

SECO/WARWICK

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD **1 JANUARY – 31 DECEMBER 2024**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN '000)

	Note	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Revenue	1	**712,825**	**683,659**
Cost of sales	3	**-563,204**	**-530,548**
Gross profit		**149,621**	**153,111**
Other income	4	4,388	4,337
Distribution costs	3	-44,624	-44,619
Administrative expenses	3	-70,621	-68,094
Impairment of receivables and contract assets	4	-1,315	-761
Other expenses	4	-5,691	-3,474
Operating profit		**31,758**	**40,500**
Finance income	5	6,314	8,730
Finance costs	5	-10,174	-18,725
Share of net profit/(loss) of equity-accounted associates		-163	-234
Profit before tax		**27,735**	**30,271**
Income tax	6	-3,046	6,233
Net profit from continuing operations		**24,689**	**36,504**
Profit from discontinued operations		-	-
Net profit		**24,689**	**36,504**
Net profit attributable to			
Owners of the parent		**24,327**	**35,406**
Non-controlling interests		362	1,098

The statement of comprehensive income should be read in conjunction with the notes and additional information.

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Profit	**24,689**	**36,504**
OTHER COMPREHENSIVE INCOME:		
Items not to be reclassified to profit/(loss) in subsequent reporting periods	-	-
Actuarial gains/losses on a defined benefit pension plan	-	-
Items which may be reclassified to profit/(loss) in subsequent reporting periods	**493**	**-7,735**
Valuation of cash flow hedge derivatives	-1,652	2,380
Exchange differences on translating foreign operations	2,145	-10,115
Other comprehensive income before tax	**493**	**-7,735**
Income tax on other comprehensive income		
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	314	-452
Total other comprehensive income, net	**807**	**-8,187**
Total comprehensive income	**25,496**	**28,317**
Total comprehensive income attributable to		
Owners of the parent	25,473	28,051
Non-controlling interests	23	266

EARNINGS PER SHARE

	7	
- basic earnings per share from continuing operations attributable to owners of the parent	2.81	4.23
- basic earnings (loss) per share	2.81	4.23
- diluted earnings per share from continuing operations attributable to owners of the parent	2.80	4.14
- diluted earnings (loss) per share	2.80	4.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN '000)

	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Property, plant and equipment	*9*	92,851	59,575
Right-of-use assets	*9*	46,583	41,362
Investment property		-	255
Goodwill	*12*	31,748	31,748
Intangible assets	*11*	54,287	52,310
Long-term trade and other receivables	*16*	1,916	1,325
Other non-financial assets	*17*	3	63
Deferred tax assets	*6*	1,691	3,241
Non-current assets		**229,079**	**189,879**
Inventories	*14*	85,892	88,785
Short-term trade and other receivables	*16*	111,046	132,320
Income tax assets	*16*	4,361	2,138
Other financial assets	*17*	1,764	4,182
Other non-financial assets	*18*	5,079	3,925
Contract assets	*15*	118,983	126,133
Cash and cash equivalents	*19*	145,837	75,736
Current assets other than held for sale		**472,962**	**433,219**
Assets classified as held for sale	*36*	6,811	3,477
Current assets		**479,773**	**436,696**
TOTAL ASSETS		**708,853**	**626,575**

The statement of financial position should be read in conjunction with the notes and additional information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN '000)

	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Share capital	*20*	3,556	3,556
Share premium reserve	*20*	78,666	78,666
Treasury shares	*20*	-18,536	-20,268
Other capital reserves	*20*	57,802	57,022
Retained earnings	*20*	139,702	123,991
Equity attributable to owners of the parent		**261,190**	**242,967**
Non-controlling interests		**2,698**	**2,675**
Equity		**263,888**	**245,642**
Borrowings	*21*	23,436	8,806
Lease liabilities	*22*	39,337	32,654
Derivative financial instruments	*16*	20	-
Other non-current liabilities		1,723	-
Deferred tax liabilities	*6*	6,292	8,680
Employee benefit obligations	*24*	1,445	1,604
Contract liabilities	*15*	-	1,341
Non-current liabilities		**72,253**	**53,085**
Borrowings	*21*	62,100	44,451
Lease liabilities	*22*	8,062	7,043
Derivative financial instruments		163	-
Other financial liabilities		1,163	-
Trade and other payables	*23*	80,045	79,452
Employee benefit obligations	*24*	31,284	28,155
Other provisions	*25*	11,485	10,506
Contract liabilities	*15*	174,157	156,758
Current liabilities excluding liabilities related to assets held for sale		**368,459**	**326,365**
Liabilities directly related to non-current assets classified as held for sale	*36*	4,253	1,483
Current liabilities		**372,712**	**327,848**
Total liabilities		**444,965**	**380,933**
TOTAL EQUITY AND LIABILITIES		**708,853**	**626,575**

The statement of financial position should be read in conjunction with the notes and additional information.

CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN '000)

	Note	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Cash flows from operating activities			
Profit before tax		**27,735**	**30,271**
Total adjustments:	*26*	**80,083**	**33,545**
Share of net (profit)/loss of joint venture	*13*	163	234
Depreciation and amortisation	*3*	18,478	16,304
Foreign exchange (gains)/losses	5	1,688	-5,546
Adjustments due to finance income/(costs)		8,148	6,967
Gain/(loss) on investing activities		-1,486	1,532
Other adjustments		69	-546
Changes in items of the statement of financial position:	**26**		
Change in provisions	26	2,591	1,524
Change in inventories	26	3,773	-3,469
Change in receivables	26	23,560	-36,317
Change in current liabilities (other than financial liabilities)	26	368	4,621
Change in contract assets and liabilities	26	20,381	49,050
Change in currency derivative instruments	26	1,009	-2,535
Adjustments due to share-based payments	*26*	1,342	1,726
Cash provided by operating activities		**107,818**	**63,816**
Income tax paid		-6,437	-5,251
Net cash from operating activities		**101,381**	**58,565**
CASH FLOWS FROM INVESTING ACTIVITIES	**26**		
Proceeds from disposal of intangible assets and property, plant and equipment		115	286
Other cash outflows on financial assets		-956	-
Investments in intangible assets and property, plant and equipment	*26*	-41,305	-21,909
Net cash from investing activities		**-42,147**	**-21,623**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares or other equity instruments and from contributions to equity		24	24
Proceeds from borrowings	26	48,339	10,456
Dividends and other distributions to owners	*8*	-8,616	-8,496
Repayment of bank borrowings	26	-16,874	-22,571

Payment of lease liabilities	26	-5,917	-6,446
Payment of interest	26	-6,041	-8,107
Net cash from financing activities		**10,915**	**-35,140**
Increase (decrease) in cash and cash equivalents before the effect of exchange rate changes		**70,148**	**1,802**
Effect of exchange rate changes on cash and cash equivalents		-46	34
Increase (decrease) in cash and cash equivalents		**70,102**	**1,836**
Cash at beginning of period		**75,736**	**73,900**
Cash at end of period		**145,837**	**75,736**

The statement of cash flows should be read in conjunction with the notes and additional information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(PLN '000)

	Share capital	Share premium reserve	Treasury shares	Other capital reserves	Retained earnings / accumulated losses	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
Note	*20*	*20*	*20*	*20*	*20/20*	***2***		
Equity as at 1 Jan 2024	**3,556**	**78,666**	**-20,268**	**57,022**	**123,991**	**242,967**	**2,675**	**245,642**
Profit for period	-	-	-	-	24,327	24,327	362	24,689
Other comprehensive income	-	-	-	1,146	-	1,146	-339	807
Total comprehensive income for the year	**-**	**-**	**-**	**1,146**	**24,327**	**25,473**	**23**	**25,496**
Sale of treasury shares under the incentive scheme	-	-	1,732	-1,709	-	24	-	24
Payment of dividend	-	-	-	-	-8,616	-8,616	-	-8,616
Capital reserve for repurchase of shares	-	-	-	1,342	-	1,342	-	1,342
Cancellation of treasury shares		-			-	-	-	-
Changes in equity		**-**	**1,732**	**780**	**15,711**	**18,223**	**23**	**18,245**
Equity as at 31 Dec 2024	**3,556**	**78,666**	**-18,536**	**57,802**	**139,702**	**261,190**	**2,698**	**263,888**
Equity as at 1 Jan 2023	**3,616**	**78,666**	**-28,532**	**70,831**	**97,081**	**221,662**	**2,409**	**224,071**
Profit for period	-	-	-	-	35,406	35,406	1,098	36,504
Other comprehensive income	-	-	-	-7,355	-	-7,355	-832	-8,187
Total comprehensive income for the year	**-**	**-**	**-**	**-7,355**	**35,406**	**28,051**	**266**	**28,317**
Sale of treasury shares under the incentive scheme	-	-	3,000	-2,976	-	24	-	24
Payment of dividend	-	-	-	-	-8,496	-8,496	-	-8,496
Capital reserve for repurchase of shares	-	-	-	1,726	-	1,726	-	1,726
Cancellation of treasury shares	-60	-	5,264	-5,204	-	-	-	-
Changes in equity	**-60**	**-**	**8,264**	**-13,809**	**26,910**	**21,305**	**266**	**21,571**
Equity as at 31 Dec 2023	**3,556**	**78,666**	**-20,268**	**57,022**	**123,991**	**242,967**	**2,675**	**245,642**

The statement of changes in equity should be read in conjunction with the notes and additional information.



SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2024

I. GENERAL INFORMATION

1. The Parent

The parent of the SECO/WARWICK Group (the "Group" or the "SECO/WARWICK Group") is SECO/WARWICK Spółka Akcyjna of Świebodzin (the "Company" or the "Parent"). The Company was incorporated on 2 January 2007 and registered by the District Court for Zielona Góra, 8th Commercial Division of the National Court Register, in the Register of Businesses of the National Court Register under No. KRS 0000271014.

Name of the reporting entity or other identification data: SECO/WARWICK S.A.

Registered office: Poland

Legal form: Joint-stock company (spółka akcyjna)

Country of registration: Poland

Registered office address: ul. Sobieskiego 8, 66-200 Świebodzin, Poland

Principal place of business: ul. Sobieskiego 8, 66-200 Świebodzin, Poland

Principal business activity: the operations of the SECO/WARWICK Group are divided into four main product groups: vacuum furnaces, aluminium heat treatment systems and CAB lines, melting furnaces, aftersales services.

Industry Identification Number (REGON): 970011679

Principal business according to the Polish Classification of Business Activities (PKD):

28,21,Z	Manufacture of ovens, furnaces and furnace burners
25	Manufacture of fabricated metal products, except machinery and equipment
33	Repair, maintenance, and assembly of machinery and equipment
46	Wholesale trade, except motor vehicles and motorcycles
49	Land transport and transport via pipelines
52	Warehousing and support activities for transportation
62	Computer programming, consultancy and related activities
71	Architectural and engineering activities; technical testing and analysis
72	Scientific research and development
64,20,Z	Activities of financial holding companies

The SECO/WARWICK Group is a producer of heat processing equipment. Thanks to its R&D centre equipped with industrial furnaces and cooperation with technical universities, the Group provides innovative solutions tailored to customer needs.
The SECO/WARWICK Group comprises nine companies operating in three continents. These companies operate and implement technological processes for manufacturers involved with steel, titanium and aluminium production, aluminium recycling, forging, automotive, aerospace, commercial heat treating, HVAC/R, electronics, wind energy, medical equipment, nuclear and other industries.

2. Duration of the Group

SECO/WARWICK S.A. and other companies of the SECO/WARWICK Group were incorporated to operate for an unlimited period of time, except SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd., which was established to operate for 27 years, i.e. until 5 May 2037.

The financial statements of all Group entities have been prepared for the same period as the Parent's financial statements, using uniform accounting policies.

The financial year of the Parent and the Group companies is the calendar year.

3. Presented periods

These consolidated financial statements cover the 12 months ended 31 December 2024.

Comparative data is presented:

- as at 31 December 2023 – in the case of the consolidated statement of financial position,
- for the period 1 January–31 December 2023 − in the case of the consolidated statement of comprehensive income,
- for the period 1 January–31 December 2023 − in the case of the consolidated statement of cash flows,
- for the period 1 January–31 December 2023 − in the case of the consolidated statement of changes in equity.

4. Composition of SECO/WARWICK S.A.'s governing bodies

As at the date of authorisation of these financial statements for issue and as at 31 December 2024 and 31 December 2023, the Management Board of SECO/WARWICK S.A. consisted of:

- Sławomir Woźniak – President of the Management Board
- Bartosz Klinowski – Member of the Management Board
- Earl Good – Member of the Management Board
- Piotr Walasek – Member of the Management Board

As at the date of authorisation of these financial statements for issue and as at 31 December 2024 and 31 December 2023, the Supervisory Board of SECO/WARWICK S.A. consisted of:

- Andrzej Zawistowski – Chair of the Supervisory Board
- Maciej Karnicki – Deputy Chair of the Supervisory Board
- Jeffrey Boswell – Member of the Supervisory Board
- Marcin Murawski – Member of the Supervisory Board
- Robert Jasiński – Member of the Supervisory Board.

Changes in the composition of the Management Board:

In the period from 1 January 2024 to the date of issue of these financial statements, there were no changes in the composition of the Management Board.

Changes in the composition of the Supervisory Board:

In the period from 1 January 2024 to the date of issue of these financial statements, there were no changes in the composition of the Supervisory Board.

5. Audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warsaw, Poland

6. Major holdings of shares

Shareholders holding over 5% of total voting rights at the Company's General Meeting as at 31 December 2024 are listed in the table below.

Shareholder	Number of shares	Ownership interest (%)	Number of voting rights	% of total voting rights
SW Holding	3,387,139	33.87%	3,387,139	**33.87%**
Spruce Holding Limited Liability Company (USA)	1,091,952	10.92%	1,091,952	**10.92%**
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	6.00%	600,000	**6.00%**
Generali Otwarty Fundusz Emerytalny*	640,798	6.41%	640,798	**6.41%**
PKO BP Bankowy Otwarty Fundusz Emerytalny	506,504	5.07%	506,504	**5.07%**

* formerly: NNLife Otwarty Fundusz Emerytalny

The information presented in the table is based on notifications received by the Company from the shareholders under Art. 69 of the Public Offering Act.

Treasury shares

As at 31 December 2024, SECO/WARWICK S.A. held 1,265,093 treasury shares, representing 12.65% of the share capital. The Company does not exercise voting rights attached to treasury shares.

Pursuant to a Supervisory Board resolution of 24 April 2024 and Resolution No. 22 of the Annual General Meeting of 13 June 2024 concerning the verification of achievement of Annual Targets by Incentive Scheme Beneficiaries for the financial year 2023, the ownership of a total of 118,542 Company shares was transferred following their registration in the securities accounts held by persons covered by the Incentive Scheme. The shares were sold to the Incentive Scheme beneficiaries for PLN 0.20 (twenty grosz) per share.

The sold shares represent 1.19% of the Company's share capital and confer 118,542 voting rights, or 1.19% of total voting rights, at the General Meeting. Following the sale, the Company holds 1,265,093 treasury shares, representing 12.65% of its share capital and 12.65% of total voting rights at its General Meeting.

7. Subsidiaries

As at 31 December 2024, SECO/WARWICK S.A. was the direct or indirect parent of the following companies:

- SECO/WARWICK Corporation,
- SECO/WARWICK Rus,
- Retech Systems LLC,
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.,
- SECO/WARWICK Germany GmbH,
- SECO/WARWICK Services Sp. z o.o.,
- SECO/WARWICK of Delaware, Inc.,
- Retech Tianjin Holdings LLC,
- SECO WARWICK USA HOLDING LLC,
- SECO VACUUM TECHNOLOGIES LLC,
- SECO/WARWICK INDIA PVT. Ltd.,
- SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH) (UAE).

Jointly controlled entities

- OOO SCT (Solnechnogorsk) Russia, in which SECO/WARWICK S.A. holds a 50% interest, conferring the right to 50% of total voting rights in the company.

Changes in the composition of the Group:

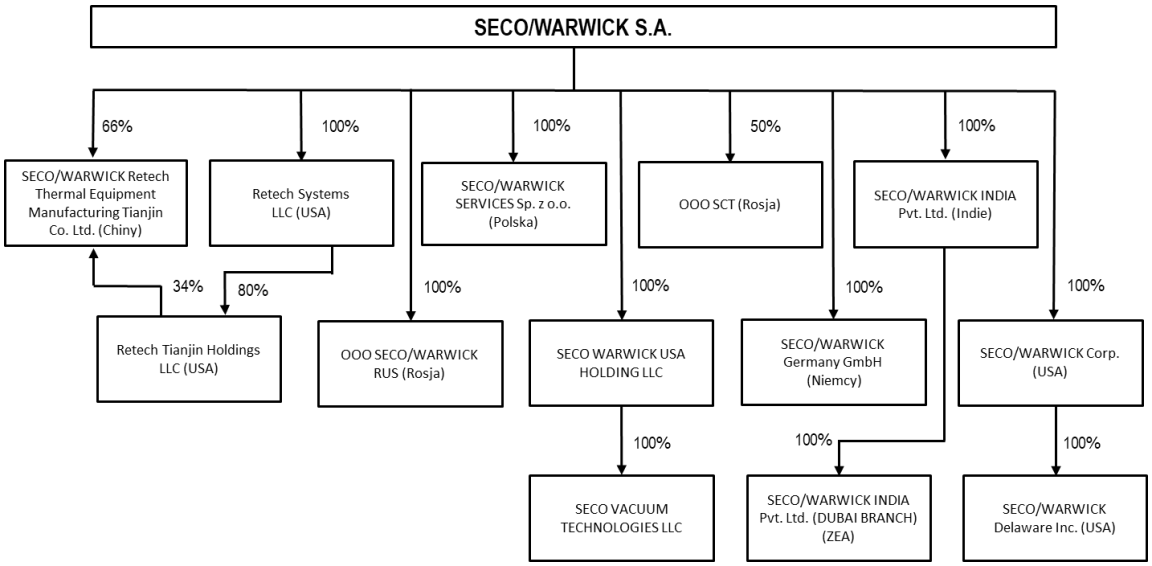
In 2024, the composition of the Group changed with the establishment of SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH) (UAE). SECO/WARWICK Systems and Services India PVT. Ltd. changed its name to SECO/WARWICK INDIA PVT. Ltd. SECO/WARWICK Technical Services (Tianjin) Co. Ltd. was liquidated.

Composition of the Group as at 31 December 2024:

Company	Registered office	Principal business activity	SECO/WARWICK ownership interest (%)
Parent			
SECO/WARWICK S.A.	Świebodzin (Poland)	Holding company of the SECO/WARWICK Group; holding equity interests and providing strategic management services; manufacture of equipment for metal heat treatment	N.A.
Direct and indirect subsidiaries			
SECO/WARWICK Corp.	Meadville (USA)	Sale, repair and maintenance services	**100%**
SECO/WARWICK of Delaware, Inc	Wilmington (USA)	Holding company; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	**100%**
SECO/WARWICK Rus	Moscow (Russia)	Distribution of the Group's products	**100%**
Retech Systems LLC	Buffalo (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	**100%**
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of equipment for metal heat treatment	**93%**
Retech Tianjin Holdings LLC	(USA)	Holding company	**80%**
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia	**50%**
SECO/WARWICK Germany GmbH	Bedburg-Hau (Germany)	Sale, repair and maintenance services	**100%**
SECO/WARWICK Services Sp. z o.o.	Świebodzin (Poland)	Repair and maintenance services	**100%**
SECO WARWICK USA HOLDING LLC	Wilmington (USA)	Holding company	**100%**
SECO VACUUM TECHNOLOGIES LLC	Wilmington (USA)	Sale and distribution of vacuum furnaces	**100%**

SECO/WARWICK India PVT. Ltd.	Mumbai (India)	Sale, repair and maintenance, and manufacture of equipment for metal heat treatment	**100%**
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)	DUBAI (UAE)	Distribution of the Group's products	**100%**

Organisation of the Group



III. EFFECT OF THE WAR IN UKRAINE ON THE GROUP'S POSITION

WAR IN UKRAINE

As at the date of this report, the armed conflict in Ukraine did not have any material adverse effect on the Group's operations. However, based on current observations, the Group identifies the following main areas of possible impact of the war in Ukraine on the Company's and the Group's operations and financial condition:

- increased volatility of exchange rate movements,
- a global economic downturn coupled with growing inflation (stagflation),
- increased geopolitical risk, resulting in a risk of lower investment activity in the industries of the Group's customers,
- possible supply chain disruptions, including shortages of some components, feedstocks and materials, such as steel, and significant price hikes,
- growing costs of energy (electricity, fuels and natural gas),
- rising interest rates resulting in higher finance costs,
- IT risks.

