SECO/WARWICK
INVENTION MEETS RELIABILITY



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD **FROM JANUARY 1 TO DECEMBER 31, 2025**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(figures in thousands of PLN)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from sales	*1*	**745,923**	**712,825**
Cost of sales	*3*	**-578,561**	**-563,204**
Gross profit on sales		**167,362**	**149,621**
Other operating income	*4*	2,404	4,388
Cost of sales	*3*	-47,120	-44,624
General and administrative expenses	*3*	-74,482	-70,621
Impairment of receivables and contract assets	*4*	-481	-1,315
Other operating expenses	*4*	-4,594	-5,691
Operating income		**43,089**	**31,758**
Financial income	*5*	7,428	6,314
Financial expenses	*5*	-13,819	-10,174
Share in profits (losses) of of of associates accounted for using the equity method		234	-163
Gross profit		**36,932**	**27,735**
Income tax	*6*	-7,587	-3,046
Net income from continuing operations		**29,345**	**24,689**
Profit (loss) from discontinued operations		-2,632	-
Net income		**26,713**	**24,689**
Net income attributable to			
to shareholders of the parent company		**26,113**	**24,327**
Non-controlling shareholders		599	362

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

	Year ended December 31, 2025	Year ended December 31, 2024
Profit	**26,713**	**24,689**
OTHER COMPREHENSIVE INCOME:		
Items not reclassified to profit/(loss) in subsequent reporting periods:	-	-
Actuarial gains/losses on defined benefits	-	-
Items that may be reclassified to to profit/(loss) in subsequent reporting periods:	**-10,778**	**493**
Valuation of cash flow hedging derivatives	115	-1,652
Foreign exchange differences on translation of foreign operations	-10,893	2,145
Other comprehensive income, before tax	**-10,778**	**493**
Income tax on other comprehensive income		
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-22	314
Total other comprehensive income	**-10,800**	**807**
Total comprehensive income	**15,913**	**25,496**
Total comprehensive income attributable to		
To controlling shareholders	15,721	25,473
Non-controlling shareholders	191	23

EARNINGS PER SHARE

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-basic earnings per share	3.82	2.81
- basic earnings from continuing operations attributable to shareholders of the parent company	3.82	2.81
- diluted earnings per share	4.21	2.80
- diluted earnings from continuing operations attributable to shareholders of the parent company	4.21	2.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(figures in thousands of PLN)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Property, plant, and equipment	*9*	114,420	92,851
Right-of-use assets	*9*	42,820	46,583
Goodwill	*12*	31,748	31,748
Intangible assets	*11*	51,038	54,287
Trade receivables and other long-term receivables	*16*	4,288	1,916
Other non-financial assets	*17*	191	3
Deferred income tax assets	*6*	1,235	1,691
Non-current assets		**245,740**	**229,079**
Inventories	*14*	83,124	85,892
Trade receivables and other short-term receivables	*16*	112,191	111,046
Income tax receivables	*16*	2,711	4,361
Other financial assets	*17*	4,347	1,764
Other non-financial assets	*18*	4,566	5,079
Contract assets	*15*	137,756	118,983
Cash and cash equivalents	*19*	59,562	145,837
Current assets other than those held for sale		**404,257**	**472,962**
Assets classified as held for sale	*36*	-	6,811
Current assets		**404,257**	**479,773**
TOTAL ASSETS		**649,997**	**708,853**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(figures in thousands of PLN)

	Note	December 31, 2025	December 31, 2024
LIABILITIES			
Common stock	*20*	3,236	3,556
Share premium	*20*	78,666	78,666
Treasury stock	*20*	-16,562	-18,536
Other reserve capital	*20*	42,951	57,802
Retained earnings	*20*	119,028	139,702
Equity attributable to shareholders of the parent company		**227,319**	**261,190**
Equity attributable to non-controlling interests		**2,890**	**2,698**
Equity		**230,209**	**263,888**
Loans and borrowings	*21*	46,840	23,436
Lease liabilities	*22*	37,844	39,337
Derivative financial instruments	*16*	-	20
Other long-term liabilities		721	1,723
Deferred income tax provision	*6*	11,639	6,292
Employee benefit liabilities	*24*	1,610	1,445
Contract liabilities	*15*	-	-
Long-term liabilities		**98,654**	**72,253**
Loans and borrowings	*21*	61,488	62,100
Lease liabilities	*22*	6,953	8,062
Derivative financial instruments		-	163
Other financial liabilities		1,106	1,163
Trade payables and other liabilities	*23*	87,679	80,045
Employee benefit liabilities	*24*	33,680	31,284
Other provisions	*25*	10,600	11,485
Contractual obligations	*15*	119,628	174,157
Current liabilities excluding those related to assets held for sale		**321,134**	**368,459**
Liabilities directly related to non-current assets classified as held for sale	*36*	-	4,253
Current liabilities		**321,134**	**372,712**
Total liabilities		**419,788**	**444,965**
TOTAL LIABILITIES		**649,997**	**708,853**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(figures in thousands of PLN)

	note	Year ended December 31, 2025	Year ended December 31, 2024
Cash flows from operating activities			
Gross profit		**36,932**	**27,735**
Total adjustments:	*26*	**-40,418**	**80,083**
Share in net (profit)/loss of a jointly controlled entity	*13*	-234	163
Depreciation	*3*	21,119	18,478
Foreign exchange (gains)/losses	5	-10,265	1,688
Adjustments for financial income (expenses)	5	8,487	8,148
Gain (loss) on investing activities		-274	-1,486
Other adjustments		356	68
Changes in balance sheet items:	**26**		
Change in provisions	26	3,217	2,591
Change in inventory	26	-1,208	3,773
Change in accounts receivable	26	-11,859	23,560
Change in current liabilities, excluding financial liabilities	26	19,874	368
Change in contract assets and liabilities	26	-69,160	20,381
Change in foreign currency derivatives	26	-1,038	1,009
Adjustments for share-based payments	*26*	567	1,342
Cash inflows from operating activities		**-3,486**	**107,818**
Income tax paid		-900	-6,437
Net cash from operating activities		**-4,386**	**101,381**
CASH FLOWS FROM INVESTING ACTIVITIES			
INVESTING ACTIVITIES	**26**		
Proceeds from the sale of intangible assets and property, plant, and equipment		143	115
Other outflows from financial assets		-	-956
Expenditures for the acquisition of financial assets	*26*	-2,400	
Capital expenditures on intangible assets and property, plant, and equipment	*26*	-41,039	-41,305
Net cash from investing activities		**-43,296**	**-42,147**
CASH FLOWS CASH CASH FROM FINANCIAL ACTIVITIES			
Net proceeds from the issuance of shares (stock issuance) and other equity instruments and additional capital contributions		6	24
Proceeds from borrowing	26	38,810	48,339
Grants received		665	-
Dividends and other distributions to owners	*8*	-8,735	-8,616

Repayment of loans	26	-12,521	-16,874
Payments of lease obligations	26	-6,812	-5,917
Interest	26	-8,585	-6,041
Purchase of treasury shares		-41,429	-
Net cash from financing activities		**-38,601**	**10,915**
Increase (decrease) in cash and cash equivalents before the effects of exchange rate changes		**-86,283**	**70,148**
Effects of exchange rate changes on cash and cash equivalents		8	-46
Increase (decrease) in cash and cash equivalents equivalents		**-86,275**	**70102**
Cash at the beginning of the period		**145,837**	**75,736**
Cash at the end of the period		**59,562**	**145,837**

The cash flow statement should be analyzed in conjunction with the notes and additional information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(figures in thousands of PLN)

	Share Share	Share premium	Treasury Treasury	Other reserve funds	Retained earnings / Uncovered losses	**Equity of the parent company's shareholders of the parent**	Non-controlling interest	**Total equity**
Note	*20*	*20*	*20*	*20*	*20/20*	***2***		
Equity as of January 1, 2025	**3,556**	**78,666**	**-18,536**	**57,802**	**139,702**	**261,190**	**2,698**	**263,888**
Profit for the period	-	-	-	-	26,113	26,113	599	26,713
Other comprehensive income	-	-	-	-10,392	-	-10,392	-408	-10,800
Total comprehensive income for the fiscal year	**-**	**-**	**-**	**-10,392**	**26,113**	**15,721**	**191**	**15,913**
Sale of treasury shares as part of incentive program	-	-	417	156	-	572	-	572
Dividend payment	-	-	-	-	-8,735	-8,735	-	-8,735
Creation of a reserve fund of share buyback	-	-	-	23,000	-23,000	-	-	-
Reversal of reserve capital created for the purpose of acquiring shares treasury	-	-	-	-27,615	27,615	-	-	-
Purchase of treasury shares	-	-	-41,429	-	-	-41,429	-	-41,429
Redemption of treasury stock	-320	-	42,987	-	-42,667	-	-	-
Changes in equity	**-320**	**-**	**1,974**	**-14,851**	**-20,674**	**-33,871**	**191**	**-33,679**
Equity as of December 31, 2025	**3,236**	**78,666**	**-16,562**	**42,951**	**119,028**	**227,319**	**2,890**	**230,209**

(data in thousands of PLN)

	Capital Share capital	Share premium reserve	Treasury Treasury	Other reserve capital	Retained earnings / Uncovered losses	**Equity of the parent company's shareholders of the parent**	Non-controlling interest	**Total equity**
Note	*20*	*20*	*20*	*20*	*20/20*	***2***		
Equity as of January 1, 2024	**3,556**	**78,666**	**-20,268**	**57,022**	**123,991**	**242,967**	**2,675**	**245,642**
Profit for the period	-	-	-	-	24,327	**24,327**	362	**24,689**
Other comprehensive income	-	-	-	1,146	-	**1,146**	-339	**807**
Total comprehensive income for the fiscal year	**-**	**-**	**-**	**1,146**	**24,327**	**25,473**	**23**	**25,496**
Sale of treasury shares as part of incentive program	-	-	**1,732**	**- 1,709**	-	24	-	24
Dividend payment	-	-	-	-	-8,616	-8,616	-	-8,616
Creation of a reserve fund of share buyback	-	-	-	1,342	-	1,342	-	1,342
Reversal of reserve capital created for the purpose of acquiring shares treasury	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-
Cancellation of treasury stock	-	-	-	-	-	-	-	-
Changes in equity	**-**	**-**	**1,732**	**780**	**15,711**	**18,223**	**23**	**18,246**
Equity as of December 31, 2024	**3,556**	**78,666**	**-18,536**	**57,802**	**139,702**	**261,190**	**2,698**	**263,888**

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



SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

DECEMBER 31, 2025

I. GENERAL INFORMATION

1. Parent Company Information

The parent company of the SECO/WARWICK Capital Group (hereinafter: the Capital Group, the Issuer's Capital Group, the Group) is SECO/WARWICK Spółka Akcyjna with its registered office in Świebodzin (hereinafter: the Issuer, the Company, the Parent Company). The Company was established on January 2, 2007, pursuant to a decision of the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, which entered the Company into the Register of Entrepreneurs of the National Court Register under KRS number 0000271014.

During the reporting period, no changes were made to the reporting entity's name or other identifying information.

Name of the reporting entity or other identifying information: SECO/WARWICK S.A.

Entity's registered office: Poland

Legal form of the entity: Joint-stock company

Country of registration: Poland

Address of the entity's registered office: 66-200 Świebodzin, ul. Sobieskiego 8

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

Description of the nature and primary scope of business: The SECO/WARWICK Group's operations are divided into four main product groups: vacuum furnaces, aluminum heat treatment lines and CAB lines, melting furnaces, and after-sales services.

REGON statistical number: 970011679

Primary business activity according to PKD:

28.21.Z	Manufacture of furnaces, furnaces, and furnace burners,
25,30,Z	Manufacture of fabricated metal products, excluding machinery and equipment
33	Repair, maintenance, and installation of machinery and equipment
46,64,Z	Wholesale wholesale, excluding excluding trade motor motor vehicles
49	Land transport and pipeline transport
52	Warehousing and support activities for transportation
62	Software and IT consulting activities and related activities
71	Architectural and engineering activities; technical testing and analysis
72,10,Z	Research and development
64,20,Z	Financial holding companies

The SECO/WARWICK Group is a manufacturer of thermal processing equipment. Thanks to its research and development center, equipped with industrial furnaces, as well as its collaboration with academic technical centers, it offers innovative solutions tailored to customer needs.
The SECO/WARWICK Group consists of nine operating companies with headquarters on three continents. The individual companies support and implement technological processes for manufacturers in the steel, titanium, and aluminum industries, as well as in aluminum recycling, the foundry, automotive, and aerospace industries, commercial heat treatment, HVAC/R, electronics, wind energy, medical equipment, the nuclear industry, and others.

2. Duration of the Capital Group

SECO/WARWICK S.A. and the other entities of the Capital Group were established for an indefinite period, with the exception of SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd., which was established for a fixed term of 27 years, i.e., until May 5, 2037.

The financial statements of all entities comprising the Group were prepared for the same reporting period as the parent company's financial statements, using consistent accounting policies.

The financial year of the parent company and the companies comprising the Group is the calendar year.

3. Periods presented

These consolidated financial statements cover the 12-month period ended December 31, 2025.

Comparative data is presented:

- as of December 31, 2024, for the consolidated statement of financial position,
- for the period from January 1, 2024, to December 31, 2024, for the consolidated statement of comprehensive income,
- for the period from January 1, 2024, to December 31, 2024, for the consolidated statement of cash flows,
- the period from January 1, 2024, to December 31, 2024, for the consolidated statement of changes in equity.

4. Composition of the governing bodies of the parent company SECO/WARWICK S.A.

As of the date of approval for publication of these financial statements, December 31, 2025, and as of December 31, 2024, 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 of the date of approval for publication of these financial statements, December 31, 2025, and as of December 31, 2024, the Supervisory Board of SECO/WARWICK S.A. consisted of the following members:

- Andrzej Zawistowski – Chairman of the Supervisory Board
- Maciej Karnicki – Vice Chairman 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:

From January 1, 2025, until the date of publication of this report, there have been no changes in the composition of the Management Board.

Changes in the composition of the Supervisory Board:

From January 1, 2025, until the date of publication of this report, there were no changes in the composition of the Supervisory Board.

5. Audit firm

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

6. Significant Shareholders of the Parent Company

As of December 31, 2025, the shareholders holding more than 5% of the votes at the General Meeting of Shareholders were:

Shareholders	Number of shares	Share in share (%) (%)	Number votes	Share of total votes at the General Meeting of Shareholders (%)
SW Holding	3,387,139	40.32%	3,387,139	40.32%
Generali Open Pension Fund	640,798	7.63%	640,798	7.63%
Quercus Investment Fund Company, Inc.	475,768	5.66%	475,768	5.66%
PKO BP Bank Open-Ended Pension Fund	464,484	5.53%	464,484	5.53%

As of the date of publication of this report, the shareholders holding more than 5% of the votes at the General Meeting of Shareholders were:

Shareholders	Number of shares	Share in share (%) (%)	Number votes	Share of total votes at the General Meeting of Shareholders (%)
SW Holding	3,387,139	40.32%	3,387,139	40.32%
Generali Open Pension Fund	640,798	7.63%	640,798	7.63%
Quercus Investment Fund Management Company, S.A.	475,768	5.66%	475,768	5.66%
PKO BP Bank Open-Ended Pension Fund	464,484	5.53%	464,484	5.53%
Value Fund Poland Activist Closed-End Investment Fund	450,734	5.37%	450,734	5.37%

The data in the table is based on notifications from shareholders received by the Company pursuant to Article 69 of the Act on Public Offering.

SW Holding is the parent company of the SWSA Group.

Treasury shares

As of December 31, 2025, SECO/WARWICK S.A. held 1,130,592 treasury shares, representing a 13.46% stake in the share capital. The Company does not exercise voting rights attached to its treasury shares.

Pursuant to the resolution of the Company's Supervisory Board dated April 23, 2025, and Resolution No. 21 of the Annual General Meeting dated June 9, 2025 – regarding the verification of the achievement of the Annual Targets of the Incentive Program Beneficiaries for the 2024 fiscal year, ownership of a total of 28,501 of the Company's treasury shares was transferred in connection with their registration in the brokerage accounts of the persons covered by the Incentive Program. The shares were sold to the beneficiaries of the Incentive Program at a price of PLN 0.20 (in words: twenty groszy) per share.

The sold treasury shares represent 0.34% of the Company's share capital and entitle the holders to 28,501 votes, which constitute 0.34% of all votes at the General Meeting. Following their sale, the Company holds 1,130,592 treasury shares, which represent 13.46% of the share capital and 13.46% of all votes at its General Meeting

Pursuant to Resolution No. 5/2025 adopted by the Company's Extraordinary General Meeting on September 2, 2025, the Company retired 1,600,000 (one million six hundred thousand) treasury shares with a par value of PLN 0.20 each, with a total par value of PLN 320,000. As a result of the redemption, the Company's share capital was reduced from PLN 2,000,000 to PLN 1,680,000, and the total number of shares decreased from 10,000,000 to 8,400,000. The acquisition cost of the retired shares, in the amount of PLN 41,429,000, reduced the Group's retained earnings. Details of transactions involving treasury shares are disclosed in Note 20 of these financial statements

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7. Subsidiaries

As of December 31, 2025, SECO/WARWICK S.A. was the direct and indirect parent company of the following companies:

- SECO/WARWICK Corporation,
- 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 INDIA PVT. Ltd.,
- SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH) (UAE).

Jointly controlled entities

- OOO SCT (Solnechnogorsk), Russia, in which SECO/WARWICK S.A. holds a 50% stake entitling it to 50% of the total votes at the Company's General Meeting.

Changes in the Group's composition:

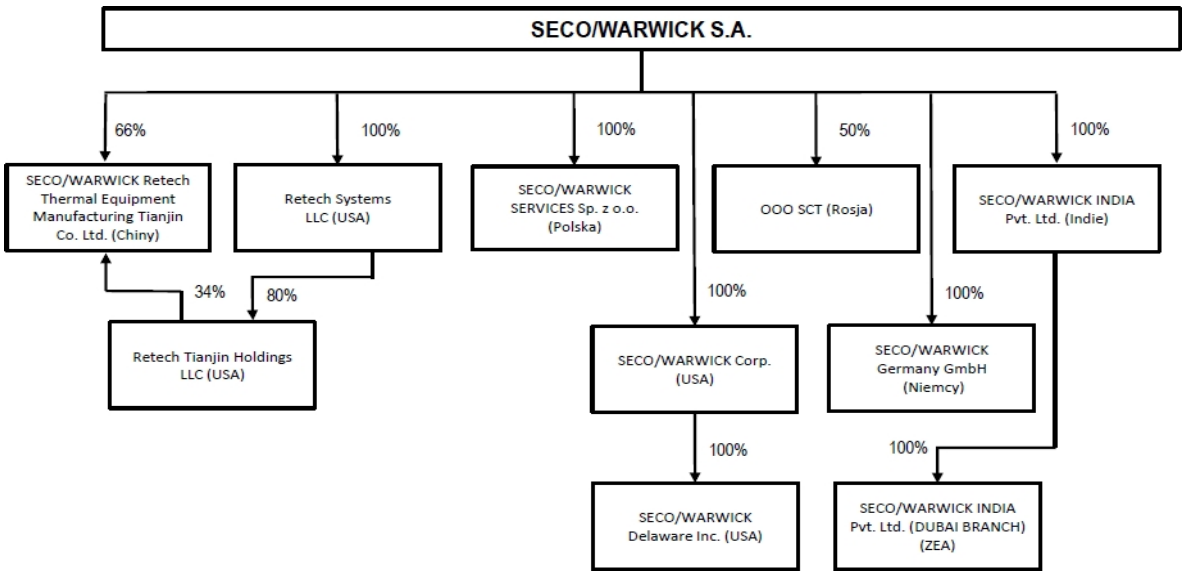
On April 30, 2025, the effective merger of the following companies took place: SECO WARWICK USA HOLDING LLC, SECO VACUUM TECHNOLOGIES LLC, and SECO/WARWICK Corporation into a single company named SECO/WARWICK Corporation.

In the second quarter of 2025, the parent company lost control over its subsidiary SECO/WARWICK Rus, based in Russia, due to the loss of the practical ability to exercise control over that subsidiary.
Consequently, in accordance with IFRS 10 "Consolidated Financial Statements," this company was excluded from consolidation.

Composition of the Group as of December 31, 2025:

Name of entity	Registered office	Business activity	Seco/Warwick's percentage share in the share capital
Parent company			
SECO/WARWICK S.A.	Świebodzin	Holding company within the SECO/WARWICK Group. Ownership supervision and provision of strategic management services. Manufacture of equipment for heat treatment of metals.	**Not applicable**
Direct and indirect subsidiaries			
SECO/WARWICK Corp.	Meadville (USA)	Sales and distribution of vacuum furnaces, service operations, and manufacturing of metal heat treatment equipment	100%
SECO/WARWICK of Delaware, Inc	Wilmington (USA)	Holding company activities and trademark registration of trademarks and patents and granting licenses for their use by SECO/WARWICK Corp.	100%
Retech Systems LLC	Buffalo (USA)	Sales, services, and manufacturing of metallurgical for melting, vacuum casting of metals and special alloys .	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of metal heat treatment equipment.	93%
Retech Tianjin Holdings LLC	(USA)	Holding company activities.	80%
OOO SCT	SolnechnogorskProvision of services in the field of thermal (Russia) of metalworking in Russia.		50%
SECO/WARWICK Germany GmbH	Bedburg-Hau Sales and service operations. (Germany)		100%
SECO/WARWICK Services Sp. z LLC	Świebodzin	Service operations.	100%
SECO/WARWICK INDIA PVT. Ltd.,	Mumbai (India)	Sales, service, and manufacturing metal heat treatment equipment	100%
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)	DUBAI (UAE)	Sales agency for the Group's products SECO/WARWICK.	100%

Graphical presentation of the Capital Group



II. IMPACT OF THE WAR IN UKRAINE AND U.S. TARIFFS ON THE GROUP'S SITUATION

THE WAR IN UKRAINE

As of the date of this report, the armed conflict in Ukraine has not had a material adverse effect on the Group's operations. However, based on current observations, the Group identifies the following main areas of potential impact of the war in Ukraine on the operations of the Company and the Capital Group, as well as on their financial position:

- increased volatility in exchange rates,
- a global economic downturn accompanied by rising inflation (stagflation),
- increased geopolitical risk translating into the risk of reduced investment activity in the industries served by the Group,
- potential disruptions in supply chains—including issues with the availability of certain components, raw materials, and supplies, such as steel, as well as significant increases in their prices,
- rising energy costs (electricity, fuels, and natural gas),
- rising interest rates resulting in higher financing costs,
- IT risks.

