PATENTUS S.A.

with its registered office

in Pszczyna Górnośląska St. 11

SEMI–ANNUAL CONDENSED SEPARATE 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

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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		**78 013**	**83 574**	**87 098**
1.Intangible assets	1	5 312	5 286	5 962
2.Tangible fixed assets	2	66 234	70 468	73 461
3. Investment property	3	1 375	1 375	1 253
4. Stocks and shares in subsidiaries	3a	4 040	4 040	4 040
5. Stocks and shares in other entities	3b	0	0	0
6. Deferred income tax assets	17	604	1 026	294
7. Trade receivables and other receivables	4	0	0	183
8.Long-term receivables arising from lease agreements	4	448	1 379	1 905
II.Current assets		**84 654**	**60 105**	**59 391**
1.Inventory	5	35 598	33 681	30 727
2.Trade receivables and other receivables	4	17 131	11 378	24 679
3.Short-term receivables arising from lease agreements	4	1 753	1 703	2 058
4. Receivables arising from current corporate income tax at period	17	0	0	0
5.Cash and cash equivalents	6	30 172	13 343	1 927
Total assets		**162 667**	**143 679**	**146 489**

Liabilities Data in PLN thousand	Note	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
I.Equity		**123 744**	**106 455**	**102 690**
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	9 580	9 580	8 606
4.Retained earnings	7	95 916	78 627	75 836
II.Total long-term liabilities		**19 599**	**21 877**	**23 682**
1. Credits and loans	8	8 025	10 309	12 166
2.Other long-term financial liabilities	9	0	0	0
3.Other long-term non-financial liabilities	9	4 955	4 761	5 599
4.Provisions – long-term liabilities	10	182	182	179
5.Deferred income tax provisions	17	6 437	6 625	5 738
III. Total short-term liabilities		**19 324**	**15 347**	**20 117**
1. Credits and loans	8	4 340	4 652	4 871
2.Trade receivables and other short-term financial liabilities	9	7 745	6 504	12 180
3.Other short-term non-financial liabilities	9	7 174	4 145	3 043
4. Current income tax liabilities	17	35	16	0
5.Provisions for short-term liabilities	10	30	30	23
Total liabilities		**162 667**	**143 679**	**146 489**

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 the sale of products, services, goods and materials	11	79 922	54 430	38 065	25 904
II. Cost of sales	12	(58 673)	(40 265)	(35 666)	(22 990)
III. Gross profit (loss) from sales		**21 249**	**14 165**	**2 399**	**2 914**
IV. Distribution cost	12	(794)	(786)	(1 334)	(676)
V. General and administrative expenses	12	(2 829)	(1 414)	(2 021)	(930)
VI. Other operating income	13	1 526	947	2 573	1 918
VII. Other operating expense	14	(973)	(735)	(1 123)	(722)
VIII. Operating profit (loss)		**18 179**	**12 177**	**494**	**2 504**
IX. Finance income	15	639	288	220	91
X. Finance cost	16	(649)	(358)	(701)	(419)
XI. Pre-tax profit (loss)		**18 169**	**12 107**	**13**	**2 176**
XII. Income tax	17	(461)	(453)	294	294
XIII. Net profit (loss)		**17 708**	**11 654**	**307**	**2 470**
Additional information					
Weighted average number of shares (in units)		29 500 000	29 500 000	29 500 000	29 500 000
Net profit (loss) per share and dilluted net profit (loss) per share (in PLN)		0.60	0.40	0.01	0.08
Discontinued operation did not occur					

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income 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**
Net profit (loss)		**17 708**	**11 654**	**397**	**2 470**
Other comprehensive income, including:		**0**	**0**	**0**	**0**
Effects of revaluation to the fair value tangible fixed assets		0	0	0	0
Provision for deferred income tax settled with equity	17	0	0	0	0
Total comprehensive income		**17 708**	**11 654**	**307**	**2 470**

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity Data in PLN thousand	Share capital	Supplementary capital arising from the sale of shares above their nominal value	Revaluation reserve	Retained earnings	Total equity
Data as at 1st January 2023	**11 800**	**6 448**	**9 580**	**78 627**	**106 455**
Capital increase through new shares issuance	0	0	0	0	**0**
Net surplus from the sale of shares above their nominal value	0	0	0	0	**0**
Allocation of the 2022 result in accordance with the resolution – transfer to the Variable Remuneration Fund	0	0	0	(419)	**(419)**
Total comprehensive income	0	0	0	17 708	**17 708**
Data as at 30th June 2023	**11 800**	**6 448**	**9 580**	**95 916**	**123 744**
Data as at 1st January 2022	**11 800**	**6 448**	**8 606**	**75 529**	**102 383**
Capital increase through new shares issuance	0	0	0	0	**0**
Net surplus from the sale of shares above their nominal value	0	0	0	0	**0**
Disclosure of events after the balance sheet date	0	0	0	0	**0**
Total comprehensive income	0	0	974	3 098	**4 072**
Data as at 31st December 2022	**11 800**	**6 448**	**9 580**	**78 627**	**106 455**
Data as at 1st January 2022	**11 800**	**6 448**	**8 606**	**75 529**	**102 838**
Capital increase through new shares issuance	0	0	0	0	**0**
Net surplus from the sale of shares above their nominal value	0	0	0	0	**0**
Disclosure of events after the balance sheet date	0	0	0	0	**0**
Total comprehensive income	0	0	0	307	**307**
Data as at 30th June 2022	**11 800**	**6 448**	**8 606**	**75 836**	**102 690**

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)		17 708	11 654	307	1 622
Total adjustments		(41)	14 115	(4 232)	(3 287)
Depreciation and amortization		4 540	2 184	4 228	2 071
Profit (loss) due to exchange rate differences		320	313	(127)	(127)
Interest and profit share (dividends)		487	275	113	(68)
Profit (loss) on investment activity		(13)	(17)	(11)	(11)
Change in provisions for liabilities and deferred income tax provisions		(188)	(417)	(449)	399
Change in inventory		(1 917)	8 649	(1 240)	2 075
Change in trade receivables and other receivables, except for advances transferred for the fixed assets acquisition		(6 750)	7 407	(14 775)	(8 872)
Change in liabilities		3 039	(4 604)	7 874	1 091
Change in deferred income tax assets		422	422	155	155
Other adjustments		0	0	0	0
Change in accruals (excluding deferred income tax)		0	(116)	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		**17 667**	**25 769**	**(3 925)**	**(1 665)**
Investment activity					
Disposal of intangible assets and tangible fixed assets		100	24	0	0
Acquisition of intangible assets and tangible fixed assets		(1 019)	(600)	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 shares and stocks in other entities		0	0	0	0
Acquisition of financial assets – certificates		0	0	0	0
Disposal of financial assets		0	0	0	0
Other financial assets inflows		0	0	0	0
Repayment of granted loans		0	0	0	0
Interest received on loans granted		0	0	0	0
Interest received on loans granted to the subsidiary		0	0	0	0
Net cash flows from investment activity		**(919)**	**(576)**	**24**	**161**
Financial activity					
Net inflows from shares issuance		0	0	0	0
Credits and loans received		0	15	3 350	2 138
Repayment of credits and loans		(2 329)	(1 239)	(1 824)	(926)
Other financial inflows (+) or financial outflows (-)		1 875	(3 028)	1 479	1 479
Payment of liabilities arising from finance lease agreements		0	0	0	0
Payment of receivables arising from finance lease agreements		1 022	506	164	(347)
Interest paid		(487)	(275)	(113)	68
Net cash flows from financial activity		**81**	**(4 021)**	**3 056**	**2 412**
Total net change in cash		**16 829**	**21 172**	**(845)**	**908**
Change in cash due to exchange differences		0	0	0	0
Balance sheet change in cash and cash equivalents		**16 829**	**21 172**	**(845)**	**908**
Cash and cash equivalents opening balance		13 343	9 000	2 772	1 019
Closing balance of cash and cash equivalents		**30 172**	**30 172**	**1 927**	**1 972**
including cash and cash equivalents of limited disposability		0	0	0	0

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENTS

1. Introduction

1.1. Business name, registered office, line of business

Business name: PATENTUS Spółka Akcyjna

Registered Office: Pszczyna

Company address: 43 – 200 Pszczyna, Górnośląska St. 11. PATENTUS Spółka Akcyjna (the Company) operates at its registered office, as well as through its branches that are not self-balancing entities of the Company.

Registration: The 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. The Company is registered under the number NCR 0000092392.

VATIN: 638-14-35-033.

National Business Registry Number: 273585931.

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

The 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. Company's duration

The Company's duration is indefinite.

1.3. Composition of the Management Board and Supervisory Board

As at the date of this report, the Management Board of the Company 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 Company. On 19th May 2022 the Company's Supervisory Board adopted Resolution no. 5 on Management Board appointment for the new term of office. Management Board's new term of office runs from 24th May 2022 to 23rd May 2027.

As at the date of this report, the 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 Management Board and Supervisory Board composition.

1.4. Separate financial statements approval date

These separate financial statements were approved for publication and signed by the Company's Management Board on 29th August 2023.

Members of the Management Board have the authority to make adjustments to the financial statements after its date of publication.

1.5. Discontinued operations, assets for disposal

The 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.

1.6. Going concern

These financial statements was prepared on the assumption that the Company will continue as going concern in an unchanged form and line of business for a period of at least 12 months from the end of the reporting period and moreover there are no premises for deliberate or forced discontinuation or significant limitation of its current activities. As at the date of the financial statements signing, the Company's Management Board does not state any facts or circumstances that would indicate a hazard to the continuation of the Company's operations in the foreseeable future.

1.7. Basis for the financial statements preparation and presentation

Separate financial statements of PATENTUS S.A. regarding 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 (hereinafter referred to as IFRS).

Separate 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 basis for the preparation of the financial statements in accordance with IFRS is Art. 45 sec. 1a of the Accounting Act. Pursuant to this provision, the Company as the issuer of shares admitted to trading on the Stock Exchange S.A. in Warsaw may decide to prepare financial statements in accordance with IFRS. Relevant decision on the application of IFRS was made by the Extraordinary General Meeting of PATENTUS S.A. Pursuant to Resolution No. 2 of the Extraordinary General Meeting of PATENTUS S.A. of 29th November 2007 - the date of transition to IFRS is 1st January, 2004 and as of this date the Company prepared the opening balance. For the purposes of the issue prospectus, the financial statements of the Company for previous years, which were originally prepared in accordance with the Polish accounting principles resulting from the Accounting Act, were transformed into IFRS-compliant.

The Company exercised its right pursuant to § 10 of IAS 1 and did not change the names of the 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"

1.8. Functional currency and presentation currency of financial statements, fiscal year

PLN is the Company's both functional and presentation currency of these 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 Company corresponds with the calendar year.

