KABEL – TECHNIK – POLSKA SP. Z O. O.

FINANCIAL STATEMENTS
ENDED 31 MARCH 2021

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INTRODUCTION TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kabel – Technik – Polska Sp. z o. o. was incorporated on the basis of a Notarial Deed dated 5November 8th 1996. The Company is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court, IX Economic Department of the National Court Register, Entry No. KRS 0000192681. The Company was granted statistical REGON number 330488457. The Company’s registered office is located in Poland at ul. Pławieńska 5, 78-550 Czaplinek.
The Company has an unlimited period of operation.
According to the Company’s Articles of Association, the main area of the Company’s business activities includes:
1. manufacture of switchgear and controlgear (PKD 27. 12. Z),
2. manufacture of electrical equipment for engines and vehicles; not classified elsewhere (PKD 31. 61. Z)
3. wholesale of parts and accessories for motor vehicles (PKD 50. 30. A),
4. wholesale of other machinery and equipment for industry, trade and water transport (PKD 51. 65. Z)
5. other specialised wholesale trade (PKD 51. 70 A),
6. accounting and bookkeeping activities (PKD 69. 20 Z),
7. other business and management consultancy services (PKD 70. 20. Z)
8. activities of temporary employment agencies (PKD 78. 20. Z)
9. other activities related to the provision of employees (PKD 78. 30. Z)

The financial statements have been prepared for the period of 12 months beginning on April 1, 2020 and ended on March 31, 2021. Financial data in the profit and loss account, statement of changes in equity and cash flow statement in the current year contain data for 12 months, while comparable data contain data for the period of 12 months, i.e. from April 1, 2019 to March 31, 2020.

2. ASSUMPTIONS OF CONTINUATION OF BUSINESS OPERATIONS

The Company's financial statements have been prepared on the assumption that the Company will continue in business for at least 12 months after the balance sheet date, i.e. after 31 March 2021. Despite the significant risks associated with COVID-19 in Poland and internationally, no significant risks have been identified that create uncertainty about the Company's ability to continue as a going concern at the date of approval of these financial statements for a period of at least 12 months after the balance sheet date. The Board has also assessed that the going concern assumption adopted in the preparation of this report is appropriate.
As indicated below, the Board has taken and continues to undertake measures to limit the impact of the ongoing outbreak on the Company’s financial position.

Assessment of the impact of the epidemic on the Company’s operations

During the financial year ended, the transmission of the SARS-CoV-2 coronavirus (which causes Covid-19 disease) had a significant impact on the socio-economic situation worldwide:
- the World Health Organisation (WHO) declared on 11 March 2020 that Covid-19 constitutes a pandemic,
- individual countries closed their borders (including Poland, which was periodically declared a red zone),
- as of 31.03.2021, nearly 2,357 thousand infections and over 53.5 thousand deaths were reported in Poland,
- mass vaccination was also initiated and as of 31.03.2021, 4.2 million doses had been administered and 2 million people were fully vaccinated (this was 11% and 5.4% of the population in Poland respectively).

Problems that entrepreneurs in Poland still face include:
- restrictions on access to staff, including compulsory leave for persons bringing up children, remote working,

- restrictions on movement within the country / between countries, which may include workers commuting from other cities, but also suppliers (both domestic and foreign),
- difficulty in selling goods/services due to the general recommendation to stay at home,
- an administrative obligation to temporarily close shopping centres or the shops and restaurants that operate in them,
- liquidity problems.

During the closed period, the Company faced temporary disruptions to its normal operations, consisting of technical interruptions at customers, production stoppages among suppliers or temporary restrictions in the use of production capacity, mainly labour.

The Company supplied its products (i.e. control cabinets and cable harnesses for the rail industry) to customers with production facilities abroad. The Company's contractors included entities with plants in Belgium, Italy, the United Kingdom, France, Germany or the United States (the main recipients of the Company's products were international concerns Bombardier and Alstom). Undoubtedly, these were countries where the Covid-19 pandemic situation was and is much more serious than in Poland. Some of the Company's contractor plants interrupted or reduced production for a period of several weeks for preventive reasons. For obvious reasons, such downtime at the Company's customers limited the Company's ability to generate revenue, as the aforementioned contractors could not periodically receive products. As a result, the Company, for example, realised sales revenues in April and May 2020 that were 28% lower than forecast.

The Company's main foreign suppliers are mainly entities from: Germany, France, Great Britain, Czech Republic, Hungary, Luxembourg, Austria and Italy. All of these countries were affected by the Covid-19 pandemic. The Company observed minor outages in the supply of materials, but due to constraints on the part of customers, these were not strategic to its economic situation.

Due to the temporary limitation of the Company's ability to supply its products, there were also limitations in the use of production capacity. The Company's workforce in the first half of the financial year ended was maintained at a level similar to that at the end of the financial year ended 31 March 2020 (1,497 persons), in the second part of the year the Company, due to the fact that it had not lost its orders and had started to realise its planned sales growth, also started to increase its employment. As of 31.03.2021, 1,602 people were employed. Of course, this development was extremely crucial for social reasons, as the Company is one of the largest employers in the region.

Furthermore, during the period of reduced production, the Company's Management Board made every effort to safeguard its liquidity by benefiting from the assistance guaranteed by the relevant legislation aimed at combating the negative effects of the pandemic. In the ended year, the Company received a subsidy in the months of 04.2020-12.2020 for job protection benefits from the Guaranteed Employment Benefits Fund in the total amount of PLN 6,289,580.93, which significantly improved its liquidity and helped maintain the staff. On the other hand, implementing recommendations and official orders, the Company incurred expenditures of over PLN 760 thousand on personal protection equipment for employees and preventive measures aimed at limiting the transmission of the disease in its plants and the region.

It should be added that a re-planning of the entire supply chain has also been performed in order to limit the purchase of production materials to the necessary minimum, and the Management has also obtained assurances from the capital group to which the Company belongs about the possibility of increasing working capital financing in the event that the risk is underestimated.

Likewise last year, at the end of the period examined, the budget for the next financial year was also reviewed for any negative effects of the pandemic. As a result of this verification, the Company's Management Board is of the opinion that the sales and operating result planned for the 12 months should not significantly decrease compared to the original multi-year budget assumptions, and the assumption of the Company's going concern is appropriate.

3. BUSINESS COMBINATIONS

The Company did not combine with any other business entity or acquire an organised part thereof during the period covered by these financial statements.

4. ACCOUNTING POLICIES

4.1. Format and basis of preparing financial statements

The financial statements have been prepared in accordance with the accounting principles in force in the territory of the Republic of Poland, specified in the Accounting Act of 29 September 1994 and executive regulations issued on its basis, as well as with the historical cost convention.

The accounting principles adopted by the Company were applied on a continuous basis and comply with the accounting principles applied in the previous financial year.

The profit and loss account was prepared using the function of expense ("cost of sales"). The cash flow statement was prepared using the indirect method.

4.2. Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are directly attributable to the asset will flow to the Company. Initially, intangible assets are recorded at acquisition cost or cost of production. Following initial recognition, intangible assets are valued at acquisition cost or cost of production less accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method over their estimated useful lives.

The expected useful lives are as follows:

Development costs	20 %
Patents, licences, trademarks	20-50 %
Trademarks	10 %
Computer software	50 %
Other intangible assets	50 %

Where development work conducted for the Company's own needs is completed, the Company accepts the useful life of up to 5 years, unless it is able to reliably asses longer period.

Estimates relating to the economic useful lives and method of amortisation are reviewed at the end of each financial year to confirm that the adopted methods and periods of amortization comply with the projected timing of economic benefits generated by the Company's intangible assets.

An assessment is made at each balance sheet date to determine whether the carrying amounts of the Company's intangible assets exceed the amounts of estimated future economic benefits. If there is any evidence indicating that this is actually the case, the carrying amounts of the Company's assets are written down to their net realisable values. The resulting impairment losses are recognised under other operating expenses.

4.3. Tangible fixed assets

Tangible fixed assets are stated at acquisition cost, cost of production or re-valued amount, less accumulated depreciation and impairment losses. In the case of perpetual usufruct right to land, acquisition cost is understood to mean the amount paid to a third party to acquire this right / the excess of the initial fee over the annual fee, where the right has been purchased from the municipality / the fair value of the right at the date on which it was entered into the books of account, where the right has been received free of charge on the basis of an administrative decision. Land is valued at acquisition cost less any impairment losses.

Assets are re-valued in accordance with separate regulations. The effects of the revaluation are taken to the revaluation reserve. After the asset is sold or liquidated, the amount remaining in the revaluation reserve is transferred to reserve capital.

As at 31 March 2021, the Company did not have any tangible fixed assets that were subject to re-valuation.

Costs incurred on an asset already in use, such as repairs, overhauls or operating fees, are expensed in the reporting period in which they were incurred. If, however, it is possible to prove that such costs increase the expected future economic benefits to be derived from a given asset beyond the originally expected benefits, they are capitalised to the initial cost of the asset.

Tangible fixed assets, except for land, are depreciated using the straight-line method over their estimated useful lives, or over the shorter of their useful life and the term of the right to use the asset. The depreciation periods are as follows:

Goodwill	2,5 %
Objects of civil engineering	2,5-10 %
Technical devices and machines	210 %
Means of transport	14-20 %
Other fixed assets	20 %

Tangible fixed assets with a low initial cost i.e. less than PLN 10 thousand are expensed in full.

Estimates relating to the economic useful lives and method of depreciation are reviewed at the end of each financial year to confirm that the adopted methods and periods of depreciation comply with the projected timing of economic benefits generated by the Company’s assets.

An assessment is made at each balance sheet date to determine whether the carrying amounts of the Company’s assets exceed the amounts of estimated future economic benefits. If there is any evidence indicating that this is actually the case, the carrying amounts of the Company’s assets are written down to their net realisable values. The resulting impairment losses are recognised under other operating expenses.

Impairment losses relating to tangible fixed assets for which valuation was updated based on separate regulations reduce valuation differences taken to revaluation reserve. Any excess of impairment losses over valuation differences is taken to other operating expenses.

4.4. Construction in progress (Assets under construction)

Construction in progress is stated at the amount of aggregate costs directly attributable to the acquisition or production of such assets, including financial expenses, less any impairment losses. Construction in progress also includes investment materials purchased for construction. Construction in progress is not depreciated until completed and brought into use.

