PATENTUS S.A.

CAPITAL GROUP

with its registered office

in Pszczyna, Górnośląska St. 11

SEMI–ANNUAL CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st January 2023 to 30th June 2023

Prepared in accordance with

International Financial Reporting Standards

as adopted by the European Union

Pszczyna, 29th August 2023

Table of Contents of Consolidated Financial Statement

CONSOLIDATED BALANCE SHEET

Assets **data in PLN thousand**	**Note**	**Period end 30th June 2023**	**Period end 31st December 2022**	**Period end 30th June 2022**
I.Fixed assets		**79 223**	**84 777**	**88 373**
1.Intangible assets	1	5 314	5 289	5 968
2.Tangible fixed assets	2	71 366	75 564	78 668
3.Investment property	3	1 375	1 375	1 235
4.Deferred tax assets	17	720	1 170	396
5.Shares and stocks in other entities	3	0	0	0
6.Trade receivables and other receivables	4	0	0	183
7.Long-term receivables from lease agreements	4	448	1 379	1 905
II.Current assets		**85 935**	**60 904**	**60 001**
1.Inventory	5	36 318	34 193	31 329
2.Trade receivables and other receivables	4	17 556	11 664	24 678
3.Short-term receivables from lease agreements	4	1 753	1 703	2 058
4.Receivables due to current corporate income tax at period end	17	0	0	0
5.Cash and cash equivalents	6	30 308	13 344	1 936
Total assets		**165 158**	**145 681**	**148 374**

Liabilities **data in PLN thousand**	**Note**	**Period end 30th June 2023**	**Period end 31st December 2022**	**Period end 30th June 2022**
I.Equity (Ia+ Ib)	**7**	**124 461**	**107 008**	**102 820**
Ia. Equity (fund) attributable to the Parent Company's shareholders		**123 693**	**106 266**	**102 147**
1.Share capital	7	11 800	11 800	11 800
2. Supplementary capital arising from the sale of shares above their nominal value	7	6 448	6 448	6 448
3 Revaluation reserve	7	9 617	9 617	8 643
4.Retained earnings	7	95 828	78 401	75 256
Ib. Equity attributable to non-controlling interests	**7**	**768**	**742**	**673**
II.Total long-term liabilities		**20 420**	**22 679**	**24 604**
1. Credits and loans	8	8 025	10 309	12 278
2.Other long-term financial liabilities	9	22	12	23
3.Other long-term non-financial liabilities	9	4 955	4 761	5 599
4.Provisions – long-term liabilities	10	205	205	203
5.Deferred tax provisions	17	7 213	7 392	6 501
III. Total short-term liabilities		**20 277**	**15 994**	**20 950**
1. Credits and loans	8	4 340	4 878	5 165
2.Trade receivables and other short-term financial liabilities	9	8 176	6 532	11 777
3.Other short-term non-financial liabilities	9	7 680	4 467	3 974
4. Liabilities due to current income tax	17	35	16	0
5.Provisons for short-term liabilities	10	46	101	34
Total liabilities		**165 158**	**145 681**	**148 374**

CONSOLIDATED PROFIT AND LOSS STATEMENT

Profit and Loss Statement data in PLN thousand	**Note**	**6 months period from 1st January 2023 to 30th June 2023**	**3 months period from 1st April 2023 to 30th June 2023**	**6 months period from 1st January 2022 to 30th June 2022**	**3 months period from 1st April 2022 to 30th June 2022**
I. Revenue from sales of products, services, goods and materials	11	80 817	55 101	39 496	32 859
II. Cost of products, services, goods and materials sold	12	(58 705)	(40 426)	(36 333)	(27 928)
III. Gross profit (loss) on sales		**22 112**	**14 675**	**3 163**	**4 931**
IV. Selling costs	12	(996)	(854)	(1 557)	(677)
V. General and administrative costs	12	(3 295)	(1 677)	(2 419)	(1 108)
VI. Other operating revenues	13	1 526	877	2 592	1 931
VII. Other operating expenses	14	(975)	(667)	(1 131)	(1 013)
VIII. Profit (loss) on operating activity		**18 372**	**12 354**	**648**	**4 064**
IX. Financial revenues	15	640	288	220	220
X. Financial expenses	16	(659)	(362)	(730)	(455)
XI. Pre-tax profit (loss)		**18 353**	**12 280**	**138**	**3 829**
XII. Income tax	17	(498)	(475)	271	(598)
XIII. Net profit (loss)		**17 855**	**11 805**	**409**	**3 231**
Additional information					
Net profit (loss) attributable to:					
Parent Company's Shareholders		17 831	11 780	393	3 149
Non-controlling interests		24	25	16	82
Weighted average number of shares (in units)		29 500 000	29 500 000	29 500 000	29 500 000
Net profit (loss) per share attributable to the Parent Company's shareholders (in PLN)		0.61	0.40	0.01	0.11
basic		0.61	0.40	0.01	0.11
diluted					
Discontinued operations did not occur					

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income data in PLN thousand	**Note**	**6 months period from 1st January 2023 to 30th June 20223**	**3 months period from 1st April 2023 to 30th June 2023**	**6 months period from 1st January 2022 to 30th June 2022**	**3 months period from 1st April 2022 to 30th June 2022**
Net profit (loss)		**17 855**	**11 805**	**409**	**3 231**
Other comprehensive income, including:		**0**	**0**	**0**	**0**
Effects of revaluation to fair value of fixed assets		0	0	0	0
Deferred income tax provisions settled with equity	17	0	0	0	0
Total comprehensive income		**17 855**	**11 805**	**409**	**3 231**
Additional information:					
Total comprehensive income attributable to:					
Parent Company's Shareholders		17 831	11 780	393	3 149
Non-controlling interests		24	25	16	82

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity data in PLN thousand	**Note**	**Equity attributable to the Parent Company's shareholders**					**Equity attributable to non-controlling interests**	**Total equity**
		Share capital	Supplementary capital arising from the sales of shares above their nominal value	Revaluation reserve	Retained earnings	**Total**		
Data as at 1st January 2023		**11 800**	**6 448**	**9 617**	**78 400**	**106 266**	**742**	**107 008**
Capital increase through new shares issuance		0	0	0		**0**	**0**	**0**
Net surplus from the sales of shares above their nominal value		0	0	0	0	**0**	**0**	**0**
Disclosure of events after the balance sheet date						**0**	**0**	**0**
Total comprehensive income		0	0	0	17 428	**17 428**	**26**	**17 454**
Data as at 30th June 2023		**11 800**	**6 448**	**9 617**	**95 828**	**123 693**	**768**	**124 461**
Data as at 1st January 2022		**11 800**	**6 448**	**8 643**	**74 862**	**101 753**	**657**	**102 410**
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**
Disclosure of events after the balance sheet date		0	0	0	0	**0**	**0**	**0**
Total comprehensive income		0	0	974	3 539	**4 513**	**85**	**4 598**
Data as at 31st December 2022		**11 800**	**6 448**	**9 617**	**78 401**	**106 266**	**742**	**107 008**
Data as at 1st January 2022		**11 800**	**6 448**	**8 643**	**74 863**	**101 755**	**657**	**102 410**
Capital increase through new shares issuance		0	0	0		**0**	**0**	**0**
Net surplus from the sales of shares above their nominal value		0	0	0	0	**0**	**0**	**0**
Disclosure of events after the balance sheet date						**0**	**0**	**0**
Total comprehensive income		0	0	0	393	**393**	**16**	**409**
Data as at 31st June 2022		**11 800**	**6 448**	**8 643**	**75 256**	**102 147**	**673**	**102 820**

CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement (indirect method) data in PLN thousand	Note	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Operating activity					
Net profit (loss)		17 831	11 780	393	1 623
Profit (loss) attributable to minority shareholders		24	25	16	0
Total adjustments		**261**	**14 286**	**(4 389)**	**(5 003)**
Amortisation and depreciation		4 647	2 238	4 364	2 140
Exchange gains (losses)		320	313	(127)	(127)
Interest and profit sharing (dividend)		492	276	128	(59)
Profit (loss) on investment activity		(13)	(17)	(11)	(11)
Change in liabilities provisions and deferred income tax provisions		(252)	(464)	(446)	400
Change in inventory		(2 125)	8 826	(1 307)	1 931
Change in trade receivables and other receivables excluding advances transferred for the fixed assets acquisition		(6 676)	7 516	(14 646)	(8 483)
Change in liabilities excluding credits, loans and provisions		3 399	(4 744)	7 481	(1 098)
Change in deferred income tax assets		450	323	175	304
Other adjustments		0	0	0	0
Change in accruals (excluding deferred income tax)		0	0	0	0
Current income tax paid (adjusted with the balance of settlements from previous period)		19	19	0	0
Net cash flows from operating activity		**18 116**	**26 091**	**(3 980)**	**(3 380)**
Investment activity					
Disposal of intangible assets and tangible fixed assets		100	24	0	0
Acquisition of intangible assets and tangible fixed assets		(938)	(457)	24	161
Advances transferred for the intangible assets and tangible fixes assets acquisition		0	0	0	0
Disposal of investment property		0	0	0	0
Acquisition of financial assets – certificates		0	0	0	0
Acquisition of shares and stocks		0	0	0	0
Disposal of financial assets		0	0	0	0
Repayment of granted loans		0	0	0	0
Received interest on loans granted		0	0	0	0
Received interest on loans granted to subsidiaries		0	0	0	0
Other financial assets inflows		0	0	0	0
Net cash flows from investment activity		**(830)**	**(433)**	**24**	**161**
Financial activity					
Net inflows from issuance of shares		0	0	0	0
Received credits and loans		0	15	3 561	2 240
Repayment of credits and loans		(2 700)	(1 562)	(1 971)	(1 073)
Other inflows (+) or outflows (-) from financial activity		0	516	1 643	1 132
Payment of liabilities arising from finance lease agreements		2 897	(3 038)	(17)	(7)
Payment of receivables arising from finance lease agreements		(19)	(9)	0	0
Interest paid		(492)	(276)	(128)	59
Net cash flows from financial activity		**(314)**	**(4 354)**	**3 088**	**2 351**
Total net change in cash		**16 964**	**21 304**	**(868)**	**(868)**
Change in cash due to exchange differences		0	0	0	0
Balance sheet change in cash and cash equivalents		**16 964**	**21 304**	**(868)**	**(868)**
Cash and cash equivalents opening balance		13 344	9 004	2 804	2 804
Closing balance of cash and cash equivalents		**30 308**	**30 308**	**1 936**	**1 936**
including cash and cash equivalents of limited disposability		0	0	0	0

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

Registered office: Pszczyna

Company address: 43 – 200 Pszczyna, Górnośląska 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: Parent Company was registered on 3rd June 1997 by District Court in Katowice, 8th Commercial Registry Division under number RHB 14340. The District Court Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register (KRS) is the current registration authority. 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 basic scope of activity corresponds to the activity identified under the symbol 28.92 Z – "Production of mining, quarrying and construction machinery".

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.

1.2. Capital Group's composition

PATENTUS S.A. Capital Group was established on 18th May 2011 through the establishment of the Subsidiary PATENTUS Strefa S.A. with its registered office in Stalowa Wola at Kwiatkowskiego St. no. 1. The Company was entered into the National Court Register on 19th May 2011 under the NCR number 0000386630, with the share capital of PLN 100 thousand. On 18th July 2011, by a resolution of the Extraordinary General Meeting of Shareholders, the share capital was increased by PLN 1 900 thousand, i.e. up to the amount of PLN 2 000 thousand by shares issuance, that were fully acquired by PATENTUS SA. Share capital increase was entered into the National Court Register on 22nd December 2011. On 19th December 2012, an agreement for the acquisition of shares by PATENTUS S.A. was signed for number of 5 050 000 units with a nominal value of PLN 1 each. On 22nd January 2013, share capital increase of PATENTUS Strefa S.A. was entered into the National Court Register. up to the amount of PLN 7 050 thousand (resolution of the General Meeting of 19th December 2012). On 17th April 2015, an agreement was signed for the acquisition of shares by PATENTUS S.A. in the number of 2 950 000 units with a nominal value of PLN 1 each. On 9th July 2015, share capital increase of PATENTUS Strefa S.A. up to the amount of PLN 10 000 was registered in the National Court Register.

On 2nd January 2012, the Management Board of PATENTUS S.A. acquired 3 740 shares in the increased share capital of Przedsiębiorstwo Wielobranżowe MONTEX Spółka z o.o. with its registered office in Będzin. The nominal value of one share was PLN 500, which gave the total nominal value of PLN 1 870 thousand. The entire amount was covered by a cash contribution. Shares taken over represented 70.62% of Montex Sp. z o.o share capital. Share capital increase was entered into the National Court Register on 13th March 2012. For the date of taking control over MONTEX Sp. z o.o. 2nd January 2012 was adopted due to the fact that on that date the acquired shares in the increased share capital were paid for by PATENTUS S.A. As of 13th March 2012, the registered office of this subsidiary was changed to Świętochłowice.

On 3rd April 2012, Extraordinary General Meeting of MONTEX Sp. z o.o. was conveyed, where, among others the company's name was changed to Zakład Konstrukcji Spawanych MONTEX Sp. z o.o. On 19th April 2012, District Court in Katowice entered the name change in the National Court Register.

On 28th May 2013, the Company acquired 3 740 new shares in the increased share capital of Montex Sp. z o.o. with a nominal value of PLN 500 each, with a total nominal value of PLN 1 870 thousand, covered in full with cash contribution. In total, shares in Montex Sp. z o.o. acquisited by Patentus S.A. currently constitute 82.78% of Company's share capital.

Montex Sp. z o.o. (subsidiary) specializes in construction of steel structures, containers, pressure vessels, etc. and electrodes for the power industry. The purpose of acquiring shares in the aforementioned company is to further expand the PATENTUS Capital Group in order to increase the production potential, extend the product scope and to limit the outsourcing of production.

Due to the declaration of bankruptcy by Patentus Strefa SA in October 2016, Patentus SA lost control over this entity.

As at the date of this report, PATENTUS S.A. Capital Group is composed of the Parent Company PATENTUS S.A. and its subsidiary Zakład Konstrukcji Spawanych Montex Sp. z o.o., in which the Parent Company holds 82.78% of the share capital.

Companies of the Capital Group do not hold any shares or stocks in associated and jointly controlled entities. There were no joint ventures.

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

1.3. Capital Group's duration

The Capital Group's duration is indefinite.

1.4. Composition of Management Board and Supervisory Board of the Parent Company

As at the date of this 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 independently authorized to submit and sign statements on behalf of the Parent Company. Management Board's term of office runs from 24th May 2017 to 23rd May 2022.

As at the date of this report, Supervisory Board consists of:

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

Until the preparation and approval for publication date of these financial statements, there were no changes in the composition of the Management Board and 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 29th August 2023.

1.6. Discontinued operations, assets for disposal

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

1.7. Going concern

These 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 reporting period and moreover there are no premises for 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 does not state any facts or circumstances that would indicate a hazard to the continuation of the Capital Group's operations in the foreseeable future.

There is a risk that the subsidiary Patentus Strefa S.A. will not continue as a going concern in connection with the bankruptcy petition.

1.8. Basis for consolidated financial statements preparation and presentation

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 (hereinafter referred to as IFRS).

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 elements of 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 financial statements, fiscal year

PLN is the Capital Group's both functional and presentation currency of these consolidated financial statements.

Financial data in the financial statements is presented 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 with the calendar year.

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

Parent Company's Management Board declares that the consolidated financial statements of the PATENTUS S.A. Capital Group for the semi–annual reporting period 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 principles of accounting policy

2.1. Application of IFRS

The PATENTUS S.A. Capital Group semi-annual financial statements comply with IAS 34.

The basis for the financial statements preparation in accordance with IFRS is Art. 45 sec. 1b of the Accounting Act.

Accounting principles (policy) used to prepare the financial statements are consistent with principles applied to the preparation of financial statements by the Parent Company, i.e. PATENTUS S.A. with its registered office in Pszczyna. Financial statements of Montex Sp. z o.o. are consolidated with the Parent Company's statement.

Changes listed below, effective from 1st January 2020, do not apply to the Group's activity or do not have a significant impact on the semi–annual condensed consolidated financial statements:

Approved by the IASB with execution date after 1st January 2021

Amendments to IFRS 4 "Insurance Agreements" – deferment of IFRS 9 application "Financial Instruments"

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform

Approved by the IASB with execution date after 1st April, 2021

Amendments to IFRS 16 "Lease" – simplification of changes resulting from lease agreements in connection with COVID-19

Approved by the IASB with execution date after 1st January 2022

Amendments to IFRS 3 "Business Combinations" – update of references to the Conceptual Framework

Amendments to IAS 16 "Tangible fixed assets" – revenues from products manufactured in the period of tangible fixed assets preparation till commencement of operation

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – explanations on costs recognised in the analysis, whether the agreement is an onerous agreement

Annual Amendments Program 2018-2020 – the amendments clarify and specify the guidelines of recognition and valuation standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to illustrative examples to IFRS 16 "Lease"

Approved by the IASB with execution date after 1st January 2023

IFRS 17 "Insurance Agreements" and amendments to IFRS 17

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

Amendments to IAS 1 "Financial Statements Presentation" and the IFRS Board Guidelines on disclosures regarding accounting policies in practice – the materiality issue in relation to accounting policies

Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Accounting Errors Adjustments" - definition of accounting estimates

Amendments to IAS 12 Income Tax – Obligation of Deferred Tax on Transactions Recognition, i.e. Lease

Amendments to IFRS 17 "Insurance Agreements" – first application of IFRS 17 and IFRS 9 – comparative information

Amendments rejected or deferred by the EU (endorsed by the IASB for application after 1st January 2016)

IFRS 14 "Regulatory Accruals"

Amendments to IFRS 10 "Consolidated Financial Statements" and to IAS 28 "Investments in Associates" regarding the sale or contribution of assets between an investor and its associates or joint ventures

The Capital Group has not decided for earlier application of standards, amendments to standards and interpretations that have been published and approved for use in the European Union ("EU"), but which have not yet come into force.

The Capital Group will apply standards, amendments to existing standards and interpretations applicable to its operations from the moment they enter into force.

2.2. Changes in the applied accounting principles

Accounting principles (policies) used to prepare the financial statements are consistent with those that were used to prepare financial statements of the Capital Group for 2022.

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

Business transactions denominated in foreign currencies are recognized in the books of accounts as of the day they are performed at the following exchange rates:

- actually applied on that date, resulting from the nature of the operation – in the case of currency sale or purchase operations and payment of receivables or liabilities,
- the average rate set for a given currency by the National Bank of Poland as of the day preceding that day, unless a different exchange rate for other operations 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 at 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 at the balance sheet date are presented 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 relating to the basic (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 meeting the following criteria:

- held by the Capital Group to be used in production process or for supply of goods and services, for administrative purposes or partially rented to other entities,
- expected to be used for longer than one year period,

- in relation to which it is probable that the Capital Group will obtain economic benefits related to the asset in the future, and
- value can be reliably determined.

Tangible fixed assets include, among others:

- own land
- right of perpetual usufruct of land,
- buildings, civil engineering structures and separately owned premises,
- machines, devices, means of transport,
- other movable fixed assets,
- improvements to third party fixed assets,
- fixed assets under construction, assembly or improvement of existing fixed asset.