U.S. TARIFFS

Tariff measures currently in effect and potentially expanded by the U.S. may have a significant impact on the Group's operations. This applies in particular to the production of equipment carried out in Poland and exported to the U.S. market. In addition to previously imposed tariffs on selected raw materials and components (including steel and aluminum), heightened regulatory uncertainty regarding U.S. trade policy persists, affecting various groups of industrial goods.

These factors increase the risk of disruptions in global supply chains and may generate cost pressure on the purchase of components and raw materials essential to the Group's operations. An additional risk stems from potential retaliatory measures by the U.S.'s major trading partners, including China.

Consequently, trade and geopolitical tensions may influence customers' investment decisions, leading to the postponement or scaling back of projects, which may impact the Group's order volume and financial results in subsequent periods.

III. BASIS FOR PREPARATION OF THE REPORT

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and with the Regulation of the Minister of Finance of June 6, 2025, on current and periodic information disclosed by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state ("Regulation").

2. Going Concern Assumption

The financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future, covering a period of not less than 12 months following the last balance sheet date, i.e., December 31, 2025.

As of December 31, 2025, the Management Board of the parent company conducted an analysis of the Group's ability to continue as a going concern, taking into account the war in Ukraine, as well as, among other factors, the current order backlog, projected cash flow estimates, working capital, current debt levels, and available credit lines.

Based on this analysis, the Management Board did not identify any material uncertainties regarding the Group's ability to continue as a going concern for a period of at least 12 months from the balance sheet date. The Issuer's Management Board also assesses that the Russian invasion of Ukraine and the ongoing war there have limited sales to those countries; however, this has been offset by increased sales in other markets. The Management Board is, however, mindful of the fact that military operations in Ukraine are characterized by high volatility and uncertainty, which may affect the Group's financial results in future periods.

3. Events after the balance sheet date

No events occurred after the balance sheet date.

IV. CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

1) Subsidiaries

Subsidiaries are all entities over which the Group:

- exercises control,
- is exposed to variable financial results or has rights to variable financial results,

- has the ability to use its control over the entity to influence the amount of its financial results.

The acquiring entity recognizes goodwill as of the acquisition date and measures it as the excess of value A over value B, where:
A) denotes the sum of:

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

B) means the net fair value determined as of the acquisition date of the identifiable acquired assets, assumed liabilities, and contingent liabilities.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized.
Subsidiaries sold during the fiscal year are consolidated from the beginning of the fiscal year until the date of sale. The financial results of entities acquired during the year are recognized in the financial statements from the date of their acquisition.
Revenues and expenses, intercompany balances, and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset.
The accounting policies applied by subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies applied by the Group.

2) Equity and transactions involving non-controlling interests

Non-controlling interests are recognized at their share of the fair value of net assets. In subsequent periods, losses attributable to non-controlling interests are allocated to the owners of the parent and to non-controlling interests even if, as a result, non-controlling interests become negative.
Interests attributable to non-controlling shareholders include interests in consolidated entities that do not belong to the Group. Equity attributable to non-controlling interests is determined as the net assets of the associate attributable to shareholders outside the group as of the acquisition date. This amount is reduced or increased by the portion of increases or decreases in equity attributable to non-controlling interests.

3) Associates

Associates over which the Group exercises significant influence but does not control independently, which typically corresponds to holding between 20% and 50% of the total voting rights in the governing bodies. Investments in associates are accounted for using the equity method, and initial recognition is at cost.
The Group's share in the associate's profit or loss from the acquisition date is recognized in the statement of comprehensive income, while its share in changes in other equity from the acquisition date is recognized in other equity. The carrying amount of the investment is adjusted for the cumulative changes from the acquisition date.

4) Entities under common control

Jointly controlled entities are entities over which the Group exercises significant influence but does not control independently, which typically corresponds to holding between 20% and 50% of the total voting rights in the governing bodies. Investments in jointly controlled entities are accounted for using the equity method, and initial recognition is at cost.
The Group's share in the financial result of an entity under common control from the date of acquisition is recognized in the statement of comprehensive income, while its share in changes in other equity from the date of acquisition is recognized in other equity. The carrying amount of the investment is adjusted for the cumulative changes from the date of acquisition.

5) Entities included in the consolidated financial statements

These consolidated financial statements for the periods ending December 31, 2025, and December 31, 2024, include the following entities comprising the Group:

Description	Share of total votes (in %)	
	12/31/2025	12/31/2024
SECO/WARWICK S.A.	Parent Company	
SECO/WARWICK Corp.	100%	100%
SECO/WARWICK Rus	0%	100%
Retech Systems LLC	100%	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	93%	93%
SECO/WARWICK Germany GmbH	100%	100%
SECO/WARWICK INDIA PVT. Ltd.	100%	100%
SECO/WARWICK Services Sp. z o.o.	100%	100%
SECO/WARWICK of Delaware, Inc.	100%	100%
Retech Tianjin Holdings LLC	80%	80%
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)	100%	-
OOO SCT	50%	50%

V. DESCRIPTION OF ACCEPTED ACCOUNTING PRINCIPLES (POLICIES), INCLUDING METHODS OF VALUATION OF ASSETS AND LIABILITIES, AS WELL AS REVENUES AND EXPENSES

The consolidated financial statements have been prepared on a historical cost basis, with the exception of: derivative financial instruments measured at fair value.

Historical cost is generally determined based on the fair value of the consideration paid for goods or services. Fair value is defined as the price that could be obtained from the sale of an asset or paid to settle a liability in an arm's-length transaction in the principal (or most advantageous) market on the measurement date and under current market conditions, regardless of whether the price is directly observable or estimated using another valuation technique. In measuring an asset or liability at fair value, the Group considers the characteristics of the asset or liability in question if market participants take those characteristics into account when valuing assets or liabilities as of the measurement date.

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

Differences between total amounts and the sum of their components result from rounding. Foreign exchange differences from the translation of balance sheet items are calculated as the difference between the exchange rates at the opening and closing balances.

Other new or amended standards and interpretations applicable for the first time in 2025 do not have a material impact on the Group's annual consolidated financial statements.

Summary of Significant Accounting Policies

Presentation of the statement of financial position

In accordance with IAS 1, "Presentation of Financial Statements," assets and liabilities are presented in the balance sheet as current and non-current.

Presentation of the Statement of Comprehensive Income

In accordance with IAS 1 "Presentation of Financial Statements," expenses are presented on an accrual basis in the statement of comprehensive income.

Earnings per share

Basic net income per share for each period is calculated as the quotient of net income attributable to the shareholders of the parent company for the given period and the weighted average number of shares. Diluted net earnings per share take into account the effect of the incentive program in place at the Company, which provides for the issuance to program beneficiaries of treasury shares held by SECO/WARWICK S.A.

Intangible Assets

The Group recognizes as intangible assets non-monetary assets that are identifiable (can be separated or sold), are controlled by the entity, and are likely to generate economic benefits for the entity.

Intangible assets consist primarily of software and development costs and are initially measured at acquisition or production cost, which includes the purchase price, import duties, non-deductible taxes included in the price, less discounts and rebates, and increased by expenditures directly related to preparing the asset for use in accordance with its intended purpose.

To determine whether an internally generated intangible asset meets the criteria for recognition as an asset, the entity divides the asset creation process into two stages:

- the research phase,
- the development phase.

Costs incurred during the research phase are always recognized directly as expenses for the period.

The Group recognizes intangible assets arising from development work on its balance sheet only if they meet the following conditions:

- it is certain that the intangible asset will be completed,
- it is possible to demonstrate the potential for use or sale,
- the costs incurred can be measured reliably.

The detailed method of recognizing costs for development work is described in Chapter VII, subsection *"Recognition of Costs for Development Work*."

The Group determines whether the useful life of an intangible asset is finite or indefinite. Intangible assets with a finite useful life are amortized over their useful life and tested for impairment whenever there are indications of impairment.

The Group classifies only goodwill as an intangible asset with an indefinite useful life; goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment. The impairment test for goodwill is described in Chapter VII under the sub-section "Impairment of Goodwill."

The amortization period and method for intangible assets with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of the economic benefits arising from a given asset are recognized by adjusting the amortization period or method accordingly and are treated as changes in accounting estimates.
Amortization expense for intangible assets with a finite useful life is recognized in profit or loss under the category corresponding to the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

Description	Capitalized development costs development	Patents and licenses	Software Computer
Useful lives	5–20 years	5–20 years	5–15 years

Description	Capitalized labor costs development	Patents and licenses	Software Computer
Method used	Amortized on a straight-line basis after completion of work	Amortized over the term of the agreement using the straight-line method	Depreciated on a straight-line basis
Origin	Self-constructed	Acquired	Acquired
Impairment testing / recoverable amount assessment	Annual assessment of whether there are indications of impairment and impairment testing with respect to uncompleted development costs	Annual assessment of whether there are indications of impairment.	Annual assessment of whether there are indications of impairment.

Grants received are recognized as a reduction in the carrying amount of the asset to which the grant relates, rather than as a separate item in the liabilities section of the statement of financial position. At the same time, in the statement of comprehensive income, the Group presents the settlement of grants received as a reduction in depreciation and amortization expenses related to these assets.

Goodwill
Goodwill is measured as described in Part V. Consolidation Principles, point 1) Subsidiaries. Goodwill arising from the acquisition of subsidiaries is recognized under intangible assets. Goodwill is not amortized but is tested annually for impairment (or more frequently if there are indications that impairment may have occurred), and is carried at its initial amount less any impairment losses. Gains or losses on the disposal of an entity include the carrying amount of the goodwill of the sold entity.

Property, plant, and equipment

Property, plant, and equipment are stated at acquisition price or production cost less accumulated depreciation and any impairment losses.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset, which is:

Buildings and structures	10 to 40 years
Technical equipment and machinery	5 to 30 years
Means of transport	5 to 10 years
Other tangible fixed assets	5 to 15 years

Gains and losses arising from the sale or disposal of these assets are determined as the difference between the proceeds from the sale and the net book value of the property, plant, and equipment and are recognized in the statement of comprehensive income.

Grants received are recognized as a reduction in the carrying amount of the asset to which the grant relates, rather than as a separate item on the liabilities side of the statement of financial position. At the same time, in the statement of comprehensive income, the Group presents the settlement of grants received as a reduction in depreciation expenses related to these assets.

Property, plant, and equipment under construction
Property, plant, and equipment under construction include expenditures on property, plant, and equipment that are not yet ready for use and are highly likely to be completed. They are presented on the balance sheet at cost less impairment losses. Property, plant, and equipment under construction are not depreciated.

Investment property
Investment property is defined as property that is treated as a source of rental income and/or is held for the purpose of capital appreciation.
Investment property is stated at acquisition price or cost of production, less accumulated depreciation and any impairment losses. Depreciation is calculated over the estimated useful life of these assets using the straight-line method. Land is not depreciated.

Financial Assets

Classification of financial assets

Financial assets are classified into the following measurement categories:

- measured at amortized cost,
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

The Group classifies a financial asset based on the Group's business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset (the so-called "SPPI criterion"). The Group reclassifies investments in debt instruments if and only if the model for managing these assets changes.

Measurement at Initial Recognition

With the exception of certain trade receivables, upon initial recognition, the Group measures a financial asset at its fair value, which, in the case of financial assets not measured at fair value through profit or loss, is increased by transaction costs that are directly attributable to the acquisition of those financial assets.

Derecognition

Financial assets are derecognized when:

- the rights to receive cash flows from the financial assets have expired, or
- the rights to receive cash flows from the financial assets have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Measurement after initial recognition

For measurement purposes after initial recognition, financial assets are classified into one of four categories:

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

Debt instruments – financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held in accordance with a business model whose objective is to hold financial assets to collect contractual cash flows, and

- the terms of the contract relating to the financial asset give rise to cash flows at specified dates that consist solely of payments of principal and interest on the outstanding principal.

The Group classifies the following as financial assets measured at amortized cost:

- trade receivables,
- loans that meet the SPPI classification test and, in accordance with the business model, are recognized as held to generate cash flows,
- cash and cash equivalents.

Trade receivables

Trade receivables are classified as financial assets measured at amortized cost, taking into account allowances for expected losses.

Recognition and measurement of financial liabilities

Loan liabilities

Loan liabilities and other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate. Transaction costs directly attributable to the acquisition or issuance of a financial liability increase the carrying amount of that liability, as the liability is initially recognized at the fair value of the amounts paid or received in exchange for the liability. In subsequent periods, these costs are amortized over the term of the liability using the effective interest rate.

Trade liabilities

Current trade liabilities are measured at amortized cost using the effective interest rate.

Hedge accounting

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

a) fair value hedge: a hedge against the risk of changes in the fair value of a recognized asset or liability, or a designated portion of such an asset, liability, or a probable future liability, that is attributable to a specific type of risk and that could affect the statement of comprehensive income,

b) cash flow hedge: a hedge against the risk of changes in cash flows that (i) can be attributed to a specific type of risk associated with a recognized asset or liability and that (ii) could affect the statement of comprehensive income,

c) hedging of net assets in a foreign operation as defined in IAS 21.

The balance sheet measurement of cash flow hedging derivatives is recognized in the Group's equity. When the transaction for which the forward foreign exchange contract was entered into affects the statement of comprehensive income, the measurement initially recognized in equity is reclassified to the statement of comprehensive income.
Because derivatives are entered into to hedge cash flows related to sales contracts for which revenue is recognized over time based on the stage of completion, the measurement of derivatives affects net income in proportion to the percentage of completion of the contract in question, under financial income or expenses, in the amount of the effective portion of the hedge.

Hedge accounting is applied to a hedging relationship if and only if all of the following conditions are met:

a) At the time the hedge is established, the hedging relationship has been formally designated and documented, as well as the entity's risk management objective and hedging strategies. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the hedged risk, and the manner in which the entity will assess the effectiveness of the hedging instrument in offsetting the risk of changes in the fair value of the hedged item or the cash flows associated with the hedged risk,

b) The hedge is expected to be highly effective in offsetting changes in fair value or cash flows arising from the hedged risk, in accordance with the originally documented risk management strategy for that specific hedging relationship,

c) In the case of cash flow hedges, the forecast transaction being hedged must be highly probable and must be subject to a risk of changes in cash flows that could consequently affect the statement of comprehensive income,

d) The effectiveness of the hedge can be reliably assessed, i.e., the fair value or cash flows associated with the hedged item arising from 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 its high effectiveness is confirmed in all reporting periods for which the hedge was established.

Inventories

Inventories are measured at the lower of cost (acquisition price or production cost) and net realizable value. Inventories are written down to net realizable value.
In addition, at the end of each fiscal year, an inventory revaluation is performed for obsolete inventory or for inventory that has lost its usefulness or whose usefulness has been otherwise limited. If the circumstances that caused the inventory write-down cease to exist, a reversal is performed, i.e., the inventory value is restored. The effects of valuation at net realizable value are charged to other operating expenses. The reversal of an inventory write-down, resulting from an increase in its net realizable value, is recognized as a reduction in the amount of inventory recognized as an expense for the period in which the reversal of the write-down occurred. Inventory issuance is carried out using the FIFO method, which involves recording the issuance starting with the unit of material that was received into the warehouse earliest, at its purchase price.

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases.
Deferred tax liabilities are recognized for all positive temporary differences. A deferred tax asset is recognized for all negative temporary differences to the extent that it is probable that taxable income will be available against which these temporary differences can be offset. Such deferred tax assets and liabilities are not recognized 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 affects neither gross profit or loss nor taxable income or a tax loss. Additionally, deferred tax is not recognized if the temporary differences arise from the initial recognition of goodwill.
A deferred income tax liability is recognized for taxable temporary differences arising from investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. The Group is able to control the reversal of temporary differences related to its investments in subsidiaries and associates, and to the best of the Management Board's knowledge as of the balance sheet date: no such temporary differences existed, and such differences will not be realized in the foreseeable future.
Deferred tax assets arising from negative temporary differences related to such investments and equity interests are recognized only to the extent that it is probable that there will be

sufficient taxable profits against which the tax benefits arising from the temporary differences can be utilized, and that the temporary differences are expected to reverse in the foreseeable future.
The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced accordingly to the extent that it is no longer probable that sufficient taxable income will be available to realize the deferred tax asset in part or in full.

An unrecognized deferred tax asset is reassessed at each balance sheet date and is recognized to the extent that it is probable that future taxable income will be available against which the asset can be recovered.

Deferred tax assets and deferred tax liabilities are measured using tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) in effect as of the balance sheet date or those whose future application is certain as of the balance sheet date.
The Group offsets deferred tax assets against deferred tax liabilities if and only if it has a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred income tax relates to the same taxpayer and the same tax authority.

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

These changes result in a lack of clear reference points, inconsistent interpretations, and few established precedents that could be applied. Current regulations also contain ambiguities that lead to differing opinions regarding the legal interpretation of tax laws, both among government agencies and between government agencies and businesses.

Tax settlements and other areas of activity (such as customs or foreign exchange matters) may be subject to audits by authorities empowered to impose heavy penalties and fines, and any additional tax liabilities resulting from such audits must be paid along with high interest. These conditions mean that tax risk in Poland is higher than in countries with a more mature tax system.
Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of a final decision by the tax authority.
On July 15, 2016, amendments were introduced to the Tax Ordinance to incorporate the provisions of the General Anti-Abuse Rule (GAAR). GAAR is intended to prevent the creation and use of artificial legal structures established for the purpose of avoiding tax payments in Poland. GAAR defines tax avoidance as an act performed primarily to obtain a tax advantage that, under the given circumstances, is contrary to the object and purpose of a tax law provision. Under GAAR, such an act does not result in a tax advantage if the manner of acting was artificial. Any occurrence of (i) unjustified splitting of transactions, (ii) the involvement of intermediaries despite the absence of economic or commercial justification, (iii) elements that cancel each other out or offset one another, and (iv) other actions similar to those mentioned above, may be treated as evidence of artificial transactions subject to the GAAR provisions. The new regulations will require significantly greater judgment when assessing the tax consequences of individual transactions.
The GAAR clause should be applied to transactions entered into after its entry into force and to transactions that were carried out prior to the entry into force of the GAAR clause, but for which benefits were or continue to be realized after the date of the clause's entry into force. The implementation of the above provisions will enable Polish tax authorities to challenge arrangements and agreements entered into by taxpayers, such as the Group's restructuring and reorganization.
The Group recognizes and measures current and deferred income tax assets or liabilities in accordance with the requirements of IAS 12 "Income Taxes" based on taxable income (tax loss), taxable income, unused tax losses, unused tax credits, and tax rates, taking into account an assessment of the uncertainties associated with tax settlements.

When there is uncertainty as to whether and to what extent the tax authority will accept specific tax treatments of transactions, the Group recognizes these treatments taking into account the assessment of uncertainty.
The Group has unused tax losses, but there are no significant uncertainties regarding their utilization in future years.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from past events, and when it is probable that the fulfillment of this obligation will result in an outflow of economic benefits, and a reliable estimate of the amount of the obligation can be made. If the Group expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, then such reimbursement is recognized as a separate asset, but only when it is virtually certain that the reimbursement will actually occur.
Costs related to a given provision are recognized in the statement of comprehensive income net of any recoveries. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to their present value, using a gross discount rate that reflects current market assessments of the time value of money. If the discounting method is used, the increase in the provision due to the passage of time is recognized as financial expenses.
Estimates of the outcome and financial impact are made through the judgment of company management, supported by past experience with similar transactions and—in some cases—reports from independent experts.
The balance of provisions is reviewed at each balance sheet date and adjusted to reflect the current, most appropriate estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.
The Group establishes the following types of provisions:

- for warranty repairs – established based on the estimated future costs of warranty repairs in proportion to the stage of completion of the contract,
- for litigation.

The assumptions used to make the estimates and the amount of the provisions are reviewed at each balance sheet date.

Employee benefits

Liabilities for employee benefits include liabilities for current salaries, estimated employee bonuses, and unused vacation days, calculated as the number of remaining vacation days multiplied by the average daily gross salary rate.
The Group also incurs costs related to the operation of Employee Capital Plans (“PPK”) by making contributions to an investment fund. These constitute post-employment benefits in the form of a defined-contribution plan. The Group recognizes the costs of contributions to the PPK in the same expense account in which it recognizes the salary costs on which they are calculated. Liabilities related to the PPK are presented under other liabilities.
Employee benefit liabilities also include liabilities under defined benefit plans. In the case of such plans, the Group pays fixed contributions to a separate entity (fund), as a result of which the actuarial risk (benefits will be lower than expected) and investment risk (invested assets will be insufficient) to meet the expected benefits are borne by the Group.

