Other changes (net exchange differences on translation)	-	-	-	-
Present value of provisions at 31.12.2022	-	257	-	257

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

The present value of provisions was recognised on the basis of a valuation prepared by the Group using actuarial methods, where the following assumptions were made in the valuation of benefits (see also the section on estimation uncertainty - subsection c) under "Basis of preparation and accounting principles"):

	31.12.2023	31.12.2022
Discount rate	3,5%	3,5%
Projected rate of salary increase	1%	1%

14. Trade and other payables

Trade and other payables (see also note 7) are as follows:

Long-term liabilities:

	31.12.2023	31.12.2022
Commitments to purchase fixed assets	-	-
Deposits received	-	-
Other financial liabilities	-	-
Total other long-term liabilities	-	-

Current liabilities:

	31.12.2023	31.12.2022
<i>Financial liabilities (IFRS 9):</i>		
Trade payables	2 288	3 293
Commitments to purchase fixed assets	-	-
Other financial liabilities	-	-
Financial liabilities under IFRS 9	2 288	3 293
<i>Financial liabilities (other than IFRS 9):</i>		
Liabilities for taxes and other benefits	-	-
Prepayments and advances received for deliveries	5 318	5 246
Advances received for construction services	-	-
Other financial liabilities	302	476
Financial liabilities outside IFRS 9	5 620	5 722
Total current liabilities	7 909	9 015

The carrying amount of trade payables is considered by the Group to be a reasonable approximation of fair value (see note 7.4).

Information on liabilities from contracts with customers is presented in note 17.

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15. Reserves

Provisions are recognised when the Group has an existing obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing of the incurrence and the amount required to be paid may be uncertain.

In addition to the provisions for employee benefits described in note 13, the Group has recognised provisions for after-sales service for products and services provided. The Group provides warranties on products sold, which represents the customer's assurance that the product conforms to the specifications agreed by the parties. The Group recognises such guarantees in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The balances of other provisions by title are shown in the table below:

	Short-term provisions		Long-term provisions	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Provisions for court cases	-	-	-	-
Provisions for losses on construction contracts	-	-	-	-
Provisions for restructuring costs	-	-	-	-
Other reserves	323	3 770	424	924
Total other reserves	323	3 770	424	924

Included under Other provisions are probable future repair liabilities guarantees.

The change in other provisions was affected by the following items:

	Provisions for:				
	matters judicial	losses from contracts construction	restructuring costs	other	together
for the period from 01.01 to 31.12.2023					
<i>Balance at beginning of period</i>	-	-	-	4 694	4 694
<i>Increase in provisions recognised as an expense in the period</i>	-	-	-	593	593
<i>Release of provisions recognised as income in the period (-)</i>	-	-	-	(4 039)	(4 039)
<i>Use of reserves (-)</i>	-	-	-	(501)	(501)
<i>Increase by business combination</i>	-	-	-	-	-
<i>Other changes (net exchange differences on translation)</i>	-	-	-	-	-
Balance of reserves as at 31.12.2023	-	-	-	747	747
for the period from 01.01 to 31.12.2022					
<i>Balance at beginning of period</i>	-	-	-	4 912	4 912
<i>Increase in provisions recognised as an expense in the period</i>	-	-	-	1 029	1 029
<i>Release of provisions recognised as income in the period (-)</i>	-	-	-	(763)	(763)
<i>Use of reserves (-)</i>	-	-	-	(484)	(484)
<i>Increase by business combination</i>	-	-	-	-	-
<i>Other changes (net exchange differences on translation)</i>	-	-	-	-	-
Balance of reserves at 31.12.2022	-	-	-	4 694	4 694

The Group, on the basis of an analysis of historical data, has determined that the costs of warranty repairs represent, on average, 1.5% of the value of revenue from the sale of products. Provisions for warranty are made for contracts with a value of more than PLN 100,000 excluding the amount of construction services, for which the Group does not anticipate probable warranty liabilities.

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16. Accruals and deferred income

	Short-term settlements		Long-term settlements	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>Assets - accruals:</i>				
Rents	-	-	-	-
Other prepaid costs	256	313	-	-
Total assets - prepaid expenses	256	313	-	-
<i>Liabilities - accruals:</i>				
Grants received	1 513	1 549	4 068	5 558
Deferred income	-	-	-	-
Other settlements	72	320	-	-
Total liabilities and accruals	1 585	1 869	4 068	5 558

1. In **June 2015**, the parent company completed the project entitled: Development of an energy-efficient dryer with heat recovery and integrated dust collection system, co-financed under the Innovative Economy Operational Programme, Support for targeted projects: (**Measure 1.4**). The funding agreement was signed on 20 November 2012 with the National Centre for Research and Development. The total value of qualified expenses of the project was PLN 7.27 million, while the amount of co-financing was PLN 4.02 million.

Up to the date of approval of the report for publication, the Parent Company has received and accounted for the entire grant awarded. The benefit from the grant will be recognised over the amortisation period of the intangible assets covered by the project. In the period 2023, the Parent Company recognised income on this account in the amount of PLN 392 thousand in the item "sales revenue".

At the balance sheet date, there are no unfulfilled conditions that could contribute to the need to repay the subsidy received.

2. In **December 2015**, the parent company completed the project entitled '*Integrated storage and drying complex based on a patented solution*', co-financed under the Innovative Economy Operational Programme, 2007-2013, Priority 4 Investments in innovative enterprises, (**Measure: 4.4.**) New investments with high innovative potential. The funding agreement was signed on 20 June 2014 with the Polish Agency for Enterprise Development. The total value of the project's eligible expenditure was PLN 13.8 million, while the amount of funding was PLN 5.07 million.

Up to the date of approval of the report for publication, the Parent Company has received and settled payments totalling PLN 5.07 million. The benefit from the subsidy is recognised over the depreciation period of the individual fixed assets included in the project. In the period 2023, the Parent Company recognised income on this account in the amount of PLN 303 thousand under "sales revenue".

At the balance sheet date, there are no unfulfilled conditions that could contribute to the need to repay the subsidy received.

3. In **December 2015**, the parent company completed the project entitled Development of innovative structures of lightweight steel and steel-textile silos, co-financed under the Innovative Economy Operational Programme 2007-2013, Priority 1. Research and development of modern technologies, **Measure: 1.4**. Support for targeted projects. The funding agreement was signed on 2 June 2014 with the National Centre for Research and Development. The project started on 10 February 2014, the research part of the project lasted until 31 December 2015 and the implementation part until December 2016. (RB No. 16/2014)(RB No. 29/2014). The total eligible expenditure of the project amounted to PLN 7.6 million, while the amount of funding was PLN 4.2 million.

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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

Up to the date of approval of the report for publication, the Parent Company has received and settled payments totalling PLN 4.2 million. The benefit from the grant will be recognised over the amortisation period of the intangible assets covered by the project. In the period 2023, the Company recognised income on this account in the amount of PLN 422 thousand under "sales revenue".

At the balance sheet date, there are no unfulfilled conditions that could contribute to the need to repay the subsidy received.