IV. BASIS OF ACCOUNTING

1. Basis of accounting

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union, and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 (the "Regulation").

2. Going concern assumption

These financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future comprising a period no shorter than 12 months from the end of the most recent reporting period, i.e. 31 December 2024.

As at 31 December 2024, the Parent's Management Board carried out an analysis of the Group's ability to continue as a going concern, taking into account the war in Ukraine as well as other factors, including the current backlog of orders, projected cash flow estimates, the amount of working capital, debt and available credit facilities.

Based on the analysis, the Management Board did not identify any material uncertainty as to the Group's ability to continue as a going concern for at least 12 months from the reporting date. In the opinion of the Company's Management Board, the decline in sales in Ukraine and Russia following the Russian invasion of the former country has been offset by higher sales in other geographies. However, the Management Board is aware that the war in Ukraine is highly unpredictable and uncertain, which may affect the Group's financial performance in future periods.

3. Events subsequent to the reporting date

There have been no events subsequent to the reporting date.

V. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Parent and its subsidiaries.

1) Subsidiaries

An entity is the Group's subsidiary if the Group has:

- control over the entity,
- exposure, or rights, to its variable returns,
- the ability to use its control over the entity to affect the amount of its own returns.

The acquirer recognises goodwill as of the acquisition date measured as the excess of A over B, where:
A) means the aggregaate of:

- the payment transferred,
- the amount of any non-controlling interest in the acquiree, and
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

B) means the net fair value of the acquisition-date amounts of the identifiable assets acquired as well as liabilities and contingent liabilities assumed.

Following initial recognition, goodwill is recognised at cost less any cumulative impairment losses. Goodwill is not amortised.

Subsidiaries sold during a financial year are consolidated from the beginning of the financial year to the date of disposal. Financial results of entities acquired during a year are recognised in the financial statements from the date of acquisition.
Income and expenses, receivables and payables, and unrealised gains arising from intra-Group transactions are eliminated. Unrealised losses are also eliminated, but only to the extent there is no evidence of impairment of the asset transferred in the transaction.
The accounting policies of the subsidiaries have been changed whenever it was deemed necessary to align them with the accounting policies applied by the Group.

2) Equity and transactions related to non-controlling shareholders
Non-controlling interests are initially recognised at the non-controlling interests' share of the acquired entity's net identifiable assets. In subsequent periods, losses attributable to non-controlling interests are attributed to owners of the parent and the non-controlling interests even if this results in a negative value of the non-controlling interests.
Non-controlling interests include interests in consolidated companies which are not owned by the Group. Equity attributable to non-controlling interests is determined as the amount of the related entity's net assets which are attributable as at the acquisition date to shareholders from outside the Group. This amount is reduced/increased by any increase/decrease in equity attributable to non-controlling interests.

3) Associates
Associates over which the Group has significant influence but not sole control. Significant influence is presumed to exist when the Group holds between 20% and 50% of total voting rights in an entity's governing bodies. Investments in associates are accounted for using the equity method and are initially recognised at cost.
The Group's share in an associate's net profit/(loss) is recognised in the statement of comprehensive income, and the Group's share of the movements in the entity's other components of equity after the acquisition date is recognised under other components of equity. The carrying amount of the investment is increased/reduced by the amount of cumulative changes from the acquisition date.

4) Jointly controlled entities
Jointly controlled entities are entities over which the Group has significant influence but not sole control. Significant influence is presumed to exist when the Group holds between 20% and 50% of total voting rights in an entity's governing bodies. Investments in jointly controlled entities are accounted for using the equity method and are initially recognised at cost.
The Group's share in a jointly controlled entity's net profit/(loss) is recognised in the statement of comprehensive income, and the Group's share of the movements in the entity's other components of equity after the acquisition date is recognised under other components of equity. The carrying amount of the investment is increased/reduced by the amount of cumulative changes from the acquisition date.

5) Companies included in the consolidated financial statements
The following Group entities are included in these consolidated financial statements for the periods ended 31 December 2024 and 31 December 2023:

Item	% of total voting rights	
	31 Dec 2024	31 Dec 2023
SECO/WARWICK S.A.	Parent	
SECO/WARWICK Corp.	100%	100%
SECO/WARWICK Rus	100%	100%
Retech Systems LLC	100%	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	93%	93%
SECO/WARWICK Germany GmbH	100%	100%
SECO/WARWICK INDIA PVT. Ltd.	100%	100%
SECO/WARWICK Services Sp. z o.o.	100%	100%
SECO/WARWICK of Delaware, Inc	100%	100%
Retech Tianjin Holdings LLC	80%	80%
SECO WARWICK USA HOLDING LLC	100%	100%
SECO VACUUM TECHNOLOGIES LLC	100%	100%
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)	100%	-
Jointly controlled entity:		
OOO SCT	50%	50%

VI. APPLIED ACCOUNTING POLICIES, INCLUDING METHODS OF MEASUREMENT OF ASSETS, EQUITY AND LIABILITIES, REVENUE AND EXPENSES

These consolidated financial statements have been prepared based on a historical cost approach, except with respect to financial derivatives, which are measured at fair value.

Historical cost is generally determined on the basis of fair value of the consideration paid for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring an asset or liability at fair value, the Group takes into account the characteristics of the asset or liability if market participants take these characteristics into account when measuring the assets or liabilities at the measurement date.

These financial statements are presented in the Polish złoty ("PLN"), and unless stated otherwise, all amounts are given in thousands of PLN.

Any differences between the total amounts and the sum of their components are due to rounding. Exchange differences on translating items of the statement of financial position are calculated as differences between the exchange rates applicable to the opening and closing balance.

Other new or amended standards and interpretations which have been applied for the first time in 2024 do not have a material effect on the Group's full-year consolidated financial statements.

Summary of significant accounting policies

Presentation of the statement of financial position

In accordance with IAS 1 *Presentation of Financial Statements*, assets and liabilities are presented in the statement of financial position as current and non-current.

Presentation of the statement of comprehensive income

In accordance with IAS 1 *Presentation of Financial Statements*, in the statement of comprehensive income expenses are presented by function.

Earnings per share

Basic earnings per share for each period are determined by dividing net profit attributable to owners of the parent for the period by the weighted average number of shares. Diluted earnings per share reflect the effect of the Company's incentive scheme whereby treasury shares held by SECO/WARWICK S.A. are to be delivered to the scheme beneficiaries.

Intangible assets

Under intangible assets the Group recognises non-cash assets which are identifiable (separable or saleable), are controlled by the Group and are probable to bring future economic benefits to the Group.

Intangible assets comprise mainly software and development costs and are initially measured at cost including purchase price, import duties, non-refundable purchase taxes, after deducting trade discounts and rebates, plus any directly attributable cost of preparing the asset for its intended use.

To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- a research phase,
- a development phase.

All expenditure incurred in the research phase is charged directly to expenses of the period.

Intangible assets created as a result of development work are capitalised by the Group only if the following criteria are met:

- it is certain that the intangible asset will be completed,
- it is possible to demonstrate that the asset can be used or sold,
- it is possible to measure reliably the expenditure incurred.

For a detailed method of recognition of development costs, see *Recognition of development costs* in Section VII.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised over their useful lives and tested for impairment whenever there is an indication of impairment.

As intangible assets with indefinite useful lives the Group classifies only goodwill, which is not amortised, but is tested for impairment once a year or more frequently if events or changes in circumstances indicate the possibility of impairment. The goodwill impairment test is described under *Goodwill impairment* in Section VII.

The amortisation period and amortisation method for intangible assets with definite useful lives are reviewed at the end of each financial year or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates.
Amortisation charges on intangible assets with definite useful lives are recognised in profit or loss in the category that corresponds to the function of a given intangible asset.

The table below summarises the Group's accounting policies with respect to intangible assets:

Item	Capitalised development costs	Patents and licences	Software
Useful life	5–20 years	5–20 years	5–15 years
Amortisation method	Amortised using straight-line method after completion of work	Amortised over contract term using straight-line method	Amortised using straight-line method
Origin	Internally generated	Acquired	Acquired
Impairment testing/measuring recoverable amount	Annual assessment of whether there are indications of impairment and annual impairment testing of expenditures on ongoing development work	Annual assessment of whether there are indications of impairment	Annual assessment of whether there are indications of impairment

Grants received are not recognised as a separate item of equity and liabilities in the statement of financial position but as a reduction of the carrying amount of the asset financed with the grant. At the same time, the Group accounts for the grants in the statement of comprehensive income by reducing the amortisation charges on the assets.

Goodwill
Goodwill is measured as described in Part V. Basis of consolidation, item 1) subsidiaries. Goodwill on acquisition of subsidiaries is recognised in intangible assets. Goodwill is not amortised, but is tested for impairment on an annual basis (or more frequently if there is any indication of impairment), and is initially disclosed net of impairment losses. Gains or losses on disposal of an entity comprise the carrying amount of the sold entity's goodwill.

Property, plant and equipment

Property, plant and equipment are carried at cost less cumulative depreciation and impairment losses, if any.

Depreciation charges are calculated using the straight-line method by estimating the useful lives of given assets, which are as follows:

Buildings and structures	from 10 to 40 years
Machinery and equipment	from 5 to 30 years
Vehicles	from 5 to 10 years
Other property, plant and equipment	from 5 to 15 years

Any gains and losses arising on sale or retirement of property, plant and equipment are determined as the difference between net proceeds from the disposal, if any, and the carrying amount of the property, plant and equipment, and are recognised in the statement of comprehensive income.

Grants received are not recognised as a separate item of equity and liabilities in the statement of financial position but as a reduction of the carrying amount of the asset financed with the grant. At the same time, the Group accounts for the grants in the statement of comprehensive income by reducing the amortisation charges on the assets.

Property, plant and equipment under construction
Property, plant and equipment under construction include expenditure on items of property, plant and equipment that are not yet ready for use and are highly probable to be completed. Property, plant and equipment under construction are presented in the statement of financial position at cost less impairment losses. Property, plant and equipment under construction are not depreciated.

Investment property
The Group classifies as investment property all property which is considered a source of income (earns rentals) and/or is held for capital appreciation.
Investment property is carried at cost less cumulative depreciation and impairment losses, if any.
Depreciation is charged over the estimated useful life of investment property using the straight-line method. Land is not depreciated.

Financial assets

Classification of financial assets

Financial assets are classified into the following categories:

- Financial assets at amortised cost,
- Financial assets at fair value through profit or loss,
- Financial assets at fair value through other comprehensive income.

The Group classifies a financial asset based on its business model of financial asset management and the asset's contractual cash flow characteristics (the SPPI test). The Group reclassifies investments in debt instruments when, and only when, their management model changes.

Measurement on initial recognition

With the exception of certain trade receivables, on initial recognition financial assets are recognised at fair value, which – in the case of financial assets other than those at fair value through profit or loss – is increased by transaction costs directly attributable to their acquisition.

Derecognition

Financial assets are derecognised when:

- The contractual rights to the cash flows from the financial asset expire, or
- Upon transfer of contractual rights to cash flows from the asset following a transaction whereby the Group transferred substantially all risks and rewards related to that financial asset.

Measurement subsequent to initial recognition

For the purpose of measurement subsequent to initial recognition, financial assets are classified into one of the following four categories:

- Debt instruments at amortised cost,
- Debt instruments at fair value through other comprehensive income,
- Equity instruments at fair value through other comprehensive income,
- Financial assets at fair value through profit or loss.

Debt instruments – financial assets at amortised cost

A financial asset is carried at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the category of financial assets at amortised cost, the Group classifies:

- Trade receivables,
- Loans that meet the SPPI classification test and, in line with the business model, are recognised as held to collect cash flows,
- Cash and cash equivalents.

Trade receivables

Trade receivables are classified as financial assets measured at amortised cost, net of allowance for expected credit losses.

Recognition and measurement of financial liabilities

Liabilities under bank borrowings

Liabilities under bank borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Transaction costs directly attributable to the acquisition or issue of a financial liability are added to the carrying amount of the liability because the liability is initially recognised at the fair value of the consideration paid or received to settle the liability. Subsequently, these costs are amortised over the life of the liability using the effective interest method.

Trade payables

Short-term trade payables are measured at amortised cost using the effective interest rate method.

Hedge accounting

In accordance with IFRS 9 *Financial Instruments*, there are three types of hedging relationships:

a) Fair value hedge: a hedge of the exposure to changes in the fair value of a recognised asset or liability, or a component of an asset, liability or a firm commitment, that is attributable to a particular risk and could affect the statement of comprehensive income,

b) Cash flow hedge: a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability and (ii) could affect the statement of comprehensive income;

c) Hedge of a net investment in a foreign operation as defined in IAS 21.

The valuation of derivative instruments representing cash flow hedges as at the reporting date is recognised in equity. If a transaction hedged with a currency forward affects the statement of comprehensive income, any valuation previously recognised in equity is reclassified to the statement of comprehensive income.
As derivative instrument transactions are executed to hedge cash flows under sale contracts for which revenue is recognised with the percentage of completion method, measurement of the derivative instruments affects profit or loss pro rata to the percentage of completion of a given contract, and is disclosed in finance income or finance costs in the amount equal to the effective portion of the hedge.

A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk,

b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship,

c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the statement of comprehensive income,

d) The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured,

e) The hedge is assessed on an ongoing basis and determined to have been highly effective throughout the reporting periods for which the hedge was designated.

Inventories

Inventories are measured at the lower of cost and net realisable value. Any downward adjustment of the value of inventories to the net selling price is made by writing it down to net realisable value.
Furthermore, slow-moving inventory, obsolete inventory or inventory whose usability has been impaired in any way are revalued as at the end of each financial year.
If the circumstances which caused the decrease in the value of inventories cease to exist, the write-down is reversed. The effects of measurement at net selling price are charged to other expenses. Reversals of inventory write-downs due to an increase in their net realisable value are recognised as a decrease in inventories recognised as expenses for the period in which such reversals were made. An inventory decrease is accounted for with the FIFO method, i.e. at cost, starting from the item of materials that was first accepted in the warehouse.

Deferred income tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases.
Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be offset. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect profit/loss before tax or taxable income/tax loss. In addition, no deferred tax is recognised if the temporary differences arise on initial recognition of goodwill.
A deferred tax liability is recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group is able to control the timing of the reversal of temporary differences related to its investments in

subsidiaries and associates and, to the best of the Management Board's knowledge, as at the reporting date there were no such temporary differences and no such differences will be realised in the foreseeable future.
Deferred tax assets resulting from negative temporary differences related to such investments and shares are recognised only to the extent that it is probable that there will be sufficient taxable profits, on the basis of which it will be possible to use tax benefits resulting from temporary differences and that it is expected that the temporary differences will be reversed in the foreseeable future.
The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realised.

An unrecognised deferred tax asset is reassessed at each reporting date and is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or whose future effect is certain as at the reporting date.
The Group offsets deferred tax assets against deferred tax liabilities only if it has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax is attributable to the same taxable entity and the same taxation authority.

Regulations on value added tax, corporate income tax, and social security contributions are subject to frequent changes,

with the effect being lack of appropriate points of reference, conflicting interpretations, and scarcity of established precedents which could be followed. Furthermore, the applicable tax laws lack clarity, which leads to differences in opinions and diverse interpretations of tax regulations, both between various public authorities and between public authorities and businesses.

Tax settlements and other areas of activity (e.g. customs or foreign exchange control) may be subject to inspections by authorities that are entitled to impose high fines and penalties, and any additional tax liabilities resulting from such inspections must be paid with high interest. Consequently, tax risk in Poland is higher than in countries with more mature tax systems.
The amounts presented and disclosed in financial statements may therefore change in the future as a result of a final decision by a tax inspection authority.
On 15 July 2016, amendments were made to the Tax Law reflecting the provisions of the General Anti-Abuse Rule (GAAR). GAAR is intended to prevent the creation and use of abusive arrangements to avoid paying taxes in Poland. GAAR defines tax evasion as measures taken primarily for the purpose of achieving a tax benefit which in the given circumstances is contrary to the object and purpose of tax laws. In accordance with GAAR, no tax advantage can be obtained through an arrangement which is abusive. Any arrangements involving (i) separation of transactions or operations without a sufficient rationale, (ii) engaging intermediaries where no business or economic rationale exists, (iii) any offsetting elements, and (iv) any arrangements operating in a similar way may be viewed as an indication of the existence of an abusive arrangement subject to GAAR. The new regulations will require much more judgement to be exercised when assessing the tax consequences of particular transactions.
The GAAR clause should be applied with respect to arrangements made after its effective date as well as arrangements that were made before its effective date but the benefit of the tax advantage obtained through the arrangement continued or still continues after that date. After the new regulations are implemented, Polish tax inspection authorities will be able to challenge certain legal agreements and arrangements made by taxpayers, such as corporate restructurings.
The Group discloses and measures current and deferred assets or liabilities in compliance with the requirements of IAS 12 *Income Taxes*, based on the taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into consideration uncertainties related to tax settlements.
Whenever there is uncertainty as to whether and to what extent a tax authority would accept a tax settlement, the Group discloses such settlement taking into consideration the assessed uncertainty.
The Group has unsettled tax losses, but there is no material uncertainty as to their settlement in subsequent years.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group expects that the costs covered by the provision will be reimbursed, e.g. under an insurance agreement, then such reimbursement is recognised as a separate asset, but only when it is practically certain that such reimbursement will actually take place.
Costs related to a given provision are disclosed in the statement of comprehensive income net of all reimbursements. If the effect of the time value of money is material, the amount of provision is determined by discounting the projected future cash flows to their present value using a gross discount rate reflecting current market estimates of the time value of money. Where discounting was used, any increase in the provision due to the passage of time is recognized as finance costs.
Estimates of the financial result and impact are based on the judgement of the management of the companies, supported by their past experience with similar transactions and, in some cases, by reports of independent experts.
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.
The Group recognises the following provisions:

- Provision for warranty repairs – on the basis of the estimated future cost of warranty repairs, by reference to the stage of contract completion;
- Provisions for disputes.

Assumptions underlying the estimates and the provision amounts are reviewed as at each reporting date.

Employee benefits

Employee benefit obligations include obligations in respect of current salaries and wages, estimated employee bonuses, and accrued holiday entitlements – in an amount equivalent to the number of days of accrued unused holidays multiplied by average gross daily pay.
The Group also incurs costs related to the operation of Employee Capital Plans (PPKs) by making contributions to the investment fund. They are post-employment benefits in the form of a defined contribution plan. Costs of PPK contributions are recognised in the same cost item as the cost of salaries and wages on which they are paid. Liabilities under PPKs are presented under other liabilities.
Employee benefit obligations also include defined benefit plans. In the case of such plans, the Group pays fixed contributions to a separate entity (a fund), as a consequence of which the actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested will be insufficient to meet the expected benefits) are borne by the Group.

Share-based payments

The Group's employees (including management board members) receive awards in the form of shares.
Such awards are classified as an equity-settled share-based payment scheme. The fair value of shares allotted under the Incentive Scheme is disclosed as an employee benefits expense. Concurrently, an appropriate increase in equity is recognised.

Share-based payment transactions are measured by reference to the fair value of the equity instruments as at the grant date, and the fair value is measured by an independent expert using a binomial model. When measuring equity-settled transactions, market vesting conditions (related to the Group's share price) and non-vesting conditions are taken into account.

The cost of equity-settled share-based payment transactions is recognised with a corresponding increase in equity in the period in which the performance conditions and/or service conditions are satisfied and which ends on the date when the rights are fully vested in eligible employees (the 'vesting date'). The accumulated cost recognised under equity-settled transactions as at each reporting date until the vesting date reflects the passage of the vesting period and the number of awards which, in the opinion of the Group's Management Board as at that date, based on best estimate of the number of equity instruments, will finally vest.

No costs are recognised in respect of awards which do not finally vest, except for the awards where the rights are vested depending on market vesting conditions or non-vesting conditions. Such rights are treated as acquired regardless of whether such market vesting conditions or non-vesting conditions are satisfied, provided that all other performance conditions or service conditions are met.
If the terms on which equity-settled awards were granted are modified, the Company recognises, at a minimum, the cost of the original award as if they were not modified. Furthermore, costs of any increase in the value of a share-based payment transaction as a result of such modifications, measured as at the modification date, are recognised.
When an equity-settled award is cancelled, it receives the same treatment as if it vested on the date of cancellation and any unrecognised award-related costs are recognised immediately.