4.5. Investment property and investments in intangible assets

Investments include assets held in order to achieve economic benefits resulting from the increase in the value of these assets, to obtain income in the form of interest, dividends (shares in profits) or other benefits, including a commercial transaction, in particular financial assets and those real estate and values intangible assets that are not used by the entity, but are owned to achieve these benefits.

4.6. Related entities

Related entities are understood to mean two or more entities included in a given capital group, where a capital group is understood to mean a parent company together with its subsidiary companies.

4.7. Investments in subordinated entities, participating interest and other long-term investments

Investments in subordinated entities comprise investments in subsidiaries, jointly controlled entities and associates.

Subsidiary companies are understood to mean entities controlled by the Company, jointly controlled entities are understood to mean entities controlled jointly by the shareholders based on their agreement, while associates - entities, in which the Company has participating interest and on which it exercises significant influence. At the same time, participating interest in another entity is understood to mean a share in the equity of that entity, which has the character of permanent relation. In the case of associates, permanent relation occurs always, unless their disposal within a short period of acquisition, purchase or obtaining in another form is highly probable.

Investments in subsidiaries, jointly controlled entities and associates are stated at historical cost less any impairment losses.

Other long-term investments (except for financial assets described in note 5.8 and investment property and investment in intangible assets described in note 5.5) are measured at historical cost reduced by impairment losses, if any.

Impairment losses of investments in subordinated entities and of other long-term investments are assessed at each balance sheet date. The carrying amounts of such assets is reviewed at each balance sheet date to determine whether it does not exceed the value of future economic benefits.

4.8. Financial assets

Financial assets are initially valued at cost (acquisition cost) being the fair value of the consideration given. Transaction costs are included in the initial cost. Financial assets are initially recognized at the transaction date.

After initial recognition, financial assets are classified into one of the following four categories and measured as follows:

	Category	*Measurement method*
1.	Financial assets held to maturity	At amortised cost determined using the effective interest rate method.
2.	Loans and receivables	At amortised cost determined using the effective interest rate method. Short-term receivables for which no interest rate has been set are measured at the amount due and receivable.
3.	Financial assets held for trading	Measured at fair value. Any revaluation gains/losses are recognised in the profit and loss account.
4.	Financial assets available for sale	Measured at fair value, with revaluation gains/losses recognised in the profit and loss account

The fair value of financial instruments traded on an active market is determined with reference to prices quoted on this market at the balance sheet date. Where no quoted market price is available for financial instruments traded on an active market, their fair value is estimated based on the market price of a similar quoted instrument, or based on the valuation model using input data deriving from an active regulated market, or using other estimation methods commonly assessed as correct.

Derivative financial instruments which are not hedging instruments are reported as financial assets or financial liabilities held for trading.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss recognized for the difference between the recoverable amount and the carrying amount.

Impairment losses recognized against individual financial assets or a group of similar financial assets are determined as follows:

1) for financial assets measured at amortised cost – as the difference between the value of an asset arising from the books of account at the date of measurement and its recoverable amount. The recoverable amount is the present value of the expected future cash flows discounted using the effective interest rate, that has been applied by the entity to measure the restated financial assets or a group of similar financial assets.
2) for financial assets measured at fair value - as the difference between the cost of acquisition of the asset and its fair value determined at the date of measurement (the fair value of debt instruments at the valuation date is the present value of the expected future cash flows discounted using the current market interest rate applied to similar financial instruments). The cumulative loss that had been recognised in the revaluation reserve shall be recognised as financial expense at an amount not less than the amount of the impairment loss, decreased by the portion that had been directly recognized as financial expense
3) for other financial assets – as the difference between the value of an asset arising from the books of account and the present value of the expected future cash flows discounted using the current market interest rate applied to similar financial instruments.

4.9. Leases

The Company's records of Leases are based on Polish regulations from National Accounting Standard No. 5 Leases, rentals and leases.

A lease agreement according to National Accounting Standard No. 5 is a lease agreement according to the Civil Code and other agreements concluded for a definite period of time, under which one party - the lessor - makes available to the other party - the lessee - for use against payment or use and collection of benefits, an object of lease which is an asset, for example: a device, real property, a machine, a means of transport, an intangible asset. Under the Civil Code, the standard also defines leases as rental agreements and tenancy agreements concluded for a fixed period. A lease must continue for at least 12 months. A contract concluded for less than 12 months is not recognised as a lease at all. National Accounting Standard No. 5 distinguishes two types of leases. These are finance leases and operating leases. A finance lease is a lease that meets at least one of the criteria contained in Art. 3(4) of the Accounting Act. If an arrangement does not meet any of those conditions it is classified as an operating lease. Lease classification is made at the commencement of the lease agreement.

During the financial year for which the financial statements are prepared, the Company was not a party to any leasing agreements under which it would accept for use or benefit from foreign tangible or intangible assets for an agreed period..

4.10. Inventories

Inventories are stated at the lower of acquisition cost or cost of production and net selling price.

Inventory decreases and valuation are made using the „first in- first out" method.

Goods for resale decreases and valuation are made using the „first in- first out" method.

The cost of production of finished goods includes the cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity. The average level of utilization of production capacities is considered the average, according to expectations in typical conditions, the production volume for a given number of periods or seasons, taking into account scheduled repairs.

Work-in-progress - direct manufacturing costs.

Inventories are recognized in the balance sheet at their net value, i.e. decreased by the value of impairment losses. Revaluation write-offs are recognized in other operating costs.

4.11. Receivables, claims and liabilities, other than classified as financial assets and liabilities

Trade receivables are stated at the amount due, less an allowance (a write-down) for any doubtful and uncollectable amounts.

The value of receivables is adjusted by appropriate write-downs reflecting their recoverability. Write-downs against receivables are recorded under other operating expenses or financial expenses, depending on the type of receivable.

Liabilities are included in the accounting books in the amount requiring payment.

Receivables and liabilities expressed in foreign currencies are disclosed as at the date of their creation at the average exchange rate of the National Bank of Poland published for a given currency on the day preceding that day.

As at the balance sheet date, receivables and liabilities expressed in foreign currencies are valued at the average exchange rate announced for that day by the National Bank of Poland valid for that day.

4.12. Foreign currency transactions

Transactions denominated in currencies other than Polish zloty are translated into Polish zloty at the rate of exchange prevailing on the transaction date, and if application of this exchange rate is not possible – using the average exchange rate of the National Bank of Poland prevailing on the date preceding the transaction date.

As at the balance sheet date, assets and liabilities expressed in currencies other than Polish zloty are translated into Polish zloty using the average NBP rate prevailing for the given currency at the year-end. Exchange differences resulting from translation are recorded under financial income or financial expenses, or – in cases defined in regulations – are capitalised in the cost of the assets.

The following exchange rates were used for valuation purposes:

	31 March 2021	*31 March 2020*
EUR	4,6603	4,5523
USD	3,9676	4,1466
GBP	5,4679	5,1052
CHF	4,2119	4,3001
SEK	0,4556	0,4114

4.13. Cash and cash equivalents

Cash on hand and cash at bank is stated at nominal value.

Cash and cash equivalents presented in the cash flow statement comprise cash on hand and bank deposits which have maturity period of 3 months or less and were not included under investing activities.

4.14. Prepaid and accrued expenses

The Company recognises prepayments if the costs incurred relate to future reporting periods. Accruals are recognised at the amount of probable liabilities relating to the current reporting period.

4.15. Share capital

The issued share capital is recorded at the amount stated in the Company's Articles of Association and registered in the court register. Any differences between the fair value of the consideration obtained and the nominal value of shares are recorded under reserve capital. When the Company's own shares are re-acquired, the amount of the consideration paid is presented in the balance sheet as treasury shares.

Dividend prepayments made during the year are reported in the books of account and in the balance sheet as Appropriation of profit during the year.

4.16. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision for warranty repairs is recognized for all products under warranty at the balance sheet date based on past experience of the level of repairs and returns made in the warranty period.

The Company operates a jubilee bonus scheme. Payments under the scheme are charged to the profit and loss account so as to spread the cost of the bonuses over the employees' working lives within the Company. The cost of providing these benefits is determined by means of actuarial techniques, using the projected unit credit method.

The Company operates a retirement benefits scheme. Payments under the scheme are charged to the profit and loss account so as to spread the cost of the retirement benefits over the employees' working lives within the Company. The cost of providing these benefits is determined by means of actuarial techniques, using the projected unit credit method.

4.17. Loans and borrowings and financial liabilities held for trading

All loans and borrowings are initially recognized at cost, being the value of the funds received and including acquisition costs associated with the borrowing/loan (transaction costs). After initial recognition, all interest-bearing loans and borrowings, other than liabilities held for trading, are measured at amortized cost, using the effective interest rate method.

Financial liabilities, are valued at amortised cost not later than at the end of the reporting period. Liabilities which are held for trading, including derivative financial instruments (derivatives) are subsequently measured at fair value. Any gain/loss from re-measurement to fair value is included in the net profit/loss for the period.

4.18. Borrowing costs

Borrowing costs relating to the construction, adaptation, assembly or improvement of tangible fixed or intangible assets are capitalised as part of the cost of the asset over the period of construction, adaptation, assembly or improvement, where the borrowings were taken out for that purpose.

All other borrowing costs are expensed as incurred.

4.19. Deferred tax

Income tax shown in the profit and loss account includes the current and deferred tax. The current income tax liability is calculated in accordance with tax regulations. Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from amortization of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax liabilities are recognized for all taxable temporary differences arising from investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilized unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

For deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax laws that have been enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are are not compensated in the balance sheet.

Uncertain tax treatment

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference, inconsistent interpretations and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of factitious activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as group restructuring or group reorganization.

Deferred tax assets and deferred tax liabilities are presented separately in the balance sheet.

4.20. Revenue recognition

Revenue is recognized to the extent that it is probable that the Company will obtain economic benefits that can be reliably measured.

4.20.1 Sale of goods for resale and finished goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue comprises amounts receivable or received from sale, net of the Value Added Tax.

4.20.2 Provision of services

Proceeds from the provision of long-term services are recognized based on the stage of service completion, if this can be reliably estimated. Where the result of the transaction of long-term service provision cannot be reliably estimated, proceeds from the provision of such services are recognized only up to the amount of costs incurred.

4.20.3 Interest

Interest revenue is recognised as the interest accrues (using the effective interest rate method), unless collectability is in doubt.