- In **December 2014**, the parent company completed a project involving the implementation of a patented spiral heat exchanger in the production of energy-efficient grain dryers. The project included: the expansion of the production hall/finished goods warehouse by over 8,000 m² and the purchase of machinery and equipment necessary for the production of the dryers. The subsidy was awarded under the Innovative Economy Operational Programme, Priority 4. Investments in innovative undertakings. (**Measure 4.6**). The agreement with PARP for co-financing the project was signed on 21 May 2013. The total value of the project's eligible expenditure was PLN 18.7 million, while the amount of the subsidy was PLN 9.4 million.

By the date of approval of the report for publication, the Parent Company had received and settled payments totalling PLN 9.4 million. The benefit from the subsidy is recognised over the depreciation period of the individual fixed assets included in the project. In the period 2023, the Parent Company recognised income on this account in the amount of PLN 397 thousand under "sales revenue".

At the balance sheet date, there are no unfulfilled conditions that could contribute to the need to repay the grant received

- In **June 2014**, the parent company completed a project involving the expansion of the research and development department subsidised under the Regional Operational Programme for the Lower Silesian Voivodship for 2007-2013, scheme 1.1.C. The funding agreement was signed in **May 2013. (Measure 1.1.C)**. The total value of the project's eligible expenditure was PLN 0.8 million, while the amount of co-financing was PLN 0.4 million. The parent company received the full value of the co-financing of PLN 408 thousand during 2014.

The grant benefit is recognised over the depreciation period of the individual fixed assets included in the project. In the period 2023, the Parent Company recognised income of PLN 9.5 thousand on this account under "sales revenue".

As at the balance sheet date, there are no unfulfilled conditions that could contribute to the need to repay the subsidy received.

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17. Assets and liabilities from contracts with customers

The Group analyses the contracts (grain elevator segment and construction and installation services) and considers that the performance of the entity does not result in an alternative use asset for the entity and that the entity has an enforceable right to payment for the performance to date.

In the core of its operational activities, the Group supplies products for specific orders, carrying out specialised projects on behalf of customers, and enters into contracts for complex services. In the Group's opinion, on the basis of the contractual and general terms and conditions of cooperation, the Group is entitled to receive remuneration for the work performed in the proportion in which it was performed.

The amounts recognised in the statement of financial position relate to customer contracts in progress at the balance sheet date. The amounts of assets (liabilities) from contracts with customers were determined as the sum of costs incurred for construction contracts plus profit (or minus losses incurred) and minus partial invoices (see section on accounting policies - subsection c) under "Basis of preparation and accounting policies").

The value of assets and liabilities from contracts with customers is shown in the table below:

	31.12.2023	31.12.2022
Contract costs incurred up to the balance sheet date	51 543	62 386
Accumulated profits up to balance sheet date (+)	-	-
Cumulative losses up to balance sheet date (-)	-	-
Contract revenue cumulatively recognised up to balance sheet date	63 295	85 328
Amounts invoiced up to the balance sheet date (partial invoices)	56 955	85 516
Settlement for contracts at the balance sheet date (per balance), of which:	6 340	(189)
receivables from construction contracts	6 340	1 292
liabilities under construction contracts	-	1 480

The items in the consolidated financial statements relating to contracts with customers are values based on the best estimates of the Parent Company's Management Board; however, they are subject to a certain degree of uncertainty, as discussed in the section on estimation uncertainty (see subsection (c) 'Basis of preparation and accounting policies').

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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

18. Operating income and expenses

18.1. Costs by type

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Depreciation	4;5	7 255	6 893
Employee benefits	13	15 539	15 300
Consumption of materials and energy		17 341	26 073
Third-party services		11 500	14 035
Taxes and charges		1 141	1 346
Research and development costs not included in intangible assets		-	-
Other costs by type		761	833
Total costs by type		53 537	64 479
Value of goods and materials sold		8 705	6 399
Change in products, work in progress (+/-)		(2 827)	(3 742)
Cost of manufacturing products for own use (-)		-	-
Cost of sales, selling costs and general and administrative expenses		59 414	67 136

18.2. Other operating income

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Profit on disposal of non-financial fixed assets		59	117
Valuation of investment properties at fair value		-	-
Reversal of impairment losses on fixed assets and values		-	-
Reversal of impairment losses on financial receivables		-	-
Reversal of impairment losses on non-financial receivables		-	-
Reversal of inventory write-downs		-	-
Release of unused provisions		-	-
Penalties and damages received		67	134
Grants received	16	123	-
Other income		184	23
Total other operating income		433	275

18.3. Other operating expenses

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Loss on disposal of non-financial fixed assets		-	-
Valuation of investment properties at fair value		-	-
Impairment losses on goodwill		-	-
Impairment losses on tangible and intangible assets		-	-
Impairment losses on financial receivables		46	1
Impairment losses on non-financial receivables		-	-
Inventory write-downs		851	-
Reversal of inventory write-downs (-)		-	(589)
Establishment of reserves		-	-
Penalties and damages paid		207	1
Other costs		272	1 261
Total other operating expenses		1 376	674

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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

19. Financial income and expenses

19.1. Financial income

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Interest income relating to financial instruments not measured at value fair through profit or loss:			
Cash and cash equivalents (deposits)	11	-	1
Loans and receivables		50	199
Interest income relating to financial instruments not measured at value fair through profit or loss		50	199
Gains on valuation and realisation of financial instruments measured at fair value through profit or loss:			
Gains on measurement and realisation of financial instruments measured at fair value By the score:			
Foreign exchange gains (losses) (+/-):		-	-
Cash and cash equivalents		-	-
Loans and receivables		-	-
Foreign exchange gains (losses) (+/-)		-	-
Other income		-	852
Total financial income		50	1 051

19.2. Financial costs

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
<i>Interest expense relating to financial instruments not at fair value through profit or loss:</i>			
Finance lease commitments	6	52	76
Overdraft facilities	7.3	746	790
Overdraft facilities	7.3	1 650	2 150
Loans		187	330
Trade and other payables	14	0	0
Interest expense relating to financial instruments not carried at value fair through profit or loss		2 634	3 346
Losses on measurement and realisation of financial instruments measured at fair value through profit or loss:			
Losses on measurement and realisation of financial instruments measured at value fair through profit or loss:			
Foreign exchange gains (losses) (-/+):		-	-
Foreign exchange gains (losses) (-/+)		952	-
Total financial costs		3 587	3 346

Impairment losses on receivables relating to operating activities are recognised by the Group as other operating expenses (see note 18).

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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

20. Income tax

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
<i>Current tax:</i>			
Settlement of tax for the reporting period		(202)	1 631
Adjustments to tax charge for previous periods		-	-
Current tax		(202)	1 631
<i>Deferred tax:</i>			
Origination and reversal of temporary differences	8	286	(205)
Settlement of unused tax losses	8	-	-
Deferred tax		286	(205)
Total income tax		84	1 426

A reconciliation of income tax calculated at a rate of 19 per cent on the result before tax to the income tax reported in the consolidated statement of profit or loss is as follows:

	Note	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Result before tax		1 877	6 162
Tax rate applied by the Company		19%	19%
Income tax at the Company's national rate		357	1 171
<i>Reconciliation of income tax on account of:</i>			
Income generated in the SEZ		111	-
Non-taxable income (-)		1 915	222
Permanently non-deductible costs (+)		(3 040)	262
Deferred tax (-)		189	(205)
Unrecognised deferred tax asset on deductible differences		14	(23)
Unrecognised deferred tax asset on tax losses (+)		546	-
Adjustments to tax charge for previous periods (+/-)		(7)	-
Income tax		84	1 426
Average tax rate applied		4%	23%

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21. Earnings per share and dividends paid

21.1. Earnings per share

Earnings per share is calculated using the formula net profit attributable to equity holders of the parent company divided by the weighted average number of ordinary shares outstanding during the period.

