

SECO/WARWICK

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SEPARATE FINANCIAL STATEMENTS

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

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SEPARATE STATEMENT OF COMPREHENSIVE INCOME

(PLN '000)

	Note	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Revenue	*1*	**285,956**	**288,942**
Cost of sales	*3*	**-224,100**	**-231,762**
Gross profit		**61,855**	**57,180**
Other income	*4*	3,903	2,216
Distribution costs	*3*	-19,438	-19,404
Administrative expenses	*3*	-28,801	-26,521
Impairment of receivables and contract assets	*4*	-1,568	-523
Other expenses	*4*	-4,659	-2,770
Operating profit		**11,293**	**10,178**
Finance income	*5*	15,382	15,538
Finance costs	*5*	-5,154	-11,830
Profit before tax		**21,520**	**13,886**
Income tax	*6*	-617	-1,394
Net profit		**20,903**	**12,492**

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
Net profit		**20,903**	**12,492**
OTHER COMPREHENSIVE INCOME:			
Items not to be reclassified to profit/(loss) in subsequent reporting periods		**-**	**-**
Actuarial gains on a defined benefit pension plan		-	-
Items which may be reclassified to profit/(loss) in subsequent reporting periods		**-1,652**	**2,380**
Valuation of cash flow hedge derivatives		-1,652	2,380
Other comprehensive income, before tax		-1,652	2,380
Income tax on other comprehensive income			
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		-	-
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		314	-452
Total other comprehensive income, net		**-1,339**	**1,928**
Total comprehensive income		**19,564**	**14,420**
EARNINGS PER SHARE:	*7*		
- basic earnings (loss) per share		2.42	1.49
- diluted earnings (loss) per share		2.40	1.46

SEPARATE STATEMENT OF FINANCIAL POSITION

(PLN '000)

	Note	31 December 2024	31 December 2023
ASSETS			
Property, plant and equipment	*9*	50,783	42,729
Right-of-use assets	*9*	7,868	10,661
Investment property		-	255
Investments in related entities	*11*	84,273	70,820
Intangible assets	*10*	48,763	48,507
Long-term receivables	*15*	833	308
Other financial assets	*16*	3	63
Non-current assets		**192,523**	**173,343**
Inventories	*13*	44,590	54,792
Short-term trade and other receivables	*15*	54,575	67,337
Income tax assets	*15*	4,231	2,087
Other financial assets	*16*	1,764	4,182
Other non-financial assets	*17*	2,465	1,990
Contract costs	*14*	140	270
Contract assets	*14*	52,629	66,726
Cash and cash equivalents	*18*	51,016	17,579
Current assets other than held for sale		**211,410**	**214,963**
Assets classified as held for sale		-	-
Current assets		**211,410**	**214,963**
TOTAL ASSETS		**403,933**	**388,306**

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

SEPARATE STATEMENT OF FINANCIAL POSITION

(PLN '000)

	Note	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
Share capital	*19*	3,557	3,557
Share premium reserve	*19*	78,666	78,666
Treasury shares	*19*	-18,536	-20,268
Other capital reserves	*19*	44,325	46,030
Retained earnings	*19*	104,605	92,319
Equity		**212,617**	**200,304**
Borrowings	*20*	1,036	3,223
Lease liabilities	*21*	4,392	4,764
Derivative financial instruments	*16*	20	-
Deferred tax liabilities	*6*	7,761	8,320
Employee benefit obligations	*23*	1,172	1,164
Contract liabilities	*14*	0	1,341
Non-current liabilities		**14,381**	**18,812**
Borrowings	*20*	56,195	39,999
Lease liabilities	*21*	2,472	3,629
Derivative financial instruments	*16*	163	0
Trade and other payables	*22*	35,274	54,392
Employee benefit obligations	*23*	16,403	15,308
Other provisions	*24*	7,079	5,759
Deferred income		0	4,887
Contract liabilities	*14*	59,350	45,216
Liabilities directly related to non-current assets classified as held for sale		-	-
Current liabilities		**176,935**	**169,190**
Total liabilities		**191,316**	**188,002**
TOTAL EQUITY AND LIABILITIES		**403,933**	**388,306**

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

SEPARATE 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		**21,520**	**13,887**
Total adjustments:		**31,443**	**31,997**
Depreciation and amortisation	3	8,526	8,734
Foreign exchange (gains)/losses		46	-34
Adjustments due to finance income/(costs)	*25*	-5,798	-1,708
Gain/(loss) on investing activities	*25*	-1,247	644
Changes in items of the statement of financial position:			
Change in provisions	*25*	2,423	330
Change in inventories		10,202	-7,061
Change in receivables		12,199	-8,796
Change in current liabilities (other than financial liabilities)	*25*	-18,915	6,250
Change in contract assets and liabilities		27,019	29,448
Change in accruals and deferrals		-5,363	4,998
Change in currency derivative instruments	*25*	1,009	-2,535
Adjustments due to share-based payments		1,342	1,726
Cash provided by operating activities		**52,964**	**45,884**
Income tax paid		-2,397	-1,102
Net cash from operating activities		**50,567**	**44,782**
CASH FLOWS FROM INVESTING ACTIVITIES	*25*		
Proceeds from disposal of intangible assets and property, plant and equipment		104	198
Dividends received		9,896	8,449
Investments in intangible assets and property, plant and equipment		-12,510	-9,580
Share capital increase at subsidiaries		-13,452	-
Net cash from investing activities		**-15,962**	**-933**
CASH FLOWS FROM FINANCING ACTIVITIES	*25*		
Proceeds from borrowings		23,113	0
Proceeds from sale or issue of own shares		24	24
Dividends and other distributions to owners	*8*	-8,616	-8,496
Repayment of bank borrowings		-9,104	-22,463
Payment of lease liabilities		-1,832	-1,949
Payment of interest		-4,706	-6,624
Net cash from financing activities		**-1,122**	**-39,508**

Increase (decrease) in cash and cash equivalents before the effect of exchange rate changes	**33,483**	**4,339**
Effect of exchange rate changes on cash and cash equivalents	-46	34
Increase (decrease) in cash and cash equivalents	**33,437**	**4,373**
Cash at beginning of period	**17,579**	**13,206**
Cash at end of period	**51,016**	**17,579**

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

(PLN '000)

	Share capital	Share premium reserve	Treasury shares	Other capital reserves	Retained earnings	Total equity
Note	*19*	*19*	*19*	*19*	*8.19*	
Equity as at 1 January 2024	**3,557**	**78,666**	**-20,268**	**46,030**	**92,320**	**200,304**
Profit for period	-	-	-	-	20,903	20,903
Other comprehensive income	-	-	-	-1,338	-	-1,338
Total comprehensive income for the year	**0**	**0**	**0**	**-1,338**	**20,903**	**19,565**
Sale of treasury shares under the incentive scheme	-	-	-	24	-	24
Carrying amount of treasury shares sold under the incentive scheme	-	-	1,732	-1,732	-	0
Payment of dividend	-	-	-	-	-8,616	-8,616
Valuation of management stock option plan	-	-	-	1,342	-	1,342
Changes in equity	**0**	**0**	**1,732**	**-1,705**	**12,287**	**12,315**
Equity as at 31 Dec 2024	**3,557**	**78,666**	**-18,535**	**44,326**	**104,608**	**212,619**
Equity as at 1 Jan 2023	**3,616**	**78,666**	**-28,532**	**50,556**	**88,322**	**192,627**
Profit for period	-	-	-	-	12,492	12,492
Other comprehensive income	-	-	-	1,928	-	1,928
Total comprehensive income for the year	**-**	**-**	**-**	**1,928**	**12,492**	**14,420**
Sale of treasury shares under the incentive scheme	-	-	-	24	-	24
Carrying amount of treasury shares sold under the incentive scheme	-	-	3,000	-3,000	-	0
Cancellation of treasury shares	-60	-	5,264	-5,204	-	0
Payment of dividend	-	-	-	-	-8,496	-8,496
Valuation of management stock option plan	-	-	-	1,726	-	1,726
Changes in equity	**-60**	**0**	**8,264**	**-4,526**	**3,997**	**7,675**
Equity as at 31 Dec 2023	**3,557**	**78,666**	**-20,268**	**46,030**	**92,320**	**200,304**

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



SUPPLEMENTARY INFORMATION TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

I. GENERAL INFORMATION

1. Company data

SECO/WARWICK Spółka Akcyjna of Świebodzin (the "Company", the "Parent") is the parent of the SECO/WARWICK Group (the "SECO/WARWICK Group", the "Group"). 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.

Explanation of changes in the name of the reporting entity or other identification data that occurred after the end of the previous reporting period: no change

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

Legal form: Joint-stock company (spółka akcyjna)

Country of registration: Poland

Name of reporting entity: SECO/WARWICK S.A.

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

Principal place of business: 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, and aftersales services.

Name of the parent: SECO/WARWICK S.A.

Name of the ultimate parent of the group: SECO/WARWICK S.A.

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

2. Duration

The company has been established for an indefinite period.

3. Presented periods

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

Comparative data is presented:

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

4. Management Board and Supervisory Board of SECO/WARWICK S.A.

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 – directly or indirectly through subsidiaries – 5% or more of the total voting rights at the General Meeting as at 31 December 2024 and the issue date of these financial statements

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 Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.

