



TOYA S.A. CAPITAL GROUP

Consolidated interim report
for the period 1 January 2023 to 30 September 2023



SELECTED FINANCIAL DATA

Selected financial data relating to the condensed interim consolidated financial statements of TOYA S.A. Capital Group in Wrocław

	PLN thousand		EUR thousand	
	3 quarters cumulatively / period from 1.01.2023 to 30.09.2023	3 quarters cumulatively / period from 1.01.2022 to 30.09.2022	3 quarters cumulatively / period from 1.01.2023 to 30.09.2023	3 quarters cumulatively / period from 1.01.2022 to 30.09.2022
I. Revenue from sales of goods	554,693	547,786	121,183	116,849
II. Operating profit	70,584	72,208	15,420	15,403
III. Profit before tax	67,070	65,529	14,653	13,978
IV. Net profit	53,439	52,085	11,675	11,110
V. Total comprehensive income	46,722	64,703	10,207	13,802
VI. Weighted average number of shares ('000)	75,042	75,042	75,042	75,042
VII. Net profit per ordinary share attributable to shareholders of the Parent Company (in PLN/EUR)	0.71	0.69	0.16	0.15
VIII. Net cash from operating activities	98,332	(22,671)	21,483	(4,836)
IX. Net cash from investing activities	(8,649)	(16,444)	(1,890)	(3,508)
X. Net cash from financing activities	(92,462)	33,949	(20,200)	7,242
XI. Total net cash	(2,779)	(5,166)	(607)	(1,102)
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
XII. Non-current assets	101,281	104,590	21,849	22,301
XIII. Current assets	431,813	486,208	93,151	103,671
XIV. Total assets	533,094	590,798	115,000	125,972
XV. Non-current liabilities	15,937	35,530	3,438	7,576
XVI. Current liabilities	99,741	184,574	21,516	39,356
XVII. Total equity	417,416	370,694	90,047	79,042

The following currency rates were applied in the translation of the selected financial data into EUR:

- for the translation of comprehensive income and cash flows for the period from 1 January 2023 to 30 September 2023 the rate of **4.5773 PLN / EUR (*)**
- for the translation of comprehensive income and cash flows for the period from 1 January 2022 to 30 September 2022 the rate of **4.6880 PLN / EUR (*)**
- for the translation of assets, liabilities and equity at 30 September 2023 the rate of **4.6356 PLN / EUR**
- for the translation of assets, liabilities and equity at 31 December 2022 the rate of **4.6899 PLN / EUR**

(*) The rates represent the arithmetic mean of current average Exchange rates announced by the NBP on the last day of each month during the periods from January to September of respectively: 2023 and 2022.

CONTENT

PART A – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF TOYA S.A. CAPITAL GROUP	4
PART B – OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT	27
PART C – CONDENSED INTERIM STAND-ALONE FINANCIAL STATEMENTS OF TOYA S.A.....	31

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

**PART A – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF
TOYA S.A. CAPITAL GROUP**

Consolidated statement of financial position

		30 September 2023 unaudited	31 December 2022
ASSETS	Note		
Property, plant and equipment	5	67,362	64,672
Intangible assets		4,481	4,610
Right-of-use assets	6	23,530	29,725
Goodwill	7	786	830
Other receivables		51	52
Deferred income tax assets	16	5,071	4,701
Non-current assets		101,281	104,590
Inventory	8, 16	295,886	341,166
Trade and other receivables	9, 16	101,237	105,359
Income tax receivables		294	847
Cash and cash equivalents	10	34,396	38,836
Current assets		431,813	486,208
Total assets		533,094	590,798
EQUITY AND LIABILITIES			
Share capital	12	7,504	7,504
Share premium		35,677	35,677
Reserve capital		329	329
Exchange differences from translating foreign entities		3,826	10,543
Other capitals		(73)	(73)
Retained earnings		370,153	316,714
Equity per shareholders of the Parent Company		417,416	370,694
Total equity		417,416	370,694
Liabilities from loans	14	-	17,143
Lease liabilities		14,667	17,240
Deferred income tax liability		659	546
Liabilities from employee benefits		566	566
Other long-term liabilities		45	35
Total long-term liabilities		15,937	35,530
Trade and other payables	15	80,621	95,619
Liabilities from employee benefits	16	9,575	11,806
Liabilities from loans	14	1	65,024
Lease liabilities		6,499	8,694
Liabilities from current income tax		1,313	1,703
Provisions	16	1,732	1,728
Total short-term liabilities		99,741	184,574
Total liabilities		115,678	220,104
Total equity and liabilities		533,094	590,798

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

	Note	9 months period ended 30 September		3 months period ended 30 September	
		2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Revenue from sales of goods	18, 19	554,693	547,786	186,699	179,954
Cost of goods and materials sold	18, 20	(370,169)	(368,022)	(123,076)	(122,105)
Gross sales profit		184,524	179,764	63,623	57,849
Selling costs	20	(83,897)	(83,998)	(27,231)	(28,959)
Administrative expenses	20	(31,762)	(28,480)	(10,626)	(10,233)
Expected credit losses		24	(75)	(91)	78
Other operating revenue		2,022	5,269	256	1,587
Other operating expenses		(327)	(272)	(124)	(107)
Operating profit		70,584	72,208	25,807	20,215
Financial income		275	194	98	121
Financial expenses		(3,789)	(6,873)	(739)	(3,183)
Profit before tax		67,070	65,529	25,166	17,153
Income tax		(13,631)	(13,444)	(5,180)	(3,437)
Net profit		53,439	52,085	19,986	13,716
Other comprehensive income that may be reclassified to profit or loss					
Foreign operations currency translation differences		(6,717)	12,618	8,878	6 450
Other net comprehensive income		(6,717)	12,618	8,878	6 450
Total net comprehensive income for the period		46,722	64,703	28,864	20 166
Net profit for the year attributable to:		53,439	52,085	19,986	13 716
Shareholders of the Parent Company		-	-	-	-
Non-controlling interests					
Other comprehensive income attributable to:		(6,717)	12,618	8,878	6 450
Shareholders of the Parent Company		-	-	-	-
Non-controlling interests					
Total comprehensive income for the year attributable to:		46,722	64,703	28,864	20 166
Shareholders of the Parent Company		-	-	-	-
Non-controlling interests					

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

Earnings per share

		9 months period ended 30 September		3 months period ended 30 September	
		2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Basic earnings per share in PLN	13	0.71	0.69	0.26	0.18
- from continuing operations		0.71	0.69	0.26	0.18
- from discontinued operations		-	-	-	-
Diluted earnings per share in PLN	13	0.71	0.69	0.26	0.18
- from continuing operations		0.71	0.69	0.26	0.18
- from discontinued operations		-	-	-	-

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

Consolidated statement of changes in equity

	Share capital	Share premium	Reserve capital	Exchange differences from translating foreign entities	Other capitals	Retained earnings	Attributable to shareholders of the Parent Company	Total equity
As at 1 January 2023	7,504	35,677	329	10,543	(73)	316,714	370,694	370,694
Comprehensive income								
Net profit	-	-	-	-	-	53,439	53,439	53,439
Other comprehensive income	-	-	-	(6,717)	-	-	(6,717)	(6,717)
Total comprehensive income	-	-	-	(6,717)	-	53,439	46,722	46,722
Transactions with owners	-	-	-	-	-	-	-	-
Total changes in equity	-	-	-	(6,717)	-	53,439	46,722	46,722
As at 30 September 2023	7,504	35,677	329	3,826	(73)	370,153	417,416	417,416
As at 1 January 2022	7,504	35,677	329	10,883	(209)	246,494	300,678	300,678
Comprehensive income								
Net profit	-	-	-	-	-	52,085	52,085	52,085
Other comprehensive income	-	-	-	12,618	-	-	12,618	12,618
Total comprehensive income	-	-	-	12,618	-	52,085	64,703	64,703
Transactions with owners	-	-	-	-	-	-	-	-
Total changes in equity	-	-	-	12,618	-	52,085	64,703	64,703
As at 30 September 2022	7,504	35,677	329	23,501	(209)	298,579	365,381	365,381

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Consolidated cash flow statement

	Note	9 months ended 30 September	
		2023	2022
Cash flows from operating activities			
Profit before tax		67,070	65,529
Adjustments for:			
Amortization and depreciation		12,118	11,212
Net interest		3,514	6,666
Profit/Loss on investing activities		1	(602)
Foreign exchange gains/losses		(65)	3,228
Changes in balance sheet items:			
Change in trade and other receivables	11	578	15,567
Change in inventories	11	41,288	(44,691)
Change in provisions	11	19	9
Change in trade and other payables	11	(10,543)	(58,618)
Change in employee benefit liabilities	11	(2,009)	(294)
Cash from activities		111,971	(1,994)
Income tax paid		(13,639)	(20,677)
Net cash from operating activities		98,332	(22,671)
Cash flows from investing activities			
Sale of property, plant and equipment		4	732
Purchases of property, plant and equipment and intangible assets		(8,928)	(17,370)
Interest received		275	194
Net cash from investing activities		(8,649)	(16,444)
Cash flows from financing activities			
Proceeds from loans		-	47,184
Repayments of loans		(81,722)	-
Repayment of lease liabilities		(6,507)	(6,884)
Interest paid on loans		(3,178)	(5,350)
Interests paid on leases		(1,055)	(1,001)
Net cash from financing activities		(92,462)	33,949
Net change in cash and cash equivalents		(2,779)	(5,166)
Balance sheet change in cash and cash equivalents		(4,440)	(4,809)
- effect of translation of cash and cash equivalents		(1,661)	357
Cash and cash equivalents at the beginning of the period	10	38,836	38,855
Cash and cash equivalents at the end of the period	10	34,396	34,046

Explanatory notes to condensed interim consolidated financial statements

1. General information

TOYA S.A. (the "Company" or the "Parent Company") is a joint stock company established under the Commercial Companies Code. The Company has its registered office in Wrocław at ul. Sołtysowicka 13-15. The Company's shares are publicly traded.

The Company is entered into the Commercial Register maintained by the District Court for Wrocław-Fabryczna, 6th Commercial Division under entry No KRS 0000066712. The Company's Statistical Identification Number (REGON) is 932093253.

The duration of the Company is unlimited.