In calculating both basic and diluted earnings (loss) per share, the Group uses in the numerator the amount of net profit (loss) attributable to shareholders of the parent company, i.e. there is no dilutive effect affecting the amount of profit (loss).

The calculation of basic and diluted earnings (loss) per share, together with a reconciliation of the diluted weighted average number of shares, is set out below.

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Number of shares used as the denominator of the formula		
Weighted average number of ordinary shares	9 537 916	9 537 916
Dilutive impact of convertible options	-	-
Diluted weighted average number of ordinary shares	9 537 916	9 537 916
Continuing operations		
Net profit (loss) from continuing operations	(707)	4 736
Basic earnings (loss) per share (PLN)	(0,07)	0,50
Diluted earnings (loss) per share (PLN)	(0,07)	0,50
Discontinued operations		
Net profit (loss) from discontinued operations	-	-
Basic earnings (loss) per share (PLN)	-	-
Diluted earnings (loss) per share (PLN)	-	-
Continuing and discontinued operations		
Net profit (loss)	(707)	4 736
Basic earnings (loss) per share (PLN)	(0,07)	0,50
Diluted earnings (loss) per share (PLN)	(0,07)	0,50

21.2. Dividends paid and proposed to be paid

The parent company and the subsidiary have not paid or declared any interim dividends for the 2023.

By resolution of the Ordinary Meeting of Shareholders of the subsidiary company Feerum Yellow Energy Sp. z o.o., the net profit achieved in 2022 in the amount of PLN 1,058,935.35 was allocated in full to the payment of dividends to shareholders. The Meeting also decided to allocate an additional amount of PLN 1,441,064.65 coming from the Company's existing reserve capital created from the profit made in 2021. The dividend in the total amount of PLN 2,500,000.00 was paid on 29 September 2023. The parent company is a 100% owner of the subsidiary Feerum Yellow Energy Sp. z o.o..

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Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

22. Cash flow

The following adjustments to profit were made to determine cash flow from operations (losses) before tax:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Corrections:		
Depreciation and write-downs of property, plant and equipment and intangible assets	7 255	6 893
Impairment of fixed assets	-	-
Profit (loss) on sale of non-financial fixed assets	(59)	(117)
Interest costs	2 767	3 016
Interest income	(50)	(42)
Dividend income	-	-
Other corrections	-	-
Change in stocks	10 226	(13 970)
Change in receivables	5 032	1 803
Change in liabilities	(3 216)	(4 479)
Change in provisions	(3 725)	(325)
Change in assets from contracts with customers	(5 048)	2 802
Change in liabilities from contracts with customers	(1 480)	1 480
Adjustments and changes in working capital	11 702	(2 938)

For the purpose of preparing the statement of cash flows, the Group classifies cash in the manner adopted for presentation in the consolidated statement of financial position (see note 11). The difference in cash reported in the consolidated statement of financial position and the consolidated statement of cash flows is affected by:

	31.12.2023	31.12.2022
Cash and cash equivalents as shown in the balance sheet	2 015	12 979
Corrections:		
Exchange rate differences on balance sheet valuation of cash in currency	-	-
Unrealised interest on cash (-)	-	-
Other	-	-
Cash and cash equivalents reported in CF	2 015	12 979

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23. Related party transactions

Group related parties include key management personnel and members of the Supervisory Board. Outstanding balances of receivables and payables are usually settled in cash. Information on contingent liabilities relating to related parties is presented in the note 24.

The Group's key management personnel include the members of the Board of Directors of the parent company. The Group did not grant any loans to key management personnel during the period covered by the financial statements.

Details of the remuneration of the Parent Company's Management Board are set out in note 28.

23.1. Sales

The following amounts of sales revenue and receivables from related parties were recognised in the period covered by the consolidated financial statements:

	Revenue from operations operational		Receivables	
	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022	31.12.2023	31.12.2022
Sale to:				
Parent company	-	-	-	-
Subsidiary	-	-	-	-
Shareholder	-	-	-	-
Joint Undertaking	-	-	-	-
Key management personnel	20	15	1	1
Other related parties	-	-	-	-
Total	20	15	1	1

There were no write-downs of receivables from related parties and therefore no expense was recognised for this in the consolidated statement of income.

23.2. Purchase

During the period covered by the consolidated financial statements, the following amounts of purchases and payables to related parties were recognised:

	Purchase (costs, assets)		Commitments	
	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022	31.12.2023	31.12.2022
Purchase from:				
Parent company	187	172	359	172
Subsidiary	-	-	-	-
Shareholder	-	-	-	-
Joint Undertaking	-	-	-	-
Key management personnel	1 077	1 070	86	86
Other related parties	-	-	-	-
Total	1 264	1 242	445	258

23.3. Loans

23.4. Loans granted within the Group.

On 20 January 2022, a subsidiary of Feerum Yellow Energy Spółka z ograniczoną odpowiedzialnością with its registered office in Chojnów (as the lender) entered into a loan agreement with the Parent Company (as the borrower). The subject of the Agreement was a cash loan in the amount of PLN 2,000 thousand. On the amount of the loan granted, the Parent paid interest at WIBOR 3M per annum plus a margin of 2%. Interest was calculated on a monthly basis. According to the Agreement (as amended), the Parent Company undertook to repay the granted

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of the loan plus accrued interest until 31 December 2023. On 26 September 2023, the parent company repaid the loan in full with interest.

On 18 December 2023, a subsidiary of Feerum Yellow Energy Spółka z ograniczoną odpowiedzialnością with its registered office in Chojnów (as the lender) entered into a loan agreement with the Parent Company (as the borrower). The subject of the Agreement is a cash loan in the amount of PLN 1,000 thousand. The Parent will pay interest on the amount of the loan granted at WIBOR 3M per annum plus a margin of 2%. Interest is calculated on a monthly basis. Pursuant to the Agreement, the Parent Company undertook to repay the granted loan with interest due by 31 December 2024.

23.5. Loans within other related parties.

On 27 January 2022, the Parent (as the borrower) entered into a loan agreement with its shareholder Danmag Spółka z ograniczoną odpowiedzialnością (as the lender). The subject of the Agreement is a cash loan in the amount of PLN 2,200 thousand. On the amount of the loan granted, the Parent will pay interest at WIBOR 3M per annum plus a margin of 2%. Interest is calculated on a monthly basis. Pursuant to the Agreement, the Parent Company undertook to repay the granted loan with interest due by 31 December 2024.

