SECO/WARWICK
INVENTION MEETS RELIABILITY



SEPARATE FINANCIAL STATEMENTS

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

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SEPARATE STATEMENT OF COMPREHENSIVE INCOME

(figures in thousands of PLN)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Revenue	*1*	**334,349**	**285,956**
Cost of sales	*3*	**-255,229**	**-224,100**
Gross profit		**79,119**	**61,855**
Other operating income	*4*	2,354	3,903
Cost of sales	*3*	-19,829	-19,438
General and administrative expenses	*3*	-31,328	-28,801
Impairment of receivables and contract assets	*4*	-290	-1,568
Other operating expenses	*4*	-2,987	-4,659
Operating income		**27,039**	**11,293**
Financial income	*5*	12,632	15,382
Financial expenses	*5*	-11,019	-5,154
Gross profit		**28,652**	**21,520**
Income tax	*6*	-4,111	-617
Net income		**24,541**	**20,903**

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
Net income	**24,541**	**20,903**
OTHER COMPREHENSIVE INCOME:		
Items not reclassified to profit/(loss) in subsequent reporting periods:	-	-
Actuarial gains on the defined benefit pension plan	-	-
Items that may be reclassified to profit/(loss) in subsequent reporting periods:	**116**	**-1,652**
Valuation of cash flow hedging derivatives	115	-1,652
Other comprehensive income, before tax	116	-1,652
Income tax on other comprehensive income		
Income tax related to components of other comprehensive that will not be reclassified to profit or loss	-	-

Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-22	314
Total other comprehensive income		**94**	**-1,339**
Total comprehensive income		**24,634**	**19,564**

EARNINGS PER SHARE:	*7*		
- basic earnings (basic loss) per share		3.59	2.42
- diluted earnings (diluted loss) per share		3.59	2.40

SEPARATE STATEMENT OF FINANCIAL POSITION

(figures in thousands of PLN)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Property, plant, and equipment	*9*	52,240	50,783
Right-of-use assets	*9*	6,616	7,868
Investments in related entities	*11*	84,582	84,273
Intangible assets	*10*	46,180	48,763
Long-term receivables	*15*	2,709	833
Other financial assets	*16*	191	3
Non-current assets		**192,518**	**192,523**
Inventories	*13*	38,038	44,590
Trade receivables and other short-term receivables	*15*	72,207	54,575
Income tax receivables	*15*	2,659	4,231
Other financial assets	*16*	2,546	1,764
Other non-financial assets	*17*	1,064	2,465
Contract costs	*14*	115	140
Contract assets	*14*	61,414	52,629
Cash and cash equivalents	*18*	19,088	51,016
Current assets other than those held for sale		**197,130**	**211,410**
Assets classified as held for sale		-	-
Current assets		**197,130**	**211,410**
TOTAL ASSETS		**389,648**	**403,933**

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

SEPARATE STATEMENT OF FINANCIAL POSITION

(figures in thousands of PLN)

	Note	December 31, 2025	December 31, 2024
LIABILITIES			
Common stock	*19*	3,237	3,557
Share premium	*19*	78,666	78,666
Treasury stock	*19*	-16,562	-18,536
Other reserve capital	*19*	39,959	44,325
Retained earnings	*19*	82,360	104,605
Equity		**187,660**	**212,617**
Loans and borrowings	*20*	22,316	1,036
Lease liabilities	*21*	3,887	4,392
Derivative financial instruments	*16*	-	20
Deferred income tax provision	*6*	11,355	7,761
Employee benefit liabilities	*23*	1,473	1,172
Long-term liabilities		**39,032**	**14,381**
Loans and borrowings	*20*	54,391	56,195
Lease liabilities	*21*	1,961	2,472
Derivative financial instruments	*16*	0	163
Trade payables and other liabilities	*22*	41,562	35,274
Employee benefit liabilities	*23*	19,093	16,403
Other provisions	*24*	6,198	7,079
Deferred revenue		3,979	0
Contractual liabilities	*14*	35,772	59,350
Liabilities directly related to non-current assets classified as held for sale		-	-
Current liabilities		**162,956**	**176,935**
Total liabilities		**201,988**	**191,316**
TOTAL LIABILITIES		**389,648**	**403,933**