Share-based payments

The Group’s employees (including members of the management board) receive awards in the form of shares.
This benefit is classified as an equity-settled share-based payment program. The fair value of shares granted under the Incentive Program is recognized

as an employee benefit expense. At the same time, a corresponding increase in equity is recognized.

The cost of transactions settled with employees in equity instruments is measured by reference to fair value as of the grant date. Fair value is determined by an independent appraiser based on the binomial model. When valuing equity-settled transactions, market conditions for vesting (related to the Group's share price) and conditions other than vesting conditions are taken into account.

The cost of equity-settled transactions is recognized along with the corresponding increase in equity during the period in which the conditions regarding performance and/or the rendering of work or services are met, ending on the date on which the designated employees become fully entitled to the benefits ("vesting date"). The cumulative cost recognized for equity-settled transactions as of each balance sheet date up to the vesting date reflects the extent of the vesting period and the number of awards for which, in the opinion of the Group's Management Board as of that date, based on the best possible estimates of the number of equity instruments — will ultimately vest.
No costs are recognized for awards for which the rights will not ultimately vest, except for awards for which vesting depends on market conditions or conditions other than vesting conditions, which are treated as vested regardless of whether market conditions or conditions other than vesting conditions are met, provided that all other conditions regarding performance and/or the rendering of work or services are met.
In the event of a modification to the terms of equity-settled awards, costs are recognized to the minimum extent required, as if those terms had not changed. In addition, costs are recognized for any increase in the transaction's value resulting from the modification, measured as of the date of the change. If an equity-settled award is canceled, it is treated as if the rights to it were vested on the date of cancellation, and any unrecognized costs related to the award are recognized immediately.

This also applies to awards where conditions other than vesting conditions that are within the control of the Group or the employee are not met. However, if a canceled award is replaced with a new award—designated as a replacement award on the grant date—the canceled award and the new award are treated as if they constituted a modification of the original award, i.e., in the manner described in the paragraph above.

Treasury shares

The parent company purchases treasury shares on the market on the grant date and holds them as treasury shares until they vest. Treasury shares are measured at fair value on the date of recognition and subsequently carried at cost as a deduction from equity.

Contract assets

Contract assets include the excess of estimated revenue resulting from the progress of long-term contracts, measured by the degree of fulfillment of the obligation described below, over advance payments received and the amount invoiced for the contract.

Contract liabilities
Contract liabilities reflect the Group's obligations to provide services or deliver equipment to a customer for which the Group has already received payment in the form of an advance or for which payment is due based on an issued invoice. Contract liabilities are also increased by cooperation costs, provided that such costs are material and are therefore recognized based on the percentage of work completed.

Contract costs
Contract costs include additional costs incurred to secure a contract with a customer, i.e., costs that the entity would not have incurred if the contract had not been concluded. The Group identifies contract costs within its operating activities that meet the following criteria:

- these costs are directly attributable to a contract or a prospective contract that the entity can clearly identify;

- these costs result in the creation or improvement of the Group's assets that will be used to fulfill (or continue to fulfill) obligations to provide future performance.

Additional costs incurred in securing a contract include sales commissions. Contract costs are recognized as contract assets and amortized systematically, taking into account the stage of completion of the contract to which they relate, if they pertain to a contract under which revenue is recognized over time, or in a single amount at the time revenue is recognized, if they pertain to a contract under which revenue is recognized at a point in time.

Development Project Grants

These include, in particular, government grants for the financing of assets.
Co-financing received for development work, in the amount of funds received, reduces the carrying amount of the asset. In the statement of comprehensive income, the Group presents the settlement of grants received as a reduction in depreciation and amortization expenses related to these assets.
Grants do not directly increase equity.

Revenue
Revenue from sales is recognized in the amount of the consideration the Group expects to receive in exchange for the transfer of promised goods or the performance of promised services.

The Group's main sources of revenue are sales of:

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

The Group applies IFRS 15 Revenue from Contracts with Customers to all contracts with customers, except for lease contracts 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 recognize revenue at the time of transfer of goods and services to the customer, at a value reflecting the price expected by the Group in exchange for the transfer of those goods and services.

IFRS 15 requires that all sales contracts be recognized using the so-called five-step model, comprising the following stages:

- identification of the contract with the customer,
- identifying the obligation to perform under the contract with the customer,
- determination of the transaction price,
- allocation of the transaction price to individual performance obligations,
- recognition of revenue upon fulfillment of the obligation under the contract.

Identification of a contract with a customer

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

- The parties to the contract have entered into a contract (in writing, orally, or in accordance with other customary business practices) and are obligated to perform their obligations;

- The Group is able to identify the rights of each party regarding the goods or services to be delivered;
- The Group is able to identify the terms of payment for the goods or services to be delivered;
- The contract has economic substance (i.e., it is expected that the contract will result in a change in the Group's future cash flows, their timing, or their amount); and
- it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

Identification of performance obligations

At the time a contract is concluded, the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer a good or service (or a bundle of goods or services) that can be separated, or a group of distinct goods or services that are substantially the same and for which the transfer to the customer is of the same nature.

Services promised to the customer are distinct if both of the following conditions are met:

- the customer can derive benefits from them directly or through a link with other resources readily available to the customer, and
- the Group's obligation to perform a service for the customer can be identified as distinct from other obligations specified in the contract.

Transaction Price

To determine the transaction price, the Group considers the terms of the contract and its customary business practices. The transaction price is the amount of consideration that the Group expects to be entitled to in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (such as certain sales taxes). The consideration specified in the contract with the customer may include fixed amounts, variable amounts, or both. When determining the transaction price, the Group considers the presence of variable consideration (discounts, bonuses, and contractual penalties); however, as a rule, such components do not appear in contracts.

Allocation of the transaction price to performance obligations

The Group allocates the transaction price to each performance obligation (or to a separate good or service) in an amount that reflects the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer.

Satisfaction of performance obligations

The Group recognizes revenue when the performance obligation is satisfied (or in the process of being satisfied) by transferring the promised goods or services to the customer. The Group recognizes the promised goods and installation services as a single performance obligation, given that they are inseparable.

Transfer of control over time

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

- the customer simultaneously receives and benefits from the entity's performance as the entity performs that service; or
- the entity's performance results in the creation or improvement of an asset (for example, work in progress), and the entity retains control of that asset as it is created or improved; or
- as a result of the entity's performance, no asset with an alternative use to the entity is created, and the entity has an enforceable right to payment for the performance provided to date.

The Group transfers control of the good or service over time and thereby satisfies its performance obligation and recognizes revenue over time.

Revenue subject to deferred recognition is documented revenue. Documented revenue is considered to be revenue guaranteed under original contracts, adjusted for any subsequent contract amendments (annexes). Changes to contract revenue are recognized when there is certainty (a signed contract or contract amendments) or at least a high probability (initialed contract amendments or preliminary agreements) that the customer will accept the changes and the resulting revenue amounts, and the amount of such revenue can be reliably measured.

The Group also recognizes material cooperation (subcontracting) costs over time. These costs are recognized based on the percentage of work completed when they exceed PLN 50,000. The percentage of work completed is provided to the Group by the cooperation partner.

Transfer of control at a specific point in time

If the obligation to perform a service is not fulfilled over time, then it is fulfilled at a specific point in time, and revenue from the sale is recognized at that point. To determine the point at which the obligation is fulfilled and revenue is recognized, the requirements regarding the transfer of control over the promised asset to the customer are taken into account.

The following circumstances may indicate a transfer of control:

- the entity has a current 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 bears the significant risks and enjoys the significant benefits of ownership of the asset,
- the customer has accepted the asset.

The Group also recognizes revenue at a specific point in time, taking into account the materiality of the contract. For amounts below PLN 200,000 or EUR 50,000 or GBP 40,000 or USD 60,000, revenue is recognized at a specific point in time.

Methods of measuring fulfillment of obligations

The method used to measure the degree of fulfillment of the obligation is the percentage-of-completion method. This is a measure of progress based on comparing actual costs incurred to the total estimated costs planned for the performance of a given contract. Actual costs consist of costs incurred by the Group and costs of cooperation (subcontractors).

Advance payments on contracts

Advance payments received on account of a contract in an amount exceeding the level of estimated revenue attributable to a given reporting period are recognized under liabilities as contract liabilities. Conversely, advance payments up to the amount of estimated revenue on the contract reduce receivables arising from the settlement of long-term contracts.

Revenue recognition as of the balance sheet date

The excess of invoiced revenue over revenue recognized during the reporting period is reported under contract liabilities.

Revenue at the end of the reporting period is determined in proportion to the stage of completion of the contract, after deducting revenue that affected the financial result in previous reporting periods. For contracts where the price is denominated in a currency other than the functional currency, the calculation of revenue at the end of the reporting period first takes into account, up to the level of

of contract completion, the exchange rate from the partial invoice. To determine the exchange rate for advance payments, the transaction date is the date of the 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 payment or receipt. Estimated contract revenue attributable to a given reporting period is recognized in revenue for the period as revenue from the sale of products and services, and in the statement of financial position as contract assets.

The remuneration under contracts entered into by the Group is fixed and contains no variable components. The contracts entered into involve a single obligation to provide services, as the nature of the delivery requires the provision of a comprehensive service, i.e., delivery with installation. Due to the complexity of the equipment installation, the scope of the service includes not only the purchase of the equipment itself, but also supervision of its installation and training necessary for the proper commissioning and operation of the equipment.

Leasing

Right-of-use assets

The Group recognizes right-of-use assets on the lease commencement date (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, adjusted for any revaluation of lease liabilities. The cost of right-of-use assets includes the amount of recognized lease liabilities, incurred initial direct costs, and any lease payments made on or before the commencement date, less any lease incentives received. Unless the Group has reasonable assurance that it will obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life or the lease term. Right-of-use assets are tested for impairment if there are indications of impairment.

Lease liabilities

At the commencement of the lease, the Group measures lease liabilities at the present value of the lease payments remaining due as of that date. Lease payments include fixed payments (including, generally, fixed lease payments) net of any lease incentives received, variable payments that depend on an index or rate, and amounts expected to be paid under a guaranteed residual value. Lease payments also include the exercise price of a purchase option if it can be reasonably assumed that the Group will exercise it, and penalty payments for terminating the lease if the lease terms provide for the Group to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which the event or condition giving rise to the payment occurs.

When calculating the present value of lease payments, the Group uses the lessee's marginal interest rate as of the lease commencement date if the lease interest rate cannot be readily determined. After the commencement date, the amount of the lease liability is increased to reflect interest and decreased by lease payments made.

In addition, the carrying amount of lease liabilities is remeasured in the event of a change in the lease term, a change in substantially fixed lease payments, or a change in judgment regarding the purchase of the underlying assets.

Short-term leases and leases of low-value assets

The Group applies the exemption from recognizing short-term leases to its short-term lease agreements (i.e., agreements with a lease term of 12 months or less from the commencement date and that do not include a purchase option). The Group also applies the exemption regarding the recognition of leases of low-value assets. The

value for leases of vehicles and machinery is PLN 5,000, while for buildings it is USD 5,000. Lease payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

The Group as a lessor

Lease agreements under which the Group retains substantially all the risks and rewards incidental to ownership of the leased asset are classified as operating leases. Initial direct costs incurred in the negotiation of operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent lease payments are recognized as revenue in the period in which they become due.

Functional currency and presentation currency

Functional currency and presentation currency

The Group's consolidated financial statements are presented in PLN, which is also the parent company's functional currency. A functional currency is determined for each subsidiary, and the assets and liabilities of that entity are measured in that functional currency. The Group applies the direct consolidation method and has chosen a method of accounting for translation gains or losses that is consistent with this method.

Transactions and Balances

Transactions denominated in foreign currencies are translated into the functional currency at the time of initial recognition using the average exchange rate of the National Bank of Poland (NBP) in effect on the day preceding the transaction date. At the end of the reporting period, monetary items denominated in foreign currencies are translated using the average NBP exchange rate in effect on the valuation date for the given currency.

Non-monetary items denominated in foreign currencies and measured at fair value are reported at the exchange rate on the date of fair value determination, i.e., the average exchange rate set for the given currency by the National Bank of Poland on that date.

Foreign exchange gains and losses arising from the settlement of transactions in foreign currencies and the measurement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss for the current period.

VI. SIGNIFICANT AMOUNTS BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

The preparation of the Group's consolidated financial statements requires the Management Board of the parent company to make judgments, estimates, and assumptions that affect the reported revenues, expenses, assets, and liabilities, as well as the related notes and disclosures regarding contingent liabilities. Uncertainty regarding these assumptions and estimates may result in significant adjustments to the carrying amounts of assets and liabilities in the future.

Depreciation rates

Depreciation rates are determined based on the expected useful lives of property, plant, and equipment and intangible assets. The Group reviews the assumed useful lives annually based on current estimates.

Depreciation rates for right-of-use assets under lease agreements

If a lease agreement includes an option to purchase the leased asset, and the payment for such option has been included in the minimum lease payments, the depreciation period is assumed to be the useful life of the underlying asset. If the value of the purchase option has not been included in the minimum lease payments, the depreciation period is the term of the lease agreement.

Significant judgments and estimates regarding the lease term and discount rate

The Group has lease agreements for real estate, vehicles, machinery, and the right of perpetual usufruct of land. The lease term is:

Real estate	2 to 4 years
Vehicles	4 to 5 years
Machinery	4 to 5 years
Perpetual usufruct rights	from 68 to 82 years

Some lease agreements include options to extend or terminate the lease.

The Group also has equipment and vehicle lease agreements with a lease term of 12 months or less, as well as low-value lease agreements. The Group utilizes the exemption for short-term leases and leases where the underlying asset has a low value.

The Group's lease liabilities are secured by the lessor's title to the leased asset. Generally, the Group is not authorized to sublease the leased assets or to assign the rights granted to it under the lease agreements. Some agreements contain requirements regarding the levels of certain financial ratios.

The Group does not have lease interest rates specified in the agreements and uses the marginal interest rates on debt. The marginal interest rate is the rate the Group would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset for a similar term and with similar collateral in a similar economic environment.

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

Currency of payments	Discount rate
PLN	7–12%
USD	7–10%
CNY	7–12%

Significant judgments and estimates in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable lease term, including periods covered by a lease extension option if it can be assumed with sufficient certainty that the option will be exercised, and periods covered by a lease termination option if it can be assumed with sufficient certainty that the option will not be exercised.
The Group has the option, under certain lease agreements, to extend the lease term of the assets. The Group exercises judgment in assessing whether there is sufficient certainty that the extension option will be exercised. This means that it considers all relevant facts and circumstances that constitute an economic incentive to extend the lease or an economic penalty for not extending it.

After the commencement date, the Group reassesses the lease term if a significant event or change in circumstances within its control occurs and affects its ability to exercise (or not exercise) the extension option (e.g., a change in business strategy).

Recognition of Development Costs

The Group recognizes costs for development work if, and only if, it is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it is available for use or sale;

- its intention to complete the intangible asset;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources necessary to complete the development work and to use or sell the intangible asset;
- the ability to reliably determine the expenditures incurred during the development work that can be attributed to that intangible asset.

In analyzing the above, the Group assesses whether an intangible asset generated by the entity meets the criteria for recognition; furthermore, the process of asset creation is divided into:

a) the research phase and

b) the development phase

If the Group is unable to distinguish the research phase from the development phase of a project leading to the creation of an intangible asset, it treats the expenditures on that project as if they were incurred exclusively during the research phase.

Impairment of costs incurred for development work

The Group performs annual impairment tests on costs incurred for in-process development work, for intangible assets with indefinite useful lives, and for intangible assets that are not in use. These intangible assets are tested at the appropriate level resulting from the allocation of the Group's assets to Cash-Generating Units. Intangible assets in the form of development costs are tested at the cash-generating unit level together with corporate assets.

Impairment of Goodwill

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment.

The Group performs goodwill impairment tests. This requires allocating goodwill to individual cash-generating units and then estimating the recoverable amount of each cash-generating unit. Recoverable amount is the higher of two amounts: the fair value of the assets less costs to sell, or the value in use. For the purposes of analyzing the impairment of goodwill, the Group estimates its value in use. Estimating value in use involves determining the future cash flows generated by the cash-generating unit and requires establishing a discount rate and applying it to calculate the present value of those cash flows. The assumptions adopted for this purpose are presented in Note 12.

Impairment of other non-current assets

Assets other than intangible assets with indefinite useful lives and goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of impairment testing, assets are grouped by identifying the smallest identifiable cash-generating units that are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

Previously recognized impairment of non-financial assets (other than goodwill) is assessed at each balance sheet date for any indications that the impairment loss may be reversed.

Deferred Income Tax Assets

The Group recognizes deferred tax assets in respect of all temporary differences to the extent that it is probable that taxable income will be available against which the deferred tax assets can be utilized.

Liabilities for pension and disability benefits

Retirement and disability severance payments in Group companies subject to Polish legal regulations are paid in accordance with the provisions of Article 92 of the Labor Code. In contrast, retirement and disability severance payments in foreign companies are paid in accordance with local legal regulations or agreements with employee groups. Actuarial valuations of long- and short-term benefits are performed at the end of each fiscal year.

Provisions for warranty costs

The Group provides warranties for sold products, which assure the customer that a given product complies with the specifications agreed upon by the parties. Since they do not constitute a separate service under IFRS 15, the Group recognizes such warranties in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets. The provision for warranty repairs is estimated based on historical data regarding the production costs of sold equipment and the costs of warranty repairs incurred in previous years.

Provision for litigation related to asbestos exposure

In the judgment of the Group's Management Board and in connection with the process of finalizing a settlement with insurers regarding product liability claims related to asbestos exposure, the requirements for recognizing a provision have not been met. Disclosures in this regard are presented in the financial statements in Note 34. A cash outflow is not sufficiently probable, as historically all payments under settlements have been made directly by the insurers.

Long-term contracts

For contracts settled over time, revenue is recognized in accordance with the stage of completion of the service, while in other cases, revenue is recognized upon the transfer of control of the product to the external customer.

The measure of completion is the ratio of actual costs incurred to the total estimated costs of performing the contract, as best estimated by the Group (cost-to-cost method).

At the end of each reporting period, the Group estimates the profit or loss on each contract. If a loss on a contract is likely to occur, it is immediately recognized in the income statement as a provision for future contract costs. Unavoidable costs arising from the contract include, among others, the net costs of terminating the contract, corresponding to the lower of the costs of fulfilling the contract and the costs of any damages or penalties resulting from its non-fulfillment.

The amount of the loss is determined regardless of: whether work under the contract has commenced, the stage of completion of work under the contract, and the amount of expected profits from other contracts. Revenue subject to deferral is revenue guaranteed under the original contracts, adjusted for any subsequent contract amendments (annexes). Changes in contract revenue are recognized when both parties to the contract accept the changes and the amounts of revenue resulting from those changes, and the value of such revenue can be reliably measured.

Derivative financial instruments

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

VII. CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS

Except for changes resulting from the introduction of new or amended standards effective for reporting periods beginning on or after January 1, 2025, the Group applied the same accounting policies in preparing these financial statements as those described in the financial statements as of and for the year ended December 31, 2024.

- **Amendment to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"**

The amendments to IFRS 9 clarify the rules for recognizing liabilities in electronic payments, allowing for earlier derecognition in irrevocable payment systems, and introduce an additional SPPI test for financial instruments with ESG characteristics. Additionally, they clarify the characteristics of contractually linked instruments (CLIs) and require additional disclosures for equity investments measured at fair value through other comprehensive income. This amendment had no impact on the Group's consolidated financial statements.

- **Amendments to IFRS 7 and IFRS 9 "Contracts for Electricity from Renewable Sources"**

The amendments to IFRSs allow for a better reflection of power purchase agreements (PPAs) for electricity from renewable sources by clarifying the self-consumption exception, expanding the scope of hedge accounting, and introducing additional disclosure requirements
regarding the impact of these contracts on financial results. This amendment had no impact on the Group's consolidated financial statements.

- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"**

IAS 21 was amended to specify methods for estimating exchange rates for non-convertible currencies
non-convertible currencies and to introduce disclosure requirements regarding the impact of such estimates on the financial statements. This amendment had no impact on the Group's consolidated financial statements.

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

The amendments relate to:
- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendment regarding the derecognition of lease liabilities applies only to lease liabilities that have expired as of the beginning of the annual reporting period in which the amendment was first applied.
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VIII. STANDARDS AND INTERPRETATIONS NOT APPLIED IN THESE FINANCIAL STATEMENTS

Standards and Interpretations	Type of anticipated change in accounting policies
New IFRS 18 "Presentation and Disclosures in Financial Statements" Effective for annual periods beginning on January 1, 2027	Introduction of a requirement for additional defined subtotals in the income statement, introduction of a requirement to disclose information on performance measures defined by management, and addition of new rules for grouping (aggregation and disaggregation) of information. IFRS 18 will replace IAS 1 Presentation of Financial Statements and will be effective for annual periods beginning on or after January 1, 2027.
The new IFRS 19 "Subsidiaries Subsidiaries without public accountability: disclosures" Effective for annual periods beginning on January 1, 2027.	Introduction of new disclosure requirements for subsidiaries that do not have a public obligation to publish financial statements.
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture." Effective date postponed indefinitely.	The amendments clarify that, in the case of a transaction involving an associate or a joint venture, the extent of profit or loss recognition depends on whether the assets sold or contributed constitute a business, such that: • the full gain or loss is recognized when a transaction between an investor and its associate or joint venture involves the transfer of an assets or assets constituting a business (regardless of whether they are located in a subsidiary or not), whereas • a partial gain or loss is recognized when a transaction between the investor and its associate or joint venture involves assets that do not constitute a business, even if those assets are located in a subsidiary.