24. Contingent assets and liabilities

Contingent liabilities under debt repurchase agreement

On **16 October 2019**, the Parent Company signed an additional receivables buy-back financing agreement with Bank Gospodarstwa Krajowego, based in Warsaw, concerning cash receivables under the agreement for the sale of five grain silo complexes dated 27 November 2018 (as amended) between Epicentr K LLC, based in Kiev (Ukraine), and the Parent Company, purchased by Bank Gospodarstwa Krajowego from the Parent Company on the basis of a debt redemption agreement dated 6 March 2019 (as amended) between the Bank and the Parent Company and insured by Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna on the basis of an insurance agreement dated 20 December 2018 (as amended). The Parent Company reported on: The Sale Agreement in current reports No. 26/2018 dated 28 November 2018, 30/2018 dated 20 December 2018 and 2/2019 dated 11 January 2019; the Redemption Agreement in current report No. 4/2019 dated 6 March 2019; and the Insurance Agreement in current reports No. 32/2018 dated 20 December 2018 and No. 5/2019 dated 6 March 2019.

Pursuant to the Agreement, the total price for the purchase of monetary receivables under the Sale Agreement, acquired by Bank Gospodarstwa Krajowego from the Parent Company pursuant to the Redemption Agreement, was increased by the amount of EUR 3,024,971.70 (i.e. 12,998.303.39 PLN at the average exchange rate of the National Bank of Poland on 16 October 2019) (which was equivalent to 10% of the principal amount of the Receivables in respect of which KUKA S.A. does not guarantee the coverage of the loss under the Insurance Agreement) less a discount determined at the interest rate indicated in the Agreement.

The above amount, due to the Parent Company for the price increase, was paid by Bank Gospodarstwa Krajowego in 2019. Pursuant to the Agreement, in the event of non-payment by the Purchaser on the dates specified in the Sale Agreement, the Bank shall have recourse against the Parent Company in respect of the unpaid principal amount of the Receivables in the maximum amount of EUR 3,024,971.70 (i.e. PLN 12,998,303.39 according to the average exchange rate of the National Bank of Poland on 16 October 2019) plus statutory default interest.

The Parent Company's liabilities under the aforementioned recourse claims of Bank Gospodarstwa Krajowego are secured by:

1. a contractual joint mortgage up to the amount of EUR 4,540,000.00 (i.e. PLN 19,508,380.00 according to the average exchange rate of the National Bank of Poland on 16 October 2019) on the real estate of the Parent Company located in Chojnów,

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2. a registered pledge with a maximum security amounting to EUR 6,050,000.00 (i.e. PLN 25,996,850.00 at the average exchange rate of the National Bank of Poland on 16 October 2019) on selected production machinery and equipment of the Parent Company,
3. a registered pledge with the highest amount of security in the amount of EUR 6,050,000.00 (i.e. PLN 25,996,850.00 at the average exchange rate of the National Bank of Poland on 16 October 2019) on inventories located in certain warehouses of the Parent Company, where the Parent Company is obliged to continuously maintain inventories with a minimum value of PLN 10 million,
4. transfer of rights under insurance policies relating to the assets of the Parent Company encumbered by the aforementioned safeguards.

The assets encumbered by the aforementioned collateral are at the same time the objects of security for the repayment of loans granted by Bank Gospodarstwa Krajowego, about which the Parent Company informed in current report No. 10/2019 of 30 April 2019.

In addition, the parent company was obliged to provide the Bank of National Economy, in connection with any obligations under the Agreement:

1. a blank promissory note of the Parent Company together with a promissory note declaration,
2. a declaration by the Parent Company on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure with regard to payment of liabilities under the Agreement and release of items encumbered by the aforementioned pledges,
3. Power of attorney to dispose of the parent company's bank accounts held with Bank Gospodarstwa Krajowego. (RB 31/2019)

As a result of the conclusion of the above agreement, a **contingent liability of the Parent Company** arose with respect to the Bank Gospodarstwa Krajowego. At the balance sheet date, the contingent liability amounted to **EUR 907,491.51**

On **21 May 2020**, the Parent Company signed an additional receivables buy-back financing agreement with Bank Gospodarstwa Krajowego, based in Warsaw, relating to cash receivables under the grain silo complex sale agreement of 27 November 2018 (as amended) between Epicentr K LLC, based in Kiev (Ukraine), and the Parent Company, purchased by Bank Gospodarstwa Krajowego from the Parent Company under a receivables redemption agreement dated 16 October 2019 between Bank Gospodarstwa Krajowego and the Parent Company and insured by Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna under an insurance agreement dated 20 December 2018 (as amended).

Pursuant to the Agreement, the total price for the purchase of monetary receivables under the Sale Agreement, acquired by Bank Gospodarstwa Krajowego from the Parent Company pursuant to the Redemption Agreement, is increased by the amount of EUR 1,215,500.00 (i.e. 5,535.387.00 PLN at the average exchange rate of the National Bank of Poland of 20 May 2020) (which is equivalent to 10% of the principal amount of the Receivables in respect of which KUKA S.A. does not guarantee the coverage of the loss under the Insurance Agreement) less a discount determined at the interest rate indicated in the Agreement.

The above amount, due to the Parent Company for the price increase, was paid by Bank Gospodarstwa Krajowego after the Bank's recourse claims described below were secured.

Pursuant to the Agreement, in the event of non-payment by the Purchaser on the dates specified in the Sale Agreement, Bank Gospodarstwa Krajowego shall have recourse against the Parent in respect of the unpaid principal amount of the Receivables in the maximum amount of EUR 1,215,500.00 (i.e. PLN 5,535,387.00 according to the average exchange rate of the National Bank of Poland on 20 May 2020) plus statutory default interest.

The Parent Company's liabilities under the aforementioned recourse claims of Bank Gospodarstwa Krajowego are secured by:

1. contractual joint mortgage up to the amount of EUR 1,823,250.00 (i.e. PLN 8,303,080.50 at the average exchange rate of the National Bank of Poland on 20 May 2020) on the Parent's real estate located in Chojnów,

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2. a registered pledge with a maximum security amount of EUR 2,431,000.00 (i.e. PLN 11,070,774.00 at the average exchange rate of the National Bank of Poland on 20 May 2020) on selected production machinery and equipment of the Parent Company,
3. a registered pledge with the highest amount of security in the amount of EUR 2,431,000.00 (i.e. PLN 11,070,774.00 according to the average exchange rate of the National Bank of Poland of 20 May 2020) on inventory located in certain warehouses of the Parent Company, where the Parent Company is obliged to continuously maintain inventory with a minimum value of PLN 10 million,
4. transfer of rights under insurance policies relating to the assets of the Parent Company encumbered by the aforementioned safeguards.

The assets encumbered by the aforementioned collateral are at the same time the objects of collateral for the repayment of loans granted to the Parent Company by Bank Gospodarstwa Krajowego, about which the Parent Company informed in current report No. 10/2019 of 30 April 2019, as well as for Bank Gospodarstwa Krajowego's recourse claims under the additional financing agreement for the repurchase of receivables of 16 October 2019, about which the Parent Company informed in current report No. 31/2019 of 16 October 2019.

In addition, the parent company was obliged to provide the Bank of National Economy, in in connection with any obligations under the Agreement:

1. a *blank* promissory note of the Parent Company together with a promissory note declaration,
2. a declaration by the Parent Company on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure with regard to payment of liabilities under the Agreement and release of items encumbered by the aforementioned pledges,
3. Power of attorney to dispose of the parent company's bank accounts held with Bank Gospodarstwa Krajowego.(RB 15/2020)

Collateral has been provided and the amount due under the above agreement has been paid to the account of the Parent Company.