The core business activities of TOYA S.A. and TOYA S.A. CAPITAL GROUP include import and distribution of industrial goods, including primarily hand and power tools for professional and DIY use.

In the period from 1 January to 30 September 2023 and as at the date of approval of this report for publication, the Management Board consisted of the following members:

- | | |
|--------------------|---|
| - Grzegorz Pinkosz | President of the Management Board; |
| - Maciej Lubnauer | Vice-President of the Management Board; |
| - Robert Borys | Vice-President of the Management Board. |

In the period from 1 January to 30 September 2023 and as at the date of approval of this report for publication, the Supervisory Board of the Parent Company was composed of the following members:

- | | |
|--------------------------------|--|
| - Piotr Mondalski | President of the Supervisory Board; |
| - Jan Szmidt | Vice-President of the Supervisory Board; |
| - Dariusz Górka | Member of the Supervisory Board; |
| - Michał Kobus | Member of the Supervisory Board; |
| - Grzegorz Maciąg | Member of the Supervisory Board; |
| - Wojciech Bartłomiej Papierak | Member of the Supervisory Board; |
| - Beata Szmidt | Member of the Supervisory Board. |

These condensed interim consolidated financial statements of the Group cover the period of 9 months ended on 30 September 2023. Comparative data is presented:

- as at 31 December 2022 for the interim statement of financial position,
- for the period from 1 January 2022 to 30 September 2022 and from 1 July 2022 to 30 September 2022 for the interim statement of profit or loss and other comprehensive income,
- for the period from 1 January 2022 to 30 September 2022 for the interim consolidated cash flow statement,
- for the period from 1 January 2022 to 30 September 2022 for the interim consolidated statement of changes in equity.

These interim condensed consolidated financial statements of the Group for the period of 9 months ended on 30 September 2023, it was approved by the Management Board for publication on 9 November 2023.

The Company also prepared interim condensed consolidated financial statements for the period of 9 months ended 30 September 2023, which were approved for publication by the Management Board on 9 November 2023.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

2. Capital group structure

As at 30 September 2023, the Group comprised the following entities:

Entity name	Registered office	Business profile	Type of equity link	% of shares and votes held	Date of assuming control	Method of consolidation as at the end of the reporting period
TOYA S.A.	Wrocław, Poland	Distribution of hand and power tools	Parent Company	Not applicable	Not applicable	Not applicable – Group's Parent Company
Toya Romania S.A.	Bucharest, Romania	Distribution of hand and power tools	Subsidiary	99.99	November 2003	Full consolidation method
Yato Tools (Shanghai) Co., Ltd	Shanghai, China	Distribution of hand and power tools	Subsidiary	100.00	January 2013	Full consolidation method
Yato Tools (Jiaxing) Co., Ltd	Baibu Town, China	Distribution of hand and power tools	Subsidiary	100.00	December 2019	Full consolidation method

In the period from 1 January to 30 September 2023, there were no changes in the structure of the Group.

3. Summary of significant accounting policies

3.1 Basis for preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 „Interim Financial Reporting” approved by the EU.

They should be read jointly with the annual consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (called „IFRS”) and interpretations issued by International Accounting Standards Board approved by European Union (called „EU”).

Going concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Group will continue as going concerns in the foreseeable future.

3.2 Accounting policies

The accounting principles are consistent with the principles applied in the annual consolidated financial statements for the financial year ended 31 December 2022, except for the adoption of new and amended standards, as described below.

3.3 Effect of new or amended standards and interpretations on the Group's consolidated financial statements

These financial statements were prepared on the basis of IFRS approved by the EU, issued and effective for reporting periods beginning on or after 1 January 2023.

a) New standards, interpretations and amendments to existing standards effective in 2023

• **New IFRS 17 "Insurance contracts"**

A new standard regulating the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.

The application of the standard did not have a significant impact on the Company's financial statements.

• **Amendment to IFRS 4 "Insurance contracts"**

The change extended exemptions from the application of IFRS 9 until 2023.

This change had no impact on the consolidated financial statements of the Group.

• **Amendment to IAS 1 "Presentation of financial statements"**

The IAS Council clarified which information regarding the accounting policy applied by the entity is significant and requires disclosure in the financial statements. The principles focus on tailoring disclosures to an individual's entity circumstances. The Council warns against using standardized provisions copied from IFRS and expects that the basis for valuation of financial instruments is significant information.

The above changes did not have a significant impact on the consolidated financial statements of the Group

• **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Correction of Errors: Definition of Accounting Estimates**

The Council introduced the definition of an accounting estimate into the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

The above changes did not have a significant impact on the consolidated financial statements of the Group.

• **Amendments to IAS 12 Income Taxes: Deferred tax relating to assets and liabilities recognized as a result of a single transaction**

The Council introduced the principle that if a transaction results in both positive and negative temporary differences in the same amount, assets and provisions for deferred income tax should be recognized even if the transaction does not result from the merger or has no impact on the accounting or tax result. This means the need to recognize assets and deferred tax provisions, e.g. when temporary differences in equal amounts occur in the case of leasing (a separate temporary difference from the liability and from the right to use asset) or in the case of reclamation liabilities. The rule that deferred tax assets and liabilities are offset, if current tax assets and liabilities are subject to offsetting, has not been changed.

The above changes did not affect the consolidated financial statements of the Group.

• **Amendment to IFRS 17 "Insurance Contracts"**

The Board established transitional provisions on comparative data for entities that implement IFRS 17 and IFRS 9 simultaneously to reduce potential accounting mismatches arising from differences between these standards.

The above changes did not affect the consolidated financial statements of the Group.

b) New standards, interpretations and amendments, which are not yet effective and have not been applied early by the Group

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The amendment describes the characteristics of reverse factoring agreements ("Supplier finance arrangements") and introduces the need to disclose additional information.</p>	<p><i>The Group does not expect the Standard to have a significant impact on its consolidated financial statements.</i></p>
<p><i>Amendment to IAS 12 "Income Taxes"</i></p> <p>Applicable for annual periods starting on 1 January 2023</p>	<p>The change introduces a temporary exception to the recognition of deferred tax resulting from the implementation of international tax reform ("Pillar Two Model Rules" issued by the OECD) and the obligation to introduce additional related disclosures.</p>	<p><i>The amendment is not expected to have a significant impact on the Group's consolidated financial statements.</i></p>
<p><i>Amendment to IAS 1 "Presentation of financial statements"</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The IAS Council clarified the rules for classifying liabilities as long- or short-term primarily in two aspects:</p> <ul style="list-style-type: none"> • it was clarified that the classification depends on the rights that the entity has as at the balance sheet date, • management's intentions to accelerate or delay payment of the obligation are not taken into account. 	<p><i>The amendment is not expected to have a significant impact on the Group's consolidated financial statements.</i></p>
<p><i>Amendment to IAS 1 "Presentation of financial statements"</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The change clarifies that as at the balance sheet date, the entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities as long- or short-term. However, the entity should disclose information about these covenants in the explanatory notes to the financial statements.</p>	<p><i>The amendment is not expected to have a significant impact on the Group's consolidated financial statements.</i></p>
<p><i>Amendment to IFRS 16 "Leases"</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The amendment clarifies the requirements for the valuation of leasing liabilities arising from sale and leaseback transactions. It is intended to prevent incorrect recognition of the result on the transaction in the part relating to the retained right of use when leasing payments are variable and do not depend on the index or rate.</p>	<p><i>The amendment is not expected to have a significant impact on the Group's consolidated financial statements.</i></p>

In these condensed interim consolidated financial statements the Group has not decided for early adoption of any standard, interpretation or change that has been published but has not yet entered into force in the light of European Union regulations.

4. Seasonality

The Group's offer is aimed at the consumer market, which is sensitive to the seasons and weather conditions. However seasonality practically does not exist now. This is the result of the implemented policy of introducing a new assortment, adjusted to the seasons of the year, as well as the broad product offer of the Group.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

5. Property, plant and equipment

	30 September 2023 unaudited	31 December 2022
Land	2,907	2,907
Buildings and structures	35,846	38,656
Plant and equipment	3,957	4,781
Vehicles	1,803	821
Other	13,871	8,705
Total	58,384	55,870
Property, plant and equipment not transferred for use	8,978	8,802
Total property, plant and equipment	67,362	64,672

In the item "Other", the Group mainly includes storage and display shelves as well as furniture for offices and warehouses.

In the period from 1 January to 30 September 2023, the gross value of property, plant and equipment increased by PLN 6,872 thousand, mainly as a result of:

- further expenditure on finishing the warehouse located in China;
- reclassification of means of transport from right-of-use assets, in connection with purchase after the leasing period;
- purchase of IT equipment and display shelves by the Parent Company.

Depreciation of property, plant and equipment recognized in the financial result amounted to PLN 4,697 thousand. The remaining changes result from differences in the translation of foreign entities.

6. Right-of-use assets

	30 September 2023 unaudited	31 December 2022
Land	6 336	6 685
Buildings and structures	14 034	16 601
Plant and equipment	1 268	1 458
Vehicles	1 892	4 981
Total	23 530	29 725

In the period of 9 months of 2023, the Group did not conclude any new leasing agreements. The decrease in the gross value of right-of-use assets resulted from:

- indexation of fees, in accordance with contracts concluded in previous years, as a result of which assets were increased by PLN 1,984 thousand;
- reclassification to fixed assets, as a result of the purchase after the end of the leasing period, in accordance with the conditions provided for in the contract, as a result of which the assets were reduced by PLN 2,548 thousand.

Depreciation of the right-of-use assets recognized in profit or loss amounted to PLN 6 072 thousand. Other changes result from differences from the translation of foreign entities.

7. Goodwill

Goodwill amounting to PLN 786 thousand includes only the goodwill resulting from the acquisitions of Yato Tools (Shanghai) Co. Ltd. in 2013. In 2023, goodwill decreased by PLN 44 thousand as a result of exchange rate differences.

8. Inventory

	30 September 2023 unaudited	31 December 2022
Goods for resale at warehouse and in transit	295,510	341,076
Asset for expected returns from customers	376	90
Total inventory (per balance sheet)	295,886	341,166
Revaluation write-down for goods for resale	5,712	4,849
Total inventory (gross)	301,598	346,015

Creation and reversal of inventory write-down is recognized in profit or loss and presented as "cost of goods sold".