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 and affiliates

As at 31 December 2024, SECO/WARWICK S.A. was the 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 entity:

- 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%**

II. AUTHORISATION OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Management Board on 23 April 2025.

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

As at the date of this report, the armed conflict in Ukraine did not have any material adverse effect on the Company's operations. However, based on current observations, the Company 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 Company's customers,
- further supply chain disruptions – 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 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").

These separate financial statements should be read in conjunction with the consolidated financial statements authorised for issue by the Management Board and published on the same day as these separate financial statements.

2. Going concern assumption and comparability of accounts

These financial statements have been prepared on the assumption that the Company will continue as a going concern in 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 Company's Management Board carried out an analysis of the Company'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 Company's ability to continue as a going concern for at least 12 months from the reporting date. The Company's Management Board also believes that Russia's invasion of and war on Ukraine have no direct impact on the Company's operations, including on the going concern assumption. However, the Management Board is aware that the war in Ukraine is highly unpredictable and uncertain, which may affect the Company's financial performance in future periods.

3. Events which have not but should have been disclosed in the accounting books for the reporting period

By the date of these financial statements for 2024, no events occurred which have not but should have been disclosed in the accounting records for the reporting period. No material events related to prior years have been disclosed in these financial statements.

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

These 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 Company 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 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 Company's 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 Company 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 Company 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 VI.

The Company 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.

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 Company'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 Company accounts for the grants in the statement of comprehensive income by reducing the amortisation charges on the assets.

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 based on the useful lives of the assets, which are usually 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 Company 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.

Shares in related entities

Shares in subsidiaries, associates and joint ventures are recognised at historical cost, net of impairment losses.

Financial assets and liabilities

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 Company 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 Company 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 Company 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 Company 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.

Recognition and measurement of financial liabilities

Liabilities under bank borrowings and other financial liabilities

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 recognised at amounts due.

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 accepted in the warehouse the earliest.

Deferred income tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate 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 Company 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 Company 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 Company 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 tax assets and liabilities relate to income taxes levied on the same taxable entity and by 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 Company 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 Company discloses such settlement taking into consideration the assessed uncertainty.

The Company has unsettled capital losses, but there is no material uncertainty as to their settlement in subsequent years.

Provisions

Provisions are recognised when the Company 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 Company 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 recognised 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 Company 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 Company 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.

Share-based payments

The Company'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 Company'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 Company'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 which the Company or the employee controls 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 Company 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 Company's obligations to transfer services or equipment to a customer for which the Company 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 Company 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 Company'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 Company 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 Company expects to be entitled in exchange for transferring promised goods or services to a customer.

The Company's main revenue sources are sales of:

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

The Company 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 Company 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 Company 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 Company can identify each party's rights regarding the goods or services to be transferred,
- The Company 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 Company's future cash flows is expected to change as a result of the contract), and
- it is probable that the Company 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 Company 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 Company's promise to transfer the service to the customer is separately identifiable from other promises in the contract.

Transaction price

The Company 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 Company 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 Company 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 Company 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 Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

Satisfying performance obligations

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to the customer. The Company 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 Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time.
The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company. 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 Company 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 Company 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 Company 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 Company as a lessor

Leases where the Company 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

Items of the financial statements are measured in the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in the Polish zloty (PLN), which is the Company's functional and presentation currency.

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.

VI. MATERIAL JUDGEMENTS AND ASSUMPTIONS

When preparing the financial statements of the Company, the Management Board 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 Company reviews the useful lives of its assets annually, on the basis of current estimates.

Amortisation charges for right-of-use assets

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

The Company's lease liabilities are secured with the lessor's ownership title to the leased assets. As a general rule, the Company 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 Company 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 Company 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%

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

The Company 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 Company is able to extend the lease term of certain lease contracts. The Company 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 Company reviews the lease term if a significant event or change in circumstances under its control occurs which affects its ability to exercise (or not to exercise) the extension option (e.g. a change in the business strategy).

Recognition of development costs

The Company 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 Company 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 Company 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 Company 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 Company'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.

Impairment losses on shares in subsidiaries

The Company carried out impairment tests with respect to its shares in subsidiaries for which indications of impairment were identified. This required an estimation of the value in use of the individual subsidiaries tested for impairment. Estimating the value in use requires making an estimate of the expected future cash flows from the subsidiary and determining a suitable discount rate in order to calculate the present value of those cash flows. The underlying assumptions are presented in the Note.

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 at the Company are paid in accordance with the provisions of Art. 92 of the Polish Labour Code. Actuarial valuation of long- and short-term benefits is performed at the end of each financial year.

Provision for warranty repairs

The Company 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 Company 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.

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 Company's best knowledge (input method).

At the end of each reporting period, the Company estimates the profit or loss 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 Company 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.

VII. 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 Company applied the same accounting policies as described in the financial statements prepared as at and for the year ended 31 December 2023.

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 Company's 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. The amendment has had no effect on the Company's 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. The amendments have had no material effect on the Company's financial statements.

VIII. 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*. (Effective for annual periods beginning on or after 1 January 2025; early application is permitted)	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. IAS 21 was amended to clarify: - how an entity should assess whether a currency is exchangeable; and - 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.

Standards and interpretations	Type of expected change in accounting policies
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.
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 Company'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 Company did not elect to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.

The Company'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 SEPARATE 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 V.

Revenue from sales and total income of the Company:

Item	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Revenue from sale of finished goods and services	284,740	288,470
- including revenue recognised over time	*258,611*	*265,941*
Revenue from sale of merchandise and materials	1,216	472
TOTAL revenue	**285,956**	**288,942**
Other income	3,903	2,216
Finance income	15,382	15,538
TOTAL revenue and income	**305,241**	**306,696**

Revenue by geographical markets:

Item	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
European Union	177,188	200,691
USA	36,552	16,900
Asia	59,081	55,956
Other	13,135	15,395
TOTAL revenue	**285,956**	**288,942**

All revenue is recognised by the Company in accordance with IFRS 15.

Revenue by product type	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Vacuum Furnaces	127,187	155,912
Melting Furnaces	74,243	45,665
Atmosphere Furnaces (Thermal)	-	29
Aluminium Process	46,768	60,024
Aftersales services	37,758	27,313
Other	-	-
TOTAL revenue	**285,956**	**288,942**

Note 2. OPERATING SEGMENTS

Information on each operating segment is presented in the consolidated financial statements of the SECO/WARWICK Group (Note 2 to the consolidated financial statements for the 12 months ended 31 December 2024).

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	8,526	8,734
Raw materials and consumables used	117,447	126,176
Services	38,728	50,862
Taxes and charges	1,125	1025
Wages and salaries	79,411	73,348
Social security and other benefits	18,354	16,827
Other expenses	13,297	12,468
Total operating expenses, including:	**276,888**	**289,440**
Distribution costs	-19,438	-19,404
Administrative expenses	-28,801	-26,521
Change in products	11,249	-237
Cost of work performed by entity and capitalised	-15,797	-11,517
Cost of products sold and services rendered	**224,100**	**231,762**

DEPRECIATION/AMORTISATION CHARGES 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:	**6,820**	**6,691**
Depreciation of property, plant and equipment	2,571	2,474
Depreciation of right-of-use assets	1,055	1,216
Amortisation of intangible assets	3,193	3000
Items recognised as distribution costs	**805**	**910**
Depreciation of property, plant and equipment	413	410
Depreciation of right-of-use assets	185	226
Amortisation of intangible assets	208	274
Items recognised as administrative expenses:	**901**	**1,133**
Depreciation of property, plant and equipment	105	211
Depreciation of right-of-use assets	705	816
Amortisation of intangible assets	91	106
Items recognised as other expenses:	**-**	**24**
Depreciation of investment property	-	24

EMPLOYEE BENEFITS EXPENSE

PERSONNEL COSTS	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Wages and salaries	79,411	73,348
Social security	18,354	16,827
Total employee benefits expense, including:	**97,765**	**90,175**
Items recognised as cost of sales	67,945	61,869
Items recognised as distribution costs	8,624	8,098
Items recognised as administrative expenses	21,196	20,208

DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

DISTRIBUTION COSTS	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Depreciation and amortisation	805	910
Raw materials and consumables used	167	211
Services	1,310	2,112
Taxes and charges	18	17
Wages and salaries	7,146	6,792
Social security and other benefits	1,470	1,361
Business travel	709	622
Advertising expense	1,375	1,697
Other expenses	6,438	5,682
Total	**19,438**	**19,404**

ADMINISTRATIVE EXPENSES	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Depreciation and amortisation	770	903
Raw materials and consumables used	439	470
Services	3,203	2,895
Taxes and charges	97	62
Wages and salaries	14,146	13,571
Social security and other benefits	2,608	2,303
Business travel	547	359
Property insurance	1,460	1,100
Other expenses	5,531	4,857
Total	**28,801**	**26,521**