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

As at the date of initial recognition, tangible fixed assets are valued at purchase price / production cost. Purchase price / production cost include 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 application of IFRS for the first time, as at 1st 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 expenditure is 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 valued. 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.

Perpetual usufruct right was acquired on the secondary market and is disclosed together with the value of own land in the group of fixed assets.

As at the balance sheet date, tangible fixed assets classified as "land" (including the right of perpetual usufruct of land) are measured using the revalued model (in accordance with IAS 16 §31 et seq.). Revalued value of tangible fixed assets included in this group is the fair value as at the date of revaluation, less the amount of any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity so 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 prepared by a professional appraiser. Revaluation frequency depends on changes in the fair value of 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 is increased as a result of revaluation, the increase should be credited directly to other equity as 'revaluation reserve'. Revaluation reserve is adjusted by the value of the provision for deferred income tax. 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.

If the item of tangible fixed assets is revalued, the depreciation on 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 of existing fixed asset – are valued at the balance sheet date at the purchase price or production cost less accumulated depreciation and impairment losses.

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

The Company performs evaluation of land at fair value at the end of the year.

Depreciation write-offs of fixed assets are made 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 individual components of tangible fixed assets.

The aforementioned useful life periods apply to new fixed assets. If a used fixed asset is brought into use, then 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.

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

Depreciation begins when the fixed asset is available for use. Depreciation is discontinued on an earlier date: 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 is from the balance sheet records. Depreciation method, depreciation rate and residual value are verified at each balance sheet date. Any changes resulting from the verification are recognised 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 recognised in accordance with the principles set out in the section "Impairment of non-financial assets".

Fixed asset is derecognised when it is sold or when no further economic benefits are expected from its use or disposal. Profits or losses on the derecognition of tangible fixed assets are determined as the difference between the net revenues from sale and the carrying amount of these fixed assets and are recognised in the Profit and Loss Statement.

2.5. Lease

Lease agreement under which the Group's companies are entitled to substantially all risks and rewards of ownership are classified as finance leases. The subject of finance lease is recognised in assets as of the lease commencement date at the lower of the following two amounts: fair value of leased asset or present value of minimum lease payments.

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 lease installment is recognised in the financial costs 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 lease are depreciated in accordance with the principles described for tangible fixed assets.

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

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

Financial revenue during the term of finance lease agreement is recognised in a way that reflects constant periodic rate of return on 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 increase in their value, or both of these benefits together.

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

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

Investment property shall be derecognised from the Balance Sheet upon its disposal or in the event of its permanent withdrawal from use, if 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 of 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, one determines the market value 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;

Valuation principles in force in IAS are distributed on three levels. 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 the purposes of financial statements,

- 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. 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 the financial statements. In the Balance Sheet, an asset is recognized at fair value after deducting depreciation (amortisation) 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 the individual asset is based on its market value.

Definition of the 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 which meet the definition of investment property (§5 of IAS 40 "Investment Property"). Pursuant to the IVS, the market value was measured at fair value using the income capitalization method (identical to the investment method, the net simple capitalization technique according to the PMA 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 – costs of development works, copyrights, related rights, licenses, concessions, rights to inventions, patents, trademark rights, utility and ornament models.

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

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

1) product or manufacturing technology is strictly defined, and the development costs related to them are reliably determined,

2) technical suitability of the product or technology has been established and properly documented, and on this basis the unit has decided to manufacture these 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 technology.

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

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

Costs of completed development works are written off over the period of economic usability of development works results. If, in exceptional cases, it is impossible to reliably estimate the results useful life of these works, the period of making write-offs may not exceed 5 years.

Unsuccessful development works that did not bring the intended effects or development works completed with a positive effect but for various reasons were not implemented, are charged to the financial result in the year in which they were completed. They refer to them in other operating costs.

Depreciation write-offs on intangible assets are made using the straight-line method, over the period of expected use, which for individual types of intangible assets is:

- Computer programs licenses and computer software licenses – 1-2 years. In justified cases, the expected period of use of the license may be extended to 20 years.

- Development works costs – 2-5 years.

The Capital Group does not have any other intangible assets with an indefinite useful life. 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.

Amortisation begins when the intangible asset is available for use. Depreciation of intangible assets is discontinued on the earlier date: 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 derecognised 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.

Depreciation method and depreciation rate are verified at each balance sheet date. Any changes resulting from the verification are recognised as change in estimates.

Intangible assets are tested for impairment in accordance with the principles set out in the section "Impairment of non-financial assets".

The item of intangible assets is derecognised 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 recognised 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 the entities recognised in relation to which the Group has the power to govern their financial and operating policies in order to obtain benefits from their activities. Such management is exercised through majority in the total number of votes in the governing bodies of these units, i.e. the Management Boards of the units 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 exchanged at a given moment are taken into account.

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 asset transferred.

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 entities over which the Capital Group exercises significant influence, but does not exercise control, participating in determining both the financial and operating policy of associated entity, which usually involves holding from 20% to 50% of the total number of votes in governing bodies or 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 establish 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 taking into account the current market value of money in time and specific risk, if any for the given asset.

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

In the event of the impairment reversal, the net value of an asset is increased to the new estimated recoverable amount, but not higher than the net value of this asset, which 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 have ceased to exist.

As at 31st December 2016, the Company conducted a test for impairment of tangible fixed assets and intangible assets, taking into account the provisions of IAS 36. The test was performed using the method of estimating the market (fair) value of significant tangible fixed assets. The fair value of tangible fixed assets estimated by a property appraiser was then decreased by estimated selling costs. The estimated fair value of significant tangible fixed assets in this way is higher than the carrying amount by 20.5%.

There is no need to make revaluation write-offs related to possible impairment of tangible fixed assets and intangible assets shown in the balance sheet at the end of the fiscal year.

2.10. Financial assets

The Company classifies financial assets into appropriate category depending on the business model of financial asset management and the characteristics of contractual cash flows for the given financial asset. 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.

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 flows that consist solely of principal and interest payments. The Company classifies trade receivables, granted loans, other financial receivables and cash and cash equivalents to 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, they are not discounted and are measured at nominal value.

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

• debt instruments, the flows of which are solely payments of principal and interest, and which are held to collect contractual 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 Profit and Loss Statement. At the moment of initial recognition, the Company classifies shares and interests in other entities into 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 recognised and measured at fair value as at the balance sheet date. Methods of recognising 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 fair value hedge, cash flow hedge or foreign investment hedge.

In 2014, the subsidiary concluded forward transactions on currency derivatives. Derivative transactions are concluded in order to limit the risk of changes in exchange rates for receivables. The transactions on currency derivative instruments were not classified as 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 include materials, goods, work in progress and finished products.

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

Write-downs revaluing 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.

Manufacture 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 disbursed according to the FIFO principle ("first in – first out"), 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 basic 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 shown in the group of fixed assets;

- accruals.

Receivables are initially recognised at fair value. When normal payment terms (from 14 to 90 days) are applied, recognised 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 recognised.

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 updated taking into account 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,
- disputed receivables or for which 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,
- overdue or non-overdue with a high probability of uncollectibility – according to an individual assessment.

Write-downs of the value of receivables are recognised 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 recognised 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 in hand, bank deposits payable on demand, other short-term investments with the original maturity date up to three months from the date of their establishment, receipt, purchase or issue and with high liquidity.

Cash and cash equivalents are measured at nominal value. Cash and cash equivalents denominated in foreign currencies are recognised 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 way 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 continuing use, provided that they are available for immediate sale in their present condition, subject to customary conditions used in the sale of these assets (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, impairment test is performed and, consequently, the impairment loss is recognised, 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. The difference from the measurement to fair value is recognised in other operating expenses. Upon subsequent valuation, any reversal of the impairment loss to fair value is recognised in other operating income.

2.16. Equity

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, recognised 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 recognised, reduced by the costs related to the share capital increase.
- Revaluation reserve. This item recognises the capital from revaluation to the fair value of tangible fixed assets, 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 the companies belonging to the Group
    - Net profit (loss) for the current financial period.

Parent Company's Articles of Association provide for creation of reserve capital for the payment of dividends to shareholders and creation of other special funds. In the years 2009-2014, Parent Company did not create any reserve capital or other special purpose funds.

The Company adjusts the fixed asset revaluation reserve annually, at the end of the year.

2.17. Liabilities

Liabilities are obligations to provide services of reliably determined value, arising from past events, which will result in the use of already owned or future assets. Valuation of liabilities is determined on their classification into one of the two categories listed below:

- Financial liabilities at fair value through profit or loss. This group includes liabilities that meet the criteria for trading liabilities and that contain embedded elements. This group also includes non-hedging currency derivatives.
- Derivatives that are designated and meet the requirements for applying hedge accounting principles are classified in a separate category called hedging instruments. Capital Group did not classify derivative transactions in this category
- Other liabilities. Two types of liabilities can be distinguished in this group: financial liabilities and liabilities not classified as financial liabilities.

Financial liabilities are initially recognised at fair value less the transaction direct 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. The exception are 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 that have been received or performed but have not been 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 (liabilities arising from personal remuneration, liabilities arising from overdued 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 titles,
- received advances, which will be settled by the physical delivery of finished products / goods or the performance of a service, liabilities arising from special funds,
- deferred income, including cash received to finance the acquisition or construction of fixed assets and the purchase of finished fixed assets. Method of settling the received subsidies is described in the section "Government subsidies".

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

The Parent Company also receives subsidies reimbursing the costs of remuneration and benefits of employees who are disabled. Such subsidies are fully recognised in their maturity and disclosed in the Profit and Loss Statement under other operating income.

The Parent Company also receives subsidies for expenditure on research and development costs financed from EU funds under concluded agreements. Such subsidies were described in detail in section 4.9.

Subsidies received in the form of 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 individual accounting periods and in proportion to the degree of reimbursement of these expenses by including them to other operating income.

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

2.19. Income tax and deferred income tax

Income tax in the Profit and Loss Statement includes: 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 tax is recognised in the Profit and Loss Statement of the given period, except when deferred tax relates to transactions or events that are recognised directly in equity – in this case deferred tax is also recognised in the appropriate item of equity.

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. Provision for deferred tax is created from all taxable positive temporary differences, whereas the asset due to deferred tax is recognised to the amount in which it is probable that it will be possible to reduce future tax profits by the recognised negative temporary differences.

Deferred 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 off.

The basis for deferred tax assets recognition, apart from negative temporary differences, is additionally shaped 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 the tax loss 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 recognised 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 amount of the provision is determined by discounting the projected future cash flows to the present value, using a discount rate reflecting current market assessments of the value of money and the risk associated with a given liability.

Pursuant to the requirements of IAS 1, provisions in the balance sheet are presented 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.

In terms of 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. Costs of employee benefits 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 due to short-term employee benefits are valued according to general principles and recognised 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, taking into account actuarial profits and losses as well as past employment costs. The defined benefit liabilities are calculated annually by independent actuaries using the Projected Unit Credit Method.

The Company calculates provisions for employee benefits in accordance with the actuary's report annually at the end of the year. In the financial statements as at 30th June 2023, the value of provisions for employee benefits results from the calculation as at 31st December 2022.

2.21. Profit and Loss statement

Consolidated Profit and Loss Statement is prepared in a multiple-step variant.

2.22. Revenue

Sales revenue is recognised 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 recognised 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 recognised 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.

Other operating income include 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 recognised 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 in the reporting period, of a reliably determined value, in the form of decrease in the value of assets or increase in the value of liabilities and provisions, which will lead to decrease in equity or increase in its deficit, other than the withdrawal of funds by the owners.

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

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.

Total cost of products, goods and materials sold is:

- manufacturing cost of sold products,

- the value of sold goods and materials,

- distribution costs,

- general and administrative expenses.

The costs of the reporting period, influencing financial result of 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 sale of tangible fixed assets, donations, penalties and fines, costs of write-downs on receivables and inventories of materials, and write-downs due to permanent impairment of fixed assets.

Financial costs include costs of using external sources of financing, interest payable under finance lease agreements and losses from exchange rate differences.

2.24. Cash Flow Statement

Consolidated cash flow statement is prepared using the indirect method.

2.25. Segment reporting

In accordance with IFRS 8 "Operating Segments", an operating segment is a component of the Capital Group, (i) which engages in business activities in connection with which it may generate revenues and incur costs, (ii) whose operating results are regularly reviewed by the chief decision-making authority; and (iii) for which separate financial information is 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 mainly on the territory of the country. Therefore, the Group did not include separate geographical segments under the reporting obligation.

Segments’ costs include selling costs to external customers which, based on reasonable premises, can be assigned to the given 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, receivables that can be directly assigned to particular area of activity. Segment's liabilities include, inter alia, all trade liabilities, accrued expenses, deferred income.

2.25. Risk management

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

- market risk, including: changes in material prices, interest rates and exchange rates,
- liquidity risk,
- credit risk.

The main problem is the market risk of changes in the prices of materials used in production process. Production costs largely depend on changes in the prices of materials, including steel products (sheets, sections). The Capital Group does not apply a policy of hedging the risk of production materials prices increase.

Risk of interest rates changes. The Capital Group concludes loan agreements based on floating interest rate: WIBOR 1M (1-month) rates + the bank's margin or 1M EURIBOR (1-month) + 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 apply a policy of hedging against the risk of an increase in loan 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 changes in foreign exchange rates. Such risk arises as a result of sales or purchases performed by the Company in currencies other than its functional currency. Due to the increasing volume of turnover in foreign currencies in the subsidiary – in 2014, a decision was made to conclude transactions on forward currency derivatives. Derivative transactions are concluded in order to limit the risk of changes in exchange rates for receivables. Transactions on currency derivative instruments were not classified as hedging transactions.

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 companies must have 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 depends mainly on market conditions, assessment of creditworthiness and the degree of concentration.

Credit risk. Creditworthiness of customers with whom transactions of physical sale of products are concluded are subject to verification procedures. Receivables are monitored on an ongoing basis. 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, Management Board of the Parent Company used 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 that are 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 Capital Group relied on the opinions of independent experts.

Due to the nature of the estimates and the adopted assumptions relating 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 recognised in the period in which they are revised only if they relate to that period as well as subsequent periods.

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. Taking into account 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 and the right of perpetual usufruct of 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 so that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Taking into account 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 26th of 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. 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 tax asset based on the assumption that tax profit generated in the future will enable its use. Deterioration of future tax results could make this assumption unfounded.

2.28. Fair value

Fair value of asset or liability is the price obtainable when the asset is sold or paid to transfer the liability (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 is 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 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 valuation techniques / models commonly used in the market.

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.

Transactions on currency derivatives are concluded with financing banks. Transactions concluded on currency derivatives are not intended to limit the risk of changes in exchange rates for receivables. These types of transactions were not classified as hedging transactions.

Transactions on currency derivative instruments open as at the balance sheet date were valued by the financing bank with which the transactions were concluded. Valuation of currency derivatives was carried out taking into account the data from the exchange rate and interest rate market.

Fair value of currency derivatives has been classified as level 2 in the fair value hierarchy.

Land, perpetual usufruct right to 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.

Fair value of land and the right to perpetual usufruct of land was determined by an experienced property appraiser based on comparable market data that reflects the most recent transaction prices for similar properties. Market approach was applied.

Fair value of investment property was determined by an experienced property appraiser based on data from a comparable market that reflects the latest rental prices for similar properties. Income approach was applied.

There has been no change in the valuation technique (method) during the year.

Fair value of land and the right of 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 during the fiscal year.

3. Selected Financial Data converted into euros (EUR)

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

Period	Average EUR/PLN exchange rate for the period	Lowest EUR/PLN exchange rate for the period	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 1st January 2023 to 30th June 2023	4.6280	4.4286	4.7895	4.4503
from 1st April 2023 to 30th June 2023	4.5419	4.4286	4.6902	4.4503
from 1st January 2022 to 31st December 2022	4.6876	4.4879	4.9647	4.6899
from 1st January 2022 to 30th June 2022	4.6362	4.4879	4.9647	4.6806
from 1st April 2022 to 30th June 2022	4.6466	4.5756	4.7096	4.6806

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 presented in the financial statements converted into euro.

Individual items of assets and liabilities of the Balance Sheet have been converted at the exchange rates announced by the National Bank of Poland for 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**			
	6 months period from 1st January 2023 to 30th June 2023	**3 months period from 1st April 2023 to 30th June 2023**	**6 months period from 1st January 2022 to 30th June 2022**	**3 months period from 1st April 2022 to 30th June 2022**	**6 months period from 1st January 2023 to 30th June 2023**	**3 months period from 1st April 2023 to 30th June 2023**	**6 months period from 1st January 2022 to 30th June 2022**	**3 months period from 1st April 2022 to 30th June 2022**
I.Net revenue from sales	80 817	55 101	39 496	32 859	17 463	12 132	8 519	7 072
II.Profit (loss) on operating activity	18 372	12 354	648	4 064	3 970	2 720	140	875
III.Pre-tax Profit (loss)	18 353	12 280	138	3 829	3 966	2 704	30	824
IV.Net profit (loss)	17 855	11 805	409	3 231	3 858	2 599	88	695
V.Net profit (loss) attributable to the Parent Company’s shareholders	17 831	11 780	393	3 149	3 853	2 594	85	678
VI.Net profit (loss) attributable to non-controlling interests	24	25	16	82	5	6	3	18
VII.Total comprehensive income	17 855	11 805	409	3 231	3 858	2 599	88	695
VIII.Total comprehensive income attributable to the Parent Company’s shareholders	17 831	11 780	393	3 149	3 853	2 594	85	678
IX.Total comprehensive income attributable to non-controlling interests	24	25	16	82	5	6	3	18
X. Weighted average number of shares in units	29 500 000	29 500 000	29 500 000	29 500 000	29 500 000	29 500 000	29 500 000	29 500 000
XI. Book value per share (in PLN / EUR)	4.19	3.60	3.46	0.94	0.91	1.00	0.77	1.00
VIII. Net profit (loss) per share and diluted net profit (loss) per share attributable to Parent Company’s shareholders (in PLN/EUR)	0.61	0.40	0.01	0.11	0.13	0.09	0.02	0.00
XIII. Net cash flows from operating activity	18 116	26 091	(3 980)	(3 380)	3 914	5 745	(858)	(727)
XIV. Net cash flows from investing activity	(838)	(433)	24	161	(181)	(95)	5	35
XV. Net cash flows from financial activity	(314)	(4 354)	3 088	2 351	(68)	(959)	666	506
XVI.Total net cash flow	16 964	21 304	(868)	(868)	3 666	4 691	(187)	(187)
EUR exchange rate used to convert Profit and Loss statement items and Cash Flow Statement items					4.6280	4.5419	4.6362	4.6466

Selected financial data from assets and liabilities	**in PLN thousand**			**in EUR thousand**		
	Period end 30th June 2023	**Period end 31st December 2022**	**Period end 30th June 2022**	**Period end 30th June 2023**	**Period end 31st December 2022**	**Period end 30th June 2022**
XVII.Fixed assets	79 223	84 777	88 373	17 802	18 077	18 881
XVIII.Current assets	85 935	60 904	60 001	19 310	12 986	12 819
XIX.Total assets	165 158	145 681	148 374	37 112	31 063	31 700
XX.Long-term liabilities	20 420	22 679	24 604	4 588	4 836	5 257
XXI.Short-term liabilities	20 277	15 994	20 950	4 556	3 410	4 476
XXII. Equity	124 461	107 008	102 820	27 967	22 817	21 967
XXIII. Equity attributable to the Parent Company’s shareholders	123 693	106 266	102 147	27 794	22 658	21 823
XXIV. Share capital	11 800	11 800	11 800	2 652	2 516	2 521
XXV. Equity attributable to non-controlling interests	768	742	673	173	158	144
EUR exchange rate used to convert Balance Sheet items				4.4503	4.6899	4.6806

Weighted average number of shares in the given reporting period was calculated in accordance with the provisions of IAS 33. When calculating the weighted average number of shares, the date of registration of new share issues in the National Court Register was taken into account.