In accordance with IFRS 15, in the item "assets for expected returns from customers", the Company presents the value of goods which may be expected to be returned from customers after the end of the reporting period.

The table below presents changes in revaluation write-downs on inventory:

	2023	2022
As at 1 January	4,849	3,157
Increase	977	1,744
Reversal/utilisation	-	-
Currency translation differences	(114)	(52)
As at 30 September / 31 December	5,712	4,849

9. Trade and other short-term receivables

	30 September 2023 unaudited	31 December 2022
Trade receivables from related parties	3	2
Trade receivables from third parties	84,300	84,802
Total trade receivables	84,303	84,804
Taxes, custom duties and social security receivables	10,607	10,384
Other receivables from third parties	2,678	2,834
Advances for deliveries of goods for resale	4,611	8,524
Advances for deliveries of property, plant and equipment	-	337
Prepayments and deferred costs	1,723	1,257
Total gross receivables	103,922	108,140
Allowance for the expected credit losses on trade receivables	(2,649)	(2,745)
Impairment write-downs of other receivables	(36)	(36)
Total net receivables	101,237	105,359

The Group applies a simplified approach and measures the allowance in an amount equal to the expected credit losses throughout the life cycle using the provision matrix.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

Changes in the allowance for the expected credit losses of trade receivables are presented in the table below:

	2023	2022
Opening balance of the allowance for the expected credit losses	2,745	2,781
Write-offs recognized in the financial result	8	18
Reversal of unused write-offs	(67)	(49)
Receivables written off as uncollectible	-	(3)
Currency translation differences	(37)	(2)
As at 30 September / 31 December	2,649	2,745

10. Cash and cash equivalents

	30 September 2023 unaudited	31 December 2022
Cash in hand and at bank	34,396	38,836
Total cash and cash equivalents	34,396	38,836

11. Additional explanation to the cash flow statement

Reconciliation of changes in balance sheet items as shown in the statements of financial position and in the statements of cash flows:

	9 months ended on 30 September 2023	Adjustments			Change in statement of cash flows
		Balance sheet change	Advances paid for property, plant and equipment	Measurement of cash in foreign currencies	
Change in trade and other receivables	4,123	(337)	-	(3,208)	578
Change in inventories	45,280	-	-	(3 992)	41,288
Change in provisions	4	-	-	15	19
Change in trade and other payables	(14,998)	-	-	4,455	(10,543)
Change in employee benefit liabilities	(2,231)	-	-	222	(2,009)
Change in cash	(4,440)	-	1,661	-	(2,779)

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

9 months ended 30 September 2022	Balance sheet change	Adjustments			Change in statement of cash flows
		Measurement of cash in foreign currencies	Effect of currency translation of foreign entities	Balance sheet change	
Change in trade and other receivables	9,018	(1,568)	-	8,117	15,567
Change in inventories	(52,886)	-	-	8,195	(44,691)
Change in provisions	49	-	-	(40)	9
Change in trade and other payables	(48,419)	-	-	(10,199)	(58,618)
Change in employee benefit liabilities	(17)	-	-	(277)	(294)
Change in cash	(4,809)	-	(357)	-	(5,166)

12. Share capital

As at 30 September 2023 the share capital amounts to PLN 7,504,222.60 and comprises 75,042,226 shares with a par value of PLN 0.1 each.

In the period from 1 January to 30 September 2023, there were no changes in the amount of share capital.

13. Earnings per share

	9 months ended 30 September		3 months ended 30 September	
	2023	2022	2023	2022
	Unaudited	unaudited	unaudited	unaudited
Net profit attributable to the shareholders of the Parent Company	53,439	52,085	19,986	13,716
Weighted average number of ordinary shares ('000)	75,042	75,042	75,042	75,042
Basic net profit per share (PLN)	0.71	0.69	0.27	0.18
Net profit attributable to ordinary shareholders used to calculate diluted earnings per share	53,439	52,085	19,986	13,716
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	75,042	75,042	75,042	75,042
Diluted earnings per share from continuing operations (PLN)	0.71	0.69	0.27	0.18

Basic earnings per share were calculated by dividing the net profit by the weighted average number of ordinary shares during the period.

In the periods from 1 January to 30 September 2023 and 2022 the Group had no potential dilutive instruments.

14. Loans and borrowings liabilities

	30 September 2023 unaudited	31 December 2022
Long-term bank loans an borrowings liabilities	-	17,143
Short-term bank loans an borrowings liabilities	1	65,024
Total bank loans an borrowings liabilities	1	82,167

As at 30 September 2023, the Group did not default on its debt repayment obligations or on any other of its obligations under loan agreements in a manner which would result in an acceleration of debt repayment.

Working capital loan agreements provide that the borrower maintains the financial debt ratios at the agreed level throughout the loan period. If the condition of maintaining the ratios at the level specified by the bank is not met, the bank has the right to terminate the loan agreements.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

Characteristics of credit agreements:

Object and value of agreement	Name of the Bank / covering bonds / granting loans	Loan amount as per agreement as at 30.09.2023	Amount outstanding as at 30.09.2023 (*)	Amount outstanding as at 31.12.2022 (*)	Current interest rate	Date of expiry
1. Overdraft facility agreement No BDK/KR-RB/000054601/0641/10 of 22 December 2010	Bank Handlowy in Warszawie S.A.	70,000	1	21,159	WIBOR 1 M + bank's margin	15 December 2023
2. Overdraft credit facility agreement No 09/030/19/Z/VV	mBank S.A. with its registered office in Warsaw	60,000	-	18,991	WIBOR ON + bank's margin	29 March 2024
3. Overdraft credit facility agreement No WAR/8833/20/326/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	25,000	-	1,779	WIBOR 1 M + bank's margin	15 November 2023
4. Non-revolving loan agreement no WAR/8833/20/327/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	-	-	40,238 (**)	WIBOR 3 M + bank's margin	15 September 2023 (***)
Total liabilities, of which:		155,000	1	82,167		
– short-term portion		155,000	1	65,024		
– long-term portion		-	-	17,143		

(*) the amount outstanding includes interest due but not repaid as of 30 September 2023 and 31 December 2022.

(**) including PLN 40,000 thousand of the loan used and PLN 238 thousand of accrued and unpaid interest as at 31 December 2022.

(***) on 15 September 2023, the Company repaid the loan in full before its maturity date.

15. Trade and other payables

	30 September 2023 unaudited	31 December 2022
Trade payables to related parties	-	-
Trade payables to third parties	65,011	82,153
Total trade payables	65,011	82,153
Tax liabilities	8,750	10,280
Liability due to expected goods returns	583	146
Prepayments received for deliveries	3,989	1,878
Other payables to third parties	962	451
Deferred revenue	1,326	711
Total other current payables	15,610	13,466
Total	80,621	95,619

16. Changes in estimates

16.1 Inventory write-down

In the III quarter of 2023 the Group has increased the inventory write-down by the amount of PLN 153 thousands. Cumulatively from the beginning of 2023, the write-down has been increased by PLN 863 thousand.

In the III quarter of 2022 the Group has increased the inventory write-down by the amount of PLN 648 thousands. Cumulatively from the beginning of 2022, the write-down has been increased by PLN 2,109 thousand.

16.2 Write-off for expected credit losses on receivables

In the III quarter of 2023 the Group has increased the write-off due to expected credit losses related to trade receivables by the amount of PLN 131 thousand. Cumulatively from the beginning of 2023, the write-down has been decreased by PLN 96 thousand.

In the III quarter of 2022 the Group has decreased the write-off due to expected credit losses related to trade receivables by the amount of PLN 43 thousand. Cumulatively from the beginning of 2022, the write-down has been increased by PLN 144 thousand.

16.3 Provision for guarantees

In the III quarter of 2023 the Group has increased the guaranty provision by the amount of PLN 73 thousand (cumulatively from the beginning of 2023, the write-down has been increased by PLN 4 thousand).

In the III quarter of 2022 the Group has decreased the guaranty provision by the amount of PLN 71 thousand (cumulatively from the beginning of 2022, the write-down has been increased by PLN 49 thousand).

16.4 Employee benefits obligations

In the III quarter of 2023 the Group has decreased the unused holidays provision by the amount of PLN 690 thousand (cumulatively from the beginning of 2023, the write-down has been decreased by PLN 233 thousand).

In the III quarter of 2022 the Group has decreased the unused holidays provision by the amount of PLN 483 thousand (cumulatively from the beginning of 2022, the write-down has been increased by PLN 17 thousand).

16.5 Deferred tax

Deferred tax asset has increased in the III quarter of 2023 by PLN 293 thousand, mainly as a result of recognition of provisions for expected returns of goods and rebates for customers. Cumulatively from the beginning of 2023, the asset has been increased by PLN 370 thousand, mainly as a result of created provisions recognized in liabilities.

Deferred tax asset has increased in the III quarter of 2022 by PLN 214 thousand, mainly as a result of recognition of provisions for expected returns of goods and rebates for customers. Cumulatively from the beginning of 2022, the asset has been increased by PLN 1,303 thousand, mainly as a result of created provisions recognized in liabilities.

According to the Management Board, there is no risk that the deferred tax asset could not be realized.

17. Fair value

Book value of financial assets and liabilities approximates their fair value. In the third quarter of 2023, there were no changes in the business conditions and economic situation that would affect the fair value of financial assets and liabilities.

18. Operating segments

The Management Board of the Parent Company makes decisions related to the Group's operations from the perspective of distribution channels and geographical coverage.

The Group specifies four operating and reporting segments for its activities:

- sales on local markets (Poland, Romania) to retail networks;
- sales on local markets (Poland, Romania and China) – wholesale market;
- export sales;
- retail sales - mainly e-commerce sales (Poland, Romania and China).

As part of the retail networks segment, the Group cooperates with large retail networks throughout Poland and Romania. Wholesale on all markets where the Group holds its entities is conducted through a network of wholesalers, authorised retail stores and sales representatives. Foreign markets are supported using sales department of the Parent Company and subsidiaries Yato Tools (Shanghai) Co. Ltd. and Yato Tools (Jiaxing) Co. Ltd. As part of retail sales, sales are mainly realized through an online store and online sales platforms.

Data analysed by the Management Board of the Parent Company for segment description is consistent with the data disclosed in the statement of comprehensive income.