The Group has not opted for early adoption of any standard, interpretation, or amendment that has been published but has not yet come into effect. The Group's Management Board does not expect the application of the above new standards and interpretations to have a material impact on the financial statements.



ADDITIONAL NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

DECEMBER 31, 2025

Note 1. REVENUES

The subject matter of the agreements concluded with customers is the design, manufacture, and installation of metal heat treatment equipment, as well as the sale of spare parts and maintenance services for such equipment.
Such equipment is often dependent on the customer's infrastructure, such as existing installations and foundations. Furthermore, the equipment design process is highly complex due to the need to configure the equipment to meet the customer's expectations.
The accounting policy regarding revenue is described in more detail in Chapter VI, subsection *Revenue*.

The Group's sales revenue and total revenue are as follows:

Breakdown	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Sales of products and services	742,749	706,969
including revenue recognized over time	*629,261*	*593,559*
Sales of goods and materials	3,174	5,856
TOTAL sales revenue	**745,923**	**712,825**
Other operating revenue	2,404	4,388
Financial income	7,428	6,314
TOTAL revenue	**755,755**	**723,526**

Sales revenue by geographic market:

Breakdown	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Europe	260,397	229,543
USA	271,467	296,454
Asia	160,260	127,753
Other	53,799	59,074
TOTAL revenue	**745,923**	**712,825**

All sales revenue recognized by the Group is accounted for in accordance with IFRS 15.

MAIN PRODUCTS 2025

	MAIN PRODUCTS 01/01/2025–12/31/2025						
	Vacuum Furnaces	Aluminum Process Melting Furnaces		Aftersales services Service	Total	Other	Operations Total
Total revenue	**155,586**	**189,257**	**249,730**	**151,021**	**745,594**	**329**	**745,923**
Sales to customers constituting at least 10% of revenue	-		-	-	-	-	-
Cost of sales	**-115,786**	**-144,925**	**-215,568**	**-99,183**	**-575,462**	**-3,099**	**-578,561**
Gross profit (loss) on sales	**39,800**	**44,332**	**34,162**	**51,838**	**170,132**	**-2,770**	**167,362**

MAIN PRODUCTS 2024

	Ovens Vacuum	Aluminum Process	Furnaces services	Melting furnaces	After-sales service	Total		
Total revenue	**168,305**	**136,611**	**237,052**	**170,857**	**712,825**	**-**	**712,825**
Sales to customers constituting at least 10% of revenue	-		-	-	-	-	-	-
Cost of sales	**-125,597**	**-109,851**	**-212,237**	**-113,378**	**-561,062**	**-2,142**	**-563,204**
Gross profit (loss) on sales	**42,708**	**26,761**	**24,815**	**57,479**	**151,763**	**-2,142**	**149,621**

Note 2. OPERATING SEGMENTS

The Group operates in many markets around the world, selling metal heat treatment equipment manufactured using three main technologies. As of the balance sheet date, the Group's main production centers are located in Poland and China. Sales are handled by individual companies within the Capital Group. These companies conduct sales in global markets, typically aligned with their country of registration, though in practice there are often deviations from this alignment—particularly when a given company also has customers outside its country of registration. The main markets for the SECO/WARWICK Capital Group include the European, American, and Chinese markets.

Based on the geographic criterion, the Group distinguishes two main operating segments: China and "Rest of the World."

The Chinese market accounts for a significant portion of the revenue generated by the SECO/WARWICK Capital Group. Additionally, this market serves as a separate point of reference for the Group's operations, and it is possible to attribute cash inflows to assets in this market. Within this structure, separate cash flows are generally generated from deliveries to the Chinese market (related to production by the factory in China and independent assets in China).

"Rest of the World" includes revenues primarily in Europe and the U.S. Outside of China, production and sales are global in nature and are conducted using the same assets—the assets of all other companies within the Capital Group. For these reasons, the second cash-generating unit is "Production and Distribution – Rest of the World."

In the "rest of the world," Poland and the U.S. were significant contributors, with revenues of PLN 377,674 thousand and PLN 341,011 thousand, respectively. Poland's fixed assets amounted to PLN 197,393 thousand, while those of the U.S. were PLN 99,577 thousand.

	2025		
	Production and distribution – rest of the world	Production and distribution – China	Total
Total revenue	**661,248**	**84,675**	**745,923**
Sales to customers accounting for at least 10% of revenue	-	-	-
Cost of sales	**-514,382**	**-64,179**	**-578,561**
Gross profit	**146,866**	**20,496**	**167,362**
Operating profit	**32,643**	**10,445**	**43,089**
Net income attributable to the entity's shareholders of the parent	**17,402**	**8712**	**26113**
Non-current assets	**233,845**	**11,894**	**245,740**

	2024		
	Production and distribution – rest of the world	Production and distribution – China	Total
Total revenue	**634,441**	**78,384**	**712,825**
Sales to customers accounting for at least 10% of revenue	-	-	-
Cost of sales	**-502,040**	**-60,887**	**-563,204**
Gross profit	**132,124**	**17,497**	**149,621**
Operating profit	**24,702**	**7,055**	**31,758**
Net income attributable to shareholders of the parent company	**19,067**	**5,260**	**24,327**
Non-current assets	**216,235**	**12,844**	**229,079**

Note 3. OPERATING EXPENSES

COST OF GOODS SOLD

COSTS BY TYPE	Jan. 1, 2025– 12/31/2025	Jan. 1, 2024– 12/31/2024
Depreciation	21,119	18,478
Consumption of materials and energy	390,299	379,896
External services	73,167	69,873
Taxes and fees	2,930	2,564
Salaries	158,022	143,801
Social security and other benefits	35,941	33,482
Other costs by type	29,334	34,284
Total costs by type, including:	**710,812**	**682,379**
Cost of sales	-47,120	-44,624
General and administrative expenses	-74,482	-70,621
Change in inventory	-472	11,868
Cost of manufacturing products for own use	-10,177	-15,797
Cost of goods and services sold	**578,561**	**563,204**

DEPRECIATION DEPRECIATION AND WRITE-DOWNS REVALUATION RECOGN IN IZED STATEMENT OF COMPREHENSIVE INCOME	Jan. 1, 2025–12/31/2025	01/01/2024-12/31/2024
Items included in cost of sales	**17,207**	**14,578**
Depreciation of property, plant, and equipment	6,937	5,464
Depreciation of right-of-use assets	5,935	5,501
Amortization of intangible assets	4,335	3,613
Items included in cost of sales	**1,954**	**923**
Depreciation of property, plant, and equipment	474	430
Depreciation of right-of-use assets	1,105	285
Amortization of intangible assets	375	208
Items included in general and administrative expenses	**1,958**	**2,977**
Depreciation of property, plant, and equipment	469	563
Depreciation of right-of-use assets	1,396	2,155
Amortization of intangible assets	93	260

EMPLOYEE BENEFIT COSTS

EMPLOYMENT COSTS	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Salaries	158,022	143,801
Social security and other benefit costs	35,941	33,482
Total employee benefit costs, including:	**193,963**	**177,283**
Items included in cost of sales	123,261	111,223
Items included in cost of sales	27,832	25,634
Items included in general and administrative expenses	42,870	40,417

SALES AND GENERAL AND ADMINISTRATIVE EXPENSES

Cost of sales

	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Depreciation	1,954	923
Consumption of materials and energy	291	247
Services	2,190	2,309
Taxes and fees	1,115	856
Salaries	23,700	22,091
Social security and other benefits	4,132	3,543
Business travel	2,853	2,840
Advertising costs	3,535	3,309
Other costs	7,350	8,505
Total	**47,120**	**44,624**

General and administrative expenses

	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Depreciation	1,958	2,977
Consumption of materials and energy	1,833	1,349
Services	12,497	10,467
Taxes and fees	437	493
Salaries	34,980	32,246
Social security and other benefits	7,890	8,182
Business travel	1,293	1,477
Advertising costs	4,114	4,413
Other costs	9,480	9,015
Total	**74,482**	**70,621**

Note 4. OTHER OPERATING REVENUES AND EXPENSES

OTHER OPERATING REVENUES	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Reversal of inventory write-downs	-	-
Gain on sale of property, plant, and equipment	37	253
Compensation and penalties received	57	1,067
Revenue from the rental of property, plant, and equipment and investment property	292	277
Lease settlement due to non-exercise of the purchase option of the leased asset	682	1,282
Other	1,336	1,508
Total other operating income	**2,404**	**4,388**

OTHER OPERATING EXPENSES	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Provision for inventory	1,944	2,046
Loss on sale of property, plant, and equipment	70	-
Legal costs, damages, penalties	884	1,617
Impairment loss on property, plant, and equipment	115	-
Expenses related to revenue from the lease of fixed assets	520	807
Donations	1	32
Disposal of fixed assets	-	671
Subsidies for electric vehicles	316	-
Other	745	518
Total other operating expenses	**4,594**	**5,691**

Impairment of receivables and contract assets	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Impairment of receivables	481	1,315
Impairment of receivables and contract assets	**481**	**1,315**

Note 5. FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Interest income	737	1,272
Gain on expired derivatives	7,179	4,803
Net foreign exchange gains	188	-
Other	-677	238
Total financial income	**7,428**	**6,314**

FINANCIAL EXPENSES	Jan. 1, 2025–12/31/2025	Jan. 1, 2024–12/31/2024
Interest	5,688	5,627
Interest on leases	3,274	3,216
Net foreign exchange loss	4,218	881
Other	638	450
Total financial expenses	13,819	10,174

Note 6. INCOME TAX AND DEFERRED INCOME TAX

The main components of the tax expense for the years ended December 31, 2025, and December 31, 2024, are as follows

INCOME TAX RECOGNIZED IN THE STATEMENT OF COMPREHENSIVE INCOME INCOME	01/01/2025–12/31/2025	01/01/2024–12/31/2024
Current income tax	**4,974**	**3,309**
Current income tax expense	4,644	3,309
Deferred income tax	**2,613**	**-263**
Related to the recognition and reversal of temporary differences	2,613	-263
Tax expense reported in the income statement	**7,587**	**3,046**

Deferred tax recognized in the statement of comprehensive income represents the difference between the balance of deferred tax liabilities and assets at the end and beginning of the reporting periods, excluding items recognized in equity.

Breakdown	2025	2024
Gross profit in PLN	**36,932**	**27,735**
Tax rate applicable in Poland	**19%**	**19%**
Income tax calculated at the tax rate applicable in Poland	**7,017**	**5,270**

Income tax calculated at the applicable rate	**7,165**	**5,782**
Tax rate differences	**148**	**512**
USA	815	872
China	-415	-259
Germany	-148	73
India	-104	-103
Russia	-	-70
Tax effect of expenses that are not deductible when determining taxable income	1,822	1,321
Non-tax revenue	-145	-122
Utilization of tax losses	-	-1,605
R&D tax credits	-1,451	-1,680
Other	196	-651
Tax cost	**7,586**	**3,046**
Effective tax rate	**21%**	**11%**

The utilization of tax losses primarily involves offsetting profits against losses from prior years for which no deferred tax assets were recognized.

Description	12/31/2025 deferred tax	12/31/2025 other comprehensive income	12/31/2025 amount recognized in the statement of comprehensive income	12/31/2024 deferred tax	12/31/2024 other comprehensive income	12/31/2024 amount recognized in the statement of comprehensive income
	Deferred tax provision					
Property, plant, and equipment and intangible assets	10,757	-	281	10,087	-	823
Contract assets	12,729	-	2,127	9,777	-	-507
Foreign exchange gains	-	-	-	-	-	-
Valuation of forward contracts	519	-	184	335	-274	-196
Asset from right-of-use	199	-	199	271	-	-322
Tax goodwill related to the acquisition of RETECH	7,794	-	-	7,794	-	-
Other	-389	-	-1	14	-	-1
Deferred tax provision	**31,610**	**-**	**2,790**	**28,277**	**-274**	**-203**
	Deferred tax assets					
Provision for retirement and disability severance pay	264	-	68	195	-	6
Provision for long-service awards and bonuses	3,169	-	200	2,883	-	63
Provision for unused vacation	478	-	67	414	-	-16
Provision for losses on contracts	31	-	-1	32	-	-506
Provision for warranties	1,507	-	-243	1,528	-	11
Other reserves	10	-	0	10	-	-
Tax losses to be carried forward	6,385	-	-2,826	9,508	-	222
Contractual obligations	2,800	-	1,513	49	-	756
Foreign exchange losses	3	-	-10	2	-	-10
Salaries and social security contributions payable in subsequent periods	8	-	-56	9	-	-54
Inventory write-down	1,453	-	236	1,217	-	-654
Lease liabilities	1,458	-	-89	1,619	-	-198
Allowance for doubtful accounts	2,247	-	652	1,593	-	279
R&D tax credit	2,482	-	-1,516	3,998	-	1,568
Valuation of forward contracts	-	-22	-13	-	-	-
Other	140	-	-1,757	584	-	-2,505
Foreign exchange differences on translation of foreign operations	-1,228	-	3,574	-	-	790
Deferred tax assets	**21,206**	**-22**	**-202**	**23,675**	**-**	**-215**
Deferred tax provision (net)	**10,404**	**22**	**2,591**	**4,602**	**-274**	**11**

After presenting the relevant items in condensed form, the net value of deferred tax assets amounts to PLN 21,206 thousand, while deferred tax liabilities amount to PLN 10,404 thousand, in accordance with the items in the consolidated statement of financial position.

Note 7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period, net of treasury shares.

Diluted earnings per share are calculated by dividing net income for the period attributable to common shareholders (after adjustments for costs arising from instruments convertible in the future into dilutive common shares) by the weighted average number of issued ordinary shares outstanding during the period, adjusted for the impact of potential shares arising from financial instruments issued by the parent company that may in the future result in the issuance of the parent company's shares below their market value.

Breakdown	12/31/2025	12/31/2024
Net income/loss from continuing operations attributable to shareholders of the parent company	28,746	24,327
Net profit/loss attributable to shareholders of the parent company	26,113	24,327
Net income attributable to common shareholders, used to calculate earnings per share	**26,113**	**24,327**
Number of common shares	8,400,000	10,000,000
Adjustment for the weighted average number of treasury shares	-1,567,101	-1,351,807
Weighted average number of common shares outstanding used to calculate basic earnings per share	6,832,899	8648,193
Earnings per share	**3.82**	**2.81**
Dilution effect:		
Number of potential shares issued under the Incentive Plan*	-	45,000
Number of potential shares issued at market price	-	-2,166
Adjusted weighted-average number of common shares used to calculate diluted earnings per share	6,832,899	8,691,027
Diluted earnings per share	**3.82**	**2.80**

*The incentive program is described in Note 33
The weighted average number of shares is the number of shares less treasury shares.

In accordance with IAS 33, the Group calculates diluted earnings per share, taking into account shares conditionally issued under the Incentive Program described in Note 33. The calculations do not include those elements of incentive programs that had an anti-dilutive effect in the reporting periods presented but which may potentially affect the dilution of earnings per share in the future.

Note 8. DIVIDENDS PROPOSED OR APPROVED AS OF THE DATE OF APPROVAL OF THE FINANCIAL STATEMENTS

On June 9, 2025, pursuant to Resolution No. 20, the Annual General Meeting resolved to allocate a portion of the net profit for 2024 in the amount of PLN 8,734,907.00 (eight million seven hundred thirty-four thousand nine hundred seven zlotys 00/100) to be allocated to the payment of a dividend to the Company's shareholders. The dividend amount

per share was PLN 1. The record date for the dividend (D-day) was June 16, 2025, and the dividend was paid (P-day) on June 23, 2025.

Description	Current year	Previous year
Dividends recognized as distributions to owners per share [in PLN]	1.0	-
Dividends proposed or declared as of the date of approval of the financial statements for publication, but not recognized as distributed to shareholders	-	-
Dividends proposed or declared as of the date the financial statements were approved for publication, but not recognized as paid to shareholders, per per share	-	-

Note 9. PROPERTY, PLANT, AND EQUIPMENT

Changes in property, plant, and equipment (by category) – for the period January 1, 2025–December 31, 2025

Description	Land	Buildings and structures	Machinery and equipment	Means transport	Other tangible fixed assets	Total
Gross carrying amount as of Jan. 1, 2025	**8**	**44,741**	**70,345**	**6,382**	**22,592**	**144,067**
Foreign exchange differences BO	24	835	976	244	615	2,694
Increases, due to:	-	**2,854**	**3,970**	**379**	**5,355**	**12,557**
purchases	-	2,822	2,959	379	4,325	10,485
in-house production of tangible assets fixed assets	-	-	-	-	842	842
leasing agreements entered into	-	32	1,011	-	188	1,231
other	-	-	-	-	-	-
Decreases due to:	-	**36**	**4,033**	**351**	**69**	**4,488**
sales	-	-	8	351	6	365
liquidation	-	36	-	-	-	36
other	-	-	4,025	-	62	4,087
Gross carrying amount as of December 31, 2025	**8**	**47,559**	**70,282**	**6,410**	**27,878**	**152,137**
Amortization as of January 1, 2025	**-**	**14,357**	**38,341**	**3,911**	**11,485**	**68,094**
Increases, due to:	-	**1,456**	**3,910**	**447**	**2,097**	**7,910**
depreciation	-	1,456	3,910	447	2,097	7,910
Decreases due to:	-	**28**	**4,311**	**194**	**65**	**4,598**
sales	-	-	-	-	-	202
liquidation	-	28	-	-	-	28
revaluations	-	-	-	-	-	-
separation of the right of use	-	-	-	-	-	-
Other	-	-	4,303	-	65	4,368
Amortization as of December 31, 2025	-	**15,786**	**37,939**	**4,163**	**13,517**	**71,406**
Impairment losses as of January 1, 2025	-	-	-	**3**	-	**3**
Increases due to:	-	-	-	-	-	-
impairment	-	-	-	-	-	-
Decreases due to:	-	-	-	-	-	-
use	-	-	-	-	-	-

reversal	-	-	-	-	-	-
Impairment losses as of December 31, 2025	-	-	-	**3**	-	**3**
Foreign exchange differences BO	**24**	**835**	**976**	**244**	**615**	**2,694**
Net foreign exchange differences from the translation financial statements into the currency of presentation	-	17	-2,583	-477	-1,886	-4,929
Net foreign exchange differences from the translation financial statements into presentation as of December 31, 2025	24	851	-1,607	-233	-1,271	-2,235
Net book value as of December 31, 2025 of	**32**	**32,625**	**30,735**	**2,011**	**13,090**	**78,493**

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

Specification	Land	Buildings and structures	Machinery and equipment	Means transport	Other Property, plant, and equipment	Total
Gross carrying amount as of Jan. 1, 2024	**8**	**42,106**	**50,088**	**4,685**	**16,953**	**113,839**
Foreign exchange differences BO	24	875	776	230	440	2,345
Increases due to:	**-**	**2,953**	**21,174**	**2,493**	**5,880**	**32,500**
purchases	-	2,515	7,402	2,493	5,880	18,291
Production of own tangible assets fixed assets	-	-	10,638	-	-	10,638
other	-	438	3,133	-	-	3,571
Decreases due to:	**-**	**318**	**917**	**796**	**242**	**2,273**
sales	-	-	210	793	4	1,007
liquidation	-	318	675	3	221	1,217
Gross carrying amount as of Dec. 31, 2024	**8**	**44,741**	**70,345**	**6,382**	**22,592**	**144,067**
Amortization as of January 1, 2024	**-**	**13,063**	**35,524**	**4,174**	**9,896**	**62,657**
Increases, due to:	**-**	**1,383**	**3,695**	**396**	**1,807**	**7,281**
depreciation	-	1,189	3,065	396	1,807	6,457
Reclassification		193	630			824
Decreases, due to:	**-**	**-**	**878**	**660**	**218**	**1,844**
sales	-	-	205	657	74	936
liquidation	-	88	663	3	143	897
other	-	-	10	-	1	11
Amortization as of December 31, 2024	**-**	**14,357**	**38,341**	**3,911**	**11,485**	**68,094**
Impairment losses as of January 1, 2024	**-**	**-**	**-**	**3**	**-**	**3**
Increases due to:	**-**	**-**	**-**	**-**	**-**	**-**
impairment	-	-	-	-	-	-
Decreases due to:	**-**	**-**	**-**	**-**	**-**	**-**
use	-	-	-			-

reversal	-		-	-	-	-
Impairment losses as of December 31, 2024	**-**	**-**	**-**	**3**	**-**	**3**
Foreign exchange differences BO	**24**	**875**	**776**	**230**	**440**	**2,345**
Net foreign exchange differences from the translation financial statements into the currency of presentation	-	-40	199	14	176	349
Net foreign exchange differences from the translation financial statements into Total as of Dec. 31, 2024	24	835	976	244	615	2,694
Net book value as of December 31, 2024	**8**	**31,218**	**32,980**	**2,713**	**11,722**	**78,664**

The Group recognizes depreciation of property, plant, and equipment in the statement of comprehensive income under other operating expenses. There was no depreciation of property, plant, and equipment in the current or prior year.

ASSETS RELATED TO RIGHTS OF USE

As of December 31, 2025, the Group has lease agreements primarily relating to offices and production facilities in the U.S., China, and India. These agreements included renewal and termination options. The Group has lease agreements containing guaranteed residual values; however, these have been included in the measurement of lease liabilities.

