

PATENTUS S.A.  
CAPITAL GROUP  
with its registered office  
in Pszczyna, Górnośląska St. 11

ANNUAL  
CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024

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

Pszczyna, 19<sup>th</sup> March 2025

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## CONSOLIDATED BALANCE SHEET

Assets data in PLN thousand	Note	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>I. Fixed assets</b>		<b>89 192</b>	<b>77 587</b>
1.Intangible assets	1	3 807	5 396
2.Tangible fixed assets	2	72 892	61 133
3. Perpetual usufruct		9 620	8 892
4.Investment property	3	1 425	1 380
5.Deferred tax assets	17	940	646
6.Shares in other entities and other investments	3	0	0
7.Trade receivables and other receivables	4	508	140
8.Long-term receivables from lease agreements	4	0	0
<b>II. Current assets</b>		<b>112 542</b>	<b>183 064</b>
1.Inventory	5	50 337	37 985
2.Trade receivables and other receivables	4	9 809	90 318
3. Other financial assets	3	47 854	40 426
4.Short-term receivables from lease agreements	4	0	1 479
5.Receivables due to current corporate income tax at the end of the period	17	15	0
6.Cash and cash equivalents	6	4 527	12 856
<b>Total assets</b>		<b>201 734</b>	<b>260 651</b>

<b>Liabilities data in PLN thousand</b>	<b>Note</b>	<b>Period end 31<sup>st</sup> December 2024</b>	<b>Period end 31<sup>st</sup> December 2023</b>
<b>I. Equity (Ia+ Ib)</b>	<b>7</b>	<b>163 330</b>	<b>169 386</b>
<b>Ia. Equity (fund) attributable to the Parent Company's shareholders</b>		<b>162 491</b>	<b>168 490</b>
1.Share capital	7	11 800	11 800
2. Supplementary capital arising from the sale of shares above their nominal value	7	6 448	6 448
3 Revaluation reserve	7	10 841	9 990
4.Retained earnings	7	133 402	140 252
<b>Ib. Equity attributable to non-controlling interests</b>	<b>7</b>	<b>839</b>	<b>896</b>
<b>II. Total long-term liabilities</b>		<b>17 133</b>	<b>17 683</b>
1. Credits and loans	8	3 418	5 975
2.Other long-term financial liabilities	9	49	76
3.Other long-term non-financial liabilities	9	7 826	4 167
4. Provisions – long-term liabilities	10	283	265
5.Deferred tax provisions	17	5 557	7 200
<b>III. Total short-term liabilities</b>		<b>21 271</b>	<b>73 582</b>
1. Credits and loans	8	2 707	4 325
2.Trade liabilities and other short-term financial liabilities	9	11 275	47 589
3.Other short-term non-financial liabilities	9	5 534	14 510
4. Liabilities due to current income tax	17	0	5 169
5.Provisions for current liabilities	10	1 755	1 989
<b>Equity and liabilities</b>		<b>201 734</b>	<b>260 651</b>

## CONSOLIDATED PROFIT AND LOSS STATEMENT

Profit and Loss Statement data in PLN thousand	Note	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2022 to 31 <sup>st</sup> December 2023
I. Revenues from sales of products, services, goods and materials	11	99 202	244 782
II. Cost of products, services, goods and materials sold	12	(78 340)	(164 702)
<b>III. Gross profit (loss) on sales</b>		<b>20 862</b>	<b>80 080</b>
IV. Selling costs	12	(4 833)	(2 837)
V. General and administrative costs	12	(11 170)	(9 083)
VI. Other operating revenues	13	2 326	3 614
VII. Other operating expenses	14	(1 276)	(1 455)
<b>VIII. Profit (loss) on operating activity</b>		<b>5 909</b>	<b>70 319</b>
IX. Financial revenues	15	5 639	1 765
X. Financial expenses	16	(2 698)	(1 224)
<b>XI. Pre-tax profit (loss)</b>		<b>8 850</b>	<b>70 860</b>
XII. Income tax	17	(1 010)	(8 451)
<b>XIII. Net profit (loss)</b>		<b>7 840</b>	<b>62 409</b>
Net profit (loss) attributable to:		7 840	62 409
Parent Company's Shareholders		7 941	62 255
Non-controlling interests		(101)	154
Weighted average number of shares (in units)		29 500 000	29 500 000
basic		0.27	2.21
diluted		0.27	2.12

Discontinued operations did not occur

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income data in PLN thousand	Note	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Net profit (loss)</b>		<b>7 840</b>	<b>62 409</b>
<b>Other comprehensive income, including:</b>		<b>854</b>	<b>373</b>
Effects of revaluation to fair value of tangible fixed assets		1 050	461
Deferred income tax provision settled with equity	17	(196)	(88)
<b>Total comprehensive income</b>		<b>8 694</b>	<b>62 782</b>
Parent Company's Shareholders		8 751	62 628
Non-controlling interests		(57)	154

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Share capital	Supplementary capital arising from the sales of shares above their nominal value	Revaluation reserve	Retained earnings	Equity attributable to Parent Company's shareholders	Equity attributable to non-controlling interests	Total equity
<b>Data as at 1<sup>st</sup> January 2024</b>		<b>11 800</b>	<b>6 448</b>	<b>9 990</b>	<b>140 251</b>	<b>168 490</b>	<b>896</b>	<b>169 386</b>
Capital increase through new shares issuance		0	0	0	0	0	0	0
Net surplus from the sales of shares above their nominal value		0	0	0	0	0	0	0
Allocation of part of the profit to Variable Remuneration Fund		0	0	0	(14 750)	(14 750)	0	(14 750)
Total comprehensive income		0	0	851	7 900	8 751	(57)	8 694
<b>Data as at 31<sup>st</sup> December 2024</b>		<b>11 800</b>	<b>6 448</b>	<b>10 841</b>	<b>133 402</b>	<b>162 491</b>	<b>839</b>	<b>163 339</b>
<b>Data as at 1<sup>st</sup> January 2023</b>		<b>11 800</b>	<b>6 448</b>	<b>9 617</b>	<b>78 401</b>	<b>106 266</b>	<b>742</b>	<b>107 008</b>
Capital increase through new shares issuance		0	0	0	0	0	0	0
Net surplus from the sales of shares above their nominal value		0	0	0	0	0	0	0
Allocation of the part of the profit to Variable Remuneration Fund		0	0	0	(404)	(404)	0	(404)
Total comprehensive income		0	0	373	62 255	62 628	154	62 782
<b>Data as at 31<sup>st</sup> December 2023</b>		<b>11 800</b>	<b>6 448</b>	<b>9 990</b>	<b>140 252</b>	<b>168 499</b>	<b>896</b>	<b>169 386</b>



## CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement (indirect method) data in PLN thousand	Note	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Operating activity</b>			
Gross profit (loss)	17	8 850	70 860
<b>Income tax</b>		<b>(1 010)</b>	<b>(8 451)</b>
Profit (loss) attributable to owners of the Parent Company		7 941	62 255
Profit (loss) attributable to minority shareholders		(101)	154
<b>Total adjustments</b>	<b>12</b>	<b>25 598</b>	<b>(24 422)</b>
Amortization and depreciation	15	9 440	9 516
Amortization and depreciation covered with subsidy	16	702	942
Valuation of tangible fixed assets	19	0	(466)
Exchange gains (losses)	19	0	0
Interest and profit sharing (dividend)	5	1 502	796
Profit (loss) on investment activity	4	(3 819)	93
Subsidy reimbursement		(1 276)	0
Change in provisions excluding deferred income tax provisions	19	11	449
Change in liabilities provisions and deferred income tax provisions	17	(1)	0
Change in inventory		(12 352)	(3 792)
Change in trade receivables and other receivables excluding advances transferred for the fixed assets acquisition	17	83 102	(79 939)
Change in liabilities excluding credits, loans and provisions	17	(44 612)	49 071
Change in deferred tax assets		0	0
Change in provisions for employee benefits		1 218	1 500
Other adjustments – revaluation of fixed assets		0	373
Change in accruals (excluding deferred income tax)	19	0	0
Current income tax paid (adjusted for the balance of settlements from the previous year)	1,2	(8 317)	(2 965)
<b>Net cash flows from operating activity</b>	<b>4</b>	<b>34 448</b>	<b>46 438</b>
<b>Investment activity</b>			
Disposal of intangible assets and tangible fixed assets	4	1 459	50
Acquisition of intangible assets and tangible fixed assets		(9 142)	(2 116)
Acquisition of fixed assets under construction	15	(11 749)	(658)
Advance payment for fixed assets		(2 667)	(306)
Acquisition of work in progress		(155)	(1 611)
Disposal of investment property		0	0
Acquisition of financial assets – certificates		(100 000)	(40 426)
Acquisition of shares and stocks in other entities		0	0
Disposal of financial assets – certificates	7	95 800	0
Repayment of granted loans	8	0	0
Received interest on loans granted	9	0	0
Received interest on loans granted to subsidiaries	9	0	0
Other inflows form financial assets	8	0	0
<b>Net cash flows from investment activity</b>	<b>9</b>	<b>(26 454)</b>	<b>(45 067)</b>
<b>Financial activity</b>			
Net inflows from issuance of shares		0	0
Distribution of net profit to the Variable Remuneration Fund		(2 500)	(419)
Distribution of net profit – dividend payment		(14 750)	0
Received credits and loans	6	0	0
Repayment of credits and loans		(4 119)	(4 887)
Other financial inflows (+) or financial outflows (-)		4 111	2 697
Payment of liabilities arising from finance lease agreements	6	(39)	(57)

Payment of receivables arising from finance lease agreements	19	1 479	1 603
Interest paid		(505)	(796)
<b>Net cash flows from financial activity</b>		<b>(16 323)</b>	<b>(1 859)</b>
<b>Total net change in cash</b>		<b>(8 329)</b>	<b>(488)</b>
Change in cash due to exchange differences		0	0
<b>Balance sheet change in cash and cash equivalents</b>		<b>(8 329)</b>	<b>(488)</b>
Cash and cash equivalents opening balance		12 856	13 344
<b>Closing balance of cash and cash equivalents</b>		<b>4 527</b>	<b>12 856</b>
including cash of limited disposability		165	1 247

## ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Introduction

#### 1.1 Business name, registered office, line of business

Business name: PATENTUS S.A. (Parent Company)

Company's legal form: JOINT-STOCK COMPANY

Registered office: PSZCZYNA, Country of registration: POLAND

Principal place of business: PSZCZYNA

Registered office address: 43-200 Pszczyna, Górniośląska St. 11, PATENTUS Spółka Akcyjna (Parent Company) operates at its registered office, but also through its branches which are not self-balancing entities of the Parent Company.

Registration: The Parent Company was registered on 3<sup>rd</sup> June 1997 by District Court in Katowice, 8<sup>th</sup> Commercial Registry Division under number RHB 14340. The District Court Katowice-Wschód in Katowice, 8<sup>th</sup> Commercial Division of the National Court Register (KRS) is the current registration authority. The Parent Company is registered under the number NCR 0000092392.

VATIN: 638-14-35-033

National Business Registry Number: 273585931

Principal line of business of the Parent Company: Pursuant to the Polish Classification of Activities (PKD 2007), the primary scope of activity corresponds to the activity identified under the symbol 28.92 Z – "Production of mining, quarrying and construction machinery".

The Parent Company also operates in the field of installation, repair and maintenance of mining, quarrying and construction machinery, as well as in wholesale of steel products, welding products and packaging.

There is no cyclical or seasonal nature of production in the Capital Group.

#### 1.2. Capital Group's composition

As at the date of this report, PATENTUS S.A. Capital Group was composed of:

Name of the entity	Registered office	Line of business	Total share in the share capital %	Total percentage of voting rights held%	Share capital in PLN (thous.)
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	Świętochłowice	production of steel structures and equipment	83.85	83.85	4040

The Capital Group's entities do not hold any shares or stocks in associated and jointly controlled entities. There were no joint ventures.

#### 1.3. Capital Group's duration

The Capital Group's duration is indefinite.

#### **1.4. Composition of the Parent Company's Management Board and Supervisory Board**

As at the date of the present report, the Parent Company's Management Board consists of:

- Józef DUDA – President of the Management Board;
- Stanisław DUDA – Vice President of the Management Board;

The President and Vice-President of the Management Board are each independently authorized to submit and sign statements on behalf of the Parent Company. The Management Board's term of office runs from 24<sup>th</sup> May 2022 to 24<sup>th</sup> May 2027.

As at the date of the present report, the Parent Company's Supervisory Board consists of:

- Wiesław WASZKIELEWICZ
- Łukasz DUDA
- Anna GOTZ
- Jakub SZYMCZAK
- Edyta GŁOMBK

Until the preparation and approval for publication date of the present financial statements, there were no changes in the composition of the Parent Company's Management Board and the Supervisory Board.

#### **1.5. Consolidated financial statements approval date**

The present consolidated financial statements were approved for publication and signed by the Parent Company's Management Board on 19<sup>th</sup> March 2025.

The Management Board members have the right to amend the financial statements after their publication.

#### **1.6. Discontinued operations, assets for disposal**

The Parent Company's Management Board declares that no operations were discontinued. There are no assets or groups of assets held for disposal or related to discontinued operations, and there are no revenues or costs related to discontinued operations.

#### **1.7. Going concern**

The present consolidated financial statements were prepared on the assumption that the Capital Group's companies will continue as going concerns in an unchanged form and line of business for a period of at least 12 months from the end of the reporting period and moreover, there are no indications of deliberate or forced discontinuation or significant limitation of its current activities. As at the date of the financial statements signing, the Parent Company's Management Board has not stated any facts or circumstances that would indicate a hazard to the continuation of the Capital Group's operations in the foreseeable future.

#### **1.8. Basis for the consolidated financial statements preparation and presentation**

The present consolidated financial statements of PATENTUS S.A. Capital Group were prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and related interpretations published in the form of regulations of the European Commission (hereinafter referred to as IFRS).

The present consolidated financial statements were prepared in accordance with the historical cost principle (adjusted for impairment losses), except for investment property, land, and available-for-sale financial assets which are measured at fair value.

The Parent Company exercised its right pursuant to § 10 of IAS 1 and did not change the names of the components of the full financial statements. Therefore:

- The term "Balance Sheet" is used instead of "Statement of Financial Position";
- The term "Statement of Changes in Equity", is used instead of "Statement of Changes in Equity for the period";
- The term "Cash Flow Statement" is used instead of "Statement of Cash Flows";
- "Statement of Comprehensive Income" consists of two elements, "Profit and Loss Statement" and separate "Statement of Comprehensive Income"

## **1.9. Functional currency and presentation currency of the financial statements, fiscal year**

The functional and presentation currency of the Capital Group's consolidated financial statements is the Polish zloty (PLN).

Financial data in the financial statements is disclosed in thousands of zlotys (PLN thousand), unless in specific situations it was necessary to indicate them with greater accuracy.

The fiscal year of the Capital Group corresponds to the calendar year.

## **1.10. Statement of the Parent Company's Management Board on the compliance with IFRS**

The Parent Company's Management Board declares, that the consolidated financial statements of the PATENTUS S.A. Capital Group were prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and related interpretations published in the form of regulations of the European Commission.

## **2. Description of the most important applied accounting principles (policy)**

### **2.1. Application of IFRS**

Approved by the IASB for application after 1<sup>st</sup> January 2024.

Amendments to IFRS 16 *Leases* – lease liabilities in sale and leaseback transactions

Amendments to IAS 1 *Presentation of Financial Statements* – classification of liabilities as short-term or long-term

Amendments to IAS 7 *Cash Flow Statement* and IFRS 7 *Financial Instruments – Disclosures* – financing arrangements for liabilities to suppliers

Approved by the IASB for application after 1<sup>st</sup> January 2025.

Amendments to IAS 21 *The Effects of Foreign Exchange Rates Fluctuations* – no convertibility

Approved by the IASB for application after 1<sup>st</sup> January 2027.

IFRS 18 *Presentation and Disclosures in Financial Statements*

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Amendments rejected or deferred by the EU (approved by the IASB for application after 1<sup>st</sup> January 2016)

IFRS 14 *Regulatory Accruals*

Amendments to IFRS 10 *Consolidated Financial Statements* and to IAS 28 *Investments in Associates and Joint Ventures* in the scope of sales or transfers of assets between an investor and its associates or joint ventures.

The Parent Company's Management Board expects that the application of the aforementioned standards and interpretations will not have a significant impact on the financial statements in the period of their initial application.

The Parent Company's Management Board does not provide for the possibility of earlier application of standards, amendments to standards and interpretations.

## **2.2. Changes in the applied accounting principles**

The accounting principles (policies) applied to prepare the financial statements are consistent with those applied in the preparation of the Capital Group's financial statements for 2023.

The company has changed its methods for preparing cash flows, now basing them on gross profit instead of net profit. The present financial statements disclose adjusted comparative data. The amounts of the items that were subject to reclassification did not constitute significant values.

## **2.3. Foreign currency transactions and valuation of items denominated in foreign currencies**

Business transactions denominated in foreign currencies are recognized in the accounting records on the day they are performed, using the following exchange rates:

- The actual exchange rate applied on that date, resulting from the nature of the transaction – in the case of currency sale or purchase, and the payment of receivables or liabilities,
- The average rate set for the given currency by the National Bank of Poland on the day preceding the transaction date, unless a different exchange rate for the remaining transactions was set in the customs declaration or in another document binding the Company.

Items of assets and liabilities denominated in foreign currencies are valued as of the balance sheet date according to the average exchange rate published for the given currency on the balance sheet date by the National Bank of Poland.

Exchange rates published by the National Bank of Poland for the given currency as of the balance sheet date are disclosed in the section *Selected Financial Data Converted into Euro (EUR)*.

Exchange differences arising from the settlement of transactions denominated in foreign currencies, as well as arising from the balance sheet valuation of assets and liabilities items denominated in foreign currencies and related to the core (operating) activity of the Capital Group are recognized as financial costs or revenues.

## **2.4. Tangible fixed assets**

Tangible fixed assets are considered fixed assets that meet the following criteria:

- Held by the Capital Group for use in the production process, the supply of goods and services, for administrative purposes, or partially rented to other entities,
- Expected to be used for longer than one year period,
- It is probable that the Capital Group will obtain economic benefits related from the asset in the future, and
- The value can be reliably determined.

Tangible fixed assets include, among others:

- Own land,
- Buildings, civil engineering structures, and separately owned premises,
- Machinery, equipment, means of transport,
- Other movable fixed assets,
- Improvements to third party fixed assets,
- Fixed assets under construction, assembly, or improvements to existing fixed asset.

Tangible fixed assets also include fixed assets used to protect the environment or ensure the safety of people and property.

As of the date of initial recognition, tangible fixed assets are valued at their purchase price or production cost. The purchase price / production cost includes the costs of external financing incurred to finance the purchase or production of a fixed asset (in accordance with IAS 23 updated in 2007).

Due to the initial application of IFRS, as of 1<sup>st</sup> January 2004, the fair value was assumed for fixed assets as corresponding to the assumed cost of fixed assets (in accordance with IFRS 1, §16).

Subsequent expenditures are included in the carrying amount of the given fixed asset or recognized as a separate fixed asset (where appropriate), only when it is probable that economic benefits will flow to the Capital Group, and the cost of the item can be reliably measured. All other expenses for the repair and maintenance of fixed assets are charged to the Profit and Loss Statement in the fiscal period in which they were incurred.

The perpetual usufruct of land, acquired on the secondary market, is disclosed in the balance sheet under the 'perpetual usufruct' item. As at the balance sheet date, perpetual usufruct of land is measured using the revaluation model (in accordance with IAS 16 §31 et seq.). The revalued value of perpetual usufruct of land corresponds to its fair value at the revaluation date. Fair value is determined on the basis of a valuation conducted by a professional appraiser.

As at the balance sheet date, tangible fixed assets classified as "land" are measured using the revaluation model (in accordance with IAS 16 §31 et seq.). The revalued value of tangible fixed assets included in this group is their fair value as at the revaluation date, less the amount of any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Fair value is determined on the basis of a valuation conducted by a professional appraiser. The frequency of revaluations depends on changes in the fair value of the revalued items of tangible fixed assets. If the fair value of revalued asset differs significantly from its carrying amount, another revaluation is required. If the item of tangible fixed assets is revalued, the entire group of tangible fixed assets to which the asset belongs is revalued. If an asset's carrying amount increases as a result of revaluation, the increase should be credited directly to other equity as 'revaluation reserve'. The revaluation reserve is adjusted by the value of the provision for deferred income tax. The revaluation reserve included in equity can be transferred directly to the equity item "retained earnings" when the corresponding asset is removed from the Balance Sheet.

As at 28<sup>th</sup> June 2011, an independent property appraiser estimated the market value of the perpetual usufruct to land, buildings, structures and other tangible fixed assets, which was acquired by the Subsidiary of the trustee. Results of the acquired tangible fixed assets revaluation were disclosed in the revaluation reserve.

If the item of tangible fixed assets is revalued, the depreciation at the revaluation date is eliminated from the gross carrying amount of the asset, and the net carrying amount is adjusted to the revalued amount of the asset.

Tangible fixed assets included in other generic groups, i.e. buildings and structures, machinery and equipment, means of transport, other movable fixed assets, improvements in third party fixed assets, fixed assets under construction,

assembly or improvement to existing fixed asset – are valued at the balance sheet date at their purchase price or production cost, less accumulated depreciation and impairment losses.

Land and the perpetual usufruct of land, in line with the adopted accounting principles, are not depreciated.

Depreciation write-offs of fixed assets are calculated using the straight-line method over the expected useful life of the given fixed asset.

Useful lives of tangible fixed assets have been assumed in the following time ranges:

- Buildings and civil engineering structures: 11-70 years,
- Machinery and equipment: 4-13 years,
- Means of transport: 6-15 years,
- Other tangible fixed assets – useful life is determined individually for each component of tangible fixed assets.

The aforementioned useful life periods apply to new fixed assets. If a used fixed asset is brought into operation, the depreciation rates are determined individually, corresponding to the expected useful life of the given fixed asset. The basis for calculating depreciation is the initial value.

For the Capital Group's fixed assets in use, no significant items of fixed assets (components), with the useful life different from the useful life of the entire fixed asset, were identified.

Depreciation begins when the fixed asset is available for use and is discontinued on the earlier of two dates: when the fixed asset is classified as held for sale (or included in a group for disposal, which is classified as held for sale) in accordance with IFRS 5 *Fixed Assets Held for Sale and Discontinued Operations* or when it is removed from the balance sheet records. Depreciation methods, rates, and residual value are verified at each balance sheet date. Any changes resulting from the verification are recognized as change in estimates.

Impairment losses are made to the level of their recoverable amount, if the carrying amount of the given fixed asset (or cash-generating unit to which it belongs) is higher than its estimated recoverable amount. Impairment test is performed and any potential impairment losses are recognized in accordance with the principles set out in the section *Impairment of Non-Financial Assets*.

Fixed assets are derecognized when they are sold or when no further economic benefits are expected from their use or disposal. Gains or losses from derecognition of tangible fixed assets are calculated as the difference between the net sales proceeds and the carrying amount of these fixed assets and are recognized in the Profit and Loss Statement.

## **2.5. Lease**

Lease is classified as a finance lease if it transfers substantially all the risks and benefits incidental to the underlying asset's ownership.

Finance lease to the leaseholder

Finance lease agreement's object is recognized by the leaseholder in books of account as a fixed assets item as of the lease commencement date at fair value of the leased object or the present value of the minimum lease payments, and on the other side as a financial liability. The leaseholder also makes depreciation charges on the leased object.



Each lease payment shall be divided into an amount reducing the liability balance and the amount of financial costs in such a way as to maintain a constant rate in relation to the outstanding part of the liability. The interest component of the lease instalment is recognized as a financial cost in the Profit and Loss Statement over the lease term, in such a way, as to obtain a constant periodic interest rate for each period in relation to the outstanding part of the liability. Assets subject to depreciation, acquired under finance leases are depreciated in accordance with the principles described for tangible fixed assets.

#### Finance lease from the lessor

In case where the Capital Group concludes finance lease agreements and acts as a lessor, the receivables shall be recognized in the Balance Sheet assets at an amount equal to the net investment in the lease.

The Parent Company, as a manufacturer of machines covered by finance lease agreement, shall recognize profit or loss on sale in the given period in accordance with the principles applied in case for ordinary sales. Costs incurred in the manufacture of the machine, as well as other costs incurred in connection with negotiations and activities leading to the conclusion of the lease agreement, are recognized as costs upon recognition of the profits on sale.

Financial revenue throughout the term of the finance lease agreement is recognized in a manner that reflects a constant periodic rate of return on the net investment in the lease.

## 2.6. Investment property

Investment property refers to property that the Capital Group treats in entirety as a source of income from rents or keeps in possession due to the increase in their value, or both of these benefits together.

Investment property is initially recognized at purchase price or manufacturing cost. The valuation takes into account the transaction costs and any external financing costs incurred to finance the acquisition.

On subsequent balance sheet days, investment property is measured at fair value. Any profit or loss resulting from changes in the fair value of investment property affects the net profit or loss in the period in which the change occurs.

Investment property shall be derecognized from the Balance Sheet upon its disposal or in the event of its permanent withdrawal from use, provided no future benefits are expected from its disposal.

Investment property is measured according to the International Valuation Standards. Market value reflects the collective perception and operation of the market and is the basis for estimating the value of most resources in a market-based economy. Market value (or professional opinion on market value) is defined as: the estimated, expected amount for which a specific property should be exchanged on the valuation date, between a willing buyer and a willing seller, in a transaction in which the parties are not specifically interdependent, after appropriate recognition of the market in which each party is well-informed about the essential features affecting the transaction value, acts comprehensively, prudently and without coercion.

In accordance with the International Valuation Standards, market value is determined using the following valuation methods:

- Comparative Approach – condition of application – necessary selection of comparable and other transactions, market comparisons based on market observation;
- Income Capitalization Approach, including discounted cash flow analysis – condition of application – market-driven information on rental rates and rates of return;
- Cost Approach – condition of use – the construction costs and consumption should be determined on the basis of market analysis, cost estimates and actual consumption;

The valuation principles in force in IAS are distributed on three levels. The first level of the International Valuation Standards consists of three fundamental standards:

- IVS 1. Market Value as the Basis of Valuation,
- IVS 2. Non-market Values as the Basis of Valuation,
- IVS 3. Property Appraisal.

Next level is called Application of International Valuation Standards [AIVS] and deals with the rules for applying the IVS in specific situations. This level is divided as follows:

- AIVS 1. Valuation for Financial Statement Purposes,
- AIVS 2. Valuation for Credit Purposes.

Third level of the IVS contains interpretative guidance where the appraiser learns about the details of solving problems and issues that may arise during the valuation. The current edition of the IVS contains 14 interpretative guidelines.

The concept of market value according to the IVS reflects the overall concept of market functioning and is the basis for the valuation of most resources in market economies, and the definition is simple and rigorous. Fair value is defined in IFRS as the amount for which an asset could be exchanged under market conditions or the amount for which a liability could be settled between willing and well-informed parties to the transaction (IAS 16, point 6). The concept of fair value is used to denote both market and non-market values in financial statements. In the Balance Sheet, an asset is recognized at fair value after deducting depreciation (amortization) and the total amount of impairment losses (IAS 36, point 6). Where the market value of an asset can be determined, it is considered to be equal to its fair value. Application of the fair value model requires constant and ongoing updating of values. At initial recognition, fair value is used when applying the revaluation model (IAS 16, point 31)

Therefore, the fair value of an individual asset is based on its market value.

The definition of market value included in the National Standards and in the Property Management Act corresponds with the one defined in IAS.

Market value of the property, in accordance with Art. 151 of the Property Management Act and the Professional Standards of Property Appraisers, is the most probable price that can be obtained on the market, assuming the following: the parties to the agreement were independent of each other, did not act under compulsion and had a firm intention to conclude an agreement, the necessary time to display the property on the market has expired to negotiate the agreement terms.

The Company has distinguished from the group of fixed assets property which is fully leased to other entities and meets the definition of investment property (§5 of IAS 40 *Investment Property*). Pursuant to the IVS, the market value of such property is measured at fair value using the income capitalization method (identical to the investment method, the net simple capitalization technique according to the Property Management Act and national standards).

## **2.7. Intangible assets**

Identifiable non-monetary assets without physical substance are considered intangible assets. In particular, intangible assets include:

- Acquired computer software,

- Acquired property rights – such as costs of development works, copyrights, related rights, licenses, concessions, rights to inventions, patents, trademark rights, utility models and ornament design.

Intangible assets are valued at purchase cost, less the cumulative amount of depreciation and the accumulated amount of impairment losses.