Note 4. OTHER INCOME AND EXPENSES

OTHER INCOME	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Gain on disposal of property, plant and equipment	104	198
Reversal of inventory write-downs	-	170
Compensation and damages received	1,048	294
Income from lease of property, plant and equipment and investment property	210	811
Services provided to subsidiaries	766	365
Accounting for lease in connection with decision not to exercise the right to purchase the leased asset	1,143	-
Other	633	379
Total other income	**3,903**	**2,216**

OTHER EXPENSES	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Inventory write-downs	1,398	959
Accounting for lease in connection with decision not to exercise the right to purchase the leased asset	-	142
Court expenses, compensation/damages paid	1,455	7
Donations	-	36
Cost related to income from lease of property, plant and equipment	807	937
Partial funding for electric cars	-	70
Other	998	618
Total other expenses	**4,658**	**2,770**

Impairment of receivables and contract assets	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Change in impairment loss	1,568	523
- including impairment losses on receivables from SECO/WARWICK Germany	-	-625
- including impairment losses on receivables from SECO/WARWICK RUS	-	1,148
Change in impairment loss on contract assets	-	-
Impairment of receivables and contract assets	**1,568**	**523**

Note 5. FINANCE INCOME AND COSTS

FINANCE INCOME	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Interest income	74	213
Dividends received	10,505	8,449
Result on derivative instruments	4,803	6,876
Total finance income	**15,381**	**15,538**

FINANCE COSTS	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
Interest on bank borrowings	4,104	6,238
Interest on leases	952	783
Net foreign exchange losses	84	4,521
Impairment losses on loans	-	28
Other	14	260
Total finance costs	**5,154**	**11,830**

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	**862**	**463**
Withholding tax	862	463
Deferred income tax	**-245**	**930**
Income tax disclosed in profit or loss	**-617**	**-1,394**
Income tax on other comprehensive income	**-314**	**452**

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)	**21,520**	**13,887**
Tax rate applicable in Poland	**19%**	**19%**
Income tax calculated at the tax rate applicable in Poland	**4,089**	**2,638**
Income tax calculated at the applicable tax rate	**4,089**	**2,638**
Permanent differences between taxable and accounting expenses	-248	192
Permanent differences between taxable and accounting revenues	-403	-380
Use of tax losses against a portion of capital gains	-523	-
Tax credits	-1,764	-852
Other	-534	-204
Deductible expense	**617**	**1,394**
Effective tax rate	**3%**	**10%**

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	9,154	-	348	8,213	-	-255
Contract assets	11,671	-	319	11,352	-	-827
Right-of-use assets	271	-	271	593	-	593
Measurement of forward contracts	335	-274	-178	806	334	222
Valuation of financial assets	-	-	-	-	-	40
Other	14	-	-1	15	-	-1
Deferred tax liabilities	**21,444**	**-274**	**758**	**20,978**	**334**	**-228**
	Deferred tax assets					
Provision for disability severance payments and retirement bonuses	195	-	6	189	-	61
Provision for length-of-service awards and bonuses	1,824	-	-686	2,509	-	699
Accrued holiday entitlements	359	-	-18	377	-	52
Provision for losses on contracts	32	-	1	31	-	11
Warranty provision	1,304	-	250	1,054	-	50
Other provisions	10	-	0	10	-	-32
Tax losses to be settled	0	-	-75	75	-	-544
Contract liabilities	1,367	-	973	394	-	-180
Salaries, wages and social security contributions payable in subsequent periods	5	-	1	4	-	-384
Lease liabilities	1,224	-	-269	1,493	-	-9
Impairment losses on receivables	1,489	-	281	1,208	-	-1,427
Inventory write-downs	1,217	-	-654	1,871	-	182
R&D relief	3,998	-	1,568	2,430	-	758
Measurement of forward contracts	35	22	13	-	-118	-259
Other	626	-	-388	1,013	-	-138
Deferred tax assets	**13,683**	**22**	**1,003**	**12,658**	**-118**	**-1,158**
Deferred tax liability (net)	**7,761**			**8,320**		

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	2024	2023
Net profit from continuing operations attributable to shareholders	20,903	12,493
Net profit attributable to owners of the parent	20,903	12,493
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	**20,903**	**12,493**
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 (PLN)	**2.42**	**1.49**
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 (PLN)	**2.41**	**1.46**

*For information on the Incentive Scheme, see Note 31.
The weighted average number of shares is the number of shares less shares held in treasury.

In accordance with IAS 33, the Company's calculation of diluted earnings per share included shares issued conditionally under the Incentive Scheme, as described in Note 31. 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	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 2024–31 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	**32**	**40,557**	**23,978**	**1,393**	**4,895**	**70,855**
Increase, including:	**-**	**2,860**	**6,992**	**-**	**731**	**10,584**
acquisitions	-	2,422	3,859	-	731	7,012
other	-	438	3,133	-	-	3,571
Decrease, including:	**-**	**318**	**869**	**274**	**221**	**1,683**
disposal	-	-	205	272	-	476
retirement	-	318	664	3	221	1,206
Gross carrying amount as at 31 Dec 2024	**32**	**43,099**	**30,101**	**1,118**	**5,406**	**79,755**
Cumulative depreciation as at 1 Jan 2024	**-**	**10,981**	**13,458**	**1,097**	**3,034**	**28,571**
Increase, including:	**-**	**1,374**	**2,123**	**73**	**385**	**3,955**
depreciation	-	1,180	1,493	73	385	3,132
other	-	193	630	-	-	824
Decrease, including:	**-**	**88**	**868**	**274**	**217**	**1,448**
disposal	-	-	205	272	74	551
retirement	-	88	663	3	143	897
Cumulative depreciation as at 31 Dec 2024	**-**	**12,267**	**14,714**	**895**	**3,203**	**31,078**
Impairment losses as at 1 Jan 2024	-	-	-	-	-	-
Impairment losses as at 31 Dec 2024	-	-	-	-	-	-
Net carrying amount as at 31 Dec 2024	**32**	**30,832**	**15,387**	**223**	**2,203**	**48,677**

Changes in property, plant and equipment (by type) in the period 1 January 2023–31 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	**32**	**37,698**	**22,126**	**1,194**	**4,203**	**65,252**
Increase, including:	**-**	**2,859**	**3,214**	**199**	**692**	**6,964**
acquisitions	-	2,859	3,214	199	692	6,964
Decrease, including:	**-**	**-**	**1,362**	**-**	**-**	**1,362**
disposal	-	-	1,362	-	-	1,362
Gross carrying amount as at 31 Dec 2023	**32**	**40,557**	**23,978**	**1,393**	**4,895**	**70,854**
Cumulative depreciation as at 1 Jan 2023	**-**	**9,915**	**12,400**	**1,035**	**2,701**	**26,051**
Increase, including:	**-**	**1,067**	**1,723**	**62**	**333**	**3,185**
depreciation	-	1,067	1,723	62	333	3,185
Decrease, including:	**-**	**-**	**665**	**-**	**-**	**665**
disposal	-	-	665	-	-	665
Cumulative depreciation as at 31 Dec 2023	**-**	**10,982**	**13,458**	**1,097**	**3,034**	**28,570**
Impairment losses as at 1 Jan 2023	-	-	-	-	-	-
Impairment losses as at 31 Dec 2023	-	-	-	-	-	-
Net carrying amount as at 31 Dec 2023	**32**	**29,576**	**10,520**	**296**	**1,861**	**42,284**

As at 31 December 2024, the Company analysed information from external and internal sources for any indication of the need to test assets for impairment. As no indication of impairment of the Company's property, plant and equipment was found, no impairment testing was performed.

Impairment losses on property, plant and equipment are recognised by the Company 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 Company had lease contracts, mainly for the car fleet. The lease contracts included extension and termination options. The Company has lease contracts with residual value guarantees, but they were included in the measurement of lease liabilities.

Changes in right-of-use assets (by type) in the period 1 January 2024–31 December 2024

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Total
Gross carrying amount as at 1 Jan 2024	**2,641**	**1,538**	**4,823**	**7,894**	**16,896**
Increase, including:	**-**	**519**	**993**	**1,312**	**2,824**
new lease contracts	-	502	993	1,312	2,807
other	-	17	-	-	17
Decrease, including:	**17**	**582**	**3,133**	**4,210**	**7,942**
retirement	-	582	-	4,210	4,792
other	17	-	3,133	-	3,150
Gross carrying amount as at 31 Dec 2024	**2,625**	**1,475**	**2,682**	**4,996**	**11,778**
Cumulative depreciation as at 1 Jan 2024	**170**	**1,098**	**902**	**4,066**	**6,235**
Increase, including:	**37**	**347**	**173**	**1,398**	**1,954**
depreciation	37	347	173	1,398	1,954
Decrease, including:	**-**	**404**	**630**	**3,246**	**4,280**
disposal	**-**	404	**-**	**-**	404
retirement	-	-	-	3,246	3,246
other	-	-	630		630
Cumulative depreciation as at 31 Dec 2024	**207**	**1,041**	**444**	**2,218**	**3,910**
Net carrying amount as at 31 Dec 2024	**2,418**	**434**	**2,238**	**2,778**	**7,868**

Changes in right-of-use assets (by type) in the period 1 January 2023–31 December 2023