4.20.4 Dividends

Dividends are recognised as financial income at the date on which the Shareholders' Meeting of the Company's investee adopted a resolution on the distribution of profit, unless the resolution sets a different date for the right to receive the dividend.

4.20.5 Grants and subsidies

Grants and subsidies are recognized at fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deferred in the balance sheet and recognized as income over the periods necessary to match it on a systematic basis with the costs which it is intended to compensate.

Where the grant or subsidy relates to the acquisition or construction of a tangible fixed asset, it is deferred in the balance sheet and recognised as income over the period of depreciation of the underlying asset.

4.20.6 Social assets and Social Fund liabilities

The Social Fund Act dated 4 March 1994 (with subsequent amendments) requires enterprises that have at least 20 FTEs *(full time employees)* to establish and run a Social Fund. The Company operates such Fund and makes periodic contributions to it based on the amount set forth in the Social FundAct. The Social Fund liability is made up of accumulated income of the Social Fund less non-refundable expenditure by the Fund.

André Gerstner
Chairman of the Board

Andreas Heuser
Member of the Board

Katarzyna Świątek
CFO
Person responsible for bookkeeping

Czaplinek, June 16th 2021

BALANCE SHEET

Assets

(in PLN)		Note	*As at 31 March 2021*	*As at 31 March 2020*
A.	**Non-current assets**		**62 997 917,30**	**82 413 821,70**
I.	**Intangible assets**	**5**	**22 081 130,56**	**28 374 129,18**
1.	Development costs		1 581 184,45	2 767 073,05
2.	Goodwill		-	-
3.	Other intangible assets		20 499 946,11	25 607 056,13
4.	Prepayments for intangible assets		-	-
II.	**Property, plant and equipment**	**6**	**36 806 533,17**	**34 838 917,29**
1.	Tangible fixed assets		36 024 393,22	33 768 180,57
	a) land (including perpetual usufruct right to land)		237 238,37	238 506,86
	b) buildings, premises and constructions		20 342 001,23	19 260 758,22
	c) plant and machinery		14 068 679,85	12 814 498,53
	d) motor vehicles		478 367,01	484 624,71
	e) other		898 106,76	1 253 036,98
2.	Construction in progress	32	782 139,95	833 550,00
3.	Prepayments for construction in progress		-	237 186,72
III.	**Long-term receivables**		-	-
1.	From affiliates		-	-
2.	From other entities, in which the Company has participating interest		-	-
3.	From other entities		-	-
IV.	**Long-term investments**	**7**	**4,86**	**15 103 558,80**
1.	Property		-	-
2.	Intangible assets		-	-
3.	Long-term financial assets		4,86	15 103 558,80
	a) in affiliates		4,86	15 103 558,80
	b) in other entities, in which the Company has participating interest		-	-
	c) in other entities		-	-
4.	Other long-term investments		-	-
V.	**Long-term prepayments and deferred costs**	**8;25**	**4 110 248,71**	**4 097 216,43**
1.	Deferred tax assets		4 110 248,71	4 097 216,43
2.	Other prepayments and deferred costs		-	-
B.	**Current assets**		**232 399 966,75**	**193 780 751,59**
I.	**Inventories**	**23**	**101 854 757,22**	**70 866 041,37**
1.	Raw materials		56 206 984,66	48 359 709,91
2.	Semi-finished goods and work-in-progress		19 669 921,69	14 108 533,65
3.	Finished goods		25 977 850,87	8 397 797,81
4.	Goods for resale		-	-
5.	Inventory prepayments		-	-

(in PLN)		Note	*As at 31 March 2021*	*As at 31 March 2020*
II.	**Short-term receivables**		**126 040 438,42**	**114 850 042,26**
1.	Receivables from affiliates		53 496 331,93	8 666 318,46
	a) trade receivables		24 670 421,49	5 601 388,46
	b) other		28 825 910,44	3 064 930,07
2.	Receivables from other entities, in which the Company has participating interest			-
	a) trade receivables, due in:			-
	b) other			-
3.	Receivables from other entities		72 544 106,49	106 183 723,73
	a) trade receivables, due in:		66 139 111,32	104 247 078,92
	- up to 12 months		66 139 111,32	104 247 078,92
	- over 12 months		-	-
	b) taxation, subsidy, customs duty, social security, health insurance and other public debtors		6 57 628,39	3 740 858,55
	c) other		347 366,78	85 827,97
	d) submitted to court		-	-
III.	**Short-term investments**	**32**	**2 072 415,78**	**4 245 461,25**
1.	Short-term financial assets		2 072 415,78	4 245 461,25
	a) in affiliates		-	-
	- shares		-	-
	- other securities		-	-
	- loans granted		-	-
	- other short-term financial assets		-	-
	b) in other entities		-	-
	- shares		-	-
	- other securities		-	-
	- loans granted		-	-
	- other short-term financial assets		-	-
	c) cash and other monetary assets		2 072 415,78	4 245 461,25
	- cash on hand and cash at bank		2 072 415,78	4 245 461,25
	- other cash and cash equivalents		-	-
	- other monetary assets		-	-
2.	Other short-term investments		-	-
IV.	**Short-term prepayments and deferred costs**	**8**	**2 432 355,33**	**3 819 206,71**
C.	**Unpaid share capital**		**-**	**-**
D.	**Treasury shares**		**-**	**-**
Total assets			**295 397 884,05**	**276 194 573,29**

Equity and liabilities

(in PLN)		Note	*As at 31 March 2021*	*As at 31 March 2020*
A.	**Shareholders' equity**		**97 134 008,99**	**46 372 304,11**
I.	**Share capital**	**10**	**15 737 400,00**	**15 737 400,00**
II.	**Reserve capital, of which:**		**25 415 348,72**	**25 415 348,72**
	- share premium		-	-
III.	**Revaluation reserve, of which:**		**-**	**-**
	- fair value re-measurement		-	-
IV.	**Other reserves, of which:**		**50 439 000,00**	**50 439 000,00**
	- created in accordance with Articles of Association		-	-
	– for treasury shares		-	-
V.	**Accumulated profits/ (losses) from previous years**		**- 45 219 444,61**	**- 43 789 047,52**
VI.	**Net profit/ (loss) for the year**		**50 761 704,88**	**- 1 430 397,09**
VII.	**Deductions from net profit during the year (negative value)**		**-**	**-**
B.	**Liabilities and provisions for liabilities**		**198 263 875,06**	**229 822 269,18**
I.	**Provisions for liabilities**	**12;25**	**6 087 394,70**	**7 605 134,62**
1.	Deferred tax liability		5 068 908,70	6 674 542,88
2.	Provision for retirement benefits and similar obligations		745 146,00	657 251,74
	- long-term		672 937,00	556 905,97
	- short-term		72 209,00	100 345,77
3.	Other provisions		273 340,00	273 340,00
	- long-term		-	-
	- short-term		273 340,00	273 340,00
II.	**Long-term liabilities**	**10;14**	**105 266 753,87**	**159 731 002,25**
1.	To affiliates		105 266 753,87	159 731 002,25
2.	To other entities, in which the Company has participating interest		-	-
3.	To other entities		-	-
	a) loans and borrowings		-	-
	b) debt securities issued		-	-
	c) other financial liabilities		-	-
	d) bills of exchange payable		-	-
	e) other		-	-
III.	**Short-term liabilities**		**82 050 146,54**	**59 467 930,31**
1.	To affiliates		1 091 776,10	766 914,95
	a) trade creditors, payable in:		1 091 771,04	766 914,95
	- up to 12 months		1 091 771,04	766 914,95
	- over 12 months		-	-
	b) other		5,06	-
2.	To other entities, in which the Company has participating interest		-	-
	a) trade creditors, payable in:		-	-
	- up to 12 months		-	-
	- over 12 months		-	-
	b) other		-	-
3.	To other entities		80 958 370,44	58 701 015,36
	a) loans and borrowings		-	-
	b) debt securities issued		-	-
	c) other financial liabilities		-	-
	d) trade creditors, payable in:		70 442 936,10	50 284 868,26
	- up to 12 months		70 442 936,10	50 284 868,26
	- over 12 months		-	-
	e) advance payments received		-	-
	f) bills of exchange payable		-	-
	g) taxation, customs duty, social security, health insurance and other public creditors		5 417 982,99	4 261 554,60
	h) payroll		4 926 622,68	4 029 146,08
	i) other		170 828,67	125 446,42
4.	Special funds		-	-

(in PLN)		*Note*	*As at 31 March 2021*	*As at 31 March 2020*
IV.	**Accruals and deferred income**	**16**	**4 859 579,95**	**3 018 202,00**
1.	Negative goodwill		-	-
2.	Other accruals and deferred income		4 859 579,95	3 018 202,00
	- long-term		-	1 705,88
	- short-term		4 859 579,95	3 016 496,12
Total liabilities and equity			**295 397 884,05**	**276 194 573,29**

André Gerstner
Chairman of the Board

Andreas Heuser
Member of the Board

Katarzyna Świątek
CFO
Person responsible for bookkeeping

Czaplinek, June 16th 2021

PROFIT AND LOSS ACCOUNT (FUNCTION OF EXPENSE OR COST OF SALES FORMAT)