The costs of completed development works are also included in intangible assets. These costs of completed development works carried out by the entity for its internal needs, incurred before starting production or applying technology, are classified as intangible assets, if:

- 1) The product or manufacturing technology is strictly defined, and the related development costs are reliably determined,
- 2) The technical feasibility of the product or technology has been established and properly documented, leading the entity to decide to manufacture the products or use the technology,
- 3) Development works costs will be covered, as expected, with revenues from the sale of these products or the application of this technology.

The above translates that only when the aforementioned criteria are met, the costs of completed development works can be capitalized as intangible assets.

Until the development works are completed and the aforementioned conditions are met, incurred development works costs are recognized in the Balance Sheet as development works in progress.

The costs of completed development works are amortized over the period of economic usability of development works results. If, in exceptional cases, it is impossible to reliably estimate the useful life of these works' results, the amortization period may not exceed 5 years.

Unsuccessful development works, which did not bring the intended results or development works completed with a positive result but not implemented for various reasons, are charged to the financial result in the year of their completion. These costs are recognized as other operating expenses.

Amortization of intangible assets is calculated using the straight-line method over the period of expected useful life, which for individual types of intangible assets is as follows:

- Computer program licenses and computer software licenses – 1-2 years. In justified cases, the expected useful life period of a license may be extended to 20 years.
- Development works costs – 2-5 years.

The Capital Group does not hold any other intangible assets with indefinite useful lives. Intangible assets that have not yet been put into use are not amortized until they are settled in other groups of intangible assets. These types of intangible assets are subject to mandatory annual impairment tests.

Amortization begins when the intangible asset is available for use. Depreciation of intangible assets is discontinued at the earliest of the following dates: when the intangible asset is classified as held for sale (or included in a group for disposal, which is classified as held for sale) in accordance with IFRS 5 *Fixed Assets Held for Sale and Discontinued Operations* or is removed from the balance sheet records.

For the intangible assets owned by the Capital Group, it was assumed that the residual value is equal to zero.

The amortization method and rate are verified at each balance sheet date. Any changes resulting from the verification are recognized as changes in estimates.

Intangible assets are tested for impairment in accordance with the principles outlined in the section *Impairment of Non-Financial Assets*.

An item of intangible assets is derecognized from the balance records when it is sold or when no further economic benefits are expected from its use or disposal. Profits or losses on the derecognition of intangible asset are determined as the difference between the fair value of proceeds from sale (if any) and the carrying amount of these intangible assets and are recognized in the Profit and Loss Statement.

## **2.8. Capital investments**

### **Subsidiaries**

In the consolidated financial statements of the PATENTUS S.A. Capital Group subsidiaries are recognized as entities over which the Group has the power to govern their financial and operating policies in order to obtain benefits from their activities. Such management is typically exercised through a majority in the total number of votes in the governing bodies of these entities, i.e. their Management Boards and their Supervisory Boards. When assessing whether the Group controls a given entity, the existence and impact of potential voting rights that can be exercised or converted at the given moment are considered.

The carrying amount of the Capital Group's investment in the subsidiary is excluded, respectively, with the subsidiary's equity. Transactions, settlements, revenues, costs, and unrealized profits included in assets, arising from transactions between the Group's companies, are subject to elimination. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

In the event of a non-controlling interest in the net assets of consolidated subsidiaries, it is recognized under equity under a separate item.

Subsidiaries cease to be consolidated on the date that control ceases.

### **Associated entities**

Associated entities are those over which the Capital Group exercises significant influence, but does not exercise control, participating in determining both the financial and operating policies of associated entity, usually through holding between 20% and 50% of the total number of votes in its governing bodies or by having other ability that could otherwise affect the entity's operations.

Investments in associated entities do not occur in the consolidated financial statements.

## **2.9. Impairment of non-financial assets**

As at each balance sheet date, the Capital Group reviews the carrying amount of fixed assets in order to determine whether there are any premises indicating the possibility of their impairment. If the existence of such indications is found, the recoverable amount of the given asset is estimated in order to assess any potential impairment loss.

When the asset does not generate cash flows that are largely independent of the cash flows generated by other assets, the analysis is performed for the group of cash flow generating assets to which the given asset belongs. The recoverable amount is determined as the higher of the two values, i.e. the fair value less selling costs or the value in use, which corresponds to the current value of the estimated future cash flows discounted using a discount rate that reflects the current market value of money over time and specific risks, if any for the given asset.

If the recoverable amount is lower than the net book value of the asset or group of assets, the book value is reduced to the recoverable amount. The resulting loss is recognized as an expense in the period in which the impairment occurs.

In the event of an impairment reversal, the net value of the asset is increased to the new estimated recoverable amount, but not higher than the net value of this asset, that would have been determined if the impairment had not been recognized in previous periods. Reversal of impairment is recognized in the period in which the circumstances causing permanent impairment cease to exist.

As at 31<sup>st</sup> December 2016, the Group conducted an impairment test for tangible fixed assets and intangible assets, taking into account the provisions of IAS 36.

Recoverable amount of significant items of tangible fixed assets in the Parent Company was estimated based on the fair value less costs to sell assets. An authorized property appraiser estimated the fair value of the property (perpetual usufruct of land together with buildings) and significant movables (machines and devices with a carrying amount of over PLN 100 thousand net) as at 31<sup>st</sup> December 2016. Fair value of property and significant movables estimated by an appraiser was then decreased by the estimated selling costs. In this way, the estimated fair value of property and significant movables is higher than the carrying amount.

Subsidiaries also performed an asset impairment test. Recoverable amount in these companies was estimated based on the fair value less costs to sell assets. An authorized property appraiser estimated the fair value of the property (perpetual usufruct of land together with buildings) and significant movable property (machinery and equipment with a carrying amount of over 10 thousand PLN) as at 31<sup>st</sup> December 2016. Fair value of property and significant movables estimated by an appraiser was then decreased by the estimated selling costs. In this way, the estimated fair value of real estate and significant movables is higher than the carrying amount.

The results of the tests performed show that there is no need to make revaluation write-offs related to the possible impairment of tangible fixed assets and intangible assets shown in the consolidated balance sheet at the end of the fiscal year.

## 2.10. Financial assets

The Company classifies financial assets into appropriate categories depending on the business model of financial asset management and the characteristics of contractual cash flows of the given financial asset. The classification is made upon the initial recognition of the financial assets. Following qualification applies to the valuation and not the presentation of financial assets in the financial statements.

The principles of financial assets classification into particular categories and their valuation:

- Valued at amortized cost,
- Valued at fair value through other comprehensive income,
- Valued at fair value through profit or loss.

**Financial assets measured at amortized cost** are debt instruments held to collect contractual cash flows that consist solely of principal and interest payments. The Company classifies trade receivables, granted loans, other financial receivables, and cash and cash equivalents as assets measured at amortized cost. Financial assets are measured at amortized cost using the effective interest rate method. After initial recognition, trade and service receivables are measured at amortized cost using the effective interest method, taking into account impairment losses, while trade receivables with maturity date of less than 12 months from the date they arose (i.e. with no financing element) and not factored, are not discounted and are measured at nominal value.

**Financial assets measured at fair value through other comprehensive income include:**

- Debt instruments, of which the cash flows are solely payments of principal and interest, and which are held to collect contractual cash flows and for sale;
- Investments in equity instruments. Changes in the carrying amount are recognized in other comprehensive income, except for impairment profits and losses, interest income and foreign exchange differences and dividends, which are recognized in the Profit and Loss Statement. At the initial recognition, the Company classifies shares and interests in other entities as assets measured at fair value through other comprehensive income.

**Financial assets measured at fair value through profit or loss** are financial instruments that do not meet the criteria of valuation at amortized cost or at fair value through other comprehensive income. The Company classifies as assets measured at fair value through profit or loss derivative instruments, trade receivables subject to factoring, when the terms of the factoring agreement result in the derecognition of receivables and loans that do not meet the SPPI and dividend test. IFRS 9 did not change the classification of financial liabilities.

## **2.11. Derivatives and hedging instruments**

Derivatives are recognized and measured at fair value as at the balance sheet date. The methods for recognizing profit and loss from these instruments depend on whether the given instrument has been designated as hedging instrument and on the nature of this hedge. The given instrument may be designated as a fair value hedge, a cash flow hedge or a foreign investment hedge.

The Capital Group did not conclude any derivative or hedging transactions.

## **2.12. Inventory**

Inventory includes assets held for sale in the ordinary course of business, in the process of production, intended for sale, and in the form of materials or raw materials consumed in the production process or in the course of rendering services. Inventory comprises materials, goods, work in progress, and finished products.

Materials and goods are valued at purchase prices as at the balance sheet date. As at the balance sheet date, materials intended for sale and goods for resale are valued no more than their net selling price.

Write-downs for materials and goods resulting from the valuation at net selling prices are included in other operating costs and selling costs, respectively.

Semi-finished products and work in progress are valued at manufacturing cost.

The manufacturing cost of finished products, semi-finished products, and work in progress includes: costs directly related to the product unit and appropriately assigned variable and fixed indirect production costs. Fixed indirect production costs are assigned assuming the normal level of production capacity utilization. As at the balance sheet date, the products are not valued higher than their net selling prices.

Write-downs revaluing finished and semi-finished products are written off against the manufacturing costs of the products sold.

Inventory is dispensed according to the FIFO principle ("first in – first out"), and only in justified cases by means of detailed identification of the actual prices (costs) of these assets that relate to strictly defined projects, regardless of the date of their purchase or production.

## **2.13. Trade receivables and other receivables**

Trade receivables are financial receivables arising from the core operating activities of the Capital Group.

Other receivables include:

- Other financial receivables, i.e. receivables that meet the definition of financial assets, including deposits over 3 months, receivables from the settlement of derivative financial instruments, commercial securities and debt financial instruments over 3 months classified as loans and receivables, dividend receivables, interest on receivables, advances, other financial receivables;
- Other non-financial receivables, including advances (for supplies and fixed assets, for fixed assets under construction, for intangible assets), receivables from the Social Fund, tax receivables, other non-financial receivables. Advances for fixed assets, fixed assets under construction, and intangible assets are disclosed in the group of fixed assets;
- Accruals.

Receivables are initially recognized at fair value. When normal payment terms (from 14 to 90 days) are applied, recognized in practice in the market for similar transactions, the fair value is deemed to be their nominal value arising on the date the revenue is recognized.

As at the balance sheet date, other financial receivables with a maturity period longer than 3 months from the balance sheet date and trade receivables with maturity period exceeding 12 months from the balance sheet date are measured at amortized cost based on the effective interest rate, in line with the prudence principle. The value of receivables is adjusted to reflect the degree of probability of their payment by making a write-down in relation to receivables:

- From debtors in liquidation or bankruptcy – up to the amount of receivables not covered by the collateral,
- From debtors in the event of dismissal of the bankruptcy petition – 100% of the receivables,
- For disputed receivables or for where the debtor is in arrears with payment, and the payment of the receivables is not probable – up to the amount of receivables not covered by the collateral,
- Being the equivalent of the amounts increasing the receivables – up to these amounts,
- For overdue or non-overdue with a high probability of uncollectability – according to an individual assessment.

Write-downs of the value of receivables are recognized as other operating costs or financial costs depending on the type of receivable to which the write-down relates. Receivables denominated in foreign currencies are recognized in the books and measured as at the balance sheet date in accordance with the principles described in section 2.2. *Foreign Currency Transactions and Measurement of Items Denominated in Foreign Currencies*.

## **2.14. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank deposits payable on demand, other short-term investments with an original maturity date up to three months from the date of their establishment, receipt, purchase or issuance and with high liquidity.

Cash and cash equivalents are measured at nominal value. Cash and cash equivalents denominated in foreign currencies are recognized in the books and measured as at the balance sheet date in accordance with the principles described in point 2.2. *Foreign Currency Transactions and Measurement of Items Denominated in Foreign Currencies*. For the purposes of the Cash Flow Statement, cash and cash equivalents are defined in the same manner as for the purposes of their recognition in the Balance Sheet.

## **2.15. Fixed assets (or disposal groups) held for sale**

Fixed assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through sales transactions rather than continued use, provided that they are available for immediate sale in their present condition, subject to customary conditions used in the sale of such assets (or disposal groups) and their sale is highly probable.

Immediately before the initial classification of the asset or disposal group as held for sale, these assets are measured, i.e. their carrying amount is determined in accordance with the provisions of the relevant standards. Tangible fixed assets and intangible assets are amortized until the date of reclassification, and in the event of any indications of possible impairment, an impairment test is performed and, consequently, the impairment loss is recognized, in accordance with IAS 36 *Impairment of Assets*.

Fixed assets (or disposal groups), whose value has been determined as above, are subject to reclassification into assets held for sale. At the time of reclassification, these assets are measured at the lower of the two values: the carrying amount or the fair value, less the disposal costs. Any difference arising from the measurement to fair value is recognized in other operating expenses. Upon subsequent valuation, any reversal of an impairment loss to fair value is recognized in other operating income.

## **2.16. Equity**

The Company's equity has been divided in accordance with IAS 1 *Presentation of Financial Statements* into the following categories:

- Share capital of the Parent Company, recognized at nominal value;
- Supplementary capital arising from the sale of shares above their nominal value. In this item, in accordance with Art. 396 § 2 of the Commercial Companies Code, the surplus arising from the sale of shares above their nominal value is recognized, reduced by the costs related to the share capital increase.
- Revaluation reserve. This item recognizes the capital from revaluation of tangible fixed assets to the fair value, net of provisions for deferred income tax settled with equity;
- Retained earnings, which include:
  - Undistributed profit or unabsorbed loss from previous years;
  - Supplementary capital – created from profit in accordance with the requirements of Art. 396 § 1 of the Commercial Companies Code;
  - Supplementary capital created in accordance with the Articles of Association – created from profit in accordance with the Articles of Association of companies within the Group
  - Net profit (loss) for the current financial period.

The Parent Company's Articles of Association provide for creation of reserve capital for the dividend payments to shareholders and establishment of other special funds. In the current period, the Parent Company did not create any reserve capital or other special purpose funds.

## **2.17. Liabilities**

Liabilities are obligations to provide services of reliably determined value, arising from past events, which will result in the use of existing or future assets. The valuation of liabilities depends on their classification into one of the following categories listed below:



- Financial liabilities at fair value through profit or loss. This category includes liabilities that meet the criteria for trading liabilities and those containing embedded elements. The Company has no such liabilities.
- Other liabilities. Two types of liabilities can be distinguished in this category: financial liabilities and liabilities not classified as financial liabilities.

Financial liabilities are initially recognized at fair value less direct transaction costs. When normal payment terms are applied, as accepted in practice in the market for similar transactions, the fair value is deemed to be their nominal value arising on the liability recognition date. As at the balance sheet date, financial liabilities are measured at amortized cost based on the effective interest rate. An exception is made for bank overdrafts for which repayment schedules have not yet been determined. In the case of this type of loans, the costs related to its launch and other fees are charged to the financial costs using the straight-line method at the time they are incurred. The group of other financial liabilities includes:

- Liabilities arising from credits and loans,
- Liabilities arising from finance lease,
- Trade liabilities,
- Liabilities to be paid for goods or services received or performed but not yet invoiced, short-term provisions for unused leave, other accrued costs representing liabilities estimated on the basis of concluded contracts or other reliable estimates (accruals),
- Other financial liabilities (e.g., liabilities arising from personal remuneration, liabilities arising from overdue payment of trade liabilities and other liabilities, etc.)

Liabilities not classified as other financial liabilities are measured at the amount due. This category includes:

- Liabilities arising from taxes, fees, duties, social and health insurance and other public and legal obligations,
- Advances received to be settled by the physical delivery of finished products / goods or the performance of services, and liabilities arising from special funds,
- Deferred income, including funds received to finance the acquisition or construction of fixed assets and the purchase of finished fixed assets. The method of settling received subsidies is described in the section *Government subsidies*.

Liabilities denominated in foreign currencies are recognized in the books and measured as at the balance sheet date in accordance with the principles described in the section *Transactions in Foreign Currencies and Measurement of Items Denominated in Foreign Currencies*.

## **2.18. Government subsidies**

Cash subsidies are recognized at their nominal value. Government subsidies related to assets, including those from European Union structural funds, are recognized in the balance sheet as deferred income in the group of long-term liabilities. The part of the subsidy to be settled within the period of 12 months after the balance sheet date is recognized as deferred income in the group of short-term liabilities. Government subsidies are not recognized until there is sufficient certainty that the entity will meet the subsidy conditions and that the subsidies will be received. Government subsidies shall be recognized systematically as income over the periods necessary to match them with the related depreciation costs.

The Parent Company also receives subsidies to reimburse the costs of remuneration and benefits for employees with disabilities. Such subsidies are fully recognized upon their maturity and disclosed in the Profit and Loss Statement under other operating income.

Additionally, the Parent Company receives subsidies for research and development expenses funded by the EU under concluded agreements. Such subsidies were described in detail in section 4.9.

Subsidies received as advance payments for expenses that will be incurred in the future are classified as deferred income in the group of short-term liabilities and accounted for in proportion to the expenses incurred in each accounting period, as well as in proportion to the degree of reimbursement of these expenses by including them to other operating income with the simultaneous adjustment of tax costs.

In accordance with IAS 20§. 28, the amounts of received subsidies are recognized in a separate item of the Cash Flow Statement under financing activity.

## **2.19. Income tax and deferred income tax**

Income tax in the Profit and Loss Statement includes both current income tax and deferred income tax.

Current income tax is calculated in accordance with the current tax regulations.

Deferred income tax is determined using tax rates and tax regulations that are expected to apply when the asset is realized or the liability is settled.

Deferred income tax is recognized in the Profit and Loss Statement of the given period, except when deferred tax relates to transactions or events recognized directly in equity – in such cases, deferred tax is also recognized in the appropriate equity item.

Deferred tax is calculated using the balance sheet method as a tax to be paid or tax recoverable in the future, based on the differences between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the tax base. A provision for deferred tax is created from all taxable positive temporary differences, whereas a deferred tax asset is recognized to the amount in which it is probable that it will be possible to reduce future tax profits by the recognized negative temporary differences.

Deferred income tax assets value is subject to analysis for each balance sheet date, and if the expected future tax profits will not be sufficient to realize the asset or its part, it is written down.

The basis for deferred tax assets recognition, apart from negative differences, is additionally influenced by unsettled tax losses and unutilized tax exemptions that can be deducted in subsequent periods. In such cases, deferred tax assets are recognized to the extent that it is probable that deferred taxable profit will allow the deduction of tax losses and unutilized tax exemptions to be carried forward to subsequent periods.

## **2.20. Provisions and employee benefits**

Provisions are created when the following conditions are met: the Capital Group's companies have an existing legal or customary obligation resulting from past events, and when it is probable that the fulfillment of this obligation will result in an outflow of resources representing economic benefits and it is possible to make a reliable estimate of the amount of this obligation.

Provisions are measured at the amount recognized as the most appropriate estimate of the expenditure required to meet the present obligation as at the balance sheet date. If the impact of changes in the value of money over time is significant, the provision amount is determined by discounting projected future cash flows to present value, using

a discount rate that reflects current market assessments of the value of money and the risk associated with the given liability.

Pursuant to the requirements of IAS 1, provisions in the balance sheet are disclosed as short-term and long-term.

Provisions may be created in particular for the following titles:

- Employee benefits and related
- Effects of pending court proceedings and disputes;
- Guarantees and sureties granted.

Regarding employee benefits, the Capital Group is not a party to any wage bargaining agreements or collective employment agreements. The Capital Group also does not have any pension programs managed directly or by external funds. Employee benefits costs include salaries payable in accordance with the terms of employment contracts concluded with individual employees and costs of retirement benefits (retirement severance pay, disability severance pay, posthumous severance pay) paid to employees in accordance with the provisions of law after the employment period. Liabilities related to short-term employee benefits are valued according to general principles and recognized in other liabilities item. Provisions for liabilities arising from retirement benefits (retirement severance pay) are estimated at the present value of the obligation due to defined benefits as at the balance sheet date, considering actuarial gains and losses, as well as past employment costs. Defined benefit liabilities are calculated annually by independent actuaries using the Projected Unit Credit Method.

## **2.21. Profit and Loss Statement**

The Consolidated Profit and Loss Statement is prepared using the multiple-step format.

## **2.22. Revenue**

Sales revenue is recognized at the fair value of the consideration received or receivable, less VAT, rebates and discounts.

Revenue from the sale of finished products, goods for resale, and materials is recognized when:

- The Company has transferred significant risks and rewards of ownership of goods, finished products and materials to the buyer,
- The amount of revenue can be reliably measured,
- There is a probability that the Capital Group will obtain economic benefits from the transaction,
- The costs incurred, and those that will be incurred by the Capital Group in connection with the transaction can be measured reliably.

Revenue from the rendering of services is recognized when:

- The amount of revenue can be reliably measured,
- There is a probability that the Capital Group will obtain economic benefits from the transaction,
- It is possible to reliably determine the stage of transaction completion as at the balance sheet date,

- The costs incurred in connection with the transaction and the costs of completing the transaction can be measured reliably.
- Settlement periods have not been established; instead, a single payment has been determined for the entire duration of the agreement. Taxable income will arise based on general principles on the date of invoice issuance, payment receipt, or service performance. From an accounting perspective, for immaterial amounts, accounting income will be recognized on the date the taxable income arises.
- Settlement periods have been established, e.g., quarterly, taxable income will arise at the end of each quarter. From an accounting perspective, however, revenues are recognized through deferred income.

Other operating income includes revenues and profits not directly related to operating activities. This category includes profits from the sale of tangible fixed assets, revaluation of investments in property, received subsidies, received compensations related to the reimbursement of court costs, overpaid tax liabilities and received compensation for losses in the Capital Group's property covered by insurance. Other operating income also includes the reversal of impairment losses on receivables, inventory and the reversal of impairment losses on fixed assets.

Financial income include interest on bank deposits, interest on overdue payment of receivables, write-downs of interest receivables and profits from exchange rate differences.

Interest income is recognized on an accrual basis, taking into account the effective interest rate method.

## **2.23. Costs**

Costs are considered to be the probable decrease in economic benefits throughout the reporting period, of a reliably determined value, in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions, which will lead to a decrease in equity or an increase in its deficit, other than the withdrawal of funds by the owners.

Costs are recognized in the Profit and Loss Statement on the basis of a direct relationship between the costs incurred and the generation of specific revenue, i.e. applying the proportionality principle through the prepayment and accrued costs statement.

The cost account is presented by type and by cost centers, with the multiple-step variant as the basic cost reporting system in the Profit and Loss Statement.

The total cost of products, goods, and materials sold includes:

- The manufacturing cost of products sold,
- The value of goods and materials sold,
- Distribution costs,
- General and administrative expenses.

Costs of the reporting period, influencing the financial result in the period include other operating costs and financial costs.

Other operating costs include the costs and losses not directly related to operating activities. This category includes losses on the sale of tangible fixed assets, donations, penalties and fines, costs of write-downs on receivables and material inventories, and write-downs due to permanent impairment of fixed assets.

Financial costs include expenses related to the use of external sources of financing, interest payable under finance lease agreements and losses from exchange rate differences.

## **2.24. Cash Flow Statement**

The Consolidated Cash Flow Statement is prepared using the indirect method.

Starting from 2023, the Company has changed the of cash flows disclosure, which is now based on the gross financial result. In previous periods, the Company disclosed cash flows based on the net financial result.

Amount and classification of investment transactions and financial transactions that do not imply the usage of cash or cash equivalents. [Section 43, IAS 7].

Transactions of such type should not be included in the Cash Flow Statement, although additional information should contain all relevant information regarding them. Examples of such transactions are:

- acquisition of assets through a finance lease or by acquisition of directly related liabilities;
- unit acquisition by shares issuance; and
- conversion of debt into equity [Section 44, IAS 7]

## **2.25. Segment reporting**

In accordance with IFRS 8 *Operating Segments*, an operating segment is a component of the Capital Group that: (i) engages in business activities in connection with which it may generate revenues and incur costs, (ii) has its operating results are regularly reviewed by the chief decision-making authority; and (iii) has separate financial information available.

Two business segments can be distinguished in the operations of the Capital Group. The first operating segment is related to the production of machinery and equipment and the provision of services to the mining industry. The second operating segment includes the wholesale of goods and materials.

Geographical segments in the financial statements are determined according to the separate areas of the Company's operations, under which products or services are provided in a specific economic environment that is subject to risk and is characterized by the level of return on investment expenditure, different from those applicable to other areas operating in a different economic environment.

The Capital Group's operations concentrate primarily within the territory of the country. Therefore, the Group did not include separate geographical segments under the reporting obligation.

Segments' costs include selling costs attributable to external customers which, based on reasonable premises, can be assigned to the respective segment. Segment's costs do not include general and administrative costs, management costs, other operating costs, financial costs and other costs arising at the level of the Capital Group, which relate to the Group as a whole.

Segment's assets include tangible fixed assets, inventory, and receivables that can be directly assigned to particular area of activity. Segment's liabilities include, inter alia, all trade liabilities, accrued expenses, and deferred income.

## **2.25. Risk management**

Risk management encompasses the processes of identifying, measuring, and determining the manner of risk management. Following types of risks have been distinguished:

- Market risk, including: changes in material prices, interest rates and exchange rates,
- Liquidity risk,
- Credit risk.

The primary concern is the market risk associated with changes in the prices of materials used in the production process. Production costs significantly influenced by fluctuations in material prices, including steel products (sheets, sections). The Capital Group does not currently employ a policy to hedge against the risk of increasing material prices.

Risk of interest rates changes. The Capital Group concludes loan agreements based on floating interest rates, such as WIBOR 1M (1-month) rates plus the bank's margin, or 1M EURIBOR (1-month) plus the bank's margin. Therefore, it is exposed to the risk of interest rates changes in the event of incurring new or refinancing the existing debt. The Capital Group does not currently employ a policy to hedge against the risk of rising interest rates.

Risk of currency exchange rates changes. With regard to the turnover in foreign markets, the Capital Group is exposed to the risk of currency exchange rate fluctuations. Such risk arises as a result of sales or purchases performed by the Company in currencies other than its functional currency. Due to the insignificant amount of these turnover, the Capital Group does not currently employ a policy to hedge against the risk of currency exchange rates fluctuations.

Liquidity risk. The Capital Group is exposed to the risk of losing financial liquidity, understood as the ability to settle liabilities within the prescribed time limits. Business activity financed with the help of external sources (credits, loans, trade credit) increases the risk of losing liquidity in the future. The Capital Group's entities must maintain constant access to financial markets; therefore, they are exposed to the risk of not being able to obtain new financing as well as refinancing their debts. This risk is influenced mainly by market conditions, assessment of creditworthiness and the degree of financial concentration.

Credit risk. The creditworthiness of customers with whom transactions of physical sale of products are concluded is subject to verification procedures. Receivables are monitored on an ongoing basis. The credit risk in the case of receivables is high and is related to the limited number of significant recipients of products, services and goods.

## **2.27. Estimates of the Management Board**

When preparing the financial statements, the Management Board of the Parent Company has made estimates based on certain assumptions and judgments. These estimates affect the adopted principles and the presented values of assets, liabilities, revenues and costs.

The estimates and underlying assumptions are based on historical experience and the analysis of various factors considered rational in the given circumstances, and their results form the basis of professional judgment as to the value of individual items they relate to.

In some important matters, the Parent Company's Management Board has relied on the opinions of independent experts.

Due to the nature of estimates and the adopted assumptions related to the future, the resulting accounting estimates may by definition not coincide with the actual results. The estimates and assumptions made therein are reviewed on the ongoing basis. Revision to accounting estimates is recognized in the period in which they are revised only if they relate to that period as well as subsequent periods.