As a result of the conclusion of the above agreement, a **contingent liability** arose for the Parent Company vis-à-vis Bank Gospodarstwa Krajowego. As at the balance sheet date, the contingent liability amounted to EUR **486,200.00**.

Due to the fact that the Central Bank of Ukraine, on the basis of Resolution No. 18 issued on 24 February 2022, imposed a moratorium on cross-border foreign exchange payments, the Ukrainian partner, Epicentr K LLC, failed to make payments of instalments due as scheduled. KUKA S.A.'s insurance contracts qualify such an event as a political risk. With regard to the receivables that were insured by KUKA S.A. policies at 90%, Bank Gospodarstwa Krajowego exercised its right of recourse against the Parent Company in 2023 and applied offsets totalling EUR 1.27 million (equivalent to PLN 5.53 million as at the balance sheet date). As a result of Bank Gospodarstwa Krajowego's exercise of its recourse claims in the aforementioned respect, the receivables from the set-off instalments became the property of the Parent Company again.

On 13 July 2023. Bank Gospodarstwa Krajowego and the Company concluded annexes to the Supplementary Agreements and an "Additional Agreement" concerning the Supplementary Agreements, on the basis of which the terms on which the Parent Company will satisfy any recourse claims were modified. Pursuant to the above-mentioned agreements, the parties agreed, inter alia, that recourse claims would arise in the event of the following circumstances: the Debtor's failure to timely pay a given instalment under the Contracts; subsequent submission by Bank Gospodarstwa Krajowego to KUKA S.A. of a request for payment of compensation for unpaid instalments; and payment or refusal by KUKA S.A. of the relevant compensation. The above changes bring the current terms and conditions for recourse claims closer to those originally set out by the parties in the Ancillary Agreements and contribute to a real extension of the time limits for recourse claims.

The above circumstances generate the risk of further recourse claims by Bank Gospodarstwa Krajowego against the Parent Company in 2024.

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Contingent assets due to material litigation brought by the Parent Company

L.p.	Description of the subject matter of the dispute	Value of the subject matter of the dispute	Name of the opposing party	Name of body, before which proceedings are pending	Stage of the case
1.	For payment	PLN 27,936,520.00 together with statutory interest for delay from the date of filing of the lawsuit to the date of payment	"Union" sp. z o.o. in Grudziądz	Sąd Okręgowy w Wrocławiu, sygn. akt X GC 891/17	Case for damages for breach of fair competition by the defendant. In the process of taking evidence - before a decision on expert evidence. Case awaiting appointment of next hearing.

25. Risks relating to financial instruments

The Group is exposed to a number of risks associated with financial instruments. The Group's financial assets and liabilities by category are presented in Note 5.1. The risks to which the Group is exposed are:

1. market risk comprising currency risk and interest rate risk,
2. credit risk and
3. liquidity risk.

The Group's financial risk management is coordinated by the Board of Directors of the parent company. The following objectives are of paramount importance in the risk management process:

1. hedging short-term and medium-term cash flows,
2. stabilisation of fluctuations in the Group's financial result,
3. Execution of projected financial forecasts by meeting budget assumptions,
4. achieving a rate of return on long-term investments with the acquisition of optimal sources of financing for investment activities.

The Group does not enter into transactions on the financial markets for speculative purposes. On the economic side

the transactions carried out are hedging against specific risks. The most significant risks to which the Group is exposed are set out below.

25.1. Market risk

Analysis of sensitivity to currency risk

In 2023, the majority of sales contracts were executed on the Polish market in the domestic currency. The Company's exposure to currency risk arises from foreign sales and purchase transactions, which are primarily concluded in EUR and USD.

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The Group's financial assets and liabilities, other than derivatives denominated in foreign currencies, translated into PLN at the closing rate prevailing at the balance sheet date are as follows:

	Note	Value expressed in currency (in thousands):			The value after conversion of
		EUR	USD	TZS	
As at 31.12.2023					
<i>Financial assets (+):</i>					
Loans		-	-	-	-
Trade and other receivables Financial	10	1 821	11	-	7 960
Other financial assets		-	-	-	-
Cash and cash equivalents	11	249	10	-	1 122
<i>Financial liabilities (-):</i>					
Loans, borrowings, other debt instruments		-	-	-	-
Financial leasing		-	-	-	-
Trade and other financial liabilities	14	(85)	(36)	-	(511)
Total exposure to currency risk		1 986	(16)	-	8 571
As at 31.12.2022					
<i>Financial assets (+):</i>					
Loans		-	-	-	-
Trade and other receivables Financial	10	878	64	-	4 401
Other financial assets		-	-	-	-
Cash and cash equivalents	11	2 622	5	-	12 322
<i>Financial liabilities (-):</i>					
Loans, borrowings, other debt instruments		-	-	-	-
Financial leasing		-	-	-	-
Trade and other financial liabilities	14	(164)	-	-	(771)
Total exposure to currency risk		3 336	69	-	15 952

A sensitivity analysis of the financial result and other comprehensive income in relation to the Group's financial assets and liabilities and fluctuations in the EUR/PLN and USD/PLN exchange rates is presented below.

The sensitivity analysis assumes a 10% increase or decrease in the EUR/PLN and USD/PLN exchange rates relative to the closing rate prevailing at each balance sheet date. It should be taken into account that currency derivatives compensate for the effect of exchange rate fluctuations, so it is assumed that the risk exposure relates to the financial instruments held by the Group as at the respective balance sheet dates and is adjusted for the position in derivatives.

	Course fluctuations	Impact on the financial result:			Impact on other comprehensive income:		
		EUR	USD	together	EUR	USD	together
As at 31.12.2023							
Exchange rate increase	10%	863	22	886	863	22	886
Exchange rate decline	-10%	(863)	(22)	(886)	(863)	(22)	(886)
As at 31.12.2022							
Exchange rate increase	10%	1 565	30	1 595	1 565	30	1 595
Exchange rate decline	-10%	(1 565)	(30)	(1 595)	(1 565)	(30)	(1 595)

The exposure to currency risk fluctuates during the year depending on the volume of transactions carried out in currency. Nevertheless, the sensitivity analysis above can be considered representative of the Group's exposure to currency risk.

Interest rate risk sensitivity analysis

Interest rate risk management focuses on minimising fluctuations in interest flows on financial assets and liabilities bearing a variable interest rate.

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The Group is exposed to interest rate risk in connection with the following categories of financial assets and liabilities:

1. loans, borrowings, other debt instruments,
2. financial leasing.

The characteristics of the above instruments, including variable and fixed interest rates, are presented in Notes 7.2 and 7.3.

The following is a sensitivity analysis of the financial result and other comprehensive income in relation to a potential 1% upward and downward variation in interest rates. The calculation was made on the basis of a change in the average interest rate applicable during the period of (+/-) 1% and with regard to interest-sensitive financial assets and liabilities, i.e. those bearing a variable interest rate.