The Group did not record revenue from sale to a single external customer exceeding 10% of total sales revenue.

As at 30 September 2023, the Group's assets amounted to PLN 533,094 thousand, and the Group's liabilities amounted to PLN 115,678 thousand and were related only to trading activities. The Management Board of the Parent Company does not examine the assets of the Group for each segment separately.

The Parent Company has no non-current assets located abroad. Non-current assets of the subsidiaries are located outside of Poland. The net value of property, plant and equipment located in Romania as at 30 September 2023 is PLN 3,786 thousand and located in China is PLN 45,144 thousand.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

9 month ended 30 September 2023	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	Total
Sales revenue					
Sales to external customers	187,810	270,304	56,257	40,322	554,693
Total segment revenue	187,810	270,304	56,257	40,322	554,693
Cost of goods sold					
Sales to external customers	(131,767)	(177,249)	(40,588)	(20,565)	(370,169)
Total costs of goods sold	(131,767)	(177,249)	(40,588)	(20,565)	(370,169)
Gross profit	56,043	93,055	15,669	19,757	184,524
Gross profit margin	30%	34%	28%	49%	33%
Gross profit - all operating segments					184,524

9 months ended 30 September 2022	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	Total
Sales revenue					
Sales to external customers	188,289	259,865	61,151	38,481	547,786
Total segment revenue	188,289	259,865	61,151	38,481	547,786
Cost of goods sold					
Sales to external customers	(129,018)	(176,455)	(41,411)	(21,138)	(368,022)
Total costs of goods sold	(129,018)	(176,455)	(41,411)	(21,138)	(368,022)
Gross profit	59,271	83,410	19,740	17,343	179,764
Gross profit margin	31%	32%	32%	45%	33%
Gross profit - all operating segments					179,764

(*) mainly e-commerce sales

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

3 months ended 30 September 2023	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	Total
Sales revenue					
Sales to external customers	65,273	91,985	17,224	12,217	186,699
Total segment revenue	65,273	91,985	17,224	12,217	186,699
Cost of goods sold					
Sales to external customers	(44,627)	(60,028)	(12,426)	(5,995)	(123,076)
Total costs of goods sold	(44,627)	(60,028)	(12,426)	(5,995)	(123,076)
Gross profit	20,646	31,957	4,798	6,222	63,623
Gross profit margin	32%	35%	28%	51%	34%
Gross profit - all operating segments					63,623

3 months ended 30 September 2022	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	Total
Sales revenue					
Sales to external customers	66,493	83,098	17,651	12,712	179,954
Total segment revenue	66,493	83,098	17,651	12,712	179,954
Cost of goods sold					
Sales to external customers	(45,269)	(57,097)	(12,383)	(7,356)	(122,105)
Total costs of goods sold	(45,269)	(57,097)	(12,383)	(7,356)	(122,105)
Gross profit	21,224	26,001	5,268	5,356	57,849
Gross profit margin	32%	31%	30%	42%	32%
Gross profit - all operating segments					57,849

(*) mainly e-commerce sales

19. Sales revenue

	9 months ended 30 September		3 months ended 30 September	
	2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Sales of goods for resale	554,693	547,786	186,699	179,954
Total sales revenue	554,693	547,786	186,699	179,954

The geographical structure of revenues from sales has been presented below:

	9 months ended 30 September 2023		9 months ended 30 September 2022		3 months ended 30 September 2023		3 months ended 30 September 2022	
	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share
Ukraine	32,379	5.8%	24,692	4.5%	12,141	6.5%	11,294	6.3%
Hungary	18,784	3.4%	14,821	2.7%	6,333	3.4%	4,460	2.5%
Belarus	17,821	3.2%	14,753	2.7%	5,801	3.1%	5,616	3.1%
Baltic countries	15,648	2.8%	17,602	3.2%	4,571	2.4%	5,761	3.2%
Russia	10,095	1.8%	9,700	1.8%	3,905	2.1%	5,005	2.8%
Czech Republic	9,002	1.6%	9,021	1.6%	3,201	1.7%	2,726	1.5%
Bulgaria	7,553	1.4%	5,749	1.0%	2,900	1.5%	2,747	1.5%
Moldova	6,329	1.2%	8,565	1.6%	2,253	1.2%	3,855	2.1%
Greece	5,289	1.0%	4,247	0.8%	1,282	0.7%	1,405	0.8%
Germany	3,908	0.7%	5,062	0.9%	1,062	0.6%	1,288	0.7%
Europe – other EU countries	7,266	1.3%	8,311	1.5%	2,072	1.1%	2,356	1.3%
Europe – other non-EU countries	6,395	1.2%	6,546	1.2%	2,001	1.1%	2,339	1.3%
Africa	12,541	2.3%	11,617	2.1%	4,262	2.3%	2,585	1.5%
South and Central America	10,631	1.9%	21,342	3.9%	4,979	2.7%	6,875	3.8%
Asia	24,005	4.3%	25,799	4.7%	8,489	4.5%	8,087	4.5%
Australia and Oceania	164	0.0%	462	0.1%	21	0.0%	94	0.1%
Total export	187,810	33.9%	188,289	34.4%	65,273	34.9%	66,493	37.0%
Poland	273,699	49.3%	268,903	49.1%	89,882	48.1%	83,193	46.2%
Romania	67,945	12.2%	65,717	12.0%	22,564	12.1%	22,032	12.2%
China	25,239	4.6%	24,877	4.5%	8,980	4.8%	8,236	4.6%
Total sales revenue	554,693	100.0%	547,786	100.0%	186,699	100.0%	179,954	100.0%

20. Costs by type and cost of goods for resale sold

	9 months ended 30 September		3 months ended 30 September	
	2023 unaudited	2022 unaudited	2023 Unaudited	2022 unaudited
Amortisation and depreciation	12,118	11,212	4,130	3,674
Material and energy consumption	5,551	6,446	1,600	1,709
Third-party services, including:	28,400	30,917	9,290	10,719
<i>costs of transportation</i>	10,478	9,209	3,528	3,027
<i>logistics services (external warehouses)</i>	455	3,337	94	1,460
<i>IT, telecommunications and postal costs</i>	2,347	2,035	751	369
<i>online sales platform access services</i>	5,128	5,136	1,703	1,910
<i>short-term rental and service charges related to leasing contracts</i>	2,399	2,416	705	611
<i>legal, audit and consulting costs</i>	1,971	2,249	679	638
<i>other third-party services</i>	5,622	6,535	1,830	2,704
Taxes and fees	2,054	1,392	700	473
Costs of employee benefits, including:	56,310	52,681	18,663	17,403
<i>Salaries</i>	46,422	44,044	15,323	14,412
<i>Social security</i>	7,788	7,110	2,661	2,241
<i>Employee capital plans</i>	129	103	43	31
<i>Other</i>	1,971	1,424	636	719
Other costs by type	11,226	9,830	3,474	5,214
Value of goods for resale and materials sold	370,169	368,022	123,076	122,105
Total costs by type and value of goods for resale sold	485,828	480,500	160,933	161,297
Selling costs, including:	83,897	83,998	27,231	28,959
<i>amortisation and depreciation</i>	8,497	8,211	2,828	2,777
<i>costs of employee benefits</i>	38,111	35,880	12,507	11,544
Administrative expenses, including:	31,762	28,480	10,626	10,233
<i>amortisation and depreciation</i>	3,621	3,001	1,302	897
<i>costs of employee benefits</i>	18,199	16,801	6,156	5,859
Value of goods for resale sold	370,169	368,022	123,076	122,105
Total	485,828	480,500	160,933	161,297

21. Financial guarantees granted and received

As at 30 September 2023, the entities belonging to the TOYA Capital Group were parties to the following guarantee agreements in connection with their operations, granted by the following entities:

No	Counterparty	Type of guarantee	Subject matter and value	Date of expiry
1	Bank Handlowy w Warszawie S.A.	Guarantee of payment for the lease of warehouses in Nadarzyn	Bank guarantee in the amount of EUR 514,369.49	30 June 2024
2	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.	Contract on granting a customs debt guarantee	The security for repayment of custom debts, taxes and other fees associated with goods released into free circulation based on customs declaration, in the amount of PLN 270,000	31 December 2023
3	BRD Groupe Societe Generale	Guarantee of payment for warehouse rental in Bucharest	Bank guarantee in the amount of EUR 246,355	29 July 2027

On 12 June 2019, TOYA S.A. granted a guarantee of payment of liabilities arising from warehouse and office rental agreement by Toya Romania S.A. to the landlord up to the amount of EUR 115 thousand. The lease agreement was concluded on 8 February 2019 and covers a period of 10 years, with the option of changing this period. The warranty expires 3 months after the date of termination of the lease.

22. Contingent assets and liabilities

As at 30 September 2023, the Group had no significant contingent liabilities or contingent assets.

23. Transactions with related entities

In the periods from 1 January to 30 September 2023 and 2022, the Group effected transactions with the following related parties:

- Toya Development Sp. z o.o. S.K. in liquidation – entity related through key management personnel,
- Toyota Katowice Sp. z o.o. - entity related through key management personnel,
- Grzegorz Pinkosz – President of the Management Board – key management personnel,
- Maciej Lubnauer – Vice-President of the Management Board – key management personnel,
- Robert Borys – Vice-President of the Company's Management Board - key management personnel (from 27 January 2022)
- Piotr Mondalski – President of the Supervisory Board – key management personnel,
- Jan Szmidt – Vice-President of the Supervisory Board – key management personnel,
- Dariusz Górka – Member of the Supervisory Board – key management personnel,
- Grzegorz Maciąg – Member of the Supervisory Board – key management personnel,
- Michał Kobus - Member of the Supervisory Board – key management personnel,
- Wojciech Bartłomiej Papierak - Member of the Supervisory Board – key management personnel,
- Beata Szmidt - Member of the Supervisory Board – key management personnel.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

Statement of transactions and balances with related entities:

	Trade and other receivables	Trade and other payables	Revenue from sales of goods	Purchase of goods and services
	30.09.2023		1.01.2023 - 30.09.2023	
Entities related through key management personnel	1	-	61	-
Total	1	-	-	-
	31.12.2022		1.01.2022 - 30.09.2022	
Entities related through key management personnel	1	-	65	-
Total	1	-	-	-

Related party transactions are entered into on arm's length terms in the course of the Group's day-to-day operations.