It also applies to awards where the non-vesting conditions under the control of the Group or the employee are not met. However, if the cancelled award is replaced with a new one, both the new award, which is identified as a replacement award on the grant date, as well as the cancelled award are accounted for as if they were a modification of the original award (as described in the above paragraph).

Treasury shares

The parent acquires its own shares on the market on the date of their allotment and holds them as treasury shares until it acquires the rights to such shares. Treasury shares are measured at fair value as at the date of recognition and subsequently recognised at cost as an item reducing equity.

Contract assets

Contract assets include any excess of estimated revenue related to the stage of completion of a long-term contract, measured by the progress towards satisfaction of a performance obligation as described below, over advance payments received and the aggregate amount invoiced under the contract.

Contract liabilities
Contract liabilities reflect the Group's obligations to transfer services or equipment to a customer for which the Group has already received consideration in the form of an advance payment or for which consideration is due based an invoice issued. Contract liabilities are also increased by collaboration costs where such costs are material and thus recognised according to the stage of completion.

Contract costs
Contract costs include incremental costs of obtaining a contract with a customer, that is costs that the entity would not have incurred if the contract had not been obtained. In the course of its operations, the Group identifies contract costs that meet the following criteria:

- the costs directly relate to a contract or anticipated contract which the entity is able to specifically identify;
- the costs generate or enhance the Group's resources that will be used to satisfy (or continue to satisfy) performance obligations in the future.

Incremental costs of obtaining a contract include sales commissions. Contract costs are recognised under contract assets and amortised on a systematic basis, taking into account the stage of completion of the contract to which they relate, if they relate to a contract from which revenue is recognised over time, or on a one-off basis at the time of revenue recognition in the case of a contract from which revenue is recognised at a point in time.

Grants for development projects

Grants for development projects include in particular government grants to finance assets.
The value of grants received to finance development work is deducted from the carrying amount of the asset. The Group accounts for the grants in the statement of comprehensive income by reducing the amortisation charges on the assets.
Grants are not credited directly to equity.

Revenue

Revenue is recognised at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

The Group's main revenue sources are sales of:

- vacuum furnaces,
- aluminium furnaces,
- melting furnaces,
- after-sales services, including equipment maintenance.

The Group applies IFRS 15 *Revenue from Contracts with Customers* to all contracts with customers except leases within the scope of IFRS 16 *Leases*, financial instruments and other contractual rights or obligations within the scope of IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 27 *Separate Financial Statements,* and IAS 28 *Investments in Associates and Joint Ventures*.

The fundamental principle of IFRS 15 is to recognise revenue when goods and services are transferred to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

IFRS 15 requires that all sale contracts be recognised applying the following five steps:

- identifying the contract(s) with a customer,
- identifying the performance obligations in the contract,
- determining the transaction price,
- allocating the transaction price to each performance obligation,
- recognising revenue when a performance obligation is satisfied.

Identification of the contract(s) with a customer

The Group accounts for a contract with a customer only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Group can identify each party's rights regarding the goods or services to be transferred;
- The Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Identifying performance obligations

At contract inception, the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation each promise to transfer to the customer either a good or service (or bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
Services promised to a customer are distinct if both of the following criteria are met:

- the customer can benefit from the services either on its own or together with other resources that are readily available to the customer; and
- the Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract.

Transaction price

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, the Group considers the existence of variable consideration (discounts, bonuses and contractual penalties), but in principle no such components are present in the contracts.

Allocating the transaction price to performance obligations

The Group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Satisfying performance obligations

The Group recognises revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service to the customer. The Group recognises promised goods and assembly services as a single performance obligation as they are inseparable performances.

Transferring control over time

If one of the following criteria specified in IFRS 15.35 is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
- The entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time.

The Group recognises only documented revenue, i.e. revenue which is guaranteed under the original contract, adjusted to account for any subsequent contract modifications (annexes). Changes in contract revenue are recognised when it is certain (a contract or annex has been signed) or at least when it is probable (a contract or annex has been initialled) that the customer will accept the changes and the amounts of revenue resulting from those changes, and when the amount of such revenue can be measured reliably.

The Group also recognises material costs of collaboration (subcontracting) over time. The costs are recognised based on the stage of completion of work if they exceed PLN 50 thousand. Information on the stage of completion of work is provided to the Group by the subcontractor.

Transferring control at a point in time

If a performance obligation is not satisfied over time, it is satisfied at a point in time and revenue is recognised at that time. To determine the point in time at which a performance obligation is satisfied and revenue is recognised, the requirements for transferring control of a promised asset to the customer are considered.

The following circumstances may indicate that control is transferred:

- the entity has a present right to payment for the asset.
- the customer has legal title to the asset,
- the asset has been physically transferred to the customer,

- the customer has the significant risks and rewards of ownership of the asset,
- the customer has accepted the asset.

The Group also recognises revenue at a point in time taking into account the materiality of the contract. Below PLN 200 thousand or EUR 50 thousand or GBP 40 thousand or USD 60 thousand, revenue is recognised at a time point.

Methods for measuring progress towards satisfaction of a performance obligation

The method applied to measure progress towards satisfaction of a performance obligation is the input method. Under this method, progress towards satisfaction of a performance obligation is measured by reference to costs actually incurred in comparison with total estimated contract costs. Costs actually incurred include costs incurred by the Group and costs of collaboration (subcontractors).

Advances payments

Any excess of advance payments (prepayments) received under a contract over the estimated revenue attributable to a given reporting period is recognised as contract liabilities. Up to the amount of the estimated contract revenue, advance payments reduce the receivables under settlement of long-term contracts.

Recognition of revenue as at the reporting date

Any excess of invoiced revenue over recognised revenue in the reporting period is recognised under contract liabilities.

Revenue as at the end of the reporting period is determined based on the percentage of contract completion, net of any revenue which affected the financial result in previous reporting periods. For contracts denominated in a currency other than the functional currency, the revenue at the end of the reporting period is calculated first of all based on the exchange rate used for partial invoicing, pro rata to the percentage of contract completion. In order to determine the exchange rate applicable to advance payments, the transaction date is the date of initial recognition of the advance payment as an asset or liability. If there are multiple advance payments or receipts, the transaction date is determined for each such payment or receipt. Estimated contract revenue attributable to a given reporting period is recognised as revenue from sale of finished goods and services for the period, and as contract assets in the statement of financial position.

Consideration under contracts concluded by the Group is fixed and includes no variable components. The contracts contain a single performance obligation as the nature of the delivery requires the Group to provide a comprehensive service, that is delivery and installation. Given the complexity of equipment installation, the contract covers not only the purchase of the equipment, but also the supplier's supervision over its installation and the training needed for the equipment to be properly started and operated.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the lease commencement date (i.e. the date when the underlying asset is made available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, the initial direct costs incurred and any lease payments made at or before the commencement date, less any lease incentives received. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term. A right-of-use asset is tested for impairment if there is any indication of impairment.

Lease liabilities

At the lease commencement date, the Group measures lease liabilities at the present value of lease payments then outstanding. Lease payments include fixed payments (including in-substance fixed lease payments) less any

lease incentives due, variable payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payment of financial penalties for terminating the lease if the lease terms grant a termination option to the Group. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition triggering the payment occurs.

When calculating the present value of lease payments, the Group uses the lessee's incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the interest, and reduced by lease payments made.

Furthermore, the carrying amount of lease liabilities is remeasured if the lease term, in-substance fixed lease payments or judgement as to purchase of the underlying assets change.

Short-term leases and leases of low-value assets

The Group applies the short-term exemption to its short-term lease contracts (i.e. contracts with a lease term of 12 months or less from the commencement date, containing no purchase options). The Group also applies the low value lease exemption. In the case of lease of vehicles and machinery, low value is PLN 5 thousand, and in the case of buildings – USD 5 thousand. Lease payments under short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

Leases where the Group retains substantially all the risks and rewards incidental to the ownership of the asset are classified as operating leases. Initial direct costs incurred in the course of negotiating operating lease contracts are added to the carrying amount of the leased asset and recognised over the term of the lease on the same basis as lease income. Contingent lease payments are recognised as revenue in the period in which they become due.

Functional currency and presentation currency

Functional currency and presentation currency

The Group's consolidated financial statements are presented in the Polish złoty, which is also the functional currency of the Parent. The functional currency is determined for each subsidiary, and the subsidiary's assets and liabilities are measured in that functional currency. The Group applies the direct consolidation method and has selected the method of accounting for translation gains or losses which is consistent with that method.

Transactions and balances

On initial recognition, transactions in foreign currencies are translated into the functional currency at the mid exchange rate quoted by the National Bank of Poland for the date preceding the transaction date. As at the end of the reporting period, monetary items denominated in foreign currencies are translated at the mid exchange rate quoted by the National Bank of Poland for a given currency for the measurement date.

Non-monetary items denominated in foreign currencies and measured at fair value are translated at the exchange rate from the date on which the fair value was determined, i.e. the mid exchange rate quoted by the National Bank of Poland for a given currency for that date.

Any foreign exchange gains or losses arising on settlement of transactions in foreign currencies and on measurement of monetary assets or liabilities denominated in foreign currencies are recognised in profit or loss for the period.

VII. MATERIAL JUDGEMENTS AND ASSUMPTIONS

When preparing the consolidated financial statements of the Group, the Management Board of the Parent has to make certain judgements, assumptions and estimates which affect the presented revenue, costs, assets, liabilities, as well as related notes and disclosures concerning contingent liabilities. Uncertainties related to these assumptions and estimates may result in material changes to carrying amounts of assets and liabilities in the future.

Depreciation/amortisation charges

Depreciation/amortisation charges are determined based on the expected useful lives of property, plant and equipment and intangible assets. The Group reviews the useful lives of its assets annually, on the basis of current estimates.

Amortisation charges for right-of-use assets used under lease contracts

If a lease contract includes a purchase option the payment for which has been included in minimum lease payments, the amortisation period is the useful life equal to the economic useful life of the underlying asset. Where the value of a purchase option is not included in minimum lease payments, the amortisation period is the term of the lease contract.

Significant judgements and estimates concerning the lease term and discount rate

The Group holds lease contracts for property, vehicles, machinery and perpetual usufruct of land. The lease terms are as follows:

Property	from 2 to 4 years
Vehicles	from 4 to 5 years
Machinery	from 4 to 5 years
Perpetual usufruct of land	from 68 to 82 years

Some of the lease contracts contain options to extend or terminate the lease.

The Group also has lease contracts for equipment or vehicles with lease terms of 12 months or less, and lease contracts for low-value assets. The Group uses the exemption for short-term leases and leases of low-value assets.

The Group's lease liabilities are secured with the lessor's ownership title to the leased assets. As a general rule, the Group is not entitled to sub-lease the leased assets or to assign its rights under lease contracts. Some contracts include covenants for specific financial indicators.

The Group does not have lease interest rates under lease contracts and applies incremental borrowing rates. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The table below presents the discount rate ranges applied to measure lease liabilities, taking into account the currency of lease payments:

Payment currency	Discount rate
PLN	7-12%
USD	7-10%
CNY	7-12%

Significant judgements and estimates in determining the lease term of contracts with extension options

The Group determines the lease term as a non-cancellable lease term, including periods covered by an option to extend the lease, if it is reasonably certain that the option will be exercised, as well as periods covered by an option to terminate the lease if it is reasonably certain that the option will not be exercised.
The Group is able to extend the lease term of certain lease contracts. The Group applies judgment to assess whether there is reasonable certainty that the extension option will be exercised, which means that it takes into account all material facts and circumstances that represent an economic incentive to extend the option or an economic penalty for its non-extension.

After the commencement date, the Group reviews the lease term if a significant event or change in circumstances under its control occur which affect its ability to exercise (or not to exercise) the extension option (e.g. a change in the business strategy).

Recognition of development costs

The Group recognises development costs if, and only if, it can demonstrate:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

In view of the above, the Group assesses whether an intangible asset generated by the entity meets the recognition criteria. In addition, two phases are distinguished in the asset generation process:

a) the research phase,

b) the development phase.

If the Group is unable to separate the research phase from the development phase of a project leading to the generation of an intangible asset, it treats expenditure on the project as if it were incurred only during the research phase.

Impairment of development costs

The Group conducts annual impairment tests for expenditure on ongoing development work in the case of intangible assets with indefinite useful lives and intangible assets that are not in use. The tests are conducted at an appropriate level reflecting the allocation of the Group's assets to cash-generating units. Intangible assets in the form of expenditure on development work are tested at the level of a group of cash-generating units together with corporate assets.

Goodwill impairment

Goodwill and intangible assets with indefinite useful lives are not amortised, but are tested for impairment once a year or more frequently if events or changes in circumstances indicate the possibility of impairment.

The Group conducts goodwill impairment tests, which requires allocating goodwill to individual cash-generating units and then estimating the recoverable amount of each cash-generating unit. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. To analyse impairment of goodwill, the Group assesses its value in use. Estimating the value in use requires making an estimate of the expected future cash flows from the cash-generating unit as well as determining and using a suitable discount rate to calculate the present value of those cash flows. The underlying assumptions are presented in Note 12.

Impairment of other non-current assets

Other assets, with the exception of intangible assets with indefinite useful lives and goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of a given asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of impairment analysis, assets are grouped together into the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).
Any previously identified impairment of non-financial assets (other than goodwill) is assessed as at each reporting date for indications that a previously recognised impairment loss could be reversed.

Deferred tax assets

Deferred tax assets are recognised in respect of all temporary differences to the extent it is probable that taxable profit will be available which will enable these differences to be utilised.

Pension benefit obligations

Disability severance payments and retirement bonuses are paid to employees of the Group's subsidiaries operating under Polish law in accordance with the provisions of Art. 92 of the Polish Labour Code, whereas at foreign companies such payments or bonuses are paid in accordance with the local laws pr agreements with employee groups. Actuarial valuation of long- and short-term benefits is performed at the end of each financial year.

Provision for warranty repairs

The Group provides warranty for sold products, assuring the customer that the product conforms to the specifications agreed upon by the parties. Since the guarantees are not a separate service under IFRS 15, the Group recognises such guarantees in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The provision for warranty repairs is estimated on the basis of the historical costs of manufacturing of the equipment sold and of the warranty repairs made in the previous years.

Provision for disputes concerning exposure to asbestos

Based on the Management Board's judgment, given that a settlement with the insurers with regard to product liability claims concerning asbestos exposure is being finalised, the requirements for the recognition of a provision are not met. The related disclosures are presented in Note 34 to these financial statements. Cash outflows are not sufficiently probable, as historically all payments under settlements were made directly by insurers.

Long-term contracts

In the case of contracts accounted for over time, revenue is recognised by measuring progress towards complete satisfaction of a performance obligation, and in other cases revenue is recognised when control of the product is transferred to the customer.

The progress towards satisfaction of a performance obligation is measured by reference to incurred costs in comparison with the planned total contract costs estimated based on the Group's best knowledge (input method).

At the end of each reporting period, the Group estimates the result on each contract. When a loss on a contract is expected, it is immediately recognised in the statement of profit or loss as a provision for future costs of contract performance. Unavoidable costs of a contract include, *inter alia*, the net costs of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The amount of such loss is determined irrespective of whether or not work has commenced on the contract, the stage of contract completion, or the amount of profits expected to arise on other contracts.
Revenue recognised over time is revenue guaranteed under the original contract, adjusted to account for any subsequent contract modifications (annexes). Changes in contract revenue are recognised if both parties to the contract accept the changes and the amounts of revenue resulting from those changes, and when the value of that revenue can be measured reliably.

Derivative financial instruments

Derivative instruments are initially recognised at fair value when the Group becomes a party to the contract, and subsequently they are remeasured at fair value as at the end of each reporting period. Changes in fair value are recognised directly in profit or loss, unless the instrument is used as a hedging instrument. In such a case, the moment of recognition depends on the nature of the hedging relationship.

VIII. CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS

Save for the changes resulting from the introduction of new standards or amendments to existing standards effective for reporting periods beginning on or after 1 January 2024, in the preparation of these financial statements the Group applied the same accounting policies as described in the financial statements prepared as at and for the year ended 31 December 2023.

1. New standards, interpretations and amendments to existing standards effective in 2024

- **Amendment to IFRS 16 *Leases***

The amendment concerns lease liabilities in a sale and leaseback transaction, specifying the requirements for disclosing a gain or loss arising from the leaseback agreement. The implementation of the standard has had no significant effect on the Group's consolidated financial statements.

- **Amendment to IAS 1 *Presentation of Financial Statements***

The amendment concerns the classification of liabilities as current or non-current and is intended to clarify the principles under which an entity should classify its financial liabilities. Its implementation has had no effect on the Group's consolidated financial statements.

- **Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Supplier Finance Arrangements***

The amendments concern disclosures related to supplier finance arrangements, including information on extended payment terms, and security or guarantees provided. These amendments have had no effect on the Group's consolidated financial statements.

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IX. STANDARDS AND INTERPRETATIONS NOT APPLIED IN THESE FINANCIAL STATEMENTS

Standards and interpretations	Type of expected change in accounting policies
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*: *Lack of Exchangeability*.	In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, the Company uses the spot exchange rate when converting foreign currency transactions. In some jurisdictions, the spot exchange rate is not available as the currency cannot be exchanged for another.
(Effective for annual periods beginning on or after 1 January 2025; early application is permitted)	IAS 21 was amended to clarify: - how an entity should assess whether a currency is exchangeable; and

Standards and interpretations	Type of expected change in accounting policies
	- how an entity should determine a spot exchange rate when it is not exchangeable. The amendments also contain the requirement to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* with respect to the classification and measurement of financial instruments Effective for annual periods beginning on or after 1 January 2026.	The amendments to IFRS 9 introduce the option to choose an accounting policy for the derecognition of a liability when settled using an electronic payment system (provided that specific conditions are met). The amendments to IFRS 9 concerning the SPPI test provide guidance to help assess whether the cash flows arising from a contract are consistent with a basic lending arrangement. Furthermore, the amendments introduce a clearer definition of the "non-recourse" feature. The amendments to IFRS 9 also provide additional guidance on the characteristics of contractually linked instruments. The amendments to IFRS 7 introduce new disclosure requirements: for investments in equity instruments designated as measured at fair value through other comprehensive income, for each class of financial assets measured at amortised cost or at fair value through other comprehensive income, as well as for financial liabilities measured at amortised cost. These amendments are not expected to have a significant effect on the Group's consolidated financial statements.
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* regarding PPA contracts (Contracts Referencing Nature-dependent Electricity) Effective for annual periods beginning on or after 1 January 2026.	The amendments to IFRS 9 clarify which PPA contracts can be used for hedge accounting and include details on the conditions allowed in such hedge relationships. The amendments to IFRS 7 introduce new disclosure requirements for PPA contracts as defined in the amendments to IFRS 9. These amendments are not expected to have a significant effect on the Group's consolidated financial statements.

Standards and interpretations	Type of expected change in accounting policies
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7 Effective for annual periods beginning on or after 1 January 2026.	Annual Improvements – editorial amendments only.
New IFRS 18 *Presentation and Disclosure in Financial Statements* Effective for annual periods beginning on or after 1 January 2027.	The new standard will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces, among others: • a new structure of the statement of profit or loss, • enhanced guidance on the principles of data aggregation and disaggregation, • disclosure requirements for management-defined performance measures. As at the date of issue of these financial statements, the effect of the new standard on the Group's financial statements was not yet known.
New IFRS 19 *Subsidiaries without Public Accountability: Disclosures* Effective for annual periods beginning on or after 1 January 2027.	The standard applies to subsidiaries without public accountability whose parent prepares consolidated financial statements in accordance with IFRS. The new IFRS 19 exempts such subsidiaries from the disclosure requirements of other standards and introduces a new disclosure framework in their place.

The Group did not elect to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.
The Group's Management Board does not expect the application of the new standards and interpretations to have any material effect on the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2024

Note 1. REVENUE

Contracts with customers provide for the design, manufacture and installation of metal heat treatment equipment, as well as sale of spare parts and maintenance services.
Equipment of this type is often dependent on the customer's infrastructure, such as existing units and foundations. Furthermore, the design process of a unit is highly complex given the need to set up the equipment parameters in line with the customer's expectations. For more information on the revenue accounting policy, see '*Revenue*' in Section VI.

Revenue from sales and total revenue and income of the Group:

Item	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Revenue from sale of finished goods and services	706,969	674,320
including revenue recognised over time	593,559	589,454
Revenue from sale of merchandise and materials	5,856	9,338
TOTAL revenue	712,825	683,659
Other income	4,388	4,337
Finance income	6,314	8,730
TOTAL revenue and income	723,526	696,726

Revenue by geographical markets:

Item	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
European Union	229,543	251,059
USA	296,454	249,791
Asia	127,753	128,372
Other	59,074	54,438
TOTAL revenue	712,825	683,659

The Group recognises all revenue in accordance with IFRS 15.