	Foot fluctuations	Impact on the financial result:		Impact on other comprehensive income:	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
Interest rate increase	1%	(173)	(339)	(173)	(339)
Decline in the interest rate	-1%	173	339	173	339

25.2. Credit risk

The Group's maximum exposure to credit risk is determined by the carrying amount of the following financial assets:

	Note	31.12.2023	31.12.2022
Loans		-	-
Trade and other financial receivables	10	10 840	13 984
Derivative financial instruments		-	-
Debt securities		-	-
Investment fund units		-	-
Other classes of other financial assets		-	-
Cash and cash equivalents	11	2 015	12 978
Contingent liabilities due to guarantees and sureties granted		-	-
Total credit risk exposure		12 855	26 962

The Group continuously monitors customers' and creditors' payment arrears by analysing credit risk individually or within individual asset classes defined by credit risk (resulting, for example, from industry, region or customer structure). Furthermore, as part of its credit risk management, the Group transacts with counterparties of proven reliability.

In the opinion of the parent company's Management Board, the above financial assets, which are not overdue and subject to impairment as at the respective balance sheet dates, can be considered to be of good credit quality. Therefore, the Group did not establish collateral or other additional credit enhancements.

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An analysis of receivables as the most significant category of assets exposed to credit risk, in terms of overdue receivables and the age structure of overdue receivables not subject to write-off, is presented in the tables below:

	31.12.2023		31.12.2022	
	Current	Outstanding	Current	Outstanding
<i>Short-term receivables:</i>				
Trade receivables	11 909	8 973	21 396	2 720
Impairment losses on trade receivables (-)	(7 923)	(2 119)	(9 022)	(1 110)
Net trade receivables	3 986	6 854	12 374	1 610
Other financial receivables	314	-	1 116	-
Impairment losses on other receivables (-)	-	-	-	-
Other financial receivables, net	314	-	1 116	-
Financial receivables	4 300	6 854	13 490	1 610

	31.12.2023		31.12.2022	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
<i>Short-term receivables outstanding:</i>				
up to 1 month	382	-	577	-
1 to 6 months	666	-	681	-
6 to 12 months	1 912	-	324	-
over one year	3 894	-	29	-
Outstanding financial receivables	6 854	-	1 610	-

With regard to trade receivables, based on historical delinquency trends, overdue receivables not subject to write-off do not show any significant deterioration in quality - most are within six months and there are no concerns about their collectability.

In view of the written declaration of withdrawal from the contract concluded with NFRA submitted by the Parent Company on 1 December 2020, the Parent Company made a significant write-down of the receivables under the contract, comprising the retention amounts (10% of the value of each sales invoice) subject, under the terms of the contract, to payment to the Parent Company, half after the signing of the final acceptance protocol and the remainder after the expiry of the quality guarantee period expiring one year after the signing of the final acceptance protocol. The immediate grounds for the withdrawal were delays in payment and the inability to carry out the work for reasons beyond the control of the Parent Company. The total amount of retained receivables amounted to PLN 7.9 million.

The credit risk of cash and cash equivalents, marketable securities and derivative financial instruments is considered negligible due to the high reliability of the counterparties to the transactions, which primarily include banks.

Impairment losses on financial assets exposed to credit risk are detailed in Notes 7.2 and 10.

25.3. Liquidity risk

The Group is exposed to liquidity risk, i.e. the ability to settle financial obligations in a timely manner. The Group manages its liquidity risk by monitoring payment terms and cash requirements for the servicing of short-term payments (current transactions monitored on a weekly basis) and long-term cash requirements based on cash flow forecasts updated on a monthly basis. Cash requirements are compared with available sources of funds (including, in particular, by assessing the ability to obtain financing in the form of loans) and are confronted with the investment of free funds.

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At the balance sheet date, the Group's financial liabilities, other than derivatives, were within the following maturity ranges:

	Note	Short-term:		Long-term:			Total flows before discounting
		up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	above 5 years	
As at 31.12.2023							
Overdraft facilities	7.3	1 755	1 755	-	-	-	3 510
Overdraft facilities	7.3	11 704	-	-	-	-	11 704
Loans		-	2 198	-	-	-	2 198
Debt securities		-	-	-	-	-	-
Financial leasing	6	189	189	239	-	-	617
Trade and other financial liabilities	14	2 288	-	-	-	-	2 288
Total liquidity risk exposure		15 937	4 142	239	-	-	20 318
As at 31.12.2022							
Overdraft facilities	7.3	2 755	2 346	3 510	-	-	8 611
Overdraft facilities	7.3	19 171	3 906	-	-	-	23 076
Loans		-	2 200	-	-	-	2 200
Debt securities		-	-	-	-	-	-
Financial leasing	6	268	268	699	-	-	1 234
Trade and other financial liabilities	14	3 154	139	-	-	-	3 293
Total liquidity risk exposure		25 348	8 858	4 209	-	-	38 415

The table shows the contractual value of liabilities, without taking into account the effect of discounting due to the measurement of liabilities at amortised cost, hence the amounts presented may differ from those recognised in the consolidated statement of financial position.

At the respective balance sheet dates, the Group also had free credit limits in current accounts as follows:

	31.12.2023	31.12.2022
Credit limits granted	25 052	33 500
Overdrafts used	11 704	23 076
Free overdraft limits	13 348	10 424

25.4. Concentration risk

In 2023, the Group executed contracts predominantly for domestic contractors. Customers whose share in the Group's sales amount exceeded 10% were: Farma Redło Sp. z o.o. (RB 4/2023), Świerkot Sp. z o.o. (RB 19/2022), REST Usługi Remontowo-Budowlane i Specjalistyczne M.Jamróż, J.Nowak, Spółka Jawna (RB 17/2022) and Fortune Sp. z o.o. (RB 12/2023).

The two customers accounted for a combined 58% of the Group's sales in the period under review. The remainder of the sales revenue related to contracts and orders performed for other entities. A unit concentration of sales above 30% could create a risk of payment bottlenecks.

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26. Capital management

The main objective of capital management is to ensure that the Group's companies are able to continue as a going concern and pursue their strategy with a view to minimising the cost of capital and maximising shareholder return. Capital management also aims to maintain a good credit rating and safe capital ratios to support operations and increase value for its shareholders.

The Group monitors the level of capital on the basis of the carrying amount of equity plus subordinated loans received from the owner and less capital from the valuation of cash flow hedging derivatives. Based on the amount of capital determined in this way, the Group calculates the ratio of capital to total funding sources. The Group assumes that this ratio is maintained at a level of no less than 0.5.

In addition, to monitor its debt servicing capacity, the Group calculates the ratio of net debt (i.e. liabilities from leases, loans, borrowings and other debt instruments less cash held) to EBITDA (operating profit adjusted for depreciation and amortisation). The parent company's management assumed that the debt to EBITDA ratio would not exceed 4.

The Group is not subject to external capital requirements.