1.9. Statement of the Management Board on the compliance with IFRS

Management Board declares that the separate financial statements of PATENTUS S.A. 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 Company's semi-annual report complies with IAS 34.

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

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 Company 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 Company 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 the financial statements of the Company 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 Company 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 Company to be used in the production process or for the supply of goods and services, for administrative purposes or partially rented to other entities,
- expected to be used for longer than one year period,
- in relation to which it is probable that the Company 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 includes the costs of external financing incurred to finance the purchase or production of a fixed asset (in accordance with IAS 23 updated in 2007).

Due to the 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 Company 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.). The 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 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 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 Company'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 derecognised 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 Company is entitled to substantially all the 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 the leased asset or present value of the minimum lease payments.

Each lease payment shall be divided into the 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 Company concludes finance lease agreements and acts as a lessor, receivables shall be recognised in the balance sheet assets in the amount equal to the net investment in the lease.

The 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 income during the term of the finance lease agreement is recognised in a way that reflects the constant periodic rate of return on the net investment in the lease.

2.6. Investment property

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

Investment property is initially 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 the change in the fair value of the 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. The first level of the International Valuation Standards consists of three fundamental standards:

- IVS 1. Market value as the basis of the 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 Company 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.

Amortization 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 Company, 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 financial statements, investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are recognised at acquisition cost in accordance with IAS 27 Consolidated and Separate Financial Statements, less impairment losses in accordance with IAS 36 Impairment of Assets, where impairment is assessed by comparing the carrying amount with the higher of the two amounts:

- fair value or

- value in use.

Associated entities

Associated entities are entities over which the Company 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 separate financial statements.

2.9. Impairment of non-financial assets

As at each balance sheet date, the Company 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.

3. 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. The classification is made upon the initial recognition of the financial assets. The 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.

3.1. Derivatives and hedging instruments

Derivatives are recognised and measured at fair value as at the balance sheet date. The 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 investment hedge.

The Company did not conclude any derivative or hedging transactions.

3.2. 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.

3.3. Trade receivables and other receivables

Trade receivables are financial receivables arising from the basic operating activities of the Company.

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".

3.4. 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.

3.5. 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.

3.6. Equity

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

- Share capital of the 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 Company

  • Net profit (loss) for the current financial period.

Company's Articles of Association provide for the creation of reserve capital for the payment of dividends to shareholders and the creation of other special funds. In the years 2009-2014, the 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.

3.7. 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 Company’s assets. The 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. The Company do not recognise such liabilities.

- 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. The 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".

3.8. 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 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 Company also receives subsidies for expenditure on research and development costs financed from EU funds under concluded agreements. These 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.

3.9. Income tax and deferred income tax

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

3.10. Provisions and employee benefits

Provisions are created when the following conditions are met: the Company has 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 the 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 Company is not a party to any wage bargaining agreements or collective employment agreements. The Company 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.

3.11. Profit and Loss Statement

Separate Profit and Loss statement is prepared in a multiple-step variant.

3.12. 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 the significant risks and rewards of ownership of the goods, finished products and materials to the buyer,
- the amount of revenue can be reliably measured,
- there is a probability that the Company will obtain economic benefits from the transaction,
- the costs incurred and those that will be incurred by the Company 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 Company 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 includes revenues and profits not directly related to operating activities. This category includes profits from the sale of tangible fixed assets, revaluation of investments in property, received grants, received compensations related to the reimbursement of court costs, overpaid tax liabilities and received compensation for losses in the Company'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.

3.13. 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 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 the 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.

3.14. Cash Flow Statement

Separate Cash Flow Statement is prepared using the indirect method.

3.15. Segment reporting

In accordance with IFRS 8 "Operating Segments", operating segment is a component of the Company, (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 Company. 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 Company’s operations concentrate mainly on the territory of the country. Therefore, the Company 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 Company, which relate to the entity 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.

3.16 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 Company does not apply the policy of hedging the risk of production materials prices increase.

Risk of interest rates changes. The Company 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 Company does not apply the 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 Company is exposed to the risk of exchange rates changes. Such risk arises as a result of sales or purchases performed by the Company in currencies other than its functional currency. Due to the insignificant value of this turnover, the Company does not apply the policy of hedging against the risk of changes in foreign exchange rates.

Liquidity risk. The Company 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 Company 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 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.

3.17. Estimates of the Management Board

When preparing the financial statements, Management Board of the 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 Company's Management Board 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 properties are 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 Company makes 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 Company is not a party to any wage bargaining agreements or collective employment agreements related to employee benefits. The Company does not have any pension programs managed directly 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 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 Company recognizes the 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.

3.18. 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 an 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.

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.

(amounts in table expressed in PLN thousand, unless stated otherwise)

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.

4. 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 the 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	79 922	54 430	38 065	25 904	17 269	11 984	8 210	5 575
II.Operating profit (loss)	18 179	12 177	494	2 504	3 928	2 681	107	539
III.Pre-tax profit (loss)	18 169	12 107	13	2 176	3 926	2 666	3	468
IV.Net profit (loss)	17 708	11 654	307	2 470	3 826	2 566	66	532
V.Total comprehensive income	17 708	11 654	307	2 470	3 826	2 566	66	532
VI.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
VII. Book value per share (in PLN / EUR)	4.19	3.61	3.48	3.47	0.91	0.79	0.75	0.75
VIII. Net profit (loss) per share and dilluted net profit (loss) per share (in PLN / EUR)	0.60	0.40	0.01	0.08	0.13	0.09	0.00	0.02
IX.Net cash flows from operating activities	17 667	25 769	(3 925)	(1 665)	3 817	5 674	(847)	(358)
X. Net cash flows from investment activities	(919)	(576)	24	161	(199)	(127)	5	35
XI.Net cash flows from financial activities	81	(4 021)	3 056	2 412	18	(885)	659	519
XII.Total net cash flows	16 829	21 172	(845)	908	3 636	4 661	(182)	195
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
XIII.Fixed assets	78 013	83 574	87 098	17 530	17 820	18 608
XIV.Current assets	84 654	60 105	59 391	19 022	12 816	12 689
XV.Total assets	162 667	143 679	146 489	36 552	30 636	31 297
XVI.Long-term liabilities	19 599	21 877	23 682	4 404	4 665	5 060
XVII.Short-term liabilities	19 324	15 347	20 117	4 342	3 272	4 298
XVIII. Equity	123 744	106 455	102 690	27 806	22 699	21 939
XIX Share capital	11 800	11 800	11 800	2 652	2 516	2 521
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, 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.

5. Notes to the financial statements

5.1. Note 1 – Intangible assets

Intangible assets are presented in the table below:

Specification / data PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Net value of intangible assets, including:	**5 312**	**5 286**	**5 962**
Development works cost	3 553	4 369	2 626
Computer software	773	917	1 060
Development works in progress	986	0	2 276
Additional information:			
Intangible assets under finance lease agreements	*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 Company's business operations.

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

Data for the period from 1st January2023 to 30th June 2023	Development works cost	Computer software	Total
Nat value at beginning of period	**4 369**	**917**	**5 286**
Gross value at beginning of period	**8 086**	**3 236**	**11 322**
Increases, including:	0	0	**0**
Acquisition	0	0	**0**
Decreases	0	0	**0**
Gross value at period end	**8 086**	**3 236**	**11 322**
Accumulated amortization at beginning of period	**(3 717)**	**(2 319)**	**(6 036)**
Increase in accumulated amortisation	(816)	(144)	**(960)**
Decrease in accumulated amortization	0	0	**0**
Total accumulated amortization at period end	**(4 533)**	**(2 463)**	**(6 996)**
Impairment losses balance	0	0	**0**
Development works in progress	986	0	**986**
Net value at period end	**4 539**	**773**	**5 312**

Data for the period from 1st January 2022 to 31st December 2022	Development works cost	Computer software	Total

Nat value at beginning of period	**5 002**	**1 086**	**6 088**
Gross value at beginning of period	**3 143**	**3 127**	**6 270**
Increases, including:	4 943	109	**5 052**
Acquisition	4 943	109	**5 052**
Decreases	0	0	**0**
Gross value at period end	**8 086**	**3 236**	**11 322**
Accumulated amortization at beginning of period	**(3 138)**	**(2 041)**	**(5 179)**
Increase in accumulated amortization	(579)	(278)	**(857)**
Decrease in accumulated amortization	0	0	**0**
Total accumulated amortization at period end	**(3 717)**	**(2 319)**	**(6 036)**
Impairment losses balance	0	0	**0**
Development works in progress	0	0	**0**
Net value at period end	**4 369**	**917**	**5 286**

Data for the period from 1st January 2022 to 30th June 2022	**Development works cost**	**Computer software**	**Total**
Nat value at beginning of period	**5 002**	**1 086**	**6 088**
Gross value at beginning of period	**3 143**	**3 127**	**6 270**
Increases, including:	2 667	109	**2 776**
Acquisition	2 667	109	**2 776**
Decreases	0	0	**0**
Gross value at period end	**5 810**	**3 236**	**9 046**
Accumulated amortization at beginning of period	**(3 138)**	**(2 041)**	**(5 179)**
Increase in accumulated amortization	(46)	(135)	**(181)**
Decrease in accumulated amortization	0	0	**0**
Total accumulated amortization at period end	**(3 184)**	**(2 176)**	**(5 360)**
Impairment losses balance	0	0	**0**
Development works in progress	2 276	0	**2 276**
Net value at period	**4 902**	**1 060**	**5 962**

The Company 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 Company.