(in PLN)	*Note*	*Year ended 31 March 2021*	*Year ended 31 March 2020*
A. Net sales of finished goods, goods for resale and raw materials, of which:	**20**	**346 308 290,39**	**391 805 650,68**
- from affiliates		69 925 757,60	28 212 607,32
I. Net sales of finished goods		306 989 269,54	347 211 662.19
II. Net sales of goods for resale and raw materials		39 319 020.85	44 593 988,49
B. Cost of finished goods, goods for resale and raw materials sold, of which:	**26**	**292 195 903,55**	**337 578 366,43**
- to affiliates		-	-
I. Cost of finished goods sold		256 550 405.39	298 984 631,24
II. Cost of goods for resale and raw materials sold		35 645 498,16	38 593 735,19
C. Gross profit/ (loss) on sales (A - B)		**54 112 386,84**	**54 227 284,25**
D. Selling expenses	**26**	**7 797 423,22**	**7 751 510,53**
E. Administrative expenses	**26**	**37 411 939,34**	**35 585 929,12**
F. Profit/ (loss) on sales (C-D-E)		**8 903 024,28**	**10 889 844,60**
G. Other operating income	**27**	**6 989 968,86**	**687 620,31**
I. Gains on the sale of non-financial long-term assets		133 752.93	93 373,76
II. Subsidies		5 245.28	12 415,79
III. Revaluation of non-financial assets		-	-
IV. Other		6 850 970,65	581 830,76
H. Other operating expenses	**28**	**516 880,64**	**2 001 748,92**
I. Loss on the sale of non-financial long-term assets		-	-
II. Impairment of non-financial assets		431 684,68	1 907 486,25
III. Other		85 195,96	94 262,67
I. Operating profit (loss) (F+G-H)		**15 376 112,50**	**9 575 715,99**
J. Financial income	**29**	**67 714 336,40**	**560 753,35**
I. Dividends and shares in profits, of which:		66 467 435,07	-
a) from affiliates, including:		66 467 435,07	-
- in which the Company has participating interest		-	-
b) from other entities, including:		-	-
- in which the Company has participating interest		-	-
II. Interest, of which:		289 811,23	560 753,35
- from affiliates		-	-
III. Gains on the sale of financial assets, of which:		-	-
- in affiliates		-	-
IV. Revaluation of financial assets		-	-
V. Other		957 090,10	-
K. Financial expenses	**30**	**20 452 441,48**	**11 910 551,34**
I. Interest, of which:		5 348 887,54	5 789 303,91
- to affiliates		5 058 955,88	5 381 067,83
II. Loss on the sale of financial assets, of which:		-	-
- in affiliates		-	-
III. Impairment of financial assets		-	-
IV. Other		15 103 553,94	6 121 247,43
L. Gross profit/ (loss) (I+J-K)		**62 638 007,42**	**- 1 774 082,00**
M. Corporate profits tax	**25**	**11 876 302,54**	**-343 384,91**
N. Other tax charges			-
O. Net profit/ (loss) (L-M-N)		**50 761 704,88**	**1 430 397,09**

André Gerstner
Chairman of the Board

Andreas Heuser
Member of the Board

Katarzyna Świątek
CFO, Person responsible for bookkeeping

Czaplinek, June 16th 2021

STATEMENT OF CHANGES IN EQUITY

(in PLN)	*Note*	*Year ended 31 March 2021*	*Year ended 31 March 2020*
I. Shareholders' equity at the beginning of the period (OB)		**46 372 304,11**	**47 802 701,20**
- changes in accounting policy		-	-
- adjustments due to fundamental errors		-	-
I.a. Shareholders' equity at the beginning of the period (OB), after adjustments		**46 372 304,11**	**47 802 701,20**
1. Share capital at the beginning of the period		15 737 400,00	15 737 400,00
1.1. Changes in share capital		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
1.2. Share capital at the end of the period		15 737 400,00	15 737 400,00
2. Reserve capital at the beginning of the period		25 415 348,72	25 415 348,72
2.1. Changes in reserve capital		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
2.2. Reserve capital at the end of the period		25 415 348,22	25 415 348,22
3. Revaluation reserve at the beginning of the period		-	-
3.1. Changes in revaluation reserve		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
3.2. Revaluation reserve at the end of the period		-	-
4. Other reserves at the beginning of the period		50 439 000,00	50 439 000,00
4.1. Changes in other reserves		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
5. Accumulated profits/ (losses) from previous years at the beginning of the period		- 45 219 444,61	- 43 789 047,52
5.1. Accumulated profits from previous years at the beginning of the period		-	-
- changes in accounting policy		-	-
- adjustments due to fundamental errors		-	-
5.2. Accumulated profits from previous years at the beginning of the period, after adjustments		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
- allocation of profit to cover losses from previous years		-	-
5.3. Accumulated profits from previous years at the end of the period		-	-
5.4. Accumulated losses from previous years at the beginning of the period		45 219 444,61	43 789 047,5
- changes in accounting policy		-	-
- adjustments due to fundamental errors		-	-
5.5. Accumulated losses from previous years at the beginning of the period, after adjustments		45 219 444,61	43 789 047,52
a) increases (due to)		-	-
b) decreases (due to)		-	-
- allocation of profit to cover losses from previous years		-	-
5.6. Accumulated losses from previous years at the end of the period		45 219 444,61	43 789 047,52
5.7. Accumulated profits/ (losses) from previous years at the end of the period		- 45 219 444,61	- 43 789 047,52
6. Net result		50 761 704,88	- 1 430 397,09
a) net profit		50 761 704,88	-
b) net loss		-	1 430 397,09
c) deductions from net profit during the period		-	-
II. Shareholders' equity at the end of the period (CB)		**97 134 008,99**	**46 372 304,11**
III. Shareholders' equity, after proposed appropriation of profits (absorption of losses)		**97 134 008,99**	**46 372 304,11**

This statement of changes in equity should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.

CASH FLOW STATEMENT (INDIRECT METHOD)

(in PLN)	*Note*	*Year ended 31 March 2021*	*Year ended 31 March 2020*
A. Cash flow from operating activities			
I. Net profit/ (loss)		**50 761 704,88**	**- 1 430 397,09**
II. Adjustments, total		**- 25 685 256,05**	**8 501 346,27**
1. Depreciation		10 637 774,01	10 942 359,62
2. Foreign exchange gains/ (losses)		5 040 182,39	8 807 082,48
3. Interest and shares in profits (dividends)		5 348 887,54	5 789 303,91
4. Profit/ (loss) on investing activities		- 133 752,93	- 93 373,76
5. Change in provisions		- 1 517 739,92	- 545 903,45
6. Change in inventories		- 30 988 715,85	- 7 189 306,84
7. Change in receivables		14 570 584,21	- 5 216 731,27
8. Change in short-term liabilities, except for loans and borrowings		- 31 882 032,15	- 5 290 321,91
9. Change in prepayments, accruals and deferred income		3 215 197,05	1 298 237,49
10. Other adjustments		24 359,60	-
III. Net cash flow from operating activities (I±II)		**25 076 448,83**	**7 070 949,18**
B. Cash flow from investing activities			
I. Inflows		**66 730 002,24**	**435 853,27**
1. Sale of intangible assets and tangible fixed assets		262 567,17	435 853,27
2. Sale of investment property and investments in intangible assets		-	-
3. From financial assets, of which:		-	-
a) in affiliates		66 467 435,07	-
b) in other entities		66 467 435,07	-
- sale of financial assets		-	-
- dividends and shares in profits		-	-
- repayment of long-term loans granted		-	-
- interest received		-	-
- other		-	-
4. Other investing inflows		-	-
II. Outflows		**32 275 609,00**	**4 708 811,74**
1. Purchase of intangible assets and tangible fixed assets		6 514 628,63	4 708 811,74
2. Investment property and investments in intangible assets		-	-
3. For financial assets, of which:		-	-
a) in affiliates		-	-
b) in other entities		-	-
- purchase of financial assets		-	-
- long-term loans granted		-	-
4. Other investing outflows		25 760 980,37	-
III. Net cash flow from investing activities (I-II)		**34 454 393,24**	**- 4 272 958,47**
C. Cash flow from financing activities			
I. Inflows		**-**	**-**
1. Net inflows from issue of shares, issue of other equity instruments and additional payments to capital		-	-
2. Loans and borrowings		-	-
3. Issue of debt securities		-	-
4. Other financing inflows		-	-
II. Outflows		**61 703 887,54**	**5 978 356,37**
1. Re-acquisition of own shares		-	-
2. Dividends and other payments to shareholders		-	-
3. Outflows due to appropriation of profit other than payments to shareholder		-	-
4. Repayment of loans and borrowings		-	-
5. Redemption of debt securities		56 355 000,00	-
6. Relating to other financial liabilities		-	-
7. Finance lease payments		-	189 052,46
8. Interest paid		5 348 887,54	5 789 303,91
9. Other financing outflows		-	-
III. Net cash flow from financing activities (I-II)		**- 61 703 887,54**	**- 5 978 356,37**
D. Total net cash flow (A.III±B.III±C.III)		**- 2 173 045,47**	**- 3 180 365,66**
E. Balance sheet change in cash and cash equivalents, of which:		**- 2 173 045,47**	**-**
- change in cash and cash equivalents due to foreign exchange gains/losses		**-**	**-**
F. Cash and cash equivalents at the beginning of the period		**4 245 461,25**	**7 425 826,91**
G. Cash and cash equivalents at the end of the period (F±D), of which:		**2 072 415,78**	**4 245 461,25**
- of restricted use		1 402 773,79	527 627,60

ADDITIONAL NOTES AND EXPLANATIONS

1. SIGNIFICANT PRIOR YEAR EVENTS RECOGNISED IN CURRENT YEAR FINANCIAL STATEMENTS

Up to the date of the preparation of these financial statements for the financial year, there were no significant prior year events that were not, but should have been, disclosed in the financial statements.

2. SIGNIFICANT POST-BALANCE SHEET EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENTS

Between the balance sheet date and the date of the preparation of these financial statements i.e. 31.03.2021 there were no events that were not, but should have been, disclosed in the financial statements for the financial year.

3. CHANGES IN ACCOUNTING POLICIES MADE IN THE CURRENT YEAR

The financial statements for the current and previous financial year were prepared using the same accounting policies and data presentation methods.

4. COMPARABILITY OF PRIOR YEAR FINANCIAL STATEMENTS WITH CURRENT YEAR FINANCIAL STATEMENTS

Change in the presentation format of profit and loss account
The company didn't made any presentation change in the financial data of the comparable period ended on 31/03/2021.

Change in the presentation format of the balance sheet

The company made a presentation change in the financial data of the comparable period ended on 31/03/2021.

The change made by the Company results from the change in presentation of cash pooling receivables from a related entity, which is also a cash pool leader.

The change in presentation did not affect the financial result. This change aims to ensure better data comparability.