Specification and	Land	Buildings structures	Machinery and equipment	Means transport	Total
Gross book value as of January 1, 2025	**2,625**	**57,681**	**2,682**	**7,200**	**70,187**
Increases, due to:	**400**	**9,490**	-	**1,199**	**11,089**
new lease agreements	400	9,528	-	1,199	11,127
contract amendments	-	-38	-	-	-38
Decreases due to:	-	**1,950**	**1,011**	**2,342**	**5,303**
liquidation	-	1,950	-	2,342	4,293
contract amendments	-	-	1,011	-	1,011
Gross book value as of December 31, 2025	**3,025**	**65,220**	**1,671**	**6,056**	**75,973**
Amortization as of January 1, 2025	**210**	**18,344**	**444**	**3,948**	**22,946**
Increases, due to:	**42**	**6,567**	**279**	**1,551**	**8,439**
depreciation	42	6,567	279	1,551	8,439
Decreases, due to:	-	**2,878**	-	**1,712**	**4,589**
liquidation	-	2,878	-	1,712	4,589
Redemption as of December 31, 2025	**252**	**22,033**	**723**	**3,787**	**26,795**
Foreign exchange differences	-	**-6,358**	-	-	**-6,358**
Net book value as of December 31, 2025	**2,772**	**36,831**	**948**	**2,269**	**42,820**

Description	Land	Buildings and structures	Machinery and equipment	Means transport	Total
Gross book value as of January 1, 2024	**2,625**	**45,966**	**4,823**	**9,628**	**63,042**
Increases, due to:	**-**	**11,892**	**-**	**2,225**	**15,109**
new lease agreements	-	11,892	993	2,225	15,109
contract amendments	-	-	-	-	-
Decreases due to:	**-**	**178**	**-**	**4,653**	**7,964**
liquidation	-	178	-	4,653	4,831
other	-	-	3,133	-	3,133
Gross book value as of December 31, 2024	**2,625**	**57,681**	**2,682**	**7,200**	**70,187**
Amortization as of January 1, 2024	**173**	**12,546**	**902**	**5,257**	**18,882**
Increases, due to:	**37**	**5,797**	**173**	**1,934**	**7,940**
depreciation	37	5,797	173	1,934	7,940
Decreases, due to:	**-**	**-**	**-**	**3,246**	**3,876**
liquidation	-	-	-	3,246	3,246
Amortization as of December 31, 2024	**210**	**18,344**	**444**	**3,945**	**22,946**
Foreign exchange differences	**-**	**-657**	**-**	**-**	**-657**
Net book value as of December 31, 2024	**2,414**	**38,680**	**2,238**	**3,255**	**46,583**

Note 10. COST OF PRODUCTION OF TANGIBLE FIXED ASSETS UNDER CONSTRUCTION AND FIXED ASSETS FOR OWN USE INCURRED DURING THE PERIOD

Property, plant, and equipment under construction:

Property, plant, and equipment under construction		*Settlement of expenditures*				
Under construction as of 01/01/2025	*Incurredexpenditures in the fiscal year*	*Buildings premises and civil engineering structures*	*Equipment technical equipment and machinery*	*Means of*	*Other tangible fixed assets*	*Balance as of 12/31/2025*
14,187	**29,327**	**2,983**	**3,276**	**-**	**-**	**35,926**

Property, plant, and equipment		*Capitalization of expenditures*				
Under construction as of 01/01/2024	*Incurredexpenditures in the fiscal year*	*Buildings premises and civil engineering structures*	*Equipment technical equipment and machinery*	*Means of*	*Other tangible fixed assets*	*Balance as of 12/31/2024*
6,050	**30,231**	**3,346**	**18,625**	**-**	**123**	**14,187**

Note 11. INTANGIBLE ASSETS

Changes in intangible assets (by category) – for the period January 1, 2025 – December 31, 2025

Description	*Patents, concessions, licenses, software*	*Development costs*	*Other intangible assets Intangible*	*Total*
Gross carrying amount as of January 1, 2025	**17,649**	**63,571**	**7,998**	**89,219**
Increases, due to:	**973**	**1,443**	-	**2,416**
acquisitions	973	1,443	-	2,416
Decreases, due to:	**365**	**148**	-	**513**
revaluation	264	148	-	412
disposals	101	0	-	**101**

Gross carrying amount as of December 31, 2025	18,257	64,866	[illegible]

Accumulated depreciation as of January 1, 2025	**13,136**	**16,743**	**5,068**	**34,947**
Increases, due to:	**828**	**3,671**	**323**	**4,822**
depreciation	828	3,671	323	4,822
other	-	-	-	-
Decreases, due to:	**271**	-	-	**271**
sales	101	-	-	101
other	170	-	-	**170**
Amortization as of December 31, 2025	**13,693**	**20,414**	**5,391**	**39,497**
Impairment losses as of January 1, 2025	-	-	-	-
Impairment losses as of December 31, 2025	-	-	-	-
Foreign exchange differences – opening balance	38	-23	-	15
Net foreign exchange differences from the translation of financial statements into the presentation currency	-514	-72	-	-587
Net carrying amount as of December 31, 2025	**4,049**	**44,380**	**2,608**	**51,038**

Changes in intangible assets (by category) – for the period January 1, 2024 – December 31, 2024

Specification	*Patents,licenses, licenses, software*	*Development costs development intangible*	*Other assets*	*Total*
Gross carrying amount as of January 1, 2024	**17,496**	**60,837**	**5,093**	**83,426**
Increases, due to:	**153**	**3,781**	2,906	**6,839**
acquisitions	153	3,781	2,906	6,839
Decreases, due to:	**-**	**1,046**	**-**	**1,046**
liquidation	-	993	-	993
disposal		53		53
Gross carrying amount as of December 31, 2024	**17,649**	**63,571**	**7,998**	**89,219**
Accumulated depreciation as of January 1, 2024	**12,349**	**13,608**	**4,909**	**30,866**
Increases, due to:	**787**	**3,135**	**159**	**4,081**
depreciation	787	3,135	159	4,081
other				
Decreases due to:	**-**	**-**	**-**	**-**
sales	**-**	**-**	**-**	**-**
Write-off as of December 31, 2024	**13,136**	**16,743**	**5,068**	**34,947**
Impairment losses as of January 1, 2024	-	-	-	-
Impairment losses as of December 31, 2024	-	-	-	-
Foreign exchange differences – opening balance	-107	-143	-	-250
Net foreign exchange differences from the translation of financial statements into the presentation currency	38	-23	-	15
Net carrying amount as of December 31, 2024	**4,551**	**46,805**	**2,931**	**54,287**

There are no collateral arrangements related to liabilities on intangible assets
As of December 31, 2025, and December 31, 2024, the Group did not hold any intangible assets held for sale.
Research costs recognized in the statement of comprehensive income in 2025 amounted to PLN 3,679 thousand PLN, while in 2024 they amounted to 4,205 thousand PLN.

As of December 31, 2025, there are PLN 36,769 thousand in costs of completed development work and PLN 6,592 thousand in costs of development work in progress. The costs include the development of innovative equipment for metal heat treatment and vacuum metallurgy.
The costs of completed development work include:

- PLN 28,347 thousand allocated to the vacuum furnace segments;

- PLN 4,018 thousand allocated to the aluminum furnace segments;
- PLN 3,892 thousand allocated to the melting furnaces segment;
- PLN 512 thousand in other costs.

The costs of development work in progress include:

- PLN 4,874 thousand allocated to the vacuum furnace segments;
- PLN 994,000 allocated to the melting furnace segments;
- PLN 724 thousand for other items.

The Group distinguishes between research and development work within ongoing projects, regardless of the segment in which the work is conducted, in accordance with internal guidelines established at the outset of work on a new budgeted project. Any project that does not meet the criteria for recognition as an intangible asset is treated as a project carried out as part of research activities. The Group's criteria for capitalizing expenditures on development projects are consistent with IAS 38, and all expenditures on research and development that do not meet the established criteria are recognized as an expense when incurred. Development costs that were previously recognized as an expense are not recognized as assets in subsequent periods.

In the 2025 fiscal year, research and development activities that met the criteria for obtaining Research and Development Center status were conducted by the parent company. This status confirms the conduct of highly innovative activities and entitles the company to utilize the support instruments provided for in the regulations. The subsidiaries did not conduct research and development activities within the meaning of applicable regulations nor did they generate revenue from such activities.
To meet and demonstrate compliance with the revenue criterion associated with Research and Development Center status, the Group's consolidated financial statements present net taxable revenue from the sale of research and development services produced by the parent company, classified as scientific research and development services (PKWiU Section 72).
The separation of revenues was performed based on the parent company's sales records and source documents, in particular sales invoices, enabling the unambiguous identification of taxable revenues from the sale of proprietary services meeting the criteria for research and development services. Only net taxable revenues realized by the parent company were included in the calculation of the ratio. In the 2025 fiscal year:

- the total sales revenue realized by the parent company and recognized in the consolidated income statement on a percentage-of-completion basis amounted to PLN 334,034,
- taxable sales revenue generated by the parent company, recognized in the consolidated financial statements as the basis for calculating the ratio, amounted to PLN 303,064,
- net taxable revenue from the sale of research and development services classified under PKWiU section 72, generated exclusively by the parent company, amounted to PLN 111,083.

The share of net revenue from the sale of research and development services in sales revenue used to calculate the ratio amounted to 36.65%.

Note 12. GOODWILL

Goodwill from consolidation	12/31/2025	12/31/2024
Retech Systems LLC	30,081	30,081
SW Germany	1,667	1,667
Total goodwill at the end of the period	**31,748**	**31,748**

In 2025, there was no reduction or increase in goodwill.

The Management Board of the Parent Company analyzes the results of business operations broken down by vertically integrated centers within the Group. The Group operates in many markets worldwide, selling heat treatment furnaces manufactured using three technologies. The Group's main production centers are located in Poland, the U.S., and China. Sales are handled by individual companies within the Group. These companies conduct sales in global markets, typically associated with their place of registration, although in practice there are often deviations from this allocation—particularly when a given company also has customers outside the country of its registration.

Cash-generating units have been identified within the Group based on the geographic criterion, as cash inflows can be identified according to the markets where the Group's products are sold.

In this structure, as a rule, separate cash flows are generated from deliveries to the Chinese market (related to production by the factory in China and independent assets in China). This market constitutes a separate point of reference for the Group's operations, and it is possible to attribute cash inflows to assets in this market. For this reason, the primary cash-generating unit is "Production and Distribution – China." The reported goodwill does not relate to this cash-generating unit.

The assets of this cash-generating unit consist of all production and distribution assets in the Chinese companies.

The smallest group of assets to which the remaining revenues can be allocated consists of all other production and distribution assets of the Group. Outside of China, production and sales are global in nature and are carried out using the same assets—the assets of all other companies within the Group. For these reasons, the second cash-generating unit is "Production and Distribution—Rest of the World."

The goodwill recognized from consolidation resulting from historical acquisitions of operating entities comprising this cash-generating unit is allocated to this unit.

As of the reporting date, the Group had not identified any indications of impairment of the aforementioned cash-generating units. However, a test for the "Rest of the World" unit was required due to the recognition of goodwill as one of the assets of that unit.

The recoverable amount of the "Production and Distribution – Rest of the World" cash-generating unit was determined based on value-in-use calculations. These calculations use post-tax cash flow projections adopted in financial models approved by the Management Board over a 5-year horizon. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates presented below. The growth rate beyond the forecast period represents the weighted average of expected growth rates through the end of the financial model's horizon and expected inflation rates thereafter.

The main assumptions used in the calculations of value in use as of December 31, 2025, are as follows:

	Production and Distribution – Rest of the World
Average annual revenue growth during the forecast period	10.05%
Long-term growth rate after the forecast period	2%
Discount rate	9.93%
Recoverable amount of the facility	372,770
Carrying amount of the asset	183,809
Excess of recoverable amount over carrying amount of the asset	188,961

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

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

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

Sensitivity to changes in assumptions:

A sensitivity analysis was performed on changes to the key assumptions used to prepare the test:

Impact on the estimated value in use of a change key test assumptions	2,025	2,024
change in the discount rate by +1/-1 p.p.	-56,381/69,912	-33,899/43,297
change in average revenue growth rate +10/-10%	63,307/-27,502	42,554/-24,751
change in growth rate after the forecast period +1/-1 p.p.	52,763/-40,948	30,177/-24,653

As a key assumption for the tested cash-generating unit, the Management Board of the Parent Company adopted the projected revenue ratios resulting from the Group's financial plan for the forecast period and the long-term growth rate of this ratio after the forecast period. Sales volume and product selling price for each period constitute the main factors influencing revenue. Cost assumptions are based on estimated levels of material and labor costs for the volumes necessary to generate revenue. The cumulative annual volume growth rate is based on the Management Board's expectations regarding market development and is limited by the maximum production capacity of the plants. The long-term growth rates applied are consistent with the forecasts presented in industry reports. Discount rate – in impairment tests, the weighted average cost of capital was used as the discount rate, adjusted in specific cases for premiums and discounts related to risks specific to the asset being tested.

At the level of the tested "Production and Distribution – Rest of the World" center, to which the indicated value

, no impairment was identified.

Note 13. INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

OOO SCT

The Group holds 50% of the ordinary shares in the capital of OOO SCT, which entitles it to exercise 50% of the votes at the shareholders' meeting of OOO SCT—a company under Russian law. The remaining 50% of the votes belong to the Russian partner. The investment in OOO SCT is accounted for in accordance with IAS 28 using the equity method.

OOO SCT provides metal heat treatment services in Russia, and its operations are not material to the business of the SECO/WARWICK Group.

Summary financial information regarding the associate

Balance Sheet Item	12/31/2025	12/31/2024
Non-current assets	1,144	809
Current assets, including:	1,412	648
Current liabilities	770	386
Long-term liabilities	4	-
Revenue	4,467	3,310
Net income from continuing operations	467	-326

Value of investments

As of December 31, 2024	**-**
Share in the loss of a jointly controlled entity 2024	234
Foreign exchange differences on translation of a foreign entity	122
Impairment loss	-356
Balance as of December 31, 2025	**-**

Note 14. INVENTORIES

Description	December 31, 2025	Dec. 31, 2024
Materials	38,228	48,566
Semi-finished goods and work in progress	41,047	35,483
Finished goods	2,231	1,843
Goods	1,618	-
Total inventory (book value)	**83,124**	**85,892**
Inventory write-down	17,106	15,233
Gross inventory	**100,230**	**101,124**

CHANGE IN WRITE-DOWN

WRITE-OFFS	materials	Semi-finished products and products in work in progress	products finished	goods	Total
01/01/2024	**5,530**	**7,370**	**733**	**5**	**13,638**
Increases, including:	**1,653**	**393**	-	-	**2,046**
- recognition of impairment losses in line with other expenses operating	1,653	393	-	-	2,046
Decreases, including:	-	**452**	-	-	**452**
Net foreign exchange gains or losses from translating the financial statements into presentations	-	452	-	-	452
12/31/2024	**7,182**	**7,312**	**733**	**5**	**15,232**
Increases, including:	**374**	**930**	**9**	-	**1,314**
- recognition of impairment losses in line with other expenses operating	1,004	930	9	-	**1,314**
Decreases, including:	-	**71**	-	-	**71**
Net foreign exchange gains or losses from translating the financial statements into presentations	-	**71**	-	-	**71**

12/31/2025	**8,187**	**8,171**	**742**	**5**	**17,106**

Based on an analysis of inventory values as of December 31, 2025, and December 31, 2024, their values were adjusted by recognizing impairment charges for inventory that was damaged, had lost all or part of its usefulness, had decreased in selling price, had increased estimated costs of preparation for sale, or the costs necessary to complete the sale have increased.

In connection with the use within the Group of inventory whose value had previously been written down, during the period in which the use occurred, the inventory impairment charge was reversed and credited to the other operating expenses account.

Note 15. CONTRACTUAL ASSETS/LIABILITIES

Contract Assets

Contract assets are recognized when the Group has fulfilled its obligation to the customer by delivering goods or services, and payment for those services or goods has not yet been received and an invoice has not yet been issued. In situations where the right to receive payment is unconditional, i.e., when the Group has fulfilled its obligation to the customer and issued an invoice for the goods/services provided, the right to receive payment is recognized as trade receivables. Due to the execution of large contracts for individual customers, the Group assesses that there is a concentration of credit risk with respect to contract assets and receivables; therefore, when determining impairment charges, the Group conducts an individual analysis of each balance. The Group's maximum exposure to credit risk as of the end of the reporting period is reflected in the carrying amount of these assets.

Changes in contract assets for the 12-month period ended December 31, 2025, were as follows:

	2025	2024
Opening balance	**118,983**	**126,133**
Increases	475,191	456,858
Invoiced amounts transferred to trade receivables	-447,288	-466,509
Impairment losses on contract assets	-166	-
Foreign exchange differences	-8,964	2,501
Closing balance	**137,756**	**118,983**

Contractual liabilities

Approximately PLN 101,634 thousand of the balance of contractual liabilities as of January 1, 2025, was recognized as revenue in the 12-month period ended December 31, 2025.

Significant amounts in the contract assets and liabilities line item result from payment schedules agreed upon with customers and are recognized at the level of individual contracts.

As of December 31, 2025, the transaction price allocated to unfulfilled performance obligations arising from contracts with customers amounted to PLN 119,627 thousand. The table below presents the time periods in which the Group expects to fulfill these performance obligations and recognize the related revenue.

	12/31/2025	12/31/2024
Up to 1 year	119,627	174,157
From 1 year to 2 years	-	-
From 2 to 3 years	-	-
From 3 to 4 years	-	-
From 4 to 5 years	-	-
Over 5 years	-	-
Total outstanding obligations to perform services	**119,627**	**174,157**

Note 16. TRADE RECEIVABLES AND OTHER RECEIVABLES

Description	December 31, 2025	12/31/2024
Trade receivables	**3,583**	**1,916**
from other entities	3,583	1,916
Other receivables		
from other entities	706	-
Total trade receivables and other long-term receivables	**4,289**	**1,916**

Breakdown	12/31/2025	12/31/2024
Trade receivables	**90,762**	**89,988**
a) trade receivables with a repayment period of up to 12 months	90,762	89,988
b) from other entities	-	-
Total other current receivables	**21,429**	**21,058**
- from taxes, subsidies, customs duties, and insurance	5,913	5,181
- from advances	7,353	10,093
- other receivables	8,163	5,785
Total trade receivables and other receivables, net	**112,191**	**111,046**
Impairment losses	18,059	17,577
Total gross trade and other receivables	**130,250**	**128,623**

As of December 31, 2025, trade receivables in the amount of PLN 18,059 thousand (2024: PLN 17,577 thousand) were subject to a valuation allowance. The method for calculating the estimate of expected credit losses is described in more detail in Note 33.4.

Changes in the impairment allowance for receivables were as follows:

Description	12/31/2025	12/31/2024
At the beginning of the period	**17,577**	**16,262**
Increase	113	1,258
Reversal (-)	-	-
Usage (-)	-	-265
Net foreign exchange differences from the translation of the financial statements into the presentation currency	369	322
At the end of the period	**18,059**	**17,577**

The tables below present the gross receivables and the amount of the allowance for expected losses for trade receivables measured at amortized cost, broken down by past-due period.

December 31, 2025		
	Weighted average loss rate	Allowance for expected credit losses Credit
Before maturity	2%	1,028
Past due 1 to 90 days	10%	1,087
Past due 91 to 180 days	40%	424
Overdue by more than 180 days	57%	1,089
Based on individual balance analysis		14,431
Total		**18,059**

December 31, 2024		
	Weighted average loss rate	Allowance for expected credit losses on a loan
Before maturity	3%	1,760
Past due 1 to 90 days	6%	316
Past due 91 to 180 days	33%	305
Overdue by more than 180 days	57%	735
Based on individual balance analysis		14,460
Total		**17,577**

Trade receivables (gross) with a remaining repayment period as of the balance sheet date:

Description	12/31/2025	12/31/2024
up to 1 month	49,883	63,595
more than 1 month to 6 months	18,658	14,320
more than 6 months to 1 year	3,859	5,466
over 1 year	4,318	3,044
past-due receivables	17,628	5,480
Total trade receivables (net)	**94,345**	**91,904**
Long-term receivables	3,583	1,916
Current receivables	90,762	89,988
Allowances for trade receivables	18,059	17,577
Total trade receivables (gross)	**112,404**	**109,481**

Income tax receivables

As of December 31, 2025, income tax receivables amounted to PLN 2,711 thousand, and as of December 31, 2024, to PLN 4,361 thousand.

Note 17. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets

Description	12/31/2025	12/31/2024
Shares and equity interests in other entities	3	3
Loans	1,801	-
Derivative financial instruments	2,734	1,764
Total financial assets, including:	**4,538**	**1,767**
- long-term	191	3
- short-term	4,347	1,764

Financial liabilities

Description	12/31/2025	12/31/2024
Loans	108,328	85,536
Other financial liabilities:	45,748	48,745
- Derivative financial instruments	-	183
- Lease liabilities	44,797	47,399
- other	106	1,163
Total financial liabilities, including:	**154,232**	**134,281**
- long-term	84,684	62,793
- short-term	69,548	71,488

	Dec. 31, 2025		Dec. 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	2,737	-	1,767	-
Total hedging instruments				
- long-term	191	-	3	-
- short-term	2,546	-	1,764	-

Disclosures regarding derivatives that meet the criteria for hedge accounting

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

Hedging of currency risk

As part of its risk management strategy, which focuses in particular on managing the foreign currency risk of revenue denominated in foreign currencies arising from the Group's export sales of products, the Group enters into appropriate foreign exchange forward contracts to hedge forecast cash flows. The objective of the Group's actions

to hedge against the risk of exchange rate fluctuations (the Group hedges the EUR and USD currencies) is to limit the volatility of revenue denominated in foreign currencies from the sale of goods.

The Group enters into FX Forward hedging instruments with settlement dates aligned with the expected dates of realization of the hedged sales revenue. The Group hedges up to 80% of its revenue over a maximum horizon of 2 calendar years. Due to possible shifts in the timing and amount of cash flows, the Group assumes the possibility of appropriately adjusting the forward contracts serving as hedging instruments, in particular by entering into FX Swap contracts with appropriate parameters.