5.2. Note 2 – Tangible fixed assets

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

Specification / data in PLN thousand	**Period end 30th**	**Period end 31st**	**Period end 30th**

(amounts in table expressed in PLN thousand, unless stated otherwise)

	June 2023	December 2022	June 2022
Net value of tangible fixed assets including:	**66 179**	**70 417**	**73 388**
own land and right of perpetual usufruct of land, including:	13 891	13 891	12 688
right of perpetual usufruct of land	*8 301*	*8 301*	*8 193*
buildings, civil engineering facilities, premises	17 315	18 075	18 853
machinery and technical equipment	32 441	35 398	38 483
means of transport	714	864	1 018
other tangible fixed assets	1 818	2 189	2 346
Tangible fixed assets under construction	**55**	**51**	**73**
Total net value of tangible fixed assets disclosed in financial statements	**66 234**	**70 468**	**73 461**
Additional information:			
Net value of tangible fixed assets under finance lease agreements	*0*	*0*	*0*

Changes in the initial value and accumulated depreciation of fixed assets in the 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	**13 891**	**18 075**	**35 398**	**864**	**2 189**	**70 417**
Gross value at beginning of period	**13 891**	**35 968**	**90 697**	**2 951**	**7 006**	**150 513**
Increases including:	**0**	**0**	**19**	**2**	**8**	**29**
acquisition	0	0	19	2	8	**29**
revaluation at end of period "+"	0	0	0	0	0	**0**
reversal of write-downs "-" 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)**
revaluation at period end "- "	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Gross value at period end	**13 891**	**35 968**	**90 675**	**2 884**	**7 010**	**150 428**
Accumulated depreciation at beginning of period	**0**	**(17 893)**	**(55 299)**	**(2 087)**	**(4 817)**	**(80 096)**
Increase in accumulated depreciation	**0**	**(760)**	**(2 967)**	**(151)**	**(375)**	**(4 253)**
Decrease in accumulated depreciation including:	**0**	**0**	**32**	**68**	**0**	**100**
liquidation and sale	0	0	32	68	0	**100**
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	**0**	**(18 653)**	**(58 234)**	**(2 170)**	**(5 192)**	**(84 249)**
including: balance of impairment losses						
Net value of tangible fixed assets at period end	**13 891**	**17 315**	**32 441**	**714**	**1 818**	**66 179**
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						**66 234**

Data for the period from 1st January 2022 to 31st	**Land and**	**Buildings**	**Machinery**	**Means of**	**Other**	**Total**

December 2022	right of perpetual usufruct of land	and structures	and equipment	transport	tangible fixed assets	
Net value at beginning of period	**12 688**	**19 631**	**41 555**	**1 218**	**2 515**	**77 607**
Gross value at beginning of period	**12 688**	**35 968**	**91 354**	**2 897**	**6 969**	**149 876**
Increases including:	**1 203**	**0**	**183**	**0**	**46**	**1 432**
acquisition	0	0	183	0	46	**229**
revaluation at end of period "+"	1 203	0	0	0	0	**1 203**
reversal of write-downs "-" on revalued assets from previous period	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Decreases	**0**	**0**	**(850)**	**(63)**	**0**	**(913)**
liquidation and sale	0	0	(850)	(63)	0	**(913)**
revaluation at period end "- "	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Gross value at period end	**13 891**	**35 968**	**90 687**	**2 834**	**7 015**	**150 395**
Accumulated depreciation at beginning of period	**0**	**(16 337)**	**(49 799)**	**(1 679)**	**(4 454)**	**(72 269)**
Increase in accumulated depreciation	**0**	**(1 556)**	**(6 340)**	**(315)**	**(372)**	**(8 583)**
Decrease in accumulated depreciation including:	**0**	**0**	**850**	**24**	**0**	**874**
liquidation and sale	0	0	850	24	0	**874**
adjustment of accumulated depreciation associated with revaluation at period end	0	0	0	0	0	**0**
other adjustments	0	0	0	0		**0**
Total accumulated depreciation at period end	**0**	**(17 893)**	**(55 289)**	**(1 970)**	**(4 826)**	**(79 978)**
including: balance of impairment losses						**0**
Net value of tangible fixed assets at period end	**13 891**	**18 075**	**35 398**	**864**	**2 189**	**70 417**
including: effects of revaluation at period end	12 548					**12 548**
Tangible fixed assets under construction at period end	**0**	**51**	**0**	**0**	**0**	**51**
Net value of tangible fixed assets at period end						**70 468**

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	**12 688**	**19 631**	**41 555**	**1 218**	**2 515**	**77 607**
Gross value at beginning of period	**12 688**	**35 968**	**91 364**	**2 897**	**6 959**	**149 876**
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 write-downs "-" on revalued assets from previous period	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Decreases	**0**	**0**	**0**	**(63)**	**0**	**(63)**
liquidation and sale	0	0	0	(63)	0	**(63)**
revaluation at period end "- "	0	0	0	0	0	**0**
internal transfer	0	0	0	0	0	**0**
Gross value at period end	**12 688**	**35 968**	**91 457**	**2 834**	**6 976**	**149 923**
Accumulated depreciation at beginning of period	**0**	**(16 337)**	**(49 809)**	**(1 679)**	**(4 444)**	**(72 269)**
Increase in accumulated depreciation	**0**	**(778)**	**(3 165)**	**(161)**	**(186)**	**(4 290)**
Decrease in accumulated depreciation including:	**0**	**0**	**0**	**24**	**0**	**24**
liquidation and sale	0	0		24	0	**24**
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	**0**	**(17 115)**	**(52 974)**	**(1 816)**	**(4 630)**	**(76 535)**
including: balance of impairment losses						
Net value of tangible fixed assets at period end	**12 688**	**18 853**	**38 483**	**1 018**	**2 346**	**73 388**
including: effects of revaluation at period end	11 345					**11 345**
Tangible fixed assets under construction at period end	**0**	**51**	**22**	**0**	**0**	**73**
Net value of tangible fixed assets at period end						**73 461**

According to the adopted principles described in point 2.3. accounting policy - as at the balance sheet date, the Company 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 PLN 1 203 thousand.

Land disclosed in fixed assets of the Company 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 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 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, the fees are subject to revaluation on the basis of the market value of land, which is estimated by the Municipal Offices. The Company treats the above fees as the cost of local taxes.

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

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

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

The Company 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 Company. Value of fixed assets which, according to the 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*
Amount of the registered pledge or transfer of tangible fixed assets and inventories 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**	**35 229**	**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 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, innovation 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 funding was PLN 750 thousand. On 4th January 2013, the co-financing agreement was signed, and on 18th November 2013, measuring device, which is the subject of agreement, was purchased and recognized in fixed assets. On 20th November 2013, the 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 recognised 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, the 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 the date of these financial statements preparation the Parent Company has received research co-financing in the amount of PLN 3 318 thousand and as at 30th June 2023, subsidy was fully settled. As part of the aforementioned project, the Company also received co-financing for development work in the amount of PLN 1 308 thousand. On 7th April 2021, the Company submitted the final application and on 27th May 2022, as a result of the development works positive completion regarding the aforementioned project, two gearboxes were recognised in Company's intangible assets and they have been depreciated since June 2022. As at 30th June 2023, the received subsidy for development works in the amount of PLN 504 thousand was settled.

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 this report the Parent Company has received co-financing in the amount of PLN 983 thousand. As at the date of these financial statements preparation, the Company 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.

5.3. Note 3 – Investment property and capital investments

Investment property

The 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 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 period	**1 375**	**1 253**	**1 253**
Changes during the fiscal period:	**0**	**122**	**0**
increases due to disposal	*0*	*0*	*0*
increases/decreases due to revaluation to fair value	*0*	*122*	*0*
Investment property at end of fiscal period	**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 subsidiaries 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 subsidiaries at beginning of the fiscal period	**4 040**	**4 040**	**4 040**
Changes during the fiscal period including:	**0**	**0**	**0**
shares, stocks and other financial assets	*0*	*0*	*0*
write-downs	*0*	*0*	*0*
Net book value of investment in subsidiaries at period end	**4 040**	**4 040**	**4 040**

The Company does not hold any shares or stocks in associated entities.

Subsidiaries of the PATENTUS S.A. Capital Group

Business name of entity	Registered office	Line of business	Percentage share in the share capital %	Total percentage of voting rights held %	Carrying amount of shares / stocks in PLN thous.
Zakład Konstrukcji Spawanych Montex Sp.z o.o.	Świętochłowice	production of steel structures and equipment	83.85	83.85	4 040

(amounts in table expressed in PLN thousand, unless stated otherwise)

Financial results of the entities included in the PATENTUS S.A. Capital Group are presented below.

Assets and liabilities financial data	Zakład Konstrukcji Spawanych Montex Sp.z o.o.		
	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
I.Fixed assets	**5 250**	**5 243**	**5 315**
1.Intangible assets	2	3	6
2.Tangible fixed assets	5 132	5 096	5 207
3. Investment property	0	0	0
4. Stocks and shares in subsidiaries	0	0	0
5. Deferred income tax assets	116	144	102
6. Trade receivables and other receivables	0	0	0
7.Long-term receivables arising from lease agreements	0	0	0
II.Current assets	**1 299**	**1 030**	**927**
1.Inventory	720	512	602
2.Trade receivables and other receivables	443	517	316
3.Short-term receivables arising from lease agreements	0	0	0
4. Receivables arising from current corporate income tax at period end	0	0	0
5.Cash and cash equivalents	136	1	9
Total assets	**6 549**	**6 273**	**6 242**
I.Equity	**4 757**	**4 613**	**4 170**
1.Share capital	4 818	4 818	4 818
2.Other capitals (paid-up share capital , unregistered in NCR)	0	0	0
3. Supplementary capital from the sales of shares above their nominal value	0	0	0
4.Revaluation reserve	53	53	53
5.Reteined earnings	(114)	(258)	(701)
II.Total long-term liabilities	**821**	**802**	**922**
1. Credits and loans	0	0	112
2.Other long-term financial liabilities	22	12	23
3.Other long-term non-financial liabilities	0	0	0
4.Provisions – long-term liabilities	23	23	24
5.Deferred income tax provisions	776	767	763
III. Total short-term liabilities	**971**	**858**	**1 150**
1. Credits and loans	0	226	294
2.Trade receivables and other short-term liabilities	560	324	552
3.Other short-term non-financial liabilities	395	237	293
4. Current income tax liabilities	0	0	0
5. Short-term liabilities provisions	16	71	11
Total liabilities	**6 549**	**6 273**	**6 242**

Profit and Loss Statement financial data	**Zakład Konstrukcji Spawanych Montex Sp.z o.o.**			
	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 the sale of products, services, goods and materials	2 711	1 863	2 338	927
II. Cost of sales	(1 848)	(1 352)	(1 574)	(549)
III. Gross profit (loss) from sales	**863**	**511**	**764**	**378**
IV. Distribution costs	(202)	(69)	(223)	(156)
V. General and administrative expenses	(466)	(263)	(398)	(188)
VI. Other operating income	0	0	19	17
VII. Other operating expense	(2)	(2)	(8)	(7)
VIII. Operating profit (loss)	**193**	**177**	**154**	**44**
IX. Finance income	1	0	0	0
X. Finance cost	(10)	(4)	(29)	(12)
XI. Pre-tax profit (loss)	**184**	**173**	**125**	**32**
XII. Income tax	(37)	(22)	(23)	(31)
XIII. Net profit (loss)	**147**	**151**	**102**	**1**
Weighted average number of shares (in units)	9 636	9 636	9 636	9 636
Net profit (loss) per share and diluted net profit (loss) per share (in PLN)	15.26	15.67	10.59	0.10
Total comprehensive income	**147**	**151**	**102**	**1**

5.4. 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 in other entities	0	0	183
Long-term loans granted in associated entities	0	0	0
Write-downs	*0*	*0*	*0*
Total net value of loans and long-term financial receivables	**0**	**0**	**183**
Receivables arising from the 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 from associated entities	*3*	*3*	*155*
Gross value of trade receivables form other entities	16 173	4 961	7 478
Short-term loans granted	0	0	0
Short-term loans granted in associated entities	0	0	0
Write-offs updating the granted loans	0	0	0
Write-downs	*(504)*	*(743)*	*(731)*
Total net value of loans and short-term financial receivables	**15 672**	**4 221**	**6 902**
Receivables arising from advances transferred for inventory acquisition	327	5 587	5 327
Tax receivables	115	759	391
Other receivables	262	458	11 422
Short-term prepayments	755	353	637
Write-downs	*0*	*0*	*0*
Total net value of short-term non-financial receivables	**1 459**	**7 157**	**17 777**
Total net value of trade receivables and other short-term receivables	**17 131**	**11 378**	**24 679**
Total long-term and short-term trade receivables and other receivables	**17 131**	**11 378**	**24 862**

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	**15 517**	**4 177**	**6 483**
Overdue trade receivables, including:	**659**	**787**	**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	504	510	514
Total gross value of trade receivables	**16 176**	**4 964**	**7 633**
Write-downs of the receivables at beginning of period	(743)	(941)	(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 receivables at period end	**(504)**	**(743)**	**(731)**
Total net value of trade receivables	**15 672**	**4 221**	**6 902**

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% write-down.