	Data approved 31 March 2020	**Data transformed 31 March 2020**
II. Short – term receivables		
Receivables from affiliates	5 601 388,46	8 666 318,53
a) trade receivable	5 601 388,46	5 601 388,46
b) other	-	3 064 930,07
III. Short – term investments		
1. Short – term financial assets	7 310 391,32	4 245 461,25
c) cash and other monetary assets	7 310 391,32	4 245 461,25
- cash on hand and cash at bank	7 310 391,32	4 245 461,25

5. INTANGIBLE ASSETS

Year ended March 31st 2021

(in PLN)	*Development costs*	*Goodwill*	*Other intangible assets*	*Prepayments for intangible assets*	*Total*
Initial cost					
Opening balance	**8 233 451,99**	**-**	57 111 888,49	**-**	**65 345 340,48**
Increases, of which:	-	-	**54 177,05**	-	**54 177,05**
Purchases	-	-	**54 177,05**	-	**54 177,05**
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	-	-	-
Liquidation	-	-	-	-	-
Other	-	-	-	-	-
Closing balance	**8 233 451,99**	**-**	**57 166 065,54**	**-**	**65 399 517,53**
Accumulated amortisation					
Opening balance	5 466 378,94	-	31 504 832,36	-	**36 971 211,30**
Increases, of which:	**1 185 888,60**	**-**	**5 161 287,07**	**-**	**6 347 175,67**
Charge for the period	**1 185 888,60**	**-**	**5 161 287,07**	**-**	**6 347 175,67**
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	-	-	-
Liquidation	-	-	-	-	-
Other	-	-	-	-	-
Closing balance	**6 652 267,54**	**-**	**36 666 119,43**	**-**	**43 318 386,97**
Impairment write-downs					
Opening balance	**-**	**-**		**-**	
Increases	-	-		-	
Decreases, of which:	-	-		-	
Utilisation	-	-		-	
Reversal	-	-		-	
Closing balance	**-**	**-**		**-**	
Net book value					
Opening balance	**2 767 073,05**	**-**	**25 607 056,13**	**-**	**28 374 129,18**
Closing balance	**1 581 184,45**	**-**	**20 499 946,11**	**-**	**22 081 130,46**

Year ended March 31st 2020

(in PLN)	*Development costs*	*Goodwill*	*Other intangible assets*	*Prepayments for intangible assets*	*Total*
Initial cost					
Opening balance	**8 233 451,99**	**-**	57 106 032,99	**-**	**65 339 484,98**
Increases, of which:	-	-	**12 529,33**	-	**12 529,33**
Purchases	-	-	**12 529,33**	-	**12 529,33**
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	**6 673,83**	-	**6 673,83**
Liquidation	-	-	**6 673,83**	-	**6 673,83**
Other	-	-	-	-	-
Closing balance	**8 233 451,99**	**-**	**57 111 888,49**	**-**	**65 345 340,48**
Accumulated amortisation					
Opening balance	**3 592 922,34**	**-**	**26 287 622,08**	**-**	**29 880 544,42**
Increases, of which:	1 873 456,60	-	5 223 884,11	-	7 097 340,71
Charge for the period	1 873 456,60	-	5 223 884,11	-	7 097 340,71
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	6 673,83	-	6 673,83
Liquidation	-	-	6 673,83	-	6 673,83
Other	-	-	-	-	-
Closing balance	**5 466 378,94**	**-**	**31 504 832,36**	**-**	**36 971 211,30**
Impairment write-downs					
Opening balance	**-**	**-**		**-**	
Increases	-	-		-	
Decreases, of which:	-	-		-	
Utilisation	-	-		-	
Reversal	-	-		-	
Closing balance	**-**	**-**		**-**	
Net book value					
Opening balance	**4 640 529,65**	**-**	**30 818 410,91**	**-**	**35 458 940,56**
Closing balance	**2 767 073,05**	**-**	**25 607 056,13**	**-**	**28 374 129,18**

6. PROPERTY, PLANT AND EQUIPMENT

Year ended March 31st 2021

(in PLN)	*Land*	*Of which: Perpetual usufruct right to land*	*Buildings, premises and constructions*	*Plant and machinery*	*Motor vehicles*	*Other tangible fixed assets*	*Construction in progress*	*Prepayments for construction in progress*	*Total*
Initial cost									
Opening balance	**237 238,37**	**77 217,37**	**25 423 858,71**	**30 164 535,65**	**1 152 026,29**	**6 371 078,13**	**833 550,00**	**237 186,72**	64 419 473,87
Increases, of which:	-	-	673 809,32	3 235 301,74	260 248,45	301 191,61	1 989 900,46	-	6 460 451,58
Purchases	-	-	673 809,32	3 235 301,74	260 248,45	301 191,61	1 989 900,46	-	6 460 451,58
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	875 412,40	1 278 228,45	-	124 856,38	- 2 041 310,51	-237 186,72	-
Decreases, of which:	-	-	-	1 647 179,49	221 645,89	366 605,02	-	-	2 235 430,40
Liquidation and sale	-	-	-	1 647 179,49	221 645,89	366 605,02	-	-	2 235 430,40
Other	-	-	-	-	-	-	-	-	-
Closing balance	**237 238,37**	**77 217,37**	**26 973 080,43**	**33 030 886,35**	**1 190 628,85**	**6 430 521,10**	**782 139,95**	**-**	**68 644 495,05**
Accumulated depreciation									
Opening balance	**-**	**-**	**5 886 387,39**	**17 800 582,65**	**794 605,45**	**5 098 981,09**	**-**	**-**	**29 580 556,58**
Increases, of which:	-	-	744 691,81	2 662 953,26	127 963,50	754 989,77	-	-	4 290 598,34
Charge for the period	-	-	744 691,81	2 662 953,26	127 963,50	754 989,77	-	-	4 290 598,34
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	1 501 329,41	210 307,11	321 556,52	-	-	2 033 193,04
Liquidation and sale	-	-	-	1 501 329,41	210 307,11	321 556,52	-	-	2 033 193,04
Other	-	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**6 631 079,20**	**18 962 206,50**	**712 261,84**	**5 532 414,34**	**-**	**-**	**31 837 961,88**
Impairment write-downs									
Opening balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increases	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	-	-	-	-	-	-
Utilisation	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value									
Opening balance	237 238,37	77 217,37	19 537 471,32	12 363 953,00	357 420,84	1 272 097,04	833 550,00	237 186,72	34 838 917,29
Closing balance	237 238,37	77 217,37	20 342 001,23	14 068 679,85	478 367,01	898 106,76	782 139,95	-	36 806 533,17

Year ended March 31st 2020

(in PLN)	*Land*	*Of which: Perpetual usufruct right to land*	*Buildings, premises and constructions*	*Plant and machinery*	*Motor vehicles*	*Other tangible fixed assets*	*Construction in progress*	*Prepayments for construction in progress*	*Total*
Initial cost									
Opening balance	**238 506,86**	**78 485,86**	**24 447 382,42**	**30 988 514,62**	**1 248 401,59**	**6 928 519,59**	**278 708,00**	**-**	64 130 033,08
Increases, of which:	-	-	472 626,29	2 151 165,53	133 624,70	405 711,00	1 295 968,17	237 186,72	4 696 282,41
Purchases	-	-	472 626,29	2 151 165,53	133 624,70	405 711,00	1 295 968,17	237 186,72	4 696 282,41
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	503 850,00	12 100,30	-	225 175,87	- 741 126,17	-	-
Decreases, of which:	1 268,49	1 268,49	-	2 987 244,80	230 000,00	1 188 328,33	-	-	4 406 841,62
Liquidation and sale	1 268,49	1 268,49	-	2 987 244,80	230 000,00	1 188 328,33	-	-	4 406 841,62
Other	-	-	-	-	-	-	-	-	-
Closing balance	**237 238,37**	**77 217,37**	**25 423 858,71**	**30 164 535,65**	**1 152 026,29**	**6 371 078,13**	**833 550,00**	**237 186,72**	**64 419 473,87**
Accumulated depreciation									
Opening balance	**-**	**-**	**5 186 624,20**	**18 174 016,09**	**763 776,88**	**5 675 482,61**	**-**	**-**	29 799 899,78
Increases, of which:	-	-	699 763,19	2 409 137,19	132 795,11	603 323,42	-	-	3 845 018,91
Charge for the period	-	-	699 763,19	2 409 137,19	132 795,11	603 323,42	-	-	3 845 018,91
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	2 782 570,63	101 966,54	1 179 824,94	-	-	4 064 362,11
Liquidation and sale	-	-	-	2 782 570,63	101 966,54	1 179 824,94	-	-	4 064 362,11
Other	-	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**5 886 387,39**	**17 800 582,65**	**794 605,45**	**5 098 981,09**	**-**	**-**	**29 580 556,58**
Impairment write-downs									
Opening balance	-	-	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	-	-	-	-	-	-
Utilisation	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-
Net book value									
Opening balance	238 506,86	78 485,86	19 260 758,22	12 814 498,53	484 624,71	1 253 036,98	278 708,00	-	34 330 133,30
Closing balance	237 238,37	77 217,37	19 537 471,32	12 363 953,00	357 420,84	1 272 097,04	833 550,00	237 186,72	34 838 917,29

The value of land under perpetual usufruct as at 31 March 2021 amounted to PLN 77,2 thousand (as at 31 March 2020: PLN 237,2 thousand).

As at March 31, 2021, based on operating lease, rent, lease and other contracts (excluding financial lease contracts), the Company used fixed assets worth approximately PLN 3.028 thousand (as at March 31, 2020, PLN 2.824 thousand, respectively).

Capital expenditure in the year ended 31 March 2021 amounted to PLN 6.515 thousand, including environmental protection expenditure in the amount of PLN 150 thousand (in the year ended 31 March 2020: PLN 4.709 thousand, including environmental protection expenditure in the amount of PLN 100 thousand).

Capital expenditure planned for the year 2021/2022 amounts to PLN 11.781 thousand (including environmental protection expenditure in the amount of PLN 300 thousand).

7. INVESTMENTS

Long-term investments

As at March 31, 2020, the shares of Motherson Rolling Stock Systems GB Ltd. Were amounted to PLN 15 103 558.80. Implementing the Group's strategy aimed at simplifying the ownership structure, on 04/12/2020 the Company redeemed shares in the subsidiary in the amount of PLN 15 103 553.94. As at the balance sheet date, i.e. March 31, 2021, the Company presents shares in Motherson Rolling Stock Systems GB Ltd. in the amount of PLN 4.86 in long-term investments.

The company has 100% shares in this entity.

The company is consolidated at the higher level, ie PKC Group Ltd.