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Total
Gross carrying amount as at 1 Jan 2023	**2,625**	**1,538**	**4,823**	**6,885**	**15,870**
Increase, including:	**17**	**-**	**-**	**1,776**	**1,793**
new lease contracts	17	-	-	1,776	1,793
Decrease, including:	**-**	**-**	**-**	**768**	**768**
retirement	-	-	-	768	768
Gross carrying amount as at 31 Dec 2023	**2,642**	**1,538**	**4,823**	**7,895**	**16,896**
Cumulative depreciation as at 1 Jan 2023	**133**	**736**	**709**	**2,913**	**4,491**
Increase, including:	**37**	**362**	**193**	**1,686**	**2,278**
depreciation	37	362	193	1,686	2,278
Decrease, including:	**-**	**-**	**-**	**533**	**533**
retirement	-	-	-	533	533
Cumulative depreciation as at 31 Dec 2023	**170**	**1,098**	**902**	**4,066**	**6,236**
Net carrying amount as at 31 Dec 2023	**2,471**	**440**	**3,921**	**3,828**	**10,661**

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

		Allocation of the expenditure				
Property, plant and equipment under construction as at 1 Jan 2024	*Expenditure incurred in the financial year*	*Buildings, premises and civil engineering structures*	*Machinery and equipment*	*Vehicles*	*Other property, plant and equipment*	*As at 31 Dec 2024*
444	**9,667**	1,813	6,192	-	-	**2,106**

		Allocation of the expenditure				
Property, plant and equipment under construction as at 1 Jan 2023	*Expenditure incurred in the financial year*	*Buildings, premises and civil engineering structures*	*Machinery and equipment*	*Vehicles*	*Other property, plant and equipment*	*As at 31 Dec 2023*
2,748	**4,538**	2,717	4,124	-	-	**444**

Note 10. INTANGIBLE ASSETS

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

Item	Development costs	Patents and licences, software	Other intangible assets	Total
Gross carrying amount as at 1 Jan 2024	**57,587**	**11,303**	**4,955**	**73,845**
Increase, including:	**4,359**	**36**	**-**	**4,396**
acquisitions	4,359	36	-	4,396
Decrease, including:	**53**	**-**	**-**	**53**
other	53	-	-	53
Gross carrying amount as at 31 Dec 2024	**61,893**	**11,340**	**4,955**	**78,187**
Cumulative amortisation as at 1 Jan 2024	**13,412**	**7,444**	**4,483**	**25,338**
Increase, including:	**2,943**	**409**	**157**	**3,508**
amortisation	2,942	409	157	3,508
other	1	**-**	**-**	1
Decrease, including:	**-**	**1**	**-**	**1**
-other	-	1	-	1
Cumulative amortisation as at 31 Dec 2024	**16,355**	**7,853**	**4,639**	**28,845**
Impairment losses as at 1 Jan 2024	-	-	-	**-**
Impairment losses as at 31 Dec 2024	579	-	-	**579**
Net carrying amount as at 31 Dec 2024	**44,959**	**3,487**	**316**	**48,764**

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

Item	Development costs	Patents and licences, software	Other intangible assets	Total
Gross carrying amount as at 1 Jan 2023	**52,716**	**11,282**	**4,955**	**68,954**
Increase, including:	**4,871**	**21**	**-**	**4,892**
acquisitions	4,871	21	-	4,892
Decrease, including:	**-**	**-**	**-**	**-**
other	-	-	-	-
Gross carrying amount as at 31 Dec 2023	**57,587**	**11,303**	**4,955**	**73,845**
Cumulative amortisation as at 1 Jan 2023	**10,819**	**6,862**	**4,260**	**21,942**
Increase, including:	**2,593**	**581**	**223**	**3,397**
amortisation	2,593	581	223	3,397
Decrease, including:	**-**	**-**	**-**	**-**
-	-	-	-	-
Cumulative amortisation as at 31 Dec 2023	**13,412**	**7,443**	**4,483**	**25,339**
Impairment losses as at 1 Jan 2023	-	-	-	**-**
Impairment losses as at 31 Dec 2023	-	-	-	**-**
Net carrying amount as at 31 Dec 2023	**44,175**	**3,859**	**472**	**48,507**

No intangible assets are pledged as security for liabilities.

As at 31 December 2024 and 31 December 2023, the Company had no intangible assets held for sale.

As at 31 December 2024, the Company recognised an impairment loss on intangible assets of PLN 579 thousand.

In 2024, the research costs recognised in the statement of comprehensive income were PLN 4,205 thousand (2023: PLN 3,283 thousand).

As at 31 December 2024, PLN 34,802 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 4,338 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 segment;
- PLN 986 thousand allocated to the melting furnace segment;
- PLN 710 thousand – other costs.

The Company 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 Company'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.

Expenditure on ongoing development work was tested for impairment. Such tests are conducted within identified cash-generating units. Capitalised development costs are tested at the level of a group of cash-generating units together with corporate assets.

The total recoverable amount of the individual cash-generating units was determined by reference to their value in use calculated on the basis of cash flow projections based on five-year financial budgets approved by the senior management, additionally taking into account the residual value after the end of the five-year period considering the expected long-term use of the technologies being developed based on the Company's existing experience.

Kay assumptions for the calculation of value in use

In order to calculate the value in use of individual cash-generating units, the following is taken into account:

- The sales level of a group of units;
- The gross margin based on the average percentage margins generated by the unit;
- The average annual EBITDA growth in the forecast period and a long-term growth rate after the forecast period;
- Discount rates estimated based on the risk level for each unit.

Sensitivity to changes of assumptions

With regard to the value in use estimation, the management believes that no reasonably possible change to any of the key assumptions referred to above will result in the cash generating unit's carrying amount exceeding significantly its recoverable amount.

Note 11. INVESTMENTS IN RELATED ENTITIES

Investments in related entities

As at 31 December 2024	Gross amount of equity interests	Impairment losses on equity interests	Carrying amount of equity interests	Ownership interest (%)	% of total voting rights
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	172	-	100%	100%
Retech Systems LLC	50,863	-	50,863	100%	100%
SECO/WARWICK RETECH Thermal Equipment Manufacturing Tianjin Co., Ltd.	7,601		7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	6,035	6,035	-	100%	100%
SECO/WARWICK India PVT Ltd	6,149	-	6,149	100%	100%
SECO/WARWICK Service Sp. z o.o.	3,412	26	3,386	100%	100%
SECO/WARWICK USA Holding	16,273		16,273	100%	100%
Total	**116,539**	**32,267**	**84,272**		

As at 31 December 2023	Gross amount of equity interests	Impairment losses on equity interests	Carrying amount of equity interests	Ownership interest (%)	% of total voting rights
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	172	-	100%	100%
Retech Systems LLC	50,863	-	50,863	100%	100%
SECO/WARWICK RETECH Thermal Equipment Manufacturing Tianjin Co., Ltd.	7,601		7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	6,035	6,035	-	100%	100%
SECO/WARWICK SYSTEMS AND SERVICES Indie PVT Ltd	1,268	-	1,268	100%	100%
SECO/WARWICK Service Sp. z o.o.	3,412	26	3,386	100%	100%
SECO/WARWICK USA Holding	7,703		7,703	100%	100%
Total	**103,088**	**32,267**	**70,820**		

Change in investments in related entities

Item	2024	2023
At beginning of period	**70,820**	**70,820**
Increase during the period	***13,452***	**-**
- contribution to equity of SECO/WARWICK India PVT Ltd	*4,882*	**-**
- contribution to equity of SECO/WARWICK USA Holding	*8,571*	-
At end of period	**84,272**	**70,820**

Note 12. IMPAIRMENT TEST

As at 31 December 2024, the Company did not identify any changes in impairment losses relating to the subsidiaries, therefore no share impairment tests were conducted.

Note 13. INVENTORIES

Item	31 Dec 2024	31 Dec 2023
Materials	30,086	41,722
Semi-finished products and work in progress	14,505	13,070
Total inventories (carrying amount)	**44,590**	**54,792**
Inventory write-downs	6,403	9,846
Gross inventories	**50,993**	**64,638**

CHANGE IN WRITE-DOWNS

WRITE-DOWNS	Materials	Semi-finished products and work in progress	Finished goods	Merchandise	Total
1 Jan 2023	**3,441**	**5,445**	**-**	**-**	**8,887**
Increase, including:	**682**	**278**	**-**	**-**	**959**
- inventory write-downs recognised	682	278	-	-	959
Decrease, including:	**-**	**-**	-	-	**-**
- inventory write-downs reversed	-	-	-	-	-
31 Dec 2023	**4,123**	**5,723**	**-**	**-**	**9,846**
Increase, including:	**386**	**1,012**	**-**	**-**	**1,398**
- inventory write-downs recognised	386	1,012	-	-	1,398
Decrease, including:	**-**	**4,841**	**-**	**-**	**4,841**
- inventory write-downs used	-	4,841	-	-	4,841
31 Dec 2024	**4,509**	**1,894**	**-**	**-**	**6,403**

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 Company 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 14. CONTRACT ASSETS/LIABILITIES

The Company recognised the following assets and liabilities under contracts with customers:

Contract assets

Contract assets are recognised when the Company 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 Company 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 Company believes that there is a concentration of credit risk with respect to contract assets and receivables. Therefore, in order to determine impairment losses the Company analyses balances on a case-by-case basis. The Company'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	**66,725**	**90,667**
Increase	230,469	252,600
Invoiced amounts transferred to trade receivables	-244,566	-276,542
Impairment losses on contract assets	-	-
Closing balance	**52,629**	**66,725**

The amount of expected credit losses was calculated and the impairment loss was not changed. As at 31 December 2024, the impairment loss was PLN 224 thousand.