The hedging instruments are:

- FX forward contracts for the sale of foreign currency (EUR, USD, or GBP),
- FX swap contracts that defer payment dates, in the same currencies as the original FX forward contracts.

The Group determines whether an economic relationship exists between the hedged item and the hedging instrument by comparing the key terms of the hedged item and the hedging instrument, in particular the maturity date, the currency of the cash flow, and the amount of the cash flow in the foreign currency.

The Group has established a hedge ratio of 1:1 by comparing the notional amounts of foreign currency cash flows from the hedging instrument and the hedged item.

With regard to currency risk in cash flow hedging relationships, the main sources of ineffectiveness identified by the Group are:

- the non-linearity of swap points, which results in forward rates arising from the rollover of a derivative that differ from the forward rates obtained for the same maturity without taking the rollover into account (using a single FX forward instrument),
- the impact of credit risk on the fair value of currency forward contracts.

The Group does not identify any sources of ineffectiveness other than those indicated above with respect to the currency risk hedging relationships used.

Quantitative disclosures regarding all hedging relationships in total: Amount, timing, and uncertainty of future cash flows

The table below presents the notional amounts of hedging instruments and their timing as of December 31, 2025:

	TIME TO MATURITY					TOTAL
	UP TO 1 MONTH	1 TO 3 MONTH	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	
CASH FLOW HEDGING CURRENCY RISK						
EUR/PLN FX Forward Contracts (including FX Swaps)						
Notional value (thous. EUR)	-	1,079	12,623	-	-	13,702
Average transaction rate	-	4.34	4.39	-	-	4.38
USD/PLN FX Forward Contracts (including FX Swaps)						
Notional value (thous. USD)	-	-	2,000	1,900	-	**3,900**
Average transaction rate	-	-	4.12	3.73	-	**3.93**
GBP/PLN FX Forward Contracts (including FX Swaps)						
Notional value (thous. USD)	-	-	-	-	-	-
Average transaction rate	-	-	-	-	-	-

Impact of hedge accounting on financial position and results:

The table below presents the impact of cash flow hedging on the balance sheet and net income with respect to hedging instruments as of December 31, 2025, and December 31, 2024:

Type of instrument	Unit measure	Nominal Nominal 12/31/2025	Assets 12/31/2025	Liabilities 12/31/2025	Name of the item in the balance sheet that includes hedging	Changes in the fair value of the hedged item (as basis for of the statement ineffective for the period)	Gains or losses on hedging for the , that have been recognized in the other comprehensive income	Amount ineffectiveness hedge income statement profit and loss	Statement of Comprehensive Income line item and losses), in which the amount of of the	Amount reclassified from the cash flow hedge reserve cash to of the as a reclassification adjustment	Item in the statement of comprehensive income (statement of losses), which includes an adjustment for reclassification
Forward Sales currency	EUR	57,914	2,734	-	Derivative instruments financial	1,536	4036	-	Revenues / expenses financial	3,084	Revenues / expenses financial
Forward sale Currency	USD	14,046	-	-	Derivative instruments Financial	1,198	1805	-	Revenues / expenses financial	685	Revenues / expenses financial
Forward Sales currency	GBP	-	-	-	Derivative instruments Financial	-	-	-	Revenues / Expenses financial	-	Revenues / expenses financial
TOTAL		71,960	2,734	-		2,734	5,863	-	-	5,769	-

Type instrument	Unit measure	Nominal Nominal 12/31/2024	Assets 12/31/2024	Liabilities 12/31/2024	Name of the item in the balance sheet that includes measure hedging	Changes in the fair value of the hedged item (as the basis for determination of the portion ineffective for the period)	Gains or losses on hedging for the , that have been recognized in the other comprehensive income	Amount ineffectiveness hedge income profit and loss	Statement of Comprehensive Income line item and losses), in which the amount of of the	Amount reclassified from the cash flow hedge reserve cash of the financial result as a reclassification adjustment	Item in the statement of comprehensive income (statement of losses), which includes an adjustment due to reclassification
Forward Sales currency	EUR	85,902	1,764	-	Derivative instruments financial	1,764	4034	-	Revenues / financial expenses	3,200	Revenue / costs financial
Forward Sales currency	USD	16,794	-	183	Derivative instruments financial	-183	-182	-	Revenues / financial expenses	-37	Revenue / costs financial
Forward Sales currency	GBP	-	-	-	Derivative instruments financial	-	-	-	Revenues / financial costs	-	Revenue / costs financial
TOTAL		102,695	1,764	-		1,581	3,872			5,210	

The table below presents the impact of cash flow hedging on the balance sheet and financial results with respect to hedged items as of December 31, 2025:

PLN thousand	Change in the value of the hedged item used as the basis for recognizing hedge ineffectiveness in the given period	Balance of the cash flow hedges for continuing hedges	Balance remaining in the cash flow hedges arising from any hedging relationships hedging relationships for which hedge accounting,
	CASH FLOW HEDGING CURRENCY RISK		
Revenue in EUR from the sale of goods	-1,536	723	-
Revenue in USD resulting from sales goods	-1,198	352	-
TOTAL	**-2,734**	**1,076**	**-**

The table below presents the change in the cash flow hedge reserve during the reporting period:

	2025	2024
BALANCE AT THE BEGINNING OF THE PERIOD	**778**	**2,116**
	CASH FLOW HEDGING CURRENCY RISK	
Gains or losses arising from hedging, recognized in other comprehensive income during the reporting period	5,863	3,872
Portion of the loss transferred to the income statement due to the absence of an expectation that hedged item	n/a	n/a
Amount reclassified from the reserve for cash flow hedging to the income and losses (sales revenue) as a reclassification adjustment	5,769	5,210
BALANCE AT THE END OF THE PERIOD	**871**	**778**

Note 18. OTHER NON-FINANCIAL ASSETS

Description	12/31/2025	12/31/2024
Prepaid expenses	4,566	5,079
Total other non-financial assets	**4,566**	**5,079**

The main items of prepaid expenses are insurance and software leases.

Note 19. CASH AND CASH EQUIVALENTS

Description	12/31/2025	12/31/2024
Cash on hand and in banks	59,273	145,837
Short-term deposits	289	-
Total cash and cash equivalents	**59,562**	**145,837**

Note 20. SHARE CAPITAL AND OTHER CAPITAL

Share capital

Description	12/31/2025	12/31/2024
Number of shares	8,400,000	10,000,000
Par value of shares	0.2	0.2
Share capital	1,680	2,000
Revaluation due to hyperinflation	1,556	1,556
Share capital at the end of the period	**3,236**	**3,556**

Hyperinflation revaluation reserve is presented as part of equity.

Structure of share capital:

Shareholders as of December 31, 2025	Type Preferred shares	Type of restrictions rights to shares	Number shares	Share percentage
SW Holding	none	-	3,387,139	40.32%
SECO/WARWICK S.A.	None	-	1,130,592	13.46%
Generali Open Pension Fund	None	-	640,798	7.63%
Quercus Investment Fund Management Company Joint-Stock	none	-	475768	5.66%
PKO BP Bank Open Pension Fund	None	-	464,484	5.53%
Others	None	-	2,301,219	27.40%
TOTAL			**8,400,000**	**100%**

Shareholders as of December 31, 2024	Type Preferred of shares	Type restrictions on share rights	Number of shares	Percentage percentage
SW Holding	none	-	3,387,139	33.87%
Spruce Holding Limited Liability Company (USA)	None	-	1,091,952	10.92%
Nationale-Nederlanden Open Pension Fund	None	-	600,000	6.00%
SECO/WARWICK S.A.	none	-	1,265,093	12.65%
Generali Open Pension Fund	None	-	640,798	6.41%
PKO BP Bank Open Pension Fund	None	-	506,504	5.07%
Others	None	-	2,508,514	25.09%
TOTAL			10,000,000	100%

Other capital

Other capital:	Valuation valuation of the share-based payment program	Capital for the purchase of treasury shares	Capital from revaluation of hedging instruments	Actuarial gains/losses	Foreign exchange differences on translation	Total other equity
Other equity as of January 1, January 2025	**6,128**	**37,561**	**778**	**-142**	**13,477**	**57,802**
Other comprehensive income	-	-	93	-	-	93
Valuation of an option program valuation	567	-	-	-	-	**567**
Granting of management stock options	-	-	-	-	-	-
Buyback of treasury shares	-	-	-	-	-	-
Sale of treasury shares under the incentive program	6	-	-	-	-	**6**
Creation of a reserve fund for the repurchase of treasury shares	-	23,000	-	-	-	23,000
Release of the reserve capital established for the purpose of acquiring treasury shares	-	-27,615	-	-	-	-27,615
Value of treasury shares sold under the incentive program	-417	-	-	-		**-417**
Redemption of treasury stock						-
Foreign exchange differences from translation	-	-	-	-	-10,486	**-10,486**
Other comprehensive income	-	-	-	-	-	-
Other equity as of December 31, December 2025	**6,284**	**32,946**	**871**	**-142**	**2,991**	**42,951**
Other equity as of January 1, 2024	**6,494**	**37,561**	**2,116**	**-142**	**10,993**	**57,022**
Other comprehensive income	-	-	-1,338	-	-	**-1,338**
Valuation of the valuation	1,342	-	-	-	-	**1,342**
Granting of management stock options	-	-	-	-	-	-
Buyback of treasury shares	-	-	-	-	-	-

Sale of treasury shares under the incentive program	24	-	-	-	-	**24**
Value of treasury shares sold as part of the incentive program	-1,732	-	-	-	-	**-1,732**
Redemption of treasury shares	-	-	-	-	-	-
Foreign exchange differences on translation	-	-	-	-	2,484	**2,484**
Other comprehensive income	-	-	-	-	-	-
Other equity as of December 31 December 2024	**6,128**	**37,561**	**778**	**-142**	**13,477**	**57,802**

Retained earnings include profits from prior years and net income for the current fiscal year, less the amount allocated for dividend payments, as reflected in changes in equity.

Hedging reserve

The Group's revaluation reserve for hedging instruments relates to the following financial instruments:

	Cash flow hedge reserve - fair value of the forward contract
Balance as of January 1, 2024	**2,116**
Plus Changes in the fair value of recognized in other comprehensive income	-1,338
As of December 31, 2024	**778**
Plus Changes in the fair value of hedging instruments recognized in other comprehensive income	93
As of December 31, 2025	**871**

Capital for the purchase of treasury shares and treasury shares

The fact and purpose of the Group's repurchase of treasury shares were disclosed in Part I. General Information, Section 6. Significant Shareholders. As of December 31, 2025, the Group held 1,130,592 treasury shares, representing a 13.46% stake of the share capital; as of December 31, 2024, it held 1,265,093 treasury shares, representing 12.65% of the share capital. In 2025, 28,501 treasury shares were issued under the incentive program, amounting to PLN 417,000.

The Group presents acquired treasury shares in accordance with IAS 1 as a separate item in equity, deducting their value from shareholders' equity. As of December 31, 2025, this amount was PLN -16,562 thousand; as of December 31, 2024, it was PLN -18,536 thousand. The purchase, sale, issuance, or redemption of treasury shares does not result in the recognition of any gains or losses in the entity's financial results.

Proceeds from the sale or issuance of treasury shares in 2025 amounted to PLN 6 thousand and resulted from the terms of participation in the Incentive Program set forth in the regulations.

Treasury shares consist of SECO/WARWICK S.A. shares held by mBank's Brokerage Office for the purpose of issuing shares under the treasury share purchase agreement with participants in the Incentive Program, as discussed in more detail in Note 33. Incentive Program.

The capital for the purchase of treasury shares is used to recognize the fair value as of the grant date of shares issued in connection with the Incentive Program.

Treasury shares

Data presented in PLN

Description	Number of shares	Par value of shares	Book value of shares	Equivalent of shares acquired or sold for consideration shares	Portion of that the shares represent
Shares as of January 1, 2025	**1,265,093**	**0.20**	**253,019**	**18,535,853**	**12.65%**
Increases (due to)					
- purchase of shares for redemption	760,000	0.20	152,000	19,165,773	
- purchase of shares for other purposes to be specified in a resolution of the Management Board	734,000	0.20	146,800	22,263,620	
Decreases (due to):					
- settlement of the Incentive Program	28,501	0.20	5,700	416,542	
- write-offs	1,600,000	0.20	320,000	42,986,852	
Shares as of December 31, 2025	**1,130,592**	**0.20**	**226,118**	**16,561,853**	**13.46%**

Pursuant to Resolution No. 5/2025 dated September 2, 2025, 1,600,000 (one million six hundred thousand) of the Company's treasury shares with a par value of PLN 0.20 (twenty groszy) per share, with a total par value of PLN 320,000 (three hundred twenty thousand). In connection with the redemption of the Redeemed Shares, the Company's share capital was reduced by PLN 320,000 (three hundred twenty thousand), that is, from PLN 2,000,000 (two million) to PLN 1,680,000 (one million six hundred eighty thousand) zlotys.

Specification	Number of shares	Par value of shares	Book value of shares	Equivalent value of shares acquired or sold for consideration shares	Portion of the share capital represented by the shares
Shares as of January 1, 2024	**1,383,635**	**0.20**	**276,727**	**20,268,344**	13.84%
Increases (due to)					
- purchase of shares for redemption	-	-	-	-	
Decreases (due to):					
- settlement of the Incentive Program	118,542	0.20	23,708	1,732,491	
- Redemptions					
Shares as of December 31, 2024	**1,265,093**	**0.20**	**253,019**	**18,535,853**	12.65%

Share premium reserve

As of December 31, 2025, and December 31, 2024, the value of the capital is PLN 78,666 thousand; this capital arose as a result of the issuance of shares by the Parent Company.

Note 21. LOANS AND BORROWINGS

On October 5, 2021, SECO/WARWICK S.A. signed an investment loan agreement with mBank S.A. in Warsaw for PLN 10,400 thousand. The loan was granted to finance the purchase of up to 850,000 of the Company's own shares, in accordance with the program established pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of October 7, 2021. The utilization of the loan as of the date of signing Annex No. 1, i.e., November 26, 2021, amounted to PLN 6,908,000. As of December 31, 2024, the utilization of the loan amounted to PLN 2,418,000. As of December 31, 2025, the utilization of the loan amounted to PLN 1,036,000.

On June 9, 2025, SECO/WARWICK S.A. signed an investment loan agreement with mBank S.A. in Warsaw for PLN 18,400,000. The loan was granted to finance the purchase of up to 734,000 of the Company's own shares, in accordance with the program established pursuant to Resolution No. 22 of the Company's General Meeting dated June 9, 2025. A loan in the amount of PLN 17,616,000 was drawn down. As of December 31, 2025, the loan utilization amounted to PLN 15,776,000.

On July 16, 2025, SECO/WARWICK S.A. signed an investment loan agreement with mBank S.A. in Warsaw for PLN 14,600,000. The loan was granted to finance the purchase of up to 760,000 of the Company's own shares, in accordance with the program established pursuant to Resolution No. 24 of the Company's Ordinary General Meeting of June 9, 2025. As of December 31, 2025, the amount drawn down under the loan was PLN 13,140,000.

The repayment of the loans is secured by a contractual mortgage on real estate consisting of the following plots held in perpetual usufruct:

- 195/94, located in Świebodzin at 76 Zachodnia Street,
- 195/80, located in Świebodzin at 76 Zachodnia Street.

On November 30, 2023, Retech Systems LLC signed an investment loan agreement with Fundusz Ekspansji Zagranicznej 2 FIZ AN, managed by PFR TFI S.A., for an amount of USD 10,000,000. The loan was granted to finance part of the expenditures related to the implementation of the SECO/WARWICK Group Strategy for 2023–2026, announced in Current Report No. 17/2023 dated September 26, 2023. In particular, the Loan will be allocated to a project for the development of metal powder production technology, including the construction and installation of Plasma Gas Atomizer furnaces (on a large and small scale) utilizing Retech's proprietary PAM (Plasma Arc Melting) technology, as well as the expansion and equipping of the production and assembly hall. The investment is being carried out at the Retech Systems LLC facilities in Buffalo, New York, USA, and its total value is estimated at approximately PLN 45 million, to be incurred between 2023 and 2025. The development of powder technology will contribute to further strengthening the SECO/WARWICK Group's position in the global market for thermal processing and metallurgy, including the promising segment of 3D metal printing (additive manufacturing). As of December 31, 2025, the credit utilization amounted to USD 10,000,000, i.e., PLN 36,016,000, while the remaining principal outstanding as of December 31, 2025, was USD 8,460, i.e., PLN 30,470. As of December 31, 2024, the loan utilization amounted to USD 6,500 thousand, i.e., PLN 26,658 thousand.

Loans as of December 31, 2025:

Name of	Loan Amount PLN (thousands)	Loan Amount Value in currency (thousands)	Loan currency	Credit Limit per Agreement	Repayment Repayment	Collateral	Interest rate	Type
Huntington National Bank	162	45	USD	36	2026-01-31		*fixed-7%*	Overdraft
Volkswagen Credit	56	16	USD	27	2026-09-30		*fixed*	Overdraft
SANTANDER	-	-	PLN	2,000	2024-02-28	promissory note	WIBOR 1M + 1.0% p.p.	Overdraft facility
mBank	65	-	PLN	-	-	promissory note	-	Credit card limit
mBank	37	9	EUR	-	-	promissory note	-	Credit card limit
mBank	53	-	PLN	-	-	promissory note	-	Credit card limit
mBank	16	4.3	USD	-	-	promissory note	-	Credit card limit
mBank	124	29	EUR	-	-	promissory note	-	Credit card limit
HSBC Bank	-		USD	1,300	12/31/2025		*fixed-11%*	Overdraft
Foreign Expansion Fund 2 Fund								
Investment Closed-End Non-Public Asset Fund	30,470	8,460	USD	10,000	2030-12-20	Mortgage, SWSA guarantee, Declaration of voluntary submission to enforcement pursuant to Article 777.1 of the Code of Civil Procedure	fixed-7%	Investment loan in a bank account
Santander	23,254	-	PLN	34,000	September 25, 2026	Declaration of Voluntary Submission to Enforcement pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR 1M + 0.9% p.a.	Overdraft Overdraft Overdraft
BNP Paribas S.A.	12,264	-	PLN	50,000	November 9, 2026	Declaration of voluntary submission to enforcement pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR 1M + 0.9% p.a. WIBOR ON + 1.05% p.a.	Investment facility overdraft Investment facility overdraft
mBank	11,044		PLN	20,000	September 3, 2026	Statement of Voluntary Submission to pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR 1M + 1.35% p.a.	Investment facility
mBank	1,036		PLN	6,908	2026-09-30	mortgage, securities freeze	WIBOR 1M + 1.00% p.a.	
mBank	15,776	-	PLN	17,616	June 28, 2030	mortgage, securities freeze	WIBOR 1M + 1.00% p.a.	
mBank	13140	-	PLN	14,600	June 30, 2026	Statement of Voluntary Submission to pursuant to Article 777.1 of the Code of Civil Procedure		

Car Loan facility	831	20,727	INR	Overdraft facility
Total:	**108,328**			

Loans as of December 31, 2025:

Loans as of December 31, 2024:

Name of the entity	Credit/loan amount		Loan currency	Credit limit according to Agreement	Term Repayment	Collateral	Interest rate	Type
	PLN (thous.)	Value in currency (thousands)						
Huntington National Bank	172	42	USD	36	2026-01-31		fixed-7%	Overdraft
Volkswagen Credit	32	8	USD	27	2026-09-30		fixed	Overdraft
SANTANDER	1 157	-	PLN	2,000	2024-02-28	promissory note	WIBOR 1M + 1.0 percentage points	Overdraft
mBank	74	-	PLN	-	-	promissory note	-	Credit card limit
mBank	22	5	EUR	-	-	promissory note	-	Credit card limit
mBank	87	-	PLN	-	-	promissory note	-	Credit card limit
mBank	28	6.8	USD	-	-	promissory note	-	Credit card limit
mBank	91	21	EUR	-	-	promissory note	-	Credit card limit
HSBC Bank	26	-	USD	1,300	12/31/2025		fixed-11%	Overdraft
2 Polish Closed-End Investment Fund of Non-Public Assets	658	6,500	USD	10,000	12/31/2030	voluntary submission to enforcement pursuant to Art. Mortgage, SWSA guarantee, Declaration of 777.1 of the Code of Civil Procedure	fixed rate - 7%	Investment loan in a BNP Paribas
BNP Paribas	25 417	-	PLN	50000	2025-12-08	Declaration of Voluntary Submission to pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR 1M + 0.9% p.a.	Overdraft facility
PEKAO	-	-	PLN	15000	August 31, 2025	Declaration of Voluntary Submission to pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR 1M + 1.25% p.a.	Overdraft
mBank	18 584		PLN	20,000	September 3, 2026	Declaration of Voluntary Submission to pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR ON + 1.05% p.a. WIBOR 1M + 1.35% p.a.	Overdraft Investment loan in a bank account
mBank	806		PLN	14,500	March 31, 2025	mortgage, securities lock		
mBank	2 418	-	PLN	6,908	2026-09-30	mortgage, securities lock	WIBOR 1M + 1.35% p.a.	Investment loan linked to a bank account
Santander	9 801	-	PLN	19000	February 28, 2025	Declaration of Voluntary Submission to pursuant to Article 777.1 of the Code of Civil Procedure	WIBOR 1M + 0.9% p.a.	Overdraft facility
Car Loan facility	187	3,941	INR					Overdraft facility
Total:	**85,537**							

Loan maturity structure:

Description	12/31/2025	Dec. 31, 2024
Short-term loans and borrowings	61,488	62,100
Long-term loans and borrowings	46,840	23,436
- due in more than 1 year but not more than 3 years	25,536	20,187
- payable over 3 to 5 years	21,304	3,249
Total loans and credits	**108,328**	**85,537**

Loans and borrowings – currency breakdown:

Description	12/31/2025		12/31/2024	
	Value in currency	Value in PLN	value in currency	Value in PLN
PLN	-	76,632	-	58,344
EUR	38	161	26	113
USD	8,525	30,704	6,557	26,890
INR	20,727	831	3,941	187
Total loans and credits		**108,328**		**85,537**

Note 22. LEASING

The Group as a lessee

The carrying amounts of lease liabilities and changes therein during the reporting period are presented below.

