

Ladies and gentlemen,

On behalf of the Management Board, I would like to introduce consecutive consolidated annual report of the Capital Group of Patentus S.A. and individual annual report of the Patentus S.A.

It is with great satisfaction that I can inform you about the good financial results achieved by the Company and the Capital Group of PATENTUS S.A. In the preceding year, the companies of the Capital Group of PATENTUS S.A. earned 135 106 thousand PLN from sales of products, services, goods and materials, which 132 326 thousand PLN in sales revenues were generated by the parent company PATENTUS S.A. Last year 2018, the Capital Group of PATENTUS S.A. ended with a profit of 8 640 thousand PLN, of which 8 203 thousand PLN was generated by PATENTUS S.A.

Year 2018 has been primarily a continuation of the revival in the domestic mining industry from year 2017. In 2018 the Capital Group of PATENTUS S.A. has performed among many others: supply and modernization of four belt conveyors for PGG S.A. Oddział KWK ROW Ruch Marcel for the amount of 27 900 thousand PLN, purchase and supply of spare parts for scraper conveyor for PGG S.A. KWK Sośnica and Oddział KWK Ruch Bielszowice for total amount of 7 284 thousand PLN and supply of armoured face conveyor and automated longwall system for JSW S.A. for the amount of 23 376 was also finalized. The Capital Group of Patentus S.A. has also manufactured elements for armoured face conveyor FCC-8 for JSC as well as supply of factory – new beam stage loader with a crusher for PGG S.A. Oddział KWK Wujek. Both of the above - mentioned items were carried out at the request of Famur S.A., totaling 9 930 PLN. According to information obtained from domestic mining market, the Capital Group of PATENTUS S.A. may also expect promising results in the coming year.

In 2018, the Capital Group of PATENTUS S.A. still continued very fruitful cooperation with Company Ungarex in the production of spare parts for the Hungarian railways. The scope of performed orders, apart from production of gears, also increased by mechanical elements which translated into revenues in the amount of 3 940 thousand PLN. The

Capital Group of PATENTUS S.A. plans to further strengthen this fruitful and profitable cooperation.

In 2018, the company has been cooperating intensively with the scientific communities in Poland by subsequent works on two EU co-financed projects entitled "Elaboration of innovative, moulding methods based technology of nanocrystalline structured gear production" fulfilled as a part of Applied Research Programme and "Elaboration of innovative technology of toothed units production with nanostructure-related hybrid surface layers for conveyors drive units intended for working in extreme exploitation conditions" executed under Innovative Development Operational Programme. In 2018, the donation handed over to the Capital Group of PATENTUS S.A. amounted to 458 thousand PLN. In 2019 the Capital Group of PATENTUS S.A. is planning on investment considering machines and devices in the amount of 10 million PLN as well as still making intense use of the funds offered by the EU in order to continue improvement and further support of its position on the Polish and international market.

I kindly invite you to carefully read the attached financial statements, company and capital group activity reports as well as opinion and report of the expert auditor.

I would like to take this opportunity to thank all stockholders for their trust and appreciation for the company's achievements and all the clients and contractors for current collaboration and the trust they place in us.

Józef Duda

Chairman of the Capital Group Patentus