The estimates and assumptions that involve risk include:

- Valuation of investment property. In accordance with the adopted accounting principles (policy), investment property is measured at fair value for subsequent balance sheet days. The basis for determining (estimating) the fair value of investment property as at the balance sheet date is a valuation performed by an independent property appraiser. Fair value is estimated at the specific balance sheet date. Given the volatility of market conditions, the estimated value of investment property may prove to be incorrect at a later date.
- Valuation of tangible fixed assets classified as "land". In accordance with the adopted accounting principles (policy), this group includes own land. The value of fixed assets classified as "land" is periodically revalued to fair value (revalued). The basis for determining (estimating) the fair value is the valuation made by an independent property appraiser. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Given the volatility of market conditions, the revalued value of the fixed assets included in the 'land' group may prove to be incorrect at a later date.
- Useful lives of fixed assets. The Capital Group's companies make periodic (at least once a year as at the balance sheet date) estimation of the correctness of determining the useful lives and the possible residual value of individual items of fixed assets. These estimates are primarily based on historical experience and the analysis of various factors influencing the use of the property and the possibility of consuming the economic benefits contained therein.
- Provisions for employee benefits. The Capital Group is not a party to any wage bargaining agreements or collective employment agreements related to employee benefits. The Capital Group does not have any pension programs managed directly by the Group or by external funds. Employee benefits costs include remuneration paid in accordance with the terms of employment contracts concluded with individual employees and the costs of retirement benefits (retirement severance pay, disability severance pay, posthumous severance pay) paid to employees in accordance with the provisions of the Labor Code (Act of 26<sup>th</sup> June 1974; unified text, Journal of Laws. 1998, No. 21, item 94, with further amendments) after the period of employment. Liabilities arising from short-term employee benefits are valued according to general principles. Long-term benefits are estimated on the basis of actuarial methods. Application of these methods requires the adoption of multiple assumptions, including appropriate discount rates and demographic assumptions. The provisions level and costs of future employee benefits was adopted and presented in historical financial statements based on the report of an authorized actuary.
- The Capital Group recognizes a deferred income tax asset based on the assumption that tax profit generated in the future will enable its use. The deterioration of future tax results could make this assumption unfounded.
- The Capital Group classifies the lease as operating or finance lease based on the assessment of the extent to which the risk and benefits arising from the possession of the leased asset are allocated to the lessor and the leaseholder. This assessment is based on the economic content of each transaction.

## **2.28. Fair value**

Fair value of asset or liability is the price obtainable when the asset is sold or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. Unless there are indications that the asset has not been acquired at its fair value, it is assumed that the fair value as at the date of initial recognition equals the purchase price of the given asset or – in the case of financial liabilities – the selling price.

At the end of the reporting period, the fair value of financial instruments for which an active market exists is determined based on the most representative price available from this market as at the measurement date.

If the market for the given financial asset or liability is not active (and also in relation to unlisted securities), the Company determines the fair value using appropriate valuation techniques based on the maximum use

of appropriate observable inputs and the minimum use of unobservable inputs. These include the use of prices from recent transactions conducted on standard market conditions, comparison to other instruments that are essentially identical, discounted cash flow analysis, option pricing models, and other commonly used valuation techniques and models.

The estimated fair value of derivative instruments corresponds to the amount obtainable or necessary to pay in order to close the open positions at the end of the reporting period. For transactions where it is possible, the valuation is based on market quotations.

Land, perpetual usufruct of land, and investment property are carried at revalued amounts representing fair values as at the revaluation date, less any impairment losses. In estimating the fair value, the approach of the greatest and best use of these properties was applied, which is consistent with the current use of the property.

The fair value of land and perpetual usufruct of land was determined by an experienced property appraiser based on comparable market data reflecting the most recent transaction prices for similar properties. The market approach was applied.

The fair value of investment property was determined by an experienced property appraiser using data from a comparable market that reflects the latest rental prices for similar properties. The income approach was applied.

There has been no change in the valuation techniques (methods) throughout the year.

The fair value of land, perpetual usufruct of land, and investment property was classified as level 2 of the fair value hierarchy.

There was no transfer between the levels of the fair value hierarchy throughout the fiscal year.

### 3. Selected Financial Data converted into euros (EUR)

Average exchange rates of the zloty against the euro for the periods covered by the financial statements were adopted in order to obtain comparable financial data based on rates set by the National Bank of Poland. The average rate for the period was calculated as the mean of the rates on the last day of each month in the period.

Period	Average EUR/PLN exchange rate for the period	The lowest EUR/PLN exchange rate for the period	The highest EUR/PLN exchange rate for the period	EUR/PLN exchange rate for the last day of the period
column 1	column 2	column 3	column 4	column 5
from 1 <sup>st</sup> January 2024	4.3065	4.2499	4.4016	4.2730
to 31 <sup>st</sup> December 2024				
from 1 <sup>st</sup> January 2023	4.5437	4.3053	4.7895	4.3480
to 31 <sup>st</sup> December 2023				

Source: Table A – Exchange rate archive of NBP (<http://www.nbp.gov.pl>)

Basic items of the Balance Sheet, Profit and Loss Statement and Cash Flow Statement disclosed in the financial statements were converted into euros.

Individual items of assets and liabilities in the Balance Sheet were converted at the exchange rates announced by the National Bank of Poland for the euro, applicable on the last day of the period (column 5).

Individual items of the Profit and Loss Statement and the Cash Flow Statement were converted according to the exchange rates constituting the arithmetic mean of the average exchange rates announced by the National Bank of Poland for euro, applicable on the last day of each month in the given reporting period (column 2).



Selected financial data from Profit and Loss Statement and Cash Flow Statement	in PLN thousand		in EUR thousand	
	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
I. Net revenue from sales	99 202	244 782	23 035	53 873
II. Profit (loss) on operating activity	5 909	70 319	1 372	15 576
III. Pre-tax Profit (loss)	8 850	70 860	2 055	15 595
IV. Net profit (loss)	7 840	62 409	1 820	13 735
V. Net profit (loss) attributable to the Parent Company's shareholders	7 941	62 255	1 844	13 701
VI. Net profit (loss) attributable to non-controlling interests	(101)	154	(23)	34
VII. Total comprehensive income	8 694	62 782	2 019	13 817
VIII. Total comprehensive income attributable to the Parent Company's shareholders	8 751	62 628	2 032	13 817
IX. Total comprehensive income attributable to non-controlling interests	(57)	154	(13)	34
X. Weighted average number of shares in units	29 500 000	29 500 000	29 500 000	29 500 000
XI. Book value per share (in PLN / EUR)	5.54	5.74	1.29	1.26
VIII. Net profit (loss) per share and diluted net profit (loss) per share attributable to the Parent Company's shareholders (in PLN / EUR)	0.27	2.12	0.06	0.47
XIII. Net cash flows from operating activity	34 448	46 438	7 999	10 220
XIV. Net cash flows from investing activity	(26 454)	(45 067)	(6 143)	(9 919)
XV. Net cash flows from financial activity	(16 323)	(1 859)	(3 790)	(409)
XVI. Total net cash flow	(8 329)	(488)	(1 934)	(107)
EUR exchange rate used to convert Profit and Loss statement items and Cash Flow Statement items			4.3065	4.5437

Selected financial data from assets and liabilities	in PLN thousand		in EUR thousand	
	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
XVII. Fixed assets	89 192	77 587	20 873	17 844
XVIII. Current assets	112 542	183 064	26 338	42 103
XIX. Total assets	201 734	260 651	47 211	59 947
XX. Long-term liabilities	17 133	17 683	4 010	4 067
XXI. Short-term liabilities	21 271	73 582	4 978	16 923
XXII. Equity	163 330	169 386	38 224	38 957
XXIII. XXIII. Equity attributable to the Parent Company's shareholders	162 491	168 490	38 027	38 751
XXIV. Share capital	11 800	11 800	2 762	2 714
XXV. Equity attributable to non-controlling interests	839	896	196	206
EUR exchange rate used to convert Balance Sheet items			4.2730	4.3480

#### 4. Notes to the financial statements

##### 4.1. Note 1 – Intangible assets

Intangible assets are presented in the table below:

Specification / data (in PLN thousand)	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Net value of intangible assets, including:</b>	<b>3 807</b>	<b>5 396</b>
Development works cost	1 106	2 737
Computer software	837	950
Development works in progress	1 864	1 709
<b>Additional information:</b>		
<i>Intangible assets under finance lease agreement</i>	<i>0</i>	<i>0</i>

Development works costs include expenses for technical and technological documentation, designs, and the costs of certification process. Development works are recognized as assets and depreciated according to the principles described in section 2.6. of the accounting policy.

In both the current fiscal year and previous fiscal years, the Parent Company incurred research expenditures. Research expenditures burden the results of the year they are incurred. In 2024, the expenditure amounted to PLN 4 thousand, while in 2023, it was PLN 542 thousand. The Company received a subsidy for these research expenditures, amounting to PLN 4 thousand in 2024 and PLN 720 thousand in 2023.

Computer software mainly includes licenses for computer systems and software tools used in the Capital Group's business activity.

Changes in the initial value and accumulated amortization of intangible assets for the periods covered by the report are presented in the tables below:

Data for the period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Development works cost	Computer software	Total
<b>Net value at the beginning of the period</b>	<b>4 446</b>	<b>950</b>	<b>5 396</b>
<b>Gross value at the beginning of the period</b>	<b>8 086</b>	<b>3 698</b>	<b>11 784</b>
Increases including:	0	449	<b>449</b>
Acquisition	0	449	<b>449</b>
Decreases	0	0	<b>0</b>
<b>Gross value at period end</b>	<b>8 086</b>	<b>4 147</b>	<b>12 233</b>
<b>Accumulated amortization at the beginning of the period</b>	<b>(5 349)</b>	<b>(2 748)</b>	<b>(8 097)</b>
Increase in accumulated amortization	(1 631)	(562)	<b>(2 193)</b>
Decrease in accumulated amortization	0	0	<b>0</b>
<b>Total accumulated amortization at period end</b>	<b>(6 980)</b>	<b>(3 310)</b>	<b>(10 290)</b>
Balance of impairment losses	0	0	<b>0</b>
<b>Development works in progress</b>	<b>1 864</b>	<b>0</b>	<b>1 864</b>
<b>Net value at period end</b>	<b>2 970</b>	<b>837</b>	<b>3 807</b>

<b>Data for the period from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023</b>	<b>Development works cost</b>	<b>Computer software</b>	<b>Total</b>
<b>Net value at the beginning of the period</b>	<b>4 369</b>	<b>920</b>	<b>5 289</b>
<b>Gross value at the beginning of the period</b>	<b>8 086</b>	<b>3 297</b>	<b>11 383</b>
Increases including:	0	374	374
Acquisition	0	401	401
Decreases	0	(27)	(27)
<b>Gross value at period end</b>	<b>8 086</b>	<b>3 698</b>	<b>11 784</b>
<b>Accumulated amortization at the beginning of the period</b>	<b>(3 717)</b>	<b>(2 377)</b>	<b>(6 094)</b>
Increase in accumulated amortization	(1 632)	(357)	(1 989)
Decrease in accumulated amortization	0	14	14
<b>Total accumulated amortization at period end</b>	<b>(5 349)</b>	<b>(2 748)</b>	<b>(8 097)</b>
Balance impairment losses	0	0	0
<b>Development works in progress</b>	<b>1 709</b>	<b>0</b>	<b>1 709</b>
<b>Net value at period end</b>	<b>4 446</b>	<b>950</b>	<b>5 396</b>

The Capital Group does not utilize intangible assets on the basis of rental, lease, or other agreements, including operating lease agreements.

Intangible assets do not constitute collateral for loans granted to the Capital Group.

#### **4.2. Note 2 – Tangible fixed assets**

Structure of tangible fixed assets is presented in the table below:

<b>Specification / data in PLN thousand</b>	<b>Period end 31<sup>st</sup> December 2024</b>	<b>Period end 31<sup>st</sup> December 2023</b>
<b>Net value of tangible fixed assets, including:</b>	<b>60 187</b>	<b>60 129</b>
own land	5 639	5 813
buildings, civil engineering facilities, premises	20 511	20 646
machinery and technical equipment	30 858	30 684
means of transport	1 769	1 312
other tangible fixed assets	1 410	1 674
<b>Tangible fixed assets under construction</b>	<b>12 705</b>	<b>1 003</b>
<b>Total net value of tangible fixed assets disclosed in financial statement</b>	<b>72 892</b>	<b>61 132</b>
<b>Additional information:</b>		
<i>Net value of tangible fixed assets in operation under finance lease agreements</i>	<i>118</i>	<i>166</i>

Changes in the initial value and accumulated depreciation of fixed assets for the periods covered by the report are presented in the tables below:

Data for the period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Own land	Buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
<b>Net value at the beginning of the period</b>	<b>5 814</b>	<b>20 646</b>	<b>30 684</b>	<b>1 312</b>	<b>1 674</b>	<b>60 130</b>
<b>Gross value at the beginning of the period</b>	<b>5 814</b>	<b>41 749</b>	<b>93 144</b>	<b>3 947</b>	<b>7 347</b>	<b>152 001</b>
<b>Increases including:</b>	<b>848</b>	<b>1 147</b>	<b>5 719</b>	<b>1 018</b>	<b>329</b>	<b>9 061</b>
acquisition	526	1 147	5 719	1 018	329	8 739
revaluation at period end "+"	322	0	0	0	0	322
reversal of impairment loss "-" on revalued assets from previous period	0	0	0	0	0	0
internal transfer	0	0				0
<b>Decreases</b>	<b>(1 023)</b>	<b>0</b>	<b>(1 885)</b>	<b>(518)</b>	<b>(13)</b>	<b>(3 439)</b>
liquidation and sale	(1 023)	0	(1 885)	(518)	(13)	(3 439)
revaluation at end of period "- "	0	0	0	0	0	0
internal transfer	0	0	0	0	0	0
<b>Gross value at period end</b>	<b>5 639</b>	<b>42 896</b>	<b>96 978</b>	<b>4 447</b>	<b>7 663</b>	<b>157 623</b>
<b>adjustment of fixed assets value in connection with conversion to IAS as of 1<sup>st</sup> January 2011</b>	<b>0</b>	<b>(442)</b>	<b>(51)</b>	<b>(7)</b>	<b>(3)</b>	<b>(503)</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>0</b>	<b>(20 661)</b>	<b>(62 409)</b>	<b>(2 628)</b>	<b>(5 670)</b>	<b>(91 368)</b>
<b>Increase in accumulated depreciation</b>	<b>0</b>	<b>(1 282)</b>	<b>(5 545)</b>	<b>(531)</b>	<b>(591)</b>	<b>(7 949)</b>
<b>Decrease in accumulated depreciation including:</b>	<b>0</b>	<b>0</b>	<b>1 885</b>	<b>488</b>	<b>11</b>	<b>2 384</b>
liquidation and sale	0	0	1 885	488	11	2 384
other adjustments	0	0				0
<b>Total accumulated depreciation at period end</b>	<b>0</b>	<b>(21 943)</b>	<b>(66 069)</b>	<b>(2 671)</b>	<b>(6 250)</b>	<b>(96 933)</b>
including: balance of impairment losses	0	0	0	0	0	0
<b>Net value of tangible fixed assets at period end</b>	<b>5 639</b>	<b>20 511</b>	<b>30 858</b>	<b>1 769</b>	<b>1 410</b>	<b>60 187</b>
including: effects of revaluation at period end	6 280					6 280
<b>Tangible fixed assets under construction at period end</b>	<b>0</b>	<b>4 886</b>	<b>7 819</b>	<b>0</b>	<b>0</b>	<b>12 705</b>
<b>Total net value of tangible fixed assets at period end</b>						<b>72 892</b>

Data for the period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	Own land	Buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
<b>Net value at the beginning of the period</b>	<b>5 590</b>	<b>21 164</b>	<b>35 934</b>	<b>948</b>	<b>2 197</b>	<b>66 833</b>
<b>Gross value at the beginning of the period</b>	<b>5 590</b>	<b>41 653</b>	<b>93 044</b>	<b>3 198</b>	<b>7 175</b>	<b>150 660</b>
<b>Increases, including:</b>	<b>224</b>	<b>96</b>	<b>689</b>	<b>817</b>	<b>178</b>	<b>2 004</b>
acquisition	0	98	680	700	187	1 663
revaluation at period end "+"	224	0	0	0	0	224
reversal of impairment loss "- " on revalued assets from previous period	0	0	0	0	0	0
internal transfer	0	0	9	117	(9)	117
<b>Decreases</b>	<b>0</b>	<b>0</b>	<b>(589)</b>	<b>(68)</b>	<b>(6)</b>	<b>(663)</b>
liquidation and sale	0	0	(589)	(68)	(6)	(663)
revaluation at period end "- "	0	0	0	0	0	0
internal transfer	0	0	0	0	0	0
<b>Gross value at period end</b>	<b>5 814</b>	<b>41 749</b>	<b>93 144</b>	<b>3 947</b>	<b>7 347</b>	<b>151 001</b>
<b>adjustment of tangible fixed assets value in connection with conversion to IAS as of 1<sup>st</sup> of January 2011</b>	<b>0</b>	<b>(442)</b>	<b>(51)</b>	<b>(7)</b>	<b>(3)</b>	<b>(503)</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>0</b>	<b>(19 047)</b>	<b>(57 055)</b>	<b>(2 239)</b>	<b>(4 975)</b>	<b>(83 316)</b>
<b>Increase in accumulated depreciation</b>	<b>0</b>	<b>(1 614)</b>	<b>(5 807)</b>	<b>(340)</b>	<b>(706)</b>	<b>(8 467)</b>
<b>Decrease in accumulated depreciation including:</b>	<b>0</b>	<b>0</b>	<b>453</b>	<b>(49)</b>	<b>11</b>	<b>415</b>
liquidation and sale	0	0	462	68	2	532
adjustment of accumulated depreciation associated with revaluation at period end	0	0	(9)	(117)	9	(117)
<b>Total accumulated depreciation at period end</b>	<b>0</b>	<b>(20 661)</b>	<b>(62 409)</b>	<b>(2 628)</b>	<b>(5 670)</b>	<b>(91 368)</b>
including: balance of impairment losses	0	0	0	0	0	0
<b>Net value of tangible fixed assets at period end</b>	<b>5 814</b>	<b>20 646</b>	<b>30 684</b>	<b>1 312</b>	<b>1 674</b>	<b>60 130</b>
including: effects of revaluation at period end	5 958					5 958
<b>Tangible fixed assets under construction at period end</b>	<b>3</b>	<b>212</b>	<b>480</b>	<b>308</b>	<b>0</b>	<b>1 003</b>
<b>Total net value of tangible fixed assets at period end</b>						<b>61 133</b>

According to the adopted principles described in point 2.3. of the accounting policy – as at the balance sheet date, the Capital Group presents own land in accordance with the adopted valuation model at the value revalued to fair value. According to this valuation model (described in IAS 16), the effects of the increase in value are recognized on the opposite side as increase in equity (item "Revaluation reserve").

As at the balance sheet date, tangible fixed assets classified as "land" are valued according to the model based on the revalued value. The revalued value of tangible fixed assets included in this group is the fair value on the date of revaluation, less the amount of any subsequent accumulated impairment losses. As a result of valuations conducted by an independent property appraiser, the carrying amount of assets classified as land and the perpetual usufruct of land increased. The revaluation results were included directly in other equity as the "revaluation surplus". The revaluation surplus is adjusted by the value of the deferred tax provision.

The fair value of own land has been classified as level 2 of the fair value hierarchy.

The last revaluation took place on 31<sup>st</sup> December 2024. The value of revalued items increased by the amount of PLN 322 thousand in comparison to the carrying amount in the previous period.

The land disclosed in fixed assets of the Capital Group includes own land and the perpetual usufruct of land acquired on the secondary market. The Company treats acquired perpetual usufruct rights as fixed assets. Neither owned land nor perpetual usufruct of land are depreciated.

As of 31<sup>st</sup> December 2015, the Parent Company reclassified land and warehouse buildings in Żory, designated for lease, from fixed assets to investment property. For their valuation, the Parent Company applied market prices determined by an authorized appraiser. On 9<sup>th</sup> June 2021 the aforementioned investment property was sold.

The Capital Group pays annual administrative fees for the perpetual usufruct of land. These fees amount to 3% of the land's value as estimated by the municipality where the land is located. Periodically, those fees are subject to revaluation on the basis of the market value of the land, which is estimated by the Municipal Offices. The Parent Company treats the aforementioned fees as part of local tax costs.

The Capital Group has no obligations towards state authorities related to property ownership transfers.

In accordance with the principles set out in IFRS, the Capital Group periodically analyzes and adjusts depreciation rates to the expected economic lifespan of fixed assets.

Some machinery and equipment were utilized by the Parent Company under finance leases. Lease liabilities are recognized in the balance sheet as other financial liabilities and are divided into a short-term and long-term liabilities. A detailed reconciliation of the aforementioned liabilities and a description of key contractual provisions is included in Note 9 *Liabilities*.

In the Subsidiary, investment property is encumbered with a contractual mortgage up to the amount of PLN 10 500 thousand constituting collateral for the Multi-product agreement No. 889/2015/0000077/00.

The Capital Group also used fixed assets on the basis of rental and lease agreements, that did not classify as finance lease agreements. The estimated value of fixed assets that were in the off-balance sheet records is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<i>Off-balance sheet fixed assets (used under lease, tenancy or other agreement, including operating lease agreement)</i>	663	656
<i>Annual value of rents arising from concluded lease, tenancy or other agreements, including operating lease agreements</i>	304	297

Fixed assets, investment property, and perpetual usufruct of assets constitute collateral for loans granted to the Capital Group. The value of fixed assets that, as stipulated in the loan agreements, constitute collateral is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<i>Mortgage established on property (fixed assets and investment property) along with perpetual usufruct of assets as collateral for liabilities arising from bank loans</i>	30 838	29 138
<i>Amount of the registered pledge or transfer of tangible fixed assets and inventory ownership as collateral for liabilities arising from bank loans and bank loans agreements</i>	14 770	34 319
<b>Total value of fixed assets and investment property constituting collateral for loans granted</b>	<b>45 608</b>	<b>63 457</b>
<i>Mortgage established on property (fixed assets and investment property) along with perpetual usufruct of assets as collateral for liabilities arising from bank loans of the related entity Patentus Sirefa SA</i>	11 088	11 088
<b>Total</b>	<b>56 696</b>	<b>74 545</b>

On 7<sup>th</sup> December 2011, the Parent Company submitted an application to the Silesian Center of Entrepreneurship (under the Regional Operational Program of the Śląskie Voivodeship, 2007-2013, focusing on technological research and development, innovations, and entrepreneurship) for co-financing a project titled: *Increase of Competitiveness and Development of the Company by Introducing Innovative Measuring Services for Gears* to the offer (Agreement No. WND-RPSL.01.02.04-00-C09/11/02). The value of the requested co-financing was PLN 750 thousand. On 4<sup>th</sup> January 2013, the co-financing agreement was signed. On 18<sup>th</sup> November 2013, the measuring device, which is the subject of the agreement, was purchased and recognized as a fixed asset. On 20<sup>th</sup> November 2013, the Parent Company submitted a final payment application to the Silesian Center of Entrepreneurship and in April 2014, the Company's bank account was credited with a subsidy in the amount of PLN 750 thousand. This amount was disclosed in the Balance Sheet as deferred income and is accounted for monthly, in the amount of depreciation of the fixed asset financed with the aforementioned subsidy. As at 31<sup>st</sup> December 2023, the subsidy was fully reimbursed.

On 14<sup>th</sup> September 2012, the Parent Company submitted an application to the Polish Agency for Enterprise Development (as part of the Innovative Economy Operational Program, focusing on investments in innovative projects and support for the first implementation of an invention) for co-financing a project titled: *Implementation of a Mechatronic Drive Unit Production Dedicated for High-Power Scraper Conveyor*. On 18<sup>th</sup> April 2013, co-financing agreement No. POIG.04.06-00-24-007/12 was signed. The value of the requested co-financing was PLN 7 591 thousand. Throughout the project's implementation, the Company received subsidy advances, which were recognized as deferred income, as advances for investments until their completion and recognition as fixed assets. In June 2014, as a result of the project completion, the Company submitted a final payment application, which was approved on 12<sup>th</sup> September 2014, and the last tranche of subsidy was credited to the Company's bank account that month. In total, under the aforementioned project, the Company received a subsidy in the amount of PLN 7 573 thousand, of which, as at 31<sup>st</sup> December 2025, the amount of PLN 5 651 thousand was settled.

On 16<sup>th</sup> November 2012, the Parent Company signed two co-financing agreements with Bank Gospodarstwa Krajowego with its registered office in Warsaw, under the Operational Program Innovative Economy for 2007-2013, priority axis: investments in innovative projects, measure 4.3 technological loan:

Agreement No POIG.04.03.00-00-954/11-00 concerned the co-financing the project titled: *Implementation of Innovative High-Performance Method of Bevel Gear Wheels Production Using Carburizing with Pre-Nitriding*.

The total expenditure for the implementation of this project was PLN 8 036 thousand, including the eligible expenditure amounting to PLN 7 951 thousand and the maximum co-financing amounting to PLN 3 976 thousand. On 12<sup>th</sup> September 2014, as a result of the project completion, the Parent Company submitted a payment application. On 28<sup>th</sup> November 2014, the financing institution announced that the application for payment had been successfully verified and that a bonus of PLN 3 909 thousand was approved for payment. On 11<sup>th</sup> December 2014, the Parent Company received the aforementioned bonus, which was fully allocated to repayment of the technological loan. As at 31<sup>st</sup> December 2024, subsidy was fully reimbursed.

Agreement No. POIG.04.03.00-00-950/11-00 concerned the co-financing the project titled: *Implementation of an Innovative Technology for the Production of Large-Size Drive Unit Components with Increased Service Life*. The total expenditure for implementation of this project amounted to PLN 8 045 thousand, with eligible expenses amounting to PLN 7 940 thousand, and the maximum co-financing amounting to PLN 3 970 thousand. On 12<sup>th</sup> September 2014, as a result of the project's completion, the Company submitted a payment application. On 28<sup>th</sup> November 2014, the financing institution informed about the positive verification of the payment application and the approval of bonus payment in the amount of PLN 3 935 thousand. On 11<sup>th</sup> December 2014, the Parent Company received the aforementioned bonus, which was fully allocated to repayment of the technological loan. As at 31<sup>st</sup> December 2024, the subsidy was fully reimbursed.

On 19<sup>th</sup> November 2015, as part of the Intelligent Development Operational Program 2014-2020, the Company submitted an application to the National Center for Research and Development for project co-financing (Priority axis: *Increasing the Scientific and Research Potential*; Measure: *Research and Development Works*; Sub-measure: Application projects); Recruitment number: 1/4.1.4/2015) titled: *Development of Innovative Technology for the Production of Toothed Elements with Hybrid Surface Layers with Nano-Structured Base for Drive Units of Conveyors Intended for Operation in Extreme Operating Conditions* No. POIR.04.01.04-00-0064/15. The project implementation period was scheduled from 1<sup>st</sup> April 2016 to 30<sup>th</sup> September 2020. This project is being implemented by the consortium led by Patentus S.A., with other contractors including the Warsaw University of Technology, the Institute of Sustainable Technology – National Research Institute, and Nanostal Sp. z o.o. The total project value amounts to PLN 11 621 thousand, with the co-financing amounting to PLN 8 589 thousand. The Parent Company's share in the entire project will amount to PLN 7 652 thousand, with co-financing amounting to PLN 4 992 thousand. The project positively passed the substantive evaluation stage and was recommended for support. On 29<sup>th</sup> June 2016, the co-financing agreement for the aforementioned project was signed. As at the present financial statements' preparation date, the Company received co-financing for research activities in the amount of PLN 4 626 thousand. As at 31<sup>st</sup> December 2024, the amount of PLN 4 469 thousand was settled.

On 5<sup>th</sup> January 2018, as part of the Intelligent Development Operational Program 2014-2020, the Parent Company submitted an application to the National Center for Research and Development for project co-financing (Priority axis: *Increasing the Scientific and Research Potential*; Measure: Research and development works; Sub-measure: Projects applications; Recruitment number: 1/4.1.4/2017) under the title: *Development of Innovative Scraper Conveyors with Increased Start-Up Susceptibility and Service Life* No. POIR.04.01.04-00-0081/17. The project implementation period was scheduled from 2<sup>nd</sup> July 2018 to 1<sup>st</sup> July 2021. This project is being implemented by a consortium led by Patentus S.A., with other contractors including the Silesian University of Technology and Fabryka Elementów Napędowych "FENA" Sp. z o.o.. The total value of the entire project is PLN 5 760 thousand, with co-financing amounting to PLN 3 923 thousand. The Company's share in the entire project amounts to PLN 3 982 thousand, with co-financing amounting to PLN 2 351 thousand. The agreement was approved and signed on 28<sup>th</sup> August 2018. As at the preparation date of the present financial statements, the Company has received co-financing in the amount of PLN 1 849 thousand. As at 31<sup>st</sup> December 2024, subsidy in the amount of PLN 1 526 thousand was settled.