To calculate the book value per share of the Parent Company's shareholder, the numerator was the sum of equity at the end of the period and the weighted average number of shares in the denominator.

To calculate the basic ratio of earnings per share and diluted earnings per share, the numerator was the amount of net profit and the weighted average number of shares in the denominator. There were no differences between the data used to calculate the basic earnings per share and diluted earnings per share.

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Net value of intangible assets, including:	**5 314**	**5 289**	**5 968**
Development works cost	3 553	4 369	2 626
Computer software	775	920	1 066
Development works in progress	986	0	2 276
Additional information:			
Intangible assets under finance lease agreement	*0*	*0*	*0*

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. accounting policy.

In the current fiscal year, the Parent Company incurred research expenditure in the amount of PLN 1 458 thousand. As for 2022, research expenditure amounted to PLN 1 637 thousand. The Parent Company did not receive a subsidy for the research expenditure incurred in the current fiscal year. As for 2022, the Parent Company received a subsidy in the amount of PLN 1 429 thousand.

Computer software mainly include 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 in periods covered by the report are presented in the tables below:

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

Data for the period from 1st January 2023 to 30th June 2023	**Development works cost**	**Computer software**	**Total**
Net value at beginning of period	**4 369**	**920**	**5 289**
Gross value at beginning of period	**15 292**	**3 436**	**18 728**
Increases including:	0	0	**0**
Acquisition	0	0	**0**
Decreases	0	0	**0**
Gross value at period end	**15 292**	**3 436**	**18 728**
Accumulated amortization at beginning of period	**(10 923)**	**(2 516)**	**(13 439)**
Increase in accumulated amortization	(816)	(145)	**(961)**
Decrease in accumulated amortization	0	0	**0**
Total accumulated amortization at period end	**(11 739)**	**(2 661)**	**(14 400)**
Balance of impairment losses	0	0	**0**
Development works in progress	**986**	**0**	**986**
Net value at period end	**4 539**	**775**	**5 314**

Data for the period from 1st January 2022 to 31st December 2022	**Development works cost**	**Computer software**	**Total**
Net value at beginning of period	**5 002**	**1 094**	**6 096**
Gross value at beginning of period	**10 349**	**3 327**	**13 676**
Increases including:	4 943	109	**5 052**
Acquisition	4 943	109	**5 052**
Gross value at period end	**15 292**	**3 436**	**18 728**
Accumulated amortization at beginning of period	**(10 344)**	**(2 233)**	**(12 577)**
Increase in accumulated amortization	(579)	(283)	**(862)**
Decrease in accumulated amortization		0	**0**
Total accumulated amortization at period end	**(10 923)**	**(2 516)**	**(13 439)**
Balance of impairment losses	0	0	**0**
Development works in progress	**0**	**0**	**0**
Net value at period end	**4 369**	**920**	**5 289**

Data for the period from 1st January 2022 to 30th June 2022	**Development works cost**	**Computer software**	**Total**
Net value at beginning of period	**5 002**	**1 094**	**6 096**
Gross value at beginning of period	**10 349**	**3 327**	**13 676**
Increases including:	2 667	109	**2 776**
Acquisition	2 667	109	**2 776**
Decreases	0	0	**0**
Gross value at period end	**13 016**	**3 436**	**16 452**
Accumulated amortization at beginning of period	**(10 344)**	**(2 233)**	**(12 577)**
Increase in accumulated amortization	(46)	(137)	**(183)**
Decrease in accumulated amortization	0	0	**0**
Total accumulated amortization	**(10 390)**	**(2 370)**	**(12 760)**
Balance of impairment losses	0	0	**0**
Development works in progress	2 276	0	**2 276**
Net value at period end	**4 902**	**1 066**	**5 968**

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

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

4.2. Note 2 – Tangible fixed assets

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

Specifications / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Net value of tangible fixed assets, including:	**71 311**	**75 479**	**78 566**
own land and right of perpetual usufruct of land, including:	14 244	14 236	13 033
right of perpetual usufruct of land	*8 654*	*8 646*	*8 538*
buildings, civil engineering facilities, premises	21 453	22 164	22 982
machinery and technical equipment	33 000	35 934	39 074
means of transport	788	948	1 125
other tangible fixed assets	1 826	2 197	2 352
Tangible fixed assets under construction	**55**	**85**	**102**
Total net value of tangible fixed assets disclosed in financial statements	**71 366**	**75 564**	**78 668**
Additional information:			
Net value of tangible fixed assets under finance lease agreements	*77*	*72*	*59*

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

Data for the period from 1st January 2023 to 30th June 2023	Land and right of perpetual usufruct of land	Buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
Net value at beginning of period	**14 236**	**22 164**	**35 934**	**948**	**2 197**	**75 479**
Gross value at beginning of period	**14 874**	**50 211**	**98 762**	**3 604**	**8 165**	**175 616**
Increases including:	**0**	**96**	**81**	**2**	**8**	**187**
acquisition	0	96	81	2	8	**187**
revaluation at period end "+"	0	0	0	0	0	**0**
reversal of impairment loss "-" on revalued assets from previous period	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Decreases	**0**	**0**	**(41)**	**(69)**	**(4)**	**(114)**
liquidation and sale	0	0	(41)	(69)	(4)	**(114)**
Impairment loss	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Gross value at period end	**14 874**	**50 307**	**98 802**	**3 537**	**8 169**	**175 689**
adjustment of fixed assets value in connection with conversion to IAS as of 1st January 2011	**(30)**	**(442)**	**(51)**	**(7)**	**(2)**	**(532)**
Accumulated depreciation at beginning of period	**(600)**	**(27 605)**	**(62 773)**	**(2 645)**	**(5 965)**	**(99 588)**
Increase in accumulated depreciation	**0**	**(807)**	**(3 011)**	**(165)**	**(376)**	**(4 359)**
Decrease in accumulated depreciation including:	**0**	**0**	**33**	**68**	**0**	**101**
liquidation and sale	0	0	33	68	0	**101**
adjustment of accumulated depreciation associated with revaluation at period end	0	0	0	0	0	**0**
other adjustments	0	0	0	0	0	**0**
Total accumulated depreciation at period end	**(600)**	**(28 412)**	**(65 751)**	**(2 742)**	**(6 314)**	**(103 846)**
including: balance of impairment losses						**0**
Net value of tangible fixed assets at period end	**14 244**	**21 453**	**33 000**	**788**	**1 826**	**71 311**
including: effects of revaluation at period end	12 548					**12 548**
Tangible fixed assets under construction at period end	**0**	**55**	**0**	**0**	**0**	**55**
Net value of tangible fixed assets at period end						**71 366**

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

Data for the period from 1st January 2022 to 31st December 2022	Land and right of perpetual usufruct of land	Buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
Net value at beginning of period	**13 033**	**23 799**	**42 215**	**1 347**	**2 523**	**82 917**
Gross value at beginning of period	**13 671**	**50 211**	**99 435**	**3 667**	**8 118**	**175 102**
Increases, including:	**1 203**	**0**	**197**	**0**	**49**	**1 449**
acquisition	0	0	197	0	49	**246**
revaluation at period end "+"	1 203	0	0	0	0	**1 203**
reversal of impairment loss "- " on revalued assets from previous period	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Decreases	**0**	**0**	**(870)**	**(63)**	**(2)**	**(935)**
liquidation and sale	0	0	(870)	(63)	(2)	**(935)**
revaluation at period end "-"	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Gross value at period end	**14 874**	**50 211**	**98 762**	**3 604**	**8 165**	**175 616**
adjustment of fixed assets value in connection with conversion to IAS as of 1st January 2011	**(38)**	**(442)**	**(55)**	**(11)**	**(3)**	**(549)**
Accumulated depreciation at beginning of period	**(600)**	**(25 970)**	**(57 165)**	**(2 309)**	**(5 592)**	**(91 636)**
Increase in accumulated depreciation	**0**	**(1 635)**	**(6 478)**	**(360)**	**(375)**	**(8 848)**
Decrease in accumulated depreciation including:	**0**	**0**	**870**	**24**	**2**	**896**
liquidation and sale	0	0	870	24	2	**896**
adjustment of accumulated depreciation associated with revaluation at period end	0	0	0	0	0	**0**
Total accumulated depreciation at period end	**(600)**	**(27 605)**	**(62 773)**	**(2 645)**	**(5 965)**	**(99 588)**
including: balance of impairment losses	0	0	0	0	0	**0**
Net value of tangible fixed assets at period end	**14 236**	**22 164**	**35 934**	**948**	**2 197**	**75 479**
including: effects of revaluation at period end	12 548					**12 548**
Tangible fixed assets under construction at period end	**0**	**85**	**0**	**0**	**0**	**58**
Net value of tangible fixed assets at period end						**75 564**

Data for the period from 1st January 2022 to 30th June 2022	Land and right of perpetual usufruct of land	Buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
Net value at beginning of period	**13 033**	**23 799**	**42 215**	**1 347**	**2 523**	**82 917**
Gross value at beginning of period	**13 671**	**50 211**	**99 435**	**3 667**	**8 118**	**175 102**
Increases, including:	**0**	**0**	**93**	**0**	**17**	**110**
acquisition	0	0	93	0	17	**110**
revaluation at period end "+"	0	0	0	0	0	**0**
reversal of impairment loss "- " on revalued assets from previous period	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Decreases	**0**	**0**	**(8)**	**(63)**	**0**	**(71)**
liquidation and sale	0	0	(8)	(63)	0	**(71)**
impairment loss	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Gross value at period end	**13 671**	**50 211**	**99 520**	**3 604**	**8 135**	**175 141**
adjustment of tangible fixed assets value in connection with the conversion to IAS as of 1st January 2011	**(38)**	**(442)**	**(55)**	**(11)**	**(3)**	**(549)**
Accumulated depreciation at beginning of period	**(600)**	**(25 970)**	**(57 165)**	**(2 309)**	**(5 592)**	**(91 636)**
Increase in accumulated depreciation	**0**	**(817)**	**(3 234)**	**(183)**	**(188)**	**(4 422)**
Decrease in accumulated depreciation, including:	**0**	**0**	**8**	**24**	**0**	**32**
liquidation and sale	0	0	8	24	0	**32**
adjustment of accumulated depreciation associated with revaluation at period end	0	0	0	0	0	**0**
other adjustments	0	0	0	0	0	**0**
Total accumulated depreciation at period end	**(600)**	**(26 787)**	**(60 391)**	**(2 468)**	**(5 780)**	**(96 026)**
Including: balance of impairment losses						**0**
Net value of tangible fixed assets at period end	**13 033**	**22 982**	**39 074**	**1 125**	**2 352**	**78 566**
including: effects of revaluation at period end	11 345					**11 345**
Tangible fixed assets under construction at period end	**0**	**80**	**22**	**0**	**0**	**102**
Total net value of tangible fixed assets at period end						**78 668**

According to the adopted principles described in point 2.3. accounting policy – as at the balance sheet date, the Capital Group presents land and the right of perpetual usufruct of 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 recognised on the other side as increase in equity (item "Revaluation reserve").

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

Fair value of land and the right of perpetual usufruct of land has been classified as level 2 of the fair value hierarchy.

Last revaluation took place on 31st December 2022. Compared to the carrying amount in the previous period, the value of revalued items increased by the amount of PLN 1 203 thousand.

Land disclosed in fixed assets of the Capital Group includes own land and the right of perpetual usufruct of land acquired on the secondary market. The Company treats acquired perpetual usufruct rights as fixed assets. Own land and the right of perpetual usufruct of land are not depreciated.

As at 31st 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 Company used market prices determined by an authorized appraiser.

The Parent Company pays annual administrative fees for the right of perpetual usufruct of land. The amount of fees is 3% of the value of the land estimated by the municipality in which the land is located. Periodically, those fees are subject to revaluation on the basis of the market value of land, which is estimated by the Municipal Offices. Parent Company treats the above fees as the cost of local taxes.

The Capital Group has no obligations towards state authorities arising from the transfer of property ownership.

Fixed assets activated in the reporting period were financed entirely from the Parent Company's own resources.

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

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

The Capital Group used fixed assets on the basis of rental and lease agreements, which did not classify as finance lease agreements. 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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Off-balance sheet fixed assets (used under lease, tenancy or other agreement, including operating lease agreement)	*651*	*651*	*651*
Annual value of rents arising from concluded lease, tenancy or other agreements, including operating lease agreements	*157*	*259*	*118*

Fixed assets and investment property constitute collateral for loans granted to the Capital Group. Value of fixed assets which, according to loan agreements, constitute the collateral is presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Mortgage on property (fixed assets and investment property) as collateral for liabilities arising from bank loans	*17 238*	*19 788*	*19 788*
Registered pledge amount or transfer of tangible fixed assets and inventory ownership as collateral for liabilities arising from bank loans	*34 655*	*35 441*	*35 410*
Total value of fixed assets and investment property constituting collateral for loans granted	**51 893**	**55 229**	**55 198**
Mortgage established on property(fixed assets and investment property) as collateral for liabilities arising from bank loans of the related entity Patentus Strefa SA	11 088	11 088	11 088
Total	**62 981**	**66 317**	**66 286**

On 7th 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, technological research and development, innovations and entrepreneurship) for co-financing of project titled: Increase of competitiveness and development of the Company by introducing innovative measuring services of gears to the offer (Agreement no. WND-RPSL.01.02.04-00-C09/11/02). Value of the requested co-financing was PLN 750 thousand. On 4th January 2013, the co-financing agreement was signed. On 18th November 2013, measuring device, which is the subject of agreement, was purchased and recognised in fixed assets and on 20th 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, which in the Balance Sheet was disclosed as deferred income and is accounted for monthly, in the amount of depreciation of the fixed asset financed with the aforementioned subsidy. As at 30th June 2023, subsidy in the amount of PLN 725 thousand was settled.

On 14th September 2012, the Parent Company submitted an application to the Polish Agency for Enterprise Development (as part of the Innovative Economy Operational Program, investments in innovative projects, support for the first implementation of an invention) for co-financing of project titled: Implementation of a mechatronic drive unit production dedicated for high-power scraper conveyor. On 18th April 2013, co-financing agreement number POIG.04.06-00-24-007/12 was signed. Value of requested co-financing was PLN 7 591 thousand. During the project implementation, the Company received subsidy advances, which were recognised in deferred income as advances for investments until their completion and recognition in fixed assets. In June 2014, as a result of the project completion, the Company submitted a final payment application, which was approved on 12th 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 30th June 2023, the amount of PLN 5 284 thousand was settled.

On 16th November 2012, the 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 co-financing for project titled: "Implementation of innovative high-performance method of bevel gear wheels production with the use of carburizing with pre-nitriding.". Total expenditure for the implementation of this project was PLN 8 036 thousand, including the amount of eligible expenditure of PLN 7 951 thousand, and the maximum amount of co-financing equaled to PLN 3 976 thousand. On 12th September 2014, as a result of the project completion, the Parent Company submitted a payment application. On 28th 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 11th December 2014, the Parent Company received the aforementioned bonus, which was fully allocated to repayment of technological loan taken.
As at 30th June 2023, subsidy in the amount of PLN 3 521 thousand was settled.

Agreement no. POIG.04.03.00-00-950/11-00 concerned co-financing for project titled: "Implementation of an innovative technology for the production of large-size drive unit components with increased service life". Total expenditure for implementation of this project amounted to PLN 8 045 thousand, including the amount of eligible expenses of PLN 7 940 thousand, and the maximum amount of co-financing equal to PLN 3 970 thousand. On 12th September 2014, as a result of the project completion, the Company submitted payment application. On 28th 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 11th December 2014, the Parent Company received the aforementioned bonus, which was fully allocated to repayment of the technological loan taken.
As at 30th June 2023, the subsidy in the amount of PLN 3 640 thousand was settled.

On 19th 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. Project implementation period was scheduled from 1st April 2016 to 30th September 2020. This project is to be implemented in the Consortium led by Patentus S.A. and other contractors: Warsaw University of Technology, Institute of Sustainable Technology – National Research Institute, Nanostal Sp. z o.o. Value of the entire project amounts to PLN 11 621 thousand, of which the co-financing will amount to PLN 8 589 thousand. The Parent Company's share in the entire project will amount to PLN 7 652 thousand, of which co-financing PLN 4 992 thousand. The project positively passed the substantive evaluation stage, was recommended for support and on 29th June 2016, an agreement was signed for co-financing of the aforementioned project. As at this financial statements preparation date, the Company received co-financing for research activity in the amount of PLN 3 318 thousand and as at 30th June 2023, the entire subsidy amount was settled. Within the framework of the aforementioned project, the Company also received co-financing for development activity in the amount of PLN 1 308 thousand. On 7th April 2021, the Company submitted the final payment application and on 27th May 2022, as a result of the positive completion of development work on the aforementioned project, the Company recognized the acquisition of two gearboxes as intangible assets, which are amortized starting from June 2022. As at 30th June 2023, the amount of PLN 504 thousand was settled from the subsidy received for development activity.

On 5th 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. Project implementation period was scheduled from 2nd July 2018 to 1st July 2021. This project is to be implemented in a Consortium led by Patentus S.A., and other contractors: Silesian University of Technology and Fabryka Elementów Napędowych "FENA" Sp. z o.o.. Value of the entire project is PLN 5 760 thousand, of which co-financing will amount to PLN 3 923 thousand. The Company's share in the entire project will amount to PLN 3 982 thousand, of which co-financing will amount to PLN 2 351 thousand. The agreement was approved and signed on 28th August 2018. As at the date of these financial statements preparation the Company has received co-financing in the amount of PLN 1 849 thousand. As at 30th June 2023, subsidy in the amount of PLN 962 thousand was settled.

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

4.3. 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 includes facilities that are not used in the production, provision of services or administrative activities, but are fully leased and constitute a source of rental income. Investment properties were acquired along with other properties in 2005.

As at 31st 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 Company used market prices determined by an authorized appraiser.

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

Fair value of investment property has been classified as level 2 in the fair value hierarchy.

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

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Investment property at beginning of fiscal period	**1 375**	**1 253**	**1 253**
Changes during the fiscal period:	**0**	**122**	**0**
increases due to reclassification from fixed assets	*0*	*0*	*0*
decreases due to revaluation to fair value	*0*	*122*	*0*
Investment property at fiscal period end	**1 375**	**1 375**	**1 253**

Table below summarizes income arising from rent and estimated maintenance costs of investment property, which include the cost of renovation, maintenance and local taxes charged to investment properties.