8. PREPAYMENTS AND DEFERRED COSTS

(in PLN)	*31 March 2021*	*31 March 2020*
Deferred tax assets	4 110 248,71	4 097 216,43
Total long-term portion	**4 110 248,71**	**4 097 216,43**
- insurance	5 197,41	4 217,86
- service costs (pA software)	161 747,72	153 288,92
- costs of consultancy servives	-	204 966,60
- cost of renting premises	16 083,65	-
- costs of IT services	88 992,98	81 374,00
- reserve for re-invoicing costs	1 963 983,70	3 146 370,38
- costs of external processing	158 368,95	158 368,95
- other (total of immaterial items)	37 980,92	62 620,00
Total short-term portion	**2 432 355,33**	**3 819 206,71**

9. Share capital

31 March 2021

	Number of shares	*Number of votes*	*Nominal value of 1 share*	*% of share capital held*
Groclin Luxemburg	74 940	74 940	210,00	100%
Total				**100%**

31 March 2020

	Number of shares	*Number of votes*	*Nominal value of 1 share*	*% of share capital held*
Groclin Luxemburg	74 940	74 940	210,00	100%
Total				**100%**

10. INTEREST-BEARING LOANS AND BORROWINGS AND OTHER FINANCIAL LIABILITIES

(in PLN)	*31 March 2021*	*31 March 2020*
Short-term		
Liabilities arising from finance leases and hire-purchase contracts	-	-
Total short-term portion	**-**	**-**
Long-term		
- 3,5% bonds from affiliates company	105 266 753,87	159 731 002,25
Total long-term portion	**105 266 753,87**	**159 731 002,25**

11. APPROPRIATION OF PROFIT/ ABSORPTION OF LOSS

11.1. Appropriation of prior year profit/ Absorption of prior year loss

The Management Board decided to cover the loss for the previous financial year with the future profits.

11.2. Appropriation of current year profit/ Absorption of current year loss

The Management Board will propose to allocate the entire net profit to cover the losses from previous years and the Company's supplementary capital.

12. PROVISIONS

Movements in provisions during the reporting periods covered by these financial statements were as follows:

Year ended 31 March 2021

(in PLN)	*Deferred tax liability*	*Provision for retirement benefits and similar obligations*	*Provisions for bonus*	*Other provisions*	*Total*
Balance as at 1 April 2020	**6 674 542,88**	**657 251,74**	**-**	**273 340,00**	**7 605 134,62**
Increases	-	87 894,26	-	-	**87 894,26**
Utilisation	-	-	-	-	**1 605 634,18**
Reversal	1 605 634,18	-	-	-	**-**
Balance as at 31 March 2021, of which:	**5 068 908,70**	**745 146,00**		**273 340,00**	**6 087 394,70**
Long-term portion	5 068 908,70	672 937,00	-	-	6 015 185,70
Short-term portion	-	72 209,00	-	273 340,00	72 209,00

Year ended 31 March 2020

(in PLN)	*Deferred tax liability*	*Provision for retirement benefits and similar obligations*	*Provisions for bonus*	*Other provisions*	*Total*
Balance as at 1 April 2019	**7 262 971,11**	**564 726,96**	**-**	**323 340,00**	**8 151 038,07**
Increases	-	92 524,78	-	-	**92 524,78**
Utilisation	588 428,23	-	-	-	**588 428,23**
Reversal	-	-	-	50 000,00	**50 000,00**
Balance as at 31 March 2020, of which:	**6 674 542,88**	**657 251,74**		**273 340,00**	**7 605 134,62**
Long-term portion	6 674 542,88	556 905,97	-	273 340,00	**7 504 788,85**
Short-term portion	-	100 345,77	-	-	**100 345,77**

13. RECEIVABLES IMPAIRMENT WRITE-DOWNS

In the current financial year for which this report was prepared, the Company did recognize any impairment losses on receivables

(in PLN)	Impairment losses on log-term receivables	Impairment losses on short-term receivables
Balance as at 1 April 2020	**-**	**677 307,51**
Increases	-	3 286,67
Utilisation	-	-
Reversal	-	-
Balance as at 31 March 2021	**-**	**680 594,18**

14. LONG-TERM LIABILITIES

In the current reporting period, the Company presents issued bonds for related parties with a maturity period of up to three years in the amount of PLN 105 266 753,87 in long-term liabilities.
In the previous year, the bonds were worth PLN 159 266 753,87.
The change in the balance compared to year to year results from the repayment of part of the liability, i.e. PLN 52 366 250,00 (EUR 12 500 000,00) and the valuation at the balance sheet date (unrealized exchange differences).

15. SOCIAL ASSETS AND SOCIAL FUND LIABILITIES

The Social Fund Act dated 4 March 1994 (with subsequent amendments) requires enterprises that have 20 FTEs (full-time employees) or more to establish and run a Social Fund. The Company operates such a Fund and makes periodic contributions to this Fund in the amount specified in the Social Fund Act. Additionally, the Company transfers certain non-current social assets to the Fund.

The Funds' purpose is to finance the Company's social activities, loans granted to employees and other social expenditures. The Social Fund liability is made up of accumulated payments made to the Social Fund less non-refundable expenditures by the Fund. The structure and the types of assets, liabilities and costs related to the Social Fund are presented in the following table:

Assets, liabilities, proceeds to and expenditures from the Social Fund

(in PLN)	*31 March 2021*	*31 March 2020*
Loans granted to employees	143 201,03	129 298,80
Cash and cash equivalents	34 553,79	314 922,65
Social Fund – liabilities		
	Year ended 31 March 2021	*Year ended 31 March 2020*
Contributions made to the Social Fund during the period	1 440 000,00	1 440 000,00
Non-refundable expenditures from the Social Fund	1 986 129,24	1 479 341,57

16. ACCRUALS AND DEFERRED INCOME

(in PLN)	*31 March 2021*	*31 March 2020*
1. Negative goodwill		
2a. Total other accruals and deferred income	**-**	**1 705,88**
Deferred income, of which:	-	1 705,88
- subsidies to fixed assets	-	1 705,88
2b. Total short-term accruals and deferred income	**4 859 579,95**	**3 016 496,12**
Deferred income, of which:		
- subsidies to fixed assets	440 059,70	3 539,40
- reserve for transport cost	125 596,75	211 955,79
-reserve for costs of audit of financial statements	2 719 789,36	124 812,66
- reserve for holidays	138 476,00	1 898 549,82
-reserve for marketing servives and consultancy	150 000,00	38 000,00
- reserve reserve for heat and electricity	7 000,00	137 000,00
- reserve for fuel	83 933,49	7 560,00
- reserve for other services	205 158,00	36 931,19
- reserve for delegation costs	40 428,10	3 917,00
- reserve for resident services	-	35 904,10
- reserve for IT services	17 581,98	21 875,84
- reserve for employee services	440 059,70	12 600,00
- reserve for car rental	125 596,75	27 497,82
- reserve for marketing services	-	-
- reserve - calculated costs of manufacturing products for BT	-	331 627,01
-other	166 627,01	124 725,49
Total accruals and deferred income	**4 859 579,95**	**3 018 202,00**

17. LIABILITIES SECURED ON THE COMPANY'S ASSETS

The company has no liabilities secured on its assets.

18. CONTINGENT LIABILITIES, INCLUDING GUARANTEES AND SURETIES GRANTED BY THE COMPANY (INCLUDING IN RESPECT OF BILLS OF EXCHANGE)

As at 31 March 2021, the Company did not have any material contingent or off-balance sheet liabilities, including granted guarantees or sureties (including in respect of bills of exchange).

On 21 October 2005, the act on waste electric and electronic equipment ("WEEE") became effective. Among others, the provisions of this act obligate the manufacturers/importers of electric and electronic equipment ("EEE") to organize and finance the collection from the collection points, processing, recovery, including recycling, and neutralization of WEEE. As of 1 January 2008, EEE manufacturers have been required to ensure that used EEE is collected from households.

In order to estimate the amount of a provision for the obligation to collect historical or new WEEE, the Company would have to have the following data: quantities in terms of kilograms of old WEEE and the remaining quantities of new WEEE to be collected by the Company. In the reports required by Ministry of Environment distinction between new and historical WEEE is not made.

Therefore given the design of the collection and collection reporting system the Company is not able to assess the quantities of the WEEE, which are to be collected by the Company to fulfil its obligation resulting from the act on waste electric and electronic equipment

Given the above, the Company did not recognise a provision for the obligation to collect historical or new WEEE.

The Company will reassess this standpoint following new interpretation(s) of the law or actual operation of the reporting system that would allow calculation of the obligation.

19. OTHER AGREEMENTS NOT REFLECTED IN THE BALANCE SHEET

The Company does not have any contracts not included in the balance sheet.

20. ANALYSIS OF SALES BY TYPE AND GEOGRAPHICAL AREA

Sales by type for the years 12-month period ended 31 March 2021 and 12-month period ended 31 March 2020 were as follows:

Sales by type (in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
1. Sales of services	40 640 878,79	31 422 644,85
2. Sales of products	266 348 390,75	315 789 017,34
3. Sales of material	39 319 020,85	44 593 988,49
Total net sales revenue	346 308 290,39	391 805 650,68

Sales by geographical area for the years 12-month period ended 31 March 2021 and 12-month period ended 31 March 2020 were as follows:

Sales by geographical area (in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
1. Internal	18 522 594,65	28 273 703,07
2. External	327 785 695,74	363 531 947,61
Total net sales revenue	346 308 290,39	391 805 650,68

21. IMPAIRMENT WRITE-DOWNS OF FIXED ASSETS

The Company did not recognise any impairment write-downs against tangible fixed assets.

22. INTEREST AND FX DIFFERENCES CAPITALISED IN THE COSTS OF GOODS FOR RESALE OR COST OF PRODUCTION OF FINISHED GOODS IN THE FINANCIAL YEAR

In the year ended 31 March 2021 and in the prior financial year, the Company did not increase the cost of goods for resale or the cost of production of finished goods by interest or FX differences.

23. INVENTORY AT NET REALISABLE VALUE

In the period ended 31 March 2021, the Company recognized in the profit and loss account the cost due to the creation of impairment losses on inventories in the amount of PLN 428.398,01.

Relating to:	*31 March 2021*	*31 March 2020*
1. Raw materials	56 206 984,66	48 359 709,91
2. Semi-finished goods and work in progress	19 669 921,69	14 108 533,65
3. Finished goods	25 977 850,87	8 397 797,81
4. Goods for resale	-	-
5. Inventory prepayments	-	-
Total inventory at net realisable value	101 854 757,22	70 866 041,37
Total inventory impairment write-downs	1 768 474,57	1 230 178,74

24. DISCONTINUED ACTIVITIES

The Company did not discontinue any activities during the financial year and has no plans to discontinue any activity in the next year.