Management Board remuneration

The remuneration and benefits paid or payable to the Company's key management personnel are as follows:

	9 months ended 30 December	
	2023	2022
Remunerations and benefits under employment contracts and appointment contracts - Management Board	3,005	2,866
Social insurance (ZUS) costs borne by the Company - Management Board	9	35
Remunerations for positions held - Supervisory Board	530	459
Social insurance (ZUS) costs borne by the Company - Supervisory Board	88	76
Employee Capital Plans (PPK) financed by the Company	5	4

24. Material events subsequent to the end of reporting period

No significant events occurred after the end of the reporting period, i.e. after 30 September 2023.

PART B – OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

1. Description of significant events in the third quarter of 2023

1.1 Repayment of a non-revolving credit facility before maturity

On 13 September 2023, the Company decided to repay the non-revolving loan received under agreement No. WAR/8833/20/327/CB of 14 September 2020, concluded with BNP Paribas Bank Polska Spółka Akcyjna, with its registered office in Warsaw. The loan was repaid on 15 September 2023.

2. Description of circumstances and events, particularly not typical that have significant impact on the financial result

The Group has been present on the markets of Eastern Europe for a long time, in particular in Ukraine, Belarus and Russia. Despite its long presence on these markets, the Group did not have any assets there, and transactions with local clients were of a short-term nature. The Russian-Ukrainian conflict, which began with military operations on 24 February 2022, disrupted trade relations on these markets, which in turn resulted in a temporary freezing of relations with some customers. It should be emphasized that the Group complies with all sanctions imposed by the European Union, Poland and the governments of other countries, on entities, persons and goods indicated in the relevant legal acts. The Group has implemented appropriate procedures in this regard. However, the implemented procedures and the need to verify and comply with all economic sanctions slow down trade with customers from these markets, which is beyond the Group's control. This may have an impact on trading with customers present in these markets.

Sales revenues of TOYA S.A. Capital Group for the three quarters of 2023 amounted to PLN 554,693 thousand, that is by 3.7% more than in the same period of 2022. Net profit of the Group for the three quarters of 2023 amounted to PLN 53,439 thousands as compared to PLN 52,085 thousand for three quarters of 2022.

Sales revenues in the 9-month period of 2023 were higher compared to revenues in the same period last year in the export channel – by PLN 10,439 thousand (i.e. by 4%) and in e-commerce sales – by PLN 1,841 thousand (i.e. by 4.8%). The largest drop in sales was recorded by the retail chain channel (a decrease of PLN 4,894 thousand i.e. by 8%). The wholesale channel achieved revenues comparable to the previous year.

The Group's short-term receivables as at 30 September 2023 decreased by 4%, and current liabilities decreased by 16% compared to 31 December 2022. The main reason for the decrease in receivables was the lower level of advances paid for deliveries of goods. The decrease in liabilities results directly from the lower level of orders for goods made by subsidiaries in China. At the same time, debt due to bank loans decreased by PLN 82,166 thousand.

3. Statement of the Management Board regarding the possibility of realizing previously published forecasts of results for a given year, in the light of the results presented in the quarterly report in relation to the forecasted results

The Management Board of Toya S.A. had not published forecasts of the results of the Company or the Group for 2023.

4. Indication of factors which, in the issuer's opinion, will have an impact on the results achieved by the issuer in the perspective of at least the next quarter

The Group attaches great importance to the quality of customer service, as it is crucial for maintaining a competitive advantage on the market. One of its most important elements is ensuring full availability of the product offer for each customer. By supporting these goals, the Group constantly improves logistics processes, maintains good relations with suppliers, taking into account the need to minimize delivery costs. The Group intends to strengthen its market position and look for new, attractive expansion opportunities.

The most important activities that the Group will undertake in order to implement the program are:

- Developing the capital group
The subsidiaries, despite the unfavourable economic situation on global markets, achieved good financial results in the three quarters of 2023, showing that, having good organizational and financial support, they are ready for further intensive development.
The subsidiary Yato Tools (Jiaying), based in Baibu Town, a town located in the Zhejiang Province of the People's Republic of China, has launched a high-storage warehouse, which will soon be the central warehouse that will be used by other companies of the Group. This warehouse is equipped with modern warehouse automation, enabling the optimization of logistics processes without requiring the involvement of significant human resources. The very good location of the warehouse, close to two sea ports which are one of the largest transshipment centres in the world, and relatively close to the largest suppliers, will support the optimization of logistics processes and improve the availability of the product offer for customers of all companies in the Group. This process is an important element in the Group's development and building competitive advantage.
- Developing the export channel
The war conflict between Russia, Belarus and Ukraine has an impact on sales in the export channel. Sales to customers based in these countries accounted for approximately 9% of the Group's total sales in 2022. In 2023, sales to customers in this region were rebuilt and accounted for almost 11% of the total sales, and the largest increase in sales occurred to Ukrainian customers. We can expect closer cooperation with Ukrainian clients in the future, but a necessary condition is the cessation of hostilities in this area.
Regardless of the situation referred to above, the Group will strengthen its position on the other markets where it is present. This applies to markets where the Group has traditionally been present for many years, e.g. the Hungarian market, but also in southern European countries, where the Group has been less visible so far.
The group will also strengthen its position outside Europe. In these markets, the Chinese subsidiary Yato Tools (Jiaying) will develop sales and acquire new customers. The foreign expansion of this company will be supported by the development of logistics processes in the capital group, based on a newly built warehouse in China, equipped with modern infrastructure.
- Effective products management
The Group's good financial results and its constant development would not be possible without the constant development of the product offer so that it is very well suited to customer expectations. This process is carried out, among others, by Product Managers from the Product Development Department, who have very extensive knowledge about the product, techniques of shaping its image, who know customers' habits and emerging trends both locally and on global markets. The team is supported by modern IT technology and systems and devices supporting product management.
This process will continue in the coming quarters.
- Development of logistics processes
The Parent Company conducts analytical work aimed at optimizing logistics processes on the local market. On the one hand, it involves equipping currently used warehouses with modern warehouse automation supporting warehousing processes, and on the other hand, it involves finding solutions that provide a competitive advantage in the long term.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

- Capital investments

The Company systematically supports the development of its subsidiaries. In December 2022, the Company paid the last capital tranche for Yato Tools (Jiaying), completing the capital payment process for this company in the amount of USD 12.5 million.

The Company continues to monitor the market in search of an attractive acquisition target from outside the Toya S.A. Capital Group, which would constitute added value for the Company.

5. Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting and changes in the ownership of qualified holdings of Toya S.A. shares in the period from last quarter report until the date of filling this report.

Shareholders holding at least 5% of total voting rights

Based on the information possessed by TOYA S.A. (according to information provided to Company by its shareholders), shareholders holding at least 5% of voting rights at the date of publication of this report are:

	Number of shares	Number of votes	Percentage share in the total number of votes at the general meeting (%)
Jan Szmidt	28,284,304	28,284,304	37.69%
Romuald Szalagan	9,652,290	9,652,290	12.86%
Generali OFE	5,001,147	5,001,147	6.66%

Since the date of submitting the previous periodic report (i.e. from 24 August 2023), there have been no changes in the ownership structure of significant blocks of TOYA S.A. shares.

6. Statement of ownership of shares and shares options held by the management Board and Supervisory Board members as at the date of filling the quarterly report, including changes since the date of filing last report

Shares and shares options held by Management Board members

Number of shares and voting rights held by members of the Management Board as at the date of filling this report and changes thereof since the date of filling last report (mid-year report for 2023 published on 24 August 2023) according to information received by the Company is disclosed in the below table:

	Status according to the information available on 24 August 2023	Increases / decreases	Status according to the information available on 9 November 2023
Grzegorz Pinkosz	146,812	-	146,812
Maciej Lubnauer	61,831	-	61,831
Robert Borys	8,528	-	8,528
TOTAL	217,171	-	217,171

Shares and shares options held by Supervisory Board members

Number of shares and voting rights held by members of the Supervisory Board as at the date of filling this report and changes thereof since the date of filling the last report (mid-year report for 2023 published on 24 August 2023) according to information received by the Company is disclosed in the below table:

	Status according to the information available on 24 August 2023	Increases / decreases	Status according to the information available on 9 November 2023
Jan Szmidt	28,284,304	-	28,284,304
Beata Szmidt	3,239,253	-	3,239,253
Grzegorz Maciąg	5 275		5,275
TOTAL	31,528,832	-	31,528 832

7. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies

As at 30 September 2023, TOYA S.A. is not a party to significant proceedings pending before a court, an authority competent for arbitration proceedings or a public administration body.

8. Information on the conclusion by TOYA S.A. or a subsidiary of one or more transactions with related entities, if they are individually or jointly significant and were concluded on terms other than market terms.

Transactions with related parties are concluded in the normal course of the Group's operations and are made on an arm's length basis. These transactions are presented in note 23 of the condensed interim consolidated financial statements and in note 20 of the condensed interim stand-alone financial statements.

9. Information on granting by the Company or its subsidiary sureties for a credit or loan or granting a guarantee - jointly to one entity or a subsidiary of this entity, if the total value of the existing sureties or guarantees is significant.

On 12 June 2019, TOYA S.A. granted a guarantee of payment of liabilities arising from warehouse and office rental agreement by Toya Romania S.A. to the landlord up to the amount of EUR 115 thousand. The lease agreement was concluded on 8 February 2019 and covers a period of 10 years, with the option of changing this period. The warranty expires 3 months after the date of termination of the lease.

Apart from the above-mentioned guarantee, neither the Parent Entity nor its subsidiaries have granted any significant sureties for a credit or loan, nor have they granted any guarantees in total to a single entity or subsidiary.

10. Other information which in the opinion of Toya S.A. is significant for the assessment of personnel situation, assets, finance and the financial result and any changes thereto, and information which is significant for assessing the ability to perform obligations.

In the III quarter of 2023 there were no other significant events which could have a significant impact on the assessment of personnel situation, assets, finance and the financial result and any changes thereto, apart from factors discussed above in the commentary to financial result.