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Revenue arising from investment property (rent)	*0*	*389*	*194*
Investment property maintenance cost	*22*	*(53)*	*(13)*
Surplus of revenue over costs arising from investment property	**22**	**336**	**181**

In 2023, the tenants terminated the tenancy agreements regarding the Company's facilities classified as investment property, therefore, in the audited period, the Company does not disclose any revenue from this source, however, the maintenance costs for these properties continue to be incurred.

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

Capital investments

Investments in foreign entities are presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Investment in other entities at the fiscal period beginning	**0**	**0**	**0**
Changes during the fiscal period including:	**0**	**0**	**0**
shares and stocks and other financial assets	0	0	0
write–downs	0	0	0
Net book value of investment in foreign entities at period end	**0**	**0**	**0**

4.4. Note 4 – Trade receivables and other receivables

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Trade receivables and other long-term receivables by category			
Trade receivables	0	0	0
Long-term loans granted	0	0	183
Shares in Patentus Strefa SA in bankruptcy over which control was lost	0	0	0
Write-downs on loans granted	*0*	*0*	*0*
Total net value of loans and long-term financial receivables	**0**	**0**	**183**
Receivables arising from advances transferred for tangible fixed assets acquisition	0	0	0
Write-downs	*0*	*0*	*0*
Total net value of long-term non-financial receivables	**0**	**0**	**0**
Total net value of trade receivables and other long-term receivables	**0**	**0**	**183**
Trade receivables and other short-term receivables by category			
Gross value of trade receivables and other receivables from related parties		*0*	*155*
Gross value of trade receivables form other entities	15 976	5 434	7 370
Short-term loans granted	0	0	0
Write-downs on loans granted	0	0	0
Write-downs		*(967)*	*(731)*
Total net value of loans and short-term financial receivables	**15 976**	**4 467**	**6 794**
Receivables arising from advances transferred for inventory acquisition	327	5 600	5 327
Tax receivables	115	759	397
Other receivables	262	458	11 425
Short-term prepayments	876	380	735
Write-downs	*0*	*0*	*0*
Total net value of short-term non-financial receivables	**1 580**	**7 197**	**17 884**
Total net value of trade receivables and other short-term receivables	**17 556**	**11 664**	**24 678**
Total long-term and short-term trade receivables and other receivables	**17 556**	**11 664**	**24 861**

As at 30th June 2023, the Company does not disclose receivables arising from concluded loan agreements.

Trade receivables do not bear interest and usually have payment term within 14 to 90 days. Fair value of receivables does not differ significantly from their book value recognised in the balance sheet.

Maturity structure of trade receivables is presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Current trade receivables	**15 821**	**4 423**	**6 375**
Overdue trade receivables, including:	**883**	**1 011**	**1 150**
up to 30 days	139	200	564
between 31 and 60 days	9	21	62
between 61 and 90 days	2	55	7
between 91 and 180 days	3	1	3
between 181 and 365 days	2	0	0
over 365 days	728	734	514
Total gross value of trade receivables	**16 704**	**5 434**	**7 525**
Write-downs of the receivables at beginning of period	(967)	(1 165)	(941)
Recognition of write-downs of liabilities during period +	0	(63)	0
Reversal of write-downs in the period as a result of cancellation of receivables	0	0	107
Reversal of write-downs in the period as a result of payment	239	261	103
Write-downs of the receivables at period end	**(728)**	**(967)**	**(731)**
Total net value of trade receivables	**15 976**	**4 467**	**6 794**

Write-downs cover receivables from debtors in liquidation or bankruptcy, disputed receivables, and in other cases when 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 with 100% a write-down.

For receivables overdue more than 365 days, not from debtors in liquidation or bankruptcy and regularly repaid by debtors, the Parent Company did not recognised write-downs, considering that the repayment of these receivables is not compromised and due to the fact that an agreement was concluded with debtors on installment payments.

From 2020, pursuant to Art. 4 sec. 3 pt. b), Art. 6 sec. 1, Art. 7 sec. 1 and Art. 8 sec. 1 of the Act on counteracting excessive delays in commercial transactions and Art. 20 sec. 3 of the Act on amending certain acts in order to reduce payment gridlocks, the Company has started to charge its contractors Polska Grupa Górnicza and Jastrzębska Spółka Węglowa with interest for delays in commercial transactions.

Currency structure of receivables is presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Total net value of trade receivables, including:	**15 976**	**4 467**	**6 794**
Net value of trade receivables denominated in Polish currency	15 621	3 516	5 833
Net value of trade receivables denominated in foreign currency	355	951	961

The Parent Company has a concluded lease agreement in which the Company acts as a lessor. Finance lease of beam stage loader constitutes the subject of the agreement, for KWK ROW Ruch Marcel being a part of the Polska Grupa Górnicza with its registered office in Katowice. The agreement 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 agreement was concluded for a period of 3 years. The payment is spread over 36 monthly installments according to the payment schedule. As at the date of these financial statements preparation, outstanding amount of PLN 2 449 thousand is yet to be settled.

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Current value of receivables arising from finance lease at beginning of period	**3 082**	**4 843**	**4 843**
Increases arising from new finance lease agreements (+)	0	0	0
Repayment of finance lease installments (principal installments) for the period (-)	(881)	(1 761)	(880)
Current value of receivables arising from finance lease at period end, including:	**2 201**	**3 082**	**3 963**
Short-term receivables arising from lease agreements	1 753	1 703	2 058
Long-term receivables arising from lease agreements	448	1 379	1 905
Additional information:			
Deferred finance income arising from interest on lease agreements at beginning of period	**83**	**247**	**247**
Increases of deferred finance income arising from new finance lease agreements (+)	0	0	0
Repayment of finance lease installments (finance income arising from interest) for the period (-)	(141)	(354)	(164)
Adjustments to interest settlement in the period resulting from fluctuations of interest rates (-)	(190)	190	390
Deferred finance income arising from interest on lease agreements at period end, including:	**(248)**	**83**	**473**
Conditional lease fees included in Profit and Loss Statement for the given period	*0*	*0*	*0*

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Nominal value of minimum finance lease payments due in the period:	**2 449**	**3 165**	**4 436**
up to 1 year	2 001	1 786	2 084
between 1 and 5 years	448	1 379	2 352
over 5 years	0	0	0
Deferred finance income arising from interest on lease agreements (-)	**248**	**(83)**	**(473)**
Current value of deferred receivables arising from finance lease disclosed in assets, including the value due in the period:	**2 201**	**3 082**	**3 963**
up to 1 year	1 823	1 703	1 993
between 1 and 5 years	378	1 379	1 970
over 5 years	0	0	0
Additional information:			
Unguaranteed residual values attributable to the lessor	0	0	0

4.5. Note 5 – Inventory

Structure of inventory is presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Gross value of inventory, including:	**36 661**	**34 159**	**31 276**
Materials	20 188	19 083	19 649
Semi-finished products and work in progress	14 834	13 834	10 313
Finished products	151	63	55
Goods	1 488	1 179	1 259
Write-downs of inventory, including:	**(343)**	**34**	**53**
Goods	*(221)*	*36*	*40*
Materials	*(31)*	*(3)*	*5*
Semi-finished products and work in progress	*(2)*	*1*	*0*
Finished products	*(89)*	*0*	*8*
Value of inventory disclosed in the Balance Sheet, including:	**36 318**	**34 193**	**31 329**
Materials	20 157	19 080	19 654
Semi-finished products and work in progress	14 832	13 835	10 313
Finished products	62	63	63
Goods	1 267	1 215	1 399
Additional information:			
Value of basic materials recognised as expense in the period	*29 748*	*35 252*	*16 823*

Inventory valuation methods ware presented in item 2.11. of the adopted accounting principles (policy) description. Revaluation write-downs created for material inventory are recognised as other operating costs in the period, and the write-downs for the value of finished goods increase the distribution costs in the period.

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

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Cash and cash equivalents, including::	**30 308**	**13 344**	**1 936**
Cash in hand and cash on bank accounts	10 308	11 844	1 936
Short-term deposits	*20 000*	*1 500*	*0*
Other cash equivalents	0	0	0
Additional information:			
Cash in foreign currency (converted into PLN)	*2 452*	*221*	*173*
Cash of limited disposability	*0*	*0*	*0*

Short-term deposits are deposited for various periods, ranging from one day to 3 months, depending on the current cash needs of the Capital Group's companies. Interest rate on deposits is variable.

Fair value of cash and cash equivalents is equal to their carrying amount. 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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Exchange differences related to the valuation of cash balance in bank accounts in EUR at the end of period. Positive exchange rate differences (increase of cash balance) are recognized with (+) sign; negative with (-) sign	0	0	0

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

4.7. Note 7 – Equity

Share capital

Detailed information on the Parent Company's share capital and on the shares issuance as at 30th June 2023 is presented in the table below:

Data as at 30th June 2023							
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	3rd June 1997	no detailed provisions	cash	registered, privileged; 2 votes at the AGM	10 000 000
B	7 500 000	3 000 000	9th June 2004	starting from 1st of January 2005	cash	registered, privileged; 2 votes at the AGM	15 000 000
C	5 625 000	2 250 000	14th 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	14th 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	25th March 2008	starting from the profit distribution for the year 2007	cash	ordinary, bearer	3 125 000
F	3 000 000	1 200 000	29th October2009	starting from the profit distribution for the year 2008	cash	ordinary, bearer	3 000 000
TOTAL	**29 500 000**	**11 800 000**					**47 625 000**

As at 30th June 2023, 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 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 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 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 18th September 2009, the Polish Financial Supervision Authority approved the Parent Company's Prospectus.

On 29th 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 amounts to PLN 11.800.000 and is divided into 29 500 000 shares with a nominal value of PLN 0.40 each.

On 3rd November 2009, Management Board of the Warsaw Stock Exchange adopted a resolution on the admission to exchange trading on 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 4th November 2009, ordinary bearer series D, E and F shares were introduced to exchange trading on the main market on 9th November 2009. Shares are traded in the continuous system under the abbreviated name "PATENTUS" and the designation "PAT". Shares bare ISIN code PLPTNTS00019.

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

Shareholders	As at 30th June 2023				As at 31st December 2022				As at 30th June 2022			
	Number of shares	% of share capital	Number of votes	% of votes	Number of shares	% of share capital	Number of votes	% of votes	Number of shares	% of shares	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%	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%	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%	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%	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%	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%	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%	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 share capital increase.

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Supplementary capital arising from the sale of shares above their nominal value at beginning of period:	**6 448**	**6 448**	**6 448**
Changes in supplementary capital arising from the sale of shares above their nominal value during the year, including:	**0**	**0**	**0**
Gross surplus arising from the sale of shares of series „E” above their nominal value	0	0	0
Costs associated with the share capital increase	0	0	0
Supplementary capital arising from the sale of shares above their nominal value:	**6 448**	**6 448**	**6 448**

Revaluation reserve

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Revaluation reserve at beginning of period:	**9 617**	**8 643**	**8 643**
Changes in revaluation reserve during the year, including:	**0**	**974**	**0**
Effects of revaluation of tangible fixed assets to fair value	0	1 203	0
Deferred tax provision settled with equity	0	(229)	0
Revaluation reserve at period end:	**9 617**	**9 617**	**8 643**

Revaluation reserve from revaluation to the fair value of tangible fixed assets (land and perpetual usufruct right to land) is recognised 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 the Commercial Companies Code (CCC);
- Supplementary capital created in accordance with the Articles of Association – created 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 21st April 2023, Annual General Meeting of PATENTUS S.A. was conveyed. Pursuant to Resolution No. 5, annual financial statements for 2022 were approved. Shareholders also adopted Resolution No. 7 on net profit allocation, for the fiscal year 2022 in the amount of PLN 3 098 thousand in the following manner: amount of PLN 418 thousand to the Variable Remuneration Fund and the remaining amount of PLN 2 680 thousand to Company's supplementary capital created voluntarily, which as at 31st December 2022 amounted to PLN 71 596 thousand and is disclosed in the balance sheet under retained earnings item. Retained earnings disclosed in the balance sheet at the end of 2022 fiscal year in the amount of PLN 78 627 thousand, include the value of statutory supplementary capital in the amount of PLN 3 933 thousand, voluntary supplementary capital in the amount of PLN 71 596 thousand and net profit for 2022 in the amount of PLN 3 098 thousand.

Pursuant to Resolution No. 8 Annual General Meeting approved annual consolidated financial statements of the Capital Group for the fiscal year 2022.

Pursuant to the Act of 16th 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. From 1st 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 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 profits of previous years in accordance with Art. 396.1 of the Commercial Companies Code	Supplementary capital created from profits of previous years in accordance with the Articles of Association	Other capitals	Loss of subsidiaries to be deducted from deferred profits	Profit arose as a result of change in proportion of shares held in the subsidiary's capital	Profit (loss) for current period recognized in financial statements prepared in accordance with IAS/IFRS	Total retained earnings
Data as at 1st January 2023	**3 993**	**71 508**	**0**	**3 205**	**2 505**	**(2 749)**	**78 401**
Distribution of financial result disclosed in financial statements prepared in accordance with IAS/IFRS	0	2 679	0	0	0	(3 083)	(404)
Profit (loss) for the current period recognised in financial statements prepared in accordance with IAS/IFRS	0	0	0	0	0	17 831	17 831
Data as at 30th June 2023	**3 933**	**74 187**	**0**	**3 205**	**2 505**	**11 999**	**95 828**
Data as at 1st January 2022	**3 933**	**77 422**	**0**	**(6 336)**	**2 505**	**(2 661)**	**74 862**
Distribution of financial result disclosed in the financial statements prepared in accordance with IAS/IFRS	0	(5 914)	0	5 914	0	(88)	**(88)**
Profit (loss) for the current period recognised in financial statements prepared in accordance with IAS/IFRS	0	0	0	3 627	0	0	**3 627**
Data as at 31st December 2022	**3 933**	**71 508**	**0**	**3 205**	**2 505**	**(2 749)**	**78 401**
Data as at 1st January 2022	**3 933**	**77 422**	**0**	**(6 336)**	**2 505**	**(2 661)**	**74 863**
Distribution of financial result disclosed in financial statements prepared in accordance with IAS/IFRS	0	(5 826)	0	0	0	5 826	0
Profit (loss) for the current period recognised in financial statements prepared in accordance with IAS/IFRS	0	0	0	0	0	393	393
Data as at 30th June 2022	**3 933**	**71 596**	**0**	**(6 336)**	**2 505**	**3 558**	**75 256**

Equity attributable to non-controlling interest

Equity attributable to non-controlling interests is part of the subsidiary MONTEX Sp. z o.o. net assets, which belongs to shareholders from outside the Capital Group. Equity of minority shareholders as at 30th June 2023 amounted to PLN 768 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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Long-term bank loans	8 025	10 309	12 278
Short-term bank loans	4 340	4 878	5 165
Total liabilities arising from credits and loans, including those due in the period:	**12 365**	**15 187**	**17 563**
up to 1 year	4 340	4 878	5 165
between 1 and 3 years	5 756	7 123	7 949
between 3 and 5 years	2 269	3 186	4 449

In 2023, there were no overdraft facilities in the amount of short-term loans.

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Bank loans denominated in PLN	7 987	9 478	11 021
Bank loans denominated in EUR (converted into PLN)	4 378	5 709	6 422
Total loans at end of period	**12 365**	**15 187**	**17 443**

Effects of the valuation of the balance of bank loans liabilities 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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
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) shown with the (+) sign; positive with (-) sign	267	790	770

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Average interest rate – bank loans denominated in PLN	16.02%	13.77%	11.06%
Average interest rate – bank loans denominated in EUR	3.57%	2.81%	-0.20%

Applications for co-financing from EU funds

On 18th 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 Company applied to the Silesian Center of Entrepreneurship for co-financing of project no. WND-RPSL.03.02.00-24-0678/19-001 entitled "Implementation of an innovative drive unit consisting of a toothed gearbox integrated with technical diagnostics systems". Value of the entire project will amount to PLN 11 931 thousand, of which co-financing will amount to PLN 2.910 thousand. The agreement was signed on 28th January 2021, the project implementation date is specified in the application for co-financing and ranges from 1st January 2020 to 31st December 2021. Project completion date specified in the application for co-financing may not be later than 31st December 2023. In February 2021 the first payment application was submitted for the amount of PLN 756 thousand. The subsidy in the aforementioned amount was charged to Company's bank account on 20th June 2023 forwarded with a project completion protocol. As at 30th June 2023 the subsidy in the amount of PLN 331 thousand was settled by the Company.

On 29th April 2020, the Company submitted to the National Center for Research and Development in Warsaw a co-financing application 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 dedicated for drive units of conveyors operating in difficult operating conditions". Project implementation period is scheduled from 1st July 2021 to 30th June 2024. The project is to be implemented in a Consortium led by the Warsaw University of Technology, and other contractors Silesian University of Technology, Patentus Spółka Akcyjna, Łukasiewicz Research Network - Institute of Sustainable Technologies and Łukasiewicz Welding Institute Research Network. The entire project's value is PLN 17 259 thousand of which co-financing will amount to PLN 15 368 thousand. Company's share in the entire project will amount to PLN 5 695 thousand, of which co-financing PLN 3 804 thousand. Project has passed the substantive evaluation stage, was recommended for support and approved on 9th November 2020, and on 31st March 2021, an agreement was signed for co-financing of the aforementioned project. As at the date of these financial statements preparation, the Company has received co-financing for research works in the form of an advance payment, in the amount of PLN 1 779 thousand. The aforementioned advance payment amount was fully settled.

Other agreements for co-financing of 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 and significant terms of credit agreements concluded by the Parent Company as well as by the Subsidiaries is included in the tables below.

Bank margin on loans taken is in the range from 1.50 to 4.10 pp.