Contract liabilities

The balance of contract liabilities of approximately PLN 44,863 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 59,350 thousand. The following table shows the time periods during which the Company expects to satisfy those performance obligations and recognise related revenue.

	31 Dec 2024	31 Dec 2023
Up to 1 year	59,350	45,216
1–2 years	-	1,341
Total unsatisfied performance obligations	**59,350**	**46,557**

Contract costs

As at 31 December 2024, the Company also recognised the following costs of obtaining a contract with a customer:

	31 Dec 2024	31 Dec 2023
As at 1 Jan	**270**	**1,094**
- contract costs capitalised in the period	-	-
- amortisation for period	130	824
- impairment losses	-	-
As at 31 Dec, including:	**140**	**270**
- long-term contract costs	-	-
- short-term contract costs	140	270

Note 15. TRADE AND OTHER RECEIVABLES

Long-term receivables

Item	31 Dec 2024	31 Dec 2023
Trade receivables	**833**	**308**
a) from related entities	-	-
b) from other entities	833	308
Other receivables	**-**	**-**
a) from related entities	-	-
b) from other entities	-	-
Total long-term receivables	**833**	**308**

Short-term receivables

Item	31 Dec 2024	31 Dec 2023
a) from related entities	**25,219**	**31,210**
- trade receivables, with maturities of up to 12 months	25,219	31,210
- prepayments and security deposits paid	-	0
b) from other entities	**33,586**	**38,214**
- trade receivables, with maturities of up to 12 months	23,210	30,180
- taxes, customs duties, social security and other benefits	4,800	4,268
- income tax assets	4,231	2,087
- other, including:	1,345	1,680
advance payments to suppliers	*1,116*	*1,489*
Total net trade and other receivables	**58,805**	**69,425**
Impairment losses on receivables	9,950	8,459
Total gross trade and other receivables	**68,755**	**77,884**

As at 31 December 2024, an impairment loss was recognised for trade receivables amounting to PLN 9,950 thousand (2023: 8,459 thousand PLN). For more information on the method of estimating expected credit losses, see Section 30.5.

Changes in impairment losses on receivables were as follows:

CHANGE IN IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES	31 Dec 2024	31 Dec 2023
Change in impairment losses in related entities		
At beginning of period	**6,424**	**6,092**
a) increase:	**-**	**1,148**
- recognition of impairment loss on trade receivables	-	1,148
b) decrease:	**-**	**815**
- reversal of impairment loss on trade receivables	-	625
- write-off of receivables	-	190
Balance of impairment losses on trade receivables from related entities at end of period	**6,424**	**6,424**

Change in impairment losses at other entities

At beginning of period	**2,035**	**2,035**
a) increase:	**1,491**	**0**
- recognition of impairment loss on trade receivables	1,491	0
b) decrease:	**0**	**-**
- reversal of impairment loss on trade receivables	0	-
Balance of impairment losses on trade receivables from other entities at end of period	**3,526**	**2,035**
Balance of impairment losses on trade receivables at end of period	**9,950**	**8,459**

The following tables present the 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 December 2024

	Weighted-average loss rate	Loss allowance for the period 1 Jan 2024–31 Dec 2024
Not past due	0%	45
Past due from 1 to 90 days	7%	143
Past due from 91 to 180 days	36%	127
Past due more than 180 days	55%	173
Based on a case-by-case analysis of receivable balances		9,461
Total		**9,950**

31 December 2023

	Weighted-average loss rate	Loss allowance for the period 1 Jan 2023–31 Dec 2023
Not past due	0%	51
Past due from 1 to 90 days	7%	408
Past due from 91 to 180 days	25%	20
Past due more than 180 days	48%	39
Based on a case-by-case analysis of receivable balances		7,940
Total		**8,459**

Ageing of trade receivables (net):

Item	31 Dec 2024	31 Dec 2023
current	28,715	36,785
Past due over 1 month, up to 6 months	9,637	10,457
Past due over 6 months, up to 12 months	5,362	5,579
Past due over 12 months	4,715	8,569
Total trade receivables (net)	**48,429**	**61,390**
impairment losses on trade receivables	9,950	8,459
Total trade receivables (gross)	**58,379**	**69,849**

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

Item	31 Dec 2024	31 Dec 2023
up to 1 month	13,431	12,151
more than 1 month, up to 6 months	11,125	21,375
more than 6 months, up to 1 year	4,301	3,356
more than 1 year	833	308
past due	19,572	24,507
Total trade receivables (net)	**49,262**	**61,697**
Long-term receivables	833	308
Short-term receivables	48,429	61,390
Impairment losses on trade receivables	9,950	8,459
Total trade receivables (gross)	**59,212**	**70,156**

In the years ended 31 December 2024 and 31 December 2023, the Company did not claim any trade receivables in court.

Income tax assets

As at 31 December 2024, income tax assets amounted to PLN 4,231 thousand (31 December 2023: PLN 2,087 thousand).

Contingent receivables

As at 31 December 2024, the Company received guarantees for a total amount of PLN 818 thousand. As at 31 December 2023, the Company received guarantees for a total amount of PLN 1,168 thousand.

Note 16. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets

Item	31 Dec 2024	31 Dec 2023
Derivative financial instruments	1,764	4,242
Shares in other entities	3	3
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	**57,231**	**43,222**
Other financial liabilities:	**7,047**	**8,394**
- derivative financial instruments	183	-
- lease liabilities	6,863	8,394
Total financial liabilities, including:	**64,278**	**51,616**
- non-current	5,448	7,988
- current	58,830	43,628

Derivative financial instruments

	31 Dec 2024		31 Dec 2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivative financial instruments	1,764	183	4,242	-
Total hedging instruments				
- non-current	-	20	60	-
- current	1,764	163	4,182	-

Disclosures of derivative financial instruments which qualify for hedge accounting

The Company applies cash flow hedge accounting with respect to currency risk arising from future, highly probable cash flows associated with the Company'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 Company's products, the Company enters into appropriate FX Forward contracts hedging its projected cash flows. The purpose of the Company's currency risk hedging measures (the Company 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 Company enters into FX Forward hedges with settlement dates matching the dates when it expects to receive the hedged revenue. The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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	0	0	**20,100**
Average exchange rate	4.42	4.43	4.44	0.00	0.00	**4.44**
	USD/PLN FX Forward (including FX Swap)					
Notional amount (USD '000)	0	0	3,100	1,000	0	**4,100**
Average exchange rate	0.00	0.00	4.09	4.16	0.00	**4.11**
	GBP/PLN FX Forward (including FX Swap)					
Notional amount (GBP '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**	**0**		**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**	**0**		**4,242**	**6,763**	**0**		**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 17. OTHER NON-FINANCIAL ASSETS

Item	31 Dec 2024	31 Dec 2023
Prepayments and accrued income	2,465	1,990
Total other non-financial assets	**2,465**	**1,990**

The main items of prepayments and accrued income are insurance and software lease.

Note 18. CASH AND CASH EQUIVALENTS

Item	31 Dec 2024	31 Dec 2023
Cash at banks and cash in hand	51,016	16,874
Short-term deposits	-	705
Total cash and cash equivalents	**51,016**	**17,579**

Note 19. 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	1,557	1,557
Share capital at end of period	**3,557**	**3,557**

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	25.08%
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)	Total other components of equity
Other components of equity as at 1 Jan 2024	**6,495**	**37,561**	**2,116**	**-142**	**46,030**
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**
Other components of equity as at 31 Dec 2024	**6,129**	**37,561**	**778**	**-142**	**44,325**
Other components of equity as at 1 Jan 2023	**7,745**	**42,765**	**188**	**-142**	**50,556**
Other comprehensive income	-	-	1,928	-	**1,928**
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**
Other components of equity as at 31 Dec 2023	**6,495**	**37,561**	**2,116**	**-142**	**46,030**

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.

Hedging reserve

The Company'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	8,349
Minus: reclassification from other comprehensive income to profit or loss	5,970
Minus: Deferred income tax	453
As at 31 Dec 2023	**2,116**
Plus: change in fair value of hedging instruments recognised in other comprehensive income	4,780
Minus: reclassification from other comprehensive income to profit or loss	6,433
Minus: Deferred income tax	-315
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 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 2023, 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 24 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.