MAIN PRODUCTS 2024

	MAIN PRODUCTS 1 JANUARY–31 DECEMBER 2024						
	Vacuum Furnaces	*Aluminium Process*	*Melting Furnaces*	*Aftersales services*	*Total*	Other	Total
Total revenue	**168,305**	**136,611**	**237,052**	**170,857**	**712,825**	**-**	**712,825**
Sales to customers accounting for 10% or more of revenue	-		-	-	-	-	-
Cost of sales	**-125,597**	**-109,851**	**-212,237**	**-113,378**	**-561,062**	**-2,142**	**-563,204**
Gross profit/(loss)	**42,708**	**26,761**	**24,815**	**57,479**	**151,763**	**-2,142**	**149,621**

MAIN PRODUCTS 2023

	MAIN PRODUCTS 1 JANUARY–31 DECEMBER 2023						
	Vacuum Furnaces	*Aluminium Process*	*Melting Furnaces*	*Aftersales services*	*Total*	Other	Total
Total revenue	**184,260**	**138,046**	**207,540**	**153,783**	**683,629**	**29**	**683,659**
Sales to customers accounting for 10% or more of revenue	-		-	-	-	-	-
Cost of sales	**-142,326**	**-99,787**	**-184,296**	**-103,113**	**-529,522**	**-1,026**	**-530,548**
Gross profit/(loss)	**41,934**	**38,259**	**23,244**	**50,670**	**154,107**	**-997**	**153,111**

Note 2. OPERATING SEGMENTS

The Group operates in many markets around the globe, selling metal heat treatment equipment manufactured using three main technologies. As at the reporting date, the Group's main production centres were situated in Poland and China. Sales, handled by the individual Group companies, are made by the companies in global markets, typically aligning with their respective places of registration, although deviations from this allocation are common in practice, particularly for companies serving customers outside their home countries. The SECO/WARWICK Group's key markets include Europe, the United States and China.

Based on the geographical criterion, the Group categorises its main operating segments as "China" and "Rest of the World"..

The Chinese market accounts for a significant share of the SECO/WARWICK Group's revenue. The Chinese market is also a separate point of reference for the Group's operations and it is possible to allocate cash inflows to assets in that market. In principle, separate flows are generated from deliveries to the Chinese market (related to production by the plant in China and independent assets in China).

The "Rest of the World" segment includes mainly revenue generated in Europe and the United States. Apart from China, production and sales are global and are carried out based on the same assets – the assets of all the other Group companies. For these reasons, the second cash-generating unit is "Production and Distribution – Rest of the World".

In the "Rest of the World" segment, Poland and the United States contributed significantly, generating revenue of PLN 339,389 thousand and PLN 347,737 thousand, respectively. The value of non-current assets for Poland was PLN 197,415 thousand and for the Unites States – PLN 83,888 thousand.

	2024		
	Production and distribution – Rest of the World	Production and distribution – China	Total
Total revenue	**634,441**	**78,384**	**712,825**
Sales to customers accounting for 10% or more of revenue	-	-	-
Cost of sales	**-502,040**	**-60,887**	**-563,204**
Gross profit	**132,124**	**17,497**	**149,621**
Recognition of impairment losses on property, plant and equipment			
Reversal of impairment losses on property, plant and equipment			
Other			
Operating profit	**24,702**	**7,055**	**31,758**
Net profit attributable to owners of the parent	**19,067**	**5,260**	**24,327**
Non-current assets	**216,235**	**12,844**	**229,079**

	2023

	Production and distribution – Rest of the World	Production and distribution – China	Total
Total revenue	**586,704**	**96,955**	**683,659**
Sales to customers accounting for 10% or more of revenue	-	-	-
Cost of sales	**-464,091**	**-66,458**	**-530,548**
Gross profit	**122,613**	**30,498**	**153,111**
Operating profit	**22,695**	**17,803**	**40,499**
Net profit attributable to owners of the parent	**19,436**	**15,970**	**35,406**
Non-current assets	**181,257**	**8,621**	**189,877**

Note 3. OPERATING EXPENSES

COST OF PRODUCTS SOLD AND SERVICES RENDERED

OPERATING EXPENSES, BY NATURE OF EXPENSE	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Depreciation and amortisation	18,478	16,304
Raw materials and consumables used	379,896	346,167
Services	69,873	86,537
Taxes and charges	2,564	2,275
Salaries and wages	143,801	134,991
Social security and other benefits	33,482	31,326
Other expenses	34,284	38,994
Total operating expenses, including:	**682,379**	**656,595**
Distribution costs	-44,624	-44,619
Administrative expenses	-70,621	-68,094
Change in products	11,868	-1,815
Cost of work performed by entity and capitalised	-15,797	-11,517
Cost of products sold and services rendered	**563,204**	**530,548**

DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Items recognised as cost of sales	**14,578**	**11,976**
Depreciation of property, plant and equipment	5,464	4,848
Depreciation of right-of-use assets	5,501	3,721
Amortisation of intangible assets	3,613	3,406
Items recognised as distribution costs	**923**	**1,049**
Depreciation of property, plant and equipment	430	455
Depreciation of right-of-use assets	285	320
Amortisation of intangible assets	208	274
Items recognised as administrative expenses	**2,977**	**3,279**
Depreciation of property, plant and equipment	563	769
Depreciation of right-of-use assets	2,155	2,312
Amortisation of intangible assets	260	197
Items recognised as other expenses	**-**	**-**
Depreciation of investment property	-	-

EMPLOYEE BENEFITS EXPENSE

PERSONNEL COSTS	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Salaries and wages	143,801	134,991
Social security and other benefits	33,482	31,326
Total employee benefits expense, including:	**177,283**	**166,317**
Items recognised as cost of sales	111,223	101,571
Items recognised as distribution costs	25,634	24,971
Items recognised as administrative expenses	40,417	39,775

DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Distribution costs

	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Depreciation and amortisation	923	1,049
Raw materials and consumables used	247	271
Services	2,309	3,837
Taxes and charges	856	636
Salaries and wages	22,091	20,708
Social security and other benefits	3,543	3,578
Business travel	2,840	2,228
Advertising expenses	3,309	4,044
Other	8,505	8,268
Total	**44,624**	**44,619**

Administrative expenses

	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Depreciation and amortisation	2,977	3,279
Raw materials and consumables used	1,349	2,164
Services	10,467	10,378
Taxes and charges	493	411
Salaries and wages	32,246	31,080
Social security and other benefits	8,182	7,354
Business travel	1,477	1,475
Property insurance	4,413	3,432
Other	9,015	8,520
Total	**70,621**	**68,094**

Note 4. OTHER INCOME AND EXPENSES

OTHER INCOME	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Reversal of inventory write-downs	-	170
Gain on disposal of property, plant and equipment	253	738
Compensation and damages received	1,067	1,374
Income from lease of property, plant and equipment and investment property	277	811
Accounting for lease in connection with decision not to exercise the right to purchase the leased asset	1,282	-
Other	1,508	1,244
Total other income	**4,388**	**4,337**

OTHER EXPENSES	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Inventory write-downs	2,046	997
Court expenses, compensation/damages paid	1,617	122
Impairment loss on property, plant and equipment	-	293
Cost related to income from lease of property, plant and equipment	807	937
Cost of discontinued production	-	357
Donations	32	40
Retirement of property, plant and equipment	671	-
Partial funding for electric cars	-	70
Other	518	659
Total other expenses	**5,691**	**3,474**

Impairment of receivables and contract assets	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Impairment of receivables	1,315	761
Impairment of contract assets	-	-
Impairment of receivables and contract assets	**1,315**	**761**

Note 5. FINANCE INCOME AND COSTS

FINANCE INCOME	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Interest income	1,272	591
Gain on derivative instruments at maturity	4,803	6,876
Net foreign exchange gains	-	94
Other	238	1,169
Total finance income	**6,314**	**8,730**

FINANCE COSTS	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Payment of interest	5,627	6,489
Interest on leases	3,216	2,201
Net foreign exchange losses	881	9284
Other	450	750
Total finance costs	**10,174**	**18,725**

Note 6. INCOME TAX AND DEFERRED INCOME TAX

The main items of the tax expense for the annual periods ended 31 December 2024 and 31 December 2023 were as follows:

INCOME TAX DISCLOSED IN THE STATEMENT OF COMPREHENSIVE INCOME	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Current income tax	**3,309**	**3,207**
Current income tax expense	3,309	3,207
Deferred income tax	**-263**	**-9,441**
Related to recognition and reversal of temporary differences	-263	-9,441
Income tax expense disclosed in the statement of profit or loss	**3,046**	**-6,233**

Deferred income tax disclosed in the statement of comprehensive income equals the difference between the balances of deferred tax liabilities and deferred tax assets as at the end and as at the beginning of the reporting periods, excluding items charged or credited to equity.

Item	2024	2023
Profit before tax (PLN)	**27,735**	**30,271**
Tax rate applicable in Poland	**19%**	**19%**
Income tax calculated at the tax rate applicable in Poland	5,270	**5,751**
Income tax calculated at the applicable tax rate	**5,782**	**5,562**
Differences in tax rates	**512**	**-189**
USA	872	405
China	-259	-717
Germany	73	147
India	-103	-42
Russia	-70	17
Tax effect of expenses that are not deductible in determining taxable profit	1,321	1,683
Non-taxable income	-122	-507
Use of tax losses	-1,605	-2,576
Recognition of tax loss asset from prior years	-	-9,339
Development tax credit	-1,680	-852
Other	-651	-204
Deductible expense	**3,046**	**-6,233**
Effective tax rate	**11%**	**-21%**

The use of tax losses is mainly related to losses brought forward that are offset against profits, with respect to which no deferred tax assets have been recognised.

Item	31 Dec 2024			31 Dec 2023		
	deferred income tax	*other comprehensive income*	*amount recognised in the statement of comprehensive income*	*deferred income tax*	*other comprehensive income*	*amount recognised in the statement of comprehensive income*
			Deferred tax liabilities			
Property, plant and equipment and intangible assets	10,087	-	823	9,264	-	86
Contract assets	9,777	-	-507	10,284	-	-1,606
Foreign exchange gains	-	-	-	-	-	-
Measurement of forward contracts	335	-274	-196	806	334	222
Right-of-use assets	271	-	-322	593	-	-67
Tax goodwill on acquisition of RETECH	7,794	-	-	7,794	-	-
Other	14	-	-1	15	-	-1
Deferred tax liabilities	**28,277**	**-274**	**-203**	**28,755**	**334**	**-1,367**
			Deferred tax assets			
Provision for disability severance payments and retirement bonuses	195	-	6	189	-	42
Provision for length-of-service awards and bonuses	2,883	-	63	2,820	-	855
Provision for accrued holiday entitlements	414	-	-16	430	-	63
Provision for losses on contracts	32	-	-506	538	-	518
Provision for warranty repairs	1,528	-	11	1,517	-	243
Other provisions	10	-	-	10	-	-32
Tax losses to be settled	9,508	-	222	9,286	-	7,566
Contract liabilities	49	-	756	-707	-	-1,532
Foreign exchange losses	2	-	-10	12	-	-36
Salaries, wages and social security contributions payable in subsequent periods	9	-	-54	63	-	-376
Inventory write-downs	1,217	-	-654	1,871	-	182
Lease liabilities	1,619	-	-198	1,817	-	159
Impairment losses on receivables	1,593	-	279	1,314	-	-1,427
R&D relief	3,998	-	1,568	2,430	-	758
Measurement of forward contracts	-	-	35	-	-118	-259
Other	584	-	-2,505	1,726	-	950
Exchange differences on translating foreign operations	-	-	790	-	-	853
Deferred tax assets	**23,675**	**0**	**-215**	**23,316**	**-118**	**8,526**
Deferred tax liability (net)	**4,602**	**-274**	**11**	**5,439**	**452**	**-9,893**

After a net-basis presentation of the relevant items, net deferred tax assets amounted to PLN 23,675 thousand, whereas deferred tax liabilities were PLN 4,602 thousand in accordance with the items in the consolidated statement of financial position.

Note 7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for a given period attributable to ordinary equity holders in the Parent by the weighted average number of ordinary shares outstanding in the period less treasury shares.

Diluted earnings per share are calculated as the quotient of net profit for the reporting period attributable to ordinary equity holders (after adjustment by costs generated by instruments convertible in the future into dilutive ordinary shares) and the weighted average number of ordinary shares outstanding in the period adjusted for the effect of potential shares resulting from financial instruments issued by the parent which may in the future result in emissions of parent's shares below the market price.

Item	31 Dec 2024	31 Dec 2023
Net profit/(loss) from continuing operations attributable to owners of the parent	24,327	35,406
Net profit/(loss) attributable to owners of the parent	24,327	35,406
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	**24,327**	**35,406**
Number of ordinary shares	10,000,000	10,000,000
Adjustment for weighted average number of treasury shares	-1,351,807	-1,632,079
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	8,648,193	8,367,921
Earnings per share	**2.81**	**4.23**
Dilutive effect:		
Number of potential shares to be issued under the incentive scheme*	45,000	195,000
Number of potential shares to be issued at market price	-2,166	-10,888
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	8,691,027	8,552,033
Diluted earnings per share	**2.80**	**4.14**

* For information on the Incentive Scheme, see Note 33.
The weighted average number of shares is the number of shares less shares held in treasury.

In accordance with IAS 33, the Group's calculation of diluted earnings per share included shares issued conditionally under the Incentive Scheme, as described in Note 33. The calculation omitted those incentive scheme elements that had an antidilutive effect in the presented reporting periods, which in the future may potentially affect the dilution of earnings per share.

Note 8. DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS

On 13 June 2024, the Annual General Meeting passed Resolution No. 20 allocating a portion of the 2023 net profit, amounting to PLN 8,616,365.00 (eight million, six hundred sixteen thousand, three hundred sixty-five złoty, 00/100), for dividend distribution. The dividend per share was PLN 1. With the dividend record date (R Date) on 18 June 2024, and the dividend payment date (P Date) on 28 June 2024.

Item	Reporting year	Previous year
Dividends recognised as distributions to owners on a per-share basis (PLN)	-	1.0
Dividends proposed or approved by the date of authorisation of these financial statements for issue, not recognised as distributed to shareholders	-	-
Dividends proposed or approved by the date of authorisation of these financial statements for issue, not recognised as distributed to shareholders, on a per-share basis	-	-

Note 9. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment (by type) in the period 1 January–31 December 2024

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Total
Gross carrying amount as at 1 Jan 2024	**8**	**42,106**	**50,088**	**4,685**	**16,953**	**113,839**
Exchange differences – opening balance	24	875	776	230	440	2,345
Increase, including:	**-**	**2,953**	**21,174**	**2,493**	**5,880**	**32,500**
acquisitions	-	2,515	7,402	2,493	5,880	18,291
self-constructed property, plant and equipment	-	-	10,638	-	-	10,638
other	-	438	3,133	-	-	3,571
Decrease, including:	**-**	**318**	**917**	**796**	**242**	**2,273**
sale	-	-	210	793	4	1,007
retirement	-	318	675	3	221	1,217
Gross carrying amount as at 31 Dec 2024	**8**	**44,741**	**70,345**	**6,382**	**22,592**	**144,067**
Cumulative depreciation as at 1 Jan 2024	**-**	**13,063**	**35,524**	**4,174**	**9,896**	**62,657**
Increase, including:	**-**	**1,383**	**3,695**	**396**	**1,807**	**7,281**
depreciation	-	1,189	3,065	396	1,807	6,457
reclassification		193	630	-	-	824
Decrease, including:	**-**	**88**	**878**	**660**	**218**	**1,844**
sale	-	-	205	657	74	936
retirement	-	88	663	3	143	897
Other	-	-	10	-	1	11
Cumulative depreciation as at 31 Dec 2024	**-**	**14,357**	**38,341**	**3,911**	**11,485**	**68,094**
Impairment losses as at 1 Jan 2024	**-**	**-**	**-**	**3**	**-**	**3**

Increase, including:	**-**	**-**	**-**	**-**	**-**	**-**
impairment loss recognition	-	-	-	-	-	-
Decrease, including:	**-**	**-**	**-**	**-**	**-**	**-**
use	-	-	-			-
reversal	-		-	-	-	-
Impairment losses as at 31 Dec 2024	**-**	**-**	**-**	**3**	**-**	**3**
Exchange differences – opening balance	**24**	**875**	**776**	**230**	**440**	**2,345**
Net exchange differences on translating financial statements into presentation currency	-	-40	199	14	176	349
Total net exchange differences on translating financial statements into presentation currency	24	835	976	244	615	2,694
Net carrying amount as at 31 Dec 2024	**8**	**31,218**	**32,980**	**2,713**	**11,722**	**78,664**

Changes in property, plant and equipment (by type) in the period 1 January–31 December 2023

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Total
Gross carrying amount as at 1 Jan 2023	**8**	**39,231**	**46,275**	**4,465**	**17,093**	**107,070**
Exchange differences – opening balance	24	935	1,238	288	1,047	3,533
Increase, including:	**-**	**3,064**	**5,182**	**221**	**1,775**	**10,242**
acquisitions	-	3,064	5,182	221	1,775	10,242
Decrease, including:	**-**	**-**	**1,369**	**-**	**1,915**	**3,473**
sale	-	-	1,362	-	-	1,362
retirement	-	189	-	-	-	189
Gross carrying amount as at 31 Dec 2023	**8**	**42,106**	**50,088**	**4,685**	**16,953**	**113,840**
Cumulative depreciation as at 1 Jan 2023	**-**	**12,028**	**33,179**	**3,905**	**10,129**	**59,241**
Increase, including:	**-**	**1,083**	**3,017**	**270**	**1,701**	**6,072**
depreciation	-	1,083	3,017	270	1,701	6,072
Decrease, including:	**-**	**-**	**672**	**-**	**1,934**	**2,656**
sale	-	-	665	-	-	665
retirement	-	49	-	-	-	49
Other	-	-	7	-	1,934	1,942
Cumulative depreciation as at 31 Dec 2023	**-**	**13,063**	**35,523**	**4,175**	**9,896**	**62,657**
Impairment losses as at 1 Jan 2023	**-**	**-**	**-**	**3**	**-**	**3**
Increase, including:	**-**	**-**	**-**	**-**	**-**	**-**
impairment loss recognition	-	-	-	-	-	-
Decrease, including:	**-**	**-**	**-**	**-**	**-**	**-**
use	-	-	-			-
reversal	-		-	-	-	-

Impairment losses as at 31 Dec 2023	**-**	**-**	**-**	**3**	**-**	**3**
Exchange differences – opening balance	**24**	**935**	**1,238**	**288**	**1,047**	**3,533**
Net exchange differences on translating financial statements into presentation currency	-	-60	-462	-58	-608	-1,188
Total net exchange differences on translating financial statements into presentation currency	24	875	776	230	440	2,345
Net carrying amount as at 31 Dec 2023	**8**	**29,918**	**15,341**	**738**	**7,496**	**53,525**

Impairment losses on property, plant and equipment are recognised by the Group under other expenses in the statement of comprehensive income. No impairment losses on property, plant and equipment were made in the reporting year or in the previous year.

RIGHT-OF-USE ASSETS

As at 31 December 2024, the Group had lease contracts, mainly for office space and production facilities located in the US, China and India. The lease contracts included extension and termination options. The Group has lease contracts with residual value guarantees, but they were included in the measurement of lease liabilities.