Credits and loans of Parent Company as at 30th June, 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 30th June 2023 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.)	2nd October 2012 with subsequent amendments***	Investment credit agreement no KIN/1219501**	7 592	PLN	725	1 721	WIBOR 1M + bank's margin	30th 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	22nd April 2015 with subsequent amendments	Multi-Product agreement 889/2015/0000771/00*	Limit PLN 400 Limit PLN 300 Limit PLN 200 Limit PLN 100		0	0	WIBOR 1M + bank's margin	31st August 2023 30th September 2023 31st October 2023 30th November 2023	a) mortgage on the right of 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	23rd 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	30th November.2018 recognised in the statement in connection with the bank's lack of consent to release the collateral	a 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, 5th Land and Mortgage Register Department keeps a 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, 5th Land and Mortgage Registry Department keeps 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, 5th Land and Mortgage Registry Department keeps 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, 5th Land and Mortgage Registry Department keeps the Land and Mortgage Register No. KA1P / 00040317/4 and 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, 5th Land and Mortgage Registry Department keeps the Land and Mortgage Register No. KA1P / 00040317/4 and 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, 5th Land and Mortgage Registry Department keeps the Land and Mortgage Register No. KA1P / 00040317/4 and 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
4	Towarzystwo Inwestycji Społeczno-Ekonomicznych SA Warszawa	12th October 2018	Loan agreement no 42178	1 000	PLN	158	175	fixed percentage	17th 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, 5th Land and Mortgage Registry Department keeps 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.	26th April 2019	Loan agreement number 00622/EI/19	1 209	EUR	806	1 666	interest based on the loan balance	26th 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

Continued on next page

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 30th June 2023 in PLN thousand		Interest rate conditions	Repayment period	Collateral
				in thous	currency	short-term	long-term			
6	PKO Leasing S.A.	26th April 2019	Loan agreement number 00623/EI/19	126	EUR	61	73	interest based on the loan balance	26th 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.	10th September 2019	Loan agreement number 01810/EI/19	852	EUR	602	1 731	interest based on the loan balance	31st 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.	9th November 2021	Loan agreement number 03570/PI/21	4 081	PLN	1 424	927	WIBOR 1M + bank's margin	30th 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.	9th February 2022	Loan agreement number 512849	134	PLN	0	0	interest 0%	10th February 2023	x
10	Agencja Rozwoju Regionalnego S.A.	30th May 2022	Investment agreement number 04/ARRBB/POIR/2022	3 100	PLN	564	2 348	xxx	20th 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 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 par. 1 point 5 of the Code of Civil Procedure up to the payment amount of PLN 4 650 thousand.
Total liabilities arising from loans and credits as at 30th June 2023						**4 340**	**8 025**			

11	Kuke Finance S.A.	29th November 2017 with subsequent amendments	Factoring agreement no 0096/2017	Limit PLN 100		0	0	WIBOR 1M	repayment date dependant on the maturity date of invoices returned by the Factorer to be processed 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,
12	Polski Fundusz Rozwoju SA Warszawa	4th May 2020	Financial Subsidy Agreement no 109000041009751SP	3 500	PLN	480	480	xxx	26th June 2023	According to the decision of 4th 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 26th June 2023.
Total liabilities arising from credits and financial leasing as at 30th June 2023						**4 340**	**8 025**			

Credits and loans of the Subsidiary ZKS MONTEX LTD as at 30th June 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 the end of period 30th June, 2022 in PLN thousand		Interest rate conditions	Repayment period	Notes	Collateral
				in thous.	currency	short-term	long-term				
1	ING BANK ŚLĄSKI S.A.	22nd April 2015	Revolving loan agreement 889/2015/00000771/00	Limit PLN 140		0	0	Wibor 1M + bank's margin	29th November 2023		a) contractual mortgage up to the amount of PLN 10 500 000.00 on the right of perpetual usufruct of property located in Świętochłowice b) assignment of rights under the property insurance policy c) declaration of submission to enforcement
2	PFR S.A.	6th May 2020	Financial Subsidy Agreement no 105000020060356SP	107	PLN	0	0	xxx	25th June 2023		none
Total liabilities arising from credit and loans as at 30th June 2023						**0**	**0**				

Credits and loans of Parent Company as at 30th June 2022

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 the end of period 30th June 2022 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.)	2nd October 2012 with subsequent amendments***	Investment credit agreement no. KIN/1219501**	7 592	PLN	756	2 256	WIBOR 1M + bank's margin	30th 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	Santander Bank Polska S.A. (former Deutsche Bank Polska S.A.)	17th December 2012 with subsequent amendments***	Investment credit agreement no. KIN/1228558	1 700	PLN	89	0	WIBOR 1M + bank's margin	2nd January 2023	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) a mortgage for the bank's benefit up to the amount of PLN 2.550.000 established on the ownership title to the property located in Jankowice (Land and Mortgage Register No. KA1P / 00077485/0); d) assignment of rights for the Bank's benefit under the insurance policy; e) declaration of submission to enforcement
3	ING Bank Śląski SA	22nd April 2015 with subsequent amendments	Multi-Product agreement 889/2015/0000771/00*	Limit PLN 1 700 Limit PLN 1 600 Limit PLN 1 500 Limit PLN 1 400		0	0	WIBOR 1M + bank's margin	31st July 2022 31st August 2022 30th September 2022 31st October 2022 limit will decrease by PLN 100 000 monthly, final loan repayment date 30th November. 2023	a) mortgage on the right of 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 up 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.
4	BNP Paribas Bank Polski	23rd December 2016 with subsequent amendments	Loan repayment agreement (STREFA) (agreement CRD/35678/11, CRD/45141/15, CRD/35677/11)	2 334	PLN	0	0	WIBOR 1M + bank's margin	30th 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, 5th Land and Mortgage Register Department keeps a 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, 5th Land and Mortgage Registry Department keeps 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, 5th Land and Mortgage Registry Department keeps 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, 5th Land and Mortgage Registry Department keeps the Land and Mortgage Register No. KA1P / 00040317/4 and KA1P / 00037544/0, e) 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, 5th Land and Mortgage Registry Department keeps the Land and Mortgage Register No. KA1P / 00040317/4 and 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, 5th Land and Mortgage Registry Department keeps the Land and Mortgage Register No. KA1P / 00040317/4 and 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

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 the end of period 30th June 2022 in PLN thousand		Interest rate conditions	Repayment period	Collateral
				in thous.	currency	short-term	long-term			
5	Towarzystwo Inwestycji Społeczno-Ekonomicznych SA Warszawa	12th October 2018	Loan agreement no 42178	1 000	PLN	169	307	fixed percentage	17th 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, 5th Land and Mortgage Registry Department keeps 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
6	PKO Leasing S.A.	26th April 2019	Loan agreement number 00622/EI/19	1 209	EUR	940	2 500	interest based on the loan balance	26th 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
7	PKO Leasing S.A.	26th April 2019	Loan agreement number 00623/EI/19	126	EUR	64	119	interest based on the loan balance	26th 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
8	PKO Leasing S.A.	10th September 2019	Loan agreement number 01810/EI/19	852	EUR	616	2 184	interest based on the loan balance	31st 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 agreement
9	PKO Leasing S.A.	9th November 2021	Loan agreement number 03570/PI/21	4 081	PLN	1 571	1 788	WIBOR 1M + bank's margin	30th November 2024	a) blank promissory note with a promissory note declaration, b) registered pledge on machines Gleason hobbing machine, Gleason profile grinding machine, Welter gear milling machine, OKUMA turning and milling machining center c) transfer of ownership agreement for the aforementioned machines, d) assignment of rights to the insurance policy for the aforementioned machines.
10	Siemens Finanse sp. z o.o.	9th February 2023	Loan agreement number 512849	134	PLN	89	0	interest 0%	10th February 2023	X
11	Agencja Rozwoju Regionalnego S.A.	30th May, 2020	Investment agreement number 04/ARRBB/POIR/2022	3 100	PLN	328	2 772	xxx	20th May 2028	a) blank promissory note with a promissory note declaration, b) contractual mortgage on a developed property consisting of plots 2518/128 and 2793/128 located in Jankowice (Land and Mortgage register KA1P / 00044542/8) up to the amount of PLN 4 650, c) assignment of the insurance policy rights relating to the aforementioned property, d) declaration of submission to enforcement pursuant to Article 777 par. 1 point 5 of the Code of Civil Procedure, up to the amount of PLN 4,650 thousand.
Total liabilities arising from loans and credits as at 30th June 2022						**4 631**	**11 926**			
16	Kuke Finance S.A.	29th November, 2017 with subsequent amendments	Factoring agreement no 0096/2017	Limit PLN 9 000		0	0	WIBOR 1M	indefinitely	a) blank promissory note with a promissory note declaration, b) power of attorney to the bank account kept by Deutsche Bank Polska SA, Getin Noble Bank SA, ING Bank Śląski SA, c) declaration of submission to enforcement, d) global assignment of rights under the insurance policy no RW / OP / 1400013949/2018
17	Polski Fundusz Rozwoju SA Warszawa	4th May, 2020	Financial Subsidy Agreement no 109000041009751SP	3 500	PLN	240	240	xxx	26th June, 2023	According to the decision of 4th June 2021, 73% of the subsidy, i.e. PLN 2 540, was redeemed. The remaining amount of PLN 960 thousand to be repaid in accordance with the repayment schedule in 24 installments of PLN 40 thousand monthly until 26th June 2023.
Total liabilities arising from credits and financial leasing as at 30th June, 2022						**4 871**	**12 166**			

Credits and loans of th Subsidiary ZKS MONTEX LTD. as at 30th June 2022

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 the end of period 30th June 2022 in PLN thousand		Interest rate conditions	Repayment period	Notes	Collateral
				in thous.	currency	short-term	long-term				
1	ING BANK ŚLĄSKI S.A.	22nd April 2015	Revolving loan agreement 889/2015/00000771/00	Limit PLN 440		0	0	Wibor 1M + bank's margin	30th November 2023		a) contractual mortgage up to the amount of PLN 10.500.000.00 on the right of perpetual usufruct of property in Świętochłowice b) assignment of rights under the property insurance policy c) declaration of submission to enforcement
2	POLSKI FUNDUSZ ROZWOJU SA	6th May 2020	Financial Subsidy Agreement 105000020060356SP	107	PLN	0	0	-	25th June 2023		-
Total liabilities arising from credit and loans as at 30th June 2022						**0**	**0**				

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

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Other long-term financial liabilities, including:	**22**	**12**	**23**
Finance lease agreements liabilities	22	12	23
Trade liabilities and other short-term financial liabilities, including:	**8 176**	**6 532**	**11 777**
Trade liabilities to related entities	0	7	0
Trade liabilities to other entities	8 140	6 503	11 756
Finance lease agreements liabilities	36	22	21
Valuation of financial instruments hedging currency exchange rates from product sales	0	0	0
Total trade liabilities and other long-term and short-term liabilities	**8 198**	**6 544**	**11 800**

Trade liabilities do not bear interest and usually have a payment term within 7 to 90 days.

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Current trade liabilities	**8 500**	**6 354**	**10 260**
Overdue trade liabilities including:	**(360)**	**156**	**1 496**
up to 30 days	(4)	150	1 171
between 31 and 60 days	(11)	0	(318)
between 61 and 90 days	0	0	(42)
between 91 and 180 days	(345)	0	145
between 181 and 365 days	0	6	396
over 365 days	0	0	144
Total trade liabilities	**8 140**	**6 510**	**11 756**

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Trade liabilities, including:	**8 140**	**6 510**	**11 756**
Trade liabilities denominated in Polish currency	8 092	6 510	11 636
Trade liabilities denominated in foreign currencies	48	0	120

In order to secure financial liquidity, in May 2020, the Parent Company applied to the Polish Development Fund for a financial subsidy in the amount of PLN 3 500 thousand as part of the anti-crisis shield. On 4th May 2020, decision was issued upon positive verification of the Parent Company's fulfillment of subsidy conditions, and Financial Subvention Agreement was signed between Polish Development Fund represented by Santander Bank Polska S.A. and the Parent Company (agreement number 109000041009751SP), and on 5th May 2020, the amount of the subsidy was transferred to the Company's bank account. The subsidy was recognised in the Balance Sheet as other liabilities. On 19th May 2021, the Company submitted a declaration of subsidy settlement. In accordance with the aforementioned declaration, the Company applied for exemption from the obligation to return the subsidy in the amount not exceeding PLN 2 540 thousand. The outstanding amount of PLN 960 thousand is repaid in 24 installments starting from 26th July 2021, in accordance with the repayment schedule. The final installment was reimbursed on 26th June 2023.

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Current value of deferred liabilities arising from finance lease at beginning of period	**34**	**62**	**62**
Increases arising from new finance lease agreements (+)	43	0	0
Repayment of finance lease installments (principal part) in the period (-)	(19)	(28)	(18)
Current value of deferred liabilities arising from finance lease at period end	**58**	**34**	**44**
Short-term liabilities under lease agreements	36	22	21
Long-term liabilities under lease agreements	22	12	23
Deferred finance costs arising from interest on lease agreements at beginning of period	**2**	**6**	**6**
Increase of deferred finance cost arising from new finance lease agreements (+)	10	0	0
Repayment of finance lease installments (interest part) in the period (-)	(3)	(4)	(2)
Deferred finance cost arising from interest on lease agreements at period end	**9**	**2**	**4**

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Nominal value of the minimum finance lease payments due in the period:	**58**	**34**	**44**
up to 1 year	37	24	24
between 1 and 5 years	21	10	20
over 5 years	0	0	0
Deferred finance cost arising from interest on lease agreements (-)	**(9)**	**(2)**	**(4)**
Current value of deferred liabilities arising from finance lease recognised in liabilities, including those due in the period:	**67**	**36**	**48**
up to 1 year	32	25	26
between 1 and 5 years	35	11	22
over 5 years	0	0	0

In the reporting period, the Capital Group did not have any lease agreements signed.

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Other long-term non-financial liabilities, including:	**4 955**	**4 761**	**5 599**
Deferred income (EU funds subsidies)	4 955	4 761	5 599
Other short-term non-financial liabilities, including:	**7 680**	**4 467**	**3 974**
Advances received for supplies and services	93	28	0
Taxes and social security liabilities	3 132	1 522	2 032
Other liabilities and settlements	2 398	1 171	506
Deferred income (EU funds subsidies received)	2 057	1 746	1 436
Total other long-term and short-term non-financial liabilities	**12 635**	**9 228**	**9 573**

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Deferred income (EU funds subsidies received) at beginning of period	**6 507**	**7 211**	**7 211**
Subsidies received in the period (+)	1 875	2 573	1 479
Settlement of subsidies received in the period (-)	(1 370)	(3 277)	(1 655)
Deferred income (EU funds subsidies received) to be settled in the following years	**7 012**	**6 507**	**7 035**

4.10. Note 10 – Provisions for liabilities

Employees of the Capital Group are entitled to the retirement gratuity on the terms of Art. 92¹ 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 benefits and death benefits are estimated using actuarial methods.

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Provisions for liabilities, including:	**251**	**306**	**237**
Provisions for long-term employee benefits	205	205	203
Provisions for short-term employee benefits	46	101	27
Other long-term provisions	0	0	0
Other short-term provisions	0	0	7

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Discount rate	6.9%	6.9%	1.3%
Remuneration increase rate	13.1%	13.1%	0.0%
Remuneration increase rate (future years)	5.9%	5.9%	0.0%

Based on previous years costs analysis – the Parent Company's Management Board decided that there was no risk of significant costs of warranty repairs in the future and, on this basis, decided not to estimate provisions for warranty repairs.

Warranty period provided by the Parent Company for its products ranges from 6 to 36 months.

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.

Based on previous years costs analysis – the Management Board of ZKS MONTEX SP. z o.o. concluded that there is a risk of significant costs of warranty repairs in the future and on this basis the provisions for warranty repairs were estimated.

Warranty period provided by the Company for its products is 36 months.

According to the Management Board of ZKS MONTEX SP. z o.o. there are other factors and events resulting from the activities of previous years that indicate the need to create provisions for:

- interest on overdue liabilities

- costs of bailiff and enforcement proceedings

4.11. Note 11 – Revenue

Structure of revenues is presented in the table below:

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Sales revenue according to material structure, including:	**80 817**	**55 101**	**39 496**	**32 859**
Revenue from the sale of products and services	73 331	49 822	36 365	31 010
Revenue from the sale of goods and materials	7 038	5 082	2 893	1 709
Revenue from rent and lease of investment property and other property	448	197	238	140
Additional information:				
Revenue from sales to related entities	0	0	0	0

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 is presented in Note 18.

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Sales revenues by territorial structure, including:	**80 817**	**55 101**	**39 496**	**32 859**
Domestic sales revenue	74 815	54 400	38 327	32 158
Export and intra-community supplies of goods and services	6 002	701	1 169	701

Due to the fact that sales outside Poland are directed mainly to recipients based in the European Union, with similar terms of deliveries – 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	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Manufacturing cost of sold products, services, goods and materials	58 705	40 426	36 333	27 928
Distribution costs	996	854	1 557	677
General and administrative expenses	3 295	1 677	2 419	1 108
Total operating costs (functional layout)	**62 996**	**42 957**	**40 309**	**29 713**

Specification / data in PLN thousand	**6 months period from 1st January 2023 to 30th June 2023**	**3 months period from 1st April 2023 to 30th June 2023**	**6 months period from 1st January 2022 to 30th June 2022**	**3 months period from 1st April 2022 to 30th June 2022**
Depreciation and amortisation	4 647	2 238	4 364	2 057
Materials and energy consumption	31 355	19 749	21 062	16 662
Outsourcing	17 842	11 877	6 765	4 678
Taxes and fees	583	213	524	208
Employee benefits costs	7 072	3 721	5 914	3 033
Other costs	646	334	467	251
Write-down of the value of product inventory	0	0	0	0
Total costs by type	**62 145**	**38 132**	**39 096**	**26 889**
Change in inventory of finished products, work in progress	(3 921)	1 153	(741)	1 667
Production costs of products for own needs	0	0	0	0
Selling cost of goods and materials	4 772	3 672	1 954	1 157
Total cost of sales including sales of products, goods, materials and general and administrative expenses	**62 996**	**42 957**	**40 309**	**29 713**

Specification / data in PLN thousand	**6 months period from 1st January 2023 to 30th June 2023**	**3 months period from 1st April 2023 to 30th June 2023**	**6 months period from 1st January 2022 to 30th June 2022**	**3 months period from 1st April 2022 to 30th June 2022**
Employee benefits costs, including:	**7 072**	**3 721**	**5 914**	**3 033**
Remuneration	5 919	3 102	4 946	2 498
Social security and other employee benefits	1 153	619	968	535
Contribution to the Company Social Benefit Fund	0	0	0	0
Future benefits (provisions) arising from retirement benefits and similar employee benefits	0	0	0	0

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

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

When exercising the rights under Article 4 § 1-3 of the Act of 4th March 1994 on the Company Social Benefits Fund, as of 1st September 2013 the Parent Company resigned from establishing of the Company Social Benefits Fund. Until fully exhausted, the unused funds deposited on separate bank account will be allocated for the purposes specified in the aforementioned Act.