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**	**13.8%**
Increase, including:					
- acquisition of shares for the Incentive Scheme	-	-	-	-	
Decrease, including:					
- sale of shares under the Incentive Scheme	-118,542	0.20	-23,708	-1,732,491	
Shares as at 31 Dec 2024	**1,265,093**	**0.20**	**253,019**	**18,535,853**	**12.7%**

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 for the Incentive Scheme	-	-	-	-	
Decrease, including:					
- sale of shares under the Incentive Scheme	-120,000	0.20	-24,000	-3,000,000	
- cancellation of shares	-298,554	0.20	-59,711	-5,263,757	
Shares as at 31 Dec 2023	**1,383,635**	**0.20**	**276,727**	**20,268,344**	**13.8%**

Share premium reserve

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

Retained earnings

Item	31 Dec 2024	31 Dec 2023
Retained earnings/loss	**104,605**	**92,319**
Current period's result	20,903	12,493
Statutory reserve funds	62,087	58,210
Retained earnings	21,615	21,615

Note 20. 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

Credit facilities as at 31 December 2024:

Lender	Amount in PLN '000	Currency	Limit/amount as per agreement	Interest rate	Repayment date	Security
mBank S.A.	806	PLN	14,500	1M WIBOR + 1.35% p.a.	31 Mar 2025	mortgage, financial pledge over securities
mBank S.A.	2,418	PLN	6,908	1M WIBOR + 1.35% p.a.	30 Sep 2026	mortgage, financial pledge over securities
mBank S.A.	18,584	PLN	20,000	1M WIBOR + 1.05% p.a.	3 Sep 2026	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
mBank – credit card limit	87	PLN	-	-	N/A	promissory note
mBank – credit card limit	28	USD	-	-	N/A	promissory note
mBank – credit card limit	91	EUR	-	-	N/A	promissory note

SANTANDER S.A. – overdraft facility	9,801	PLN	19,000	1M WIBOR + 0.9% p.a.	28 Feb 2025	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
BNP Paribas S.A. – overdraft facility	25,417	PLN	50,000	1M WIBOR + 0.9% p.a.	8 Dec 2025	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
PEKAO – overdraft facility	0	PLN	15,000	1M WIBOR + 1.25% p.a.	31 Aug 2025	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
Total	**57,231**					

Credit facilities as at 31 December 2023:

Lender	Amount in PLN '000	Currency	Limit/amount as per agreement	Interest rate	Repayment date	Security
mBank S.A.	4,028	PLN	14,500	1M WIBOR + 1.35% p.a.	31 Mar 2025	mortgage, financial pledge over securities
mBank S.A.	3,799	PLN	6,908	1M WIBOR + 1.35% p.a.	30 Sep 2026	mortgage, financial pledge over securities
mBank S.A.	0	PLN	5,000	1M WIBOR + 1.1% p.a.	28 Jun 2024	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
mBank – credit card limits	60	PLN	-	-	None	None
mBank – credit card limits	6	USD	-	-	None	None
mBank – credit card limits	183	EUR	-	-	None	None

SANTANDER S.A. – overdraft facility	13,351	PLN	19,000	1M WIBOR + 0.9% p.a.	28 Feb 2024	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
BNP Paribas S.A. – overdraft facility	14,549	PLN	40,000	1M WIBOR + 1.1% p.a.	8 Nov 2024	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
PEKAO – overdraft facility	7,246	PLN	35,000	1M WIBOR + 1.25% p.a.	31 Aug 2024	representation on voluntary submission to enforcement under Art. 777.1 of the Code of Civil Procedure
Total	**43,222**					

Borrowings by maturity:

Item	31 Dec 2024	31 Dec 2023
Short-term borrowings	56,195	39,999
Long-term borrowings	1,036	3,223
- repayable in more than 1 year, up to 3 years	1,036	3,223
- repayable in more than 3 year, up to 5 years	-	-
Total borrowings	**57,231**	**43,222**

Borrowings	31 Dec 2024	31 Dec 2023
Overdrafts	53,802	35,146
Investment credit facility	3,223	7,827
Credit card limits	207	249
Total	**57,231**	**43,222**

Borrowings	
As at 1 January 2024	**43,222**
Increase, including:	**18,656**
- funds borrowed under overdraft facility	18,656
Decrease, including:	**4,647**
- repayment of credit card limits	43
- repayment of investment credit facility	4,604
As at 31 December 2024	**57,231**

Note 21. LEASES

The Company as a lessee

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

Item	2024
Liability amount as at 1 Jan 2024	**8,394**
Increase (new leases)	2,578
Amendments to lease contracts	-2,276
Payment of interest	952
Payments	-2,784
As at 31 Dec 2023	**6,864**
Short-term	2,472
Long-term	4,392

Item	2023
Liability amount as at 1 Jan 2023	**8,792**
Increase (new leases)	1,793
Amendments to lease contracts	-242
Payment of interest	782
Payments	-2,731
As at 31 Dec 2023	**8,394**
Short-term	3,629
Long-term	4,765

In 2024 and 2023, there were no significant increases of lease liabilities. In both years, the largest item that increased the amount of lease liabilities was the car fleet.

For information on the maturities of the lease liabilities, see Note 30.4. 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	2,082	2,278
Interest expense on lease liabilities	952	782
Cost of short-term leases (included in cost of products and services sold)	382	496
Cost of leases of low-value assets (included in administrative expenses)	11	110
Total amount recognised in the statement of comprehensive income	**3,428**	**3,666**

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

The lease income recognised by the Company under other income amounted to PLN 210 thousand in 2024 (2023: PLN 811 thousand).

As at 31 December 2024 and 31 December 2023, the maturities of lease payments were as follows (at undiscounted amounts):

Operating lease receivables – the Company as a lessor

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 Company mainly leases its own premises to its cooperating entities in the case of which the nature of cooperation requires location in close proximity. In 2024, a long-term agreement with one of the entities was terminated.

Note 22. TRADE AND OTHER PAYABLES

TRADE PAYABLES AND OTHER CURRENT LIABILITIES	31 Dec 2024	31 Dec 2023
a) trade payables, with maturities of up to 12 months	27,564	47,984
b) taxes, duties, social security and other benefits (excluding income tax) payable	6,121	5,518
c) capital commitments	494	697
d) other	1,094	192
TOTAL	**35,274**	**54,392**

Contingent liabilities

Contingent liabilities under guarantees and sureties issued were PLN 107,615 thousand as at the end of 2024, of which PLN 9,479 was attributable to guarantees. As at the end of 2023, the amount was 99,617 thousand, of which PLN 6,994 was attributable to guarantees. The following guarantees were issued:

Item	31 Dec 2024	31 Dec 2023
performance bond	504	1,161
stand-by letter of credit	8,109	5,116
bid bond	866	717
Total	**9,479**	**6,994**

As at 31 December 2024, there were no material expected credit losses under financial guarantees issued. For information on sureties issued, see section 17 of the Directors' Report on the operations of SECO/WARWICK S.A.

Social assets and liabilities of the Company Social Benefits Fund

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 Company has set up such a fund and makes periodic contributions to it at the basic rate/the rate 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 Company set off the fund's assets against its liabilities towards the fund because the fund's assets are not separate from the Company's assets.

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

Item	31 Dec 2023	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

Note 23. EMPLOYEE BENEFITS

Retirement benefits and other post-employment benefits

Retiring employees of the Polish companies received retirement bonuses in amounts established pursuant to the Polish Labour Code. Therefore, based on a valuation prepared by a qualified actuary, the Company recognises an accrual 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.

Long-term employee benefit obligations	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
at beginning of period	**1,164**	**816**
increase	8	375
- recognition of provision	*8*	*375*
decrease	-	27
- use of provision	*-*	*27*
- reversal of provision	*-*	*-*
at end of period	**1,172**	**1,164**

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

Item	31 Dec 2024	31 Dec 2023
Discount rate (%)	5.85%	5.20%
Expected rate of growth of salaries and wages (%) in year 1	3%	7%
Expected rate of growth of salaries and wages (%) in next years	5%	5%

Short-term employee benefit obligations	1 Jan 2024–31 Dec 2024	1 Jan 2023–31 Dec 2023
- accrued holiday entitlements	1,889	1,984
- accrued bonuses	9,423	8,641
- accrued retirement bonuses	31	7
- current salaries and wages	5,061	4,675
	16,403	**15,308**

Note 24. OTHER PROVISIONS

Item	*Provisions for warranty repairs*	*Provision for penalties*	*Provisions for loss-making contracts*	*Total*
As at 1 Jan 2023	**5,281**	**220**	**107**	**5,607**
recognised during the financial year	4,686	-	59	4,745
used	-4,423	-	-	-4,423
reversed	-	-170	-	-170
As at 31 Dec 2023	**5,545**	**50**	**165**	**5,759**
recognised during the financial year	4,681	-	3	4,685
used	-3,365	-	-	-3,365
reversed	-	-	-	-
As at 31 Dec 2024	**6,861**	**50**	**169**	**7,078**

The Company 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 Company 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.

Provisions 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 Company 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 Company 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 6,861 thousand (31 December 2023: PLN 5,545 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 686.1 thousand (as at 31 December 2023 – an increase or decrease of PLN 554.5 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.

In 2024 and 2023, no provision for penalties was recognised. In 2023, a provision for penalty of PLN 170 thousand was reversed.

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 169 thousand (31 December 2023: PLN 165 thousand).