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

	31.12.2023	31.12.2022
<i>Capital:</i>		
Equity	115 606	116 313
Subordinated loans received from the owner	-	-
Valuation capital on cash flow hedges (-)	-	-
Capital	115 606	116 313
<i>Total funding sources:</i>		
Equity	115 606	116 313
Loans, borrowings, other debt instruments	17 412	33 888
Financial leasing	610	1 209
Total funding sources	133 628	151 409
Capital to total funding ratio	0,87	0,77
<i>EBITDA</i>		
Operating profit (loss)	2 914	8 457
Depreciation	7 255	6 893
EBITDA	10 169	15 350
<i>Debt:</i>		
Loans, borrowings, other debt instruments	17 412	33 888
Financial leasing	610	1 209
Debt	18 022	35 097
Debt to EBITDA ratio	1,77	2,29
Cash	2 015	12 979
Net debt to EBITDA ratio	1,57	1,44

According to the agreements concluded with the financial institutions, the Group has committed to achieving financial ratios at a certain level. In all agreements, the capital ratio, as well as the other conventions, based on the ratio of net debt to EBITDA, calculated as at 2023, were achieved at the level expected by the financial institutions.

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27. Events after the balance sheet date

After 31.12.2023, the following events took place that did not require recognition in the consolidated financial statements for 2023:

- a) On **5 February 2024, the Parent** Company received a signed, by circulation, agreement dated 29 January 2024 (the "Agreement") with Adam Dąbek, an entrepreneur conducting business under the name Adam Dąbek WAVE in Nowy Dwór Mazowiecki (the "Purchaser"). The subject matter of the Agreement is the production, delivery, assembly and start-up of a storage and drying facility by the Parent Company. (RB 2/2024)

The storage and drying facility will be located in Borowe-Gryki.

The parent company undertook to complete the object of the agreement by 31 December 2024.

The Purchaser shall pay to the Parent the remuneration under the Agreement in the total amount of PLN 11,808,000.00 gross (i.e. PLN 9,600,000.00 net) (the "Remuneration") as follows: (i) the amount of PLN 2,372,806.08 gross (i.e. PLN 1,929,110.64 net) shall be payable in connection with the production of a specific batch of goods after the conclusion of the Agreement, (ii) up to 90% of the Remuneration (including the amount indicated in (i) above) shall be payable in parts as part of the progress of work, on the basis of monthly progress protocols; (iii) the remaining 10% of the Remuneration shall be paid after final acceptance. Until the full amount of the part of the Remuneration referred to in (i) above has been paid by the Purchaser, the lot to which it relates shall be subject to a lien securing such payment.

The Parent Company provided the Purchaser with a 24-month warranty on the equipment supplied, commencing upon final acceptance, with a delay in payment of the full amount of the Remuneration of more than 60 days resulting in the loss of the warranty. The parties also agreed on the terms and conditions, including the terms of additional payments, for the performance of periodic warranty and post-warranty inspections by the Parent Company.

The Agreement provides for the right of either party to withdraw from the Agreement in cases of the other party's failure to implement the provisions of the Agreement, as specified in the Agreement, but no later than 31 August 2024.

The Parent Company's liability for damages, both contractual and tortious, in respect of the damage actually incurred by the Ordering Party has been limited to an amount equivalent to 5% of the net value of the Agreement. The Parties have excluded the Parent Company's liability for lost profits.

The other terms and conditions of the Agreement do not differ from those commonly used in this type of contracts.

- b) On **29 March 2024, the** Parent Company received a Memorandum of Understanding ("Memorandum") ("Memorandum") concluded on 27 March 2024 in Egypt between a company called "Feerum Egypt for Silos and Storage Company (Feerum Egypt) S.A.E" ("Feerum Egypt"), i.e. a subsidiary of the Parent Company, in which the Parent Company holds 50% of the shares, established and operating under Egyptian law, and a company called "East Port Said Integrated Development" (hereinafter "EPSID"), i.e. a company established and operating under Egyptian law, managing a special economic zone called "East Port Said Special Economic Zone" located near the city of Port Said, Egypt (hereinafter "EPSSEZ"). (RB 3/2024)

Pursuant to the Agreement, Feerum Egypt expressed its intention to carry out a project in the EPSSEZ Zone to build a production plant for components and spare parts for the construction and operation of storage and drying facilities for the storage of grain products (hereinafter the "Production Plant"), and EPSID expressed its intention to locate the Production Plant in the EPSSEZ Zone. EPSID further expressed its intention to lease to Feerum Egypt, for a period of 50 years, land located in the EPSSEZ Zone with a total area not exceeding 51,950 m² for the construction of the Production Facility.

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The parties to the Agreement also declared their willingness to undertake further discussions and work to agree on the detailed conditions for the location of the Production Plant within the EPSSEZ, as well as to conclude a binding agreement in this regard in the future.

The conclusion of the Agreement is part of Feerum Egypt's ongoing analyses of the possibility of selling in Egypt and neighbouring countries the products on offer from the parent company. As part of these analyses, an investment involving the construction of a Production Plant with an estimated value of EGP 1.6 billion (i.e. the equivalent of PLN 133,280,000 according to the current average exchange rate of the Egyptian pound published by the National Bank of Poland on 27 March 2024 amounting to EGP 1 = PLN 0.0833) in the EPSSEZ is being considered.

The parent company will report on the progress of the above-described investment intentions in subsequent current reports.

- c) In view of the armed conflict affecting business opportunities in Ukraine, the Company's Management Board monitors and analyses the impact of this situation on the Company's operations, as cooperation with contractors from the Ukrainian market has been extensive in recent years.

To date, the Parent Company has executed four significant contracts for its largest Ukrainian contractor Epicentr K LLC. With regard to the above contracts, the Parent Company used insurance from KUKA S.A., where payments from the contracts were spread over five years and the insured receivables were purchased by Bank Gospodarstwa Krajowego. The receivables purchased by the Bank were spread over 10 six-monthly instalments. Epicentr K LLC regularly serviced its debts under the contracts until the invasion of Ukraine by troops of the Russian Federation, which began on 24 February 2022. In connection with the invasion, Ukraine's President Volodymyr Zelenski declared martial law throughout the country, which martial law is still in force. In addition, the Central Bank of Ukraine, on the basis of Resolution No. 18, issued on 24 February 2022, introduced a moratorium on cross-border foreign exchange payments. The effect of the introduction of the moratorium was, inter alia, the cessation of payment by Ukrainian entities of foreign currency liabilities to foreign entities, in particular the cessation of payment by Epicentr K LLC of current instalments payable in euro.

On 16 June 2023, the National Bank of Ukraine partially lifted the restrictions under the moratorium. According to information obtained from KUKA S.A., the moratorium in its current version allows Epicentr K LLC to pay instalments under contract 963/2/SILO, while leaving in abeyance the possibility of paying arrears under the other three contracts. Following the partial lifting of the payment restrictions resulting from the moratorium, the Ukrainian contractor has paid the outstanding obligations under contract 963/2/SILO. However, the repayments made do not relate to current contingent liabilities. Management expects a further reduction in the rigours of the moratorium, which in future will help to unlock the possibility of settling the remaining arrears of the Ukrainian company Epicentr K LLC.

On 9 April 2024, the Parent Company received a notice from Bank Gospodarstwa Krajowego of the occurrence of circumstances that result in the fulfilment of the termination conditions set out in the additional agreements. These circumstances relate to instalments falling due on 30 September 2023. On 24 April 2024, Bank Gospodarstwa Krajowego applied a further recourse deduction of two overdue instalments from the Company's account in the total amount of EUR 424 thousand.