Other employee benefits include qualifications improving training and other benefits specified in the provisions of the 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 result in other 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	6 months period from 1st of January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Other operating income, including:	**1 526**	**877**	**2 592**	**1 931**
Profit on the sale of non-financial fixed assets	0	0	0	0
EU funds subsidies, accounted in proportion to depreciation and amortization of fixed assets	1 370	822	941	560
EU funds subsidies from accounted parallel to the costs incurred	0	0	714	714
Other received subsidies	63	32	88	68
Reversed write-downs of receivables as a result of payment	0	0	103	86
Reversed write-downs of material inventory	0	0	133	133
Reimbursement of legal costs	0	(63)	7	6
Compensation received	0	(2)	372	291
Other operating income	0	(5)	234	73
Reversal of impairment loss on fixed assets	0	0	0	0
Revaluation of investment property	93	93	0	0

4.14. Note 14 – Other operating expense

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

Specification / data in PLN thousand	6 months period from 1st January 20223to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Other operating expense, including:	**975**	**667**	**1 131**	**1 013**
Loss on sale of non-financial fixed assets	13	9	11	(51)
Write-downs of receivables revaluation	0	0	0	0
Write-downs of inventory	343	343	0	0
Write-downs of tangible fixed assets	0	0	0	0
Costs of court proceedings	33	33	99	10
Donations	8	5	4	2
Provision for warranty obligations and sureties	0	0	0	0
Compensation paid for poor service and repair costs	0	0	25	25
Other operating expense	578	277	992	1 027

4.15. Note 15 – Finance income

Structure of finance income is presented in the table below:

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Finance income, including:	**640**	**288**	**220**	**220**
Interest on overdue payment of receivables	0	0	26	26
Reversed write-downs of interest receivables value as a result of payment	0	0	0	0
Interest on bank deposits	178	82	0	0
Interest on loans granted	0	0	0	0
Interest on receivables arising from lease agreements	141	65	163	163
Profits from currency fluctuations	321	313	0	0
Other finance income	0	(172)	31	31

4.16. Note 16 – Finance cost

Structure of finance cost is presented in the table below:

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Finance cost, including:	**659**	**362**	**730**	**455**
Interest on budget liabilities	0	0	3	2
Interest on bank loans	142	57	128	77
Interest on overdue payment of liabilities	(51)	0	41	37
Interest on finance lease agreements	3	1	0	0
Interest and commissions on the factoring agreement	114	80	74	58
Interest on loans	288	141	106	(10)
Revaluation of financial assets (granted loans)	0	0	0	0
Losses from currency fluctuations	0	0	133	33
Other finance cost	163	83	245	258

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 (loss) from the accounting net profit (loss) in connection with the adjustment for non-taxable income and costs that do not constitute tax deductible costs and items of costs and revenues that will not be permanently taxable.

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.

Tax year and the balance sheet year correspond to the calendar year.

On 8th May 2019, the Parent Company submitted an application to the Katowice Special Economic Zone S.A. for decision issuing for business support, understood as production, trade and service activity, in the field of products or services provided in the Śląskie Voivodeship, Pszczyna poviat, Pszczyna commune. Due to doubts and uncertainties regarding the occurrence of undeveloped mineral deposits referred to in Art. 3 of the Act of 10th May 2018 on supporting new investments (Journal of Laws of 2018, item 1162) in the context of the property to which the application was submitted, on 17th May 2019, the Parent Company applied for the suspension of the pending proceedings to issue a decision about support. Ultimately, the decision on support (decision number 66/2020) was issued on 15th January 2020. Decision was issued for a specified period of time - 10 years from the date of its issue. The decision's condition is to incur eligible costs on the investment site with a total value of at least PLN 20 000 thousand within the period from the date of the decision until 14th May 2023 and the increase in the number of employees by at least 3 people until 14th May 2023 and maintaining employment until 14th May 2026. The maximum amount of eligible investment costs will amount to PLN 25 000 thousand. The Company reached the maximum level of eligible expenses in October 2021. The maximum amount of public aid under the decision on support amounts to PLN 8 750 thousand, however when discounted, amounts to PLN 8 571 thousand. As at the date of these financial statements, the Company utilized the allocated aid limit in the amount of PLN 6 502 thousand. The outstanding amount of PLN 2 069 thousand remains to be utilized in subsequent periods.

Main amounts affecting the income tax amount recognised in the Profit and Loss Statement are presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Saturatory income tax rate	19%	19%	19%
Current income tax	**227**	**81**	**0**
Deferred income tax, including:	**271**	**(383)**	**(271)**
Change in deferred tax assets	450	(599)	175
Change in deferred income tax provisions	(179)	216	(446)
Income tax disclosed in Profit and Loss Statement	**498**	**(302)**	**(271)**

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Pre-tax gross profit	18 353	3 322	138
Occasional acquisition of shares profit	0	0	0
Financial result serving as the basis for calculating the effective tax rate	18 353	3 322	138
Effective tax rate	2.71%	-9.09%	-196.38%
Income tax at the effective tax rate	**498**	**(302)**	**(271)**
Income tax at the statutory tax rate	**3 487**	**631**	**26**
Tax effect related to the adjustment of non-deductible tax costs according to tax regulations	329	322	496
Tax effect related to the adjustment of revenues not considered revenues according to tax regulations	(229)	(670)	(325)
Tax effect related to adjustments of deferred tax estimates from previous years	(3 089)	(585)	(468)
Income tax at the effective tax rate	**498**	**(302)**	**(271)**

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Deferred income tax assets						
Doubtful debts write-downs	138	182	134	44	(16)	32
Exchange rates differences	0	0	0	0	0	0
Inventory value write-down	65	(6)	(10)	(71)	0	25
Tax losses to be settled in subsequent periods	64	73	174	(9)	267	150
Impairment losses on fixed assets	393	812	0	419	(648)	0
Interest on obligations to be paid	0	0	0	0	0	0
Employee benefits and warranty repairs provisions	0	0	6	0	0	(6)
Adjustment of costs to be paid	40	40	39	0	(2)	0
Social Insurance Institution and remuneration paid past the due date	0	0	0	0	0	0
Other items	6	49	35	16	14	(29)
Total deferred income tax assets	**720**	**1 170**	**396**	**394**	**(391)**	**168**
Deferred income tax assets reducing provisions for deferred income tax balance	**0**	**0**	**0**	**x**	**x**	**x**
Total (per balance) deferred tax assets disclosed in the Balance Sheet	**720**	**1 170**	**396**	**x**	**x**	**x**

Deferred income tax provisions						
Differences in tax value and carrying amount of investment property	261	261	238	0	23	(181)
Interest on receivables and interest on loans	0	0	0	0	0	0
Principal interest on late payment of receivables (mines)	0	0	0	0	0	(262)
Difference between tax value and carrying amount of fixed assets	4 558	4 875	4 082	(335)	(295)	(84)
Settlement of profit from sale of products in the form of leasing	107	150	193	(43)	(86)	0
Temporary differences due to sales adjustments (lease receivables - unpaid interest)	0	0	0	0	0	
Difference between the tax value and the carrying amount of fixed assets covered by the subsidy	(54)	(241)	(170)	187	(242)	(260)
Interest on lease	(47)	(20)	16	(27)	(67)	(3)
Other items of adjustments from previous years	121	100	104	95	21	47
Total provision for deferred income tax settled with financial result	**4 946**	**5 125**	**4 463**	**(123)**	**(646)**	**(743)**
Effects of valuation of fixed assets to the revalued amount (settled with Revaluation reserve item)	2 267	2 267	2 038	x	x	x
Total deferred income tax liability recognized in the Balance Sheet	**7 213**	**7 392**	**6 501**	**x**	**x**	**x**
Deferred income tax assets reducing provisions for deferred income tax balance	**0**	**0**	**0**	**x**	**x**	**x**
Total (per balance) provisions for deferred income tax recognised in the balance sheet	**7 213**	**7 392**	**6 501**	**x**	**x**	**x**
Total effects of changes in deferred tax assets and liabilities affecting the financial result	**x**	**x**	**x**	**271**	**1 037**	**911**

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Total provisions for deferred income tax at beginning of period:	**7 392**	**6 947**	**6 947**
Change in deferred income tax provision settled with Revaluation reserve item	0	229	0
Change in deferred income tax provision settled with financial result	(179)	216	(446)
Total deferred income tax provisions at period end, including:	**7 213**	**7 392**	**6 501**
Deferred income tax provisions settled with Revaluation reserve item	2 267	2 267	2 038
Deferred income tax provisions settled with financial result	4 946	5 125	4 463
Deferred income tax assets subject to compensation with deferred income tax provisions	**0**	**0**	**0**
Total (per balance) deferred income tax provisions recognised in the Balance Sheet at the end of year	**7 213**	**7 392**	**6 501**

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Deferred income tax assets at beginning of period	**1 170**	**571**	**571**
Change in assets settled with financial result	(450)	599	(175)
Deferred tax assets at end of period	**720**	**1 170**	**396**
Deferred income tax assets subject to compensation with deferred income tax provisions	**0**	**0**	**0**
Total (per balance) deferred income tax assets recognised in the Balance Sheet at the end of year	**720**	**1 170**	**396**

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Current corporate income tax for the period	227	81	0
Income tax paid related to the settlement for given period	0	0	0
Settlement balance of current income tax at end of period:			
Receivables arising from current income tax	0	0	0
Liabilities arising from current income tax	35	16	0

4.18. Note 18 – Segment information

Two business segments can be distinguished in the Capital Group’s operations. First operating segment is related to production of machinery and equipment and provision of services for the mining industry. Second operating segment includes wholesale of goods and materials.

Capital Group’s operations are focused mainly on the territory of the country. Minimum value of sales revenue is realized through export. Due to the fact that sales outside Poland are directed mainly to recipients based in the European Union, with similar terms of deliveries – no additional geographical segments have been distinguished.

Segment's assets include tangible fixed assets, inventory, trade receivables that can be directly assigned to the given area of operation. Segment's liabilities include, inter alia, all liabilities due to trade, deferred income and partially liabilities due to loans and concluded finance lease agreements.

Segments' revenue include revenue from sales to external customers and partially other operating income which, based on rational premises, can be assigned to the given segment.

Segments' costs include selling costs to external customers, which can be allocated to the given 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 costs, other operating costs, financial costs and other costs arising at the Capital Group level, which relate to the economic entity as whole.

For each segment, additional information was presented on the acquisition of fixed assets, intangible assets, the value of impairment losses on non-current assets, the net value of liquidated fixed assets, depreciation costs and costs of inventory write-downs.

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

Moreover, information on the main suppliers of services, goods and materials as well as information on the structure of 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 of the Capital Group's operating segments in the period ending on 30th June 2023 is presented below:

Specification / data in PLN thousand for the period from 1st January 2023 to 30th June 2023	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Revenue from sale of products, services, goods and materials	78 732	2 085	0	80 817
Cost of sales	(57 115)	(1 590)	0	(58 705)
Gross profit (loss) from sales	**21 617**	**495**	**0**	**22 112**
Distribution costs	(1 069)	73	0	(996)
General and administrative expenses and other operating income and cost	0	0	(2 744)	(2 744)
Operating profit (loss)	**20 548**	**568**	**(2 744)**	**18 372**
Finance income	0	0	640	640
Finance cost	0	0	(659)	(659)
Pre-tax profit (loss)	**20 548**	**568**	**(2 763)**	**18 353**
Income tax	0	0	(498)	(498)
Net profit (loss)	**20 548**	**568**	**(3 261)**	**17 855**

Specification / data in PLN thousand for the period from 1st January 2023 to 30th June 2023	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Net value of tangible fixed assets and intangible assets	59 455	3 092	14 133	76 680
Investment property	0	0	1 375	1 375
Deferred income tax assets and long-term financial assets	116	0	1 052	1 168
Inventory	35 059	1 259	0	36 318
Trade receivables (net value)	15 657	147	172	15 976
Unallocated current assets	257	0	33 384	33 641
Total assets	**110 544**	**4 498**	**50 116**	**165 158**
Trade liabilities	7 305	463	372	8 140
Deferred income	24	0	6 988	7 012
Credits, loans and liabilities arising from finance lease agreements	58	0	12 365	12 423
Unallocated liabilities and provisions	1 297	0	11 825	13 122
Total liabilities and provisions	**8 684**	**463**	**31 550**	**40 697**

Specification / data in PLN thousand for the period from 1st January 2023 to 30th June 2023	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Additional information				
Acquisition or modernization of tangible fixed assets and intangible assets	173	0	14	187
Write-downs increasing the value of tangible fixed assets and intangible assets	0	0	0	0
Impairment losses and the net value of liquidated tangible fixed assets and intangible assets	(103)	(3)	(8)	(114)
Depreciation of fixed assets and intangible assets	3 522	42	1 083	4 647
Acquisition or modernization of investment property	0	0	0	0
Write-downs increasing the value of investment property	0	0	0	0
Inventory write-downs (-) or reversal of inventory write-downs (+)	252	91	0	343

Selected information on the revenues and costs as well as assets and liabilities of the operating segments of the Parent Company in the period ending on 31st December 2022 is presented below:

Specification / data in PLN thousand for the period from 1st January 2022 to 31st December 2022	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Revenue from sale of products, services, goods and materials	77 447	5 115	0	82 562
Cost of sales	(69 059)	(3 916)	0	(72 975)
Gross profit (loss) from sales	**8 388**	**1 199**	**0**	**9 587**
Distribution costs	(2 013)	(1 230)	0	(3 243)
General and administrative expenses and other operating income and cost	(770)	0	(1 488)	(2 258)
Operating profit (loss)	**5 605**	**(31)**	**(1 488)**	**4 086**
Finance income	0	0	589	589
Finance cost	(55)	0	(1 298)	(1 353)
Pre-tax profit (loss)	**5 550**	**(31)**	**(2 197)**	**3 322**
Income tax	15	0	287	302
Net profit (loss)	**5 565**	**(31)**	**(1 910)**	**3 624**

Specification / data in PLN thousand for the period from 1st January 2022 to 31st December 2022	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Net value of tangible fixed assets and intangible assets	67 055	3 135	10 663	80 853
Investment property	0	0	1 375	1 375
Deferred income tax assets and long-term financial assets	144	0	2 405	2 549
Inventory	32 986	1 207	0	34 193
Trade receivables (net value)	4 219	190	58	4 467
Unallocated current assets	41	0	22 203	22 244
Total assets	**104 445**	**4 532**	**36 704**	**145 681**
Trade liabilities	5 539	379	592	6 510
Deferred income	24	0	6 483	6 507
Credits, loans and liabilities arising from finance lease agreements	226	0	14 961	15 187
Unallocated liabilities and provisions	1 193	0	9 276	10 469
Total liabilities and provisions	**6 982**	**379**	**31 312**	**38 673**

Specification / data in PLN thousand for the period from 1st January 2022 to 31st December 2022	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Additional information				
Acquisition or modernization of tangible fixed assets and intangible assets	5 277	0	21	5 298
Write-downs increasing the value of tangible fixed assets and intangible assets	914	205	84	1 203
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	8 554	81	428	9 063
Acquisition or modernization of investment property		0	0	0
Write-downs increasing the value of investment property	0	0	122	122
Inventory write-downs (-) or reversal of inventory write-downs (+)	37	(3)	0	34

Selected information on the revenues and costs as well as assets and liabilities of the Parent Company's operating segments in the period ended on 30th June 2022 is presented below:

Specification / data in PLN thousand for the period from 1st January 2022 to 30th June 2022	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Revenue from sale of products, services, goods and materials	37 021	2 475	0	39 496
Cost of sales	(34 455)	(1 878)	0	(36 333)
Gross profit (loss) from sales	**2 566**	**597**	**0**	**3 163**
Distribution costs	(960)	(597)	0	(1 557)
General and administrative expenses and other operating income and cost	(387)	0	(571)	(958)
Operating profit (loss)	**1 219**	**0**	**(571)**	**648**
Finance income	0	0	220	220
Finance cost	(29)	0	(701)	(730)
Pre-tax profit (loss)	**1 190**	**0**	**(1 052)**	**138**
Income tax	(23)	0	294	271
Net profit (loss)	**1 167**	**0**	**(758)**	**409**

Specification / data in PLN thousand for the period from 1st January 2022 to 30th June 2022	Products and services	Wholesale	Items not allocated to segments	Total (the Company)
Net value of tangible fixed assets and intangible assets	70 862	2 970	10 804	84 636
Investment property	0	0	1 253	1 253
Deferred income tax assets and long-term financial assets	0	0	2 484	2 484
Inventory	30 038	1 291	0	31 329
Trade receivables (net value)	6 358	436	0	6 794
Unallocated current assets	0	0	21 878	21 878
Total assets	**107 258**	**4 697**	**36 419**	**148 374**
Trade liabilities	10 468	381	907	11 756
Deferred income	0	0	7 035	7 035
Credits, loans and liabilities arising from finance lease agreements	0	0	17 487	17 487
Unallocated liabilities and provisions	0	0	9 276	9 276
Total liabilities and provisions	**10 468**	**381**	**34 705**	**445 554**

Specification / data in PLN thousand for the period from 1st January 2022 to 30th June 2022	Products and services	Wholesale	Items not assigned to segments	Total (the Company)
Additional information				
Acquisition or modernization of tangible fixed assets and intangible assets	2 881	0	5	2 886
Write-downs increasing the value of tangible fixed assets and intangible assets	0	0	0	0
Impairment losses and the net value of liquidated tangible fixed assets and intangible assets	(63)	0	0	(63)
Depreciation of fixed assets and intangible assets	4 113	41	210	4 364
Acquisition or modernization of investment property	0	0	0	0
Write-downs increasing the value of investment property	0	0	0	0
Inventory write-downs (-) or reversal of inventory write-downs (+)	(35)	(98)	0	(133)

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

Specification / data in PLN thousand	Period from 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st December 2022		Period from 1st January 2022 to 30th June 2022	
	data in PLN thousand	data in percentage points	data in PLN thousand	data in percentage points	data in PLN thousand	data in percentage points
Total revenue from the sale of products, services, goods and materials, including main recipients:	**80 817**	**100.00%**	**82 562**	**100.00%**	**39 496**	**100.00%**
Jastrzębska Spółka Węglowa S.A.	4 864	6.02%	3 088	3.74%	1 953	4.94%
*including KUKE factoring**	*0*					
PGG SP.Z O.O.	57 550	71.21%	20 207	24.47%	18 474	46.77%
*including KUKE factoring **	*0*					
PG SILESIA	2 645	3.27%	2 132	2.58%	1 365	3.46%
BECKER WARKOP	239	0.30%	102	0.12%	0	0.00%
PGE	699	0.86%	451	0.55%	437	1.11%
UNGAREX S.C.	1 366	1.69%	1 904	2.31%	740	1.87%
SBM MINERAL PROCESSING	2 751	3.40%	6 084	7.37%	3 517	8.90%
J.D. AUSTRIA	1 854	2.29%	43	0.05%	43	0.11%
JZR	1 389	1.72%	2 635	3.19%	1 321	3.34%
TIM INVEST	980	1.21%	709	0.86%	333	0.84%
UNGAREX SP. Z O.O.	582	0.72%	758	0.92%	0	0.00%
Other recipients	5 898	7.30%	44 449	53.84%	11 313	28.64%

Specification / data in PLN thousand	Period end 30th June 2023		Period end 31st December 2022		Period end 30th June 2022	
	data in PLN thousand	data in percentage points	data in PLN thousand	data in percentage points	data in PLN thousand	data in percentage points
Total net value of trade receivables at end of period, including:	**15 976**	**100.00%**	**4 467**	**100.00%**	**6 794**	**100.00%**
Jastrzębska Spółka Węglowa S.A.	1 288	8.06%	1 267	28.36%	230	3.39%
PGG SP.Z O.O.	11 609	72.67%	246	5.51%	456	6.71%
PG SILESIA	170	1.06%	0	0.00%	627	9.23%
BECKER WARKOP	0	0.00%	0	0.00%	0	0.00%
PGE	364	2.28%	0	0.00%	0	0.00%
UNGAREX S.C.	98	0.61%	234	5.24%	508	7.48%
SBM MINERAL PROCESSING	0	0.00%	557	12.47%	564	8.30%
J.D. AUSTRIA	355	2.22%	0	0.00%	0	0.00%
JZR	417	2.61%	352	7.88%	1 325	19.50%
TIM INVEST	0	0.00%	0	0.00%	290	4.27%
UNGAREX SP. Z O.O.	296	1.85%	238	5.33%	0	0.00%
Other recipients	1 379	8.63%	1 573	35.21%	2 794	41.12%
*including KUKE factoring**						