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Total
Gross carrying amount as at 1 Jan 2024	**2,625**	**45,966**	**4,823**	**9,628**	**63,042**
Increase, including:	**-**	**11,892**	**-**	**2,225**	**15,109**
new lease contracts	-	11,892	993	2,225	15,109
Decrease, including:	**-**	**178**	**-**	**4,653**	**7,964**
retirement	-	178	-	4,653	4,831
other	-	-	3,133	-	3,133
Gross carrying amount as at 31 Dec 2024	**2,625**	**57,681**	**2,682**	**7,200**	**70,187**
Cumulative depreciation as at 1 Jan 2024	**173**	**12,546**	**902**	**5,257**	**18,882**
Increase, including:	**37**	**5,797**	**173**	**1,934**	**7,940**
depreciation	37	5,797	173	1,934	7,940
Decrease, including:	**-**	**-**	**-**	**3,246**	**3,876**
retirement	-	-	-	3,246	3,246
Cumulative depreciation as at 31 Dec 2024	**210**	**18,344**	**444**	**3,945**	**22,946**
Exchange differences	**-**	**-657**	**-**	**-**	**-657**
Net carrying amount as at 31 Dec 2024	**2,414**	**38,680**	**2,238**	**3,255**	**46,583**

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Total
Gross carrying amount as at 1 Jan 2023	**2,625**	**25,005**	**4,823**	**8,352**	**40,804**
Increase, including:	**-**	**21,586**	**-**	**2,704**	**24,290**
new lease contracts	-	21,586	-	2,704	24,290
Decrease, including:	**-**	**625**	**-**	**1,428**	**2,052**
retirement	-	625	-	1,428	2,052
Gross carrying amount as at 31 Dec 2023	**2,625**	**45,966**	**4,823**	**9,628**	**63,042**
Cumulative depreciation as at 1 Jan 2023	**136**	**8,911**	**709**	**3,783**	**13,543**
Increase, including:	**37**	**4,117**	**193**	**2,007**	**6,353**
depreciation	37	4,117	193	2,007	6,353
Decrease, including:	**-**	**481**	**-**	**533**	**1,015**
retirement	-	481	-	533	1,015
Cumulative depreciation as at 31 Dec 2023	**173**	**12,546**	**902**	**5,257**	**18,882**
Exchange differences	**-**	**-2,798**	**-**	**-**	**-2,798**
Net carrying amount as at 31 Dec 2023	**2,451**	**30,622**	**3,921**	**4,371**	**41,362**

Note 10. COST OF PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION AND SELF-CONSTRUCTED PROPERTY, PLANT AND EQUIPMENT INCURRED IN THE PERIOD

Property, plant and equipment under construction:

Property, plant and equipment under construction as at 1 Jan 2024	*Expenditure incurred in the financial year*	*Allocation of the expenditure*				*As at 31 Dec 2023*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other property, plant and equipment*	
6,050	**30,231**	**3,346**	**18,625**	**-**	**123**	**14,187**

Property, plant and equipment under construction as at 1 Jan 2023	*Expenditure incurred in the financial year*	*Allocation of the expenditure*				*As at 31 Dec 2023*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other property, plant and equipment*	
4,210	**11,959**	**3,421**	**6,004**	**-**	**693**	**6,050**

Note 11. INTANGIBLE ASSETS

Changes in intangible assets (by type) in the period 1 January–31 December 2024

Item	*Patents and licences, software*	*Development costs*	*Other intangible assets*	*Total*
Gross carrying amount as at 1 Jan 2024	**17,496**	**60,837**	**5,093**	**83,426**
Increase, including:	**153**	**3,781**	2,906	**6,839**
acquisitions	153	3,781	2,906	6,839
Decrease, including:	**-**	**1,046**	**-**	**1,046**
retirement	-	993	-	993
disposal	-	53	-	53
Gross carrying amount as at 31 Dec 2024	**17,649**	**63,571**	**7,998**	**89,219**
Cumulative amortisation as at 1 Jan 2024	**12,349**	**13,608**	**4,909**	**30,866**
Increase, including:	**787**	**3,135**	**159**	**4,081**
amortisation	787	3,135	159	4,081
other	-	-	-	-
Decrease, including:	**-**	**-**	**-**	**-**
sale	-	-	-	-
Cumulative amortisation as at 31 Dec 2024	**13,136**	**16,743**	**5,068**	**34,947**
Impairment losses as at 1 Jan 2024	-	-	-	-
Impairment losses as at 31 Dec 2024	-	-	-	-
Exchange differences – opening balance	-107	-143	-	-250
Net exchange differences on translating financial statements into presentation currency	38	-23	-	15
Net carrying amount as at 31 Dec 2024	**4,551**	**46,805**	**2,931**	**54,287**

Changes in intangible assets (by type) in the period 1 January–31 December 2023

Item	*Patents and licences, software*	*Development costs*	*Other intangible assets*	*Total*
Gross carrying amount as at 1 Jan 2023	**18,398**	**52,710**	**5,093**	**76,201**
Increase, including:	**161**	**8,127**	-	**8,288**
acquisitions	161	8,127	-	8,288
Decrease, including:	**1,064**	**-**	**-**	**1,064**
retirement	982	**-**	**-**	982
disposal	82	-	-	**82**
Gross carrying amount as at 31 Dec 2023	**17,496**	**60,837**	**5,093**	**83,426**
Cumulative amortisation as at 1 Jan 2023	**12,290**	**10,897**	**4,683**	**27,870**
Increase, including:	**140**	**2,711**	**226**	**3,078**
amortisation	941	2,711	226	3,878
other	-801	**-**	**-**	-801
Decrease, including:	**82**	**-**	**-**	**82**
sale	82	**-**	**-**	82
Cumulative amortisation as at 31 Dec 2023	**12,349**	**13,608**	**4,909**	**30,866**
Impairment losses as at 1 Jan 2023	-	-	-	-
Impairment losses as at 31 Dec 2023	-	-	-	-
Exchange differences – opening balance	59	84	-	143
Net exchange differences on translating financial statements into presentation currency	-107	-143	-	-250
Net carrying amount as at 31 Dec 2023	**5,040**	**47,085**	**184**	**52,310**

No intangible assets are pledged as security for liabilities.

As at 31 December 2024 and 31 December 2023, the Group had no intangible assets held for sale.
In 2024, the research costs recognised in the statement of comprehensive income were PLN 4,205 thousand (2023: PLN 7,680 thousand).

As at 31 December 2024, PLN 36,349 thousand was recognised as costs of completed development work and PLN 10,736 thousand – as costs of ongoing development work. The costs include the development of innovative equipment for metal heat treatment and vacuum metallurgy.

Costs of completed development work include:
- - PLN 25,305 thousand allocated to the vacuum furnace segment;
- - PLN 4,530 thousand allocated to the aluminium furnace segment;
- - PLN 5,885 thousand allocated to the melting furnace segment;
- PLN 629 thousand – other costs.

Costs of ongoing development work include:
- PLN 9,040 thousand allocated to the vacuum furnace technology;
- PLN 986 thousand allocated to the melting furnace technology;
- PLN 710 thousand – other costs.

The Group distinguishes between research work and development work for its projects irrespective of the segment in which the work is carried out, in accordance with internal determinations already at the beginning of work on a new project envisaged in the budget. Any project that does not meet the criteria for recognition as intangible assets is treated as a project carried out as part of research work. The Group's criteria that allow capitalisation of expenditure on development projects are consistent with IAS 38, and all research and development expenditure which does not meet the criteria is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised under assets in the next period.

Note 12. GOODWILL

Consolidation goodwill	31 Dec 2024	31 Dec 2023
Retech Systems LLC	30,081	30,081
SW Germany	1,667	1,667
Total goodwill at end of period	**31,748**	**31,748**

In 2024, no increase/decrease in goodwill was recognised.

The Parent's Management Board analyses business performance by vertically integrated units within the Group. The Group operates in many markets around the globe, selling metal heat treatment furnaces manufactured using three main technologies. The Group's main production centres are situated in Poland, US and China. Sales, handled by the individual Group companies, are made by the companies in global markets, usually related to their place of registration, although in practice there are often deviations from this allocation, especially if the company also has customers outside its country of registration.

Cash-generating units were recognised at the Group in accordance with the geographical criteria as cash inflows may be identified according to the Group's product markets.

In principle, separate flows are generated from deliveries to the Chinese market (related to production by the plant in China and independent assets in China). The Chinese market is also a separate point of reference for the Group's operations and it is possible to allocate cash inflows to assets in that market. Therefore, the first cash-generating unit is "Production and distribution – China". The recognised goodwill does not apply to this cash-generating unit.

The assets of this unit are all production and distribution assets in the Chinese companies.

The smallest asset group to which the remaining inflows may be allocated is all other production and distribution assets of the Group. Apart from China, production and sales are global and are carried out based on the same assets – the assets of all the other Group companies. For these reasons, the second cash-generating unit is "Production and Distribution – Rest of the World".

To this unit applies the reported goodwill from consolidation resulting from the historical acquisitions of the operating companies comprising the unit.

As at the reporting date, the Group did not identify any indications of impairment of the above units. However, a test for the "Rest of the World" unit was required due to the recognition of goodwill as one of the assets of that unit.

The recoverable amount of the cash-generating unit "Production and distribution – Rest of the World" was determined based on the calculations of value in use. The calculations are based on post-tax cash flow projections adopted in financial models approved by the Management Board for a period of five years. Cash flows beyond five years are extrapolated using the estimated growth rates set out below. The growth rate after the forecast period is the weighted average of expected growth rates until the end of the period covered by the financial model and expected inflation rates after that period.

The key assumptions used in the calculations of value in use as at 31 December 2024 are as follows:

	Production and distribution – Rest of the World
Average annual revenue growth in the forecast period	10.9%
Long-term growth rate after the forecast period	2%
Discount rate	11.93%
Recoverable amount of the unit	364,457
Carrying amount of the unit	166,164
Excess of recoverable amount over carrying amount of the unit	198,294

The discount rate was determined on the basis of the weighted average cost of capital representative of the market and industry in which the entities comprising the cash-generating unit operate.

The key assumptions used in the calculations of value in use as at 31 December 2023 are as follows:

	Production and distribution – Rest of the World
Average annual revenue growth in the forecast period	12.7%
Long-term growth rate after the forecast period	2%
Discount rate	13.45%
Recoverable amount of the unit	210,915
Carrying amount of the unit	129,298
Excess of recoverable amount over carrying amount of the unit	81,617

Sensitivity to changes of assumptions:

An analysis of sensitivity to change in key assumptions applied in the test was performed:

Effect of change in key test assumptions on estimated value in use	2024 2023	
+1/-1% change in discount rate	-33,899/43,297	-20,568/25,487
+10/-10% change in average revenue growth rate	42,554/-24,751	83,263/-31,086
+1/-1% change in growth rate after forecast period	30,177/-24,653	16,863/-14,153

As a key assumption for the tested cash-generating unit the Parent's Management Board adopted a forecast revenue growth rate resulting from the Group's financial plan for the forecast period, and a long-term revenue growth rate after the forecast period. The sales volume and the selling price of products for each period are the principal revenue drivers. The cost assumptions are based on estimated costs of materials and labour for volumes required to generate revenue. The cumulative annual volume growth rate is based on the Management Board's expectations as to market growth and limited by the maximum production capacity of the plants. The applied long-term growth rates are consistent with forecasts presented in industry reports. Discount rate – the weighted average cost of capital (WACC) was used as a discount rate for the purposes of the impairment tests; WACC was adjusted on a case-by-case basis for premiums and discounts related to risks specific to a given tested asset.

At the level of the tested cash-generating unit "Production and distribution – Rest of the World", to which the goodwill applies, no impairment was identified.

Note 13. EQUITY-ACCOUNTED INVESTEES

OOO SCT

The Group holds 50% of ordinary shares in OOO SCT (a company operating under Russian law), representing 50% of total voting rights in the company. The Russian shareholder holds the other 50% of the voting rights. The investment in OOO SCT is measured with the equity method in accordance with IAS 28.
OOO SCT provides metal heat treatment services in Russia, but its activities are not material to the SECO/WARWICK Group's business.

Condensed financial information of the associate

Balance sheet	31 Dec 2024	31 Dec 2023
Non-current assets	809	1,127
Current assets	648	798
Non-current liabilities	-	-
Current liabilities	386	377
Revenue	3,310	3,296
Net profit/(loss) from continuing operations	-326	-467

Carrying amount of investment	
As at 31 Dec 2023	-
Share of loss of joint venture 2024	-163
Exchange differences on translating foreign operations	-75
Impairment losses	238
As at 31 Dec 2024	-

Note 14. INVENTORIES

Item	31 Dec 2024	31 Dec 2023
Materials	48,566	55,444
Semi-finished products and work in progress	35,483	31,281
Finished goods	1,843	1,809
Merchandise	-	252
Total inventories (carrying amount)	**85,892**	**88,785**
Inventory write-downs	15,233	13,638
Gross inventories	**101,124**	**102,424**

CHANGE IN WRITE-DOWNS

WRITE-DOWNS	Materials	Semi-finished products and work in progress	Finished goods	Merchandise	Total
1 Jan 2023	**4,811**	**7,282**	**733**	**5**	**12,831**
Increase, including:	**719**	**278**	**-**	**-**	**997**
- write-downs recognised in correspondence with other expenses	719	278	-	-	997
Decrease, including:	**-**	**189**	**-**	**-**	**189**
Net exchange differences on translating financial statements into presentation currency	-	189	-	-	189
31 Dec 2023	**5,530**	**7,370**	**733**	**5**	**13,638**
Increase, including:	**1,653**	**393**	**-**	**-**	**2,046**
- write-downs recognised in correspondence with other expenses	1,653	393	-	-	**2,046**
Decrease, including:	**-**	**452**	**-**	**-**	**452**
Net exchange differences on translating financial statements into presentation currency	-	**452**	-	-	**452**
31 Dec 2024	**7,182**	**7,312**	**733**	**5**	**15,232**

Based on an analysis of the value of inventories as at 31 December 2024 and 31 December 2023, inventory was remeasured by recognising write-downs on inventories which got damaged or became partly or entirely useless, or in the case of which selling prices fell and estimated costs of preparation for sale or costs to sell increased.

Due to the use within the Group of inventories which had been written down, in the period in which the inventories were used the impairment write-down was reversed in correspondence with the other expenses account.

Note 15. CONTRACT ASSETS/LIABILITIES

Contract assets

Contract assets are recognised when the Group has satisfied a performance obligation to a customer by delivering goods or services, but payment for these services and goods has not yet been made and no invoice has been issued. Where the right to receive consideration is unconditional, i.e. where the Group has satisfied a performance obligation to a customer and issued an invoice for the goods/services, the right to receive consideration is recognised as trade receivables. In view of the performance of large contracts for individual customers, the Group believes that there is a concentration of credit risk with respect to contract assets and receivables. Therefore, in order to determine impairment losses the Group analyses balances on a case-by-case basis. The Group's maximum exposure to credit risk at the end of the reporting period corresponds to the carrying amount of these assets.

Changes in contract assets in the twelve months ended 31 December 2024 were as follows:

	2024	2023
Opening balance	**126,133**	**140,873**
Increase	456,858	450,244
Invoiced amounts transferred to trade receivables	-466,509	-458,498
Impairment losses on contract assets	-	-393
Exchange differences	2,501	-6,094
Closing balance	**118,983**	**126,133**

Contract liabilities

The balance of contract liabilities of approximately PLN 108,040 thousand as at 1 January 2024 was recognised as revenue generated in the 12 months ended 31 December 2024.

The significant amounts of contract assets and liabilities result from the payment schedules agreed with the customers and are recognised at the level of individual contracts.

As at 31 December 2024, the transaction price allocated to unsatisfied performance obligations under contracts with customers was PLN 174,157 thousand. The following table shows the time periods during which the Group expects to satisfy those performance obligations and recognise related revenue.

	31 Dec 2024	31 Dec 2023
Up to 1 year	174,157	156,757
1–2 years		1,342
2–3 years	-	-
3–4 years	-	-
4–5 years	-	-
Over 5 years	-	-
Total unsatisfied performance obligations	**174,157**	**158,099**

Note 16. TRADE AND OTHER RECEIVABLES

Item	31 Dec 2024	31 Dec 2023
Trade receivables	**1,916**	**1,325**
from other entities	1,916	1,325
Other receivables		
from other entities	-	-
Total long-term trade and other receivables	**1,916**	**1,325**

Item	31 Dec 2024	31 Dec 2023
Trade receivables	**89,988**	**112,937**
a) trade receivables, with maturities of up to 12 months	89,988	112,937
- prepayments and security deposits paid	-	-
b) from other entities	-	-
Total other short-term receivables	**21,058**	**19,383**
- taxes, customs duties, social security	5,181	4,268
- prepayments	10,093	10,082
- other receivables	5,785	5,033
Total net trade and other receivables	**111,046**	**132,320**
Impairment losses	17,577	18,302
Total gross trade and other receivables	**128,623**	**150,622**

As at 31 December 2024, an impairment loss was recognised for trade receivables amounting to PLN 17,577 thousand (2023: PLN 18,302 thousand). For more information on the method of estimating expected credit losses, see Section 33.4.

Changes in impairment losses on receivables were as follows:

Item	31 Dec 2024	31 Dec 2023
At beginning of period	**16,262**	**17,540**
Increase	1,258	1,511
Reversal (-)	-	-1,214
Use (-)	-265	-
Assets designated as assets for sale	-	-
Net exchange differences on translating financial statements into presentation currency	322	464
At end of period	**17,577**	**18,302**

The following tables present gross carrying amounts of trade receivables measured at amortised cost and the allowance for expected credit losses on such receivables for each period past due.

31 Dec 2024		
	Weighted-average loss rate	Loss allowance for the period 1 Jan–31 Dec 2023
Not past due	3%	1,760
Past due from 1 to 90 days	6%	316
Past due from 91 to 180 days	33%	305
Past due more than 180 days	57%	735
Based on a case-by-case analysis of receivable balances		14,460
Total		**17,577**

31 Dec 2023		
	Weighted-average loss rate	Loss allowance for the period 1 Jan–31 Dec 2022
Not past due	3%	1,840
Past due from 1 to 90 days	2%	513
Past due from 91 to 180 days	37%	287
Past due more than 180 days	70%	800
Based on a case-by-case analysis of receivable balances		14,860
Total		**18,302**

Trade receivables (gross) by maturity as of the reporting date:

Item	31 Dec 2024	31 Dec 2023
up to 1 month	63,595	70,966
more than 1 month, up to 6 months	14,320	26,940
more than 6 months, up to 1 year	5,466	4,338
more than 1 year	3,044	5,304
past due	5,480	6,713
Total trade receivables (net)	**91,904**	**114,262**
Long-term receivables	1,916	1,325
Short-term receivables	89,988	112,937
Impairment losses on trade receivables	17,577	18,302
Total trade receivables (gross)	**109,481**	**132,564**

Income tax assets

As at 31 December 2024, income tax assets amounted to PLN 4,361 thousand (31 December 2023: PLN 2,138 thousand).

Note 17. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets

Item	31 Dec 2024	31 Dec 2023
Shares in other entities	3	3
Derivative financial instruments	1,764	4,242
Total financial assets, including:	**1,767**	**4,245**
- non-current	3	63
- current	1,764	4,182

Financial liabilities

Item	31 Dec 2024	31 Dec 2023
Bank borrowings	85,536	53,257
Other financial liabilities:	48,745	39,697
- derivative financial instruments	183	-
- lease liabilities	47,399	39,697
- other	1,163	-
Total financial liabilities, including:	**134,281**	**92,954**
- non-current	62,793	41,459
- current	71,488	51,495

	31 Dec 2024		31 Dec 2023	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	1,767	-	4,242	
Total hedging instruments				
- non-current	3	-	63	-
- current	1,764	-	4,182	

Disclosures of derivative financial instruments which qualify for hedge accounting

The Group applies cash flow hedge accounting with respect to currency risk arising from future, highly probable cash flows associated with the Group's foreign-currency revenue from sale of merchandise in foreign currencies.

Currency risk hedges

As part of its risk management strategy, involving mainly the management of currency risk associated with foreign-currency revenue from export sale of the Group's products, the Group enters into appropriate FX Forward contracts hedging its projected cash flows. The purpose of the Group's currency risk hedging measures (the Group hedges against the risk of changes in the EUR and USD exchange rates) is to reduce the volatility of foreign-currency revenue from sale of merchandise.

The Group enters into FX Forward hedges with settlement dates matching the dates when it expects to receive the hedged revenue. The Group hedges up to 80% of its revenue for a maximum period of two calendar years. In view of possible differences between the actual timing and amount of cash flows and those estimated, the

Group assumes that FX Forwards constituting hedging instruments may be adjusted accordingly, especially by entering into FX Swap contracts with appropriate parameters.

Hedging instruments include:

- FX Forward contracts for sale of a foreign currency (EUR, USD or GBP),
- FX Swap contracts postponing the original payment dates, in the same currencies as original FX Forward contracts.

The Group determines whether there is an economic relationship between a hedged item and the hedging instrument by comparing the key terms of the hedged item and the hedging instrument, in particular the maturity dates, the cash flow currencies and the amounts of the foreign-currency cash flows.

The Group has set a hedge ratio at 1:1 by comparing the nominal amounts of foreign-currency cash flows under the hedging instrument and the hedged item.

In relation to currency risk in cash flow hedging relationships, the main sources of ineffectiveness identified by the Group include:

- non-linearity of Swap points, as a result of which forward exchange rates resulting from a rollover of a derivative instrument may differ from forward exchange rates obtained for the same maturity date without the rollover (using a single FX Forward),
- impact of credit risk on the fair value of FX Forward contracts.