25. CORPORATE PROFITS TAX

The reconciliation of the accounting gross profit/ (loss) to taxable profit/ (tax loss) is as follows:

(in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Gross profit/ (loss)	**62 638 007,42**	**- 1 774 082,00**
(-) Non-taxable revenue for the current year	**4 899 675,08**	**7 569 825,42**
- Exchange rate differences	2 973 959,63	5 164 678,39
- Revenue of future periods	1 921 871,08	2 131 522,38
- PFRON- costs that are not tax deductible costs	-	273 624,65
- Other receivables - sale of receivables	3 844,37	-
- other		
(+) Non-tax-deductible expenses for the current year	**13 475 519,79**	**22 605 889,63**
- depreciation of machinery and equipment	407 558,07	476 122,45
- depreciation of trade marks non-fiscal	5 100 000,00	5 100 000,00
- other costs that are not tax deductible costs	28 966,57	52 160,62
- other costs that are not tax deductible costs - cars	246 383,92	244 868,30
- exchange rate differences	2 024 193,64	11 093 543,33
- revaluation wite – off of receivables	3 286,67	677 307,51
- Inventory write - off	428 398,01	1 230 178,74
- reserve	2 854 500,18	1 755 800,61
- accruals and deferred costs of the Social Insurance Institution	2 375 397,01	1 918 451,93
- interest on the budget		15 948,53
- interest on bonds		-
- contract of mandate	6 835,72	16 493,91
- other	-	25 013,70
-		
(+) Prior year revenue taxable in the current year	**3 104 257,76**	**4 814 165,77**
- revenue of future periods	3 104 257,76	4 814 165,77
- other	-	-
(-) Prior year expenses recognised as tax-deductible expenses in the current year	**3 291 954,12**	**3 483 213,20**
- reversal accruals and deferred costs of the Social Insurance Institution	1 918 451,93	1 752 175,89
- reversal reserve	1 357 008,28	1 500 082,13
- contract of mandate	16 493,91	
- leasing liabilities	-	187 538,72
- interest on bonds	-	43 416,46
- other		
(+/-) Other differences		
Taxable profit/ (tax loss) [taxable base]	**71 026 155,77**	**14 592 934,78**
Loss from previous years	**-**	**- 4 068 507,79**
The income tax base	**71 026 155,77**	**10 524 426,99**
Tax rate	19 %	19 %
Corporate profits tax (current tax liability)	13 494 969	1 999 641
Movement in the balance of deferred tax liability/ deferred tax asset	- 1 618 666,46	- 2 343 325,91
Corporate Profits Tax – total	**11 876 302,54**	**- 343 684,91**

Regulations regarding VAT, corporate profits tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system. Tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

The deferred tax liability / deferred tax asset consists of temporary differences relating to the following items:

	Balance sheet		*Profit and Loss Account for the year ended*	
	31 March 2021	*31 March 2020*	*31 March 2021*	*31 March 2020*
Deferred tax liability				
Leasing (pee balance of liabilities and fixed assets under leasing)	172 874,44	252 582,03	- 79 192,36	- 79 192,36
Trademarks – difference between balance sheet value and tax value	3 876 000,00	4 845 000,00	- 969 000,00	- 969 000,00
Deffered revenue	373 156,90	597 810,37	- 224 653,47	- 509 702,24
Foreing exchange gains/losses	646 877,36	979 150,47	- 332 273,11	969 466,37
Deferred tax liability	5 068 908,70	6 674 542,88	1 605 634,18	- 588 428,23
Deferred tax asset				
Provision for jubilee bonuses and retirement benefits	141 577,74	124 877,83	16 699,91	17 579,71
Accrued but unpaid interest on liabilities	-	-	-	- 8 249,13
Reserves	975 258,41	629 796,71	345 461,70	33 051,53
FX differences	2 076 764,07	2 594 733,05	- 517 968,98	2 070 636,63
Revaluation wite – off of receivables	129 312,89	128 688,43	624,46	128 688,43
Inventory write - off	336 010,17	254 614,55	81 395,62	254 614,55
Carry-forward of unused tax losses	-	-	-	- 773 016,48
Non-revenue costs	451 325,43	364 505,87	86 819,56	31 592,45
Deferred tax asset	4 110 248,71	4 097 216,43	13 032,28	1 754 897,68
Valuation allowance	-	-	-	-
Deferred tax asset, net	4 110 248,71	4 097 216,43	13 032,28	1 754 897,68
Deferred tax expense			1 618 666,46	2 343 325,91

26. COSTS BY TYPE

(in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Depreciation	10 637 774,01	10 942 359,62
Materials and energy	199 109 663,97	226 490 250,97
External services	21 569 375,64	21 578 538,22
Taxes and charges	1 254 980,81	1 264 067,83
Payroll	71 391 556,75	62 387 421,26
Social security and other allowances, of which:	16 493 047,84	14 497 949,28
- retirement benefits	-	-
Other	4 339 978,05	5 525 951,04
Total costs by type	**324 796 377,07**	**342 686 538,22**
Selling expenses	7 797 423,22	7 751 510,53
General administrative expenses	37 411 939,34	35 585 929,12
Change in stocks of finished goods	23 036 609,12	364 467,33
Cost of goods produced for the Company’s own use	-	-
Cost of goods sold	**256 550 405,39**	**298 984 631,24**

27. OTHER OPERATING INCOME

(in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Gains on the sale of non-financial long-term assets, of which:	133 752,93	93 373,76
- gains on disposal of tangible fixed assets and intangible assets	133 752,93	93 373,76
- gains on disposal of property and intangible assets classified as investments	-	-
Subsidies	5 245,28	12 415,79
Revaluation of non-financial assets	-	-
- revaluation of property and intangible assets classified as investments	-	-
- other	-	-
Other operating income, of which:	6 850 970,65	581 830,76
- reversal of impairment write-downs against receivables	-	-
- revaluation of property and intangible assets classified as investments	-	-
- sale of scrap metal	558 320,30	498 991,80
- taxes returned or forgiven	-	-
- reimbursed costs of litigation	-	-
- inventory differences	-	-
- other	3 069,42	82 838,96
- subsidy from the State Employment Service (Covid-19)	6 289 580,93	
Total other operating income	**6 989 968,86**	**687 620,31**

28. OTHER OPERATING EXPENSES

(in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Loss on the sale of non-financial long-term assets, of which:	431 684,68	1 907 486,25
- loss on disposal of tangible fixed assets and intangible assets	428 398,01	1 230 178,74
- revaluation write-off of receivables	3 286,67	677 307,51
Other operating expenses	85 195,96	94 262,67
Total other operating expenses	**516 880,64**	**2 001 748,92**

29. FINANCIAL INCOME

(in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Gains from investments in other entities, of which:	66 467 435,07	-
-dividend	66 467 435,07	
Interest, of which:	289 811,23	560 753,35
- from affiliates	289 765,82	559 841,61
Other, of which:	45,41	911,74
- FX differences	957 090,10	-
- other financial income	-	-
Total financial income	**67 714 336,40**	**560 753,35**

30. FINANCIAL EXPENSES

(in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Interest, of which:	5 348 887,54	5 789 303,91
- to affiliates	5 058 955,88	5 381 067,83
- to other contractors	2 040,62	2 284,08
- penalty interest on tax payables	969,51	15 948,53
- interest on amounts due to factoring	286 245,22	385 953,91
- other interest	676,31	4 049,56
Other, of which:	15 103 553,94	6 121 247,43
- FX differences	-	6 110 483,71
- other financial expenses	-	10 763,72
- value of redeemed shares MRSS GB Ltd.	15 103 553,94	
Total financial expenses	**20 452 441,48**	**11 910 551,34**

31. EXTRAORDINARY OR INCIDENTAL GAINS OR LOSSES

In the year ended 31 March 2021 and in the previous financial year, the Company did not earn extraordinary or incidental gains or incur extraordinary or incidental losses.

32. STRUCTURE OF CASH AND CASH EQUIVALENTS INCLUDED IN THE CASH FLOW STATEMENT

(in PLN)	*31 March 2021*	*31 March 2020*
Cash at bank	**2 069 675,72**	**4 242 024,59**
- current accounts	666 901,93	4 242 024,59
- restricted cash (bank account VAT)	1 402 773,79	527 627,60
Cash on hand	**2 740,06**	**3 436,66**
Other cash and cash equivalents	**-**	**-**
Total cash and cash equivalents	**2 072 415,78**	**4 245 461,25**

33. RECONCILIATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE CASH FLOW STATEMENT CHANGES IN SPECIFIC ITEMS

Liabilities (in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Balance sheet change in net long- and short-term liabilities	22 582 216,23	- 5 479 374,37
Change in the balance of bonds	- 54 464 248,38	8 618 030,02
Change in the balance of leasing liabilities	-	189 052,46
Change in liabilities in the cash flow statement	**- 31 882 032,15**	**3 327 708,11**

Receivables (in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Balance sheet change in net long- and short-term receivables	- 11 190 396,16	- 2 151 801,20
Change in the balance of cash pooling	25 760 980,37	- 3 064 930,07
Change in receivables in the cash flow statement	**14 570 584,21**	**- 5 216 731,27**

34. AVERAGE EMPLOYMENT

Employees	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Management Board	-	-
White-collar employees	322	306
Blue-collar employees	1 280	1 191
Total employment	**1 602**	**1 497**

35. REMUNERATION OF AUDIT FIRM

The table below shows remuneration of the audit firm paid or payable for the year ended 31 March 2021 and 31 March 2020, by type of services:

Type of service	*Year ended 31 March 2020*	*Year ended 31 March 2019*
Audit of annual financial statements	54 271,19	58 052,40
Other attest services	-	-
Tax advisory services	-	-
Other services	71 325,56	66 760,26
Total, of which:	**125 596,75**	**124 812,66**
- payable at the balance sheet date	**125 596,75**	**124 812,66**
- paid at the balance sheet date	**-**	**-**

36. REMUNERATION, INCLUDING PROFIT BASED BONUSES AND RETIREMENT BENEFITS, PAID OR PAYABLE TO MEMBERS OF MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BOARDS

Remuneration paid to members of Management, Supervisory or Administrative Boards were as follows:

Remuneration (in PLN)	*Year ended 31 March 2021*	*Year ended 31 March 2020*
Management Board	1 539 715,01	1 422 624,44
Total remuneration	**1 539 715,01**	**1 422 624,44**

37. LOANS AND SIMILAR BENEFITS GRANTED TO MEMBERS OF MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BOARDS

In the year ended 31 March 2021 or in the prior financial year, the Company did not grant loans or similar benefits to the members of its management, supervisory or administrative boards.