On 29<sup>th</sup> March 2024, in Chorzów, Agreement No. FESL.10.03-IP.01-01B4/23-00 was concluded between the Silesian Voivodeship – Silesian Entrepreneurship Center and the Parent Company for the co-financing the project titled: *Company Transformation through the Creation of an Innovative Process for Manufacturing Shafts with Increased Durability* as part of the European Funds for Silesia Program 2021-2027. The purpose of the agreement is to grant



the Beneficiary co-financing from public funds under the Program for the implementation of the Project. The total planned value of the Project amounts to PLN 60 479 thousand, of which total eligible expenditures amount to PLN 49 779 thousand. The total co-financing awarded shall not exceed PLN 23 648 thousand. The Project implementation period was set on 21<sup>st</sup> July 2023 with the completion date was set on 30<sup>th</sup> June 2025. On 30<sup>th</sup> September 2024, the Parent Company submitted an advance payment application, and on 6<sup>th</sup> December 2024, information was received confirming the granting of an advance in the amount of PLN 3 514 thousand. The aforementioned amount was credited to the Parent Company's bank account on 13<sup>th</sup> December 2024. As at 31<sup>st</sup> December 2024, the advance in the amount of PLN 463 thousand was utilized by the Parent Company.

Interest on loans taken to finance the fixed assets acquisition, paid until the date of receipt of these assets, was capitalized on fixed assets.

#### 4.2.1 Note 2a – Perpetual usufruct

Data for the period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Perpetual usufruct of land
<b>Net value at the beginning of the period</b>	<b>8 892</b>
<b>Gross value at the beginning of the period</b>	<b>8 892</b>
<b>Increases, including:</b>	<b>728</b>
acquisition	0
revaluation at period end "+"	758
reversal of impairment loss "- " on revalued assets from previous period	(30)
<b>Decreases</b>	<b>0</b>
liquidation and sale	0
revaluation at period end "- "	0
<b>Gross value at period end</b>	<b>9 620</b>
<b>adjustment of tangible fixed assets value in connection with conversion to IAS as of 1<sup>st</sup> of January 2011</b>	<b>0</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>0</b>
<b>Increase in accumulated depreciation</b>	<b>0</b>
<b>Decrease in accumulated depreciation including:</b>	<b>0</b>
liquidation and sale	0
<b>Total accumulated depreciation at period end</b>	<b>0</b>
including: effects of revaluation at period end	7 845
<b>Total net value of perpetual usufruct at period end</b>	<b>9 620</b>

<b>Data for the period from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023</b>	<b>Perpetual usufruct of land</b>
<b>Net value at the beginning of the period</b>	<b>8 619</b>
<b>Gross value at the beginning of the period</b>	<b>8 619</b>
<b>Increases, including:</b>	<b>273</b>
acquisition	0
revaluation at period end "+"	303
reversal of impairment loss "- " on revalued assets from previous period	(30)
<b>Decreases</b>	<b>0</b>
liquidation and sale	
revaluation at period end "- "	0
<b>Gross value at period end</b>	<b>8 892</b>
<b>adjustment of tangible fixed assets value in connection with conversion to IAS as of 1<sup>st</sup> of January 2011</b>	<b>0</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>0</b>
<b>Increase in accumulated depreciation</b>	<b>0</b>
<b>Decrease in accumulated depreciation including:</b>	<b>0</b>
liquidation and sale	0
<b>Total accumulated depreciation at period end</b>	<b>0</b>
including: effects of revaluation at period end	7 051
<b>Total net value of perpetual usufruct at period end</b>	<b>8 892</b>

In accordance with the adopted principles outlined in section 2.3 of the accounting policy, the Company presents the perpetual usufruct of land as of the balance sheet date in accordance with the adopted valuation model at the revalued value to fair value. In accordance with this valuation model (described in IAS 16), the effects of the increase in value are recognized correspondingly as an increase in the value of equity (item "Revaluation reserve").

As of the balance sheet date, perpetual usufruct to land is measured using the revaluation model. The revalued value of the perpetual usufruct of land is its fair value as of the revaluation date. As a result of valuations conducted by an independent property appraiser, the carrying amount of assets classified as perpetual usufruct increased. The revaluation effects were recognized directly in other equity as a "revaluation surplus." The revaluation surplus is adjusted for the amount of the deferred income tax provision.

The fair value of the perpetual usufruct of land has been classified as level 2 of the fair value hierarchy.

The most recent revaluation took place on 31<sup>st</sup> December 2024. Compared to the carrying amount from the previous period, in the value of revalued assets increased by PLN 728 thousand.

The Company pays annual administrative fees for the perpetual usufruct of land. These fees amount to 3% of the land value estimated by the municipalities in which the plots are located. Periodically, the fees are subject to indexation based on the market value of the land, which is estimated by the municipal authorities. The Company treats the above fees as local tax expenses.

#### **4.3. Note 3 – Investment property and capital investment**

##### **Investment property**

The Parent Company owns investment property located in Pszczyna. In accordance with IAS 40, investment property refers to facilities that are not used in the production, service provision, or administrative activity, but are fully leased

out and constitute a source of rental income. The aforementioned investment property was acquired along with other property in 2005.

In accordance with the adopted accounting principles, investment property is measured at fair value on subsequent balance sheet days. The valuation of investment property is performed by an independent appraiser with valid professional qualifications. While performing the valuation, the appraiser relied on market data.

Profit or loss resulting from the change in the fair value of investment property is recognized in other operating income or expenses, respectively.

In 2015, the profit on the change in fair value of investment property was incorrectly presented in the amount of PLN 221 thousand in revaluation reserve. In the current year, an appropriate adjustment was made by reclassifying the aforementioned amount from the revaluation reserve to other operating income.

Changes in the fair value of investment property for the periods covered by the report are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Investment property at the beginning of the fiscal period</b>	<b>1 380</b>	<b>1 375</b>
<b>Changes during the fiscal period:</b>	<b>45</b>	<b>5</b>
<i>decreases due to disposal</i>	<i>(5)</i>	<i>(5)</i>
<i>decreases / increases due to revaluation to fair value</i>	<i>50</i>	<i>10</i>
<b>Investment property at fiscal period end</b>	<b>1 425</b>	<b>1 380</b>

The table below summarizes the income arising from rent and the estimated maintenance costs of investment property, which include expenses for renovation, maintenance and local taxes associated with the investment properties.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<i>Revenue arising from investment property (rent)</i>	<i>899</i>	<i>838</i>
<i>Investment property maintenance cost</i>	<i>(27)</i>	<i>(44)</i>
<b>Surplus of revenue over costs arising from investment property</b>	<b>872</b>	<b>794</b>

Investment properties are subject to collateral for liabilities arising from bank loans as described in Note 8 *Credits and loans*.

### Capital and financial investments

The Capital Group does not hold stock or shares in related entities.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Investment in other entities at the fiscal period beginning</b>	<b>40 426</b>	<b>0</b>
<b>Changes during the fiscal period including:</b>	<b>7 428</b>	<b>40 426</b>
<i>increases / decreases shares and stocks and other financial assets</i>	<i>6 635</i>	<i>40 142</i>
<i>write-offs</i>	<i>793</i>	<i>284</i>
<b>Net book value of investment in other entities at period end</b>	<b>47 854</b>	<b>40 426</b>

In July 2023, the Parent Company acquired PKO Funds Managing Treasury Bonds PKO TFI SA. from PKO Towarzystwo Funduszy Inwestycyjnych SA. The PKO Fund name is Parasolowy fio PKO Short-term Treasury Bond Subfund, category A1. The Company's status of the Treasury Bonds held as at 31<sup>st</sup> December 2024 consisted of 4 784 640 units, at a price of PLN 2 544.20 per unit. According to the fair value valuation of 31<sup>st</sup> December 2024, the unit's value amounted to PLN 12 174 thousand, of which PLN 11 777 thousand represents the acquisition value, and PLN 397 thousand represents the valuation difference. The valuation differences were recognized by the Company in the current year's results.

In August 2024, the Company acquired participation units of the sub-funds of Quercus Parasolowy SFIO (standard institutional product) from Quercus Towarzystwo Funduszy Inwestycyjnych S.A. As of 31<sup>st</sup> December 2024, the Company held 183 996.993273 units, with a unit price of PLN 193.92. According to fair value valuation as of 31<sup>st</sup> December 2024, the value of the units amounts to PLN 35,680 thousand, of which PLN 35,000 thousand represents the acquisition cost, and PLN 680 thousand represents the valuation surplus (difference). The valuation surplus has been recognized in the current year's profit or loss.

The fair value is determined based on statements of register balances received from the Investment Fund Company. According to the Management Board, the units are expected to be redeemed in the event of current investment needs and are therefore presented in the balance sheet as short-term assets.

#### 4.4. Note 4 – Trade receivables and other receivables

The structure of long-term and short-term receivables is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Trade receivables and other long-term receivables by category</b>		
Trade receivables	0	0
Long-term loans granted	0	0
Shares in Patentus Strefa SA in bankruptcy over which control was lost	0	0
<i>Write-offs on loans granted</i>	0	0
<b>Total net value of long-term loans and long-term financial receivables</b>	<b>0</b>	<b>0</b>
Receivables arising from the advances transferred for tangible fixed assets acquisition	508	141
<i>Write-offs</i>	0	0
<b>Total net value of long-term non-financial receivables</b>	<b>508</b>	<b>141</b>
<b>Total net value of trade receivables and other long-term receivables</b>	<b>508</b>	<b>141</b>
<b>Trade receivables and other short-term receivables by category</b>		
<i>Net value of trade receivables from associated entities</i>	0	0
Net value of trade receivables from other entities	6 305	90 187
Advances transferred for tangible fixed assets acquisition	2 300	0
<i>Write-offs updating the granted loans</i>	0	0
<i>Write-offs on loans granted</i>	(1 793)	(800)
<b>Total net value of loans and short-term financial receivables</b>	<b>6 812</b>	<b>89 387</b>
Receivables arising from advances transferred for inventory acquisition	137	59
Tax receivables	2 065	282
Other receivables	544	362
Short-term accruals	251	228
<i>Write-offs</i>	0	0
<b>Total net value of short-term non-financial receivables</b>	<b>2 997</b>	<b>931</b>
<b>Total net value of trade receivables and other short-term receivables</b>	<b>9 809</b>	<b>90 318</b>
<b>Total long-term and short-term trade receivables and other receivables</b>	<b>10 317</b>	<b>90 459</b>

As at 31<sup>st</sup> December 2024, the Parent Company does not disclose receivables arising from concluded loan agreements.

Trade receivables do not bear interest and typically have payment terms ranging from 14 to 90 days. The fair value of these receivables does not differ significantly from their book value recognized in the balance sheet.

The maturity structure of trade receivables is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Current trade receivables</b>	<b>3 798</b>	<b>88 481</b>
<b>Overdue trade receivables, including:</b>	<b>2 507</b>	<b>1 706</b>
up to 30 days	159	1 140
between 31 and 60 days	109	39
between 61 and 90 days	442	2
between 91 and 180 days	754	3
between 181 and 365 days	328	3
over 365 days	715	519
<b>Total gross value of trade receivables</b>	<b>6 305</b>	<b>90 187</b>
Write-downs of receivables at the beginning of the period	(800)	(967)
Recognition of write-downs of receivables during period +	(1 016)	(81)
Reversal of impairment losses in the period as a result of cancellation of receivables	0	0
Reversal of impairment losses in the period as a result of payment	23	248
<b>Write-downs of the receivables at period end</b>	<b>(1 793)</b>	<b>(800)</b>
<b>Total net value of trade receivables</b>	<b>4 512</b>	<b>89 387</b>

Write-downs are applied to receivables from debtors in liquidation or bankruptcy, disputed receivables, and in other cases where the assessment of the economic and financial situation of the entity indicates that payment of receivables in the near future is not probable. Receivables pursued in court and overdue more than 365 days are covered by a 100% write-down.

The currency structure of receivables is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Total net value of trade receivables, including</b>	<b>4 512</b>	<b>89 387</b>
Net value of trade receivables denominated in Polish currency	4 158	89 193
Net value of trade receivables denominated in foreign currency	354	194

The Parent Company has concluded a lease agreement in which the Company acts as a lessor. Finance lease of a beam stage loader for KWK ROW Ruch Marcel, part of Polska Grupa Górnicza with its registered office in Katowice constitutes the subject of the agreement. The agreement total value was set at the gross amount of PLN 6 876 thousand. The aforementioned amount consists of capital installment in the amount of PLN 5 284 thousand, interest in the amount of PLN 306 thousand and VAT in the amount of PLN 1 286 thousand. The aforementioned agreement was concluded for a period of 3 years. The payment is spread over 36 monthly installments according to the payment schedule. Upon payment of the last installment and all due fees according to the agreement, leased asset shall be sold for PLN 1 net. Pursuant to concluded agreement, the leaseholder is obliged to properly use the leased asset, to perform repairs and maintenance at its internal expense. Leaseholder is also obliged to insure the leased asset. Assignment of rights under the insurance policy to the benefit of lessor is to be established on the insurance policy. No qualitative or quantitative changes were introduced in the leased asset net carrying amount. The aforementioned finance lease agreement was reimbursed in 2024 and the balance resulting from the agreement in question as of 31<sup>st</sup> December 2024, amounts to 0.00 thousand.

Relevant information on lease receivables is presented in the tables below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Current value of receivables arising from finance lease at the beginning of the period</b>	<b>1 479</b>	<b>3 082</b>
Increases arising from new finance lease agreements (+)	0	0
Repayment of finance lease installments (principal installments) for the period (-)	(1 479)	(1 603)
<b>Current value of receivables arising from finance lease at period end, including:</b>	<b>0</b>	<b>1 479</b>
Short-term receivables arising from lease agreements	0	1 479
Long-term receivables arising from lease agreements	0	0
<b>Additional information:</b>		
<b>Deferred finance income arising from interest on lease agreements at the beginning of the period</b>	<b>(340)</b>	<b>83</b>
Increases of deferred finance income arising from new finance lease agreements (+)	0	0
Repayment of finance lease installments (finance income arising from interest) for the period (-)	52	(234)
Adjustments to interest settlement in the period resulting from fluctuations of interest rates (-)	288	(189)
<b>Deferred finance income arising from interest on lease agreements at period end, including:</b>	<b>0</b>	<b>(340)</b>
<i>Conditional lease fees included in the Profit and Loss Statement for the given period</i>	<i>0</i>	<i>0</i>

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Nominal value of minimum finance lease payments due in the period:</b>	<b>0</b>	<b>1 139</b>
up to 1 year	0	1 139
between 1 and 5 years	0	0
over 5 years	0	0
<b>Deferred finance income arising from interest on lease agreements (-)</b>	<b>0</b>	<b>340</b>
<b>Current value of deferred receivables arising from finance lease disclosed in assets, including value due in the period:</b>	<b>0</b>	<b>1 479</b>
up to 1 year	0	1 479
between 1 and 5 years	0	0
over 5 years	0	0
<b>Additional information:</b>		
Unguaranteed residual values attributable to the lessor	0	0

#### 4.5. Note 5 – Inventory

The structure of inventory is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Gross value of inventory, including:</b>	<b>50 769</b>	<b>38 291</b>
Materials	21 434	25 388
Semi-finished products and work in progress	27 583	11 341
Finished products	64	64
Goods	1 688	1 498
<b>Write-downs of inventory, including:</b>	<b>(432)</b>	<b>(306)</b>
<i>Goods</i>	<i>(304)</i>	<i>(194)</i>
<i>Materials</i>	<i>(25)</i>	<i>(18)</i>
<i>Semi-finished products and work in progress</i>	<i>(101)</i>	<i>(92)</i>
<i>Finished products</i>	<i>(2)</i>	<i>(2)</i>
<b>Value of inventory disclosed in the Balance Sheet, including:</b>	<b>50 337</b>	<b>37 985</b>
Materials	21 409	25 307
Semi-finished products and work in progress	27 482	11 249
Finished products	62	62
Goods	1 384	1 304
<b>Additional information:</b>		
<i>Value of basic materials recognized as expense in the period</i>	<i>31 962</i>	<i>102 418</i>

Inventory valuation methods are presented in item 2.12. of the adopted accounting principles (policy) description. Revaluation write-downs created for material inventory and finished products inventory are recognized as other operating for in the period.

Calculated various % of the write-off for commercial goods concerning packaging wholesale and welding wholesale, with regard to the article's variety, was averaged as decided and one factor was adopted due to the long period of inventory turnover and partial impairment of the market value of slow-moving inventory. In reference to semi-finished products, finished products, materials and commercial goods of steel wholesale, it was decided to adopt a 5% write-off factor with respect to the fact that these articles, despite a long period of in-stock, do not impose hazard to their value impairment and there is no immediate risk that the Company shall not acquire the equivalent of these components purchase price at the same time. Steel products do not deteriorate and are prone to damage. Even with slight rust coverage, after blasting, they still remain products of standard value, that can be sold or used in production processes. Moreover, The entities subject to consolidation issue certificates of conformity and quality certificates for their products and provide customers with quality assurances, which furthermore proves that components used in our products production processes are of full value. Additionally, Units subject to consolidation must maintain a certain reserve of inventory with regards to long-term agreements and the necessity of spare parts provision for the components produced by the entities subject to consolidation.

The Capital Group purchases inventory from various suppliers. Some suppliers of materials and goods inventory secure their receivables against the sold inventory. According to the relevant annotations on the invoices, the ownership of stocks sold remains with the supplier until the Group's entities settle the liability.

In 2024, consequently to 2023, the production capacity was covered in 100%.

#### 4.6. Note 6 – Cash and cash equivalents

Cash and cash equivalents are presented in the table below:



Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Cash and cash equivalents, including:</b>	<b>4 527</b>	<b>12 856</b>
Cash in hand and cash on bank accounts	3 544	2 566
Short-term deposits	983	10 290
Other cash equivalents	0	0
<b>Additional information:</b>		
Cash in foreign currency (converted into PLN)	40	261
Cash of limited disposability	165	1 247

Short-term deposits are deposited for varying periods, ranging from one day to three months, depending on the current cash needs of the Capital Group's companies. The interest rate on these deposits is variable.

The fair value of cash and cash equivalents is equal to their carrying amount. The components of cash and cash equivalents in the Cash Flow Statement and in the Balance Sheet are equal.

Effects of the valuation of cash in foreign currencies are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Exchange differences related to the valuation of cash balances in EUR-denominated bank accounts at the end of the period. Positive exchange rate differences (increase in cash balances) are recognized with (+) sign; negative with (-) sign	0	0

#### 4.7. Note 7 – Equity

##### Share capital

Detailed information on the Parent Company's share capital and the share issuance as at 31<sup>st</sup> December 2024 is presented in the table below:

Data as at 31 <sup>st</sup> December 2024							
Series	Number of shares (in units)	Nominal value in PLN	Registration date in the National Court Register	Right to dividends	Manner of settlement	Type of shares	Number of votes
A	5 000 000	2 000 000	3 <sup>rd</sup> June 1997	no detailed provisions	cash	registered, privileged; 2 votes at the AGM	10 000 000
B	7 500 000	3 000 000	9 <sup>th</sup> June 2004	starting from 1 <sup>st</sup> of January 2005	cash	registered, privileged; 2 votes at the AGM	15 000 000
C	5 625 000	2 250 000	14 <sup>th</sup> November 2007	starting from the profit distribution for the year 2007	settlement of claims	registered, privileged; 2 votes at the AGM	11 250 000
D	5 250 000	2 100 000	14 <sup>th</sup> November 2007	starting from the profit distribution for the year 2007	settlement of claims	ordinary, bearer	5 250 000
E	3 125 000	1 250 000	25 <sup>th</sup> March 2008	starting from the profit distribution for the year 2007	cash	ordinary, bearer	3 125 000
F	3 000 000	1 200 000	29 <sup>th</sup> October 2009	starting from the profit distribution for the year 2008	cash	ordinary, bearer	3 000 000
<b>TOTAL</b>	<b>29 500 000</b>	<b>11 800 000</b>					<b>47 625 000</b>

As at 31<sup>st</sup> December 2024, the nominal value of one share of series A, B, C, E and series F was PLN 0.40 (0.40 groszy).

Series A registered shares are voting preference shares in such a way that each share of this series carries two votes at the Annual General Meeting.

Series B registered shares are voting preference shares in such a way that each share of this series carries two votes at the Annual General Meeting.

Series C registered shares are voting preference shares in such a way that each share of this series carries two votes at the Annual General Meeting.

Series D, E and F registered shares are ordinary, non-privileged shares admitted to trading on the WSE Main Market.

#### **Admitting series D, E and F shares to exchange trading**

On 18<sup>th</sup> September 2009, the Polish Financial Supervision Authority approved the Parent Company's Prospectus.

On 29<sup>th</sup> October 2009, a new issue of series F shares was registered with the National Court Register, which were offered in the public issue. Following the registration, the Parent Company's share capital amounted to PLN 11 800 000 PLN and is divided into 29 500 000 shares, each with a nominal value of PLN 0,40.

On 3<sup>rd</sup> November 2009, the Management Board of the Warsaw Stock Exchange adopted a resolution on the admission to exchange trading on the WSE Main Market of ordinary bearer series D, E and F shares of PATENTUS S.A. In accordance with the Resolution No. 632/2009 of the Management Board of the Warsaw Stock Exchange S.A. on 4<sup>th</sup> November 2009, ordinary bearer series D, E and F shares were introduced to exchange trading on the main market on 9<sup>th</sup> November 2009. These shares are traded in the continuous system under the abbreviated name "PATENTUS" and carry the designation "PAT" with ISIN code PLPTNTS00019.

According to the issuer's knowledge, the Parent Company's shareholding structure at the end of periods covered by the present financial statement is as follows:

Shareholders	As at 31 <sup>st</sup> December 2024				As at 31 <sup>st</sup> December 2023			
	Number of shares	% of share capital	Number of votes	% of votes	Number of shares	% of share capital	Number of votes	% of votes
Duda Małgorzata (nee Wąs)	7 804 675	26,46%	13 846 350	29,07%	7 804 675	26,46%	13 846 350	29,07%
Duda Józef	4 325 175	14,66%	7 679 350	16,12%	4 325 175	14,66%	7 679 350	16,12%
Duda Małgorzata (nee Wiktor)	3 619 300	12,27%	6 306 800	13,24%	3 619 300	12,27%	6 306 800	13,24%
Gotz Urszula	4 829 150	16,37%	8 183 300	17,18%	4 829 150	16,37%	8 183 300	17,18%
Gotz Henryk	2 962 500	10,04%	5 650 000	11,86%	2 962 500	10,04%	5 650 000	11,86%
Other natural persons or legal entities jointly	5 959 200	20,20%	5 959 200	12,53%	5 959 200	20,20%	5 959 200	12,53%
Total	29 500 000	100,00%	47 625 000	100,00%	29 500 000	100,00%	47 625 000	100,00%

#### **Supplementary capital arising from the sale of shares above their nominal value**

In this item, in accordance with Art. 396 § 2 of the Commercial Companies Code, a surplus from the sale of shares above their nominal value is presented, less the costs related to the share capital increase.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Supplementary capital arising from the sale of shares above their nominal value at the beginning of the period:</b>	<b>6 448</b>	<b>6 448</b>
<b>Changes in supplementary capital arising from the sale of shares above their nominal value during the year, including:</b>	<b>0</b>	<b>0</b>
Gross surplus arising from the sale of shares of series „E” above their nominal value	0	0
Costs associated with the share capital increase	0	0
<b>Supplementary capital arising from the sale of shares above their nominal value at period end:</b>	<b>6 448</b>	<b>6 448</b>

## Revaluation reserve

Detailed information on the sources of the revaluation reserve is presented in the table below:

Specification / data in PLN thousand	Period 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Revaluation reserve at the beginning of the period:</b>	<b>9 990</b>	<b>9 617</b>
<b>Changes in revaluation reserve during the year, including:</b>	<b>851</b>	<b>373</b>
Effects of revaluation of tangible fixed assets to fair value	1 050	461
Deferred income tax liability provision settled with equity	(199)	(88)
<b>Revaluation reserve at period end:</b>	<b>10 841</b>	<b>9 990</b>

The revaluation reserve from revaluation to the fair value of tangible fixed assets (land and perpetual usufruct of land) is recognized after reduction by deferred income tax liabilities.

## Retained earnings

Retained earnings consist of:

- Undistributed profit or unabsorbed loss from previous years;
- Statutory supplementary capital – created from profit in line with the requirements of Art. 396 § 1 of Commercial Companies Code (CCC);
- Supplementary capital created in accordance with the Articles of Association – established from profit in accordance with the Articles of Association of the companies belonging to the Capital Group;
- Net profit (loss) for the current fiscal period

On 20<sup>th</sup> June 2024, the Annual General Meetings of PATENTUS S.A. was conveyed. Pursuant to Resolution No. 5, the annual separate financial statements for 2023 were approved. Shareholders also adopted Resolution No. 7 on net profit allocation, for the fiscal year 2023 in the manner as follows: the amount of PLN 2 500 thousand to the Variable Remuneration Fund, the amount of PLN 14 750 thousand for the payment of dividend, and the remaining amount of PLN 44 216 thousand to the Company’s supplementary capital, created voluntarily, which as at 31<sup>st</sup> December 2023 amounted to PLN 74 275 thousand and is disclosed in the balance sheet under retained earnings.

Pursuant to Resolution No. 8, the Annual General Meeting approved the annual consolidated financial statements of the Capital Group for the fiscal year 2023.

Detailed information on the dividend payment was described in Note 22.

Pursuant to the Act of 16<sup>th</sup> September 2011 on the Reduction of Certain Obligations of Citizens and Entrepreneurs (Journal of Laws No. 232, item 1378), the obligation to publish financial statements in the Official Journal of the Republic of Poland "Monitor Polski B" has been lifted. Starting from 1<sup>st</sup> January 2013, information about the entry in the National Court Register on the submission of the report is automatically published in the "Monitor Sądowy i Gospodarczy".

Changes in retained earnings item, which also include the effects of financial statements conversion in accordance with IFRS are presented in the table below:

Specification / data in PLN thousand	Statutory supplementary capital- created from the profits of previous years in accordance with Art. 396.1 of Commercial Companies Code	Supplementary capital created from profits of previous years in accordance with the Articles of Association	Other capitals	Profit (loss) for current period disclosed in the financial statements prepared in accordance with IAS / IFRS	Profits from transformation of financial statements into IAS as at 1 <sup>st</sup> January 2012	Retained earnings from previous years resulting from transformation of financial statements into IAS.	Total retained earnings
<b>Data as at 1<sup>st</sup> January 2024</b>	<b>3 933</b>	<b>74 187</b>	<b>0</b>	<b>(419)</b>	<b>2 505</b>	<b>60 046</b>	<b>140 252</b>
Distribution of financial result disclosed in the financial statements prepared in accordance with IAS / IFRS	0	45 159	2 500	(62 409)	0	0	(14 750)
Profit (loss) for current period recognized in financial statements prepared in accordance with IAS / IFRS	0	0	0	7 900	0	0	7 900
<b>Data as at 31<sup>st</sup> December 2024</b>	<b>3 933</b>	<b>119 346</b>	<b>2 500</b>	<b>(54 928)</b>	<b>2 585</b>	<b>60 046</b>	<b>133 402</b>
<b>Data as at 1<sup>st</sup> January 2023</b>	<b>3 933</b>	<b>71 508</b>	<b>0</b>	<b>3 205</b>	<b>2 505</b>	<b>(2 750)</b>	<b>78 401</b>
Distribution of financial result disclosed in financial statements prepared in accordance with IAS / IFRS	0	2 679	0	(3 624)	0	526	(419)
Profit (loss) for current period recognized in financial statements prepared in accordance with IAS / IFRS	0	0	0	0	0	62 270	62 270
<b>Data as at 31<sup>st</sup> December 2023</b>	<b>3 933</b>	<b>74 187</b>	<b>0</b>	<b>(419)</b>	<b>2 505</b>	<b>60 046</b>	<b>140 525</b>

#### Equity attributable to non-controlling interest

Equity attributable to non-controlling interests represents the portion of the net assets of the subsidiary MONTEX Sp. z o.o., that belongs to shareholders from outside the Capital Group. As at 31<sup>st</sup> December 2024, the equity of minority shareholders amounted to PLN 839 thousand and consisted of:

- non-controlling interests in the share capital in the amount of PLN 778 thousand,
- shares that do not give control in the capital (retained earnings) in the amount of PLN 166 thousand,
- shares in the capital from the revaluation of fixed assets in the amount of PLN 54 thousand,
- share in profit / loss in the current year and in previous years in the amount of minus PLN -397 thousand,
- share in net profits from the transformation to IAS in the amount of PLN 238 thousand.