For receivables overdue more than 365 days, not coming from debtors in liquidation or bankruptcy and regularly repaid by debtors, the Company did not recognised write-downs, considering that the repayment of these receivables is not compromised and due to the fact that the agreement was concluded with contractors 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:	**15 672**	**4 221**	**6 902**
Net value of trade receivables denominated in Polish currency	15 317	3 411	5 941
Net value of trade receivables denominated in foreign currency	355	810	961

The 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 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 period end, including:	**(248)**	**83**	**473**
Conditional lease fees included in the Profit and Loss Statement for 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

5.5. Note 5 – Inventory

Structure of inventory is presented in the table below:

Specification / data in PLN thousand	Period end 30th	Period end 31st	Period end 30th

	June 2023	December 2022	June 2022
Gross value of inventory, including:	**35 941**	**33 647**	**30 674**
Materials	19 984	18 679	19 256
Semi-finished products and work in progress	14 603	13 696	10 069
Finished products	64	62	63
Goods	1 290	1 210	1 286
Write-downs of inventory, including:	**(343)**	**34**	**53**
Goods	*(221)*	*36*	*40*
Materials	*(31)*	*(3)*	*5*
Finished products	*(2)*	*1*	*0*
Semi-finished products and work in progress	*(89)*	*0*	*8*
Value of inventory disclosed in the Balance Sheet, including:	**35 598**	**33 681**	**30 727**
Materials	19 763	18 715	19 296
Semi-finished products and work in progress	14 514	13 696	10 077
Finished products	62	63	63
Goods	1 259	1 207	1 291
Additional information:			
Value of basic materials recognised as expense in the period	*28 761*	*33 722*	*16 273*

Inventory valuation methods are presented in item 2.11.of the adopted accounting principles (policy) description. Revaluation write-downs created for material inventory are recognized 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 calculated different percentage of the write-down for commercial goods related to packaging wholesale and welding wholesale, due to the variety of articles, it was decided to average and adopt one factor of 5% due to the long period of delay and partial loss of market value of the outstanding articles. In the case of semi-finished products, finished products, materials and commercial goods of steel wholesale, it was decided to assume a write-off factor of 2.5%, due to the fact that these are articles that, despite of long storage period in the warehouse, do not lose their value and there is no risk that the Company will not obtain the purchase price equivalent of these components at the time of sale. As they are steel products, they do not deteriorate or get damaged. Even in the case of slight rust coverage, after cleaning, they are still a full-fledged article that can be sold or used in production. In addition, the Company issues certificates and quality certificates for its products and provides its customers with quality guarantees, which also proves that the articles from which our products are made are of full value. Additionally, the Company must maintain a certain reserve in inventory due to long-term contracts and the need to supply spare parts for components manufactured by the Company.

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.

5.6. 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::	**30 172**	**13 343**	**1 927**
Cash in hand and cash on bank accounts	10 172	11 843	1 927
Short-term deposits	*20 000*	*1 500*	*0*
Other cash equivalents	0	0	0
Additional information:			
Cash in foreign currency (converted into PLN)	*2 446*	*221*	*485*
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 Company. 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

5.7. Equity

Share capital

Detailed information on the share capital of the Company and the issuance of shares 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 October 2009	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 Company's shareholding structure at the end of periods covered by the 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 share capital	Number of votes	% of votes
Duda Małgorzata (nee Wąs)	7 804 675	26,46%	13 846 350	29,07%	7 804 675	26,46%	13 846 350	29,07%	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 at period end:	**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 :	**9 580**	**8 606**	**8 606**
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:	**9 580**	**9 580**	**8 606**

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 provisions.

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 Company;
- 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 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 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 conversion of financial statements in accordance with IFRS are presented in the table below:

Specification / data in PLN thousand	Statutory supplementary capital- created from the profits of previous years in accordance with Art. 396.1 of the Commercial Companies Code	Supplementary capital created from profits of previous years in accordance with the Articles of Association	Other capitals	Current period profit (loss) disclosed in the financial statements prepared in accordance with IAS / IFRS	Total retained earnings
Data as at 1st January 2023	**3 933**	**71 596**	**0**	**3 098**	**78 627**
Distribution of financial result disclosed in the financial statements prepared in accordance with IAS / IFRS	0	2 679	0	(3 098)	**(419)**
Profit (loss) for the current period recognised in the financial statements prepared in accordance with IAS / IFRS	0	0	0	17 708	**17 708**
Data as at 30th June 2023	**3 933**	**74 275**	**0**	**17 708**	**95 916**
Data as at 1st January 2022	**3 933**	**77 422**	**0**	**(5 826)**	**75 529**
Distribution of financial result disclosed in the financial statements prepared in accordance with IAS / IFRS	0	(5 826)	0	5 826	**0**
Profit (loss) for the current period recognised in the financial statements prepared in accordance with IAS / IFRS	0	0	0	3 098	**3 098**
Data as at 31st December 2022	**3 933**	**71 596**	**0**	**3 098**	**78 627**
Data as at 1st January 2022	**3 933**	**77 422**	**0**	**(5 826)**	**75 529**
Distribution of financial result disclosed in the financial statements prepared in accordance with IAS / IFRS	0	(5 826)	0	5 826	**0**
Profit (loss) for the current period recognised in the financial statements prepared in accordance with IAS / IFRS	0	0	0	307	**307**
Data as at 30th June 2022	**3 933**	**71 596**	**0**	**307**	**75 836**

5.8. Note 8 – Credits and Loans

Liabilities arising from credits 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	12 166
Short-term bank loans	4 340	4 652	4 871
Total liabilities arising from credits and loans, including those due in the period:	**12 365**	**14 961**	**17 037**
up to 1 year	4 340	4 652	4 871
between 1 and 3 years	5 756	7 123	7 717
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 the loans disposed by the Company 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	9 252	10 615
Bank loans denominated in EUR (converted into PLN)	4 378	5 709	6 422
Total loans at end of period	**12 365**	**14 961**	**17 037**

Effects of the valuation of the balance of liabilities arising from loans 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 (they increase the balance of liabilities) are shown with the (+) sign; positive with (-) sign	267	790	770

Average interest rate on credits and loans disposed by the Company 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%
Bank loans denominated in EUR (converted into PLN)	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-funding 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 Company is presented in the tables below.

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

Credits and loans 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 31st March 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	56	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	1 548	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	652	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	2 207	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 0		0	0	WIBOR 1M	repayment date dependant on the maturity date of the 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	0	0	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 of June, 2023.
Total liabilities arising from credits and financial lease as at 30th June 2023						**4 340**	**8 025**			

Credits and loans 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 thousand 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 Landand 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, 2023 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**			

5.9. 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:	**0**	**0**	**0**
Finance lease liabilities and other liabilities	0	0	0
Trade liabilities and other short-term financial liabilities, including:	**7 745**	**6 504**	**11 633**
Trade liabilities to related entities		235	164
Trade liabilities to other entities	7 745	6 269	11 469
Finance lease agreements liabilities	0	0	0
Total trade liabilities and other long-term and short-term financial liabilities	**7 745**	**6 504**	**11 633**

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	**8 105**	**6 348**	**10 358**
Overdue trade liabilities including:	**(360)**	**156**	**1 275**
up to 30 days	(4)	150	967
between 31 and 60 days	(11)	0	(333)
between 61 and 90 days	0	0	(44)
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	**7 745**	**6 504**	**11 633**

Part of liabilities is settled with a delay. In the opinion of the 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:	**7 745**	**6 504**	**11 633**
Trade liabilities denominated in Polish currency	7 697	6 504	11 513
Trade liabilities denominated in foreign currencies	48	0	120

In order to secure financial liquidity, in May 2020, the 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 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 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:

In the audited period, the Company lease liabilities do not occur.

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:	**7 174**	**4 145**	**3 590**
Advances received for supplies and services	3	0	0
Tax and social security liabilities	2 765	1 276	1 692
Other liabilities and settlements	2 373	1 147	486
Deferred income (EU funds subsidies received)	2 033	1 722	1 412
Total other long-term and short-term non-financial liabilities	**12 129**	**8 906**	**9 189**

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

Subsidies for costs received in the form of advance payments for expenses that will be incurred in the future are classified as deferred income (deferred income) in the group of short-term liabilities and are 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 in other operating income with the simultaneous adjustment of tax costs.