38. NON-CONSOLIDATED JOINT VENTURES

The Company did not take part in any joint ventures that were not subject to consolidation.

39. CAPITAL GROUP AND RELATED PARTY TRANSACTIONS

a) Capital group

The Company operates as part of the Samvardhana Motherson Group capital group.

The consolidated financial statements at the highest level of the capital group, which includes the company as a subsidiary, is prepared and published by Motherson Sumi Systems Ltd. with headquarters in: Unit-705, C Wing One BKC G Block, Bandra Kurla Complex, East Mumbai 400051, Maharashtra, India.

b) Parent company

The Company's parent company is Groclin Luxembourg S.a.r.l. with its registered office located in 412F Route d'Esch, 2086 Luxembourg.

The consolidated financial statements at the lowest level of the capital group in which the Company is a subsidiary and which belongs to the capital group mentioned under letter a) above, are prepared by PKC Group Ltd. with its registered office located in Helsinki. The financial statements are filed with appropriate court register.

Transactions with the parent company were as follows:

No transactions in the current and previous reporting period.

c) Transactions with other relates entities, including with the entities that together with the Company are under common control of the parent

The transactions of the Company with other related entities were as follows:

PKC Group Poland Sp. z o.o.

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	11 293,55	34 069,69
Sales, of which:	13 100,96	255 588,61
- Fixed assets		-
Trade receivables	64,88	4 436,06
Trade payables	100,45	-

PKC Group Poland Holding Sp. z o.o.

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Interest – financial expenses	5 019 229,32	5 325 215,35
Other payables	105 266 753,87	159 731 002,25

PKC Wiring Systems Oy

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	1 205 422,14	423 793,57
Trade receivables	-	
Trade payables	-	40 663,60

PKC Eesti AS

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	-	252,91
Sales	19,51	38 898,18

PKC Group Oyj

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	2 032 716,92	2 185 945,88
Interest – financial expenses	-	55 852,48
Trade payables	210 597,13	73 342,74

PKC Wiring Systems d.o.o.

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	-	-
Sales, of which:	-	20 875,40
- Fixed assets	-	15 740,00

Advanced Transit Manufacturing

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	-	29 211,21
Sales, of which:	6 834 311,81	922 795,71
- Fixed assets	-	123 096,70
Trade receivables	5 637 919,53	878 503,84
Trade payables	4 714,24	-

MSSL

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Sales	-	27 309,26
Trade receivables	-	-

MSSL GmbH

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	-	547,93

Motherson Air Travel Agency GmbH

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purcheses	-	18 715,41
Trade receivables	-	17 777,65

MSSL Mideast (FZE)

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Sales	8 528,53	25 716,12
Trade receivables	-	-

Motherson Rolling Stock Systems GB Ltd.

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Purchases	4 335 997,86	1 058 023,69
Sales	68 391 342,65	26 933 331,49
Dividend	66 467 435,07	-
Trade receivables	18 928 651,69	4 591 519,31
Trade payables	857 077,44	635 130,96

Motherson Sumi Systems Ltd.

(in PLN thousand)	**31 March 2021**	**31 March 2020**
	Total	*Total*
Sales	-	126 929,25
Purchases	225 465,66	
Trade receivables	99 071,15	
Trade payables	19 281,78	126 929,25

40. TRANSACTIONS WITH OTHER ENTITIES ON OTHER THAN THE ARM'S LENGTH BASIS

The terms and conditions of the transactions made by the Company with affiliates in the year ended March 31st 2021 and in the prior year did not differ from those prevailing in the transactions made on the arm's length basis.

41. LIST OF ENTITIES IN WHICH THE COMPANY IS A SHAREHOLDER INCURRING UNLIMITED FINANCIAL LIABILITY

In the financial year ended March 31st 2021 and in the prior financial year, the Company was not a shareholder incurring unlimited financial liability.

42. LIST OF ENTITIES IN WHICH THE COMPANY HAS PARTICIPATING INTEREST OR INTEREST IN THE TOTAL NUMBER OF VOTES

In the current reporting period, the Company holds 1 share, each for GBP 1 in the English company Motherson Rolling Stock Systems GB Ltd.

31 March 2020

Name of the company	*Registered office*	*Carrying amount of shares*	*% of shares*	*Net profit/ (loss) for the year ended 31 March 2021*	*Equity as at 31 March 2020*
Motherson Rolling Stock Systems GB Ltd.	Derby	4,86	100 %	0,00	0,00

43. EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The legal basis to depart from consolidation is art.56 ust.2 th Accounting Act.

The consolidated financial statements were prepared by PKC Group.Ltd. The financial statements are filed with appropriate court register.

The consolidated financial statements at the ultimate level of the capital group were prepared by Motherson Sumi Systems Ltd. The financial statements are filed with appropriate court register.

The main statistics characterizing the operations of the affiliated entities in the current and previous financial year are as follows:

As at 31 March 2020 and for the year then ended

(in thousands PLN)	*Motherson Rolling Stock Systems GB LTd.*	
	31.03.2021	31.03.2020
Net sales of finished goods, goods for resale and raw materials	-	241 262
Financial income	-	-
Shareholders' equity, of which:	**4,86**	**53 855**
I. Share capital	-	15 321

II. Reserve capital	-	-
III. Revaluation reserve	-	-
IV. Other reserves	4,86	-
V. Accumulated profits/ (losses) from previous years	-	-
VI. Net profit/ (loss) for the year	-	38 534
VII. Deductions from net profit during the year (negative value)	-	-
Total assets	**4,86**	**178 202**
Average annual employment	**n/a**	**260**
Accounting standards applied	**GAAP (Generally Accepted Accounting Principles)**	

44. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to market risk, including primarily changes in interest rates and currency exchange rates, and uses derivatives and other financial instruments in connection with its risk management activities. The Company does not hold or issue derivative financial instruments for trading purposes. The Company has not any written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk (risk appetite) and its general risk management philosophy.

Risk of risk management

The Management Board is responsible for the establishment and supervision of risk management by the Company, including the identification and analysis of risks to which the Company is exposed, the definition of their respective limits and controls, as well as risk monitoring and adjustment to limits. Risk management policies and procedures are regularly reviewed to take into account changes in market conditions and changes in the Company's operations.

Credit risk

Credit risk is the risk of a financial loss by the Company in a situation where a party to a financial instrument does not fulfill its obligations under the contract. Credit risk is primarily related to debt financial instruments. The purpose of risk management is to maintain a stable and balanced in terms of quality and value of the portfolio of claims under loans granted and other investments in debt financial instruments, thanks to the policy of setting credit limits for the parties to the contract.

Market risk

The market risk lies in the fact that changes in market prices, such as exchange rates, interest rates, prices of capital instruments will affect the Company's results or the value of financial instruments held. The objective of market risk management is to maintain and control the Company's exposure to market risk within the limits of the adopted parameters, while striving to optimize the rate of return on investment. In order to manage market risk, the Company acquires and disposes of derivative instruments as well as assumes financial liabilities. The Company's activities in this respect include the application of hedge accounting so as to minimize the volatility of the financial result for the current period.

a) Interest rate risk

The company is exposed to the risk of fluctuations in cash flows caused by interest rates, related to assets and liabilities with variable interest rates and to the risk of fluctuations in fair value resulting from assets and liabilities with fixed interest rates.

b) Currency risk

The company is exposed to currency risk due to transactions. Such risk arises as a result of an operating unit's sale or purchase transactions in currencies other than its currency of valuation.

Characteristics of financial instruments

31 March 2021

Portfolio	Characteristics (quantity)	Carrying amount	Conditions and terms affecting future cash flows
Cash	cash on bank accounts	2 072 415,78	interest rates consistent with the current tables of banks
Other financial liabilities	debentures	105 266 753,87	1-3 years

31 March 2020

Portfolio	Characteristics (quantity)	Carrying amount	Conditions and terms affecting future cash flows
Cash	cash on bank accounts	4 242 024,59	interest rates consistent with the current tables of banks
Other financial liabilities	debentures	159 731 002,25	1-3 years

45. POST-BALANCE SHEET EVENTS

After the balance sheet date of this Report, there were no events requiring disclosure in the reporting period, ie 01 April 2020 – 31 March 2021.

André Gerstner
Chairman of the Board

Andreas Heuser
Member of the Board

Katarzyna Świątek
CFO, Person responsible for bookkeeping

Czaplinek, June 16th 2021

Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the Shareholders Meeting of Kabel-Technik-Polska sp. z o.o.

Audit report on the annual financial statements

Opinion

We have audited the annual financial statements of Kabel-Technik-Polska sp. z o.o. (the 'Company') located in Czaplinek at Pławieńska 5 Street, containing: the introduction to the financial statements, the balance sheet as at 31 March 2021, the income statement, the statement of changes in equity, the cash flow statement for the period from 1 April 2020 to 31 March 2021 and additional Information and explanations (the 'financial statements').

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2021 and its financial performance and its cash flows for the period from 1 April 2020 to 31 March 2021 in accordance with required applicable rules of the Accounting Act dated 29 September 1994 (the 'Accounting Act') and the adopted accounting policies,
- are in respect of the form and content in accordance with legal regulations governing the Company and the Company's Articles of Association,
- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act.

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards as adopted by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors'). Our responsibilities under those standards are further described in the *'Auditor's responsibilities for the audit of the financial statements'* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Company's Management for the financial statements

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the financial performance in accordance with required applicable rules of the Accounting Act, the adopted accounting policies, other applicable laws, as well as the Company's Articles of Association, and is also responsible for such internal control as determined is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management is required to ensure that the financial statements meet the requirements of the Accounting Act.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these financial statements.

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Company nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control,

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,

- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 April 2020 to 31 March 2021.

Responsibilities of the Company's Management

The Company's Management is responsible for the preparation the Directors' Report in accordance with the law.

The Company's Management is required to ensure that the Directors' Report meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the financial statements does not include the Directors' Report. In connection with our audit of the financial statements, our responsibility is to read the Directors' Report and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Directors' Report, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained
in the financial statements.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act,

- is consistent with the information contained in the financial statements.

Moreover, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Warsaw, 24 June 2021

Key Certified Auditor

Łukasz Wojciechowski
certified auditor
no in the register: 12273

on behalf of:
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130