#### 4.8. Note 8 – Credits and loans

Liabilities arising from credits and loans are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Long-term bank loans and credits	3 418	5 975
Short-term bank loans and credits	2 707	4 325
<b>Total liabilities arising from credits and loans, including those due in the period:</b>	<b>6 125</b>	<b>10 300</b>
up to 1 year	2 707	4 325
between 1 and 3 years	3 184	4 540
between 3 and 5 years	234	1 435

Overdraft facilities were not disclosed in the balance of short-term bank loans and credits for 2024. In 2023, an overdraft facility was disclosed in the balance of short-term bank loans and credits (Agreement no. 1222953/151/K/RB/23 concluded with Bank Polskiej Spółdzielczości SA) in the amount of PLN 7 thousand.

The currency structure of loans disposed by the Capital Group is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Bank loans denominated in PLN	3 627	6 343
Bank loans denominated in EUR (converted into PLN)	2 498	3 957
<b>Total loans at period end</b>	<b>6 125</b>	<b>10 300</b>

The effects of the valuation of bank loans liabilities balance at the average NBP exchange rate as at the end of the fiscal year are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Exchange differences related to the valuation of the balance of bank loan liabilities in EUR at the end of period. Negative exchange differences (increasing the balance of liabilities) are shown with the (+) sign; positive with (-) sign	140	429

The average interest rate on credits and loans disposed by the Capital Group are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Average interest rate – bank loans denominated in PLN	13.30%	15.31%
Average interest rate – Bank loans denominated in EUR	3.46%	3.91%

### Applications for co-financing from EU funds

On 18<sup>th</sup> December 2019, as part of the Regional Operational Program of the Śląskie Voivodeship for 2014-2020, Priority Axis: III. Competitiveness of SMEs for action: 3.2. Innovations in SMEs the Company applied to the Silesian Center of Entrepreneurship for co-financing of project no. WND-RPSL.03.02.00-24-0678/19-001 titled *Implementation of an Innovative Drive Unit Consisting of a Toothed Gearbox Integrated with Technical Diagnostics Systems*". The total project value will amount to PLN 11 931 thousand, with co-financing amounting to PLN 2 910 thousand. The agreement was signed on 28<sup>th</sup> January 2021, the project implementation period, as specified in the co-financing application, ranges from 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2021. The project completion date specified in the co-financing application may not be later than 31<sup>st</sup> December 2023. In February 2021 the first payment application was submitted by the Company and on 8<sup>th</sup> March 2022 the requested subsidy in amount of PLN 756 thousand was received. On 26<sup>th</sup> August 2022, the second and final application for payment was submitted by the Company amounting to PLN 2 138 thousand. As of 31<sup>st</sup> December 2024, the subsidy in the amount of PLN 493 thousand was settled.

Other agreements for co-financing EU projects are described in detail in notes 2 and 12.

**Loan commitments**

Do not occur.

## Credits and loans

Specification of credits and loans granted along with significant terms of credit agreements concluded by both the Parent Company and by the Subsidiaries is included in the tables below.

### Credits and loans of the Parent Company as at 31<sup>st</sup> December 2023

No.	Entity/Person	Date of conclusion of the agreement / annex	Form of commitment / Agreement number	Loan amount according to the agreement		Loan amount constituting the liability at period end		Interest rate conditions	Repayment period	Collateral
				in thous.	currency	31 <sup>st</sup> December 2023	in PLN thous.			
1	Santander Bank Polska S.A (Former Deutsche Bank Polska S.A.)	2 <sup>nd</sup> October 2012 with subsequent amendments***	Investment credit agreement no KIN/1219501**	7 592	PLN	690	1 516	WIBOR 1M + bank's margin	30 <sup>th</sup> September 2027	a) irrevocable power of attorney to dispose by the Bank of all Borrower's current accounts maintained by the Bank; b) blank promissory note; c) mortgage for the bank's benefit up to the amount of PLN 11 387 589 established on the ownership title to the property located in Jankowice (Land and Mortgage Register no. KA1P / 00039796/5); d) assignment of rights for the Bank's benefit under the insurance policy; e) complete irrevocable blocking of auxiliary accounts; f) confirmed transfer of current and deferred receivables to the Bank from PARP; g) declaration of submission to enforcement
2	ING Bank Śląski SA	22 <sup>nd</sup> April 2015 with subsequent amendments	Multi-Product agreement 889/2015/0000771/00*	Limit of PLN 100		0	0	WIBOR 1M + bank's margin	Agreement fully reimbursed on 30 <sup>th</sup> November 2023. On 2 <sup>nd</sup> January 2024, the Company received documents authorizing the deletion of pledges, and on 4 <sup>th</sup> January 2024, applications for deletion were submitted.	a) mortgage on the perpetual usufruct of property in Świętochłowice, Wojska Polskiego St. 68C up to the amount of PLN 10 500 thousand b) assignment of rights under the insurance policy of the aforementioned property c) blank promissory note, d) declaration of submission to enforcement to the amount of PLN 7 050 thousand e) registered pledge on movable property (10 machines) and assignment of rights under insurance policies for pledged items
3	BNP Paribas Bank Polski	23 <sup>rd</sup> December 2016 with subsequent amendments	Loan repayment agreement (STREFA)(agreement CRD/35678/11, CRD/45141/15, CRD/35677/11) - overtaken by EOS 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny)	2 334	PLN	0	0	WIBOR 1M + bank's margin	30 <sup>th</sup> November.2018 recognized in the statement in connection with the bank's lack of consent to release the collateral	a) contractual mortgage in the amount of PLN 2 751 000.00 on a land property located in Pszczyna for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Register Division maintains the Land and Mortgage Register no. KA1P / 00040503/5, b) contractual mortgage in the amount of PLN 543 000 00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains Land and Mortgage Register no. KA1P / 00040503/5, c) contractual mortgage in the amount of PLN 2 250 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040503/5, d) contractual mortgage in the amount of PLN 543 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040317/4 and no. KA1P / 00037544/0, e) contractual mortgage in the amount of PLN 2 250 000.00 on land located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040317/4 and no. KA1P / 00037544/0, f) contractual mortgage in the amount of PLN 2 751 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040317/4 and no. KA1P / 00037544/0. Declaration of submission to enforcement pursuant to Art. 777 §1 point 5 of the Code of Civil Procedure to the amount of PLN 4 300 000.00

Continued on next page

PATENTUS S.A Capital Group with its registered office in Pszczyna, Górnośląska St. 11  
Annual consolidated financial statements prepared in accordance with IFRS  
as adopted by the European Union for the period lasted from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024  
(amounts in tables in PLN thousand, unless stated otherwise)

No	Entity/Person	Date of conclusion of the agreement / annex	Form of commitment / Agreement number	Loan amount according to the agreement		Loan amount constituting the liability at period end		Interest rate conditions	Repayment period	Collateral
				in thous.	currency	31 <sup>st</sup> December 2023	in PLN thous.			
						short-term	long-term			
4	Towarzystwo Inwestycji Społeczno-Ekonomicznych SA Warszawa	12 <sup>th</sup> October 2018	Loan agreement no 42178	1 000	PLN	151	111	fixed percentage	17 <sup>th</sup> October 2025	a) blank promissory note, b) contractual mortgage in the amount of PLN 1 200 thousand on perpetual usufruct of land covered by plot no. 2648/128 with an area of 0.1105 ha and on a building constituting a separate property for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no KA1P / 00038751/1, c) assignment of rights from the insurance policy the aforementioned property not less than PLN 950 thousand d) transfer of ownership of the UNION CWS 2500 table milling machine and the HELLER MC 16 machining center with a value of not less than PLN 750 thousand for collateral e) assignment of rights under the insurance policy of the assigned fixed assets
5	PKO Leasing S.A.	26 <sup>th</sup> April 2019	Loan agreement number 00622/EI/19	1 209	EUR	885	1 137	interest based on the loan balance	26 <sup>th</sup> October 2025	a) blank promissory note with a promissory note declaration, b) registered pledge on the item financed with the loan, c) transfer of ownership agreement for collateral on the item financed with the loan, d) assignment of insurance policy rights
6	PKO Leasing S.A.	26 <sup>th</sup> April 2019	Loan agreement number 00623/EI/19	126	EUR	59	26	interest based on the loan balance	26 <sup>th</sup> July 2025	a) blank promissory note with a promissory note declaration, b) registered pledge on the item financed with the loan up to the amount of EUR 189 567, c) transfer of title agreement for collateral on the item financed with the loan, d) assignment of insurance policy rights up to the amount of EUR 180 000
7	PKO Leasing S.A.	10 <sup>th</sup> September 2019	Loan agreement number 01810/EI/19	852	EUR	602	1 248	interest based on the loan balance	31 <sup>st</sup> March 2027	a) blank promissory note with a promissory note declaration, b) registered pledge on the item financed with the loan, c) transfer of title agreement for collateral on the item financed with the loan, d) assignment of rights to the insurance policy, e) assignment of rights to the subsidy contract
8	PKO Leasing S.A.	9 <sup>th</sup> November 2021	Loan agreement number 03570/PI/21	4 081	PLN	1 376	11	WIBOR 1M + bank's margin	30 <sup>th</sup> November 2024	a) blank promissory note with promissory note declaration, b) registered pledge on machines: Gleason hobbing machine, Gleason profile grinder, Walter gear milling machine, Okuma turning and milling centre c) transfer of ownership agreement collateral for the aforementioned machines, d) assignment of insurance policy rights on the aforementioned machines
9	Siemens Finanse sp. z o.o.	9 <sup>th</sup> February 2022	Loan agreement number 512849	134	PLN	0	0	interest 0%	10 <sup>th</sup> February 2023	x

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(amounts in tables in PLN thousand, unless stated otherwise)

No	Entity/Person	Date of conclusion of the agreement/annex	Form of commitment/Agreement number	Loan amount according to agreement		Loan amount constituting the liability at period end		Interest rate conditions	Repayment period	Collateral
				in thous.	currency	31 <sup>st</sup> December 2024	in PLN thous.			
						short-term	long-term			
10	Agencja Rozwoju Regionalnego S.A.	30 <sup>th</sup> May 2022	Investment agreement number 04/ARRBB/POIR/2022	3 100	PLN	564	1 926	xxx	20 <sup>th</sup> May 2028	blank promissory note with a promissory note declaration, b) contractual mortgage on a developed property consisting of plots of land 2518/128 and 2793/128 located in Jankowice (Land and Mortgage Register no. KA1P/00044542/8) up to the amount of PLN 4 650 thousand c) assignment of rights from the insurance policy relating to the aforementioned property, d) declaration of submission to enforcement pursuant to Art. 777 section 1 point 5 of the Code of Civil Procedure up to the payment amount of PLN 4 650 thousand.
11	Bank Polskiej Spółdzielczości S.A.	15 <sup>th</sup> September 2023	Current account overdraft facility agreement 1222953/151/K/RB/23	Limit of PLN 7 000		7	0	xxx	14 <sup>th</sup> September 2024	a) contractual mortgage in the amount of PLN 11 900 thousand on a land property located in Pszczyna for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Register maintains Land and Mortgage register no. KA1P/00022605/8 covering plots 1704/7, 2103/, 2104/7 and Land and Mortgage register no. KA1P/00048136/7 covering the plot 1920/7, b) borrower's declaration of submission to enforcement, c) assignment of rights from the property insurance policy constituting collateral in the amount not less than PLN 11 744 thousand, d) blank promissory note, e) power of attorney for the borrower's current account and any other borrower's accounts maintained by the bank, f) Overdraft facility repayment guarantee for Bank Gospodarstwa Krajowego under the portfolio de Minimis guarantee line (PLD-KFG), in the amount of 80% of the overdraft facility amount, i.e. up to PLN 5 600 000.00. The guarantee validity period is from 15 <sup>th</sup> September 2023 to 14 <sup>th</sup> December 2024, i.e. the overdraft facility maturity date extended by 3 months;
Total liabilities arising from loans and credits as at 31 <sup>st</sup> December 2023						4 325	5 975			

## Lease and factoring agreements

10	Kuke Finance S.A.	29 <sup>th</sup> November 2017 with subsequent amendments	Factoring agreement no 0096/2017	Limit PLN 0		0	0	WIBOR 1M	31 <sup>st</sup> December 2021	a) blank promissory note with a promissory note declaration, b) power of attorney to the bank account maintained by Santander Bank Polska SA., Getin Noble Bank SA., ING Bank Śląski SA, c) declaration of submission to enforcement,
11	Polski Fundusz Rozwoju SA Warszawa	4 <sup>th</sup> May 2020	Financial Subsidy Agreement no 109000041009751SP	3 500	PLN	0	0	xxx	26 <sup>th</sup> June 2023	According to the decision of 4 <sup>th</sup> of June, 2021, 73% of the subsidy, i.e. PLN 2 540, was redeemed. The remaining amount in of PLN 960 thousand to be repaid in accordance with the repayment schedule in 40 installments of PLN 40 thousand monthly until 26 <sup>th</sup> of June, 2023.
Total liabilities arising from credits and financial lease as at 31 <sup>st</sup> December 2023						4 325	5 975			

### Credits and loans of the Subsidiary ZKS MONTEX LTD as at 31<sup>st</sup> December 2023

No.	Entity/Person	Date of conclusion of the agreement / annex	Form of commitment / Agreement number	Loan amount according to agreement		Loan amount constituting the liability at period end 31 <sup>st</sup> December 2024 in PLN thousand		Interest rate conditions	Repayment period	Notes	Collateral
				in thous.	currency	short-term	long-term				
1	ING BANK ŚLĄSKI S.A.	22 <sup>nd</sup> April 2015	Revolving working capital loan agreement 889/2015/00000771/00	Limit PLN 500		0	0	Wibor 1M + bank's margin	31 <sup>st</sup> November 2023		a) contractual mortgage up to the amount of PLN 10 500 000.00 PLN on the perpetual usufruct of property in Świętochłowice b) assignment of rights under the property insurance policy c) declaration of submission to enforcement
2	PFR SA	6 <sup>th</sup> May 2020	Financial Subsidy Agreement 105000020060356SP	107	PLN	0	0	-	25 <sup>th</sup> June 2023		-
<b>Total liabilities arising from credit and loans as at 31<sup>st</sup> December 2023</b>						<b>0</b>	<b>0</b>				

## Credits and loans of the Parent Company as at 31<sup>st</sup> December 2024

No.	Entity/Person	Date of conclusion of the agreement / annex	Form of commitment / Agreement number	Loan amount according to the agreement		Loan amount constituting the liability at period end 31 <sup>st</sup> December 2024 in PLN thousand		Interest rate conditions	Repayment period	Collateral
				in thous.	currency	short-term	long-term			
1	Santander Bank Polska S.A (former Deutsche Bank Polska S.A.)	2 <sup>nd</sup> October 2012 with subsequent amendments***	Investment credit agreement no KIN/1219501**	7 592	PLN	656	936	WIBOR 1M + bank's margin	30 <sup>th</sup> September 2027	a) irrevocable power of attorney to dispose by the Bank of all Borrower's current accounts maintained by the Bank; b) blank promissory note; c) mortgage for the bank's benefit up to the amount of PLN 11 387 589 established on the ownership title to the property located in Jankowice (Land and Mortgage Register no. KA1P / 00039796/5); d) assignment of rights for the Bank's benefit under the insurance policy; e) complete irrevocable blocking of auxiliary accounts; f) confirmed transfer of current and deferred receivables to the Bank from PARP; g) declaration of submission to enforcement
2	BNP Paribas Bank Polski (former Raiffeisen Bank)	23 <sup>rd</sup> December 2016 with subsequent amendments	Loan repayment agreement (STREFA)(agreement CRD/35678/11, CRD/45141/15, CRD/35677/11) - overtaken by EOS 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny)	2 334	PLN	0	0	WIBOR 1M + bank's margin	30 <sup>th</sup> November.2018 recognised in the statement in connection with the bank's lack of consent to release the collateral	a) contractual mortgage in the amount of PLN 2 751 000.00 on a land property located in Pszczyna for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Register Division maintains the Land and Mortgage Register no. KA1P / 00040503/5, b) contractual mortgage in the amount of PLN 543 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040503/5, c) contractual mortgage in the amount of PLN 2 250 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040503/5, d) contractual mortgage in the amount of PLN 543 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040317/4 and no. KA1P / 00037544/0, e) contractual mortgage in the amount of PLN 2 250 000.00 on land located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040317/4 and no. KA1P / 00037544/0, f) contractual mortgage in the amount of PLN 2 751 000.00 on a land property located in Pszczyna, for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no. KA1P / 00040317/4 and no. KA1P / 00037544/0 g) declaration of submission to enforcement pursuant to Art. 777 §1 point 5 of the Code of Civil Procedure to the amount of PLN 4 300 000,00
3	Towarzystwo Inwestycji Społeczno-Ekonomicznych SA Warszawa	12th October 2018	Loan agreement no 42178	1 000	PLN	119	0	fixed percentage	17 <sup>th</sup> October 2025	a) blank promissory note, b) contractual mortgage in the amount of PLN 1 200 thousand on the perpetual usufruct of land covered by plot no. 2648/128 with an area of 0,1105 ha and on a building constituting a separate property for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Registry Division maintains the Land and Mortgage Register no KA1P / 00038751/1, c) assignment of rights from the insurance policy the aforementioned property not less than PLN 950 thousand d) transfer of ownership of the UNION CWS 2500 table milling machine and the HELLER MC 16 machining center with a value of not less than PLN 750 thousand for collateral e) assignment of rights under the insurance policy of the assigned fixed assets
4	PKO Leasing S.A.	26 <sup>th</sup> April 2019	Loan agreement number 00622/EI/19	1 209	EUR	807	363	interest based on the loan balance	26 <sup>th</sup> October 2025	a) blank promissory note with a promissory note declaration, b) registered pledge on the item financed with the loan, c) transfer of ownership agreement for collateral on the item financed with the loan, d) assignment of insurance policy rights

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(amounts in tables in PLN thousand, unless stated otherwise)

No	Entity/Person	Date of conclusion of the agreement/annex	Form of commitment/Agreement number	Loan amount according to agreement		Loan amount constituting the liability at period end 31 <sup>st</sup> December 2023 in PLN thousand		Interest rate conditions	Repayment period	Collateral
				in thous	currency	short-term	long-term			
5	PKO Leasing S.A.	26 <sup>th</sup> April 2019	Loan agreement number 00623/EI/19	126	EUR	26	0	interest based on the loan balance	26 <sup>th</sup> July 2025	a) blank promissory note with a promissory note declaration, b) registered pledge on the item financed with the loan up to the amount of EUR 189 567, c) transfer of title agreement for collateral on the item financed with the loan, d) assignment of insurance policy rights up to the amount of EUR 180 000
6	PKO Leasing S.A.	10 <sup>th</sup> September 2019	Loan agreement number 01810/EI/19	852	EUR	546	754	interest based on the loan balance	31 <sup>st</sup> March 2027	a) blank promissory note with a promissory note declaration, b) registered pledge on the item financed with the loan, c) transfer of title agreement for collateral on the item financed with the loan, d) assignment of rights to the insurance policy, e) assignment of rights to the subsidy contract
7	Agencja Rozwoju Regionalnego S.A.	30 <sup>th</sup> May 2022	Investment agreement number 04/ARRBB/POIR/2022	3 100	PLN	563	1 362	xxx	20 <sup>th</sup> May 2028	blank promissory note with a promissory note declaration, b) contractual mortgage on a developed property consisting of plots of land 2518/128 and 2793/128 located in Jankowice (Land and Mortgage Register no. KA1P / 00044542/8) up to the amount of PLN 4 650 thousand c) assignment of rights from the insurance policy relating to the aforementioned property, d) declaration of submission to enforcement pursuant to Art. 777 section 1 point 5 of the Code of Civil Procedure up to the payment amount of PLN 4 650 thousand.
8	Bank Polskiej Spółdzielczości S.A.	15 <sup>th</sup> September 2023	Current account overdraft facility agreement number 1222953/151/K/RB/23	Limit PLN 7 000		0	0	xxx	14 <sup>th</sup> September 2026	a) contractual mortgage in the amount of PLN 11 900 thousand on a land property located in Pszczyna for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Register maintains Land and Mortgage register no. KA1P/00022605/8 covering plots 1704/7, 2103/, 2104/7 and Land and Mortgage register no. KA1P/00048136/7 covering the plot 1920/7, b) borrower's declaration of submission to enforcement, c) assignment of rights from the property insurance policy constituting collateral in the amount not less than PLN 11 744 thousand, d) blank promissory note, e) power of attorney for the borrower's current account and any other borrower's accounts maintained by the bank, f) Overdraft facility repayment guarantee for Bank Gospodarstwa Krajowego under the portfolio de Minimis guarantee line (PLD-KFG), in the amount of 80% of the overdraft facility amount, i.e. up to PLN 5 600 000.00. The guarantee validity period is from 15 <sup>th</sup> September 2023 to 14 <sup>th</sup> December 2024, i.e. the overdraft facility maturity date extended by 3 months;
9	Bank Polskiej Spółdzielczości S.A.	19 <sup>th</sup> January 2024	Guarantee Facility Agreement number 1222953/02/24/G	1 000	PLN	0	0	xxx	11 September 2026	a) contractual mortgage in the amount of PLN 11 900 thousand on a land property located in Pszczyna for which the District Court in Pszczyna, 5 <sup>th</sup> Land and Mortgage Register maintains Land and Mortgage register no. KA1P/00022605/8 covering plots 1704/7, 2103/, 2104/7 and Land and Mortgage register no. KA1P/00048136/7 covering the plot 1920/7, b) borrower's declaration of submission to enforcement, c) assignment of rights from the property insurance policy constituting collateral d) blank promissory note, e) power of attorney for the borrower's current account and any other borrower's accounts maintained by the bank, f) Overdraft facility repayment guarantee for Bank Gospodarstwa Krajowego under the portfolio de Minimis guarantee line (PLD-KFG), in the amount of 80% of the overdraft facility amount, i.e. up to PLN 5 600 000.00 g) blank promissory note to the BGK's benefit
Total liabilities arising from loans and credits as at 31 <sup>st</sup> December 2024						2 707	3 418			
12	Kuke Finance S.A.	29 <sup>th</sup> November 2017 with subsequent amendments	Factoring agreement no 0096/2017	Limit PLN 0		0	0	WIBOR 1M	Repayment date depends on the maturity date of the invoices submitted by the Factorer for processing by the Factor.	a) blank promissory note with a promissory note declaration, b) power of attorney to the bank account maintained by Santander Bank Polska SA, Getin Noble Bank SA, ING Bank Śląski SA, c) declaration of submission to enforcement,
Total liabilities arising from loans, credits as at 31 <sup>st</sup> December 2024						2 707	3 418			

**Credits and loans were not recognized in ZKS MONTEX Sp. z o.o. subsidiary, as at 31<sup>st</sup> December 2024**

**The bank margin on loans taken is in the range from 1.50 to 4.10 pp.**

#### 4.9. Note 9 – Trade liabilities and other financial liabilities and non-financial liabilities

The structure of trade liabilities and other financial liabilities is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Other long-term financial liabilities, including:</b>	<b>49</b>	<b>76</b>
Financial lease liabilities and others	49	76
<b>Trade liabilities and other short-term financial liabilities, including:</b>	<b>11 275</b>	<b>47 589</b>
Trade liabilities to associated entities	0	0
Trade liabilities to other entities	10 726	47 542
Finance lease agreements liabilities	34	47
Valuation of financial instruments hedging currency exchange rates from product sales	515	0
<b>Total trade liabilities and other long-term and short-term financial liabilities</b>	<b>11 324</b>	<b>47 665</b>

Trade liabilities do not bear interest and typically have a payment term ranging from 7 to 90 days.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Current trade liabilities</b>	<b>10 225</b>	<b>47 488</b>
<b>Overdue trade liabilities including:</b>	<b>501</b>	<b>54</b>
up to 30 days	434	33
between 31 and 60 days	67	21
between 61 and 90 days	0	0
between 91 and 180 days	0	0
between 181 and 365 days	0	0
over 365 days	0	0
<b>Total trade liabilities</b>	<b>10 726</b>	<b>47 542</b>

Part of liabilities is settled with a delay. In the opinion of the Parent Company's Management Board, there is no risk related to the default interest charging by contractors.

Currency structure of liabilities is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Trade liabilities, including:</b>	<b>10 726</b>	<b>47 542</b>
Trade liabilities denominated in Polish currency	10 145	47 542
Trade liabilities denominated in foreign currencies	581	0

Significant information on the lease liabilities is presented in the tables below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Current value of deferred liabilities arising from finance lease at the beginning of the period</b>	<b>123</b>	<b>34</b>
Increases arising from new finance lease agreements (+)	0	147
Repayment of finance lease installments (principal part) in the period (-)	(40)	(58)
<b>Current value of deferred liabilities arising from finance lease at period end</b>	<b>83</b>	<b>123</b>
Short-term liabilities under lease agreements	34	47
Long-term liabilities under lease agreements	49	76
<b>Deferred finance costs arising from interest on lease agreements at the beginning of the period</b>	<b>24</b>	<b>2</b>
Increases of deferred finance cost arising from new finance lease agreements (+)	0	29
Repayment of finance lease installments (interest part) in the period (-)	(10)	(7)
<b>Deferred finance cost arising from interest on lease agreements at period end</b>	<b>14</b>	<b>24</b>

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Nominal value of the minimum finance lease payments due in the period:</b>	<b>97</b>	<b>147</b>
up to 1 year	35	48
between 1 and 5 years	62	99
over 5 years	0	0
<b>Deferred finance cost arising from interest on lease agreements (-)</b>	<b>(14)</b>	<b>(24)</b>
<b>Current value of deferred liabilities arising from finance lease recognized in liabilities, including those due in the period:</b>	<b>83</b>	<b>123</b>
up to 1 year	34	47
between 1 and 5 years	49	76
over 5 years	0	0

The structure of other non-financial liabilities is presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Other long-term non-financial liabilities, including:</b>	<b>7 826</b>	<b>4 167</b>
Deferred income (EU funds subsidies)	7 826	4 167
<b>Other short-term non-financial liabilities, including:</b>	<b>5 534</b>	<b>14 510</b>
Advances received for supplies and services	1	0
Taxes and social security liabilities	2 103	10 899
Other liabilities and settlements	2 425	1 782
Deferred income (EU funds subsidies received)	1 005	1 829
<b>Total other long-term and short-term non-financial liabilities</b>	<b>13 360</b>	<b>18 677</b>

In accordance with the adopted accounting policy – subsidies are settled over the useful life of fixed assets and are settled proportionally to the amount of depreciation write-offs of subsidized fixed assets. Equivalent of subsidies settled in the given period is recognised as other operating income (Note 13).

Subsidies for costs received in the form of advance payments for expenses that will be incurred in the future are classified as future deferred income (deferred income) in the group of short-term liabilities and are accounted for in proportion to expenses incurred in individual accounting periods and in proportion to the degree of reimbursement of these expenses by including them in other operating income with the simultaneous adjustment of tax costs.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Deferred income (EU funds subsidies received) at the beginning of the period</b>	<b>5 996</b>	<b>6 507</b>
Fixed assets subsidies received (+)	4 164	1 977
Cost subsidies received (+)	(54)	720
Development works subsidies received (+)	0	0
Fixed assets subsidies settlement (-)	(1 329)	(2 488)
Costs subsidies settlement (-)	54	(720)
<b>Deferred income (EU funds subsidies received) to be settled in the following years</b>	<b>8 831</b>	<b>5 996</b>

On 18<sup>th</sup> December 2019, as part of the Regional Operational Program of the Śląskie Voivodeship for 2014-2020, Priority Axis: III. Competitiveness of SMEs for action: 3.2. Innovations in SMEs the Company applied to the Silesian Center of Entrepreneurship for co-financing of project no. WND-RPSL.03.02.00-24-0678/19-001 titled *Implementation of an Innovative Drive Unit Consisting of a Toothed Gearbox Integrated with Technical Diagnostics Systems*". The total project value will amount to PLN 11 931 thousand, with co-financing amounting to PLN 2 910 thousand. The agreement was signed on 28<sup>th</sup> January 2021, the project implementation period, as specified in the co-financing application, ranges from 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2021. The project completion date specified in the co-financing application may not be later than 31<sup>st</sup> December 2023. In February 2021, the first payment application for the amount of PLN 756 thousand was submitted, followed with the final payment application submitted in June 2023 with the amount of PLN 1 875 thousand. The subsidy in the aforementioned amount was credited to the Company's bank account on 20<sup>th</sup> June 2023, forwarded with the project completion protocol. As at 30<sup>th</sup> June 2024 the subsidy in the amount of PLN 439 thousand was settled by the Company.