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) at beginning of period	**6 483**	**7 187**	**7 187**
Subsidies received related to tangible fixed assets (+)	1 875	1 126	765
Subsidies received related to costs (+)	0	1 447	714
Subsidies received related to development works (+)	0	0	0
Settlement of subsidies related to tangible fixed assets (-)	(1 370)	(1 830)	(941)
Settlement of subsidies received related to costs (-)	0	(1 447)	(714)
Deferred income (EU funds subsidies received) to be settled in the following years	**6 988**	**6 483**	**7 011**

Detailed list of individual EU projects, their stage of advancement and the amount of received subsidies and advances is presented in the table below:

No.	Project's title and number	Implementation date	Grant / advance date	Grant / advance amount	Settled	Balance as at 30th June 2023	Completion stage	Fulfilling indicators period	Till
				in PLN thousand					
1	Subsidy agreement no. SPOWKP/2.3/1/24/513 project title: purchase of metal plates cutting machine and a forklift	December 2004 June 2005	from previous years to funds	224	224	0	completed	5 years	2010
2	Subsidy agreement no. SPOWKP/2.3/2/24/1061 project title: CNC lathe purchase	June 2005 June 2006	from previous years to funds	577	577	0	completed	5 years	2011
3	Subsidy agreement no. SPOWKP/2.3/3/24/01499 project title: robotic welding station purchase	September 2005 September 2006	from previous years to funds	739	739	0	completed	5 years	2011
4	Subsidy agreement no. SPOWKP/2.3/4/24/3077 project title: shot blasting machine purchase	1st April 2006 31st December 2007	from previous years to funds	393	393	0	completed	5 years	2012
5	Subsidy agreement no. UDA-RPSL.01.02.02-00-524/08-00 project title: consulting services	1st May 2009 30th November 2010	from previous years to funds	37	37	0	completed	3 years	2013
6	Subsidy agreement no. UDA-RPSL.01.02.02-00-526/08-00 project title: paint chambers purchase	1st September 2009 28th February 2010	from previous years to funds	515	515	0	completed	5 years	2015
7	Subsidy agreement no. UDA-RPSL.01.02.03-00-025/10-00 project title: metrological system purchase	1st February 2011 31st July 2011	from previous years to funds	750	750	0	completed	3 years	2014
8	Subsidy agreement no. UDA-POIG.01.04.00-24-100/11-00 project title: Innovative technology for the production of tension elements of transport systems using cast materials	26th April 2012 31st March 2014	from previous years to costs	2 672	2 672				
			from previous years to funds	588	588	0	completed	5 years	2019
9	Subsidy agreement no. UDA-POIG.01.04.00-24-094/11-00 project title: Development of innovative pro-ecological specialized gearbox with the integrated diagnostic system	26th April 2012 30th September 2015	from previous years to costs	4 216	4 216				
			from previous years to funds	1 236	1 236	0	completed	5 years	2020
10	Subsidy agreement no. UDA-RPSL.01.02.04-00-C09/11-00 project title: Increase of competitiveness and development of Patentus S.A. by introducing innovative gear measurement services to the offer	4th January 2013 28th June 2013	from previous years to funds	750	725	25	completed	5 years	2018
11	Subsidy agreement no. POIG.04.03.00-00-954/11 project title: Implementation of innovative high-performance method for the production of bevel gear wheels using carburizing with pre-nitriding	16th November 2012 31st August 2014	from previous years to funds	3 909	3 521	388	completed	3 years	2017
12	Subsidy agreement no. POIG.04.03.00-00-950/11 project title Implementation of innovative technology for the production of large-size components of drive units with increased service life	16th November, 2012 31st August, 2014	from previous years to funds	3 935	3 640	295	completed	3 years	2017
13	Subsidy agreement no. POIG.04.06-00-24-007/12 project title: Implementation of the production of mechatronic drive unit for high-power scraper conveyor	25th April 2013 30th June 2014	from previous years to funds	7 573	5 284	2 289	completed	3 years	2017
14	Subsidy agreement no. POIG.01.04.00-24-057/13 project title: Development of innovative technology for the production of conveyor route troughs using robotized methods	20th February 2014 31st December 2015	from previous years to costs	1 931	1 931				
			from previous years to funds	260	260	0	completed	3 years	2018
15	Subsidy agreement no. PBS3/B5/45/2015 project title: Development of innovative technology for the production of gears with nanocrystalline structure based on foundry methods	1st March 2015 28th February 2018	from previous years to costs	862	862	0	completed	5 years	2023

16	Subsidy agreement no. 451/2015/60/OA/al./D for co-financing the task called: Modernization of the heating system in the production and social building, located in Jankowice at Złote Łany St. 52B	15th February 2015 30th November 2015	from previous years to costs	13	13	0	completed	5 years	2020
17	Subsidy agreement no. POIR.04.01.04-00-0064/15 project title 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	1st April 2016 30th September 2020	from previous years to costs	3 318	3 318				
			from the current year to costs	0	0				
			from previous years to funds	1 308	504				
			from the current year to funds	0	0	804	completed	3 years	2023
18	Subsidy agreement no. POIR.04.01.04-00-0081/17-00 project title Development of innovative scraper conveyors with increased start-up flexibility and service life	2nd July 2018 1st July 2021	from previous years to costs	712	712				
			from the current year to costs	0	0				
			from previous years to funds	1 137	250				
			from the current year to funds	0	0	887	completed	3 years	2024
19	Subsidy agreement no. UDA-RPSL.03.02..00-24-0678/19/00 project title "Implementation of an innovative drive unit consisting of a toothed gearbox integrated with technical diagnostics systems".	1st January 2020 31st December 2021	from previous years to funds	756	57				
			from the current year to funds	1 875	274	2 300	completed	3 years	2024
20	Subsidy agreement no. 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 ".	1st July 2021 30th June 2024	from previous years to costs	1 779	1 779				
			from the current year to costs	0	0				
			from previous years to funds	0	0				
			from the current year to funds	0	0	0	in progress	3 years	2027
			total	42 065	35 078	6 988	x	x	x

5.10. Note 10 – Provisions for liabilities

Employees of the Company are entitled to the retirement gratuity on the terms of Art. 92¹ of the Labour 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:	**212**	**212**	**202**
Provisions for long-term employee benefits	182	182	179
Provisions for short-term employee benefits	30	30	23
Other long-term provisions	0	0	0
Other short-term provisions	0	0	0

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

Specification / data PLN thousand	Period end 30th June 2023	Period end 31st December 2022	Period end 30th June 2022
Discount rate	6.9%	6.9%	3.6%
Remuneration increase rate	13.1%	13.1%	5.8%
Remuneration increase rate (future years)	5.9%	5.9%	3.6%

Based on previous years costs analysis – the 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 Company for its products ranges from 6 to 36 months.

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

5.11. 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:	**79 922**	**54 430**	**38 065**	**25 904**
Revenue from the sale of products and services	72 479	49 240	34 717	24 297
Revenue from the sale of goods and materials	6 995	4 993	3 110	1 509
Revenue from rent and lease of investment property and other property	448	197	238	98
Additional information:				
Revenue from sales to related entities	53	9	149	126

In the operations of the Company 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:	**79 922**	**54 430**	**38 065**	**25 904**
Domestic sales revenues	73 977	51 794	32 056	25 203
Export and intra-community supplies of goods and services	5 945	2 636	6 009	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.

5.12. 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	58 673	40 265	35 666	22 990
Distribution costs	794	786	1 334	676
General and administrative expenses	2 829	1 414	2 021	930
Total operating costs (functional layout)	**62 296**	**42 465**	**39 021**	**24 596**

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 amortization	4 540	2 184	4 228	2 071
Materials and energy consumption	31 276	19 525	20 904	13 839
Outsourcing	18 208	12 474	6 499	3 357
Taxes and fees	428	213	389	204
Employee benefits costs	6 071	3 193	5 084	2 603
Other costs	591	310	423	220
Write-down of the value of product inventory	0	0	0	0
Total costs by type	**61 114**	**37 899**	**37 527**	**22 294**
Change in inventory of finished products, work in progress	(3 581)	973	(453)	1 332
Production costs of products for own needs	0	0	0	0
Selling cost of goods and materials	4 763	3 593	1 947	970
Total cost of sales including sales of products, goods, materials and general and administrative expenses	**62 296**	**42 465**	**39 021**	**24 596**

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:	**6 071**	**3 193**	**5 084**	**2 603**
Remuneration	5 071	2 655	4 249	2 174
Social security and other employee benefits	1 000	538	835	429
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 Company resigned from establishing of the Company Social Benefits Fund.

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.

5.13. 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 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**	**947**	**2 573**	**1 918**
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 accounted parallel to the costs incurred	0	0	714	714
Other received subsidies	63	32	88	49
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	0	7	6
Compensation received	0	0	372	291
Other operating income	0	0	215	79
Reversal of write-down on fixed assets	0	0	0	0
Revaluation of investment property	93	93	0	0

5.14. 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 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 expense, including:	**973**	**735**	**1 123**	**722**
Loss on sale of non-financial fixed assets	13	9	11	11
Write-downs of receivables revaluation	0	0	0	0
Write-downs of inventory	343	343	0	0
Provision for warranty liabilities	0	0	0	0
Costs of court proceedings	33	(30)	94	3
Donations	8	6	4	2
Decrease of the fair value of investment property	0	(5)	0	0
Compensation paid	0	0	25	25
Other operating expense	576	412	989	681

5.15. Note 15 – Finance income

Structure of finance income is presented in the table below:

Specification / data in PLN	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:	**639**	**288**	**220**	**91**
Interest on overdue payment of receivables	0	0	26	(1)
Reversed write-downs of the 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	91
Profits from currency fluctuations	320	313	0	0
Other finance income	0	(172)	31	1

5.16. 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:	**649**	**358**	**701**	**419**
Interest on budget commitments	0	0	2	2
Interest on bank loans	137	55	113	69
Interest on overdue payment of liabilities	(52)	(1)	38	35
Interest on finance lease agreements	0	0	0	0
Interest and commissions on the factoring agreement	114	80	72	58
Interest on loans	288	141	106	(14)
Revaluation of financial assets (granted loans)	0	0	0	0
Losses from currency fluctuations	0	0	127	33
Other finance cost	162	83	243	236

5.17. 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 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 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 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. In 2020, as part of the activity covered by the support decision, the Company achieved tax-exempt income in the amount of PLN 1 948 thousand and benefited from public aid in the amount of 19% of the aforementioned amount, i.e. PLN 370 thousand. In 2021, the Company reported a loss on both its core business activity as well as on activity covered by the support decision and could not benefit from public aid. 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
Statutory income tax rate	19%	19%	19%
Current income tax	**227**	**81**	**0**
Deferred income tax, including:	**234**	**(368)**	**(294)**
Change in deferred income tax assets	422	(577)	180
Change in provisions for deferred income tax	(188)	209	(474)
Income tax disclosed in Profit and Loss Statement	**461**	**(287)**	**(294)**

Table below presents the 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	18 169	2 811	13
Effective tax rate	2.54%	-10.21%	-2261.54%
Income tax at the effective tax rate	**461**	**(287)**	**(294)**
Income tax at the statutory tax rate	**3 452**	**534**	**2**
Tax effect related to the adjustment of non-deductible tax costs according to tax regulations	355	322	535
Tax effect related to the adjustment of revenues not considered revenues according to tax regulations	(229)	(670)	(324)
Tax effect related to adjustments of deferred tax estimates from previous years	(3 117)	(473)	(507)
Income tax at the effective tax rate	**461**	**(287)**	**(294)**