As at the date of filling this report there are no events that could have impact on the Company's ability to meet its obligations.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

PART C – CONDENSED INTERIM STAND-ALONE FINANCIAL STATEMENTS OF TOYA S.A.
Statement of financial position

		30 September 2023 unaudited	31 December 2022
ASSETS	Note		
Property, plant and equipment	3	18,432	17,715
Intangible assets		3,619	3,776
Right-of-use assets	4	7,161	12,865
Investments in subsidiaries	5	70,803	70,803
Deferred income tax assets	14	2,307	1,954
Non-current assets		102,322	107,113
Inventory	6, 14	225,764	247,870
Trade and other receivables	0, 14	45,169	60,186
Income tax receivables		294	847
Cash and cash equivalents	8	7,969	1,386
Current assets		279,196	310,289
Total assets		381,518	417,402
EQUITY AND LIABILITIES			
Share capital	0	7,504	7,504
Share premium		35,677	35,677
Reserve capital		329	329
Other capitals		(73)	(73)
Retain earnings		287,747	248,104
Equity		331,184	291,541
Liabilities from loans	13	-	17,143
Lease liabilities		3,314	5,494
Liabilities from employee benefits		567	566
Other long-term liabilities		32	32
Long-term liabilities		3,913	23,235
Trade and other payables	12	34,806	22,664
Liabilities from employee benefits	14	6,456	7,264
Liabilities from loans	13	1	65,024
Lease liabilities		4,055	6,551
Provisions	14	1,103	1,123
Short-term liabilities		46,421	102,626
Total liabilities		50,334	125,861
Total equity and liabilities		381,518	417,402

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Statement of profit or loss and other comprehensive income

	Note	9 months ended 30 September		3 months ended 30 September	
		2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Revenue from sales of goods	16	433,604	425,168	142,071	134,214
Cost of goods sold	0	(310,667)	(304,734)	(100,445)	(95,980)
Gross profit		122,937	120,434	41,626	38,234
Selling costs	0	(54,364)	(55,341)	(17,355)	(18,929)
Administrative expenses	0	(17,464)	(15,464)	(5,839)	(5,060)
Expected credit losses		33	(71)	(86)	94
Other operating revenue		1,834	3,107	407	1,027
Other operating expenses		(177)	(234)	(54)	(75)
Operating profit		52,799	52,431	18,699	15,291
Financial revenues		30	-	30	-
Financial expenses		(3,259)	(6,348)	(566)	(3,011)
Profit before tax		49,570	46,083	18,163	12,280
Income tax		(9,927)	(9,060)	(3,598)	(2,469)
Net profit		39,643	37,023	14,565	9,811
Other net comprehensive income		-	-	-	-
Total net comprehensive income for the financial year		39,643	37,023	14,565	9,811
Net profit for the period attributable to shareholders of the Company		39,643	37,023	14,565	9,811
Comprehensive income for the period attributable to shareholders of the Company		39,643	37,023	14,565	9,811

Earnings per share

		9 months ended 30 September		3 months ended 30 September	
		2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Basic earnings per share in PLN	11	0.53	0.49	0.19	0.13
- from continuing operations		0.53	0.49	0.19	0.13
- from discontinued operations		-	-	-	-
Diluted earnings per share in PLN	11	0.53	0.49	0.19	0.13
- from continuing operations		0.53	0.49	0.19	0.13
- from discontinued operations		-	-	-	-

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

Statement of changes in equity

	Share capital	Share premium	Reserve capital	Other capitals	Retained earnings	Total equity
As at 1 January 2023	7,504	35,677	329	(209)	248,104	291,541
Net profit	-	-	-	-	39,643	39,643
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	39,643	39,643
Total transactions with owners	-	-	-	-	-	-
As at 30 September 2023	7,504	35,677	329	(209)	287,747	331,184
As at 1 January 2022	7,504	35,677	329	(209)	202,035	245,336
Net profit	-	-	-	-	37,023	37,023
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	37,023	37,023
Total transactions with owners	-	-	-	-	-	-
As at 30 September 2022	7,504	35,677	329	(209)	239,058	282,359

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Cash flow statement

	Note	9 months ended 30 September	
		2023 unaudited	2022 unaudited
Cash flows from operating activities			
Profit before tax		49,570	46,083
Adjustments for:			
Amortisation and depreciation		6,846	6,943
Net interest		3,228	6,348
Profit/Loss on investing activities		-	(65)
Foreign exchange gains/losses		(136)	3,225
Changes in balance sheet items:			
Change in trade and other receivables	9	15,017	(24,124)
Change in inventories	9	22,106	(33,523)
Change in provisions	9	(20)	(26)
Change in trade and other payables	9	12,142	(11,386)
Change in employee benefit liabilities	9	(807)	(1,513)
Cash from activities		107,946	(8,038)
Income tax paid		(9,726)	(15,079)
Net cash from operating activities		98,220	(23,117)
Cash flows from investing activities			
Sale of property, plant and equipment		-	67
Purchase of property, plant and equipment and intangible assets		(1,456)	(3,417)
Purchase of shares in subsidiaries		-	(10,149)
Interest received		30	-
Net cash from investing activities		(1,426)	(13,499)
Cash flows from financing activities			
Proceeds from loans		-	47,184
Repayments of loans		(81,722)	-
Repayment of lease liabilities		(4,821)	(4,856)
Interest paid on loans		(3,178)	(5,350)
Interests paid on leases		(524)	(475)
Net cash from financing activities		(90,245)	36,503
Change in net cash and cash equivalents		6,549	(113)
Balance sheet change in cash and cash equivalents, including:		6,583	(112)
- change in cash due to exchange rate differences		34	1
Cash and cash equivalents at the beginning of the period	8	1,386	1,229
Cash and cash equivalents at the end of the period	8	7,969	1,117

1. Summary of significant accounting policies

1.1 Basis for preparation

These condensed interim stand-alone financial statements have been prepared in accordance with IAS 34 „Interim Financial Reporting” approved by the EU.

They should be read jointly with the annual stand-alone financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards (called „IFRS”) and interpretations issued by International Accounting Standards Board approved by European Union (called „EU”).

Going concern

These condensed interim stand-alone financial statements have been prepared on the assumption that the Company will continue as going concerns in the foreseeable future.

1.2 Accounting policies

The accounting principles are consistent with the principles applied in the annual financial statements for the financial year ended 31 December 2022, except for the adoption of new and amended standards from 1 January 2023, which are described below.

New or changed standards and interpretations that apply for the first time in 2023 do not have a significant impact on the interim condensed financial statements of the Company.

c) New standards, interpretations and amendments to existing standards effective in 2023

- **New IFRS 17 "Insurance contracts"**

A new standard regulating the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.

The application of the standard did not have a significant impact on the Company's financial statements.

- **Amendment to IFRS 4 "Insurance contracts"**

The change extended exemptions from the application of IFRS 9 until 2023.

This change had no impact on the financial statements of the Company.

- **Amendment to IAS 1 "Presentation of financial statements"**

The IAS Council clarified which information regarding the accounting policy applied by the entity is significant and requires disclosure in the financial statements. The principles focus on tailoring disclosures to an individual's entity circumstances. The Council warns against using standardized provisions copied from IFRS and expects that the basis for valuation of financial instruments is significant information.

The above changes did not have a significant impact on the financial statements of the Company.

• **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Correction of Errors: Definition of Accounting Estimates**

The Council introduced the definition of an accounting estimate into the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

The above changes did not have a significant impact on the financial statements of the Company.

• **Amendments to IAS 12 Income Taxes: Deferred tax relating to assets and liabilities recognized as a result of a single transaction**

The Council introduced the principle that if a transaction results in both positive and negative temporary differences in the same amount, assets and provisions for deferred income tax should be recognized even if the transaction does not result from the merger or has no impact on the accounting or tax result. This means the need to recognize assets and deferred tax provisions, e.g. when temporary differences in equal amounts occur in the case of leasing (a separate temporary difference from the liability and from the right to use asset) or in the case of reclamation liabilities. The rule that deferred tax assets and liabilities are offset, if current tax assets and liabilities are subject to offsetting, has not been changed.

The above changes did not affect the financial statements of the Company.

• **Amendment to IFRS 17 "Insurance Contracts"**

The Board established transitional provisions on comparative data for entities that implement IFRS 17 and IFRS 9 simultaneously to reduce potential accounting mismatches arising from differences between these standards.

The above changes did not affect the financial statements of the Company.

d) New standards, interpretations and amendments, which are not yet effective and have not been applied early by the Company

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The amendment describes the characteristics of reverse factoring agreements ("Supplier finance arrangements") and introduces the need to disclose additional information.</p>	<p><i>The Company does not expect the Standard to have a significant impact on its financial statements.</i></p>
<p><i>Amendment to IAS 12 "Income Taxes"</i></p> <p>Applicable for annual periods starting on 1 January 2023</p>	<p>The change introduces a temporary exception to the recognition of deferred tax resulting from the implementation of international tax reform ("Pillar Two Model Rules" issued by the OECD) and the obligation to introduce additional related disclosures.</p>	<p><i>The amendment is not expected to have a significant impact on the Company's financial statements.</i></p>
<p><i>Amendment to IAS 1 "Presentation of financial statements"</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The IAS Council clarified the rules for classifying liabilities as long- or short-term primarily in two aspects:</p> <ul style="list-style-type: none"> • it was clarified that the classification depends on the rights that the entity has as at the balance sheet date, • management's intentions to accelerate or delay payment of the obligation are not taken into account. 	<p><i>The amendment is not expected to have a significant impact on the Company's financial statements.</i></p>

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>Amendment to IAS 1 "Presentation of financial statements"</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The change clarifies that as at the balance sheet date, the entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities as long- or short-term. However, the entity should disclose information about these covenants in the explanatory notes to the financial statements.</p>	<p><i>The amendment is not expected to have a significant impact on the Company's financial statements.</i></p>
<p><i>Amendment to IFRS 16 "Leases"</i></p> <p>Applicable for annual periods beginning on 1 January 2024</p>	<p>The amendment clarifies the requirements for the valuation of leasing liabilities arising from sale and leaseback transactions. It is intended to prevent incorrect recognition of the result on the transaction in the part relating to the retained right of use when leasing payments are variable and do not depend on the index or rate.</p>	<p><i>The amendment is not expected to have a significant impact on the Company's financial statements.</i></p>

In these condensed interim stand-alone financial statements, the Company has not decided to adopt earlier any standard, interpretation or amendment that has been published but has not yet come into force in the light of European Union regulations.