The above circumstances generate a risk of further recourse claims by Bank Gospodarstwa Krajowego against the Company, as discussed in more detail in Note 24 (*Contingent liabilities under debt repurchase agreement*). These claims may only relate to contracts for which the receivables purchased by Bank Gospodarstwa Krajowego are insured against a political risk of 90%. However, recourse claims against the Company may not arise in respect of contracts from which receivables purchased by Bank Gospodarstwa Krajowego are insured against political risk by KUKA S.A. at 100%.

All information provided in current reports is posted on www.feerum.pl under the tab - Investor Relations - Reports - Current Reports.

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

28. Other information

28.1. Selected financial data converted into EUR

In the periods covered by the consolidated financial statements, the following average PLN/EUR exchange rates, as determined by the National Bank of Poland, were used to translate selected financial data:

- the exchange rate in force on the last day of the reporting period:
31.12.2023 **4.3480** PLN/EUR,
31.12.2022 **4.6899** PLN/EUR,
- the average rate for the period, calculated as the arithmetic mean of the rates in force on the last day of each month in the period:
01.01 - 31.12.2023 **4.5284** PLN/EUR,
01.01 - 31.12.2022 **4.6883** PLN/EUR,
- the highest and lowest rate in force during each period:
01.01 - 31.12.2023 PLN **4.7895**/EUR and PLN **4.3053**/EUR,
01.01 - 31.12.2022 PLN **4.9647**/EUR and PLN **4.4879**/EUR,

Key items in the consolidated statement of financial position, statement of profit or loss and of the statement of cash flows, converted into euro, is shown in the table:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
	thousand PLN		EUR 1 000	
Report on the outcome				
Sales revenue	63 272	75 993	13 972	16 209
Operating profit (loss)	2 914	8 457	644	1 804
Profit (loss) before tax	(623)	6 162	(138)	1 314
Net profit (loss)	(707)	4 736	(156)	1 010
Net profit (loss) attributable to shareholders of the entity	(707)	4 736	(156)	1 010
Earnings per share (PLN)	(0,07)	0,50	(0,02)	0,11
Diluted earnings per share (PLN)	(0,07)	0,50	(0,02)	0,11
Average exchange rate PLN / EUR in the period	X	X	4,5284	4,6883
Statement of cash flows				
Net cash from operating activities	10 340	2 026	2 283	432
Net cash from investing activities	(1 463)	(23)	(323)	(5)
Net cash from financing activities	(19 841)	(14 954)	(4 381)	(3 190)
Net change in cash and cash equivalents	(10 964)	(12 951)	(2 421)	(2 762)
Average exchange rate PLN / EUR in the period	X	X	4,5284	4,6883
Statement of financial position				
Assets	152 271	178 344	35 021	38 027
Long-term liabilities	7 252	12 607	1 668	2 688
Current liabilities	29 413	49 424	6 765	10 538
Equity	115 606	116 313	26 588	24 801
Equity attributable to equity holders of the entity	115 606	116 313	26 588	24 801
Exchange rate PLN / EUR at the end of the period	X	X	4,3480	4,6899

28.2. Ownership structure of the share capital as at 31 December 2023.

The table below shows the shareholders of Feerum SA holding at least 5% of the votes at the General Meeting of Shareholders of the Parent Company as at 31 December 2023 and to the best of our knowledge. The information contained in the table is based on current reports submitted to the Warsaw Stock Exchange, which reflect the information received from shareholders in accordance with Article 69(1)(2) of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies.

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

Shareholder	Number of shares	Number of votes	Nominal value of shares in PLN	Share in basic capital in PLN
Danmag Sp. z o.o.	5 042 374	5 042 374	17 648 309	52,87%
AgioFunds TFI S.A.	1 647 194	1 647 194	5 765 179	17,27%
Daniel Janusz	772 811	772 811	2 704 839	8,10%
Magdalena Łabudzka-Janusz	660 654	660 654	2 312 289	6,93%
Other shareholders	1 414 883	1 414 883	4 952 091	14,83%
Total	9 537 916	9 537 916	33 382 706	100,00%

As at the date of the report, the parent company has not become aware of any agreements that may result in future changes in the proportion of significant shareholdings by existing shareholders.

28.3. Remuneration of the Members of the Management Board of the Parent Company

The total value of remuneration and other benefits for the Members of the Parent Company's Management Board amounted to:

MANAGEMENT BOARD	At the Parent Company:		Total
	Remuneration	Other benefits	
from 01.01 to 31.12.2023			
Daniel Janusz	640	142	783
Piotr Wielesik	472	95	567
Total	1 113	237	1 350
for the period 01.01 to 31.12.2022			
Daniel Janusz	639	138	777
Piotr Wielesik	471	92	563
Total	1 109	230	1 339

28.4. Remuneration of members of the Supervisory Board of the parent company

The total value of remuneration and other benefits for the members of the Supervisory Board of the parent company amounted to:

SUPERVISORY BOARD	At the Parent Company:		Total
	Remuneration	Other benefits	
from 01.01 to 31.12.2023			
Magdalena Łabudzka-Janusz	150	2	152
Henryk Chojnacki	16	-	16
Maciej Janusz	16	-	16
Jakub Marcinowski	16	-	16
Jakub Rzucidło	16	-	16
Total	214	2	216
for the period 01.01 to 31.12.2022			
Magdalena Łabudzka-Janusz	150	5	155
Henryk Chojnacki	16	3	19
Maciej Janusz	16	3	19
Jakub Marcinowski	16	3	19
Jakub Rzucidło	13	3	16
Total	211	16	227

Name of Issuer:	Feerum Capital Group		
Period covered by the financial statements:	01.01.2023- 31.12.2023	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zloty (unless otherwise stated)		

28.5. Remuneration of the auditor

The auditor performing the audit and review of the financial statements of the Parent Company and the Group is ECDP Audyt sp. z o.o.. The table below shows the auditor's or audit firm's fees paid or payable for the periods ended 31 December 2023 and 31 December 2022 by type of service:

	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Audit of financial statements	72	73
Review of financial statements	33	33
Tax advice	-	-
Evaluation of the RN Remuneration Report	5	5
Other services	-	-
Total	110	111

28.6. Employment

The Group's average headcount by occupational group and employee turnover were as follows:

Categories of activity	31.12.2023		31.12.2022	
	number	structure	number	structure
Management and administration	40	26,67%	44	27,85%
Production	110	73,33%	114	72,15%
Total	150	100,00%	158	100,00%

Rotation	from 01.01 to 31.12.2023	from 01.01 to 31.12.2022
Number of employees admitted	9	11
Number of redundant workers	(16)	(46)
Total	(7)	(35)

29. Approval for publication

The consolidated financial statements prepared for the year ended 31 December 2023 (including comparative figures) were approved for publication by the Board of Directors of the parent company on 30 April 2024.

Signatures of all Board Members			
Date	Name	Function	Signature
30.04.2024	Daniel Janusz	President of the Management Board	
30.04.2024	Piotr Wielesik	Member of the Management Board	
Signatures of the person responsible for the preparation of the consolidated financial statements			
Date	Name	Function	Signature
30.04.2024	Eliza Dąbrowska-Strug	Chief Accountant	