Description	2025	2024
As of January 1	47,399	39,697
Increases (new leases)	10,343	15,897
Changes to lease agreements	-6,133	-2,278
Interest	3,274	3,216
Payments	-10,087	-9,133
As of December 31	**44,797**	**47,399**
Short-term	6,953	8,062
Long-term	37,844	39,337

The largest item contributing to the increase in lease liabilities as of the end of 2025, i.e., PLN 8,949 thousand, is the production facility of SECO/WARWICK Corporation. The largest item contributing to the increase in lease liabilities as of the end of 2024, i.e., PLN 4,064 thousand, is the production facility of Retech Systems LLC.

An analysis of the maturity of lease liabilities is presented in Note 32.3, “Liquidity Risk.”

The following table presents the amounts of revenue, costs, gains, and losses arising from leases recognized in the statement of comprehensive income:

Description	2025	2024
Depreciation expense on right-of-use assets	8,439	7,946
Interest expense on lease liabilities	3,274	3,216
Costs of short-term leases (included in the cost of goods and services sold)	210	392
Lease costs for low-value assets (included in general and administrative expenses)	13	11
Total amount recognized in the statement of comprehensive income	**11,937**	**11,565**

Undiscounted amounts of future operating lease payments – Group as lessor

Lease income recognized by the Group in other operating income amounted to PLN 189 thousand in 2025 and PLN 210 thousand in 2024. As of December 31, 2025, and as of December 31, 2024, the maturity analysis of lease payments in undiscounted amounts was as follows:

Description	December 31, 2025	December 31, 2024
Within 1 year	135	195
In year 2	-	-
In the 3rd year	-	-
In the 4th year	-	-
In the 5th year	-	-
Over 5 years	-	-
Total:	**135**	**195**

The Group primarily leases its own premises to entities with which the terms of cooperation require close proximity.

Note 23. TRADE AND SERVICE LIABILITIES AND OTHER LIABILITIES

Description	12/31/2025	12/31/2024
Current liabilities	87,679	80,045
long-term liabilities	-	-
Total	**87,679**	**80,045**

TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Description	12/31/2025	12/31/2024
Trade liabilities		
To other entities	72,181	66,421
Total	**72,181**	**66,421**
Liabilities for taxes, customs duties, social security, and other	9,497	8,985
Income tax liabilities	1,054	1,255
Other liabilities	4,946	3,384
Total other	**15,497**	**13,624**
Total trade and other liabilities	**87,679**	**80,045**

Investment commitments

As of December 31, 2025, the Group had committed to incurring expenditures on property, plant, and equipment in the amount of PLN 793,000.

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

The Act of March 4, 1994, on the Company Social Benefits Fund, as amended, provides that the Company Social Benefits Fund ("Fund") is established by employers with more than 50 full-time employees. The Group establishes such a fund and makes periodic contributions in the amount of the basic contribution / amounts agreed upon with the trade unions. In addition, the Fund holds property, plant, and equipment. The purpose of the Fund is to subsidize the Company's social activities, loans granted to its employees, and other social costs.
The Group has offset the Fund's assets against its liabilities to the Fund because these assets do not constitute separate assets of the Group.
The table below presents an analysis of the Fund's assets, liabilities, expenses, and net balance.

Description	12/31/2025	12/31/2024
Loans granted to employees	36	41
Cash	1,654	1,374
Liabilities related to the Fund	1,555	1,303
Balance after offsetting	135	112
Contributions to the Fund during the fiscal year	1,427	1,288

CONTINGENT LIABILITIES

Contingent liabilities arising from guarantees and sureties granted amounted to PLN 2,294 thousand as of the end of 2025, compared to PLN 1,370 thousand as of the end of 2024. The guarantees were granted for:

Description	12/31/2025	12/31/2024
performance bond	2,294	504
Bid bond	-	866
Total	2,294	1,370

As of December 31, 2025, expected credit losses on financial guarantees granted were not material.

Note 24. EMPLOYEE BENEFITS

Pension benefits and other post-employment benefits

The Polish companies in the Group paid retirement severance payments to retiring employees in the amounts specified by the Labor Code. Accordingly, based on a valuation performed by a professional actuarial firm, the Group establishes a provision for the present value of the retirement severance pay liability. The amount of this provision and a reconciliation showing changes during the reporting period are presented in the table below:

Provision for retirement severance pay and similar

LONG-TERM PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS EMPLOYEE BENEFITS	from Jan. 1, 2025 to 12/31/2025	from Jan. 1, 2024 to 12/31/2024
balance at the beginning of the period	**1,445**	**1,605**
Increases	373	115
- creation of a reserve	373	115
use	207	276
solution	-	-
balance at the end of the period	**1,610**	**1,445**

The main assumptions adopted as of the balance sheet date for calculating the amount of the liability are as follows:

Description	12/31/2025	12/31/2024
Discount rate (%)	5.10%	5.85%
Projected inflation rate (%)	5%	3%
Projected wage growth rate (%)	5%	5%

SHORT-TERM PROVISION FOR EMPLOYEE BENEFITS EMPLOYEE BENEFITS / LIABILITY FOR UNUSED VACATION DAYS, ETC.	from Jan. 1, 2025 to 12/31/2025	from 01/01/2024 to 12/31/2024
1. Liabilities for unused vacation		
balance at the beginning of the period	**4,701**	**4,663**
- provision	9,859	7,032
- usage	8,975	6,995
balance at the end of the period	**5,585**	**4,701**
2. Liabilities related to bonuses		
balance at the beginning of the period	**18,100**	**15,601**
- provision	16,905	15,273
- use	15,205	12,774
balance at the end of the period	**19,800**	**18,100**
3. Employee benefit liabilities		
Balance at the beginning of the period	**33**	**9**
- provision	59	24
- use	-	-
balance at the end of the period	**92**	**33**
4. Current payroll liabilities	**8,204**	**8,451**
Total employee benefit liabilities	**33,680**	**31,284**

Note 25. OTHER PROVISIONS

Description	Provisions for repairs and returns	Provision for penalty	Provisions for loss-making contracts	Other provisions - contingent liability	Total
As of January 1, 2024	**9,675**	**128**	**703**	**-**	**10,506**
Created during the fiscal year	6,733		763	-	10,219
Increases	**6,733**	**-**	**763**	**-**	**10,219**
Used	-5,861	-	-656	-	-8,481
Resolved	-	-	-	-	-170
Decreases	**-5,861**	-	**-656**	-	**-8,651**
As of December 31, 2024	**10,546**	**128**	**810**	**-**	**11,485**
Created during the fiscal year	4,999	-	177	-	5,176
Increases	**4,999**	-	**177**	**-**	**5,176**
Used	-5,864	-78	-119	-	-6,061
Resolved	-	-	-	-	-
Decreases	**-5,864**	**-78**	**-119**	**-**	**-6,061**
As of December 31, 2025	**9,682**	**50**	**868**	**-**	**10,600**

The Group reviews the balance of provisions at the end of each reporting period and adjusts them to reflect the current, most appropriate 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 classified as short-term provisions, as they will be utilized or settled within the next 12 months in each case.
The Group sees no grounds for establishing provisions for the dismantling of property, plant, and equipment, site restoration, and the disposal of property, plant, and equipment, nor for establishing a provision for asbestos removal.

Provisions for warranty repairs

The provision for warranty repairs is determined individually for each contract and accounts for obligations to the customer arising from the contract during the warranty period. The value of the provision is planned according to internal guidelines for specific technologies. On average, approximately 1.5%–2% of the contract value. The assumptions adopted for the current period are consistent with those used in the previous year. The Group calculates the provision for warranty repairs based on planned costs adjusted for the purpose of calculating warranty provisions, reduced by costs incurred for warranties, taking into account the contract's cost progress.
When creating a warranty provision, the Group takes into account the percentage of contract completion (proportional to revenue recognition) by planning for warranty costs until 100% contract completion is reached (signing of the final acceptance report).

When 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 reported by the entity performing the contract if it determines that the claims for which the provision was established will not

occur in the future. The provision is fully released upon the expiration of the warranty period or after the completion of all outstanding, ongoing warranty repairs.

As of December 31, 2025, the carrying amount of the provision was PLN 9,682 thousand (as of December 31, 2024: PLN 10,546 thousand).

A 10% variance in warranty claim costs relative to management's estimates would result in an increase or decrease in the warranty cost provision of approximately PLN 968 thousand (as of December 31, 2024: an increase or decrease of PLN 1,054 thousand).

Provision for penalties

A provision for penalties is established when there is a high probability of future payments of contractual penalties arising from ongoing contracts.
As of December 31, 2025, the carrying amount of the relevant provision was PLN 50 thousand (as of December 31, 2024: PLN 128 thousand).

Provision for loss-making contracts

The provision for loss-making contracts is determined individually for each contract. It is recognized when the difference between planned revenues and planned costs on the contract is less than the difference between revenues and costs recognized in the period.

As of December 31, 2025, the carrying amount of the relevant provision was PLN 868,000 (as of December 31, 2024: PLN 810,000).

Note 26. NOTES TO THE STATEMENT OF CASH FLOWS

Net cash flows from operating activities amounted to PLN -4,386 thousand in 2025, compared to PLN +101,381 thousand in 2024. The difference results primarily from a change in the structure of contract settlements—in 2024, the Group accumulated high balances of advance payments from customers, which were settled in 2025 as contracts were fulfilled (total cash effect: PLN -69,160 thousand). This change is cyclical in nature,
typical for a business model based on long-term contracts, and does not reflect a deterioration in the Group's operating results.

Breakdown	December 31, 2025	December 31, 2024
Cash on the balance sheet	59,562	145,837
Total cash and cash equivalents reported in the statement of cash flows	**59,562**	145,837

Description	December 31, 2025	December 31, 2024
Depreciation:	**21,119**	**18,478**
Amortization of intangible assets	4,803	4,081
Amortization of right-of-use assets	8,436	7,941
Depreciation of property, plant, and equipment	7,880	6,457
The change in provisions results from the following items, excluding the change in income tax provisions:	**3,217**	**2,591**
Balance sheet change in provisions	7,024	1,561
Exclusion of change in income tax provisions	-5,347	2,388
Foreign exchange differences	1,540	-1,357
The change in inventory is attributable to the following items:	**-1,208**	**3,773**

Change in inventory	2,768	2,894
Foreign exchange differences	-3,976	880
The change in receivables results from the following items, excluding income tax receivables:	**`-11,859**	**23,560**
Change in receivables resulting from the balance sheet	-1,868	18,460
Exclusion of income tax receivables	-1,650	2,223
Foreign exchange differences	-8,341	2,877
The change in liabilities, excluding financial liabilities, results from the following items:	**19,873**	**368**
Change in liabilities resulting from the balance sheet	4,792	9,641
Change in investment liabilities	-299	203
Foreign exchange differences	17,798	-14,958
Change in lease liabilities	-2,602	5,664
Valuation of derivatives	183	-183
The change in contractual assets and liabilities results from the following items:	**-69,161**	**20,381**
Balance sheet change in contract assets and liabilities	-73,303	23,208
Foreign exchange differences	4,142	-2,827
The change in the balance of foreign currency derivatives results from:	**-1,038**	**1,009**
balance sheet change in assets	-970	2,477
revaluation reserve	115	-1,652
balance sheet change in liabilities	-183	183

Proceeds from grants in the current year amounted to PLN 665,000; in the previous fiscal year, they amounted to PLN 0.

CASH FLOWS FROM INVESTING ACTIVITIES	2025	2024
Proceeds from the sale of intangible and tangible assets in fixed assets	**144**	**115**
Sale of a fixed asset	61	104
Other	83	11
Other income from financial assets	**-**	**-**
Other proceeds from financial assets	-	-
Other expenses from financial assets	**-2,400**	**-**
Other expenses from financial assets	-2,400	-
Capital expenditures on intangible and tangible assets fixed	**-41,040**	**-42262**
Development work	-1,895	-3,780
Computers and licenses	-3,308	-105
Construction and modernization of halls and administrative buildings	-3,897	-8,715
Machinery and equipment	-26,416	-26,433
Cars	-1,494	-
Other non-current assets	-4,030	-3,229
Net cash from investing activities	**-43,296**	**-42,147**

Reconciliation of debt liabilities to cash flows from financing activities as of December 31, 2025:

	Loans	Liabilities leases	Other	Total
Jan. 1, 2025				
Changes in cash flows from financing activities				
Repayments of liabilities arising from:	-12,520	-6,812	-	-19,332
Interest payments on:	-5,311	-3,274		-8,585
Proceeds from loans:	38,810	-	-	38,810
Other	-	-	671	-
Net cash flows from financing activities	**20,980**	**-10,087**	**671**	**10,893**
Other changes	-	-	-	-
Dividends	-	-	-8,735	-8,735
Purchase of treasury stock	-41,429	-		-41,429
Total other changes	-41,429	-	-8,064	-49,494
Total as of December 31, 2025	**-20,450**	**-10,087**	**-8,064**	**-38,601**

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

	Loans	Liabilities from leases	Other	Total
January 1, 2024				
Changes in cash flows from financing activities				
Repayments of liabilities arising from:	-16,874	-5,917	-	-22,791
Interest payments on:	-2,825	-3,216	-	-6,041
Proceeds from loans:	48,339	-		48,339
Net cash flows from financing activities	**28,640**	**-9,133**	**-**	**19,507**
Other changes	-	-	-	
Dividends	-	-	-8,616	-8,616
Other	-	-	24	24
Total other changes	-	-	-8,593	**-8,593**
Total as of December 31, 2024	**28,640**	**-9,133**	**-8,593**	**10,914**

Note 27. INFORMATION ON RELATED PARTIES

Transactions between related parties were related to the companies' day-to-day operations and were conducted on arm's length terms.

Note 28. REMUNERATION OF KEY MANAGEMENT

The key management personnel of the SECO\WARWICK Group include members of the Management Board and members of the Supervisory Board.

Remuneration of the MANAGEMENT BOARD:

First and last name	Remuneration for the period	Other benefits	Accrued costs of the incentive program	Total remuneration for the period
12/31/2025	**in PLN thousand**	**in PLN thousand**	**in PLN thousand**	**in thousands of PLN**
Sławomir Woźniak	570	919	-	1,489
Piotr Walasek	396	453	-	849
Earl Good	1,125	698	548	2,370
Bartosz Klinowski	396	454	-	850
Total	**2,487**	**2,523**	**548**	**5,557**
December 31, 2024				
Sławomir Woźniak	570	967	313	1,850
Piotr Walasek	396	473	157	1,026
Earl Good	1,154	401	499	2,055
Bartosz Klinowski	396	474	157	1,026
Total	**2,516**	**2,315**	**1,126**	**5,957**

Supervisory Board compensation:

First and last name	Total remuneration	
	12/31/2025	**Dec. 31, 2024**
Andrzej Zawistowski, including:	349	346
- for serving as Chairman of the Supervisory Board	229	226
- under a consulting services agreement (1)	120	120
Jeffrey Boswell, including:	162	173
- under an employment contract (2)	162	173
Marcin Murawski	55	50
Robert Jasiński	54	49
Maciej Karnicki	74	69
Total	**695**	**686**

Note 29. FINANCIAL INSTRUMENTS

Description	Category in accordance with IFRS 9	Carrying amount		Maximum credit risk exposure in 2025
		Dec. 31, 2025	Dec. 31, 2024	
Financial assets				
Loans granted	WwZK	-	-	-
Trade receivables and other receivables	WwZK	114,902	115,407	114,902
Long-term receivables	WwZK	4,289	1,916	4,289
Hedging instruments	WwWGpWF	2,734	1,764	2,734
Cash and cash equivalents	WwZK	59,562	145,837	59,562
Financial liabilities				
Short-term				
Short-term bank loans	WwZK	61,488	62,100	-
Lease liabilities	WwZK	6,953	8,062	-
Trade payables and other liabilities	WwZK	87,679	78,256	-
Hedging instruments	WwWGpWF	-	163	-
long-term				
Long-term bank loans	WwZK	46,840	23,436	-
Hedging instruments	WwWGpWF	-	20	-
Lease obligations	WwZK	37,844	39,337	-

WwZK – measured at amortized cost,

WwWGpWF – Valuation at fair value through profit or loss.

* For derivatives used as hedging instruments, the valuation is recognized in net income through financial income or expenses in proportion to the percentage of completion of the hedged contract.

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

Revenue, expense, gain, and loss items recognized in the income statement/statement of comprehensive income, broken down by category of financial instruments Year 2025

	Other Revenue/ (costs) arising from write-offs	Gains/(Losses) from differences arising from	Reversal of (provision)	Gains/(losses) from	Gains/(losses) from settlement	Gains/(losses) from discontinuation	
	interest	exchange	revaluation	financial instruments	financial	recognition financial	financial
Financial assets							
Loans granted	4	-	-	-	-	-	-
Trade and other receivables	178	-2,016	-	-507	-	-	-
Long-term receivables	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	968	5,465		-
Cash and cash equivalents	555	-1,678	-	-8	-	-	-
TOTAL	**737**	**-3,694**	-	**452**	**5,465**		**-**

	Other Revenue/ (costs) from interest	Gains/(losses) from differences (recognition) exchange	the reversal of write-downs revaluation	Gains/(losses) from settlement from the valuation of interest rate instruments financial	Gains/(losses) from	
Financial liabilities						
short-term	**-8,962**	**122**	**-**	**128**	**-**	
Short-term bank loans	-5,448	1	-	-	-	-
Lease liabilities	-3,140	-131	-	-	-	-
Trade payables and other liabilities	-375	252	-	58	-	-
Hedging instruments	-	-	-	70	-	-
long-term	-	-	-	-	-	-
Long-term bank loans	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-8,962**	**122**	**-**	**128**	--	

Year 2024

	Other Revenue/ (costs) arising from write-offs in interest	Gains/(Losses) from arising from exchange differences	Reversal (creation) revaluation	from Gains/(Losses) financial	Gains/(Losses) from settlement on instruments financial	Gains/(Losses) discontinuation recognition financial financial
Financial assets						
Loans granted	130	-	-	-	-	-
Trade and other receivables	128	-3,425	-	2,518	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-939	5,812	-
Cash and cash equivalents	973	345	-	46	-	-
TOTAL	**1,231**	**-3,081**	-	**1,625**	**5,812**	**-**

	Other Revenue/ (costs) from interest	Gains/(losses) (recognition) exchange	from differences	the reversal of write-downs revaluation	Gains/(losses) from Gains/(losses) from settlement from the valuation of interest rate instruments financial
Financial liabilities					
short-term					
Short-term bank loans	-5,410	-	-	-	- -
Lease liabilities	-3,199	-185	-	-	- -
Trade payables and other liabilities	-194	619	-	-798	- -
Hedging instruments	-	-	-	-70	- -
long-term	-	-	-	-	- -
Long-term bank loans	-	-	-	-	- -
Lease obligations	-	-	-	-	- -
Hedging instruments	-	-	-	-	- -
TOTAL	**-8,803**	**434**	**-**	**-868**	--

Revenue, expense, and profit and loss items recognized in the income statement/statement of comprehensive income, broken down by category of financial instruments

Changes in liabilities arising from financing activities Year 2025

	January 1, 2025	changes resulting from cash flows changes from operations financial	increases from (leases)	effects exchange rates currency	effects of valuation of instruments hedging	December 31, 2025
Interest-bearing loans and borrowings (long-term)	23,436	24,916	-	-1,513	-	46,840
Lease liabilities (long-term)	39,340	-4,434	8,126	-5,189	-	37,844
Interest-bearing loans and borrowings (short-term)	62,100	1,374	0	-1,986	-	61,488
Lease liabilities (current)	8,067	-2,378	2,218	-953	-	6,953
Derivative financial instruments	183	-	-	-	-183	-
Total liabilities arising from operations	133,127	19,479	10,343	-9,641	-183	153,125

Year 2024

	January 1, 2024	changes resulting from changes from flows operations financial	increases in from	the effects leases	of exchange currency	effects of valuation of instruments hedging	December 31, 2024
Interest-bearing loans and borrowings (long-term)	8,806	14,408	-	223	-		23,436
Lease liabilities (long-term)	32,654	-4,071	12,647	-1,890	-		39,340
Interest-bearing loans and borrowings (short-term)	44,451	17,057	0	592	-		62,100
Lease liabilities (current)	7,043	-1,838	3,250	-388	-		8,067
Derivative financial instruments	-	-	-	-	183		183
Total liabilities from operations financial	92,954	25,556	15,897	-1,463	183		133,127

Disclosures regarding the fair value measurement hierarchy, which reflects the significance of the inputs used in fair value measurement, are included in the table.

This note explains the judgments and estimates used in determining the fair value of financial assets recognized and measured at fair value in the financial statements. To explain the reliability of the input data used to determine fair value, the Group has classified its financial assets and liabilities into the three levels specified in accounting standards. An explanation of each level is provided below the table.