2. Seasonality

The Company's offer is aimed at the consumer market, which is sensitive to the seasons and weather conditions. However seasonality practically does not exist now. This is the result of a consistent policy of continuous expansion of range of products, which is attractive in all seasons, and continuous improvement of logistics processes.

3. Property, plant and equipment

	30 September 2023 unaudited	31 December 2022
Land	2,907	2,907
Buildings and structures	7,148	7,452
Plant and equipment	3,059	3,515
Vehicles	1,242	87
Other	3,140	3,271
Total	17,496	17,232
Property, plant and equipment not transferred for use	936	483
Total property, plant and equipment	18,432	17,715

In the item "other", the Company mainly includes storage and display shelves as well as furniture for offices and warehouses.

In the period from 1 January to 30 September 2023, the gross value of tangible fixed assets increased by PLN 3,639 thousand, as a result of reclassification of means of transport from right-of-use assets, in connection with buyout after the leasing period. In addition, the company purchased IT equipment and exhibition shelves.

Depreciation of property, plant and equipment recognized in the financial result amounted to PLN 1,631 thousand.

4. Right-of-use assets

	30 September 2023 unaudited	31 December 2022
Land	1,776	1,796
Buildings and structures	2,225	5,297
Plant and equipment	1,268	1,458
Vehicles	1,892	4,314
Total	7,161	12,865

In the period of 9 months of 2023, the Company did not conclude any new lease agreements. Decrease in the gross value of right-of-use assets by PLN 766 thousand resulted from:

- indexation of fees, in accordance with contracts concluded in previous years, as a result of which assets were increased by PLN 246 thousand,
- reclassification to fixed assets, as a result of the purchase after the end of the leasing period, in accordance with the conditions provided for in the contract, as a result of which the assets were reduced by PLN 1,247 thousand.

Depreciation of right-of-use assets recognized in the financial result amounted to PLN 4,704 thousand.

5. Interests in subsidiaries

As at 30 September 2023 and 31 December 2022, the Company held shares in the following entities:

	Country	Type of equity link	% of shares and votes held	Value of shares
30 September 2023				
Toya Romania S.A.	Romania	Subsidiary	99.99	1,885
Yato Tools (Shanghai) Co. Ltd	China	Subsidiary	100.00	20,746
Yato Tools (Jiaxing) Co. Ltd.	China	Subsidiary	100.00	48,172
				70,803
31 December 2022				
Toya Romania S.A.	Romania	Subsidiary	99.99	1,885
Yato Tools (Shanghai) Co. Ltd.	China	Subsidiary	100.00	20,746
Yato Tools (Jiaxing) Co. Ltd.	China	Subsidiary	100.00	48,172
				70,803

6. Inventory

	30 September 2023 unaudited	31 December 2022
Goods for resale at warehouse and in transit	225,388	247,780
Asset for expected returns from customers	376	90
Total inventory (per balance sheet)	225,764	247,870
Revaluation write-down for goods for resale	2,336	2,141
Total inventory (gross)	228,100	250,011

Creation and reversal of inventory write-down is recognized in profit or loss and presented as "cost of goods sold".

In accordance with IFRS 15, in the item "assets for expected returns from customers", the Company presents the value of goods which may be expected to be returned from customers after the end of the reporting period.

The table below presents changes in revaluation write-downs on inventory:

	2023	2022
As at 1 January	2,141	1,384
Increase	195	757
As at 30 September / 31 December	2,336	2,141

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023
(All amounts in PLN '000 unless indicated otherwise)

7. Trade and other short-term receivables

	30 September 2023 unaudited	31 December 2022
Trade receivables from related parties	13,380	20,130
Trade receivables from third parties	32,109	36,317
Total trade receivables	45,489	56,447
Other receivables from other parties	89	44
Advances paid to related parties	-	4,760
Advances paid to third parties	122	34
Accruals	1,422	887
Total gross receivables	47,122	62,172
Allowance for expected credit losses - trade receivables	(1,917)	(1,950)
Write-off of other receivables	(36)	(36)
Total net receivables	45,169	60,186

Changes in the impairment loss on trade receivables are presented in the table below:

	2023	2022
Opening balance of allowance for expected credit losses	1,950	1,986
Write-offs recognized in the financial result	-	12
Use of write-offs created in previous periods	-	(48)
Reversal of unused write-offs	(33)	-
As of 30 September / 31 December	1,917	1,950

The recognition and reversal of an impairment loss on receivables was recognized in the item: "expected credit losses".

8. Cash and cash equivalents

	30 September 2023 unaudited	31 December 2022
Cash in hand and at bank	7,969	1,386
Total cash and cash equivalents	7,969	1,386

9. Additional explanation to the cash flow statement

Reconciliation of changes in balance sheet items as shown in the statements of financial position and in the statements of cash flows:

9 months ended 30 September 2023		Adjustments	
		Balance sheet change	Measurement of cash in foreign currencies
Change in trade and other receivables	15,017	-	15,017
Change in inventories	22,106	-	22,106
Change in provisions	(20)	-	(20)
Change in trade and other payables	12,142	-	12,142
Change in employee benefit liabilities	(807)	-	(807)
Change in cash	6,583	(34)	6,549

9 months ended 30 September 2022		Adjustments	
		Balance sheet change	Measurement of cash in foreign currencies
Change in trade and other receivables	(24,124)	-	(24,124)
Change in inventories	(33,523)	-	(33,523)
Change in provisions	(26)	-	(26)
Change in trade and other payables	(11,385)	-	(11,385)
Change in employee benefit liabilities	(1,514)	-	(1,514)
Change in cash	(112)	(1)	(113)

10. Share capital

As at 30 September 2023, the share capital amounts to PLN 7,504,222.60 and comprises 75,042,226 shares with a par value of PLN 0.1 each.

In the period from 1 January to 30 September 2023, there were no changes in the amount of share capital.

11. Earnings per share

	9 months ended 30 September		3 months ended 30 September	
	2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Net profit	39,643	37,023	14,565	9,811
Weighted average number of ordinary shares ('000)	75,042	75,042	75,042	75,042
Basic earnings per share from continuing operations (PLN)	0.53	0.49	0.19	0.13
Net profit attributable to ordinary shareholders used to calculate diluted earnings per share	39,643	37,023	14,565	9,811
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	75,042	75,042	75,042	75,042
Diluted earnings per share from continuing operations (PLN)	0.53	0.49	0.19	0.13

Basic earnings per share were calculated by dividing the net profit by the weighted average number of ordinary shares during the period.

In the third quarter of 2023 and 2022 the Company had no potential dilutive instruments.

12. Trade and other payables

	30 September 2023 unaudited	31 December 2022
Trade payables to related parties	8,671	1,196
Trade payables to third parties	17,119	12,008
Total trade payables	25,790	13,204
Tax liabilities	7,109	8,852
Liability due to expected goods returns	583	146
Prepayments received for deliveries	1,279	427
Other payables to third parties	45	35
Total other current payables	9,016	9,460
Total	34,806	22,664

13. Loans and borrowings liabilities

	30 September 2023 unaudited	31 December 2022
Long-term bank loans an borrowings liabilities	-	17,143
Short-term bank loans an borrowings liabilities	1	65,024
Total bank loans an borrowings liabilities	1	82,167

As at 30 September 2023, the Company did not default on its debt repayment obligations or on any other of its obligations under loan agreements in a manner which would result in an acceleration of debt repayment.

Working capital loan agreements provide that the borrower maintains the financial debt ratios at the agreed level throughout the loan period. If the condition of maintaining the ratios at the level specified by the bank is not met, the bank has the right to terminate the loan agreements.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

Characteristics of credit agreements:

Object and value of agreement	Name of the Bank / covering bonds / granting loans	Loan amount as per agreement as at 30.09.2023	Amount outstanding as at 30.09.2023 (*)	Amount outstanding as at 31.12.2022 (*)	Current interest rate	Date of expiry
1. Overdraft facility agreement No BDK/KR-RB/000054601/0641/10 of 22 December 2010	Bank Handlowy w Warszawie S.A.	70,000	1	21,159	WIBOR 1 M + bank's margin	15 December 2023
2. Overdraft credit facility agreement No 09/030/19/Z/VV	mBank S.A. with its registered office in Warsaw	60,000	-	18,991	WIBOR ON + bank's margin	29 March 2024
3. Overdraft credit facility agreement No WAR/8833/20/326/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	25,000	-	1,779	WIBOR 1 M + bank's margin	15 November 2023
4. Non-revolving loan agreement no WAR/8833/20/327/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	-	-	40,238 (**)	WIBOR 3 M + bank's margin	15 September 2023 (***)
Total liabilities, of which:		155,000	1	82,167		
– short-term portion		155,000	1	65,024		
– long-term portion		-	-	17,143		

(*) the amount outstanding includes interest due but not repaid as of 30 September 2023 and 31 December 2022.

(**) including PLN 40,000 thousand of the loan used and PLN 238 thousand of the accrued and unpaid interest as at 31 December 2022.

(***) on 15 September 2023, the Company repaid the loan in full before its maturity date

14. Changes in estimates

14.1 Inventory write-down

In the III quarter of 2023 the Company has increased the inventory write-down by the amount of PLN 90 thousand. Cumulatively from the beginning of 2023, the write-down has been increased by PLN 195 thousand.

In the III quarter of 2022 the Company has increased the inventory write-down by the amount of PLN 41 thousand. Cumulatively from the beginning of 2022, the write-down has been increased by PLN 1,039 thousand.

14.2 Write-off for expected credit losses on receivables

In the III quarter of 2023 the Company has decreased the write-off due to expected credit losses related to trade receivables by the amount of PLN 33 thousand. Cumulatively from the beginning of 2022, the write-down has been increased by PLN 86 thousand.

In the III quarter of 2022 the Company has decreased the write-off due to expected credit losses related to trade receivables by the amount of PLN 95 thousand. Cumulatively from the beginning of 2022, the write-down has been increased by PLN 71 thousand.

14.3 Provision for guarantees

In the III quarter of 2023 the Company has increased the guaranty provision by the amount of PLN 24 thousand, cumulatively from the beginning of 2023, the write-down has been decreased by PLN 20 thousand.