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 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						
Impairment losses for doubtful debts	96	141	91	45	(16)	34
Exchange rates differences	0	0	0	0	0	0
Inventory value write-down	65	(6)	(10)	(71)	0	25
Tax loss	0	0	130	0	259	129
Impairment losses on fixed assets	393	812	0	419	(812)	0
Interest on obligations to be paid	0	0	0	0	0	0
Employee benefits provisions	0	0	6	0	0	(6)
Adjustment of costs to be paid	40	40	38	0	(2)	0
Social Insurance Institution paid past the due date	10	10	8	0	(6)	(4)
Other items	0	29	31	29	0	2
Total deferred income tax assets	**604**	**1 026**	**294**	**422**	**(577)**	**180**
Deferred income tax assets reducing the provisions for deferred income tax balance	**0**	**0**	**0**	**x**	**x**	**x**
Total (per balance) deferred tax assets disclosed in the Balance Sheet	**604**	**1 026**	**294**	**x**	**x**	**x**
Deferred income tax provision						
Differences in the tax value and carrying amount of investment property	261	261	238	0	23	0
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	0
Difference between tax value and the carrying amount of fixed assets	3 794	4 120	3 331	(326)	560	(229)
Settlement of profit from sale of products in the form of lease agreements	107	150	193	(43)	(86)	(43)
Temporary differences due to sales adjustments (lease receivables - unpaid interest)	0	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)	(171)
Interest on lease	(47)	(20)	16	(27)	(67)	(31)
Other items of adjustments from previous years	121	100	104	21	21	0
Total deferred income tax provision settled with financial result	**4 182**	**4 370**	**3 712**	**(188)**	**209**	**(474)**
Effects of valuation of fixed assets to the revalued amount (settled with the Revaluation reserve item)	2 255	2 255	2 026	**x**	**x**	**x**
Total deferred income tax liability recognised in the Balance Sheet	**6 437**	**6 625**	**5 738**	**x**	**x**	**x**
Deferred income tax assets reducing the balance of deferred income tax provisions	**0**	**0**	**0**	**x**	**x**	**x**
Total (per balance) deferred income tax provisions recognised in the balance sheet	**6 437**	**6 625**	**5 738**	**x**	**x**	**x**
Total effects of changes in deferred tax assets and provisions affecting the financial result	**x**	**x**	**x**	**234**	**(368)**	**(294)**

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:	**6 625**	**6 187**	**6 187**
Change in deferred income tax provision settled with Revaluation reserve item	0	229	0
Change in deferred income tax provision for settled with financial result	(188)	209	(449)
Total deferred income tax provisions at end of period, including:	**6 437**	**6 625**	**5 738**
Deferred income tax provisions settled with Revaluation reserve item	2 255	2 255	2 026
Deferred income tax provisions settled with financial result	4 182	4 370	3 712
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	**6 437**	**6 625**	**5 738**

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	**1 026**	**449**	**449**
Change in assets settled with financial result	(422)	577	(155)
Deferred tax assets at period end	**604**	**1 026**	**294**
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	**604**	**1 026**	**294**

Current income tax settlements of the Company 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 the current income tax at period end, including:	**(35)**	**(16)**	**0**
Receivables arising from current income tax at period end	0	0	0
Liabilities arising from current income tax	35	16	0

5.18. Note 18 – Segment reporting

Two business segments can be distinguished in the Company'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.

Company's operations are focused mainly on the territory of the country. Minimum value of sales revenues 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 Company'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 Company's 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 Company 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 Company level is presented.

Selected information on revenues and costs as well as assets and liabilities of the Company's operating segments in the period ended 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	77 837	2 085	0	79 922
Cost of sales	(57 083)	(1 590)	0	(58 673)
Gross profit (loss) from sales	**20 754**	**495**	**0**	**21 249**
Distribution costs	(867)	73	0	(794)
General and administrative expenses and other operating income and cost	0	0	(2 276)	(2 276)
Operating profit (loss)	**19 887**	**568**	**(2 276)**	**18 179**
Finance income	0	0	639	639
Finance cost	0	0	(649)	(649)
Pre-tax profit (loss)	**19 887**	**568**	**(2 286)**	**18 169**
Income tax	0	0	(461)	(461)
Net profit (loss)	**19 887**	**568**	**(2 747)**	**17 708**

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)**
Tangible fixed assets and intangible assets	54 321	3 092	14 133	71 546
Investment property	0	0	1 375	1 375
Deferred income tax assets and long-term financial assets	0	0	5 092	5 092
Inventory	34 340	1 258	0	35 598
Trade receivables (net value)	15 353	147	172	15 672
Unallocated current assets	0	0	33 384	33 384
Total assets	**104 014**	**4 497**	**54 156**	**162 667**
Trade liabilities	6 910	463	372	7 745
Deferred income	0	0	6 988	6 988
Credits, loans and liabilities arising from finance lease agreements	0	0	12 365	12 365
Unallocated liabilities and provisions	0	0	11 825	11 825
Total liabilities and provisions	**6 910**	**463**	**31 550**	**38 923**

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	15	0	14	29
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	3 415	42	1 083	4 540
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 revenues and costs as well as assets and liabilities of the Company's operating segments 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	74 730	5 115	0	79 845
Cost of sales	(68 135)	(3 916)	0	(72 051)
Gross profit (loss) from sales	**6 595**	**1 199**	**0**	**7 794**
Distribution costs	(1 556)	(1 230)	0	(2 786)
General and administrative expenses and other operating income and cost	0	0	(1 488)	(1 488)
Operating profit (loss)	**5 039**	**(31)**	**(1 488)**	**3 520**
Finance income	0	0	589	589
Finance cost	0	0	(1 298)	(1 289)
Pre-tax profit (loss)	**5 039**	**(31)**	**(2 197)**	**2 811**
Income tax	0	0	287	287
Net profit (loss)	**5 039**	**(31)**	**(1 910)**	**3 098**

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)
Tangible fixed assets and intangible assets	61 956	3 135	10 663	75 754
Investment property	0	0	1 375	1 375
Deferred income tax assets and long-term financial assets	0	0	6 445	6 445
Inventory	32 474	1 207	0	33 681
Trade receivables (net value)	3 973	190	58	4 221
Unallocated current assets	0	0	22 203	22 203
Total assets	**98 403**	**4 552**	**40 744**	**143 679**
Trade liabilities	5 533	379	592	6 504
Deferred income	0	0	6 483	6 483
Credits, loans and liabilities arising from finance lease agreements	0	0	14 961	14 691
Unallocated liabilities and provisions	0	0	9 276	9 276
Total liabilities and provisions	**5 533**	**379**	**31 312**	**37 224**

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	5 260	0	21	**5 281**
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	8 285	81	428	**8 794**
Acquisition or modernization of investment property		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 Company's operating segments in the period ending 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	35 590	2 475	0	38 065
Cost of sales	(33 788)	(1 878)	0	(35 666)
Gross profit (loss) from sales	**1 802**	**597**	**0**	**2 399**
Distribution costs	(737)	(597)	0	(1 334)
General and administrative expenses and other operating income and cost	0	0	(571)	(571)
Operating profit (loss)	**1 065**	**0**	**(571)**	**494**
Finance income	0	0	220	220
Finance cost	0	0	(701)	(701)
Pre-tax profit (loss)	**1 065**	**0**	**(1 065)**	**13**
Income tax	0	0	294	294
Net profit (loss)	**1 065**	**0**	**(758)**	**307**

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)
Tangible fixed assets and intangible assets	65 649	2 970	10 804	79 423
Investment property	0	0	1 253	1 253
Deferred income tax assets and long-term financial assets	0	0	6 422	6 422
Inventory	29 436	1 291	0	30 727
Trade receivables (net value)	6 466	436	0	6 902
Unallocated current assets	0	0	21 762	21 762
Total assets	**101 551**	**4 697**	**40 241**	**146 489**
Trade liabilities	10 345	381	907	11 633
Deferred income	0	0	7 011	7 011
Credits, loans and liabilities arising from finance lease agreements	0	0	17 037	17 037
Unallocated liabilities and provisions	0	0	8 118	8 118
Total liabilities and provisions	**10 345**	**381**	**33 073**	**43 799**

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)
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	3 977	41	210	4 228
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:	**79 922**	**100.00%**	**79 845**	**100.00%**	**38 065**	**100.00%**
Jastrzębska Spółka Węglowa S.A.	4 864	6.09%	3 088	3.87%	1 953	5.13%
*including KUKE factoring**	*0*					
PGG SP.Z O.O.	57 550	72.01%	20 207	25.31%	18 474	48.53%
*including KUKE factoring**	*0*					
PG SILESIA	2 645	3.31%	2 132	2.67%	1 365	3.59%
BECKER WARKOP	239	0.30%	102	0.13%	0	0.00%
PGE	699	0.87%	451	0.56%	437	1.15%
UNGAREX S.C.	1 366	1.71%	1 904	2.38%	740	1.94%
SBM MINERAL PROCESSING	2 751	3.44%	6 084	7.62%	3 517	9.24%
J.D. AUSTRIA	1 854	2.32%	43	0.05%	43	0.11%
JZR	1 389	1.74%	2 635	3.30%	1 321	3.47%
TIM INVEST	980	1.23%	709	0.89%	333	0.87%
UNGAREX SP. Z O.O.	582	0.73%	758	0.95%	0	0.00%
Other recipients	5 003	6.26%	41 732	52.27%	9 882	25.96%

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 period end, including:	**15 672**	**100.00%**	**4 221**	**100.00%**	**6 902**	**100.00%**
Jastrzębska Spółka Węglowa S.A.	1 288	8.22%	1 267	30.02%	230	3.33%
PGG SP.Z O.O.	11 609	74.07%	246	5.83%	456	6.61%
PG SILESIA	170	1.08%	0	0.00%	627	9.08%
BECKER WARKOP	0	0.00%	0	0.00%	0	0.00%
PGE	364	2.32%	0	0.00%	0	0.00%
UNGAREX S.C.	98	0.63%	234	5.54%	508	7.36%
SBM MINERAL PROCESSING	0	0.00%	557	13.20%	564	8.17%
J.D. AUSTRIA	355	2.27%	0	0.00%	0	0.00%
JZR	417	2.66%	352	8.34%	1 325	19.20%
TIM INVEST	0	0.00%	0	0.00%	290	4.20%
UNGAREX SP. Z O.O.	296	1.89%	238	5.64%	0	0.00%
Other recipients	1 075	6.86%	1 327	31.44%	2 902	42.05%

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 in PLN thousand	% share in sales
PPHU Mirpol Mirosław Kobiór	12 285	15.37%	10 313	12.92%	3 874	10.18%
KUŹNIA OSTRÓW WIELKOPOLSKI	720	0.90%	292	0.37%	216	0.57%
MEGA STEEL	1 125	1.41%	3 550	4.45%	1 948	5.12%
KONKO S.A.	2 410	3.02%	1 498	1.88%	1 462	3.84%
HUTA MAŁAPANEW	4 832	6.05%	7 585	9.50%	4 521	11.88%
UNIPOL	1 029	1.29%	3 267	4.09%	813	2.14%
ARCELORMITTAL	1 010	1.26%	2 744	3.44%	1 240	3.26%
BECKER-WARKOP	2 483	3.11%	0	0.00%	0	0.00%
MODELFORM	1 735	2.17%	63	0.08%	0	0.00%
GRENEVIA S.A.	1 181	1.48%	506	0.63%	0	0.00%
DAMEL	695	0.87%	722	0.90%	0	0.00%
REMA-POL	1 064	1.33%	950	1.19%	266	0.70%

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:	**7 745**	**100.00%**	**6 504**	**100.00%**	**11 633**	**100.00%**
PPHU Mirpol Mirosław Kobiór	1 239	16.00%	0	0.00%	0	0.00%
KUŹNIA OSTRÓW WIELKOPOLSKI	64	0.86%	0	0.00%	60	052%
MEGA STEEL	287	3.71%	1 230	18.91%	1 794	15.42%
KONKO S.A.	0	0.00%	0	0.00%	1 714	14.73%
HUTA MAŁAPANEW	0	0.00%	916	14.08%	1 459	12.54%
UNIPOL	66	0.85%	0	0.00%	0	0.00%
ARCELORMITTAL	221	2.85%	781	12.01%	567	4.87%
BECKER-WARKOP	9	0.12%	0	0.00%	0	0.00%
MODELFORM	474	6.12%	31	0.48%	0	0.00%
GRENEVIA S.A.	1 063	13.72%	0	0.00%	0	0.00%
DAMEL	364	4.70%	0	0.00%	0	0.00%
REMA-POL	399	5.15%	572	8.79%	98	0.84%
Other Suppliers	3 559	45.95%	2 974	45.73%	5 941	51.07%

5.19. 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 Company could utilize the overdraft facility up to PLN 400 thousand of which only the amount of PLN 1 thousand was disposed.