Note 25. EXPLANATORY INFORMATION TO THE STATEMENT OF CASH FLOWS

Item	2024	2023
Interest and profit distributions (dividends)	**-5,798**	**-1,709**
financial interest paid	4,706	6,624
interest received	-	116
dividends received	-10,505	-8,449
Gain/(loss) on investing activities	**-1,247**	**644**
Gain from disposal of property, plant and equipment	-1,247	644
Impairment losses on shares in subsidiaries	-	-
Change in provisions (including elimination of change in deferred tax liabilities) results from the following items:	**2,423**	**330**
net change in provisions	1,864	1,713
elimination of change in deferred tax liabilities	559	-1,383
Change in liabilities (excluding financial liabilities) results from the following items:	**-18,915**	**6,250**
net change in liabilities	-20,465	3,856
elimination of lease liabilities	1,530	398
elimination of liabilities under forward contracts	-183	1,984
elimination of capital commitments	203	12
Change in currency derivative instruments results from:	**1,009**	**-2,534**
net change in assets	2,477	-2,930
revaluation surplus	-1,652	2,380
net change in liabilities	183	-1,984

CASH FLOWS FROM INVESTING ACTIVITIES

	2024	2023
Proceeds from disposal of intangible assets and property, plant and equipment	**104**	**198**
Sale of property, plant and equipment item No 452/01130	104	198
Dividends received	**9,896**	**8,449**
Dividend received from SECO/WARWICK Retech	3,311	1,996
Dividend received from Retech Systems LLC	4,585	4,453
Dividend received from SECO/WARWICK Services Sp. z o.o.	2,000	2,000
Investments in intangible assets and property, plant and equipment	**-13,088**	**-9,581**
Development work	-4,359	-4,851
Computers and licences	-105	-255
Solar PV	-	-374
Construction and refurbishment of production and office buildings	-2,056	-1,919
Plant and equipment	-1,342	-836
Other non-current assets	-5,226	-1,346
Share capital increase at subsidiaries	-13,452	-
Share capital increase at SECO/WARWICK USA Holding	-8,571	-
Share capital increase at SECO/WARWICK India PVT Ltd	-4,882	-
Net cash from investing activities	**-16,541**	**-933**

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 investment credit facilities and non-bank borrowings	-9,104	-	-	-9,104
Payment of lease liabilities	-	-1,832	-	-1,832
Payment of interest on bank borrowings and leases	-3,754	-952	-	-4,706
Funds borrowed under overdraft facilities	23,113	-	-	23,113
Net cash flows from financing activities	**10,255**	**-2,784**	**-**	**7,471**
Other changes				
Dividends and other distributions to owners	-	-	-8,616	-8,616
Sale of treasury shares under the incentive scheme	-	-	24	24
Total other changes	**-**	**-**	**-8,593**	**-8,593**
Total as at 31 Dec 2024	**10,255**	**-2,784**	**-8,593**	**-1,122**

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

1 Jan 2023	Bank borrowings	Lease liabilities	Other	Total
Changes in cash flows from financing activities				
Payment of liabilities under investment credit facilities	-4,607	-	-	-4,607
Payment of lease liabilities	-	-1,949	-	-1,949
Payment of interest on bank borrowings and leases	-5,842	-783	-	-6,625
Repayment of bank borrowings	-17,856	-	-	-17,856
Net cash flows from financing activities	**-28,305**	**-2,732**	**-**	**-31,037**
Other changes				
Dividends and other distributions to owners	-	-	-8,496	-8,496
Sale of treasury shares under the incentive scheme	-	-	24	24
Grants received	-	-	-	-
Total other changes	**-**	**-**	**-8,472**	**-8,472**
Total as at 31 Dec 2023	**-28,305**	**-2,732**	**-8,472**	**-39,508**

Note 26. RELATED PARTIES

Related party (subsidiaries)	year	Sale to related parties	Purchase from related parties	Receivables from related parties	Liabilities to related parties
SECO/WARWICK Corporation					
	2024	656	178	578	105
	2023	336	530	489	90
SECO/WARWICK Rus					
	2024	-	-	-	-
	2023	28	199	26	51
RETECH SYSTEMS LLC					
	2024	1,366	195	236	64
	2023	742	12,429	907	7,752
SECO/WARWICK RETECH Thermal Equipment Manufacturing Tianjin Co., Ltd.					
	2024	9,535	3,386	7,372	4,001
	2023	5,690	3,526	5,743	7,527
SECO/WARWICK Germany GmbH					
	2024	424	246	700	-
	2023	452	2,631	282	-
SECO/WARWICK Services					
	2024	8,106	308	2,224	20

	2023	7,622	372	884	12
SECO VACUUM TECHNOLOGIES LLC					
	2024	23,221	841	13,334	194
	2023	29,156	125	22,769	768
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)					
	2024	2,643	-	527	-
	2023	-	-	-	-
SECO/WARWICK India PVT Ltd					
	2024	307	223	247	-
	2023	152	663	111	50

Note 27. REMUNERATION OF KEY PERSONNEL

Senior management of SECO/WARWICK S.A. comprises members of the Management and Supervisory Boards.

REMUNERATION OF THE MANAGEMENT BOARD:

Name	Base salary for period	Other benefits, including bonuses, awards	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	2,054
Bartosz Klinowski	396	474	157	1,027
Total	**2,516**	**2,315**	**1,126**	**5,957**
31 Dec 2023	**(PLN '000)**	**(PLN '000)**	**(PLN '000)**	**(PLN '000)**
Sławomir Woźniak	570	1,129	651	2,350
Piotr Walasek	396	549	325	1,270
Earl Good	1,129	204	0	1,333
Bartosz Klinowski	396	549	325	1,270
Total	**2,491**	**2,431**	**1,301**	**6,223**

REMUNERATION OF THE SUPERVISORY BOARD:

Name	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 28. FINANCIAL INSTRUMENTS

Item	Category under IFRS 9	Carrying amount		Maximum credit risk exposure as at 31 Dec 2024
		31 Dec 2024	31 Dec 2023	
Financial assets				
Loans advanced	At amortised cost	-	-	-
Trade and other receivables	At amortised cost	58,805	69,425	58,805
Long-term receivables	At amortised cost	833	308	833
Hedging instruments	At fair value*	1,764	4,242	1,764
Cash and cash equivalents	At amortised cost	51,016	17,579	51,016
Contract assets	At amortised cost	52,769	66,995	52,769
Sureties issued	-	-	-	98,137
Financial liabilities				
Current				
Short-term bank borrowings	At amortised cost	56,195	39,999	-
Lease liabilities	At amortised cost	2,472	3,629	-
Trade and other payables	At amortised cost	35,274	54,392	-
Hedging instruments	At fair value*	163	-	-
Non-current				
Long-term bank borrowings	At amortised cost	1,036	3,223	-
Hedging instruments	At fair value*	20	-	
Lease liabilities	At amortised cost	4,392	4,764	-

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 instruments in 2024

	Other interest income/(expense)	Realised 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 granted	-	-	-	-	-	-
Trade and other receivables	59	-2,808	-	2,518	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-939	5,812	-
Cash and cash equivalents	8	345	-	46	-	-
TOTAL	**67**	**-2,463**	**-**	**1,625**	**5,812**	**-**

	Other interest income/(expense)	Realised 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	-3,920	-	-	-	-	-
Lease liabilities	-952	-	-	-1	-	-
Trade and other payables	-178	614	-	-798	-	-
Hedging instruments	-	-	-	-70	-	-
non-current					-	
Long-term bank borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-5,050**	**614**	**-**	**-868**	**-**	**-**

Income, expenses, gains and losses accounted for in the statement of profit or loss/ statement of comprehensive income, by category of financial instruments in 2023

	Other interest income/(expense)	Realised 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	164	-2,975	-	-2,857	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	1,170	5,242	-
Cash and cash equivalents	21	-1,330	-	-34	-	-
TOTAL	**213**	**-4,305**	**-**	**-1,721**	**5,242**	**-**

	Other interest income/(expense)	Realised 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	-6,084	9	-	-1	-	-
Lease liabilities	-783	-	-	26	-	-
Trade and other payables	-154	1,258	-	1,384	-	-
Hedging instruments	-	-	-	1,365	-901	-
non-current					-	
Long-term bank borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-7,021**	**1,267**	**-**	**2,774**	**-901**	**-**

Changes in liabilities arising from financing activities

	1 Jan 2024	changes resulting from cash flows from financing activities	increase under leases	redemption/sale/assignment	effect of valuation of hedging instruments	Reclassification	31 Dec 2024
Non-current:							
Interest-bearing borrowings	3,223	-2,187	-	-	-	-	**1,036**
Lease liabilities	4,764	-	2,076	-	-	-2,449	**4,392**
Current:							
Interest-bearing borrowings	39,999	16,196	-	-	-	-	**56,195**
Lease liabilities	3,629	-1,832	801	-2,572	-3	2,449	**2,472**
Total liabilities arising from financing activities	**51,616**	**12,177**	**2,877**	**-2,572**	**-3**	**-**	**64,095**

	1 Jan 2023	changes resulting from cash flows from financing activities	increase under leases	redemption/sale/assignment	effect of valuation of hedging instruments	Reclassification	31 Dec 2023
Non-current:							
Interest-bearing borrowings	7,827	-4,604	-	-	-	-	**3,223**
Lease liabilities	6,715	-	1,147	-	-	-3,097	**4,765**
Current:							
Interest-bearing borrowings	57,858	-17,859	-	-	-	-	**39,999**
Lease liabilities	2,077	-1,949	646	-216	-26	3,097	**3,629**
Total liabilities arising from financing activities	**74,477**	**-24,412**	**1,793**	**-216**	**-26**	**-**	**51,615**

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**
Financial assets			
Derivative financial instruments	-	1,764	-
- Currency forwards	-	1,764	-
Total	-	1,764	-
Financial liabilities current			
Currency forwards	-	163	-
Total	**-**	163	**-**

	2023		
	Level 1	**Level 2**	**Level 3**
Financial assets			
Derivative financial instruments	-	4,182	-
- Currency forwards	-	4,182	-
Total	-	4,182	-
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 29. EMPLOYMENT STRUCTURE

Item	31 Dec 2024	31 Dec 2023
Production and product unit employees	417	412
White-collar employees	119	117
Apprentices	16	11
Employees on parental leaves	1	1
Total	**553**	**541**

Note 30. OBJECTIVES AND POLICY OF FINANCIAL RISK MANAGEMENT

As part of its operating and financing activities, the Company 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 Company 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. 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 Company.