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

Specification / data in PLN thousand	Period from 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st December 2022		Period from 1st January 2022 to 30th June 2022	
Acquisition of goods and services for core business (net value, excluding VAT), including major suppliers:	data in PLN thousand	% share in sales	data in PLN thousand	% share in sales	data n PLN thousand	% share in sales
PPHU Mirpol Mirosław Kobiór	12 285	15.20%	10 313	12.49%	3 874	9.81%
KUŹNIA OSTRÓW WIELKOPOLSKI	720	0.89%	292	0.35%	216	0.55%
MEGA STEEL	1 125	1.39%	3 550	4.30%	1 948	4.93%
KONKO S. A.	2 410	2.98%	1 498	1.81%	1 462	3.70%
HUTA MAŁAPANEW	4 832	5.98%	7 585	9.19%	4 521	11.45%
UNIPOL	1 029	1.27%	3 267	3.96%	813	2.06%
ARCELOMITTAL	1 010	1.25%	2 744	3.32%	1 240	3.14%
BECKER-WARKOP	2 483	3.07%	0	0.00%	0	0.00%
MODELFORM	1 735	2.15%	63	0.08%	0	0.00%
GRENEVIA S.A.	1 181	1.46%	506	0.61%	0	0.00%
DAMEL	695	0.86%	722	0.87%	0	0.00%
REMA-POL	1 064	1.32%	950	1.15%	266	0.67%

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

Specification / data in PLN thousand	Period end 30th June 2023		Period end 31st December 2022		Period end 30th June 2022	
	data in PLN thousand	data in percentage points	data in PLN thousand	data in percentage points	data in PLN thousand	data in percentage points
Total trade liabilities at end of period (gross value including VAT), including:	**8 140**	**100.00%**	**6 510**	**100.00%**	**11 756**	**100.00%**
PPHU Mirpol Mirosław Kobiór	1 239	15.22%	0	0.00%	0	0.00%
KUŹNIA OSTRÓW WIELKOPOLSKI	64	0.79%	0	0.00%	60	0.51%
MEGA STEEL	287	3.53%	1 230	18.89%	1 794	15.26%
KONKO S. A.	0	0.00%	0	0.00%	1 714	14.58%
HUTA MAŁAPANEW	0	0.00%	916	14.07%	1 459	12.41%
UNIPOL	66	0.81%	0	0.00%	0	0.00%
ARCELOMITTAL	221	2.71%	781	12.00%	567	4.82%
BECKER-WARKOP	9	0.11%	0	0.00%	0	0.00%
MODELFORM	474	5.82%	31	0.48%	0	0.00%
GRENEVIA S.A.	1 063	13.06%	0	0.00%	0	0.00%
DAMEL	364	4.47%	0	0.00%	0	0.00%
REMA-POL	399	4.90%	572	8.79%	98	0.83%
Other Suppliers	3 954	48.57%	2 980	45.78%	6 064	51.58%

4.19. Note 19 – Additional information on Cash Flow Statement

According to the multi-product agreement No. 889/2015/00000771/00 with ING Bank Śląski S.A. as at 30th June 2023, the Parent Company could utilize the overdraft facility up to PLN 400 thousand of which only the amount of PLN 1 thousand was disposed.

Moreover, the Parent Company has factoring agreement concluded with Kuke Finance SA (agreement no. 0096/2017) with a limit in the amount of PLN 10 100 which as at 30th June 2023 remained unused.

In total, as at 30th June 2023, the Parent Company may additionally dispose the unused amount of PLN 10 499 thousand resulting from the overdraft facility and factoring limit.

According to the multi-product agreement No. 889/2015/00000771/00 with ING Bank Śląski S.A. as at 30th June 2023, the Subsidiary could utilize the overdraft facility up to PLN 140 thousand. The aforementioned limit was not disposed by the Subsidiary.

In total, as at 30th June 2023, the Capital Group may additionally dispose the unused amount of PLN 10 639 thousand resulting from the overdraft facility and factoring limit.

Analysis and calculation of complex Cash Flow Statement items are presented below:

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Profit (loss) from investment activity, including:	**(13)**	**9**	**11**	**11**
Revenue from the sale of fixed assets, intangible assets, investment property	0	0	(28)	(28)
Net value of liquidated tangible fixed assets, intangible assets, investment property (in accordance with Note 1, Note 2 and Note 3)	(13)	9	39	39
Impairment loss on tangible fixed assets (in accordance with Note 2 and Note 14)	0	0	0	0
Reversal of impairment loss on tangible fixed assets (in accordance with Note 2 and Note 13)	0	0	0	0
Impairment loss on investment property (in accordance with Note 3 and Note 13)	0	0	0	0
Profit (loss) on finance lease operation	0	0	0	0
Profit (loss) on sales of certificates	0	0	0	0
Profit (loss) on investment property disposal	0	0	0	0

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April to 2022 to 30th June 2022
Change in liabilities provisions and deferred income tax provisions, including:	**369**	**157**	**(290)**	**554**
Change in liabilities provision (in accordance with Note 10)	55	(277)	0	0
Change in deferred income tax provision settled with the financial result (in accordance with Note 17)	(179)	(194)	(445)	199
Change in assets for deferred income tax settled with the financial result (in accordance with Note 17)	493	628	155	355

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Change in liabilities, excluding loans, credits and provisions, including:	**2 949**	**(5 194)**	**7 211**	**(346)**
Change in other long-term financial liabilities (in accordance with Note 9)	204	945	(10)	(10)
Change in other long-term non-financial liabilities (in accordance with Note 9)	1 241	(6 182)	(161)	(521)
Change in other short-term financial liabilities (in accordance with Note 9)	3 245	1 947	8 114	2 145
Change in other short-term non-financial liabilities (in accordance with Note 9)	158	(38)	729	(489)
Adjustment for increase in liabilities under finance lease agreements concluded in the given period (in accordance with Note 9)	(43)	0	18	8
Adjustment for repayment of liabilities arising from finance lease agreements in the given period (in accordance with Note 9)	(1 856)	(1 866)	(1 479)	(1 479)

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st April 2023 to 30th June 2023	6 months period from 1st January 2022 to 30th June 2022	3 months period from 1st April 2022 to 30th June 2022
Expenditure on intangible assets and tangible fixed assets acquisition, including:	**(427)**	**(25)**	**(24)**	**(9)**
Acquisition of intangible assets and tangible fixed assets (in accordance with Note 1 and Note 2)	(187)	(38)	(110)	(30)
Change in the balance of tangible fixed assets under construction (in accordance with Note 2)	(956)	(581)	(156)	(99)
Settlement of advance payments from previous periods for the acquisition of tangible fixed assets (in accordance with Note 4)	0	0	0	0
Depreciation cost included in development works	716	594	242	120
Other adjustments	0	0	0	0

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Financial assets measured at fair value through comprehensive income		0	0	0
Financial assets held to maturity		0	0	0
Financial assets measured at fair value through Profit and Loss Statement		0	0	0
Financial assets measured at amortized cost, including:		15 976	4 467	6 977
Trade receivables (net value)	4	15 976	4 467	6 794
Loans granted	4	0	0	183
Other receivables arising from finance lease agreements	4	2 201	3 082	3 963
Cash and cash equivalents	6	30 308	13 344	1 963
Total assets by category		**48 485**	**20 893**	**12 876**
Financial liabilities measured at fair value through comprehensive income	9	0	0	0
Derivative liabilities designated as hedging instruments		0	0	0
Financial liabilities measured at amortized cost, including:		20 563	21 731	29 363
Trade liabilities	9	8 140	6 510	11 756
Other financial liabilities	9	0	0	0
Credits and loans	8	12 365	15 187	17 563
Liabilities arising from finance lease	9	58	34	44
Total liabilities by category		**20 563**	**21 731**	**29 363**

Financial instruments by class are presented in the table below:

Specification / data in PLN thousand	Note	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Trade receivables (net value)	4	15 976	4 467	6 794
Loans granted	4	0	0	183
Other receivables arising from finance lease agreements	4	2 201	3 082	3 963
Cash and cash equivalents	6	30 308	13 344	1 936
Total assets by class		**48 485**	**20 893**	**12 876**
Trade liabilities and other financial liabilities	9	8 140	6 510	11 756
Currency derivatives	9	0	0	0
Credits and loans	8	12 365	15 187	17 563
Liabilities arising from finance lease	9	58	34	44
Total financial liabilities by class		**20 563**	**21 731**	**29 363**

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

Specification/data in PLN thousand	Note	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Items of revenue (costs) related to the category of instruments "Loans and receivables", "Other receivables" and "Cash and cash equivalents"				
Interest revenue (cost)	15	178	205	26
Interest revenue arising from lease agreements receivables	15	141	354	163
Profits (losses) arising from currency fluctuations	15,16	(75)	26	(6)
Impairment losses	4	0	(63)	0
Reversal of impairment losses	4	239	261	103
Total net profit (loss)		**483**	**783**	**286**
Items of revenue (costs) related to the category of instruments "Other liabilities" and "Liabilities arising from finance lease"				
Interest revenue (cost)	16	190	(401)	1 591
Profits (losses) arising from currency fluctuations	15,16	199	(27)	(139)
Total net profit (loss)		**389**	**(428)**	**1 452**

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

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

- no reclassification of financial assets was made that would result in change of the measurement method of these assets (IFRS 7, § 12)
- Capital Group did not issue instruments containing both liability and equity component (IFRS 7, § 17),
- Capital Group did not break any contractual provisions (IFRS 7, § 18),
- Capital Group does not apply fair value hedge accounting and cash flow hedge (IFRS 7, § 22),
- No financial assets were acquired at a price different from their fair value (IFRS 7, § 28);
- Capital Group did not take over any assets as collateral (IFRS 7, § 38)

The Capital Group uses several main financial instruments, which include bank loans (described in Note 8) as well as 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 operations and to invest surplus liquid cash on an ad hoc basis. The Capital Group also has other financial instruments, which include trade receivables and liabilities as well as receivables arising from loan agreement (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. Risk caused by changes in interest rates is mainly related to long-term liabilities, which include loans. 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. Therefore, 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 disclosed 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 presented in the table below:

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Additional financial costs to which the Capital Group is exposed in the event of the interest rate increase on financial liabilities by 1 percentage point	124	152	174

In the opinion of the Capital Group, a possible increase in interest on loans and finance lease agreements will not have significant impact on the level of gross financial result. The Capital Group does not use 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 conduct any investment activities that would be exposed to exchange rate risk. Exchange rate differences related to operating activities are recognised as financial costs and revenues, respectively.

In the event of 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 concluded 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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
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	438	571	642

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 the 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 but also less demand for this type of production. 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 the implementation of won public tenders, where the price offered has the primary impact on the final result. Currently, the companies of the Capital Group calculate their 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 contacts or, in extreme cases, to cancelling the tender.

For further bidding risk reduction, the Company is looking for clients from outside the mining industry.

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 the Capital Group. 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 Parent Company, the risk of frequent or significantly debilitating complaints is small due to the many years of experience of the personnel. The Company does not create provisions for possible costs of warranty repairs.

Risk of dependence on significant customers and suppliers. The amount of the Company's revenues depends to a large extent on the current economic situation in the hard coal industry in Poland. Over 83 % of the Company's revenues in the audited period of 2023 and over 59% in the corresponding period of 2022 were generated for benefit of such recipients from the mining industry as Jastrzębska Spółka Węglowa S.A., Polska Grupa Górnicza, PG Silesia, PGE, JZR. The remaining sales were carried out, among others, for such recipients as Ungarex, Becker Warkop, SBM Mineral, JD Austria, TIM Invest. The value of revenues for the aforementioned customers in 2023 was over 16%, and in 2022 over 40% in relation to total sales. Deterioration of the financial situation of main clients in this industry may result in the deterioration of the 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 Company. The Management Board's aim, that has been realized in recent years, is to diversify the sources of revenues, 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 reduce the risk of becoming dependent on major customers, the Company is looking for customers from outside the mining industry.

The service provider in the reporting period was PPHU MIRPOL Mirosław Kobiór with its registered office in Pszczyna. MIRPOL company provides services concerning work on the machines and equipment of the Capital Group, under the supervision of the engineering staff and based on patents, solutions and documentation of the Group. In the opinion of the Management Board of the Parent Company, there is a slight risk of cooperation termination. The contract termination could cause periodic production difficulties. However, in such case, the Capital Group will strive to take over the majority of employees of the contractor for which the Company is a major services recipient.

Several suppliers cooperating with the Capital Group have 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 the supply by other suppliers increases. However, due to the large supply of steel products – any difficulties in obtaining the raw material should not be a permanent phenomenon.

Risk resulting from subsidies obtained from EU funds. The 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 to be reimbursed is approximately PLN 17 260 thousand (excluding required interest). As at the date of these financial statements submission there is no risk of subsidies reimbursement.

Risk of granted collateral 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 results 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, unfavourable interpretations adopted by courts or public administration bodies. In order to secure against possible penal and fiscal consequences, on 30th March 2020, the Parent Company entered into a Group Fiscal Insurance Policy with Alianz, and since the aforementioned conclusion date the agreement has been annexed for subsequent periods.

Risk of business impacts from the COVID-19 outbreak. In the audited period there is no risk resulting from COVID-9 pandemics.

Risk related to the political and economic situation on the territory of Ukraine. 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 Issuer 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 Issuer'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 Issuer's current operations:

- risk of fluctuations related to prices and availability of steel provided by the Issuer'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 these financial statements publication, the Issuer 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)

Statement of PATENTUS S.A. on the energy crisis impact on the Company's operations

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 30th June 2023, as presented in Note 18, the sum of the balances of trade receivables disclosed in the balance sheet assets for mining industry counterparties constitutes 84% of the total balance of trade receivables disclosed in the balance sheet assets. As at 30th June 2022, the receivables concentration ratio was over 38%. The remaining part of the receivables balance is attributable to remaining recipients. The aforementioned analysis indicates the credit risk of the Parent Company and the Capital Group. 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 Company, the maximum risk of non-payment of receivables is equal to the allowances for trade receivables created for individual balance sheet days.

The Company does not disclose granted loans receivables in the balance sheet as at 30th June 2023.

With regard to other financial assets, including cash and cash equivalents and investments, the 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.

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

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 to ensure financial liquidity, the Company concluded fully proper factoring agreement with the factoring company Kuke Finance S.A. with its registered office in Warsaw (agreement 0096/2017 of 29th November 2017) with financing limit of up to PLN 10 100 thousand. As at 30th June 2023, the aforementioned financing limit was not utilized by the Company.

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.

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 30th June 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 1and 5 years	over 5 years		
Trade liabilities	8 140	0	0	0	**8 140**	**8 140**
Other financial liabilities	754	0	0	0	**754**	**754**
Bank loans (gross with interest due in the period)	1 257	3 555	6 423	2 522	**13 757**	**12 365**
Loans (gross with interest due in the period)	0	0	0	0	**0**	**0**
Finance lease liabilities (gross value with interest due in the period)	9	27	23	0	**59**	**58**
Total financial liabilities in individual maturity ranges (planned expenses)	**10 160**	**3 582**	**6 446**	**2 522**	**22 710**	**21 317**
Cash in bank accounts	30 308	0	0	0	**30 308**	**30 308**
Available, unused credit balance on the current account	10 639	0	0	0	**10 639**	**0**
Current trade receivables and receivables overdue up to 90 days	15 747	0	0	0	**15 747**	**15 747**
Net trade receivables overdue more than 90 days	5	0	224	0	**229**	**229**
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)	494	1 413	448	0	**2 355**	**1 753**
Total inflows planned for the period	**57 193**	**1 413**	**672**	**0**	**59 278**	**48 037**
Surplus (shortage) of planned inflows over planned outflows in the period	**47 033**	**(2 169)**	**(5 774)**	**(2 522)**	**36 568**	**26 720**

Financial liabilities and receivables as at 31st December 2022 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 1and 5 years**	**over 5 years**		
Trade liabilities	6 506	0	0	0	**6 506**	**6 506**
Other financial liabilities	670	0	0	0	**670**	**670**
Bank loans (gross with interest due in the period)	1 488	3 922	11 107	235	**16 752**	**15 187**
Loans (gross with interest due in the period)	0	0	0	0	**0**	**0**
Finance lease liabilities (gross with interest due in the period)	6	24	6	0	**36**	**34**
Total financial liabilities in individual maturity ranges (planned expenses)	**8 670**	**3 946**	**11 113**	**235**	**23 964**	**22 397**
Cash in bank accounts	13 344	0	0	0	**13 344**	**13 344**
Available, unused credit balance on the current account	10 440	0	0	0	**13 344**	**13 344**
Current trade receivables and receivables overdue up to 90 days	4 699	0	0	0	**4 699**	**4 699**
Net trade receivables overdue more than 90 days	735	0	0	0	**735**	**735**
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)	517	1 484	1 379	0	**3 380**	**3 082**
Total inflows planned for the period	**29 735**	**1 484**	**1 379**	**0**	**32 598**	**21 860**
Surplus (shortage) of planned inflows over planned outflows in the period	**21 065**	**(2 462)**	**(9 734)**	**(235)**	**8 634**	**(537)**

Financial liabilities and receivables as at 30th June 2022 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 1and 5 years**	**over 5 years**		
Trade liabilities	11 756	0	0	0	**11 756**	**11 756**
Other financial liabilities	638	0	0	0	**638**	**638**
Bank loans (gross with interest due in the period)	1 204	3 644	8 461	5 238	**18 547**	**17 443**
Loans (gross with interest due in the period)	0	0	0	0	**0**	**0**
Finance lease liabilities (gross with interest due in the period)	6	18	20	0	**44**	**44**
Total financial liabilities in individual maturity ranges (planned expenses)	**13 604**	**3 662**	**8 481**	**5 238**	**30 985**	**29 881**
Cash in bank accounts	1 936	0	0	0	**1 936**	**1 936**
Available, unused credit balance on the current account	10 723	0	0	0	**10 723**	**0**
Current trade receivables and receivables overdue up to 90 days	6 570	0	0	0	**6 570**	**6 794**
Net trade receivables overdue more than 90 days	0	0	224	0	**224**	**0**
Receivables arising from loans granted (gross with interest due)	190	0	0	0	**190**	**183**
Due payments for receivables arising from finance lease agreement (gross with interest due)	538	1 545	2 352	0	**4 435**	**2 058**
Total inflows planned for the period	**19 957**	**1 545**	**2 576**	**0**	**24 078**	**10 971**
Surplus (shortage) of planned inflows over planned outflows in the period	**6 353**	**(2 117)**	**(5 905)**	**(5 238)**	**(6 907)**	**(18 910)**

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

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 0.6. As at 30th June 2023, the ratio is 0.75.

Debt/EBITDA ratio is calculated as the proportion of credits and loans liabilities and liabilities arising from finance lease agreements to the sum of EBITDA. The 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 2.7. As at 30th June 2023, the ratio is 0.27.