On 29<sup>th</sup> April 2020, the Company submitted a co-financing application to the National Center for Research and Development in Warsaw as part of the 3rd TECHMASTRATEG Competition, regarding project number TECHMASTRATEG-III/00028/2019 titled *Development of Innovative Hybrid Surface Layers Composed*



of Anti-Wear Coatings Dedicated to the Tooting of Gears for Drive Units of Conveyors Operating in Difficult Operating Conditions. The project implementation period is scheduled from 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2024.

The project is to be carried out in a Consortium led by the Warsaw University of Technology, with other contractors including the Silesian University of Technology, Patentus Spółka Akcyjna, the Łukasiewicz Research Network – Institute of Sustainable Technologies and the Łukasiewicz Welding Institute Research Network. The total value of the project is PLN 17 259 thousand, with co-financing amounting to PLN 15 368 thousand. The Company's share in the entire project will amount to PLN 5 695 thousand, with co-financing amounting to PLN 3 804 thousand. The project passed the substantive evaluation stage, was recommended for support, and was approved on 9<sup>th</sup> November 2020. On 31<sup>st</sup> March 2021, an agreement was signed for co-financing of the aforementioned project. As at the preparation date of these financial statements, the Company has received co-financing for research works in the form of an advance payment, in the amount of PLN 2 601 thousand. As at 30<sup>th</sup> June 2024, the subsidy in the amount of PLN 2 446 thousand was settled by the Company.

Other agreements for co-financing of EU projects are described in detail in note 2.

#### 4.10. Note 10 – Provisions for liabilities

Employees of the Capital Group are entitled to a retirement gratuity on terms of Art. 92<sup>1</sup> of the Labor Code, i.e. in the amount of one month's remuneration on the day of acquiring the right to severance pay. Provisions for retirement benefits, disability, and death benefits are estimated using actuarial methods.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Provisions for liabilities, including:</b>	<b>2 038</b>	<b>2 254</b>
Provisions for long-term employee benefits	283	265
Provisions for short-term employee benefits	1 598	1 899
Other long-term provisions	0	0
Other short-term provisions	157	90

The Parent Company provided bank sureties and guarantees to its subsidiary Patentus Strefa S.A. and in connection with the decision of the subsidiary to go bankrupt, provision was created for bank sureties and guarantees in the amount of PLN 4 723 thousand. During the year, these guarantees were exercised and the provision was used.

Significant actuarial assumptions for individual balance sheet dates are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Discount rate	5.9%	5.1%
Remuneration increase rate	5.6%	4.6%
Remuneration increases rate (future years)	2.7%	3.7%

Based on an analysis of costs from previous years, the Parent Company's Management Board concluded that there is no risk of significant costs of future warranty repairs and, therefore, decided not to estimate provisions for warranty repairs.

The warranty period provided by the Parent Company for its products ranges from 6 to 36 months. The Subsidiary provides the warranty period of 36 months granted under its products warranty.

Both entities' Management Boards decided that the probability of malfunctions and defects in products manufactured in 2024 is low, therefore an entry in the accounting policy was applied to account 836 Warranty repairs provision,

with the following content: "Company does not create a warranty repairs and complaints provision, until these events shall occur on frequent basis or the costs of repairing complaints and warranties granted shall exceed 3% of the products sales revenues sum for the previous fiscal period."

In the opinion of the Parent Company's Management Board, there are no other factors or events that would indicate the need to create provisions for other reasons.

#### 4.11. Note 11 – Revenue

The structure of revenues is presented in the table below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Sales revenue according to material structure, including:</b>	<b>99 202</b>	<b>244 782</b>
Revenue from the sale of products and services	74 578	237 125
Revenue from the sale of goods and materials	23 725	6 819
Revenue from rent and lease of investment property and other property	899	838
<b>Additional information:</b>		
Revenue from sales to related entities	303	75

In the operations of the Capital Group, two basic operating segments can be distinguished:

- Production of mining machinery and equipment, provision of repair services for mining machinery and equipment and production of other equipment.
- Wholesale of steel products, welding equipment and packaging.

Information on the results of the operating segments results is presented in Note 18.

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Sales revenues by territorial structure, including:</b>	<b>99 202</b>	<b>244 782</b>
Domestic sales revenues	94 958	236 039
Export and intra-community supplies of goods and services	4 244	8 743

Since sales outside Poland are primarily directed to recipients within the European Union, with similar delivery terms – no additional geographical segments have been distinguished.

#### 4.12. Note 12 – Costs

Specification of costs by function and by type is presented in the tables below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
Manufacturing cost of sold products, services, goods and materials	78 340	164 702
Distribution costs	4 833	2 837
General and administrative expenses	11 170	9 083
<b>Total operating costs (functional layout)</b>	<b>94 343</b>	<b>176 622</b>

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
Depreciation and amortization	10 142	9 516
Materials and energy consumption	40 311	108 023
Outsourcing	20 252	42 250
Taxes and fees	1 096	1 016
Employee benefits costs	20 662	16 932
Other costs	1 329	1 298
Write-down of the value of product inventory	0	0
<b>Total costs by type</b>	<b>93 792</b>	<b>179 035</b>
Change in inventory of finished products, work in progress	(18 399)	(5 456)
Production costs of products for internal needs	(111)	(77)
Selling cost of goods and materials	19 061	3 120
<b>Total cost of sales including sales of products, goods, materials and general and administrative expenses</b>	<b>94 343</b>	<b>176 622</b>

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Employee benefits costs, including:</b>	<b>20 662</b>	<b>16 932</b>
Remuneration	17 848	14 475
Social security and other employee benefits	2 814	2 475
Contribution to Company's Social Benefit Fund	0	0
Deferred benefits (provisions) arising from retirement benefits and similar employee benefits	0	0

Remuneration costs include remuneration payable in accordance with employment contracts concluded with individual employees, as well as remuneration payable on the basis of individual civil law contracts.

Social insurance costs for units located in Poland include benefits from retirement, disability and accident insurance, as well as contributions to the Guaranteed Social Benefits Fund and the Labor Fund.

The Capital Group's entities form the Company Social Benefits Fund (CSBF). Write-offs to the aforementioned fund are recognized in operating costs of the Group's entities. Fund's assets are deposited on a separate bank account. In financial statements, fund's assets and liabilities are disclosed at net value.

When exercising the rights under Article 4 § 1-3 of the Act of 4<sup>th</sup> March 1994 on the Company Social Benefits Fund, as of 1<sup>st</sup> September 2013 the Parent Company ceased to establish the Company Social Benefits Fund. Until fully exhausted, the unused funds deposited in a separate bank account will be allocated for the purposes specified

in the aforementioned Act. In financial statements fund's assets and liabilities are disclosed at net value. Due to the specific nature of the Company Social Benefits Fund, both assets and liabilities are of equal value.

Other employee benefits include training aimed at improving qualifications and other benefits specified by labor law.

Pension benefit costs include retirement benefits paid to employees in accordance with the provisions of the Labor Code. The Capital Group is not a party to any pension schemes, or collective labor agreements that would impose different regulations in this respect.

#### **4.13. Note 13 – Other operating income**

Specification of other operating income is presented in the table below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 20223to 31 <sup>st</sup> December 2023
<b>Other operating income, including:</b>	<b>2 326</b>	<b>3 614</b>
Profit on non-financial fixed assets sale	546	0
EU funds subsidies, accounted in proportion to depreciation and amortization of fixed assets	1 329	2 488
EU funds subsidies accounted parallel to costs incurred	0	720
Other subsidies received	211	152
Reversed write-downs of receivables as a result of payment	22	61
Reversed write-downs of material inventory	0	(34)
Reimbursement of legal costs	2	68
Compensation received	93	96
Other operating income	73	13
Reversal of impairment loss on fixed assets	0	40
Revaluation of investment property	50	10

#### **4.14. Note 14 – Other operating expense**

A detailed specification of other operating expense is presented in the table below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Other operating expense, including:</b>	<b>1 276</b>	<b>1 455</b>
Loss on sale of non-financial fixed assets	0	98
Write-downs of receivables revaluation	984	59
Write-downs of inventory	126	306
Write-downs of tangible fixed assets	0	5
Costs of court proceedings	9	37
Donations	44	106
Decrease of investment property fair value	5	0
Compensation paid for poor service and repair costs	43	141
Other operating expense	65	703

#### 4.15. Note 15 – Finance income

The structure of finance income is presented in the table below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Finance income, including:</b>	<b>5 639</b>	<b>1 765</b>
Interest on overdue payment of receivables	18	28
Reversed write-downs of the interest receivables	31	0
Interest on bank deposits	93	354
Interest on loans granted	0	0
Interest on receivables arising from lease agreements	52	234
Profits from currency fluctuations	2 435	159
Other finance income	2 918	469
Profits from currency fluctuations	90	326
Other finance income	2	195

#### 4.16. Note 16 – Finance cost

Structure of finance cost is presented in the table below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> of January 2023 to 31 <sup>st</sup> December 2023
<b>Finance cost, including:</b>	<b>2 698</b>	<b>1 224</b>
Interest on budget commitments	22	2
Interest on bank loans	158	224
Interest on overdue payment of liabilities	0	(78)
Interest on finance lease agreements	9	7
Interest and commissions on the factoring agreement	0	114
Interest on loans	293	534
Revaluation of financial assets (granted loans)	2 126	185
Losses from currency fluctuations	14	0
Other finance cost	76	236

#### 4.17. Note 17 – Income tax

Current income tax is calculated on the basis of applicable tax regulations. Application of these regulations differentiates the tax profit (or loss) from the accounting net profit (or loss) in connection with the adjustments for non-taxable income, costs that do not constitute tax deductible costs, and items of costs and revenues that will not be permanently taxable.

The current income tax of the Parent Company was calculated based on the applicable fixed 19% tax rate. Current regulations do not provide for change in the tax rates in the coming years. The entities subject to consolidation do not operate in the Special Economic Zone. The Subsidiary does not exercise the right to income tax exemption, the Parent Company on the other hand exercises its right to such exemptions pursuant to the Decision on support of 15<sup>th</sup> January 2020 issued by the Management Board of the Katowice SEZ S.A. for implementation of new investments.

The tax year and the balance sheet year align with the calendar year.

The main amounts affecting the income tax amount recognized in the Profit and Loss Statement are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Statutory income tax rate	19%	19%
<b>Current income tax</b>	<b>3 148</b>	<b>8 206</b>
<b>Deferred income tax, including:</b>	<b>(2 138)</b>	<b>245</b>
Change in deferred tax assets	(263)	397
Change in deferred income tax provisions	(1 875)	(152)
<b>Income tax disclosed in Profit and Loss Statement</b>	<b>1 010</b>	<b>8 451</b>

Table below presents the differences between the nominal and the effective tax rate:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Pre-tax gross profit	8 850	70 860
Occasional acquisition of shares profit	0	0
Financial result serving as the basis for calculating the effective tax rate	8 850	70 860
Effective tax rate	11.41%	11.93%
<b>Income tax at the effective tax rate</b>	<b>1 010</b>	<b>8 451</b>
<b>Income tax at the statutory tax rate</b>	<b>1 682</b>	<b>13 463</b>
Tax effect related to adjustment of non-deductible tax costs according to tax regulations	1 350	1 090
Tax effect related to adjustment of revenues not considered revenues according to tax regulations	(760)	(621)
Tax effect related to adjustments of deferred tax estimates from previous years	(1 262)	(5 481)
<b>Income tax at the effective tax rate</b>	<b>1 010</b>	<b>8 451</b>

Due to temporary differences between the tax value and the carrying amount of assets and liabilities, deferred tax is created. Specification of the main items affecting the balance of the Capital Group's deferred tax assets and liabilities is presented in the table below:

Specification / data in PLN thousand	Balance Sheet		Profit and Loss Statement	
	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Deferred income tax assets</b>				
Doubtful debts write-downs	339	151	(188)	31
Exchange rates differences	0	0	0	0
Inventory value write-down	82	59	(23)	(65)
Tax losses to be settled in subsequent periods	150	0	150	(73)
Special economic zone tax relief asset	0	0	0	812
Impairment losses on fixed assets	0	0	0	0
Interest on liabilities to be paid	0	0	0	0
Employee benefits provisions and warranty repairs provisions	126	138	12	(98)
Provisions for payment of bonuses from profit of 2023	245	285	40	(285)
Financial assets PKO TFI	0	0	0	0
Social Insurance Institution and remuneration paid past the due date	5	4	1	4
Other items	16	9	6	18
<b>Total deferred income tax assets</b>	<b>940</b>	<b>646</b>	<b>21</b>	<b>344</b>
<b>Deferred income tax assets reducing the provisions for deferred income tax balance</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>x</b>
<b>Total (per balance) deferred tax assets disclosed in the Balance Sheet</b>	<b>940</b>	<b>646</b>	<b>x</b>	<b>x</b>

<b>Deferred income tax provisions</b>				
Differences in the tax value and carrying amount of investment property	1 061	262	(7)	1
Interest on receivables and interest on loans	0	0	0	0
Principal interest on late payment of receivables (mines)	0	0	0	0
Difference between tax value and the carrying amount of fixed assets	1 615	4 451	(2 063)	(461)
Settlement of profit from sale of products in the form of lease agreements	0	64	(64)	(86)
Temporary differences due to sales adjustments (lease receivables – unpaid interest)	0	0	0	0
Difference between the tax value and the carrying amount of fixed assets covered by the subsidy	146	79	67	320
Interest on lease	0	(65)	65	(45)
PKO TFI appraisal	204	54	150	54
Other items	(23)	0	0	(100)
<b>Total provision for deferred income tax settled with financial result</b>	<b>3 003</b>	<b>4 845</b>	<b>(1 875)</b>	<b>(317)</b>
Effects of valuation of fixed assets to the revalued amount (settled with the Revaluation reserve item)	2 554	2 355	x	x
<b>Total deferred income tax liability recognized in the Balance Sheet</b>	<b>5 557</b>	<b>7 200</b>	<b>x</b>	<b>x</b>
<b>Deferred income tax assets reducing provisions for deferred income tax balance</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>x</b>
<b>Total (per balance) provisions for deferred income tax recognized in the balance sheet</b>	<b>5 557</b>	<b>7 200</b>	<b>x</b>	<b>x</b>
<b>Total effects of changes in deferred tax assets and liabilities affecting the financial result</b>	<b>x</b>	<b>x</b>	<b>(1 854)</b>	<b>(27)</b>



Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Total provisions for deferred income tax at the beginning of the period:</b>	<b>7 200</b>	<b>7 392</b>
Change in deferred income tax provision settled with Revaluation reserve item	134	88
Change in deferred income tax provision settled with financial result	(1 777)	(280)
<b>Total deferred income tax provisions at period end, including:</b>	<b>5 557</b>	<b>7 200</b>
Deferred income tax provisions settled with Revaluation reserve item	2 554	2 355
Deferred income tax provisions settled with financial result	3 003	4 845
<b>Deferred income tax assets subject to compensation with deferred income tax provisions</b>	<b>0</b>	<b>0</b>
<b>Total (per balance) deferred income tax provisions recognized in the balance sheet at end of year</b>	<b>5 557</b>	<b>7 200</b>

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Deferred income tax assets at the beginning of the period</b>	<b>646</b>	<b>1 170</b>
Change in assets settled with financial result	294	(524)
<b>Deferred tax assets at period end</b>	<b>940</b>	<b>646</b>
Deferred income tax assets subject to compensation with deferred income tax provisions	0	0
<b>Total (per balance) deferred income tax assets recognized in the Balance Sheet at end of year</b>	<b>940</b>	<b>646</b>

Current income tax settlements of the Capital Group are presented in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Current corporate income tax for the period	3 148	8 206
Income tax paid related to settlement for given period	0	0
<b>Settlement balance of the current income tax at period end:</b>	<b>15</b>	<b>(5 169)</b>
Receivables arising from current income tax at period end	15	0
Liabilities arising from current income tax at period end	0	5 169

On 7<sup>th</sup> August 2023, the Parent Company submitted two applications to the Katowice Special Economic Zone S.A. for decisions on business support, understood as production, trade and service activities, in the field of products or services provided in the Śląskie Voivodeship, Pszczyna powiat, and Pszczyna commune. On 19<sup>th</sup> September 2023, the Company submitted supplements to both applications. The first application requested support for an amount of PLN 23 000 thousand, and the second for PLN 5 000 thousand. Ultimately, both support decisions (numbers 347/2023 and 348/2023) were issued on 5<sup>th</sup> October 2023. Decision number 347/2023 was issued for a fixed term of 12 years from the date of its issuance. The decision's conditions include primarily to incur eligible costs on the investment site with a total value of at least PLN 23 000 thousand within the period from the date of the decision till 30<sup>th</sup> June 2026, and to increase the number of employees by at least 5 people until 30<sup>th</sup> June 2026 with employment maintained at the level of 118 employees at the new investment site until 30<sup>th</sup> June 2029. The maximum amount of eligible investment costs will amount to PLN 23 000 thousand. Decision number 348/2023 was also issued for a fixed term of 12 years from the date of its issuance. The decision's conditions include primarily to incur eligible costs on the investment site with a total value of at least PLN 5 000 thousand within the period from the date of the decision till 30<sup>th</sup> September 2024, and to increase the number of employees by at least 3 people until 30<sup>th</sup> September 2024 with employment maintained at the level of 116 employees at the new investment site until 30<sup>th</sup> September 2027. The maximum amount of eligible investment costs will amount to PLN 5 000 thousand. In accordance with both applications the entrepreneur is obligated to meet the quantitative criterion, i.e. to incur

minimum eligible investment costs in the amount of PLN 4 000 thousand as defined in Article 4 of the regulation on public aid provided to certain entrepreneurs for the implementation of new investment projects. Additionally, the Company is also obligated to meet the following qualitative criteria: 1. Within the framework of sustainable economic development criterion: a) Investment in a project supporting an industry consistent with the current national development policy, in which the Republic of Poland may gain a competitive advantage, including investment within the scope of a supply chain of strategic sectors consistent with the Strategy for Responsible Development, in the machinery sector (PKWU; 28.9); b) Utilization of human resource potential; c) Engagement in Research and Development activities d) Possession of micro, small, or medium-sized enterprise status. 2. Within the framework of sustainable social development criterion: a) supporting the acquisition of education and professional qualifications along with cooperation with vocational schools, b) Undertaking employee welfare measures, in particular by offering employees: 1) participation in additional healthcare programs beyond those required by law; 2) additional employee benefits in terms of various forms of leisure, cultural and educational activity, sports and recreational activity, and insurance.

As at the date of the present financial statements the Company has incurred eligible expenses under Decision no. 347/2023 equal to PLN 685 thousand. The aforementioned investment is currently executed.

As of 30<sup>th</sup> September 2024, (the date on which the support decision was issued and the investment project was thereby completed) under Decision no. 348/2023 the Company has incurred eligible expenses equal to PLN 5 013 thousand. The discounted value of investment expenditures under the aforementioned support decision amounted to PLN 4 836 thousand, of which the value of public aid was PLN 2 418 thousand. Since, as of 31<sup>st</sup> December 2024, the Company did not generate income from the tax-exempt activity, the full amount of the public aid, i.e., PLN 2 418 thousand, remains to be utilized in subsequent years.

#### **4.18. Note 18 – Segment information**

Two business segments can be distinguished in the Capital Group's operations. The first operating segment relates to the production of machinery and equipment as well as provision of services for the mining industry. The second operating segment involves the wholesale of goods and materials.

The Capital Group's operations are primarily focused within the country. A minimum portion of sales revenue is generated through exports. Due to the fact that sales outside Poland are mainly directed to recipients based in the European Union, with similar delivery terms – no additional geographical segments have been distinguished.

A segment's assets include tangible fixed assets, inventory, and trade receivables that can be directly assigned to the specific area of operation. A segment's liabilities include, inter alia, all liabilities due to trade, deferred income, and, in part, liabilities related to loans and concluded finance lease agreements.

Segments' revenue include revenue from sales to external customers, and, in part, other operating income that based on rational premises, can be assigned to the specific segment.

Segments' costs include selling costs to external customers, which can be allocated to the respective segment based on reasonable premises. Due to the needs of the Capital Group's Management Board in the field of economic analysis of segments – conducted accounting records do not allow for the precise allocation of other costs, including general and administrative expenses, other operating costs, financial costs and other costs arising at the Capital Group level, which pertain to the economic entity as whole.

For each segment, additional information has been provided regarding the acquisition of fixed assets, intangible assets, the value of impairment losses on non-current assets, the net value of disposed fixed assets, depreciation expenses, and inventory write-down costs.

Information on major customers in terms of sales revenue at the Capital Group level has been disclosed. The structure of the trade receivables balance at the end of the period was also presented, including information on trade receivables from major customers. The balances of trade receivables are presented as net amount, i.e. after taking into account the effects of the created write-downs.

Additionally, information on the main suppliers of services, goods and materials as well as information on the structure of the trade liabilities balance at the end of the period at the Capital Group level is presented.

Selected information on revenues and costs, as well as assets and liabilities for the Capital Group's operating segments in the fiscal year ending on 31<sup>st</sup> December 2024 is presented below:

Specification / data in PLN thousand for the period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Revenue from sale of products, services, goods and materials	94 485	4 717	0	99 202
Cost of sales	(74 809)	(3 531)	0	(78 340)
<b>Gross profit (loss) from sales</b>	<b>19 676</b>	<b>1 186</b>	<b>0</b>	<b>20 862</b>
Distribution costs	(3 200)	(1 633)	0	(4 833)
General and administrative expenses and other operating income and cost	(1 040)	0	(9 080)	(10 120)
<b>Operating profit (loss)</b>	<b>15 436</b>	<b>(447)</b>	<b>(9 080)</b>	<b>5 909</b>
Finance income		0	5 639	5 639
Finance cost		0	(2 698)	(2 698)
<b>Pre-tax profit (loss)</b>	<b>15 436</b>	<b>(447)</b>	<b>(6 139)</b>	<b>8 850</b>
Income tax		0	(1 010)	(1 010)
<b>Net profit (loss)</b>	<b>15 436</b>	<b>(447)</b>	<b>(7 149)</b>	<b>7 840</b>

Specification / data in PLN thousand for the period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Net value of tangible fixed assets and intangible assets	71 067	2 235	13 017	86 319
Investment property	0	0	1 425	1 425
Deferred income tax assets and long-term financial assets	62	0	49 240	49 302
Inventory	48 958	1 379	0	50 337
Trade receivables (net value)	4 346	86	80	4 512
Unallocated current assets	0	0	9 839	9 839
<b>Total assets</b>	<b>124 433</b>	<b>3 700</b>	<b>73 601</b>	<b>201 734</b>
Trade liabilities	9 164	416	1 146	10 726
Deferred income	24	0	8 807	8 831
Credits, loans and liabilities arising from finance lease agreements	0	0	6 125	6 125
Unallocated liabilities and provisions	0	0	12 722	12 722
<b>Total liabilities and provisions</b>	<b>9 188</b>	<b>416</b>	<b>28 800</b>	<b>38 404</b>

Specification / data in PLN thousand for the period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
<b>Additional information</b>				
Acquisition or modernization of tangible fixed assets and intangible assets	7 604	181	1 403	9 188
Write-downs increasing the value of tangible fixed assets and intangible assets	284	38	0	322
Impairment losses and the net value of liquidated tangible fixed assets and intangible assets	0	0	0	0
Depreciation of fixed assets and intangible assets	9 444	86	612	10 142
Acquisition or modernization of investment property	0	0	0	0
Write-downs increasing the value of investment property	0	0	50	50
Inventory write-downs (-) or reversal of inventory write- downs (+)	(25)	(407)	0	(432)

Selected information on the revenues and costs, as well as assets and liabilities of the Parent Company's operating segments in the fiscal year ending on 31<sup>st</sup> December 2023 is presented below:

Specification / data in PLN thousand for the period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Revenue from sale of products, services, goods and materials	240 347	4 435	0	244 782
Cost of sales	(161 375)	(3 327)	0	(164 702)
<b>Gross profit (loss) from sales</b>	<b>78 972</b>	<b>1 108</b>	<b>0</b>	<b>80 080</b>
Distribution costs	(1 537)	(1 300)	0	(2 837)
General and administrative expenses and other operating income and cost	(940)	0	(5 984)	(6 924)
<b>Operating profit (loss)</b>	<b>76 495</b>	<b>(192)</b>	<b>(5 984)</b>	<b>70 319</b>
Finance income	1	0	1 764	1 765
Finance cost	(15)	0	(1 209)	(1 234)
<b>Pre-tax profit (loss)</b>	<b>76 481</b>	<b>(192)</b>	<b>(5 429)</b>	<b>70 860</b>
Income tax	(137)	0	(8 314)	(451)
<b>Net profit (loss)</b>	<b>76 344</b>	<b>(192)</b>	<b>(13 743)</b>	<b>(62 409)</b>

Specification / data in PLN thousand for the period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Net value of tangible fixed assets and intangible assets	60 077	3 131	12 212	75 420
Investment property	0	0	1 380	1 380
Deferred income tax assets and long-term financial assets	0	0	41 213	41 213
Inventory	36 686	1 299	0	37 985
Trade receivables (net value)	89 183	188	16	89 387
Unallocated current assets	0	0	15 266	15 266
<b>Total assets</b>	<b>185 946</b>	<b>4 618</b>	<b>70 087</b>	<b>260 651</b>
Trade liabilities	46 592	310	640	47 542
Deferred income	24	0	5 972	5 996
Credits, loans and liabilities arising from finance lease agreements	0	0	10 300	10 300
Unallocated liabilities and provisions	0	0	27 427	27 427
<b>Total liabilities and provisions</b>	<b>46 616</b>	<b>310</b>	<b>44 339</b>	<b>91 265</b>

Specification/data in PLN thousand for the period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
<b>Other information</b>				
Acquisition or modernization of tangible fixed assets and intangible assets	1 896	0	168	2 064
Write-downs increasing the value of tangible fixed assets and intangible assets	155	76	230	461
Impairment losses and net value of liquidated tangible fixed assets and intangible assets	0	0	0	0
Depreciation of fixed assets and intangible assets	8 154	87	1 275	9 516
Acquisition or modernization of investment property	0	0	0	0
Write-downs increasing the value of investment property	0	0	10	10
Inventory write-downs (-) or reversal of inventory write-downs (+)	(288)	(18)	0	(306)

Information on the main Recipients as well as the structure of trade receivables is presented below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
	data in PLN thousand	in percentage points	data in PLN thousand	in percentage points
<b>Total revenue from the sale of products, services, goods and materials, including main recipients:</b>	<b>99 202</b>	<b>100.00%</b>	<b>244 782</b>	<b>100.00%</b>
Jastrzębska Spółka Węglowa S.A.	5 977	6.03%	76 885	31.51%
<i>including KUKE factoring*</i>	0	0.00%	0	0.00%
PGG Polska Grupa Górnicza	58 322	58.79%	129 514	52.91%
<i>including KUKE factoring *</i>	0	0.00%	0	0.00%
BECKER-WARKOP	2 976	3.00%	1 979	0.81%
GRENEVIA	2 140	2.16%	1 259	0.51%
MODELFORM SP. Z O.O.	1 200	1.21%	0	0.00%
UNGAREX SP. Z O.O.	2 450	2.47%	582	0.24%
SBM MINERAL PROCESSING	1 657	1.67%	4 607	1.88%
SBM MINERAL POLSKA	1 481	1.49%	1 310	0.54%
PGE GÓRNICTWO	1 368	1.38%	713	0.29%
UNGAREX S.C.	683	0.69%	2 090	0.85%
MATIX	750	0.76%	2	0.00%
JZR	1 966	1.98%	5 231	2.14%
PG SILESIA	1 872	1.89%	4 048	1.65%
TIM INVEST	840	0.85%	1 740	0.71%
HENNLICH S.R.O. CZECHY	829	0.84%	0	0.00%
SMS GROUP GMBH NIEMCY	594	0.60%	72	0.03%
UNIPOL SP. J.	652	0.66%	0	0.00%
Other recipients	13 445	13.55%	14 750	6.03%

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
	data in PLN thousand	in percentage points	data in PLN thousand	in percentage points
<b>Total net value of trade receivables at end of period, including:</b>	<b>4 512</b>	<b>100.00%</b>	<b>89 387</b>	<b>100.00%</b>
Jastrzębska Spółka Węglowa S.A.	1 926	42.69%	84 266	94.27%
PGG Polska Grupa Górnicza	321	7.11%	2 659	2.97%
BECKER-WARKOP	0	0.00%	0	0%
GRENEVIA	0	0.00%	0	0%
MODELFORM SP. Z O.O.	0	0.00%	0	0%
UNGAREX SP. Z O.O.	0	0.00%	0	0%
SBM MINERAL PROCESSING	0	0.00%	0	0%
SBM MINERAL POLSKA	0	0.00%	1	0%
PGE GÓRNICTWO	0	0.00%	0	0%
UNGAREX S.C.	277	6.14%	267	0.30%
MATIX	0	0.00%	0	0.00%
JZR	542	12.01%	489	0.55%
PG SILESIA	546	12.10%	748	0.84%
TIM INVEST	0	0.00%	194	0.22%
HENNLICH S.R.O CZECHY	0	0.00%	0	0.00%
SMS GROUP GMBH NIEMCY	195	4.32%	0	0.00%
UNIPOL SP. J.	0	0.00%	0	0.00%
Other recipients	705	15.63%	763	0.85%
<i>including KUKE factoring*</i>	<i>0</i>	<i>0.00%</i>	<i>0</i>	<i>0%</i>

Information on the main Suppliers, as well as the structure of trade liabilities is presented below.



Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
	data in PLN thousand	% share in sales	data in PLN thousand	% share in sales
<b>Acquisition of goods and services for core business (net value, excluding VAT), including major suppliers:</b>				
PPHU Mirpol Mirosław Kobiór	15 622	15.75%	29 947	12.23%
GRENEVIA S.A.	16 602	16.74%	2 947	1.20%
UNIPOL SP. Z O.O.	1 245	1.26%	3 453	1.41%
MEGA STEEL	1 694	1.71%	2 303	0.94%
REEVER TEC SP. Z O.O.	1 620	1.63%	0	0.00%
REMA-POL	1 546	1.56%	2 738	1.12%
HUTA MAŁAPANEW	4 223	4.26%	7 252	2.96%
KONKO S.A.	1 050	1.06%	7 498	3.06%
ARCELORMITTAL SP. Z O.O.	842	0.85%	1 844	0.75%
DAMEL	786	0.79%	3 269	1.34%
PGO	755	0.76%	4 920	2.01%
UNIPOL SP. J.	799	0.81%	0	0.00%
ENERGO MECHANIK	741	0.75%	484	0.20%

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
	data in PLN thousand	in percentage points	data in PLN thousand	in percentage points
<b>Total trade liabilities at end of period (gross value including VAT), including:</b>	<b>11 324</b>	<b>100.00%</b>	<b>47 542</b>	<b>100.00%</b>
PPHU Mirpol Mirosław Kobiór	323	2.85%	7 206	15.16%
GRENEVIA S.A.	0	0.00%	0	0.00%
UNIPOL SP. Z O.O.	0	0.00%	859	1.81%
MEGA STEEL	343	3.03%	250	0.53%
REEVER TEC SP. Z O.O.	1 836	16.21%	0	0.00%
REMA-POL	529	4.67%	1 219	2.56%
HUTA MAŁAPANEW	2 488	21.97%	2 766	5.82%
KONKO S.A.	979	8.65%	0	0.00%
ARCELORMITTAL SP. Z O.O.	333	2.94%	154	0.32%
DAMEL	0	0.00%	3 137	6.60%
PGO	315	2.78%	0	0.00%
UNIPOL SP. J.	532	4.70%	0	0.00%
ENERGO MECHANIK	38	0.34%	0	0.00%
Other Suppliers	3 608	31.86%	31 951	67.21%

NOTE: The percentage of supplier involvement (column "data in percentage points") was calculated in proportion to the sales revenues in the given year.

#### 4.19. Note 19 – Additional information on Cash Flow Statement

According to the overdraft facility agreement 1222953/151/K/RB/23 concluded with Bank Polskiej Spółdzielczości – the Parent Company could dispose of the overdraft facility up to PLN 7 000 thousand. The factoring agreement no. 0096/2017 concluded with Kuke Finance SA, has been suspended up until 30<sup>th</sup> November 2025.

As at 31<sup>st</sup> December 2024, the Parent Company disposed the aforementioned overdraft facilities in the amount of PLN 7 thousand, therefore it translates that it may additionally dispose the overdraft facility in the amount of PLN 6 993 thousand.

In total, the Parent Company and the Capital Group, apart from the cash disclosed in assets, may additionally utilize the unused amount of PLN 6 993 thousand, resulting from the overdraft facilities.

The analysis and calculation of complex items in the Cash Flow Statement is presented below:

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Profit (loss) from investment activity, including:</b>	<b>(3 819)</b>	<b>93</b>
Revenue from the sale of fixed assets, intangible assets, investment property	(1 601)	(45)
Net value of liquidated tangible fixed assets, intangible assets, and investment property (in accordance with Note 1, Note 2 and Note 3)	1 055	143
Impairment loss on tangible fixed assets (in accordance with Note 2 and Note 14)	0	0
Reversal of impairment loss on tangible fixed assets (in accordance with Note 2 and Note 13)	0	0
Impairment loss on investment property (in accordance with Note 3 and Note 13)	(45)	(5)
Profit (loss) on finance lease operation	0	0
Profit (loss) on sale of certificates	(3 228)	0
Profit (loss) on investment property disposal	0	0

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Change in liabilities provisions and deferred income tax provisions, including:</b>	<b>1 229</b>	<b>449</b>
Change in liabilities provisions (in accordance with Note 10)	1 229	449
Deferred tax from revaluation	0	0
Change in deferred income tax provision settled with the financial result (in accordance with Note 17)	0	0
Change in assets for deferred income tax settled with the financial result (in accordance with Note 17)	0	0

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Change in accruals</b>	<b>(1 276)</b>	<b>(1 755)</b>
Balance sheet change	2 835	0
Depreciation cost included in development works	702	942
Subsidy proceeds	(4 111)	(2 697)

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Change in liabilities, excluding loans, credits and provisions, including:</b>	<b>(44 613)</b>	<b>49 071</b>
Balance sheet changes in liabilities	(46 270)	44 417
Borrowings (loans and credits)	0	(7)
Repayment of loans and credits	4 175	4 887
Change in carrying amount	0	0
Change in other long-term financial liabilities (in accordance with Note 9)	(27)	0
Change in other long-term non-financial liabilities (in accordance with Note 9)	(3 659)	(226)
Change in other short-term financial liabilities (in accordance with Note 9)	(67)	0
Change in other short-term non-financial liabilities (in accordance with Note 9)	1 195	0
Adjustment for increase in liabilities under finance lease agreements concluded in the given period (in accordance with Note 9)	0	0
Adjustment for repayment of liabilities under financial lease agreements in the given period (in accordance with Note 9)	40	0

Specification / data in PLN thousand	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024	Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023
<b>Expenditure on intangible assets and tangible fixed assets acquisition, including:</b>	<b>23 713</b>	<b>4 691</b>
Change in tangible fixed assets and intangible assets	10 644	(5 553)
Depreciation	9 176	9 293
Depreciation cost included in development works	702	942
Non-amortized value	1 055	0
Revaluation	(704)	(461)
Net value of disposed intangible assets and tangible fixed assets	0	0
Acquisition of intangible assets and tangible fixed assets (in accordance with Note 1 and Note 2)	173	(416)
Change in the balance of tangible fixed assets under construction (in accordance with Note 2)	0	(50)
Adjustment for increase in liabilities arising from finance lease agreements concluded in the given period (in accordance with Note 9)	0	147
Settlement of advance payments from previous periods for the acquisition of tangible fixed assets (in accordance with Note 4)	2 667	0
Other adjustments	0	789

#### 4.20. Note 20 – Financial instruments and risk management

Financial instruments by category are presented in the table below:

Specification / data in PLN thousand	Note	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Financial assets available for sale		0	0
Financial assets held to maturity		0	0
Financial assets measured at fair value through Profit and Loss Statement		47 854	40 426
Financial assets measured at amortized cost, including:		6 949	89 446
Trade receivables (net value)	4	4 649	89 446
Receivables arising from advances transferred for the tangible fixed assets acquisition	4	2 300	0
Other receivables arising from finance lease agreements	4	0	1 479
Cash and cash equivalents	6	4 527	12 856
<b>Total assets by category</b>		<b>59 330</b>	<b>144 207</b>
Financial liabilities arising from derivative instruments valued at fair value through the Profit and Loss Statement	9	0	0
Derivative liabilities designated as hedging instruments		0	0
Financial liabilities measured at amortized cost, including:		17 449	57 965
Trade liabilities	9	11 241	47 542
Other financial liabilities	9	0	0
Credits and loans liabilities	8	6 125	10 300
Liabilities arising from finance lease	9	83	123
<b>Total liabilities by category</b>		<b>17 449</b>	<b>57 965</b>

The financial instruments by class are presented in the table below:

Specification / data in PLN thousand	Note	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Trade receivables (net value)	4	52 503	129 872
Advances transferred for the tangible fixed assets acquisition	4	2 300	0
Other receivables arising from finance lease agreements	4	0	1 479
Cash and cash equivalents	6	4 527	12 856
<b>Total assets by class</b>		<b>59 330</b>	<b>144 207</b>
Trade liabilities and other financial liabilities	9	11 241	47 542
Liabilities arising from credits and loans	8	6 125	10 300
Liabilities arising from finance lease	9	83	123
<b>Total financial liabilities by class</b>		<b>17 449</b>	<b>57 965</b>

The Company holds investments in PKO TFI, described in detail in note 3.

Items of revenue, costs, and profit and loss recognized in the Profit and Loss Statement by financial instruments categories are presented in the table below:

Specification / data in PLN thousand	Note	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Items of revenue (costs) related to the category of instruments "Loans and receivables", "Other receivables" and "Cash and cash equivalents"</b>			
Interest revenue (cost)	15	142	382
Interest revenue arising from lease agreements receivables	15	52	234
Profits (losses) through currency fluctuations	15,16	(113)	(49)
Impairment losses	4	(1 016)	(81)
Reversal of impairment losses	4	23	248
<b>Total net profit (loss)</b>		<b>(912)</b>	<b>734</b>
<b>Items of revenue (costs) related to the category of instruments "Other liabilities" and "Liabilities arising from finance lease"</b>			
Interest revenue (cost)	16	(189)	(269)
Profits (losses) through currency fluctuations	15,16	(72)	380
<b>Total net profit (loss)</b>		<b>(261)</b>	<b>111</b>

One of the collaterals for liabilities under loan agreements is the unconfirmed global transfer (assignment) of existing and future receivables arising from leases, sales of goods and services.

During the reporting period the below-mentioned economic events that would require disclosure did not occur in the Capital Group:

- As at the balance sheet date, the Capital Group did not use the option to designate a financial instrument at the moment of initial recognition as measured at fair value through Profit and Loss Statement (IFRS 7, section 9, 10, 11)
- No reclassification of financial assets was made that would result in change of the measurement method of these assets (IFRS 7, § 12)
- The Capital Group did not issue instruments containing both liability and equity component (IFRS 7, § 17),
- The Capital Group did not breach any contractual provisions (IFRS 7, § 18),
- The Capital Group does not apply fair value hedge accounting and cash flow hedge accounting (IFRS 7, § 22),
- No financial assets were acquired at a price different from their fair value (IFRS 7, § 28);
- The Capital Group did not take over any assets as collateral (IFRS 7, § 38)

The Capital Group uses several key financial instruments, which include bank loans (described in Note 8), cash and cash equivalents, and short-term deposits (described in Note 6). The main purpose of these instruments is to raise funds for the Parent Company's operations and to invest surplus liquid cash on an ad hoc basis.

Additionally, the Capital Group holds other financial instruments, which include trade receivables and liabilities, as well as receivables arising from loan agreement, receivables under finance lease agreements (Note 4 and Note 9), which are the result of conducted operations.

Main risks arising from the Capital Group's financial instruments include:

- market risk (including interest rate risk, exchange rate risk, risk of changes in the prices of raw materials for production, risk of increased competition on domestic market, risk related to public tenders, risk related to unit production, risk of responsibility for the quality and timeliness of deliveries and services, risk of dependence on significant customers and suppliers, risk resulting from grants obtained from EU funds, risk of granted collateral on assets, risk of applying tax law and changes in legal regulations);
- credit risk;
- liquidity risk.

### Market risk

Interest rate risk. This risk arises from fluctuations in interest rates is primarily related to long-term liabilities, which include loans. These loans bear interest at variable interest rates. The basis for determining the interest rate on loans is WIBOR 1M, WIBOR 3M and EURIBOR 1M, EURIBOR 3M. Consequently, the Capital Group is exposed to the risk of changes in interest rates. The average interest rate of loans used by the Capital Group is detailed in Note 8.

At point of WIBOR 1M, WIBOR 3M or EURIBOR 1M, EURIBOR 3M ratios increase by 1.00 percentage point, the Capital Group is exposed to additional financial costs in the next fiscal year, as detailed in the table below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Additional financial costs to which the Capital Group is exposed in the event of interest rate increase on financial liabilities by 1 percentage point	61	103

In the opinion of the Capital Group, a potential increase in interest on loans and finance lease agreements will not have a significant impact on the level of the gross financial result. The Capital Group does not utilize any instruments to hedge against the interest rate risk.

Exchange rate risk. The Capital Group is exposed to exchange rate risk by concluding sale or purchase transactions in currencies other than its functional currency and by concluding loan agreements in foreign currency. The Capital Group does not engage investment activities that would be exposed to exchange rate risk. Exchange rate differences related to operating activities are recognized as financial costs and revenues, respectively.

In the event of the EUR exchange rate increase in the next fiscal year, the Capital Group is exposed to additional financial costs resulting from the valuation of liabilities arising from loan agreements denominated in EUR. The table below presents the estimated additional financial costs related to negative exchange rate differences that would occur if the EURO exchange rate increased by 10% in the next fiscal year:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Additional financial costs to which the Capital Group is exposed in the event of EUR exchange rate increase by 10% resulting from the valuation of liabilities arising from foreign currency loans	250	396

Due to the small share of transactions in foreign currencies, the Capital Group does not use any form of hedging against currency risk.

Risk of changes in the prices of raw materials for production. The main problem is the market risk of changes in the prices of materials for production. Production costs largely depend on changes in the prices of materials, including steel products (sheets, plates, sections). In recent years, high volatility of prices of steel products has been observed. Certain hedge against short-term increases in raw material prices is high inventory of materials for production. The Capital Group does not apply the policy of hedging the risk of prices increase on materials for production, which, taking into account the fact that sale prices of products are to a large extent determined in public tenders – in a short period of time may have a significant impact on the profitability of production. Due to the large variety of raw materials needed for production, high stocks of raw materials and variable delivery times for finished products, it is not possible to estimate the possible financial effects of changes in raw material prices on the financial result of the Capital Group in the reporting period.

Risk of increased competition on the domestic market. Recently, there has been a decrease in the activity of competition on the domestic market for the production of mining machinery and equipment. Such situation increases the pressure to reduce margins on individual products, which may have a negative impact on the Capital Group's financial result. However, due to the actions taken by the Parent Company's Management Board towards the sources of revenues diversification, the reduction in prices of products manufactured for the mining industry will not have a significant impact on the operations and revenues of the Capital Group in the future.

Risk related to public tenders. Significant part of the Capital Group's revenues comes from implementation of won public tenders, where the price offered has the primary impact on the final result. Currently, the Parent Company calculates its price offers at the level ensuring fair margin, which may not always be the case in the future. The additional element increasing the risk of potentially worse financial results is opposition to tender provisions by other tender participants, which leads to extending the time of signing contracts or, in extreme cases, to cancelling the tender.

The Company has two agreements for scraper conveyors supply, concluded with Polska Grupa Górnicza S.A.. The net total value of the first agreement amounts to PLN 8 830 thousand with the completion date set for April 2025. The net total value of the second agreement amounts to PLN 20 300 thousand with the completion date set to May 2025.

Risk related to unit production. The Parent Company produces machines and devices mainly based on a unit order for the given customer. Due to the lack of serial production, typical production preparation processes, the process of supplying materials, as well as the maintenance and repair schedule of the machinery park are more difficult to plan and implement. This phenomenon may have temporary impact on the Capital Group's financial results.

Risk of the responsibility for quality and timeliness of deliveries and services. Risk of responsibility for the quality of delivered equipment and timeliness of executed services is an integral element of agreements concluded by PATENTUS S.A. The Capital Group may be exposed to the necessity to incur additional costs related to possible complaints. However, in the opinion of the Management Board of the Company, the risk of frequent or significantly debilitating complaints is small due to the many years of experience of the personnel.

Risk of dependence on significant customers and suppliers. The amount of the Parent Company's revenues depends to a large extent on the current economic situation in the hard coal industry in Poland. Over 72% of the Parent Company's revenues during the audited period of 2024, and over 88% in the corresponding period of 2023 were generated from such recipients from the mining industry as Jastrzębska Spółka Węglowa S.A., Polska Grupa Górnicza, Grenevia, JZR, PGE Górnictwo, PG Silesia. The remaining sales were carried out, among others, for such recipients as Ungarex Sp. z o.o., SBM Mineral Processing, Modelform sp. Z o.o., Matix, Tim Invest, Becker Warkop Sp. z o.o.. The value of revenues for the aforementioned customers in 2024 accounted for over 28%, and in 2023 over



11% in relation to total sales. The deterioration of the financial situation of main clients in this industry may result in the deterioration of the Parent Company's financial results. Termination of cooperation or limitation of orders from these entities would have a significant, negative impact on the level of revenues and financial situation of the Parent Company. The Management Board's strategy, that has been pursued in recent years, is to diversify the revenue sources, by commencing the supply of mining machinery and equipment to the Eastern and Far Eastern markets, as well as the export of welded structures and equipment to the European Union markets. To further mitigate the risk of dependence on major customers, the Parent Company is also seeking for customers outside the mining industry.

The service provider during the reporting period was PPHU MIRPOL Mirosław Kobiór with its registered office in Pszczyna. The MIRPOL company provides services concerning work on the machines and equipment of the Capital Group, under the supervision of the Group's engineering staff and based on its patents, solutions, and documentation. In the opinion of the Management Board, the risk of terminating this cooperation is minimal. The contract termination could cause temporary production difficulties. However, in such case, the Parent Company would aim to retain the majority of contractor's employees, as the Company is the primary recipient of its services.

Several suppliers cooperating with the Capital Group hold a significant share in the supply of materials and commercial goods, including metallurgical products. In the event of cooperation termination with the Capital Group by leading suppliers of metallurgical products, shortages in the supply of raw materials may periodically occur, until other suppliers can compensate for the shortfall. However, due to the ample supply of steel products – any difficulties in obtaining raw materials should not be a permanent phenomenon.

Risk resulting from subsidies obtained from EU funds. The Parent Company has concluded agreements with the unit managing structural funds regarding co-financing from the European Union funds for the purchase of new machinery and equipment and agreements regarding the reimbursement of costs incurred necessary to perform the tasks resulting from these agreements. In the event of failure to meet the indicators specified in agreements with the given structural fund managing unit, it may be necessary to return part or all of the grant with interest. The maximum amount subject to reimbursement is approximately PLN 40 908 thousand (excluding required interest). As at the date of the present financial statements' submission, there is no risk of subsidies reimbursement.

Risk of collateral pledges on assets. One of the forms of collateral for loans granted by banks are mortgages and registered pledges on production assets and inventory. In the event of the Capital Group not paying its liabilities arising from loan agreements, banks may satisfy the claim by taking over the pledged subject. Such situation may affect the production processes and, consequently, the financial result of the Capital Group. Liabilities are settled regularly by the Capital Group and at present there is no such threat.

Risk of applying tax law and changes in legal regulations. Polish tax system is characterized by instability. Tax regulations are changed very often, mostly to the detriment of taxpayers. Changes in tax law may also result from the need to implement new solutions provided for in the European Union law, resulting from the introduction of new or changes to existing tax regulations. In practice, tax authorities apply the law not only relying directly on the provisions, but also on their interpretations made by higher instance bodies and court decisions. Such interpretations are also subject to change, replaced by others, or are in contradiction with each other. To some extent, this also applies to judicial decisions. This results in uncertainty as to the application method of the law by tax authorities or its automatic application in accordance with the interpretations available at the moment, which may not be compatible with various, often complex facts occurring in economic transactions. The lack of clarity in many provisions that constitute Polish tax system additionally contributes to increasing this risk. On the one hand, this raises doubts as to the proper provisions' application, and on the other, it makes it necessary to take into account the above-mentioned interpretations to a greater extent. In the case of tax regulations that are based on the regulations in force in the European Union and should be fully harmonized with them, attention should be paid to the risk of their application related to the often-insufficient level of knowledge about EU regulations, which is due to the fact that they are relatively new to Polish legal system. This may result in the adoption of an interpretation of Polish law that

is inconsistent with the regulations in force at the European Union level. There are also numerous changes in other areas of law, which may also affect the Capital Group. The introduced legal changes may potentially pose risk related to interpretation problems, lack of judicial practice, unfavorable interpretations adopted by courts or public administration bodies. In order to safeguard against potential penal and fiscal consequences, on 30<sup>th</sup> March 2020, the Parent Company entered into a Group Fiscal Insurance Policy with Alianz. Since the aforementioned conclusion date, the agreement has been annexed for subsequent periods.

Risk of political and economic situation in Ukraine impact on the Capital Group's operations. Political and economic situation in Ukraine has led to significant imbalance in world markets. This condition had and still has relevant influence on the domestic economy. As at the time of these financial statements' preparation, the Company operates without major disruptions, however, with regards to changes in the economic situation induced by the ongoing war in Ukraine, it can or even should be assumed that it shall have a remarkable impact on the Company's operations. Armed conflict in Ukraine resulted in a progressive economy slowdown, both domestically and worldwide, as well as an increase in fuel and raw material prices, along with potential problems with their availability,

The following circumstances related to the armed conflict in Ukraine should be indicated in particular as risks affecting the Company's current operations:

- risk of fluctuations related to prices and availability of steel provided by the Company's suppliers from the territory of Ukraine,
- risk of interest rates increase and the PLN exchange rate depreciation against the EUR as a result of economic turmoil caused by the armed conflict in Ukraine;
- risk related to unavailability or limited availability of employees as a result of the universal mobilization of men to the armed forces of Ukraine as ordered by Ukraine's governing authorities.
- risk related to sanctions imposed on Russia in connection with the armed conflict in Ukraine, which may result with restrictions related to export of certain goods from Russia, translating to substantial impact on the availability and prices of goods (e.g. steel) necessary for the Issuer's operations.

As at the date of these financial statements' publication, the Company does not plan to significantly reduce or discontinue its operations with regards to the situation in Ukraine.

The Company shall disclose all information of relevant importance regarding the situation in Ukraine impact on its business, in line with the transparency obligations under Regulation 596/2014 on market abuse (MAR)

The current energy crisis in Europe may affect the Company's future financial results, but we do not expect it to affect the Company's going concern. In order to protect the Company against rising electricity prices, the Company's Management Board decided to install photovoltaic panels and replace the lighting installation with an energy-saving one.

## **Credit risk**

Creditworthiness of customers with whom transactions of products physical sale are concluded are subject to verification procedures. Receivables are monitored on an ongoing basis. Credit risk in the case of trade receivables is high and associated with limited number of significant recipients of products, services and goods. According to the data as at 31<sup>st</sup> December 2024, as presented in Note 18, the total balances of trade receivables disclosed in the balance sheet assets for mining industry counterparties constitutes 72.22% of the total balance of trade receivables disclosed in the balance sheet assets. As at 31<sup>st</sup> December 2023, the receivables concentration ratio was 98.63%. The remaining part of the receivables balance is attributable to remaining recipients. Specification of receivables according to overdue periods and the amount of write-downs on receivables is presented in Note 4.

In the opinion of the Parent Company, the maximum risk of non-payment of receivables is equal to the allowances for trade receivables created for individual balance sheet days.

The Group does not disclose loans receivables in the balance sheet as at 31<sup>st</sup> December 2024 because all loans have been repaid or an impairment loss has been created for the full value of the loan and interest due.

With regard to other financial assets, including cash and cash equivalents and deposits, the Capital Group's risk is directly related to the other party's inability to make payment, and the maximum level of this risk is equal to the carrying amount of the given instrument. However, taking into account the fact that the Capital Group cooperates with reputable banks, the risk related to depositing funds is significantly limited.

The fair value of individual financial instruments does not differ from their book values disclosed in the financial statements on each balance sheet date.

### **Liquidity risk**

The Capital Group is exposed to the risk of losing financial liquidity, understood as the ability to settle liabilities within the prescribed time limits. Financing the activity with the help of external sources (credits, loans, trade credit) increases the risk of losing liquidity in the future. The Capital Group must have constant access to financial markets, therefore is exposed to the risk of not being able to obtain new financing as well as refinancing its debt. This risk depends mainly on market conditions, assessment of creditworthiness and the degree of concentration. Due to the high creditworthiness of the Parent Company, in the opinion of the Management Board, there is no risk of losing access to financing. The Parent Company tries to limit the risk of loans concentration in one bank by signing new loan agreements with new banks.

In order ensure financial liquidity, the Parent Company concluded fully proper factoring agreement with the factoring company Kuke Finance S.A. with its registered office in Warsaw (agreement 0096/2017 dated 29<sup>th</sup> November 2017) with financing limit of up to PLN 9 000 thousand (in accordance with an annex no.14 dated 6<sup>th</sup> June 2022). As at 31<sup>st</sup> December 2023, the factoring limit balance is PLN 0 thousand, which translates that the Company did not dispose the granted limit.

The liquidity risk measure is the degree of matching cash flows (inflows and outflows) in the period up to 3 months, in the period from 4 to 12 months, in the period from 1 to 5 years and over 5 years. The inflows include the trade receivables balance and the balance of receivables arising from concluded lease agreement, which was increased by the cash in bank accounts balance and the available balance of unused credit in the current account. Expenses include the value of liabilities arising from loans, credits, and lease agreements, increased by interest due in the period and the value of other financial liabilities.

The surplus (shortage) of planned inflows over planned expenses in particular periods and years is presented in the tables below:

Financial liabilities and receivables as at 31 <sup>st</sup> December 2024 in PLN thousand	Contractual maturity dates from the balance sheet date				Total	Value disclosed in the Balance Sheet
	up to 3 months	between 3 and 12 months	between 1 and 5 years	over 5 years		
Trade liabilities	10 726	0	0	0	10 726	10 726
Other financial liabilities	955	0	0	0	955	955
Bank credits and loans (gross with interest due in the period)	719	2 048	3 455	235	6 457	6 125
Finance lease liabilities (gross value with interest due in the period)	83	0	0	0	83	83
<b>Total financial liabilities in individual maturity ranges (planned expenses)</b>	<b>12 483</b>	<b>2 048</b>	<b>3 455</b>	<b>235</b>	<b>18 221</b>	<b>17 889</b>
Cash in bank accounts	4 527	0	0	0	4 527	4 527
Available, unused overdraft facilities balance on the current account	7 000	0	0	0	7 000	0
Current trade receivables and receivables overdue up to 90 days	4 508	0	0	0	4 508	4 508
Net trade receivables overdue more than 90 days	1 797	0	0	0	1 797	1 797
Receivables arising from loans granted (gross with interest due)	0	0	0	0	0	0
Due payments for receivables arising from finance lease agreement (gross with interest due)	0	0	0	0	0	0
<b>Total inflows planned for the period</b>	<b>17 832</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17 832</b>	<b>10 832</b>
<b>Surplus (shortage) of planned inflows over planned outflows in the period</b>	<b>5 349</b>	<b>(2 048)</b>	<b>(3 455)</b>	<b>(235)</b>	<b>(389)</b>	<b>(7 057)</b>

Financial liabilities and receivables as at 31 <sup>st</sup> December 2023 in PLN thousand	Contractual maturity dates from the balance sheet date				Total	Value disclosed in the Balance Sheet
	up to 3 months	between 3 and 12 months	between 1 and 5 years	over 5 years		
Trade liabilities	47 542	0	0	0	47 542	47 542
Other financial liabilities	787	0	0	0	787	787
Bank credits and loans (gross with interest due in the period)	1 088	3 237	9 110	4 695	18 130	10 300
Finance lease liabilities (gross with interest due in the period)	15	38	94	0	147	123
<b>Total financial liabilities in individual maturity ranges (planned expenses)</b>	<b>49 432</b>	<b>3 275</b>	<b>9 204</b>	<b>4 695</b>	<b>66 606</b>	<b>58 752</b>
Cash in bank accounts	12 856	0	0	0	12 856	12 856
Available, unused overdraft facilities balance on the current account	6 993	0	0	0	6 993	0
Current trade receivables and receivables overdue up to 90 days	89 662	0	0	0	89 662	89 662
Net trade receivables overdue more than 90 days	525	0	0	0	525	525
Receivables arising from loans granted (gross with interest due)	0	0	0	0	0	0
Due payments for receivables arising from finance lease agreement (gross with interest due)	471	1 060	0	0	1 531	1 479
<b>Total inflows planned for the period</b>	<b>110 507</b>	<b>1 060</b>	<b>0</b>	<b>0</b>	<b>111 567</b>	<b>104 522</b>
<b>Surplus (shortage) of planned inflows over planned outflows in the period</b>	<b>61 075</b>	<b>(2 215)</b>	<b>(9 204)</b>	<b>(4 695)</b>	<b>44 961</b>	<b>45 770</b>

Another liquidity risk measure monitored by the Parent Company is the equity levels analysis. The equity levels analysis is made on the basis of the Equity-to-Assets ratio and the Debt/EBITDA ratio.