Save for those indicated above, the Group has not identified any other sources of ineffectiveness with respect to the currency risk hedging relationships.

Total figures related to all hedging relationships used*:*

Amount, timing and uncertainty of future cash flows

The following table presents the notional amounts of hedging instruments and their timing as at 31 December 2024:

	TIME REMAINING TO MATURITY					TOTAL
	UP TO 1 MONTH	1–3 MONTHS	3–12 MONTHS	1–5 YEARS	OVER 5 YEARS	
	CASH FLOW HEDGE CURRENCY RISK					
	EUR/PLN FX Forward (including FX Swap)					
Notional amount (EUR '000)	2,430	4,585	13,085	-	-	**20,100**
Average exchange rate	4.42	4.43	4.44	-	-	**4.44**
	USD/PLN FX Forward (including FX Swap)					
Notional amount (USD '000)	-	-	3,100	1000	-	**4,100**
Average exchange rate	-	-	4.09	4.16	-	**4.11**
	GBP/PLN FX Forward (including FX Swap)					
Notional amount (USD '000)	-	-	-	-	-	-
Average exchange rate	-	-	-	-	-	-

Impact of hedge accounting on financial position and results:

The following table shows the impact of cash flow hedging on the financial position and profit or loss with respect to hedging instruments as at 31 December 2024:

Instrument type	Unit	Notional amount 31 Dec 2024	Assets 31 Dec 2024	Liabilities 31 Dec 2024	Statement of financial position item that includes the hedging instrument	Changes in fair value of the hedged item (as a basis for determining the ineffective portion in the period)	Hedging gains or losses for the reporting period, recognised in other comprehensive income	Hedge ineffectiveness amount taken to profit or loss	Statement of comprehensive income (statement of profit or loss) item in which ineffectiveness amount is included	Amount reclassified from cash flow hedge reserve to profit or loss as reclassification adjustment	Item of statement of comprehensive income (statement of profit or loss) in which reclassification adjustment is included
Forward – sale of currency	**EUR**	85,902	1,764	-	Derivative financial instruments	1,764	4,034	-	Finance income/costs	5,266	Finance income/costs
Forward – sale of currency	**USD**	16,794	-	183	Derivative financial instruments	-183	-162	-	Finance income/costs	-57	Finance income/costs
Forward – sale of currency	**GBP**	-	-	-	Derivative financial instruments	-	-	-	Finance income/costs	-	Finance income/costs
TOTAL		**102,695**	**1,764**	**183**		**1,581**	**3,872**	**-**		**5,210**	

And as at 31 December 2023:

Instrument type	Unit	Notional amount 31 Dec 2023	Assets 31 Dec 2023	Liabilities 31 Dec 2023	Statement of financial position item that includes the hedging instrument	Changes in fair value of the hedged item (as a basis for determining the ineffective portion in the period)	Hedging gains or losses for the reporting period, recognised in other comprehensive income	Hedge ineffectiveness amount taken to profit or loss	Statement of comprehensive income (statement of profit or loss) item in which ineffectiveness amount is included	Amount reclassified from cash flow hedge reserve to profit or loss as reclassification adjustment	Item of statement of comprehensive income (statement of profit or loss) in which reclassification adjustment is included
Forward – sale of currency	**EUR**	77,660	4,108	-	Derivative financial instruments	4,108	6,386	-	Finance income/costs	4,966	Finance income/costs
Forward – sale of currency	**USD**	1,574	134	-	Derivative financial instruments	134	377	-	Finance income/costs	-131	Finance income/costs
Forward – sale of currency	**GBP**	-	-	-	Derivative financial instruments	-	-	-	Finance income/costs	-	Finance income/costs
TOTAL		**79,234**	**4,242**	-		**4,242**	**6,763**			**4,835**	

The following table shows the effect of cash flow hedging on the financial position and profit or loss with respect to hedged items as at 31 December 2024:

(PLN '000)	Change in value of hedged item used as basis for recognising hedge ineffectiveness in given period	Balance of cash flow hedge reserve for continuing hedges	Balance remaining in cash flow hedge reserve in respect of all hedging relationships for which hedge accounting is no longer applied
	CASH FLOW HEDGE		
	CURRENCY RISK		
Revenue in EUR from sale of merchandise	-1,764	1,074	-
Revenue in USD from sale of merchandise	183	-113	-
Revenue in GBP from sale of merchandise	-	-	-
TOTAL	**-1,581**	**961**	**-**

The following table presents the change in cash flow hedge reserve over the reporting period:

	2024	2023
AT BEGINNING OF PERIOD	**2,116**	**189**
	CASH FLOW HEDGE	
	CURRENCY RISK	
Hedging gains or losses recognised in other comprehensive income during the reporting period	3,872	6,763
Part of loss taken to statement of profit or loss as hedged item was not expected to occur	NA	NA
Amount reclassified from cash flow hedge reserve to statement of profit or loss (revenue) as reclassification adjustment	5,210	4,835
AT END OF PERIOD	**778**	**2,116**

Note 18. OTHER NON-FINANCIAL ASSETS

Item	31 Dec 2024	31 Dec 2023
Prepayments and accrued income	5,079	3,925
Total other non-financial assets	**5,079**	**3,925**

The main items of prepayments and accrued income include insurance and software leases.

Note 19. CASH AND CASH EQUIVALENTS

Item	31 Dec 2024	31 Dec 2023
Cash at banks and cash in hand	145,837	74,997
Short-term deposits	-	738
Total cash and cash equivalents	**145,837**	**75,736**

Note 20. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

Share capital

Item	31 Dec 2024	31 Dec 2023
Number of shares	10,000,000	10,000,000
Par value of shares	0.2	0.2
Share capital	2,000	2,000
Restatement due to hyperinflationary conditions	1,556	1,556
Share capital at end of period	**3,556**	**3,556**

Components of equity from restatement under hyperinflationary conditions are disclosed as a part of the share capital.

Shareholding structure:

Shareholders as at 31 Dec 2024	Share preference	Type of limitation on rights to shares	Number of shares	Ownership interest (%)
SW Holding	None	-	3,387,139	**33.87%**
Spruce Holding Limited Liability Company (USA)	None	-	1,091,952	**10.92%**
Nationale-Nederlanden Otwarty Fundusz Emerytalny	None	-	600,000	**6.00%**
SECO/WARWICK S.A.	None	-	1,265,093	**12.65%**
Generali Otwarty Fundusz Emerytalny	None	-	640,798	**6.41%**
PKO BP Bankowy Otwarty Fundusz Emerytalny	None	-	506,504	**5.07%**
Other	None	-	2,508,514	**25.09%**
TOTAL			**10,000,000**	**100%**

Shareholders as at 31 Dec 2023	Share preference	Type of limitation on rights to shares	Number of shares	Ownership interest (%)
SW Holding	None	-	3,387,139	33.87%
Spruce Holding Limited Liability Company (USA)	None	-	1,091,952	10.92%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	None	-	600,000	6.00%
SECO/WARWICK S.A.	None	-	1,383,635	13.84%
Generali Otwarty Fundusz Emerytalny	None	-	640,798	6.41%
PKO BP Bankowy Otwarty Fundusz Emerytalny	None	-	506,504	5.07%
Other	None	-	2,389,972	23.90%
TOTAL			10,000,000	100%

Other components of equity

Other components of equity:	Share-based payment reserve	Share buyback reserve	Hedging reserve	Actuarial gains/(losses)	Translation reserve	Total other components of equity
Other components of equity as at 1 Jan 2024	**6,494**	**37,561**	**2,116**	**-142**	**10,993**	**57,022**
Other comprehensive income	-	-	-1,338	-	-	-1,338
Valuation of management stock option plan	1,342	-	-	-	-	**1,342**
Sale of treasury shares under the incentive scheme	24	-	-	-	-	**24**
Carrying amount of treasury shares sold under the incentive scheme	-1,732					**-1,732**
Cancellation of treasury shares	-	-	-	-	-	-
Translation reserve	-	-	-	-	2,484	**2,484**
Other comprehensive income	-	-	-	-	-	-
Other components of equity as at 31 Dec 2024	**6,128**	**37,561**	**778**	**-142**	**13,477**	**57,802**
Other components of equity as at 1 Jan 2023	**7,744**	**42,765**	**189**	**-142**	**20,275**	**70,830**
Valuation of management stock option plan	1,726	-	-	-	-	**1,726**
Sale of treasury shares under the incentive scheme	24	-	-	-	-	**24**
Carrying amount of treasury shares sold under the incentive scheme	-3,000	-	-	-	-	**-3,000**
Cancellation of treasury shares	-	-5,204	-	-	-	**-5,204**
Translation reserve	-	-	-	-	-9,281	**-9,281**
Other comprehensive income	-	-	1,928	-	-	**1,928**
Other components of equity as at 31 Dec 2023	**6,494**	**37,561**	**2,116**	**-142**	**10,993**	**57,022**

The share buyback reserve was transferred from statutory reserve funds by way of resolution of the Extraordinary General Meeting on 30 October 2014 to purchase own shares.

Retained earnings include profits from previous years and net profit for the reporting year, reduced by the amount allocated to dividend distribution, which is reflected in changes in equity.

Hedging reserve

The Group's hedging reserve is related to the following financial instruments:

	Cash flow hedge reserve – fair value of a forward contract
As at 1 Jan 2023	**189**
Plus: change in fair value of hedging instruments recognised in other comprehensive income	1,642
Minus: reclassification from other comprehensive income to profit or loss	-285
As at 31 Dec 2023	**2,116**
Plus: change in fair value of hedging instruments recognised in other comprehensive income	- 1,338
Minus: reclassification from other comprehensive income to profit or loss	
As at 31 Dec 2024	**778**

Share buyback reserve and treasury shares

The acquisition of treasury shares by the Group and its purpose are disclosed in Part I General information, Section 6 Major holdings of shares. As at 31 December 2024, the Group held 1,265,093 treasury shares representing 12.65% of the share capital, and as at 31 December 2023 – 1,383,635 treasury shares representing 13.84% of the share capital. In 2024, 118,542 treasury shares worth PLN 1,732.5 thousand were issued under the incentive scheme.

The Group presents the acquired treasury shares in accordance with IAS 1 as a separate item of equity, deducting their value from equity. As at 31 December 2024, the amount was PLN -18,536 thousand (PLN -20,268 thousand as at 31 December 2023). The acquisition, sale, issue or retirement of treasury shares does not result in the recognition of any gains or losses in the entity's profit or loss.

Proceeds from sale or issue of own shares in 2024 amounted to PLN 23,708.40 thousand, and resulted from the terms of participation in the Incentive Scheme set out in its rules.

The treasury shares are shares in SECO/WARWICK S.A. held by Biuro Maklerskie mBanku (mBank Brokerage Office) for the purpose of issuing shares under an agreement for the purchase of treasury shares with participants of the Incentive Scheme, as discussed in more detail in Note 33 Incentive Scheme.

The share buyback reserve is used to recognise fair value as at the date of allotment of shares issued in connection with the Incentive Scheme.

Treasury shares

Data in PLN

Item	Number of shares	Par value of shares	Book value of shares	Equivalent of the value of shares acquired or sold for consideration	Percentage of share capital represented by shares
Shares as at 1 Jan 2024	**1,383,635**	**0.20**	**276,727**	**20,268,344**	**13.84%**
Increase, including:					
- acquisition of shares for the Incentive Scheme					
Decrease, including:					
- settlement of the Incentive Scheme	118,542	-	23,708	1,732,491	-
- cancellation					
Shares as at 31 Dec 2024	**1,265,093**	**0.20**	**253,019**	**18,535,853**	12.65%

Item	Number of shares	Par value of shares	Book value of shares	Equivalent of the value of shares acquired or sold for consideration	Percentage of share capital represented by shares
Shares as at 1 Jan 2023	**1,802,189**	**0.20**	**360,438**	**28,532,101**	17.5%
Increase, including:					
- acquisition of shares, including for the Incentive Scheme					
Decrease, including:					
- cancellation	120,000	0.20	24,000	-3,000,000	1.17%
- sale of shares under the Incentive Scheme	298,554	0.20	59,711	-5,263,757	2.49%
Shares as at 31 Dec 2023	**1,383,635**	**0.20**	**276,727**	**20,268,344**	13.84%

Share premium reserve

As at 31 December 2024 and 31 December 2023, the share premium reserve, created as a result of the issue of Parent shares, stood at PLN 78,666 thousand.

Note 21. BORROWINGS

On 12 March 2020, SECO/WARWICK S.A. executed a PLN 15,000 thousand investment credit facility agreement with mBank S.A. of Warsaw. The facility was contracted to finance the repurchase of up to 1,000,000 Company shares pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 12 February 2020. As at the date of signing Annex 3, i.e. 10 November 2020, the amount drawn under the facility was PLN 14,500 thousand. As at 31 December 2024, the total amount drawn under the facility was PLN 806 thousand. As at 31 December 2023, the total amount drawn under the facility was PLN 4,028 thousand.

On 5 October 2021, SECO/WARWICK S.A. executed a PLN 10,400 thousand investment credit facility agreement with mBank S.A. of Warsaw. The facility was contracted to finance the repurchase of up to 850,000 Company shares under the share buyback programme established pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 7 October 2021. As at the date of signing Annex 1, i.e. 26 November 2021, the amount drawn under the facility was PLN 6,908 thousand. As at 31 December 2024, the total amount drawn under the facility was PLN 2,418 thousand. As at 31 December 2023, the total amount drawn under the facility was PLN 3,799 thousand.

The facilities are secured by a contractual mortgage over a property comprising the following plots of land held in perpetual usufruct:

- No. 195/94, situated at ul. Zachodnia 76, Świebodzin
- No. 195/80, situated at ul. Zachodnia 76, Świebodzin

On 30 November 2023, Retech Systems LLC signed an USD 10,000 thousand investment loan agreement with Fundusz Ekspansji Zagranicznej 2 FIZ AN, a fund managed by PFR TFI S.A. The loan was granted to finance some of the expenditure related to the implementation of the SECO/WARWICK Group Strategy for 2023-2026, announced in Current Report No. 17/2023 of 26 September 2023. Specifically, the loan will be allocated to a project aimed at advancing metal powder manufacturing technology, including the construction and installation of Plasma Gas Atomizer furnaces, both on a large and small scale, utilising proprietary Retech PAM (Plasma Arc Melting) technology. Additionally, the project will involve expanding and equipping the production and assembly hall. The project, with an estimated total value of approximately PLN 45 million, is being executed at Retech Systems LLC in Buffalo, New York, USA. These expenses are anticipated to be incurred between 2023 and 2025. The development of powder technology will further strengthen the SECO/WARWICK Group's position on the global heat treatment and metallurgy market, including in the promising 3D metal printing segment (additive manufacturing). As at 31 December 2024, the total amount drawn under the loan was USD 6,500 thousand (PLN 26,658 thousand). As at 31 December 2023, the total amount drawn under the loan was USD 1,402 thousand (PLN 5,519 thousand).

Credit facilities as at 31 December 2024:

Lender	Amount		Currency	Limit/amount as per agreement	Repayment date	Security	Interest rate	Type
	PLN '000	In foreign currency ('000)						
Huntington National Bank	172	42	USD	36	31 Jan 2026		*fixed – 7%*	Overdraft facility
Volkswagen Credit	32	8	USD	27	30 Sep 2026		*fixed*	Overdraft facility
SANTANDER	1,157	-	PLN	2,000	28 Feb 2024	promissory note	1M WIBOR + 1.0% p.a.	Overdraft facility
mBank	74	-	PLN	-	-	promissory note	-	Credit card limit
mBank	22	5	EUR	-	-	promissory note	-	Credit card limit
mBank	87	-	PLN	-	-	promissory note	-	Credit card limit
mBank	28	6.8	USD	-	-	promissory note	-	Credit card limit
mBank	91	21	EUR	-	-	promissory note	-	Credit card limit
HSBC Bank	-	-	USD	1,300	31 Dec 2025		*fixed – 11%*	Overdraft facility
Fundusz Ekspansji Zagranicznej 2 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych	26,658	6,500	USD	10,000	31 Dec 2030	mortgage, surety from SWSA, notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	fixed – 7%	Investment facility
BNP Paribas	25,417	-	PLN	50,000	8 Dec 2025	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 0.9% p.a.	Overdraft facility
PEKAO	-	-	PLN	15,000	31 Aug 2025	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 1.25% p.a.	Overdraft facility
mBank	18,584		PLN	20,000	3 Sep 2026	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	ON WIBOR + 1.05% p.a.	Overdraft facility
mBank	806		PLN	14,500	31 Mar 2025	mortgage, hold on securities account	1M WIBOR + 1.35% p.a.	Investment facility
mBank	2,418	-	PLN	6,908	30 Sep 2026	mortgage, hold on securities account	1M WIBOR + 1.35% p.a.	Investment facility
Santander	9,801	-	PLN	19,000	28 Feb 2025	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 0.9% p.a.	Overdraft facility
Car Loan facility	187	3,941	INR					Overdraft facility
Total:	**85,537**							

Credit facilities as at 31 December 2023:

Lender	Amount		Currency	Limit/amount as per agreement	Repayment date	Security	Interest rate	Type
	PLN '000	In foreign currency ('000)						
Huntington National Bank	58	15	USD	36	31 Jan 2026		*fixed – 7%*	Overdraft facility
Volkswagen Credit	49	12	USD	27	30 Sep 2026		*fixed*	Overdraft facility
SANTANDER	-	-	PLN	2,000	28 Feb 2024	promissory note	1M WIBOR + 1.0% p.a.	Overdraft facility
mBank	52	-	PLN	-	-	promissory note	-	Credit card limit
mBank	29	7	EUR	-	-	promissory note	-	Credit card limit
mBank	60	-	PLN	-	-	promissory note	-	Credit card limit
mBank	6	1.6	USD	-	-	promissory note	-	Credit card limit
mBank	183	42	EUR	-	-	promissory note	-	Credit card limit
HSBC Bank	4,329	1,100	USD	1,300	31 Dec 2024		*fixed – 11%*	Overdraft facility
Fundusz Ekspansji Zagranicznej 2 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	5,519	1,402	USD	10,000		mortgage, surety from SWSA, notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	fixed – 7%	Investment facility
BNP Paribas	14,549	-	PLN	40,000	8 Nov 2024	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 1.1% p.a.	Overdraft facility
PEKAO	7,246	-	PLN	35,000	31 Aug 2024	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 1.25% p.a.	Overdraft facility
mBank	-		PLN	5,000	28 Jun 2024	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 1.1% p.a.	Overdraft facility
mBank	4,028		PLN	14,500	31 Mar 2025	mortgage, hold on securities account	1M WIBOR + 1.35% p.a.	Investment facility
mBank	3,799	-	PLN	6,908	30 Sep 2026	mortgage, hold on securities account	1M WIBOR + 1.35% p.a.	Investment facility
Santander	13,351	-	PLN	19,000	28 Feb 2024	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 0.9% p.a.	Overdraft facility
Total:	**53,257**							

Borrowings by maturity:

Item	31 Dec 2024	31 Dec 2023
Short-term borrowings	62,100	44,451
Long-term borrowings	23,436	8,806
- repayable in more than 1 year, up to 3 years	20,187	4,838
- repayable in more than 3 years, up to 5 years	3,249	3,968
Total borrowings	**85,537**	**53,257**

Borrowings by currency:

Item	31 Dec 2024		31 Dec 2023	
	amount in foreign currency	amount in PLN	Amount in foreign currency	amount in PLN
PLN	-	58,344	-	43,085
EUR	26	113	49	212
USD	6,557	26,890	2,531	9,959
INR	3,941	187	-	-
Total borrowings		**85,537**		**53,257**

Note 22. LEASES

The Group as a lessee

Below are presented the carrying amounts of lease liabilities and their changes in the reporting period.

Item	2024	2023
As at Jan 1	39,697	23,809
Increase (new leases)	15,897	21,656
Amendments to lease contracts	-2,278	-246
Payment of interest	3,216	2,201
Payments	-9,133	-8,647
As at 31 Dec	**47,399**	**38,773**
Short-term	8,062	7,043
Long-term	39,337	32,654

As at the end of 2024, the largest item that increased the amount of lease liabilities (PLN 4,064 thousand) was SECO/WARWICK INDIA PVT Ltd.'s production floor. As at the end of 2023, the largest item that increased the amount of lease liabilities (PLN 18,751 thousand) was Retech Systems LLC's production floor.