In the III quarter of 2022 the Company has decreased the guaranty provision by the amount of PLN 110 thousand, cumulatively from the beginning of 2022, the write-down has been decreased by PLN 26 thousand.

14.4 Employee benefits obligations

In the III quarter of 2023 the Company has decreased the unused holidays provision by the amount of PLN 690 thousand, cumulatively from the beginning of 2023, the write-down has been decreased by PLN 233 thousand.

As at 30 September 2023, short-term liabilities due to employee benefits decreased by PLN 808 thousand, mainly as a result of settlement of liabilities for remuneration for employees recognized as at 31 December 2022.

In the III quarter of 2022 the Company has decreased the unused holidays provision by the amount of PLN 483 thousand, cumulatively from the beginning of 2022, the write-down has been increased by PLN 17 thousand.

14.5 Deferred tax

Deferred tax asset has increased in the III quarter of 2023 by PLN 366 thousand. Cumulatively from the beginning of 2023, the asset has been increased by PLN 353 thousand, mainly as a result of created provisions recognized in liabilities.

Deferred tax asset has increased in the III quarter of 2022 by PLN 397 thousand. Cumulatively from the beginning of 2022, the asset has been increased by PLN 903 thousand, mainly as a result of created provisions recognized in liabilities.

According to the Management Board, there is no risk that the deferred tax asset could not be realized.

15. Fair value

Book value of financial assets and liabilities approximates their fair value. In the third quarter of 2023, there were no changes in the business conditions and economic situation that would affect the fair value of financial assets and liabilities.

16. Sales revenue

	9 months ended 30 September		3 months ended 30 September	
	2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Sales of goods for resale	433,604	425,168	142,071	134,214
Total sales revenue	433,604	425,168	142,071	134,214

The geographical structure of revenues from sales has been presented below:

	9 months ended 30 September 2023		9 months ended 30 September 2022		3 months ended 30 September 2023		3 months ended 30 September 2022	
	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share
Romania	29,021	6.7%	39,624	9.3%	9,216	6.5%	6,822	5.1%
Ukraine	28,418	6.6%	14,911	3.5%	10,431	7.3%	7,988	6.0%
Hungary	18,784	4.3%	14,821	3.5%	6,333	4.5%	4,460	3.3%
Belarus	15,889	3.7%	13,481	3.2%	5,176	3.6%	5,596	4.2%
Baltic countries	15,648	3.6%	17,602	4.1%	4,571	3.2%	5,761	4.3%
Czech Republic	9,002	2.1%	9,021	2.1%	3,201	2.3%	2,726	2.0%
Bulgaria	7,553	1.7%	5,260	1.2%	2,900	2.0%	2,740	2.0%
Moldova	6,329	1.4%	8,565	2.0%	2,253	1.6%	3,855	2.9%
Greece	5,289	1.2%	4,248	1.0%	1,282	0.9%	1,405	1.0%
Russia	4,713	1.1%	6,505	1.5%	1,841	1.3%	2,905	2.2%
Germany	3,908	0.9%	5,062	1.2%	1,062	0.7%	1,288	1.0%
Europe – other EU countries	7,266	1.7%	8,311	2.0%	2,072	1.5%	2,356	1.8%
Europe – other non-EU countries	6,073	1.4%	6,117	1.4%	1,679	1.2%	2,331	1.7%
Other continents	2,012	0.5%	2,737	0.6%	172	0.1%	788	0.6%
Total export	159,905	36.9%	156,265	36.8%	52,189	36.7%	51,021	38.0%
Poland	273,699	63.1%	268,903	63.2%	89,882	63.3%	83,193	62.0%
Total sales revenue	433,604	100.0%	425,168	100.0%	142,071	100.0%	134,214	100.0%

17. Costs by type and cost of goods for resale sold

	9 months ended 30 September		3 months ended 30 September	
	2023 unaudited	2022 unaudited	2023 unaudited	2022 unaudited
Amortisation and depreciation	6,846	6,943	2,288	2,333
Material and energy consumption	4,529	5,467	1,277	1,402
Third-party services, including:	18,433	21,267	6,060	7,186
<i>costs of transportation</i>	5,415	5,792	1,737	1,827
<i>logistics services (external warehouses)</i>	201	3,038	-	1,356
<i>IT, telecommunications and postal costs</i>	1,797	1,517	620	588
<i>online sales platform access services</i>	5,128	4,823	1,703	1,597
<i>service charges for space lease agreements</i>	1,826	2,121	578	589
<i>legal, audit and consulting costs</i>	1,079	1,270	396	270
<i>other third-party services</i>	2,987	2,706	1,026	959
Taxes and fees	1,760	1,289	594	452
Costs of employee benefits, including:	35,567	32,113	11,759	10,074
<i>Salaries</i>	29,212	26,733	9,513	8,294
<i>Social security</i>	5,416	4,718	1,885	1,378
<i>Employee capital plans</i>	129	103	43	31
<i>Other</i>	810	559	318	371
Other costs by type	4,693	3,726	1,216	2,542
Value of goods for resale and materials sold	310,667	304,734	100,445	95,980
Total costs by type and value of goods for resale sold	382,495	375,539	123,639	119,969
Selling costs, including:	54 364	55 341	17 355	18 929
<i>amortisation and depreciation</i>	5 699	5 717	1 898	1 928
<i>costs of employee benefits</i>	23 044	21 347	7 436	6 685
Administrative expenses, including:	17 464	15 464	5 839	5 060
<i>amortisation and depreciation</i>	1 147	1 226	390	405
<i>costs of employee benefits</i>	12 523	10 766	4 323	3 389
Value of goods for resale sold	310 667	304 734	100 445	95 980
Costs by type and value of goods sold	382 495	375 539	123 639	119 969

18. Financial guarantees granted and received

As at 30 September 2023, the Company was a party to the following guarantee agreements in connection with its activities, granted by the following entities:

No	Counterparty	Type of guarantee	Subject matter and value	Date of expiry
1	Bank Handlowy w Warszawie S.A.	Guarantee of payment for the lease of warehouses in Nadarzyn	Bank guarantee in the amount of EUR 514,369.49	30 June 2024
2	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.	Contract on granting a customs debt guarantee	The security for repayment of custom debts, taxes and other fees associated with goods released into free circulation based on customs declaration, in the amount of PLN 270,000	31 December 2023

On 12 June 2019, TOYA S.A. granted a guarantee of payment of liabilities arising from warehouse and office rental agreement by Toya Romania S.A. to the landlord up to the amount of EUR 115 thousand. The lease agreement was concluded on 8 February 2019 and covers a period of 10 years, with the option of changing this period. The warranty expires 3 months after the date of termination of the lease.

19. Contingent assets and liabilities

As at 30 September 2023, the Company had no significant contingent liabilities or contingent assets.

20. Transactions with related entities

In the period from 1 January to 30 September 2023 and 2022, the Company effected transactions with the following related parties:

- Toya Romania SA – subsidiary,
- Yato Tools (Shanghai) Co., Ltd. – subsidiary,
- Yato Tools (Jiaxing) Co., Ltd. – subsidiary,
- Toya Development Sp. z o.o. S.K. in liquidation – entity related through key management personnel,
- Toyota Katowice Sp. z o.o. - entity related through key management personnel,
- Grzegorz Pinkosz – President of the Management Board – key management personnel,
- Maciej Lubnauer – Vice-President of the Management Board – key management personnel,
- Robert Borys – Vice-President of the Management Board – key management personnel (from 27 January 2022),
- Piotr Mondalski – President of the Supervisory Board – key management personnel,
- Jan Szmids – Vice-President of the Supervisory Board – key management personnel,
- Grzegorz Maciąg – Member of the Supervisory Board – key management personnel,
- Dariusz Górka – Member of the Supervisory Board – key management personnel,
- Michał Kobus - Member of the Supervisory Board – key management personnel,
- Wojciech Bartłomiej Papierak - Member of the Supervisory Board – key management personnel,
- Beata Szmids - Member of the Supervisory Board – key management personnel

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2023 to 30 September 2023

(All amounts in PLN '000 unless indicated otherwise)

Statement of transactions and balances with related entities:

	Trade and other receivables	Trade and other payables	Liabilities due to purchase of shares	Revenue from sales of goods	Purchase of goods and services
30.09.2023					
Subsidiaries, including:	13,377	-	8,671	29,093	206,625
<i>TOYA Romania S.A.</i>	13,377	-	-	29,085	-
<i>Yato Tools (Shanghai) Co. Ltd.</i>	-	-	-	-	25,421
<i>Yato Tools (Jiaxing) Co. Ltd.</i>	-	-	8,671	8	181,204
Entities related through key management personnel	3	-	-	61	0
Total	13,380	-	8,671	29,154	206,625
31.12.2022					
Subsidiaries, including:	20,128	4,760	1,196	39,694	187,857
<i>TOYA Romania S.A.</i>	20,106	-	-	39,689	-
<i>Yato Tools (Shanghai) Co. Ltd.</i>	-	-	-	5	23,039
<i>Yato Tools (Jiaxing) Co. Ltd.</i>	22	4,760	1,196	-	164,818
Entities related through key management personnel	2	-	-	65	-
Total	20,130	4,760	1,196	39,759	187,857

Related party transactions are entered into on arm's length terms in the course of the Company's day-to-day operations.

Remuneration of the Management Board

The remuneration and benefits paid or payable to the Company's key management personnel are as follows:

	9 months ended 30 September	
	2023	2022
Remunerations and benefits under employment contracts and appointment contracts - Management Board	3,005	2,866
Social insurance (ZUS) costs borne by the Company - Management Board	9	35
Remunerations for positions held - Supervisory Board	530	459
Social insurance (ZUS) costs borne by the Company - Supervisory Board	88	76
Employee Capital Plans (PPK) financed by the Company	5	4

21. Material events subsequent to the end of reporting period

No significant events occurred after the end of the reporting period, i.e. after 30 September 2023.

Management Board of Toya S.A.

Date	Name and surname	Position	Signature
9 November 2023	Grzegorz Pinkosz	President of the Management Board	
9 November 2023	Maciej Lubnauer	Vice-President of the Management Board	
9 November 2023	Robert Borys	Vice-President of the Management Board	

Person responsible for bookkeeping

Date	Name and surname	Position	Signature
9 November 2023	Iwona Banik	Chief Accountant	