30.1 Currency risk

Due to its active and extensive presence on foreign markets, the Company enters into certain sales and purchase transactions denominated in foreign currencies. The Company also has loans and other financial liabilities denominated in foreign currencies. This exposes the Group to the risk of exchange rate fluctuations. For currency risk management purposes, the Company enters into currency forward transactions, as described in detail in Note 16 to these financial statements.

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

Liabilities	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
EUR	1,857	7,937	2,769	12,040
USD	449	1,843	3,184	12,529
GBP	19	98	43	215
Assets	**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**
EUR	15,682	67,008	8,945	38,893
USD	4,331	17,762	8,117	31,940
GBP	30	156	55	275
Notional amount of the hedging instrument – for currency sale transactions				
EUR	19,827	84,719	17,861	77,660
USD	4,100	16,815	400	1,574

Sensitivity to currency risk

The Company is mainly exposed to currency risk related to the euro and US dollar.

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

Exchange rate at 31 Dec 2024	Exchange rate	exchange rate increase +10%	exchange rate decrease -10%
EUR	4.2730	0.427	-0.427
USD	4.1012	0.410	-0.410
GBP	5.1488	0.515	-0.515
Exchange rate at 31 Dec 2023	**Exchange rate**	**exchange rate increase +10%**	**exchange rate decrease -10%**
EUR	4.3480	0.435	-0.435
USD	3.9350	0.394	-0.394
GBP	4.9997	0.500	-0.500

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

Effect on equity		Effect of USD	Effect of USD	Effect of EUR	Effect of EUR	Effect of GBP	Effect of GBP
		Period ended 31 Dec 2024	Period ended 31 Dec 2023	Period ended 31 Dec 2024	Period ended 31 Dec 2023	Period ended 31 Dec 2024	Period ended 31 Dec 2023
ASSETS							
Exchange rate increase	10%	1,776	3,194	6,701	3,889	16	27
Exchange rate decrease	-10%	-1,776	-3,194	-6,701	-3,889	-16	-27
LIABILITIES AND BANK BORROWINGS							
Exchange rate increase	10%	-184	-1,253	-794	-1,204	-10	-22
Exchange rate decrease	-10%	184	1,253	794	1,204	10	22
TOTAL							
Exchange rate increase	10%	1,592	1,941	5,907	2,685	6	6
Exchange rate decrease	-10%	-1,592	-1,941	-5,907	-2,685	-6	-6

Effect on profit/loss		Effect of USD	Effect of USD	Effect of EUR	Effect of EUR	Effect of GBP	Effect of GBP
		Period ended 31 Dec 2024	Period ended 31 Dec 2023	Period ended 31 Dec 2024	Period ended 31 Dec 2023	Period ended 31 Dec 2024	Period ended 31 Dec 2023
ASSETS							
Exchange rate increase	10%	1,776	3,194	6,701	3,889	16	27
Exchange rate decrease	-10%	-1,776	-3,194	-6,701	-3,889	-16	-27
LIABILITIES AND BANK BORROWINGS							
Exchange rate increase	10%	-184	-1,253	-794	-1,204	-10	-22
Exchange rate decrease	-10%	184	1,253	794	1,204	10	22
TOTAL							
Exchange rate increase	10%	1,592	1,941	5,907	2,685	6	6
Exchange rate decrease	-10%	-1,592	-1,941	-5,907	-2,685	-6	-6

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

30.2 Interest rate risk

The Company uses interest-bearing borrowings. Liabilities under credit facilities of PLN 57,231 thousand and lease liabilities of PLN 5,269 thousand bear interest at variable rates, while lease liabilities of PLN 1,595 thousand bear interest at fixed rates. Accordingly, the Company 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	+/- 69	+/- 84
Other financial liabilities at amortised cost (bank borrowings)	+/- 572	+/- 432

30.3 Capital management

The primary objective of the Company's capital management is to maintain good credit rating and safe capital ratios, in order to support the Company's operations and increase the shareholder value.

The Company 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 2024, no changes were introduced to the objectives, principles and processes applicable in this area.

The Company monitors its equity using a gearing ratio, which is calculated as the ratio of net debt to total equity plus net debt. The Company'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 Dec 2024 (PLN '000)	As at 31 Dec 2023 (PLN '000)
Debt	64,095	51,616
Cash and cash equivalents	-51,016	-17,579
Net debt	13,079	34,037
Equity	212,617	200,302
Net debt to equity	**6.15%**	**16.99%**

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 Company's operating activities. The increase in the ratio was attributable to higher overdraft limits in 2023. The decrease in the ratio in 2024 was attributable to higher cash. The level of the ratio is in line with the Company's expectations.

30.4 Liquidity risk

Liquidity risk is the risk that the Group may face difficulties in meeting financial liabilities. The liquidity risk management process at the Company 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 Company also manages liquidity risk by maintaining open and undrawn credit facilities which serve as a liquidity reserve and secure solvency and financial flexibility. The Company recognises bank borrowings as financial instruments which may potentially cause concentration of liquidity risk as the Company maintains relationships with selected financial institutions only. As at 31 December 2024, current bank borrowings

represented 31% of total current liabilities (31 December 2023: 24%) The Company has undrawn credit facilities of PLN 50,198 thousand. For a summary, see Note 20 to these financial statements.

The table below presents the Company's financial liabilities by maturity as at 31 December 2024 and 31 December 2023.

31 Dec 2024	up to 1 year	1–2 years	2-3 years	3-4 years	4–5 years	over 5 years	Total (undiscounted)	Total carrying amount
Borrowings	56,195	1,036	-	-	-	-	**57,231**	**57,231**
Trade payables	27,564	-	-	-	-	-	**27,564**	**27,564**
Lease liabilities	3,438	2,197	1,080	574	134	8,080	**15,504**	**6,863**
Derivative financial instruments	163	20	-	-	-	-	**183**	**183**
Other current liabilities	7,710	-	-	-	-	-	**7,710**	**7,710**
TOTAL	**95,072**	**3,253**	**1,080**	**574**	**134**	**8,080**	**108,192**	**99,552**

31 Dec 2023	up to 1 year	1–2 years	2-3 years	3-4 years	4–5 years	over 5 years	Total (undiscounted)	Total carrying amount
Borrowings	39,999	2,187	1,036	-	-	-	**43,222**	**43,222**
Trade payables	47,984	-	-	-	-	-	**47,984**	**47,984**
Lease liabilities	4,280	2,089	1,048	555	291	6,563	**14,826**	**8,394**
Derivative financial instruments	-	-	-	-	-	-	**-**	**-**
Other current liabilities	6,407	-	-	-	-	-	**6,407**	**6,407**
TOTAL	**98,670**	**4,276**	**2,084**	**555**	**291**	**6,563**	**112,439**	**106,007**

30.5 Credit risk

The Company 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 Company's exposure to the risk of unrecoverable receivables is insignificant.

With respect to the Company'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 Company 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 Company 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 Company uses a provision matrix estimated based on historical data on payments of amounts due from customers. The Company 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 15.

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 1.13% for non-delinquent receivables to 59.78% for receivables past due over 180 days.

Note 31. INCENTIVE SCHEME

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 32. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 24 February 2025, an annex to an overdraft facility agreement with Santander Bank Polska Spółka Akcyjna was signed, with the facility repayment deadline falling on 28 February 2026. The overdraft facility, amounting to PLN 19 million, is intended for the financing of day-to-day operations.

Note 33. 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.

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

Table: Total auditors' fees for 2024 and 2023

Service	Fees for 2024 (PLN '000)	Fees for 2023 (PLN '000)
Audit of full-year financial statements	275	182
Other assurance services, including review of financial statements	279	231
Other services	27	23
Total	**581**	**436**

Date: 23 April 2025

President of the Management Board	Sławomir Woźniak
Member of the Management Board	Bartosz Klinowski
Member of the Management Board	Earl Good
Member of the Management Board	a Piotr Walasek
Chief Accountant	Krzysztof Opszalski