For information on the maturities of the lease liabilities, see Note 32.3. Liquidity risk.
The table below presents amounts of income, expenses, gains and losses under leases recognised in the statement of comprehensive income.

Item	2024	2023
Depreciation of right-of-use assets	7,946	6,353
Interest expense on lease liabilities	3,216	2,201
Cost of short-term leases (included in cost of products and services sold)	392	496
Cost of leases of low-value assets (included in administrative expenses)	11	110
Total amount recognised in the statement of comprehensive income/statement of profit or loss	**11,565**	**9,160**

Undiscounted future payments under operating leases – the Group as a lessor

The lease income recognised by the Group under other income amounted to PLN 210 thousand in 2024. As at 31 December 2024 and 31 December 2023, the maturities of lease payments were as follows (at undiscounted amounts):

Item	31 Dec 2024	31 Dec 2023
In the 1st year	195	268
In the 2nd year	-	-
In the 3rd year	-	-
In the 4th year	-	-
In the 5th year	-	-
Over 5 years	-	-
Total:	**195**	**268**

The Group mainly leases out its premises to cooperating entities where the terms of cooperation require location in close proximity.

Note 23. TRADE AND OTHER PAYABLES

Item	31 Dec 2024	31 Dec 2023
short-term	80,045	79,452
long-term	-	-
Total	**80,045**	**79,452**

SHORT-TERM TRADE AND OTHER PAYABLES

Item	31 Dec 2024	31 Dec 2023
Trade payables		
To other entities	66,421	66,514
Total	**66,421**	**66,514**
Taxes, customs duties, social security and other charges payable	8,985	9,830
Income tax payable	1,255	1,235
Other liabilities	3,384	1,873
Total other payables	**13,624**	**12,938**
Total trade and other payables	**80,045**	**79,452**

Capital commitments

As at 31 December 2024, the Group had commitments of PLN 494 thousand to incur capital expenditure on property, plant and equipment.

Social assets and liabilities of the Company Social Benefits Fund (Polish companies)

The Act on Company Social Benefits Fund of 4 March 1994 (as amended) stipulates that an employer is required to create a Company Social Benefits Fund if it has more than 50 full-time employees. The Group has set up such a fund and makes periodic contributions to it at the basic rate/the amount agreed upon with the trade unions. The fund holds property, plant and equipment. The purpose of the fund is to partly finance the Company's social activities, loans to its employees and other social costs.
The Group set off the fund's assets against its liabilities towards the fund because the fund's assets are not separate from the Group's assets.

The table below presents analytic data on the fund's assets, liabilities and expenses, as well as the fund's net balance.

Item	31 Dec 2024	31 Dec 2023
Loans to employees	41	16
Cash	1,374	837
Liabilities to the fund	1,303	796
Net balance	112	57
Contributions to the fund during the year	1,288	929

CONTINGENT LIABILITIES

Contingent liabilities under guarantees and sureties issued were PLN 1,370 thousand as at the end of 2024, and PLN 21,966 thousand as at the end of 2023. The following guarantees were issued:

Item	31 Dec 2024	31 Dec 2023
performance bond	504	14,798
bid bond	866	7,168
Total	**1,370**	**21,966**

As at 31 December 2024, there were no material expected credit losses under financial guarantees issued.

Note 24. EMPLOYEE BENEFITS

Retirement benefits and other post-employment benefits

Retiring employees of the Polish companies of the Group received retirement bonuses in amounts established pursuant to the Polish Labour Code. Therefore, based on a valuation prepared by a qualified actuary, the Group recognises a provision for the present value of the retirement bonus obligations. The amount of the provision and reconciliation of changes in the provision amount during the year are presented in the table below.

Provision for retirement bonuses and similar benefits

LONG-TERM PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS	1 Jan 2024 –31 Dec 2024	1 Jan 2023 –31 Dec 2023
at beginning of period	**1,605**	**1,421**
increase	115	496
recognition	115	496
use	276	312
reversal	-	-
at end of period	**1,445**	**1,605**

The following key assumptions as at the end of the reporting period were adopted to calculate the amount of the obligation:

Item	31 Dec 2024	31 Dec 2023
Discount rate (%)	5.85%	5.20%
Expected inflation rate (%)	3%	7%
Expected rate of growth of salaries and wages (%)	5%	5%

SHORT-TERM PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS/ ACCRUED HOLIDAY ENTITLEMENTS, ETC.	1 Jan 2024 –31 Dec 2024	1 Jan 2023 –31 Dec 2023
1. Accrued holiday entitlements		
at beginning of period	**4,663**	**4,231**
- recognition	7,032	6,756
- use	6,995	6,324
at end of period	**4,701**	**4,663**
2. Accrued bonuses		
at beginning of period	**15,601**	**13,108**
- recognition	15,273	12,771
- use	12,774	10,278
at end of period	**18,100**	**15,601**
3. Employee benefit obligations		
at beginning of period	**9**	**35**
- recognition	24	-
- use	-	25
at end of period	**33**	**9**
4. Current salaries and wages	**8,451**	**7,882**
Total employee benefit obligations	**31,284**	**28,155**

Note 25. OTHER PROVISIONS

Item	Provision for warranty repairs and returns	Provision for contractual penalties	Provision for loss-making contracts	Other provisions – contingent liability	Total
As at 1 Jan 2023	**8,676**	**298**	**1,044**	**-**	**10,018**
Provisions recognised during the financial year	8,476		663	-	9,139
Increase	**8,476**	**-**	**663**	**-**	**9,139**
Provisions used	-7,477		-1004	-	-8,481
Provisions reversed	-	-170	-	-	-170
Decrease	**-7,477**	**-170**	**-1,004**	-	**-8,651**
As at 31 Dec 2023	**9,675**	**128**	**703**	**-**	**10,506**
Provisions recognised during the financial year	6,733		763	-	10,219
Increase	**6,733**	**-**	**763**	**-**	**10,219**
Provisions used	-5,861	-	-656	-	-8,481
Provisions reversed	-	-	-	-	-170
Decrease	**-5,861**	**-**	**-656**	**-**	**-8,651**
As at 31 Dec 2024	**10,546**	**128**	**810**	**-**	**11,485**

The Group reviews its provisions as at the end of each reporting period and adjusts them to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Accordingly, all other provisions are recognised as current provisions as in each case they will be used or settled within the next 12 months.
The Group has identified no need to recognise provisions for disassembly of property, plant and equipment and site restoration or for decommissioning of property, plant and equipment, and no need to recognise a provision for asbestos removal.

Provision for warranty repairs

The provision for warranty repairs is calculated on a case-by-case basis for each contract and reflects the contractual obligations towards the Customer during the warranty period. The amount of the provision is planned in accordance with internal guidance for each technology. On average, it ranges from 1.5% to 2% of the contract value. The assumptions adopted for the current period are consistent with those applied in the previous year. The Group calculates the provision for warranty repairs based on planned costs updated for the purpose of calculating the warranty provisions, less the costs of warranties, taking into account the stage of completion measured by reference to contract costs incurred.
Recognising the provision for warranties, the Group considers the percentage of contract completion (pro rata to revenue recognition), planning the costs of complaints until the contract is 100% complete (the final acceptance report is signed).

As warranty costs arise or at the start of the warranty period, the provision is gradually reduced by the costs of warranty repairs incurred or by the amounts stated by the entity performing the contract if it determines that the claims for which the provision was recognised will not occur in the future. The provision is fully reversed at the end of the warranty period or once all outstanding warranty repairs have been completed.

As at 31 December 2024, the carrying amount of the provision was PLN 10,546 thousand (31 December 2023: PLN 9,675 thousand).

A 10% difference in the cost of warranty claims relative to management estimates would result in an increase or decrease in the provision for warranty costs of approximately PLN 1,054 thousand (as at 31 December 2023 – an increase or decrease of PLN 967.5 thousand).

Provision for penalties

A provision for penalties is recognised if contractual penalties are highly likely to be paid in the future under ongoing contracts.

As at 31 December 2024, the carrying amount of the provision was PLN 128 thousand (31 December 2023: PLN 128 thousand).

Provision for loss-making contracts

The provision for loss-making contracts is calculated on a case-by-case basis for each contract. It is recognised if the difference between planned revenue and planned costs under the contract is lower than the difference in revenue and expenses recognised in the period.

As at 31 December 2024, the carrying amount of the provision was PLN 810 thousand (31 December 2023: PLN 703 thousand).

Note 26. EXPLANATORY INFORMATION TO THE STATEMENT OF CASH FLOWS

Item	31 Dec 2024	31 Dec 2023
Cash in the statement of financial position	145,837	75,736
Total cash and cash equivalents in the statement of cash flows	**145,837**	**75,736**

Item	31 Dec 2024	31 Dec 2023
Depreciation and amortisation:	**18,478**	**16,304**
Amortisation of intangible assets	4,081	3,878
Depreciation of right-of-use assets	7,941	6,353
Depreciation of property, plant and equipment	6,457	6,072
Change in provisions (including elimination of change in deferred tax liabilities) results from the following items:	**2,591**	**1,524**
Net change in provisions	1,561	-4,734
Elimination of change in deferred tax liabilities	2,388	7,134
Exchange differences	-1,357	-875
Provisions for employee benefits	-	-
Change in inventories results from the following items:	**3,773**	**-3,469**
Net change in inventories	2,894	454
Exchange differences	880	-3,922
Change in receivables (excluding elimination of income tax receivable) results from the following items:	**23,560**	**-36,317**
Net change in receivables	18,460	-27,572
Elimination of income tax receivable	2,223	568
Exchange differences	2,877	-9,313
Change in liabilities (excluding financial liabilities) results from the following items:	**368**	**4,621**
Net change in liabilities	9,641	8,656
Change in investment commitments	203	11
Exchange differences	-14,958	9,857
Change in lease liabilities	5,664	-15,888
Valuation of derivative instruments	-183	1,984

Change in contract assets and liabilities results from the following items:	**20,381**	**49,050**
Net change in contract assets and liabilities	23,208	45,414
Exchange differences	-2,827	3,635
Change in currency derivative instruments results from:	**1,009**	**-2,535**
net change in assets	2,477	-2,930
revaluation surplus	-1,652	2,380
net change in liabilities	183	-1,984

Proceeds from grants in the reporting year and in the previous financial year amounted to PLN nil.

CASH FLOWS FROM INVESTING ACTIVITIES	2024	2023
Proceeds from disposal of intangible assets and property, plant and equipment	**115**	**286**
Sale of property, plant and equipment item	104	198
Other	11	88
Other proceeds from financial assets	**-**	**-**
Other proceeds from financial assets	-	-
Other payments under financial assets	**-**	**-**
Other payments under financial assets	-	-
Investments in intangible assets and property, plant and equipment	**-42,262**	**-21,909**
Development work	-3,780	-8,107
Computers and licences	-105	-1,251
Solar PV	-	-374
Construction and refurbishment of production and office buildings	-8,715	-6,561
Plant and equipment	-26,433	-3,396
Vehicles	-	-
Other non-current assets	-3,229	-2,219
Net cash from investing activities	**-42,147**	**-21,623**

Reconciliation of debt liabilities to cash flows from financing activities as at 31 December 2024:

	Bank borrowings	Lease liabilities	Other	Total
1 Jan 2024				
Changes in cash flows from financing activities	-	-	-	-
Payment of liabilities under:	-16,874	-5,917		-22,791
Payment of interest on:	-2,825	-3,216		-6,041
Proceeds from bank borrowings:	48,339			48,339
Net cash flows from financing activities	**28,640**	**-9,133**	**-**	**19,507**
Other changes				
Dividend			-8,616	-8,616
Other			24	24
Total other changes	-	-	-8,593	-8,593
Total as at 31 Dec 2024	**28,640**	**-9,133**	**-8,593**	**10,915**

Reconciliation of debt liabilities to cash flows from financing activities as at 31 December 2023:

	Bank borrowings	Lease liabilities	Other	Total
1 Jan 2023				
Changes in cash flows from financing activities	-	-	-	-
Payment of liabilities under:	-22,571	-6,446	-	-29,017
Payment of interest on:	-5,906	-2,201	-	-8,107
Proceeds from bank borrowings:	10,456	-	-	10,456
Net cash flows from financing activities	**-18,021**	**-8,647**	**-**	**-26,668**
Other changes	-	-	-	-
Dividend	-	-	-8,496	-8,496
Other			24	24
Total other changes	-	-	-8,472	-8,472
Total as at 31 Dec 2023	**-18,021**	**-8,647**	**-8,472**	**-35,140**

Note 27. RELATED PARTIES

Related party transactions were concluded in the companies' ordinary course of business, on an arm's length basis.

Note 28. REMUNERATION OF KEY PERSONNEL

Senior management of the SECO\WARWICK GROUP comprises members of the Management and Supervisory Boards.

Remuneration of the Management Board

Name and surname	Remuneration in the period	Other benefits	Accrued incentive scheme costs	Total remuneration in the period
31 Dec 2024	**(PLN '000)**	**(PLN '000)**	**(PLN '000)**	**(PLN '000)**
Sławomir Woźniak	570	967	313	1,850
Piotr Walasek	396	473	157	1,026
Earl Good	1,154	401	499	2,055
Bartosz Klinowski	396	474	157	1,026
Total	**2,516**	**2,315**	**1,126**	**5,957**
31 Dec 2023				
Sławomir Woźniak	570	1,129	651	2,350
Piotr Walasek	396	549	325	1,270
Earl Good	1,129	204	-	1,333
Bartosz Klinowski	396	549	325	1,270
Total	**2,491**	**2,431**	**1,301**	**6,223**

Remuneration of the Supervisory Board:

Name and surname	Total remuneration	
	31 Dec 2024	**31 Dec 2023**
Andrzej Zawistowski, including:	346	332
- for his service as Chair of the Supervisory Board	226	212
- under contract for advisory services (1)	120	120
Jeffrey Boswell, including:	173	181
- under employment contract (2)	173	181
Marcin Murawski	50	43
Robert Jasiński	49	42
Maciej Karnicki	69	62
Total	**686**	**660**

(1) Under a service contract between SECO/WARWICK S.A. and Andrzej Zawistowski, who conducts business activities as USŁUGI DORADCZE Andrzej Zawistowski. The contract of 2 January 2020 is for the provision of technical and product development advisory services.

(2) Under an employment contract between SECO/WARWICK Corp. and Jeffrey Boswell.

Note 29. FINANCIAL INSTRUMENTS

Item	Category under IFRS 9	Carrying amount		Maximum credit risk exposure in 2024
		31 Dec 2024	31 Dec 2023	
Financial assets				
Loans advanced	At amortised cost	-	-	-
Trade and other receivables	At amortised cost	115,407	134,458	115,407
Long-term receivables	At amortised cost	1,916	1,325	1,916
Hedging instruments	At fair value	1,764	4,242	1,764
Cash and cash equivalents	At amortised cost	145,837	75,736	145,837
Financial liabilities				
current				
Short-term bank borrowings	At amortised cost	62,100	44,451	-
Lease liabilities	At amortised cost	8,062	7,043	-
Trade and other payables	At amortised cost	78,256	80,886	-
Hedging instruments	At fair value	163	-	-
non-current			-	-
Long-term bank borrowings	At amortised cost	23,436	8,806	-
Hedging instruments	At fair value	20	-	-
Lease liabilities	At amortised cost	39,337	32,654	-

At amortised cost – measurement at amortised cost

At fair value – measurement at fair value through profit or loss.

*In the case of derivative instruments serving as hedging instruments, measurement is recognised in profit or loss through finance income or finance costs in proportion to the percentage of completion of the hedged contract.

There are no material differences between the carrying amount and the fair value of any of the financial assets and liabilities.

Income, expenses, gains and losses accounted for in the statement of profit or loss/ statement of comprehensive income, by category of financial instrument

2024

	Other interest income/(expense)	Foreign exchange gains/(losses)	Impairment losses reversed/(recognised)	Valuation gains/(losses)	Gains/(losses) on settlement of financial instruments	Gains/(losses) on derecognition of financial assets
Financial assets						
Loans advanced	130	-	-	-	-	-
Trade and other receivables	128	-3,425	-	2,518	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-939	5,812	-
Cash and cash equivalents	973	345	-	46	-	-
TOTAL	**1,231**	**-3,081**	**-**	**1,625**	**5,812**	**-**

	Other interest income/(expense)	Foreign exchange gains/(losses)	Impairment losses reversed/(recognised)	Valuation gains/(losses)	Gains/(losses) on settlement of financial instruments	
Financial liabilities						
current						
Short-term bank borrowings	-5,410	-	-	-	-	-
Lease liabilities	-3,199	-185	-	-	-	-
Trade and other payables	-194	619	-	-798	-	-
Hedging instruments	-	-	-	-70	-	-
non-current	-	-	-	-	-	-
Long-term bank borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-8,803**	**434**	**-**	**-868**	**-**	

2023

	Other interest income/(expense)	Foreign exchange gains/(losses)	Impairment losses reversed/(recognised)	Valuation gains/(losses)	Gains/(losses) on settlement of financial instruments	Gains/(losses) on derecognition of financial assets
Financial assets						
Loans advanced	28	-	-	-	-	-
Trade and other receivables	225	-6,378	-	-2,857	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	1,170	5,242	-
Cash and cash equivalents	336	-1,330	-	-34	-	-
TOTAL	**589**	**-7,708**	**-**	**-1,721**	**5,242**	**-**

	Other interest income/(expense)	Foreign exchange gains/(losses)	Impairment losses reversed/(recognised)	Valuation gains/(losses)	Gains/(losses) on settlement of financial instruments	
Financial liabilities						
current						
Short-term bank borrowings	-6,334	9	-	-1	-	-
Lease liabilities	-2,165	-	-	-	-	-
Trade and other payables	-188	18	-	1,384	-	-
Hedging instruments	-	-	-	1,365	-901	-
non-current	-	-	-	-	-	-
Long-term bank borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-8,687**	**27**	**-**	**2,749**	**-901**	

Income, expenses, gains and losses accounted for in the statement of profit or loss/ statement of comprehensive income, by category of financial instrument

Changes in liabilities arising from financing activities

2024

	1 Jan 2024	changes resulting from cash flows from financing activities	increase under leases	effect of changes in foreign exchange rates	effect of valuation of hedging instruments	31 Dec 2024
Interest-bearing borrowings (long-term)	**8,806**	14,408	-	223	-	**23,436**
Lease liabilities (long-term)	**32,654**	-4,071	12,647	-1,890	-	**39,340**
Interest-bearing borrowings (short-term)	**44,451**	17,057	-	592	-	**62,100**
Lease liabilities (short-term)	**7,043**	-1,838	3,250	-388	-	**8,067**
Derivative financial instruments	**-**	-	-	-	183	**183**
Total liabilities arising from financing activities	**92,954**	**25,556**	**15,897**	**-1,463**	**183**	**133,127**

2023

	1 Jan 2023	changes resulting from cash flows from financing activities	increase under leases	effect of changes in foreign exchange rates	effect of valuation of hedging instruments	31 Dec 2023
Interest-bearing borrowings (long-term)	**7,948**	961	-	-103	-	**8,806**
Lease liabilities (long-term)	**18,396**	-3,608	17,912	-46	-	**32,654**
Interest-bearing borrowings (short-term)	**58,047**	-13,076	-	-520	-	**44,451**
Lease liabilities (short-term)	**5,414**	-2,104	3,744	-10	-	**7,043**
Derivative financial instruments	**1,984**	-	-	-	-1,984	**-**
Total liabilities arising from financing activities	**91,789**	**-17,827**	**21,656**	**-679**	**-1,984**	**92,954**

The table presents the fair value hierarchy reflecting the significance of the inputs used in making fair value measurements.

This Note explains the judgements and estimates made in the determination of the fair value of financial assets recognised and measured at fair value in financial statements. In order to clarify the reliability of the inputs used to calculate the fair value, the Group has classified its financial assets and liabilities into three levels as specified by the accounting standards. An explanation of each level follows under the table.

	2024		
	Level 1	Level 2	Level 3
	PLN'000	PLN'000	PLN'000
Financial assets			
Derivative financial instruments	-	1,764	-
- Currency forwards	-	1,764	-
Total	-	1,764	-
Financial liabilities			
current			
Currency forwards	-	163	-
Total	-	-	-

	2023		
	Level 1	Level 2	Level 3
	PLN'000	PLN'000	PLN'000
Financial assets			
Derivative financial instruments	-	4,242	-
- Currency forwards	-	4,242	-
Total	-	4,242	-
Financial liabilities			
current			
Currency forwards	-	-	-
Total	-	-	-

There were no transfers during the financial year between fair value levels 1, 2 and 3 for recurring fair value measurements.
The Group follows the principle of recognising transfers between fair value hierarchy levels at the end of the reporting period.