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

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Calculation of Equity-to-Assets ratio (proportion of equity to total assets)			
Equity	124 461	107 008	102 820
Total assets	165 158	145 681	148 374
Equity-to-Assets ratio	**0.75**	**0.73**	**0.69**

Calculation of Debt/EBITDA ratio (proportion liabilities from loans, credits and finance leases to EBITDA)			
Operating profit	18 372	4 086	648
Depreciation and amortization	4 647	9 063	4 364
EBITDA (sum of operating profit and depreciation and amortization)	23 019	13 149	5 012
Total liabilities arising from credits, loans and finance lease agreements	12 423	15 221	17 487
Debt/EBITDA ratio (for six-month periods the indicator value was averaged for the entire year)	**0.27**	**1.16**	**1.74**

4.21. Note 21 – Contingent receivables and contingent liabilities

In the current reporting period and in the comparable period, the Parent Company 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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Contingent liability in relation to Mar-Tech, resulting from a lawsuit regarding the costs of removing errors in the construction elements	0	0	0
Total contingent receivables	**0**	**0**	**0**

Specification / data in PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Promissory notes issued as collateral, including:	**37 313**	**38 623**	**50 524**
bank loans	18 432	18 552	23 672
lease liabilities	160	117	117
EU funds subsidies received	17 260	17 260	25 956
other (separate specification)	1 461	2 694	779
Collateral for bank loans, including:	**154 742**	**162 264**	**162 202**
Mortgage on property (fixed assets and investment property) to secure liabilities arising from bank loans	38 826	41 376	41 376
Registered pledge amount or transfer of title to fixed assets to secure liabilities arising from bank loans	34 655	35 441	35 410
Collateral on inventory	0	0	0
Assignment of rights arising from insurance policy	49 628	50 414	50 383
Assignment of future claim from BGK	0	0	0
Declaration of submission to enforcement	31 633	35 033	35 033
Total contingent liabilities	**192 055**	**200 887**	**212 726**

Description in details of bank loan collaterals is presented in Note 8.

As part of its business activity, the Parent Company provides customers (buyers) with warranty 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 performed services. Maximum value liabilities arising from warranty granted corresponds to the revenues value from the sale of products and services.

Based on the costs of previous years analysis, the Parent Company's Management Board 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.

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.

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.

Specification / data in PLN thousand	**Period end 30th June 2023**	**Period end 31st December 2022**	**Period end 30th June 2022**
Total value of bid bonds granted by other entities at the request of the Company	1 277	2 510	347
Total value of the performance bonds granted by other entities at the request of the Company	0	0	0
Total value of payment guarantees provided by other entities at the request of the Company	0	0	332
Total value of the guarantees for proper removal of defects and faults granted by other entities at the request of the Company	84	84	0
Total value of the corporate guarantee securing the repayment of liabilities by Patentus Strefa SA to RAIFFEISEN BANK POLSKA S.A. granted by the Parent Company	0	0	0
Total value of guarantees granted by Patentus S.A. securing the repayment of liabilities incurred by subsidiaries for the benefit of customers	0	0	0
Total value of issued guarantees	**1 361**	**2 594**	**679**

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

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

Promissory notes securing 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 30th June 2023 Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 30th June 2022 Data in PLN thous.
1	2nd October 2012		blank promissory note	Santander Bank Polska (former Deutsche Bank Polska S.A.)	Investment loan agreement KIN/1219501	30th September 2027	PLN 7 592 thous.	0	3 021
2	13th December 2012		blank promissory note	Orlen Petro Tank Sp. z o.o.	Cooperation agreement No. 158/PO/2012		PLN 150 thous.	0	57
3	17th December 2012		blank promissory note	Santander Bank Polska (former Deutsche Bank Polska S.A.)	Investment loan agreement KIN/1228558	2nd January 2023	PLN 1 700 thous.	0	87
4	29th 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	30th September 2023	to the amount of PLN 8.589 thous.	805	1 265
5	25th April 2016		blank promissory note	ING Bank Śląski SA	Multi-product agreement 889/2015/0000771/00	30th November 2023	to the amount of PLN 2.400 thous.	1	0
6	29th November .2017		blank promissory note	Kuke Finanse SA	Factoring agreement 0096/2017	indefinitely	to the amount of PLN 2.600 thous.	0	10 811
7	3rd 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	1st July 2021	to the amount of PLN 5.761 thous.	0	777
8	12th October 2018		blank promissory note	Towarzystwo Inwestycji Społeczno-Ekonomicznych SA Warszawa	Loan agreement no 42178	12th October 2025	to the amount of PLN 1.200 thous.	333	476
9	26th April 2019		blank promissory note	PKO Leasing SA	Loan agreement no 00622/EI/19	30th April 2026	to the amount of EUR 1.209 thous. + interest	2 472	3 441

continued on next page

(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 30th June 2023 Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 30th June 2022 Data in PLN thous.
10	26th April 2019		blank promissory note	PKO Leasing SA	Loan agreement no 00623/EI/19	31st May 2025	to the amount of EUR 126 thous. EUR + interest	117	183
11	10th September 2019		blank promissory note	PKO Leasing SA	Loan agreement no 01810/EI/19	31st March 2027	to the amount of EUR 852 thous. + interest	2 149	2 799
12	28th 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	31st December 2023	to the amount of PLN 2.910 thous.	2 300	592
13	9th November 2021		blank promissory note	PKO Leasing S.A.	Loan agreement no. 03570/PI/21	30th November 2024	to the amount of PLN 4 081 thous.	2 076	3 359
14	30th May 2022		blank promissory note	Agencja Rozwoju Regionalnego Bielsko Biała	Investment Agreement no. 04/ARRBB/POIR/2022	20th May 2028	to the amount of PLN 3 1000 thous. + interest	2 771	3 100
							Total	**13 024**	**29 968**

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

Promissory notes securing the off-balance sheet liabilities of the Parent Company

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	Off-balance sheet liabilities as at 30th June 2023 Data in PLN thous.	Off-balance sheet liabilities as at 30th June 2022 Data in PLN thous.
1	22nd March 2011		blank promissory note	Santander Bank Polska (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	10th 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.	1 173	561
3	23rd August 2017 annex of 28th 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.	188	28
							Total	**1 361**	**679**

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

Promissory notes securing 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 30th June 2023 Data in PLN thous.	Secured liabilities disclosed in the balance sheet as at 30th June 2022 Data in PLN thous.
1	25th April 2017		blank promissory note	ING Bank Śląski SA	Revolving working capital loan agreement 889/2015/00000771/00		140	0	352
2	8th March 2018		blank promissory note	NYSTAL S.A.	Collateral on receivables from the sale of commercial goods		100	0	0
3	11th September 2019		blank promissory note	Millenium Leasing Sp. z o.o.	Finance lease agreement 300780		117	23	44
4	20th February 2023		blank promissory note	Millenium Leasing Sp. z o.o.	Finance lease agreement 382158		43	35	0
							Total	**58**	**396**

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 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Weighted average number of shares (in units)	29 500 000	29 500 000	29 500 000
Net profit (loss) for the period (in PLN thousand)	17 855	3 624	409
Net profit (loss) per share attributable to the shareholders of the Parent Company (in PLN):			
Basic	0.61	0.12	0.01
Diluted	0.61	0.12	0.01

The Parent Company did not pay any dividends from the net profit generated in 2022.

On 21st April 2023, Annual General Meeting of PATENTUS S.A. was conveyed. Pursuant to Resolution No. 5, annual financial statements for 2023 were approved. Shareholders also adopted Resolution No. 7 on net profit allocation, for the fiscal year 2022 in the amount of PLN 3 098 thousand in the following manner: amount of PLN 418 thousand to the Variable Remuneration Fund and the remaining amount of PLN 2 680 thousand to Company's supplementary capital created voluntarily, which as at 31st December 2022 amounted to PLN 71 596 thousand and is disclosed in the balance sheet under retained earnings item. Retained earnings disclosed in the balance sheet at the end of 2022 fiscal year in the amount of PLN 78 627 thousand, include the value of statutory supplementary capital in the amount of PLN 3 933 thousand, voluntary supplementary capital in the amount of PLN 71 596 thousand and net profit for 2022 in the amount of PLN 3 098 thousand.

Pursuant to Resolution No. 8 Annual General Meeting approved annual consolidated financial statements of the Capital Group for the fiscal year 2022.

Implementation of the dividend payment policy from the profits achieved by the Capital Group in the following 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

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

4.24. Note 24 – Events after the reporting date

On 28th July 2023 an agreement was concluded, between Jastrzębska Spółka Węglowa S.A. with its registered office in Jastrzębie-Zdrój for execution of three new belt conveyors with a belt width of 1400 (mm). Two belt conveyors of the PPT – 1400 type, with a belt width of 1400 (mm) and a length of 500 (m), along with the associated equipment and necessary auxiliary equipment, and one belt conveyor of the PPT – 1400 type, with a belt width of 1400 (mm) and a length of 1000 (m), along with the associated equipment and necessary auxiliary equipment. Total net agreement value amounts to PLN 66 830 thousand, of which two belt conveyors with a width of 1400 (mm) and a length of 500 (m), along with PPT – 1400 equipment – net unit price PLN 18 305 thousand, one belt conveyor with a width of 1400 (mm) and a length of 1000 (m), along with PPT – 1400 equipment – net unit price PLN 22 897 thousand. Necessary auxiliary equipment for three conveyors – PLN 7 169 thousand net; supervision of assembly and initial commissioning of the conveyor with equipment – PLN 154 thousand net. Delivery completion date: Belt conveyors with a belt width of 1400 (mm) and a length of 500 (m), along with PPT – 1400 equipment, within 20 weeks from the agreement conclusion date, belt conveyor with a belt width of 1400 (mm) and a length of 1000 (m), along with PPT – 1400 equipment, within 22 weeks from the agreement conclusion date. Necessary auxiliary equipment dedicated for conveyors being subject to delivery, within 20 weeks from the agreement conclusion date.

4.25. Note 25 – Threats to going concern

Consolidated financial statements have been prepared on the assumption that the Capital Group will continue as going concern in unchanged form and scope for the period of at least 12 months from the end of the reporting period and there are no premises for intentional or forced discontinuation or significant limitation of its current activities. As at the date of 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 are:

- Shareholders of the Parent Company. Due to the fact that there are Shareholders holding over 10% of votes, and also due to family ties between Shareholders, it was decided that they could exert a significant influence on the Company. The Management Board of the Parent Company consists of persons who are also Shareholders. Members of the Supervisory Board are close family members of the Shareholders.

- Other entities. Other related entities are: Members of Management Board and Supervisory Board (including directors), persons accompanying close family members and other economic useful persons, in these management and supervisory areas the Company performs management functions or are their shareholders. Close family members are persons who are family members 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 83.85% of the share capital of the subsidiary Zakład Konstrukcji Spawalniczych "Montex" Sp. z o.o. with its registered office in Świętochłowice. On 12th March, 2021, the Company made a contribution in kind to the Subsidiary in the form of fixed assets with a value of PLN 300 thousand. As a result of this contribution, the Company acquired 600 new shares in the Subsidiary with a nominal value of PLN 500 per share. The Subsidiary's share capital was increased to the amount of PLN 4 818 thousand.

The scope of mutual transactions with related entities 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 establishment of the Capital Group, there are also transactions conducted with the entity belonging to the group. 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 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st December 2022		Period from 1st January 2022 to 30th June 2022	
		Transaction value	Balance at period end	Transaction value	Balance at period end	Transaction value	Balance at period end
Total transactions value / Total gross receivables balance, including		**4**	**3**	**25**	**3**	**4**	**1**
Helf S.C. Pszczyna	co-owner of the company Ligas Wiesław-brother-in-law of Commercial Proxy and shareholder Małgorzata Duda	1	0	1	0	1	0
Szymczak Jakub MAK	son-in-law of Commercial Proxy, shareholder and Chief Financial Officer Małgorzata Duda (Wąs)	0	3	5	3	1	1
Duda Małgorzata (nee Wiktor)	Commercial Proxy – Shareholder	1	0	3	0	1	0
3 000 Guitars Łukasz Duda	owner - son of the President of the Management Board, shareholder Józef Duda	0	0	1	0	1	0
Joanna Duda Szymczak	daughter of Małgorzata Duda (Wąs) – Shareholder and Chief Financial Officer	2	0	1	0	0	0
Duda Małgorzata (Wąs)	Commercial Proxy, Shareholder, Chief Financial Officer	0	0	1	0	0	0
Inter Bud A. Gotz	daughter of Henryk Gotz and Urszula Gotz – Shareholders	0	0	13	0	0	0

Transactions concluded with subsidiaries and associates Data in PLN thousand	Transaction type	Period from 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st December 2022		Period from 1st January 2022 o 30th June 2022	
		Transaction value	Balance at period end	Transaction value	Balance at period end	Transaction value	Balance at period end
Total transactions value / Total gross receivables balance, including:		**48**	**4 040**	**208**	**4 040**	**172**	**4 193**
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	shares in the share capital	0	4 040	0	4 040	0	4 040
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	loans granted	0	0	0	0	0	0
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	acrrued interest on loans	0	0	0	0	0	0
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	other receivables	48	0	208	0	172	153
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	other receivables	0	0	0	0	0	0

Synthetic information on the transactions value with regard to acquisition of services, materials and liabilities towards related entities is presented in the table below

Other related entities Data in PLN thousand	Position or nature of the relationship	Period from 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st December 2022		Period from 1st January 2022 to 30th June 2022	
		Transaction value	Balance at period end	Transaction value	Balance at period end	Transaction value	Balance at period end
Total transactions value / Total gross receivables balance at end of period, including:		**21**	**2**	**55**	**7**	**27**	**2**
Helf S.C. Pszczyna	co-owner Ligas Wiesław – brother-in-law of Commercial Proxy and shareholder Małgorzata Duda	21	2	55	7	27	2

Transactions concluded with subsidiaries and associates Data in PLN thousand	Transaction type	Period from 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st December 2022		Period from 1st January 2022 to 30th June 2022	
		Transaction value	Balance at period end	Transaction value	Balance at period end	Transaction value	Balance at period end
Total transaction value Total gross receivables balance at end of period, including:		**2 255**	**13**	**3 140**	**228**	**992**	**162**
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	supply of goods liabilities	2 255	13	3 140	228	932	162
Zakład Konstrukcji Spawanych Montex Sp. z o.o.	paid advances receivables	0	0	0	0	60	0

The Capital Group does not hold any shares or stocks in associates.

4.27. Note 27 – Information on benefits for Key Management Personnel and Supervisory Board in Parent Company and in Subsidiaries

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

Key Management Personnel Data in PLN thousand	Benefit type	Period from 1st January 2023 to 30th June 2023	Period from 1st January 2022 to 31st December 2022	Period from 1st January 2022 to 30th June 2022
Parent Company	remuneration from employment and other benefits	1 281	1 599	723
Subsidiaries	remuneration from employment and other benefits	122	244	122
Total remuneration and other benefits for Key Management Personnel		**1 403**	**1 843**	**845**

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, bonuses from profit.

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

Supervisory Board Data in PLN thousand	Benefit type	Period from 1st January 2023 to 30th June 2023	Period from 1st January 2022 to 31st December 2022	Period from 1st January 2022 to 30th June 2022
Parent Company	remuneration for serving as Supervisory Board member	80	117	42
	remuneration from employment and other benefits	123	188	81
Subsidiaries	remuneration for serving as Supervisory Board member	21	57	21
	remuneration from employment and other benefits	0	0	0
Total remuneration from serving as Supervisory Board member		**101**	**174**	**63**
Total remuneration from employment contracts		**123**	**188**	**81**

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

In the audited period, the Parent Company did not have any claims against members of the Parent Company's Key Management Personnel due to unpaid advances, loans, credits, guarantees and warranties.

4.29. Note 29 – Information on average employment rate

The table below presents data on the average employment of the Capital Group's employees in the reporting periods:

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

Specification by professional groups	Period from 1st January 2023 to 30th June 2023		Period from 1st January 2022 to 31st January 2022		Period from 1st January 2022 to 30th June 2022	
	Total	including women	Total	including women	Total	including women
Total employment, including:	**143**	**35**	**139**	**33**	**137**	**33**
Employees in direct production positions	74	2	72	2	70	2
Service employees	37	11	36	10	36	10
Management Board and administration	32	22	31	21	31	21

4.30. Note 30 – Information on hedging of exchange rates in respect of future income from sales of products

Do not occur.

4.31. Note 31 – Agreements with senior auditor

The Parent Company, on 24th May 2023, concluded an agreement with the entity authorized to audit financial statements, MOORE Polska Audyt sp. z o.o. with its registered office in Warszawa (00-844), Grzybowska St. 87, 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 30th June 2023 and 30th June 2024. Remuneration due for activities related to the audit and review of the separate and consolidated financial statements along with consolidation package audit was set at PLN 97.9 thousand net for 2023. For 2024 the remuneration due was set on equal amount.

Apart from those 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.

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

4.32. Signatures of persons responsible for financial statements preparation

Date	Name and Surname	Position	Signature
29th August 2023	Józef Duda	President of the Management Board	Document signed by Józef Duda Date: 29th August 2023 09:25:58 CEST
29th August 2023	Stanisław Duda	Vice President of the Management Board	Document signed by Stanisław Ryszard Duda Date: 29th August 2023 09:24:38 CEST
29th August 2023	Krystyna Ligas	Chief Accountant Person responsible for bookkeeping	Document signed by Krystyna Ligas Date: 29th August 2023 09:22:35 CEST

Company's seal

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

5. Statement of the Parent Company's Management Board on the reliability of the preparation of the semi-annual consolidated financial statements

To the best of our knowledge, the semi-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 the PATENTUS S.A. Capital Group. and the net profit of the Capital Group.

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

Signatures of all Members of the Parent Company's Management Board

Date	**Name and Surname**	**Position**	**Signature**
29th August 2023	Józef Duda	President of the Management Board	Document signed by Józef Duda Date: 29th August 2023 09:25:35 CEST
29th August 2023	Stanisław Duda	Vice President of the Management Board	Document signed by Stanisław Ryszard Duda Date: 29th August 2023 09:24:11 CEST

Company's seal

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

6. Statement of the Management Board of the Parent Company on the entity authorized to audit the consolidated semiannual financial statements

The Company's Management Board, based on the documentation of the Supervisory Board, declares that on 10th 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 Warszawa, 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.

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

- the audit firm and members of the audit team met the conditions for the preparation of the 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 applicable regulations related to the rotation of the auditing company and the key statutory auditor as well as mandatory grace periods are complied with in the Company,

- The Company has a policy regarding the selection of an audit firm and a policy for the provision of additional non-audit services to the issuer by the audit firm, entity related to the audit firm or a member of its network, including services conditionally exempt from the prohibition of the audit firm from providing.

Signatures of all Members of the Parent Company's Management Board.

Date	Name and Surname	Position	Signature
29th August 2023	Józef Duda	President of the Management Board	Document signed by Józef Duda Date: 29th August 2023 09:25:11 CEST
29th August 2023	Stanisław Duda	Vice President of the Management Board	Document signed by Stanisław Ryszard Duda Date: 29th August 2023 09:23:45 CEST

Company's seal