	2025		
	Level 1	Level 2	Level 3
	PLN'000	PLN'000	PLN'000
Financial assets			
Derivative financial instruments	-	2,734	-
Currency forward contracts	-	2,734	-
Total	-	2,734	-
Financial liabilities			
Short-term			
Currency forward contracts	-	-	-
Total	-	-	-

	2024		
	Level 1	Level 2	Level 3
	PLN'000	PLN'000	PLN'000
Financial assets			
Derivative financial instruments	-	1,764	-
Currency forward contracts	-	1,764	-
Total	-	1,764	-
Financial liabilities			
Short-term			
Currency forward contracts	-	163	-
Total	-	163	-

During the fiscal year, there were no transfers between Level 1, Level 2, and Level 3 fair value in respect of recurring fair value measurements.
The Group applies the principle of recognizing transfers between levels of the fair value hierarchy at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as listed derivatives and equity securities) is derived from their quoted prices at the end of the reporting period. The market price used to measure the Group's financial assets is the current bid price. Such instruments are classified as Level 1. **Level 2:** The fair value of financial instruments not traded on an active market (such as over-the-counter derivatives) is determined using appropriate valuation techniques that, to the greatest extent possible, utilize observable market data and rely as little as possible on entity-specific estimates. If all significant inputs necessary for the fair value measurement of the instrument are observable, the instrument is classified as Level 2.

Level 3: If at least one type of significant input is not observable market data, the instrument is classified as Level 3. Such instruments include unlisted equity securities.

Techniques used to measure financial instruments include:

- the use of market quotes or broker quotes for similar instruments,
- for interest rate swaps—the present value of estimated future cash flows based on observable yield curves,
- for forward foreign exchange transactions—the present value of future cash flows based on forward exchange rates as of the balance sheet date,
- for currency options – option pricing models (e.g., the Black-Scholes model),
- for other financial instruments – discounted cash flow analysis.

All fair value estimates determined in this manner are classified as Level 2, with the exception of unlisted equity securities, contingent receivables, and certain derivative contracts whose fair value was determined based on present value, and for which discount rates were adjusted for counterparty risk and own credit risk.

Note 30. EMPLOYMENT STRUCTURE

Description	December 31, 2025	Dec. 31, 2024
Production and manufacturing plant employees	638	693
Administrative staff	283	233
Employees on parental leave	9	1
Total	**930**	**927**

Note 31. CAPITAL MANAGEMENT

The primary objective of capital management within the Group is to maintain a strong credit rating and sound capital ratios that support the Group's operations and enhance value for its shareholders.
The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. To maintain or adjust the capital structure, the Company may modify dividend payments to shareholders, return capital to shareholders, or issue new shares. In the year ended December 31, 2023, no changes were made to the objectives, policies, and processes in this area.
The Group monitors its capital position using a leverage ratio, which is calculated as the ratio of net debt to total capital plus net debt. The Group includes interest-bearing loans and borrowings as well as finance lease liabilities in net debt, net of cash and cash equivalents.
The financial leverage ratio at the end of the year is as follows:

	As of December 31, 2025 PLN'000	As of December 31, 2024 PLN'000
Debt	153,125	132,935
Cash and cash equivalents	-59,562	-145,837
Net debt	93,563	-12,901
Equity	230,209	263,889
Net debt-to-equity ratio	**40.64%**	**-4.89**

The increase in net debt during the period under review was primarily due to the implementation of investment projects, the expansion of production capacity, and the share buyback program. Despite the observed increase, the debt level remains at a safe level and is in line with the Group's assumptions. Management expects a gradual reduction in the ratio in subsequent periods as cash flows improve.

Note 32. OBJECTIVES AND POLICY OF FINANCIAL RISK MANAGEMENT

The SECO/WARWICK Capital Group, as part of its operating and financial activities, is exposed to risks primarily related to the financial instruments it holds. This risk can be defined as market risk, which includes currency risk, interest rate risk, liquidity risk, and credit risk. The Group manages financial risk to mitigate the adverse impact of changes in exchange rates and interest rates, as well as to stabilize cash flows and ensure an adequate level of liquidity and financial flexibility. The Group's financial risk management policies are established by the parent company's Management Board. As part of the risk management process, an expert system for management accounting has been developed and implemented. Key risk parameters at the operational and financial levels for the Group's companies are monitored based on monthly reports.

32.1. Currency Risk

Due to its active and extensive presence in foreign markets, the Group enters into specific sales and purchase transactions denominated in foreign currencies. The Group enters into forward contracts to hedge the exchange rates of its contracts. The Group also holds loans and other financial liabilities denominated in foreign currencies. Consequently, there is a risk of exchange rate fluctuations.

Financial assets and liabilities denominated in foreign currencies, converted to PLN at the closing exchange rate as of the balance sheet date, are as follows:

The Group is primarily exposed to risks related to the EUR and USD currencies.

	As of 12/31/2025	As of December 31, 2025	As of December 31, 2024	As of 12/31/2024
	in	in PLN	in currency	in PLN
Liabilities				
EUR	27,268	115,252	5,102	21,800
USD	86,488	311,496	18,263	74,902
Assets				
EUR	26,957	113,941	28,360	121,181
USD	22,697	81,744	39,066	160,219
Nominal value of the hedging instrument - applies to currency sale transactions				
EUR	13,702	57,914	20,100	85,886
USD	3,900	14,046	4,100	16,815

The following presents a sensitivity analysis of net income and other comprehensive income with respect to financial assets and liabilities, as well as fluctuations in the EUR/PLN and USD/PLN exchange rates.

The analysis assumes:

- exchange rate as of the balance sheet date of December 31, 2025

- a 10% increase in the exchange rate

- a 10% decrease in the exchange rate

Exchange rate as of December 31, 2025	exchange rate	currency exchange rate increase +10%	decrease in exchange rate - 10%
USD	3.6016	0.3602	-0.3602
EUR	4.2267	0.4227	-0.4227

Exchange rate as of December 31, 2024	exchange rate	currency appreciation +10%	currency rate decrease - 10%
USD	4.1012	0.4101	-0.4101
EUR	4.2730	0.4273	-0.4273

Exposure to currency risk fluctuates throughout the year depending on the volume of transactions conducted in a given currency. Nevertheless, the sensitivity analysis below can be considered representative for determining exposure to currency risk.

Impact on equity		**Currency impact USD**	**Currency impact USD**	**Currency impact EUR**	**Currency impact EUR**
		Period ended	**Period ended**	**Period ended**	**Period ended**
		12/31/2025	**Dec. 31, 2024**	**12/31/2025**	**December 31, 2024**
ASSETS					
Currency appreciation	10%	12,178	20,025	11,581	12,305
Decrease in exchange rate	-10%	-12,178	-20,025	-11,581	-12,305
LIABILITIES AND LOANS					
Currency appreciation	10%	-32,554	-9,172	-17,317	-10,769
Decline in exchange rate	-10%	32,554	9,172	17,317	10,769
TOTAL					
Currency appreciation	10%	-20,377	10,853	-5,736	1,536
Decrease in exchange rate	-10%	20,377	-10,853	5,736	-1,536

Impact on financial results		**Currency impact USD**	**Currency impact USD**	**Currency impact EUR**	**Currency impact EUR**
		Period ended	**Period ended**	**Period ended**	**Period ended**
		12/31/2025	**Dec. 31, 2024**	**12/31/2025**	**December 31, 2024**
ASSETS					
Currency appreciation	10%	8,174	16,022	11,394	12,118
Decrease in exchange rate	-10%	-8,174	-16,022	-11,394	-12,118
LIABILITIES AND LOANS					
Currency appreciation	10%	-32,554	-9,172	-17,317	-10,769
Decline in exchange rate	-10%	32,554	9,172	17,317	10,769
TOTAL					

Currency appreciation	10%	-24,380	6,850	-5,923	1,349
Decrease in exchange rate	-10%	24,380	-6,850	5,923	-1,349

32.2. Interest rate risk

The Group's companies utilize interest-bearing loans. Loans in the amount of PLN 77,345 thousand and lease liabilities in the amount of PLN 1,994 thousand bear interest at variable rates, while PLN 42,803 thousand of lease liabilities and PLN 30,983 thousand of loans bear interest at a fixed rate. Consequently, the Company is exposed to interest rate risk. The risk estimate is based on a 1% increase or decrease in the interest rate.

	Impact on gross profit	Impact on gross profit
	+1%/-1%	+ 1%/- 1%
	Year ended December 31, 2025	Year ended December 31, 2024
Lease liabilities	+/- 58	+/- 53
Other financial liabilities measured at amortized cost (loans)	+/- 773	+/- 582

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

32.3. Liquidity risk

Liquidity risk is the risk of encountering difficulties in meeting financial obligations. The Group's liquidity risk management process involves forecasting future cash flows, analyzing the level of liquid assets relative to cash flows, monitoring liquidity ratios based on balance sheet items, and maintaining access to various sources of financing at the level of individual Group companies.

The Group also manages liquidity risk by maintaining open and unused credit lines. These create a liquidity reserve and safeguard solvency and financial flexibility. The Group recognizes bank loans as financial instruments that may potentially result in a concentration of liquidity risk because the Group works with selected financial institutions. As of December 31, 2025, bank loans accounted for 19% of current liabilities (as of December 31, 2024: 17%).

The table below presents the Group's financial liabilities as of December 31, 2025, and as of December 31, 2024, by maturity date based on contractual payments.

The Company has unused credit lines in the amount of PLN 74,174 thousand, which are summarized in Note 21 of this report.

12/31/2025	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years	Total (undiscounted)	Book Carrying
Trade and other liabilities	87,679	-	-	-	-	-	**87,679**	**87,679**
Leasing	6,953	9,897	9,493	6,165	4,679	23,134	**60,321**	**44,797**
Instruments derivatives	-	-			-		-	-
Interest-bearing loans and borrowings	61,488	12,694	12,694	12,694	8,610	148	**108,328**	**108,328**
Other liabilities financial	1,106	-	-	-	-	-	**1,106**	**1,106**
TOTAL	**157,227**	**22,591**	**22,187**	**18,859**	**13,289**	**23,282**	**257,435**	**241,910**

Dec. 31, 2024	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years	Total (undiscounted)	Carrying on the balance sheet
Trade and Other	80,045	-	-	-	-	-	**80,045**	**80,045**
Leasing	8,062	12,148	10,034	7,084	5,420	24,175	**66,923**	**66,923**
derivatives Instruments	-	-	-	-	-	-	-	-
loans and borrowings Interest-bearing	62,100	19,104	1,083	1,083	1,083	1,083	**85,536**	**85,536**
Other liabilities financial	-	-	-	-	-	-	-	-
TOTAL	**151,533**	**31,292**	**11,117**	**8,167**	**6,503**	**24,175**	**233,851**	**232,688**

32.4. Credit risk

The Group enters into transactions exclusively with reputable companies with good creditworthiness. All customers wishing to use trade credit undergo preliminary verification procedures. Furthermore, thanks to ongoing monitoring of receivables, the Group's exposure to the risk of uncollectible receivables is insignificant.

With respect to the Group's other financial assets, such as derivatives, the Group's credit risk arises from the counterparty's inability to make payment, and the maximum exposure to this risk is equal to the carrying amount of these instruments.

The Group monitors the risk of impairment of other financial assets by performing discounted cash flow impairment tests. In the case of contractual assets, however, an individual analysis is performed and a write-down is made under the simplified model described in the following paragraph.

The Group applies a simplified model for calculating impairment allowances for trade receivables (regardless of maturity). The expected credit loss is calculated at the time the receivable is recognized in the statement of financial position and is updated as of each subsequent day ending the reporting period, depending on the number of days the receivable is past due. To estimate expected credit losses on trade receivables, the Group uses a provision matrix estimated based on historical repayment rates of receivables from counterparties. The Group incorporates forward-looking information into the parameters of the expected loss estimation model by adjusting the underlying

default probability factors. The expected credit loss for trade receivables is calculated at the time the receivable is recognized in the statement of financial position and is updated as of each subsequent day ending the reporting period, depending on the number of days the receivable is past due.

The aging structure of receivables is presented in Note 16.

The calculation of impairment rates for individual categories of past-due trade receivables was based on a two-year historical reference period. A matrix was created covering quarterly transition rates of receivables between past-due categories for 8 consecutive historical quarters. For the longest overdue period considered (over 180 days), a recovery rate (so-called "cure") reflecting recoveries from receivables previously deemed uncollectible was also taken into account. These rates were then averaged, and on this basis, the final parameters of impairment allowances were calculated for individual quarterly delinquency categories, with values ranging from 2.29% for non-delinquent receivables to 56.78% for receivables over 180 days past due.

A significant increase in risk occurs when receivables are past due for more than 180 days. This is due to the specific nature of the Group's operations and the industry in which it operates—which is characterized by longer payment terms. However, extending the payment overdue period does not affect the Group's ability to repay its liabilities and does not increase credit risk. The Group monitors risks related to the potential consequences of longer payment terms on an ongoing basis.

In the current period, the Group did not make any adjustments to the calculated ratios for expected future changes in receivables collectability (so-called forward-looking adjustments), as, in the Management Board's assessment, the calculation based on the last 8 quarters adequately reflects the expected levels of credit losses in the receivables portfolio.

Note 33. INCENTIVE PROGRAM

Adoption of the Incentive Program for members of the management of the SECO/WARWICK Capital Group for the years 2022–2024.

SECO/WARWICK S.A. Incentive Program

On December 15, 2022, the Supervisory Board, by Resolution No. 2/2022, set the individual targets for 2023 for participants in the Incentive Program, as announced by the Company in Current Report No. 11/2022 dated December 15, 2022. Achievement of the individual targets is a condition for granting the Program participants the rights arising from the Program, subject to their remaining in an employment relationship with the Company during the period from January 1, 2023, to December 31, 2023. These targets were approved by the General Meeting by Resolution No. 23 on June 7, 2023.

On December 14, 2023, the Supervisory Board, by Resolution No. 1/2023, set individual targets for 2024 for participants in the Incentive Program, as the Company disclosed in Current Report No. 19/2023 dated December 14, 2023. Achievement of the individual targets is a condition for granting the Program participants the rights arising from the Program, subject to their remaining in an employment relationship with the Company during the period from January 1, 2024, to December 31, 2024. These targets were approved by the General Meeting of Shareholders by Resolution No. 21 on June 13, 2024.

For both the 2023 and 2024 Incentive Programs, the targets relate to the financial and operational indicators of individual subsidiaries, organizational units associated with specific technologies, or the entire Capital Group, depending on the role performed by a given Program participant.

The achievement of the 2023 targets was approved by the Annual General Meeting by Resolution No. 22 of June 13, 2024.

The costs incurred in 2023 in connection with the Incentive Program for the years 2022–2024 amounted to PLN 1,726,000. PLN.

The costs incurred in 2024 in connection with the Incentive Program for the years 2022–2024 amounted to PLN 1,342,000.
PLN

The costs incurred in 2025 in connection with the Incentive Program for the years 2022–2024 amounted to 567 thousand PLN.

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Note 34. LEGAL PROCEEDINGS

Seco/Warwick Corporation (SWC), headquartered in Pennsylvania, United States, together with a Third Party not affiliated with SECO/WARWICK (Third Party), are parties to a legal dispute with Liberty Mutual Insurance (LMI), in which they are demanding additional insurance limits from LMI for the continuation of product liability insurance policies issued to the Third Party between 1982 and 1986. SWC and the Third Party are seeking coverage for claims brought against them in connection with product liability lawsuits initiated by private individuals who claim to have suffered health damage caused by asbestos as a result of exposure to the Third Party's products manufactured by the predecessors of SWC and the Third Party between 1958 and 1984 (Asbestos-Related Claims). SWC was not incorporated until 1984. Until 2006, SWC was not part of the SECO/WARWICK group.
SWC and the Third Party testified in court that the insurance contract concluded with LMI provides for additional coverage for Asbestos-Related Claims, including the costs of settlements reached with injured parties and legal fees associated with verifying the validity of claims and negotiating settlement terms. LMI maintains that the insurance limits have been exhausted due to specific provisions contained in the policy. SWC and the Third Party disagree with LMI's interpretation of the insurance agreement.
To the best of the Group's knowledge, as of the date of this report, the number of Asbestos-Related Claims filed against SWC is 1,060, of which 340 have been dismissed, 60 have been settled with insurers for a total amount of USD 6,555,000, and in the case of 660, the verification process is currently underway or negotiations are being conducted regarding the terms of a potential settlement with the injured parties.
After more than eleven years of litigation, Seco/Warwick Corporation is participating in the process of finalizing a settlement with insurers regarding product liability claims related to asbestos exposure. The draft settlement provides for adequate insurance coverage and maintains the indemnification obligation on the part of Newell (Sunbeam's legal successor). As of the date of this report, the settlement has not yet been formally concluded, and the completion of all formalities is expected in the third quarter of 2025. The Management Board is currently unable to reliably estimate potential contingent liabilities in this regard; however, the risk of the Company incurring significant costs has been substantially reduced.

Note 35. TAX SETTLEMENTS

Tax settlements and other regulated areas of activity (such as customs or foreign exchange matters) may be subject to audits by administrative authorities, which are authorized to impose substantial fines and sanctions.
Tax settlements may be subject to audit for a period of five years, starting from the end of the year in which the tax was paid. As a result of such audits, the Group's existing tax settlements may be increased by additional tax liabilities.

In the opinion of the Management Board, as of December 31, 2025, there was no need to establish appropriate provisions for recognized and quantifiable tax risks. The Company settles its tax liabilities on an ongoing basis.

Note 36. DECONSOLIDATION OF A SUBSIDIARY

Assets and liabilities held for sale

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

The classification was made in connection with the Company's Management Board's decision to withdraw from the Russian market and to initiate the process of selling 100% of the shares in SWRus. On May 16, 2023, a preliminary sales agreement was concluded with a buyer registered in the Russian Federation. The sale price was set at a symbolic 1 million rubles (approx. PLN 44,000). The finalization of the transaction is contingent upon obtaining the required approvals from the relevant authorities of the Russian Federation.

SWRus assets classified as held for sale in 2024:

	12/31/2025	12/31/2024
Property, plant, and equipment	-	100
Long-term prepaid expenses	-	516
Inventories	-	3,928
Current receivables	-	2,261
Short-term investments	-	6
Total assets held for sale	-	**6,811**

Components of SWRus liabilities classified as held for sale in 2024:

	12/31/2025	12/31/2024
Current liabilities	-	4,253
Total liabilities related to assets held for sale	-	**4,253**

Deconsolidation of a subsidiary

In 2025, due to the loss of practical ability to exercise control over the subsidiary SECO/WARWICK Rus, based in Russia, the parent company updated its analysis of compliance with the criteria for exercising control over a subsidiary as specified in the accounting policy, arising from IFRS 10
"Consolidated Financial Statements." Based on the analysis, the parent company determined that control over SECO/WARWICK Rus ceased as of April 1, 2025, and as of that date, SECO/WARWICK Rus was excluded from consolidation.

Effects of deconsolidation:

- Removal of the subsidiary's assets and liabilities from the consolidated balance sheet,
- Recognition of a loss on discontinued operations in the amount of PLN 2,632 thousand in the statement of comprehensive income,
- Transfer of cumulative foreign currency translation differences from the foreign entity from equity to the income statement as a component of the gain on loss of control,
- The subsidiary's prior-year results (retained earnings) remain part of consolidated equity and are not subject to retrospective adjustment.

Note 37. EVENTS AFTER THE BALANCE SHEET DATE

On January 13, 2026, an Amendment to the Loan Agreement was signed with BNP Paribas Bank Polska Spółka Akcyjna, with a loan repayment date of November 30, 2035. The amount of the Overdraft Facility granted is PLN 50 million, intended to finance current business operations.

On January 26, 2026, an Amendment to the Loan Agreement was signed with mBank S.A., with a loan repayment date of January 31, 2030. The amount of the Overdraft Facility granted is PLN 20 million, intended to finance current business operations.

In the first quarter of 2026, the Company granted loans in the amount of USD 2 million to its subsidiary SECO/WARWICK Corporation and USD 2 million to its subsidiary Retech Systems LLC.

After the balance sheet date, the armed conflict in the Middle East escalated.

The Company's Management Board analyzed the potential impact of this event on the Group's operations. Due to the dynamic nature of the situation and uncertainty regarding its future development, as of the date of preparation of the financial statements, it is not possible to reliably estimate the potential financial effects of this event in future reporting periods.

These events had no impact on the Group's financial or asset position as of the balance sheet date.

Note 38. REMUNERATION OF AUDITORS

In 2025, the Company utilized selected services of an audit firm, such as: the audit of the annual separate financial statements of SECO/WARWICK S.A., the consolidated financial statements of the SECO/WARWICK Capital Group, a review of the semi-annual separate and consolidated financial statements, as well as an assessment of the remuneration reports of the Supervisory Board and the Management Board. In addition, the audit firm also audited the financial statements of Seco/Warwick Services.

The total remuneration of the entities authorized to audit the financial statements for the years 2025 and 2024 is presented in the table below.

Remuneration of entities authorized to audit financial statements for the years 2025 and 2024.

Type of service	Remuneration for 2025 in PLN thousand	Remuneration for 2024 in thousands of PLN
Audit of the annual financial statements	841	773
Review of financial statements	305	266
Other services	29	28
Total	**1,175**	**1,067**

Approval of the financial statements

The Management Board of SECO/WARWICK S.A. hereby approves these consolidated financial statements of the SECO/WARWICK Capital Group for the fiscal year ended December 31, 2025. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable national accounting regulations, as well as internal procedures and group directives. The Management Board confirms that the financial statements present a true and fair view of the financial position and financial performance of the SECO/WARWICK Capital Group.

Date: April 23, 2026

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 – Piotr Walasek