Moreover, the 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 Company may additionally dispose the unused amount of PLN 10 499 thousand resulting from the overdraft facility and factoring limit.

Specification / data in PLN thousand	6 months period from 1st January 2023 to 30th June 2023	3 months period from 1st of 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 fixed assets, intangible assets, investment property	13	9	39	39
Impairment loss on fixed assets (in accordance with Note 2 and Note 14)	0	0	0	0
Reversal of impairment loss on 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 certificate sale	0	0	0	0
Profit loss on investment property sale	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 2022 to 30th June 2022
Change in liabilities provisions and deferred income tax provisions, including:	**234**	**5**	**(294)**	**554**
Change in liabilities provisions (in accordance with Note 10)	0	(353)	0	0
Deferred tax on revaluation surplus	0	0	0	0
Change in deferred income tax provision settled with the financial result (in accordance with Note 17)	(188)	(199)	(449)	199
Change in assets for deferred income tax settled with the financial result (in accordance with Note 17)	422	557	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:	**2 589**	**(5 054)**	**7 603**	**820**
Balance sheet change in liabilities	0	0	0	0
Borrowings (loans and credits)	0	0	0	0
Repayment of loans and credits	0	0	0	0
Change in carrying amount	0	0	0	0
Change in other long-term financial liabilities (in accordance with Note 9)	0	0	0	0
Change in other long-term non-financial liabilities (in accordance with Note 9)	194	970	(161)	(531)
Change in other short-term financial liabilities (in accordance with Note 9)	1 241	(6 182)	8 434	2 752
Change in other short-term non-financial liabilities (in accordance with Note 9)	3 029	2 033	809	78
Adjustment for increase in liabilities under finance lease agreements concluded in the given period (in accordance with Note 9)	0	0	0	0
Adjustment for repayment of liabilities under finance lease agreements in the given period (in accordance with Note 9	0	0	0	0
Adjustment for subsidies related to assets received in the given period (shown in a separate item of the Cash Flow Statement from financing activities - in accordance with Note 9)	(1 875)	(1 875)	(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:	**(346)**	**(49)**	**(25)**	**(10)**
Change in tangible fixed assets and intangible assets	0	0	0	0
Depreciation	0	0	0	0
Depreciation cost included in development works	0	0	0	0
Non-amortised value	0	0	0	0
Revaluation	0	0	0	0
Acquisition of intangible assets and tangible fixed assets (in accordance with Note 1 and Note 2)	(29)	(19)	(110)	(30)
Change in the balance of tangible fixed assets under construction (in accordance with Note 2)	(990)	(581)	(157)	(100)
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 (account 400-99)	673	551	242	120
Other adjustments	0	0	0	0

5.20. 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:		15 672	4 221	7 085
Trade receivables (net value)	4	15 672	4 221	6 902
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	30 172	13 343	1 927
Total assets by category		**48 045**	**20 646**	**12 975**
Financial liabilities measured at fair value through comprehensive income		0	0	0
Derivative liabilities designated as hedging instruments		0	0	0
Financial liabilities measured at amortized cost, including:		28 110	21 465	28 670
Trade liabilities	9	7 745	6 504	11 633
Other financial liabilities	9	0	0	0
Credits and loans liabilities	8	12 365	14 961	17 037
Liabilities arising from finance lease and other	9	0	0	0
Total liabilities by category		**20 110**	**21 465**	**28 670**

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	15 672	4 221	6 902
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	30 172	13 343	1 927
Total assets by class		**48 045**	**20 646**	**12 975**
Trade liabilities and other financial liabilities	9	7 745	6 504	11 633
Liabilities arising from credits and loans	8	12 365	14 961	17 037
Liabilities arising from finance lease	9	0	0	0
Total financial liabilities by class		**20 110**	**21 465**	**28 670**

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	Nota	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) through currency fluctuations	15,16	(75)	26	13
Impairment losses	4	0	(65)	0
Reversal of impairment losses	4	239	261	103
Total net profit (loss)		**483**	**783**	**305**
Items of revenue (costs) related to the category of instruments "Other liabilities" and "Liabilities arising from finance lease"				
Interest revenue (cost)	16	199	(27)	(139)
Profits (losses) through currency fluctuations	15,16	199	(27)	(139)
Total net profit (loss)		**398**	**(390)**	**86**

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 Company:

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

- The Company did not take over any assets as collateral (IFRS 7, § 38)

The Company 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 Company operations and to invest surplus liquid cash on an ad hoc basis. The Company 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 Company'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 Company is exposed to the risk of changes in interest rates. The average interest rate of loans used by the Company 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 Company 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 Company is exposed in the event of the interest rate increase on financial liabilities by 1 percentage point	122	150	170

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

Exchange rate risk. The Company 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 Company 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 Company is exposed to additional financial costs resulting from the valuation of liabilities arising from loan agreements concluded in EUR. 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 Company 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

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

Risk of changes in the prices of raw materials for production. The main problem is the market risk of changes in the prices of materials for production. Production costs largely depend on changes in the prices of materials, including steel products (sheets, plates, sections). In recent years, high volatility of prices of steel products has been observed. Certain hedge against short-term increases in raw material prices are high inventories of materials for production. The Company 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 Company 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 Company’s financial result. However, due to the actions taken by the 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 Company in the future.

Risk related to public tenders. Significant part of the Company's revenues comes from the implementation of won public tenders, where the price offered has the primary impact on the final result. Currently, the Company calculates its price offers at the level ensuring fair margin, which may not always be the case in the future. The additional element increasing the risk of potentially worse financial results is opposition to tender provisions by other tender participants, which leads to extending the time of signing 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 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 Company’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 Company. The Company may be exposed to the necessity to incur additional costs related to possible complaints. However, in the opinion of the Management Board, 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 84% of the Company's revenues in the audited period of 2023 and 54% in the corresponding period of 2022 were made for such recipients as Jastrzębska Spółka Węglowa S.A., Famur, Polska Grupa Górnicza, PG Silesia, PGE and JZR. The remaining sales were carried out, among others, for such recipients as Becker Warkop, Ungarex, SBM Mineral and TIM Invest. The value of revenues for the aforementioned customers in 2023 was over 15%, and in 2022 over 45% 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 main 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 Company's Management Board, 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 Company have a significant share in the supply of materials and commercial goods, including metallurgical products. In the event of cooperation termination with the Company 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.

<u>Risk resulting from grants obtained from EU funds</u>. 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.

<u>Risk of granted collateral on assets</u>. 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 Company 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 Company. Liabilities are settled regularly by the Company and at present there is no such threat.

<u>Risk of applying tax law and changes in legal regulations</u>. 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 Company. 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 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 88% of the total balance of trade receivables disclosed in the balance sheet assets. As at 30th June 2022, the receivables concentration ratio was 38%. 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.

With regard to other financial assets, including cash and cash equivalents and deposits, the Company'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 Company 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 Company 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 Company 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 Company, in the opinion of the Management Board, there is no risk of losing access to financing. The 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	7 745	0	0	0	**7 745**	**7 745**
Other financial liabilities	643	0	0	0	**643**	**643**
Bank loans (gross with interest due in the period)	1 194	3 472	6 423	2 522	**13 611**	**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)	0	0	0	0	**0**	**0**
Total financial liabilities in individual maturity ranges (planned expenses)	**9 582**	**3 472**	**6 423**	**2 522**	**21 172**	**30 172**
Cash in bank accounts	30 172	0	0	0	**30 172**	**30 172**
Available, unused credit balance on the current account	10 499	0	0	0	**10 499**	**0**
Current trade receivables and receivables overdue up to 90 days	15 667	0	0	0	**15 667**	**15 667**
Net trade receivables overdue more than 90 days net	5	0	0	0	**5**	**5**
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**	**2 201**
Total inflows planned for the period	**56 837**	**1 413**	**448**	**0**	**58 698**	**48 045**
Surplus (shortage) of planned inflows over planned outflows in the period	**47 255**	**(2 059)**	**(5 975)**	**(2 522)**	**36 699**	**27 292**

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	6 504	0	0	0	**6 504**	**6 504**
Other financial liabilities	0	0	0	0	**0**	**0**
Bank loans (gross with interest due in the period)	1 428	3 722	11 107	235	**16 492**	**14 961**
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)	0	0	0	0	**0**	**0**
Total financial liabilities in individual maturity ranges (planned expenses)	**7 932**	**3 722**	**11 107**	**235**	**22 996**	**21 465**
Cash in bank accounts	13 343	0	0	0	**13 343**	**13 343**
Available, unused credit balance on the current account	10 200	0	0	0	**10 200**	**0**
Current trade receivables and receivables overdue up to 90 days	4 453	0	0	0	**4 453**	**4 453**
Net trade receivables overdue more than 90 days net	511	0	0	0	**511**	**511**
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	**29 024**	**1 484**	**1 379**	**0**	**31 887**	**21 389**
Surplus (shortage) of planned inflows over planned outflows in the period	**21 092**	**(2 230)**	**(9 728)**	**(235)**	**8 891**	**(76)**

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	11 633	0	0	0	**11 633**	**11 633**
Other financial liabilities	547	0	0	0	**547**	**547**
Bank loans (gross with interest due in the period)	1 130	3 544	8 229	5 238	**18 141**	**17 037**
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)	0	0	0	0	**0**	**0**
Total financial liabilities in individual maturity ranges (planned expenses)	**13 310**	**3 544**	**8 229**	**5 238**	**30 321**	**29 217**
Cash in bank accounts	1 927	0	0	0	**1 927**	**1 927**
Available, unused credit balance on the current account	10 611	0	0	0	**10 611**	**0**
Current trade receivables and receivables overdue up to 90 days	6 902	0	0	0	**6 902**	**6 902**
Net trade receivables overdue more than 90 days net	0	0	0	0	**0**	**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**	**3 963**
Total inflows planned for the period	**20 168**	**1 545**	**2 352**	**0**	**24 065**	**12 975**
Surplus (shortage) of planned inflows over planned outflows in the period	**6 858**	**(1 999)**	**(5 877)**	**(5 238)**	**(6 256)**	**(16 242)**

Another liquidity risk measure monitored by the 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 a given balance sheet date. The Company assumes maintaining the Equity-to-Assets ratio at a level not lower than 0.5. As at 30th June 2023, the ratio is 0.76.