The Equity-to-Assets ratio is calculated as the proportion of total equity to the balance sheet total of assets as at the given balance sheet date. The Capital Group assumes maintaining the Equity-to-Assets ratio at a level not lower than 0.5. As at 31<sup>st</sup> December 2024, the ratio is 0.81.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Calculation of Equity-to-Assets ratio (proportion of equity to total assets)</b>		
Equity	163 330	169 386
Total assets	201 734	260 651
<b>Equity-to-Assets ratio</b>	<b>0.81</b>	<b>0.65</b>

The Debt/EBITDA ratio is calculated as the proportion of credits and loans liabilities including liabilities arising from finance lease agreements to the sum of EBITDA. EBITDA value is the sum of operating profit and depreciation. The Capital Group assumes maintaining the debt level ratio at a level no higher than 2.5. As at 31<sup>st</sup> December 2024, the ratio is 0.39.

The tables below present the analysis of equity ratios in the following years:

Calculation of Debt / EBITDA ratio (proportion liabilities from loans, credits and finance leases to EBITDA)	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Operating profit	5 909	70 319
Depreciation and amortization	10 142	9 516
EBITDA (sum of operating profit and depreciation and amortization)	16 051	79 835
Total liabilities arising from credits, loans and finance lease agreements	6 208	10 423
<b>Debt / EBITDA ratio (for six-month periods the indicator value was averaged for the entire year)</b>	<b>0.39</b>	<b>0.13</b>

#### 4.21. Note 21 – Contingent receivables and contingent liabilities

During the current reporting period and in the comparable period, the Capital Group's entities did not conclude any trade agreements that would result in significant liabilities in the next reporting period.

The list of contingent liabilities resulting from the liabilities incurred by the Company is presented below:

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Registered pledge on fixed assets constituting collateral for repayment of liabilities to BOWIM S.A.	400	400
<b>Total contingent receivables</b>	<b>400</b>	<b>400</b>

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
<b>Promissory notes issued as collateral, including:</b>	<b>67 078</b>	<b>39 075</b>
bank loans	23 592	18 292
lease liabilities	146	263
EU funds subsidies received	40 908	17 260
other (separate specification)	2 432	3 260
<b>Collateral for bank loans, including:</b>	<b>130 913</b>	<b>169 064</b>
Mortgage on property (fixed assets and investment property) to secure liabilities arising from bank loans	41 926	40 226
Registered pledge amount or transfer of the ownership title to fixed assets to secure liabilities arising from bank loans	14 770	34 319
Collateral on inventory	0	0
Assignment of rights arising from insurance policy	33 984	50 536
Assignment of future claim from BGK	5 600	5 600
Declaration of submission to enforcement	34 633	38 383
<b>Total contingent liabilities</b>	<b>197 991</b>	<b>208 139</b>

A detailed description of bank loan collaterals is presented in Note 8.

As part of its business activity, the Parent Company provides warranties to customers (buyers) related to the sale of products and services. The warranty is granted for the period of 12 to 36 months from the date of delivery, commissioning of the device, or completion of the services. The maximum value of liabilities arising from the granted warranties corresponds to the revenue value generated from the sale of these products and services.

Based on the costs of previous years analysis, the Parent Company's Management Board has concluded, that there is no risk of significant costs of warranty repairs in the future. In the opinion of the Parent Company's Management Board, there are no other factors and events that would indicate the need to create provisions for other reasons. On this basis, the Parent Company's Management Board withdrew from estimating potential liabilities arising from the conducted business activity.

The Parent Company purchases inventory from various vendors. Some suppliers of materials and goods inventory secure their receivables on the sold inventory. According to the relevant annotations on the invoices, the sold stocks remain the supplier's property until the Company settles the liability.

Contingent liabilities include guarantees issued at the request of the Parent Company as collateral for the due deposit and due performance of commercial contracts. In order to receive the guarantee, the Parent Company signed appropriate agreements with guarantors and provided them with blank promissory notes.

The table below presents the total amounts of guarantees issued at the request of the Parent Company as collateral for the due deposit and due performance of commercial contracts. A detailed specification of the guarantees issued is presented in the Management Board's report on the Parent Company's performance (item 16).

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Total value of bid bonds granted by other entities at the request of the Company	1 073	3 076
Total value of performance bonds granted by other entities at the request of the Company	256	0
Total value of payment guarantees provided by other entities at the request of the Company	919	0
Total value of guarantees for proper removal of defects and faults granted by other entities at the request of the Company	84	84
Total value of guarantees granted by Patentus S.A. securing the repayment of liabilities incurred by subsidiaries for the benefit of customers	0	0
<b>Total value of issued guarantees and warranties</b>	<b>2 332</b>	<b>3 160</b>

The tables below present a record of the blank promissory notes that the Parent Company and its Subsidiaries have transferred to other entities as collateral for commercial and financial transactions:

### Promissory notes guaranteeing the Parent Company's liabilities disclosed in the Balance Sheet

No	Issue date of promissory note	Promissory note return	Promissory note type	Promissory note holder	Trade agreement description	Notes	Maximum value of the promissory note liability arising from the promissory note declaration or the agreement. Data in PLN	Secured liabilities disclosed in the balance sheet as at 31 <sup>st</sup> December 2024 Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 31 <sup>st</sup> December 2023 Data in PLN thous.
1	2 <sup>nd</sup> October 2012		blank promissory note	Santander Bank Polska (former Deutsche Bank Polska S.A.)	Investment loan agreement KIN/1219501	30 <sup>th</sup> September 2027	PLN 7 592 thous.	1 582	2 206
2	13 <sup>th</sup> December 2012		blank promissory note	Orlen Petro Tank Sp. z o.o.	Cooperation agreement No. 158/PO/2012		PLN 150 thous.	0	0
3	29 <sup>th</sup> June 2016		blank promissory note	Narodowe Centrum Badań i Rozwoju Warszawa	Co-financing for the contract POIR.04.01.04-00-0064 / 15-00 toothed elements	30 <sup>th</sup> September 2023	to the amount of PLN 8.589 thous.	157	589
4	25 <sup>th</sup> April 2016		blank promissory note	ING Bank Śląski SA	Multi-product agreement 889/2015/0000771/00	30 <sup>th</sup> November 2023	to the amount of PLN 2.400 thous.	0	0
5	29 <sup>th</sup> November 2017		blank promissory note	Kuke Finanse SA	Factoring agreement 0096/2017	indefinitely	to the amount of PLN 2.600 thous.	0	0
6	3 <sup>rd</sup> September 2018		blank promissory note	Narodowe Centrum Badań i Rozwoju Warszawa	Co-financing for the agreement POIR.04.01.04-00-0081/17-00 RED-DYN	1 <sup>st</sup> July 2021	to the amount of PLN 5.761 thous.	0	0
7	12 <sup>th</sup> October 2018		blank promissory note	Towarzystwo Inwestycji Społeczno-Ekonomicznych SA Warszawa	Loan agreement no 42178	12 <sup>th</sup> October 2025	to the amount of PLN 1.200 thous.	119	262
8	26 <sup>th</sup> April 2019		blank promissory note	PKO Leasing SA	Loan agreement no 00622/EI/19	30 <sup>th</sup> April 2026	to the amount of EUR 1.209 thous. + interest	1 173	2 022
9	26 <sup>th</sup> April 2019		blank promissory note	PKO Leasing SA	Loan agreement no 00623/EI/19	31 <sup>st</sup> May 2025	to the amount of EUR 126 thous. EUR + interest	26	86
10	10 <sup>th</sup> September 2019		blank promissory note	PKO Leasing SA	Loan agreement no 01810/EI/19	31 <sup>st</sup> March 2027	to the amount of EUR 852 thous. + interest	1 300	1 850



PATENTUS S.A Capital Group with its registered office in Pszczyna, Górnośląska St. 11  
Annual consolidated financial statements prepared in accordance with IFRS  
as adopted by the European Union for the period lasted from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024  
(amounts in tables in PLN thousand, unless stated otherwise)

No.	Issue date of promissory note	Promissory note return	Promissory note type	Promissory note holder	Trade agreement description	Notes	Maximum value of the promissory note liability arising from the promissory note declaration or the agreement. Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 31 <sup>st</sup> December 2024 Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 31 <sup>st</sup> December 2023 Data in PLN thous.
11	28 <sup>th</sup> January 2021		blank promissory note	Śląskie Centrum Przedsiębiorczości z siedzibą w Chorzowie	agreement for project co-financing UDA-RPSL.03.02.00-24-0678/19-00	31 <sup>st</sup> December 2023	to the amount of PLN 2 910 thous.	2 246	718
12	9 <sup>th</sup> November 2021		blank promissory note	PKO Leasing S.A.	Loan agreement no. 03570/PI/21	30 <sup>th</sup> November 2024	to the amount of PLN 4 081 thous.	1 378	2 735
13	30 <sup>th</sup> May 2022		blank promissory note	Agencja Rozwoju Regionalnego Bielsko Biala	Investment Agreement no. 04/ARRBB/POIR/2022	20 <sup>th</sup> May 2028	to the amount of PLN 3 1000 thous. + interest	2 489	3 053
14	12 <sup>th</sup> September 2024		blank promissory note	Bank BPS SA	Overdraft facility agreement no. 1222953/151/K/RB/23	14 <sup>th</sup> September 2024	to the amount of PLN 7 000 thous + interest	7	0
15	12 <sup>th</sup> September 2024		blank promissory note	Bank BPS SA	Bank Guarantee Line Agreement	19 <sup>th</sup> January 2025	to the amount of PLN 1 000 thous. + interest	0	0
16	10 <sup>th</sup> April 2024		Blank promissory note	Śląskie Centrum Przedsiębiorczości w Chorzowie	agreement for project co-financing FESL.10-03-IP.01-01B423-00	30 <sup>th</sup> June 2025	to the amount of PLN 23 0648 thous. + interest	3 514	0
<b>Total</b>								<b>11 935</b>	<b>15 135</b>

### Promissory notes guaranteeing the Parent Company's off-balance sheet liabilities

No.	Issue date of promissory note	Promissory note return	Promissory note type	Promissory note holder	Trade agreement description	Notes	Maximum value of the promissory note liability arising from the promissory note declaration or the agreement. Data in PLN thous.	Off-balance sheet liabilities as at 31 <sup>st</sup> December 2024 Data in PLN thous.	Off-balance sheet liabilities as at 31 <sup>st</sup> December 2023 Data in PLN thous.
1	22 <sup>nd</sup> March 2011		blank promissory note	Santander Bank Polska S.A. (former Deutsche Bank Polska S.A.)	framework agreement no NRM/2010060167 as collateral for bank's receivables from foreign currency transactions		to the amount of EUR 200 thous.	0	0
2	10 <sup>th</sup> September 2015		blank promissory note	GENERALI T.U. S.A.	framework agreement for the provision of contractual guarantees within the revolving limit GNL - UF/2015/997/UG		to the amount of PLN 2 000 thous.	1 129	1 051
3	23 <sup>rd</sup> August 2017 annex of 28 <sup>th</sup> March 2019		5 blank promissory notes	Ergo Hestia S.A.	agreement on granting insurance guarantees within the granted guarantee limit 40/2017/GL50	indefinitely	to the amount of PLN 2 000 thous.	28	2 108
<b>Total</b>								<b>1 157</b>	<b>3 159</b>

**Promissory notes guaranteeing the balance sheet liabilities of the Subsidiary Montex Sp. z o.o.**

No.	Issue date of promissory note	Promissory note return	Promissory note type	Promissory note holder	Trade agreement description	Notes	Maximum value of the promissory note liability arising from the promissory note declaration or the agreement. Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 31 <sup>st</sup> December 2024 Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 31 <sup>st</sup> December 2023 Data in PLN thous.
1	25 <sup>th</sup> April 2017		blank promissory note	ING Bank Śląski SA	Revolving working capital loan agreement 889/2015/00000771/00		500	0	0
2	8 <sup>th</sup> March 2018		blank promissory note	NYSTAL S.A.	Collateral on receivables from the sale of commercial goods		100	0	0
3	2 <sup>nd</sup> May 2019		blank promissory note	Millenium Leasing Sp. z o.o.	Finance lease agreement 292677		117	0	13
4	20 <sup>th</sup> February 2023		blank promissory note	Millenium	Finance lease agreement		43	17	29
5	10 <sup>th</sup> November 2023		blank promissory note	Millenium Leasing Sp. z o.o.	Finance lease agreement 396837		103	67	81
							<b>Total</b>	<b>84</b>	<b>123</b>

#### 4.22 Note 22 – Profit per share and dividend policy

Earnings per share are calculated by dividing the net profit for the fiscal year attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the fiscal year. There were no financial instruments that would have caused the profit to be diluted.

Specification / data in PLN thousand	Period end 31 <sup>st</sup> December 2024	Period end 31 <sup>st</sup> December 2023
Weighted average number of shares (in units)	29 500 000	29 500 000
Net profit (loss) for the period (in PLN thousand)	7 840	62 409
Net profit (loss) per share attributable to Parent Company's shareholders (in PLN):		
Basic	0.27	2.12
Diluted	0.27	2.12
Portion of the net profit distributed for dividend payment	7 375	14 750
Dividend per share	0.25	0.50
The portion of the net profit allocated for dividend payment disclosed for the year 2024, constitutes Management Board's proposal; this amount has not yet been approved by the General Meeting of Shareholders.		

On 20<sup>th</sup> June 2024, the Annual General Meeting of PATENTUS S.A. was conveyed. Pursuant to Resolution No. 5, the annual financial statements for 2023 were approved. Shareholders also adopted Resolution No. 7 concerning the allocation of net profit for the fiscal year 2023 totaling PLN 61 466 thousand in the following manner: the amount of PLN 2 500 thousand to the Variable Remuneration Fund, the amount of 14 750 for the dividend payment, and the remaining amount of PLN 44 216 thousand to Company's supplementary capital, which was created voluntarily. As at 31<sup>st</sup> December 2023 this supplementary capital amounted to PLN 74 275 thousand and is disclosed in the balance sheet under retained earnings item.

Pursuant to Resolution No. 8, the Annual General Meeting approved the annual consolidated financial statements of the Capital Group for the fiscal year 2023.

Pursuant to the resolution adopted on 20<sup>th</sup> June 2024 by the Annual General Meeting of PATENTUS S.A., the amount of PLN 14 750 thousand was allocated for dividend payment from the net profit generated for 2023, which translates to a gross dividend payment of PLN 0.50 per share. The number of shares entitled to the dividend is 29 500 000 units. The dividend applies to Company's shares of all issues. The Annual General Meeting of PATENTUS S.A. set the dividend date as 1<sup>st</sup> July 2024 and the dividend payment date as 12<sup>th</sup> July 2024.

The implementation of the dividend payment policy from the profits achieved by the Capital Group in future years will be conditioned by satisfying the Group's demand for funds resulting from the investment program.

#### 4.23. Note 23 – Judicial proceedings and arbitration

The Capital Group is not a party to any proceedings instituted against it.

Write-downs were created for all receivables pursued through court, enforcement or bankruptcy proceedings, and these write-downs were charged to other operating costs or financial costs.

#### 4.24. Note 24 – Events after the reporting date

The Management Board of PATENTUS S.A. with its registered office in Pszczyna ("Company") informs that, acting pursuant to Article 3 point 2 letter c) of the Management Board Regulations, and Article 16 section 3 point 4) of the Company's Articles of Association along with Article 395 section 2 point 2) of the Commercial Companies Code, a Resolution No. 1 dated 14<sup>th</sup> March 2025 was adopted, regarding the recommendation of both the Supervisory Board and the Annual General Meeting of the allocation of the net profit generated by the Company in 2024 fiscal year, in the amount of PLN 8,475,226.24 (in words: eight million four hundred seventy-five thousand two hundred

twenty-six zlotys 24/100). The Management Board, in accordance with Resolution No. 1 dated 14<sup>th</sup> March 2024, decides to allocate the net profit for the fiscal year lasting from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024 as follows:

- the amount of PLN 1,100,000.00 (in words: one million one hundred thousand zlotys 00/100) to the Variable Remuneration Fund in accordance with Resolution No. 5 adopted by the Annual General Meeting on 29<sup>th</sup> June 2020 regarding the Remuneration Policy of Members of the Management Board and Supervisory Board of PATENTUS S.A.;
- the amount of PLN 7,375,000.00 (seven million three hundred and seventy-five thousand zlotys 00/100) for the payment of dividend to the Company's shareholders in a rate of PLN 0.25 gross (in words: twenty-five grosz) per share;
- the remaining part of the net profit for 2024 in the amount of PLN 226.24 (in words: two hundred and twenty-six zlotys 24/100) to the Company's reserve capital.

In the aforementioned resolution, the Management Board proposed to set the dividend date for 1<sup>st</sup> July 2025, and to determine the dividend payment date for 14<sup>th</sup> July 2025.

#### **4.25. Note 25 – Threats to going concern**

The consolidated financial statements have been prepared on the assumption that the Capital Group will continue as a going concern, in its current form and scope, for the period of at least 12 months from the end of the reporting period. There are no premises for intentional or forced discontinuation, or significant limitation of its current activities. As at the date of the present financial statements signing, the Parent Company's Management Board does not identify any facts or circumstances that would indicate a threat to the going concern in the foreseeable future.

#### **4.26. Transactions with related entities**

The entities related to the Capital Group include:

- Shareholders of the Parent Company. Due to the fact that there are Shareholders holding over 10% of voting rights, and also due to family ties among Shareholders, it was decided that they could exert a significant influence on the Company. The Parent Company's Management Board includes individuals who are also Shareholders. Additionally, members of the Supervisory Board are close family members of the Shareholders.
- Other related entities. This category includes members of the Management Board and Supervisory Board (including directors), close family members of these individuals and other economically relevant persons. Close family members are persons who are family members and who may be expected to influence, or be influenced by, those family members in their dealings with the entity.
- Other entities, including subsidiaries.

The Capital Group does not have any post-employment benefit programs aimed at employees of the Capital Group or other related entity.

The Parent Company holds shares in the share capital of the subsidiary Zakład Konstrukcji Spawalniczych "Montex" Sp. z o.o. with its registered office in Świętochłowice.

The Capital Group does not hold shares in other entities' share capital.

The scope of mutual transactions with related entities in 2024 and 2023 includes commercial transactions concluded between the Parent Company and close family members of Shareholders or close family members of members of the Management and Supervisory bodies. Moreover, upon the acquisition of shares in the subsidiary in 2024, transactions with this entity were also conducted. The Parent Company's Management Board declares that the transactions with related entities were concluded on market basis.

Synthetic information on the value of transactions in terms of sales and receivables from related entities is presented in the table below:

Other related entities Data in PLN thousand	Position or nature of the relationship	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
		Transaction value	Balance at period end	Transaction value	Balance at period end
Total transactions value / Total gross receivables balance, including:		88	0	10	3
Helf S.C. Pszczyna	co-owner of the company Ligas Wiesław-brother-in-law of Małgorzata Duda – Commercial Proxy and Shareholder	1	0	1	0
Szymczak Jakub MAK	son-in-law of Małgorzata Duda (Wąs) – Commercial Proxy, Shareholder and Chief Financial Officer	3	0	1	1
Duda Małgorzata (Wiktor)	Commercial Proxy – Shareholder	6	0	3	1
300000 Guitars Łukasz Duda	son of Małgorzata Duda (Wiktor) Commercial Proxy – Shareholder	1	0	1	0
Joanna Duda Szymczak	daughter of Małgorzata Duda (Wąs) – Shareholder and Chief Financial Officer	4	0	3	1
Duda Małgorzata (Wąs)	Commercial Proxy, Shareholder, Chief Financial Officer	5	0	0	0
Inter Bud A. Gotz	daughter of Henryk Gotz and Urszula Gotz – Shareholders	0	0	1	0
Mateusz Duda, Monika Duda	son and daughter-in-law of the Commercial Proxy – Shareholder Małgorzata Duda (Wiktor)	47	0	0	0
Duda Łukasz	son of the Commercial Proxy – shareholder Małgorzata Duda (Wiktor)	1	0	0	0
Duda Stanisław	Vice-President of the Management Board, husband of the Commercial Proxy – Chief Financial Officer Małgorzata Duda (Wąs)	10	0	0	0
Duda Józef	President of the Management Board, shareholder, husband of the Commercial Proxy Małgorzata Duda (Wiktor)	10	0	0	0

Other related entities Data in PLN thousand	Position or nature of the relationship	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
		Transaction value	Balance at period end	Transaction value	Balance at period end
Total transactions value / Total gross receivables balance at end of period, including:		57	0	50	2
Helf S.C. Pszczyna	co-owner Ligas Wiesław – brother-in-law of Commercial Proxy and shareholder Małgorzata Duda	57	0	50	2

Transactions concluded with subsidiaries and associates Data in PLN thousand	Transaction type	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
		Transaction value	Balance at period end	Transaction value	Balance at period end
Total transactions value / Total gross receivables balance, including:		285	4 107	52	4 040
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	shares in the share capital	0	4 040	0	4 040
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	loans granted	0	0	0	0
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	accrued interest on loans	0	0	0	0
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	other receivables	285	67	52	0
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	receivables from advanced payments paid	0	0	0	0

Transactions concluded with subsidiaries and associates Data in PLN thousand	Transaction type	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
		Transaction value	Balance at period end	Transaction value	Balance at period end
Total transaction value Total gross receivables balance at end of period, including:		2 304	1	6 952	800
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	supply of goods liabilities	2 304	1	6 952	800
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	paid advances receivables	0	0	0	0

#### 4.27. Note 27 – Information on benefits for the Parent Company’s Key Management Personnel and Supervisory Board.

Key Management Personnel includes the Management Board, the Supervisory Board and the Chief Officers.

The Parent Company paid out benefits to members of the Management Board and the Chief Officers.

<b>Key Management Personnel Data in PLN thousand</b>	<b>Benefit type</b>	<b>Period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024</b>	<b>Period from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023</b>
Parent Company	remuneration from employment and other benefits	4 950	2 150
Subsidiaries	remuneration from employment and other benefits	395	332
<b>Total remuneration and other benefits for Key Management Personnel</b>		<b>5 345</b>	<b>2 482</b>

Members of the Parent Company's Key Managing Personnel did not receive post-employment benefits, benefits due to termination of employment, benefits in the form of treasury shares.

Members of the Parent Company's Key Managing Personnel received bonuses resulting from the generated net profit for 2023 in the amount of PLN 2 500 thousand.

The Parent Company's Management Board did not receive any remuneration in the subsidiary.

Remuneration of the Members of the Supervisory Board is presented in the table below:

<b>Supervisory Board Data in PLN thousand</b>	<b>Benefit type</b>	<b>Period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024</b>	<b>Period from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023</b>
Parent Company	remuneration for serving as Supervisory Board member	205	169
	remuneration from employment and other benefits	328	265
Subsidiaries	remuneration for serving as Supervisory Board member	108	84
	remuneration from employment and other benefits	0	0
<b>Total remuneration for serving as Supervisory Board member</b>		<b>313</b>	<b>253</b>
<b>Total remuneration from employment contracts</b>		<b>328</b>	<b>265</b>

#### **4.28. Note 28 – Information on the amount of outstanding advances, loans, credits, guarantees, or by members of the Parent Company's Management Board or Supervisory Board**

As at the date of this financial statements' preparation as well as in the corresponding period last year, the Parent Company had no claims against members of its Key Management Personnel for unpaid advances, loans, credits, guarantees and warranties.

#### **4.29. Note 29 – Information on average employment rate**

The table below presents data on the average number of employments in the Capital Group's during the reporting periods:



Specification by professional groups	Period from 1 <sup>st</sup> January 2024 to 31 <sup>st</sup> December 2024		Period from 1 <sup>st</sup> January 2023 to 31 <sup>st</sup> December 2023	
	Total	including women	Total	including women
<b>Total employment, including:</b>	<b>145</b>	<b>35</b>	<b>144</b>	<b>35</b>
Employees in direct production positions	78	2	75	2
Service employees	36	11	38	11
Management Board and administration	31	22	31	22

#### 4.30. Note 30 – Agreements concluded with Statutory Auditor

The Company's Management Board, based on the documentation of the Supervisory Board, declares that on 10<sup>th</sup> May 2023, the Supervisory Board adopted a resolution on the selection of the MOORE Polska Audyt sp. z o.o. with its registered office in Warsaw, as the entity authorized to audit the annual and the review of the semi-annual separate and consolidated financial statements of the Company for 2023 and 2024 in accordance with generally applicable regulations and the Company's policy regarding the selection of the audit firm and the relevant internal procedure.

The Parent Company, on 24<sup>th</sup> May 2023, concluded an agreement with the aforementioned entity, authorized to audit financial statements, for the audit of the separate and consolidated financial statements for 2023 and 2024, as well as for the review of the semi-annual separate and consolidated financial statements prepared as at 30<sup>th</sup> June 2023 and 30<sup>th</sup> June 2024. Remuneration due for activities related to the audit of annual financial statements amounted to PLN 40 thousand, related to the audit of annual consolidated financial statements amounted to PLN 15 thousand, related to the review of the separate financial statement amounted to PLN 17 thousand and related to the review of the consolidated financial statements amounted to PLN 12 thousand. The aforementioned entity, authorized to audit financial statements also performed the service of information completeness evaluation, with regards to Remuneration Report.

Apart from the services described above, the entity authorized to audit financial statements did not provide any other services to the Parent Company, including certification services and tax advisory services.

#### 4.31. Note 31 – Information on the acquisition of new companies.

In 2024, the Parent Company did not make any new acquisitions of new companies.

**5. Signatures of persons responsible for consolidated financial statements preparation**

Date	Name and Surname	Position	Signature
19 <sup>th</sup> March 2025	Józef Duda	President of the Management Board	
19 <sup>th</sup> March 2025	Stanisław Duda	Vice President of the Management Board	
19 <sup>th</sup> March 2025	Krystyna Ligas	Chief Accountant Person responsible for bookkeeping	

*Company seal*

**6. Statement of the Parent Company's Management Board on annual consolidated financial statements integrity**

To the best of our knowledge, the annual consolidated financial statements and comparable data have been prepared in accordance with the applicable accounting principles, and reflect truthfully, fairly and clearly the property and financial situation of PATENTUS S.A. Capital Group. and the net profit of the Capital Group.

The annual report on the Capital Group's performance presents a true and accurate picture of the development, achievements, and situation of PATENTUS S.A. Capital Group, including a description of the main hazards and risks.

Signatures of all Members of the Management Board

Date	Name and Surname	Position	Signature
19 <sup>th</sup> March 2024	Józef Duda	President of the Management Board	
19 <sup>th</sup> March 2024	Stanisław Duda	Vice President of the Management Board	

*Company seal*

**7. Statement of the Parent Company's Management Board on the entity authorized to audit the annual consolidated financial statements**

The Company's Management Board, based on the documentation provided by the Supervisory Board, declares that on 10<sup>th</sup> May 2023, the Supervisory Board adopted a resolution appointing MOORE Polska Audyt sp. z o.o. with its registered office in Warsaw, as the entity authorized to audit the annual financial statements and to review the semi-annual separate and consolidated financial statements of the Company for 2023 and 2024 in accordance with generally applicable regulations, the Company's policy regarding the selection of the audit firm, and the relevant internal procedures.

Bearing in mind the above, the Company's Management Board, based on the documentation provided by the Supervisory Board, declares that:

- The audit firm and members of the audit team met the conditions necessary for the preparing an impartial and independent report on the audit of the annual consolidated financial statements, in accordance with the applicable regulations, professional standards, and professional ethics rules,
- The Company complies with applicable regulations related to the rotation of the auditing company and key statutory auditor, as well as mandatory grace periods,
- The Company has established policies regarding the selection of an audit firm and a policy for the provision of additional non-audit services by the audit firm, its related entities, or members of its network, including services conditionally exempt from the prohibition on the audit firm from providing such services.

Signatures of all Members of the Management Board.

Date	Name and Surname	Position	Signature
19 <sup>th</sup> March 2024	Józef Duda	President of the Management Board	
19 <sup>th</sup> March 2024	Stanisław Duda	Vice President of the Management Board	

*Company seal*