Level 1: The fair value of financial instruments traded on active markets (such as listed financial derivatives and equity securities) results from their prices at the end of the reporting period. The market price used to measure financial assets held by the Group is the current purchase price. Such instruments are classified as Level 1.
Level 2: The fair value of financial instruments which are not traded on active markets (such as OTC derivatives) is determined based on appropriate measurement techniques which use observable inputs as much as possible, minimising the use of estimates made by the entity. If all relevant inputs necessary for the fair value measurement of an instrument are actually observable, the instrument is classified as Level 2.
Level 3: If at least one type of significant inputs is not observable market data, the instrument is classified as Level 3. Unlisted equity securities are Level 3 instruments.
The techniques used to measure financial instruments include:

- use of market prices or broker prices for similar instruments,
- for interest rate swaps: the present value of estimated future cash flows based on observable yield curves,
- for currency forwards: the present value of future cash flows based on forward exchange rates as at the reporting date,
- for foreign exchange options: option valuation models (such as the Black-Scholes model),
- for other financial instruments: analysis of discounted cash flows.

All fair value estimates thus calculated are classified as Level 2, except for unlisted equity securities, contingent consideration receivables and certain derivative contracts whose fair value was determined on the basis of their present value, and discount rates have been adjusted for counterparty risk and own credit risk.

Note 30. EMPLOYMENT STRUCTURE

Item	31 Dec 2024	31 Dec 2023
Production and product unit employees	693	681
White-collar employees	233	204
Employees on parental leaves	1	1
Total	**927**	**886**

Note 31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain good credit rating and safe capital ratios, in order to support the Group's operations and increase the shareholder value.
The Group manages its capital structure and modifies it in response to changes in the economic environment. In order to maintain or adjust the capital structure, the Company may change dividend payments, return capital to shareholders or issue new shares. In the year ended 31 December 2023, no changes were introduced to the objectives, principles and processes applicable in this area.
The Group monitors its equity using a gearing ratio, which is calculated as the ratio of net debt to total equity plus net debt. The Group's net debt includes interest-bearing borrowings and finance lease liabilities, less cash and cash equivalents.
The gearing ratio at end of the respective years was as follows:

	As at 31 December 2023 PLN'000	As at 31 December 2023 PLN'000
Debt	132,935	92,954
Cash and cash equivalents	-145,837	-75,736
Net debt	-12,901	17,218
Equity	263,889	245,642
Net debt to equity	**-4.89%**	**7.01%**

The level of the net debt to equity ratio is a result of the Management Board's conservative approach to debt. Accumulated cash is used to finance the Group's operating activities. The level of the ratio is in line with the Group's expectations. The Group wants its net debt to equity ratio to remain within the range of 5–15%.

Note 32. OBJECTIVES AND POLICY OF FINANCIAL RISK MANAGEMENT

As part of its operating and financial activities, the Group is exposed to risks related primarily to its financial instruments. Those risks may be broadly defined as market risk, and comprise currency risk, interest rate risk, liquidity risk and credit risk. The Group manages financial risks in order to limit the adverse impact of changes in foreign exchange rates and interest rates, as well as to stabilise cash flows and ensure an appropriate level of financial liquidity and flexibility. The financial risk management policies for the Group are determined by the Management Board of the Parent. As part of the risk management process, an expert system for management accounting was developed and implemented. The key parameters of operational and financial risks are monitored on the basis of monthly reports prepared by the Group companies.

32.1. Currency risk

Due to its active and extensive presence on foreign markets, the Group enters into certain sales and purchase transactions denominated in foreign currencies. The Group enters into forward transactions, hedging its contract exchange rates in the budget. The Group also has borrowings and other financial liabilities denominated in foreign currencies. This exposes the Group to the risk of exchange rate fluctuations.

Financial assets and liabilities denominated in foreign currencies and translated into PLN at the closing rate effective as at the reporting date are presented below.

The Group is mainly exposed to foreign currency risk related to EUR and USD.

	As at 31 Dec 2024 in foreign currency	As at 31 Dec 2024 in PLN	As at 31 Dec 2023 in foreign currency	As at 31 Dec 2023 in PLN
Liabilities				
EUR	5,102	21,800	5,123	22,273
USD	18,263	74,902	19,358	76,175
Assets				
EUR	28,360	121,181	25,007	108,730
USD	39,066	160,219	41,078	161,644
Notional amount of the hedging instrument – for currency sale transactions				
EUR	20,100	85,886	17,861	77,660
USD	4,100	16,815	400	1,574

Presented below is a sensitivity analysis for financial assets and liabilities, showing the effect of movements in the EUR/PLN and USD/PLN exchange rates on the Group's profit or loss and other comprehensive income.

Assumptions:

- exchange rate at reporting date 31 Dec 2024
- 10% increase in exchange rate
- 10% decrease in exchange rate

Exchange rate at 31 Dec 2024	Exchange rate	10% increase in exchange rate	10% decrease in exchange rate
USD	4.1012	0.4101	-0.4101
EUR	4.2730	0.4273	-0.4273

Exchange rate at 31 Dec 2023	Exchange rate	10% increase in exchange rate	10% decrease in exchange rate
USD	3.9350	0.3935	-0.3935
EUR	4.3480	0.4348	-0.4348

Exposure to currency risk changes during the year depending on the volume of transactions carried out in foreign currencies. However, the following sensitivity analysis is considered to be representative of the Group's exposure to foreign currency risk.

Effect on equity		Effect of USD	Effect of USD	Effect of EUR	Effect of EUR
		Period ended	Period ended	Period ended	Period ended
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
ASSETS					
Increase in exchange rate	10%	20,025	20,167	12,305	11,060
Decrease in exchange rate	-10%	-20,025	-20,167	-12,305	-11,060
LIABILITIES AND BANK BORROWINGS					
Increase in exchange rate	10%	-9,172	-7,775	-10,769	-9,993
Decrease in exchange rate	-10%	9,172	7,775	10,769	9,993
TOTAL					
Increase in exchange rate	10%	10,853	12,393	1,536	1,067
Decrease in exchange rate	-10%	-10,853	-12,393	-1,536	-1,067

Effect on profit/loss		Effect of USD	Effect of USD	Effect of EUR	Effect of EUR
		Period ended	Period ended	Period ended	Period ended
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
ASSETS					
Increase in exchange rate	10%	16,022	16,164	12,118	10,873
Decrease in exchange rate	-10%	-16,022	-16,164	-12,118	-10,873
LIABILITIES AND BANK BORROWINGS					
Increase in exchange rate	10%	-9,172	-7,775	-10,769	-9,993
Decrease in exchange rate	-10%	9,172	7,775	10,769	9,993
TOTAL					
Increase in exchange rate	10%	6,850	8,389	1,349	880
Decrease in exchange rate	-10%	-6,850	-8,389	-1,349	-880

32.2. Interest rate risk

The Group companies use interest-bearing credit facilities. Liabilities under credit facilities equivalent to PLN 58,183 thousand and lease liabilities of PLN 5,269 thousand bear interest at variable rates, while lease liabilities of PLN 42,130 thousand and liabilities under credit facilities of PLN 27,354 thousand bear interest at fixed rates. Accordingly, the Group is exposed to interest rate risk. The risk is estimated on the basis of interest rate increase/decrease by 1%.

	Effect on profit/loss before tax	Effect on profit/loss before tax
	+ 1%/- 1%	+ 1%/- 1%
	Year ended 31 Dec 2024	**Year ended 31 Dec 2023**
Lease liabilities	+/- 53	+/- 68
Other financial liabilities at amortised cost (bank borrowings)	+/- 582	+/- 477

The objective of interest rate risk management is to limit the adverse impact of changes in market interest rates on cash flows to the level acceptable to the Group.

32.3. Liquidity risk

Liquidity risk is the risk that the Group may face difficulties in meeting financial liabilities. The liquidity risk management process at the Group involves projecting future cash flows, analysing the level of liquid assets in relation to cash flows, monitoring the liquidity ratios based on items of the statement of financial position, and maintaining access to various sources of financing.

The Group also manages liquidity risk by maintaining open and undrawn credit facilities Which serve as a liquidity reserve and secure solvency and financial flexibility. The Group recognises bank borrowings as financial instruments which may potentially cause concentration of liquidity risk as the Group maintains relationships with selected financial institutions only. As at 31 December 2024, bank borrowings represented 17% of total current liabilities (31 December 2023: 14%).

The table below presents the Group's financial liabilities by maturity as at 31 December 2024 and 31 December 2023, based on contractual payments.

The Company has undrawn credit facilities of PLN 53,237 thousand. For a summary, see Note 21 to these financial statements.

31 Dec 2024	up to 1 year	1–2 years	2-3 years	3-4 years	4–5 years	over 5 years	Total (undiscounted)	Carrying amount
Trade payables	80,045	-			-		**80,045**	**80,045**
Leases	8,062	12,148	10,034	7,084	5,420	24,175	**66,923**	**66,923**
Derivatives	-	-			-		**-**	**-**
Interest-bearing borrowings	62,100	19,104	1,083	1,083	1,083	1,083	**85,536**	**85,536**
Other liabilities	-	-			-		**-**	**-**
TOTAL	**151,533**	**31,292**	**11,117**	**8,167**	**6,503**	**24,175**	**233,851**	**232,688**

31 Dec 2023	up to 1 year	1–2 years	2-3 years	3-4 years	4–5 years	over 5 years	Total (undiscounted)	Carrying amount
Trade payables	79,452	-	-	-	-	-	**79,452**	**79,452**
Leases	7,043	10,426	8,654	4,997	4,159	26,780	**62,060**	**62,060**
Derivatives	-	-	-	-	-	-	**-**	**-**
Interest-bearing borrowings	44,451	7,769	1,036	-	-	-	**53,257**	**53,257**
Other liabilities	-	-	-	-	-	-	**-**	**-**
TOTAL	**130,947**	**18,196**	**9,690**	**4,997**	**4,159**	**26,780**	**194,769**	**194,769**

32.4. Credit risk

The Group executes transactions only with reputable companies enjoying sound credit standing. Each customer who wishes to use trade credit is subject to preliminary verification procedures. Moreover, thanks to ongoing monitoring of the balance of receivables, the Group's exposure to the risk of unrecoverable receivables is insignificant.

With respect to the Group's other financial assets, such as derivative instruments, credit risk is related to the counterparty's inability to pay, and the maximum exposure to this risk is equal to the carrying amount of such instruments.

The risk of impairment of other financial assets is monitored by the Group through impairment tests of discounted cash flows. As regards contract assets, a case-by-case analysis is performed, with impairment losses recognised under a simplified model described in the following paragraph.

The Group applies a simplified model for calculating impairment losses on trade receivables (regardless of maturity). The expected credit loss is calculated on recognition of receivables in the statement of financial position and is updated as at each subsequent reporting date, depending on the number of days past due for a given amount receivable. To estimate expected credit losses on receivables from customers, the Group uses a provision matrix estimated based on historical data on payments of amounts due from customers. The Group takes into account forward-looking information in its expected loss estimation model by adjusting the underlying default probability ratios. The expected credit loss on receivables from customers is calculated on recognition of receivables in the statement of financial position and is updated as at each subsequent reporting date, depending on the number of days past due for a given amount receivable.

The maturity structure of receivables is presented in Note 16.

Impairment loss rates for each past due category of trade receivables were calculated based on a two-year historical reference period. A matrix was created with quarterly movement rates between past due categories for eight consecutive historical quarters. For the longest past due period considered (more than 180 days), the cure rate, reflecting recovered amounts of receivables previously considered uncollectible, was also taken into account. The average of the rates was then calculated and, on this basis, the final parameters of impairment losses were calculated for each quarterly past due category, ranging from 2.29% for non-delinquent receivables to 56.78% for receivables past due over 180 days.

A significant increase in risk occurs in the case of receivables past due more than 180 days. This is due to the nature of the Group's business and industry, characterised by longer payment periods. However, the longer periods before receivables become past due do not affect the Group's ability to settle its liabilities, nor do they increase its credit risk. The Group keeps monitoring the risks associated with possible consequences of the longer payment periods.

In the reporting period, the Group did not adjust its calculated rates for expected future changes in collectability of receivables (forward looking adjustments) as, in the Management Board's opinion, the calculation based on the last eight quarters adequately reflects the expected levels of credit losses on the Group's receivables portfolio.

Note 33. INCENTIVE SCHEME

Adoption of the Incentive Scheme for members of the SECO/WARWICK Group's management staff for 2022–2024

SECO/WARWICK S.A. Incentive Scheme

On 15 December 2022, by Resolution No. 2/2022 the Supervisory Board defined the individual targets for 2023 for the participants of the Incentive Scheme, as announced by the Company in Current Report No. 11/2022 of 15 December 2022. Achievement of the individual targets is a condition for the award of rights under the Incentive Scheme to its participants, provided that they remain employed with the Company in the period from 1 January 2023 to 31 December 2023. The targets were approved by the General Meeting's Resolution No. 23 of 7 June 2023.

On 14 December 2023, by Resolution No. 1/2023, the Supervisory Board defined the individual targets for 2024 for the participants of the Incentive Scheme, as announced by the Company in Current Report No. 19/2023 of 14 December 2023. Achievement of the individual targets is a condition for the award of rights under the Incentive Scheme to its participants, provided that they remain employed with the Company in the period from 1 January 2024 to 31 December 2024. The targets were approved by the General Meeting's Resolution No. 21 of 13 June 2024.

In the case of the Incentive Scheme for 2023 and 2024, the targets cover financial and operating ratios of the individual subsidiaries, the organisational units related to particular technologies, or the entire Group, depending on the position of a Scheme participant.

Achievement of the targets for 2023 was approved by the Annual General Meeting's Resolution No. 22 of 13 June 2024.

Costs incurred in 2023 in connection with the 2022–2024 Incentive Scheme amounted to PLN 1,726 thousand.
Costs incurred in 2024 in connection with the 2022–2024 Incentive Scheme amounted to PLN 1,342 thousand.

Note 34. LITIGATION

Seco/Warwick Corporation (SWC) with its registered office in Pennsylvania, US, along with a third party which is not associated with SECO/WARWICK (the "Third Party"), are parties to a court dispute with Liberty Mutual Insurance (LMI), in which they claim from LMI additional insurance limits for continued product liability insurance coverage under insurance policies issued to the Third Party in 1982–1986. SWC and the Third Party are seeking coverage for the claims being raised against SWC and the Third Party in connection with product liability personal injury lawsuits filed by individuals alleging injury from asbestos as a result of their exposure to the Third Party's products manufactured by legal predecessors of SWC and the Third Party in 1958-1984 (the "Asbestos Claims"). SWC was established in 1984 and was not part of the SECO/WARWICK Group until 2006.
SWC and the Third Party have alleged in court that the insurance policy contract entered into by LMI extends additional coverage to include the Asbestos Claims, including the costs of settlements entered into with the injured parties and the legal costs incurred to verify the legitimacy of such claims and negotiate the settlements. LMI claims that the policy limits have been exhausted, citing certain special provisions of the insurance policy. SWC and the Third Party disagree with LMI's interpretation of the contract provisions.
To the best of the Group's knowledge, by the date of these financial statements, 1,060 Asbestos Claims had been filed against SWC, of which 340 Claims were dismissed, 60 Claims ended in settlement with the insurers for a total amount of USD 6,555 thousand, and with respect to 660 Claims verification procedures are under way or the terms of potential settlement with the injured parties are being negotiated.
After more than eleven years of legal proceedings, Seco/Warwick Corporation is in the process of finalising a settlement with the insurers with regard to product liability claims connected with asbestos exposure. The draft settlement provides for adequate insurance coverage and continued indemnity obligation on the part of Newell (the legal successor of Sunbeam). As at the date of these financial statements, the settlement had not yet been formally concluded, with all formalities expected to be completed by the third quarter of 2025. The Management

Board is currently unable to reliably estimate the amount of contingent liabilities that may arise on that account, but the risk of material costs being incurred by the Company has been significantly reduced.

Note 35. TAX SETTLEMENTS

Tax settlements and other regulated areas of activity (e.g. customs or foreign exchange control) are subject to inspection by competent administrative authorities, which are authorised to impose high penalties and sanctions.
Tax settlements may be subject to tax inspection for a period of five years from the end of the year in which the tax was paid. As a result of such inspections, the Group's current tax settlements may be increased by additional tax liabilities.

In the opinion of the Management Board, as at 31 December 2024, there was no need to recognise provisions for known and quantifiable tax risk. The Company pays its tax liabilities when due.

Note 36. ASSETS AND LIABILITIES HELD FOR SALE

As at 31 December 2023 and 31 December 2024, the Seco/Warwick Group classified the assets and liabilities of the subsidiary Seco/Warwick Rus Limited (SWRus) as held for sale, in accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale.*

The classification was made following the decision by the Company's Management Board to withdraw from the Russian market and to initiate a process of selling 100% of the shares in SWRus. On 16 May 2023, a preliminary sale agreement was concluded with a purchaser registered in the Russian Federation. The sale price was set at a token level of 1 million roubles (approximately PLN 44 thousand). The completion of the transaction is conditional upon obtaining the required approvals from the relevant authorities of the Russian Federation.

In accordance with paragraph B1(b) of IFRS 5, despite the lapse of 12 months from the date of classification, the assets and liabilities of SWRus continue to meet the criteria to be presented as held for sale because:

- there is a binding sale agreement with no expiry date,
- the only obstacle to completing the transaction is the receipt of third-party regulatory approvals, which the management considers highly probable,
- the Group is taking steps aimed at completing the transaction.

The net value of the assets held for sale and the related liabilities does not exceed 1% of the Group's net assets and is considered immaterial. Accordingly, the Group did not adjust the carrying amount to fair value less costs to sell.

SWRus assets classified as held for sale:

	31 Dec 2024	31 Dec 2023
Property, plant and equipment	100	52
Long-term prepayments	516	305
Inventories	3,928	156
Short-term receivables	2,261	2,379
Short-term investments	6	585
Total assets held for sale	**6,811**	**3,477**

SWRus liabilities classified as held for sale:

	31 Dec 2024	31 Dec 2023
Current liabilities	4,253	1,483
Total liabilities related to assets held for sale	**4,253**	**1,483**

The value of SWRus assets does not include any material components. The operations conducted by SWRus were limited to the Russian market and countries of Central and Eastern Asia.

Note 37. EVENTS SUBSEQUENT TO THE REPORTING DATE

Following the reporting date, new customs tariffs were introduced and subsequently suspended. Given their temporary nature and the absence of any impact on the Group's operations during the reporting period, this event did not have a material effect on its financial position as at the reporting date.

Note 38. FEES OF AUDITORS

In 2024, the Company used selected audit firm services, such as audit of the full-year separate financial statements of SECO/WARWICK S.A. and the consolidated financial statements of the SECO/WARWICK Group, review of the half-year separate and consolidated financial statements, and assessment of the report on remuneration of Supervisory Board and Management Board members. In addition, the audit firm also audited the financial statements of three subsidiaries: SECO/WARWICK Services, SECO/WARWICK Retech and Retech Systems LLC.
The table below lists the entities authorised to review half-year and audit full-year consolidation packages of the Group companies for the purposes of consolidation.

SECO/WARWICK Group company	Entity authorised to audit financial statements
SECO/WARWICK S.A.	KPMG Audyt Sp. z o.o. sp. k.
Retech Systems LLC	KPMG Audyt Sp. z o.o. sp. k.
SECO/WARWICK Retech	KPMG Huazhen LLP Branch
SECO/WARWICK Services	KPMG Audyt Sp. z o.o. sp. k.

The table below presents total auditors' fees for 2024 and 2023.

Total auditors' fees for 2024 and 2023

Service	Fees for 2024 (PLN '000)	Fees for 2023 (PLN '000)
Audit of full-year consolidated financial statements	773	707
Review of consolidated financial statements	266	245
Other services	28	25
Total	**1,067**	**977**

Authorisation of the financial statements

The Management Board of SECO/WARWICK S.A. authorises these consolidated financial statements of the SECO/WARWICK Group for the financial year ended 31 December 2024. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the applicable accounting regulations of Polish law, as well as the Group's internal procedures and directives. The Management Board confirms that the financial statements present fairly the SECO/WARWICK Group's assets, financial position and financial performance.

Date: 23 April 2025

Sławomir Woźniak, President of the Management Board

Bartosz Klinowski, Member of the Management Board

Earl Good, Member of the Management Board

Piotr Walasek, Member of the Management Board