Debt/EBITDA ratio is calculated as the proportion of credits and loans liabilities and liabilities arising from financial lease agreements to the sum of EBITDA. The EBITDA value is the sum of operating profit and depreciation. The Company assumes maintaining the debt level ratio at a level no higher than 2.5. 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	123 744	106 455	102 690
Total assets	162 667	143 679	146 489
Equity-to-Assets ratio	**0.76**	**0.74**	**0.70**

Calculation of Debt/EBITDA ratio (proportion liabilities from loans, credits and finance leases to EBITDA)			
Operating profit	18 179	3 520	494
Depreciation and amortization	4 540	8 794	4 228
EBITDA (sum of operating profit and depreciation and amortization)	22 719	12 314	4 722
Total liabilities arising from credits, loans and finance lease agreements	12 365	14 961	17 037
Debt/EBITDA ratio (for six-month periods the indicator value was averaged for the entire year)	**0.27**	**1.21**	**1.80**

5.21. Note 21 – Contingent receivables and contingent liabilities

In the current reporting period the 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
Promissory notes issued as collateral, including:	**36 913**	**38 146**	**49 927**
bank loans	18 292	18 292	23 292
lease liabilities	0	0	0
subsidies received from EU funds	17 260	17 260	25 956
other (separate specification)	1 361	2 594	679
Collateral for bank loans, including:	**129 992**	**137 514**	**137 452**
Mortgage on property (fixed assets and investment property) to secure liabilities arising from bank loans	28 326	30 876	30 876
Registered pledge amount or transfer of title of 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	39 128	39 914	39 883
Assignment of future claim from BGK	0	0	0
Declaration of submission to enforcement	27 883	31 283	31 283
Total contingent liabilities	**166 905**	**175 660**	**187 379**

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

As part of its business activities, the 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 – Company's Management Board concluded that there is no risk of significant costs of warranty repairs in the future. In the opinion of the 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 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 Company as collateral for the due deposit and due performance of commercial contracts. In order to receive the guarantee, the 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 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 payment guarantees provided by other entities at the request of the Company	0	0	0
Total value of the guarantees for proper removal of defects and faults granted by other entities at the request of the Company	84	0	332
Total value of the guarantees under the warranty and quality warranty granted by other entities at the request of the Company	0	84	0
Total value of guarantees granted by Patentus S.A. securing the repayment of liabilities incurred by subsidiaries	0	0	0
Total value of issued guarantees	**1 361**	**2 594**	**679**

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

Promissory notes securing the 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 thousand	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. + interest	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	National Center for Research and Development 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. + interest	805	1 265
5	25th April 2016		blank promissory note	ING Bank Śląski SA	Multi-product agreement 889/2015/0000771/00	29th November 2023	to the amount of PLN 2 400 thous.	1	0
6	29th November 2017		blank promissory note	Kuke Finance SA	Factoring agreement 0096/2017	indefinitely	to the amount of PLN 9 000 thous.	0	10 811
7	3rd September 2018		blank promissory note	National Center for Research and Development Warszawa	Co-financing for the contract 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	Society for Social and Economic Investments SA Warszawa	Loan agreement no 42178	12th October 2025	to the amount of 1.200 thous. PLN	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

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 thousand	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. + 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	Silesian Center of Entrepreneurship with its registered office in Chorzów	Co-financing for the project UDA-RPSL.03.02.001-24-0678 / 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 PLN 4 081 thous.	2 076	3 359
14	30th May 2022		blank promissory note	Regional Development Agency S.A.	investment agreement no. 04/ARRBB/POIR/2022	20th May 2028	to the amount PLN 3 100 thous. + interest	2 771	3 100
							Total	**13 024**	**29 968**

Promissory notes guaranteeing the off-balance sheet liabilities of the 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 thousand	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	651
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**

5.22. 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 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)	17 708	3 098	307
Net profit (loss) per share and diluted net profit (loss) per share (in PLN)	0.60	0.11	0.01

The 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 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.

Implementation of the dividend payment policy from the profits achieved by the Company in the following years will be conditioned by satisfying the Company's demand for funds resulting from the investment program of PATENTUS S.A.

5.23. 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.

5.24. Note 24 – Events that occurred 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.

5.25. Note 25 – Threats to going concern

Financial statements have been prepared on the assumption that the Company 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 Management Board of the Company does not identify any facts or circumstances that would indicate a threat to the going concern in the foreseeable future.

5.26. Note 26 – Transactions with related entities

The entities related to the Company are:

- Shareholders of the 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 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 Company does not have any post-employment benefit programs aimed at employees of the Company or other related entity.

The Company holds shares in the capital of the subsidiary Zakład Konstrukcji Spawalniczych "Montex" Sp. z o.o. with headquarters in Świętochłowice.

The Company does not hold capital shares in other entities.

The scope of mutual transactions with related entities includes commercial transactions concluded between the Company and close family members of Shareholders or close family members of members of the Management and Supervisory bodies. Moreover, upon the acquisition of shares in the subsidiary in 2012, there were also transactions conducted with this entity The 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	15	0	0	0

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 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

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	0	0

5.27. Note 27 – Information on benefits for Key Management Personnel and Supervisory Board

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

The Company paid benefits to members of the Management Board and Chief Officers. Remuneration under the employment relationship and other employee benefits paid to this group of staff broken down by basic types of benefits are presented in the table below:

Key Managing Personnel Data in PLN thousand	Position	Type of benefit	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
Duda Józef	President of the Management Board – shareholder	remuneration for employment	0	0	0
		remuneration for performing the function	240	441	200
		bonuses and rewards for performing the function	155	0	0
Duda Stanisław	Vice President of the Management Board	remuneration for employment	0	0	0
		remuneration for performing the function	240	441	200
		bonuses and rewards for performing the function	155	0	0
Duda Małgorzata /Wiktor/	Commercial Proxy – shareholder	remuneration for employment	0	0	0
		remuneration for performing the function	150	276	125
		bonuses and rewards for performing the function	54	0	0
Duda Małgorzata /Wąs/	Financial Chief Officer – shareholder	remuneration for employment	0	0	0
		remuneration for performing the function	150	276	125
		bonuses and rewards for performing the function	54	0	0
Krystyna Ligas	Chief Accountant	remuneration for employment	83	165	73
		other employee benefits	0		0
Total remuneration for the Management Board			**0**	**0**	**0**
Remuneration for performing the function			**480**	**882**	**400**
Bonuses and rewards for performing the function Management Board			**310**	**0**	**0**
Total remuneration for Chief Officers and Commercial Proxies			**0**	**0**	**0**
Remuneration for performing the function Chief Officers and Commercial Proxies			**300**	**552**	**250**
Bonuses and rewards Chief Officers and Commercial Proxies			**108**	**0**	**0**
Total remuneration Management Personnel			**83**	**165**	**73**
Total remuneration and other benefits for the Key Management Personnel			**1 281**	**1 599**	**723**

Other employee benefits include payments from the Company Social Benefits Fund and reimbursement of costs of periodic medical examinations.

Members of the Key Management Personnel did not receive post-employment benefits, termination benefits, share-based benefits, and bonuses from profit.

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

Supervisory Board Data PLN thousand	Position	Type of benefit	Period from 1st January 2023 to 30th June 2023	Period from 1st January 2022 to 30th December 2022	Period from 1st January 2022 to 30th June 2022
Waszkielewicz Wiesław	Chairman of Supervisory Board	remuneration for serving as Supervisory Board member	16	23	8
		other benefits	0	0	0
Gotz Anna	Member of Supervisory Board	remuneration for serving as Supervisory Board member	16	23	8
		other benefits	0	0	0
		remuneration from the employment – assistant in the sales department	55	95	44
Duda Łukasz	Member of Supervisory Board	remuneration for serving as Supervisory Board member	16	23	8
		remuneration from the employment	68	93	37
Szymczak Jakub	Member of Supervisory Board	remuneration for serving as Supervisory Board member	16	24	9
Głombek Edyta	Member of Supervisory Board	remuneration for serving as Supervisory Board member	16	24	8
Total remuneration for serving as Supervisory Board member			**80**	**117**	**42**
Total remuneration under the employment contract			**123**	**188**	**81**

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

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

5.29. Note 29 – Information on average employment rate

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

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	
	Total	including women	Total	including women	Total	including women
Total employment, including:	**121**	**29**	**119**	**28**	**116**	**28**
Employees in direct production positions	63	2	62	2	59	2
Service employees	32	10	31	9	31	9
Management Board and administration	26	17	26	17	26	17

5.30. Note 30 – Agreements with senior auditor

The 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 table expressed in PLN thousand, unless stated otherwise)

5.31. Signatures of persons responsible for financial statement 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 09:21:28 CEST
29th August 2023	Stanisław Duda	Vice President of the Management Board	Document signed by Stanisław Ryszard Duda Date: 29th August 2023 09:19:48 CEST
29th August 2023	Krystyna Ligas	Chief Accountant Person responsible for bookkeeping	Document signed by Krystyna Ligas Date: 29th August 2023 09:21:59 CEST

Company's seal

(amounts in table expressed in PLN thousand, unless stated otherwise)

6. Statement of the Company's Management Board on the reliability of the preparation of the semi-annual separate financial statements

To the best of our knowledge, the semi-annual separate financial statements have been prepared in accordance with the applicable accounting principles, and reflect truthfully, fairly and clearly the property and financial situation of PATENTUS S.A. and its net profit.

Semi-annual report on the operations of the Company presents the true picture of development, achievements and situation of PATENTUS S.A. including the description of the main threats and risks.

Signatures of all Members of the 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 09:20:59 CEST
29th August 2023	Stanisław Duda	Vice President of the Management Board	Document signed by Stanisław Ryszard Duda Date: 29th August 2023 09:19:14 CEST

Company's seal

(amounts in table expressed in PLN thousand, unless stated otherwise)

7. Statement of the Company's Management Board on the entity authorized to audit the semi-annual separate 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 09:20:21 CEST
29th August 2023	Stanisław Duda	Vice President of the Management Board	Document signed by Stanisław Ryszard Duda Date: 29th August 2023 09:18:45 CEST

Company's seal