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

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		**28,652**	**21,520**
Total adjustments:		**-21,766**	**31,443**
Depreciation	3	9,384	8,526
(Gains)/losses on foreign exchange		-8	46
Adjustments for financial income (expenses)	*25*	-396	-5,798
Gain (loss) on investing activities	*25*	1,481	-1,247
Changes in balance sheet items:			
Change in provisions	*25*	2,111	2,423
Change in inventory		6,553	10,202
Change in accounts receivable		-19,452	12,199
Change in current liabilities, excluding financial liabilities	*25*	5,989	-18,915
Change in contract assets and liabilities		-32,338	27,019
Change in accruals and deferrals		5,380	-5,363
Change in foreign currency derivatives	*25*	-1,038	1,009
Adjustments for share-based payments		567	1,342
Cash proceeds from operating activities		**6,886**	**52,964**
Income tax paid		1,347	-2,397
Net cash from operating activities		**8,233**	**50,567**
CASH FLOWS FROM INVESTING ACTIVITIES	*25*		
Proceeds from the sale of intangible assets and fixed assets		55	104
Dividends received		5,677	9,896
Capital expenditures on intangible and tangible assets fixed		-6,239	-12,510
Capital increase in subsidiaries		-2,421	-13,452
Net cash from investing activities		**-2,928**	**-15,962**
CASH FLOWS FROM FINANCIAL ACTIVITIES	*25*		
Proceeds from borrowing		24,963	23,113
Proceeds from the sale or issuance of treasury shares		6	24
Grants received		665	-
Purchase of treasury stock		-41,429	-
Dividends and other distributions to owners	*8*	-8,735	-8,616
Repayment of loans		-5,487	-9,104
Payments of lease obligations		-1,629	-1,832
Interest		-5,595	-4,706

Net cash from financing activities	**-37,243**	**-1,122**
Increase (decrease) in cash and cash equivalents cash equivalents before the effects of exchange rate changes	**-31,937**	**33,483**
Effects of exchange rate changes on cash and cash equivalents	8	-46
Increase (decrease) in cash and cash equivalents cash equivalents	**-31,928**	**33,437**
Cash at the beginning of the period	**51,016**	**17,579**
Cash at the end of the period	**19,088**	**51,016**

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

(figures in thousands of PLN)

	Share from	Retained earnings from the share premium over the par value of shares	Treasury Treasury	Other reserve Reserve	Retained earnings	Total Total equity
Note	*19*	*19*	*19*	*19*	*8.19*	
Equity as of January 1, 2025	**3,557**	**78,666**	**-18,536**	**44,325**	**104,605**	**212,617**
Profit for the period	-	-	-	-	24,541	24,541
Other comprehensive income	-	-	-	93	-	93
Total comprehensive income for the fiscal year	**-**	**-**	**-**	**93**	**24,541**	**24,634**
Sale of treasury shares under the incentive program	-	-	-	6	-	6
Value of treasury shares sold under the incentive program	-	-	417	-417	-	-
Purchase of treasury stock	-	-	-41,429	-	-	-41,429
Redemption of treasury stock	-320	-	42,987	-	-42,667	-
Creation of a reserve fund for the repurchase of treasury shares	-	-	-	23,000	-23,000	-
Reversal of the reserve established for the purchase of treasury shares treasury	-	-	-	-27,615	27,615	-
Dividend payment	-	-	-	-	-8,735	-8,735
Valuation of the executive stock option plan	-	-	-	567	-	567
Changes in equity	**-320**	**-**	**1,974**	**-4,366**	**-22,246**	**-24,958**
Equity as of December 31, 2025	**3,237**	**78,666**	**-16,562**	**39,959**	**82,360**	**187,660**
Equity as of January 1, 2024	**3,557**	**78,666**	**-20,268**	**46,030**	**92,320**	**200,304**
Profit for the period	-	-	-	-	20,903	20,903
Other comprehensive income	-	-	-	-1,338	-	-1,338
Total comprehensive income for the fiscal year	**-**	**-**	**-**	**-1,338**	**20,903**	**19,565**
Sale of treasury shares under the incentive program	**-**	**-**	**-**	24	**-**	24
Value of treasury shares sold under the incentive program	**-**	**-**	1,732	-1,732	**-**	-
Dividend payment	-	-	-	-	-8,616	-8,616
Valuation of the executive stock option plan	-	-	-	1,342	-	1,342
Changes in equity	**-**	**-**	**1,732**	**-1,705**	**12,287**	**12,315**
Equity as of December 31, 2024	**3,557**	**78,666**	**-18,535**	**44,326**	**104,608**	**212,619**

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



SUPPLEMENTARY INFORMATION TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

I. GENERAL INFORMATION

1. Entity data

SECO/WARWICK Spółka Akcyjna, with its registered office in Świebodzin (hereinafter: the Issuer, the Company, the Parent Company), is the parent company of the SECO/WARWICK Capital Group (hereinafter: the Capital Group, the Issuer's Capital Group, the Group). 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.

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

Explanation of changes in the reporting entity's name or other identifying information that have occurred since the end of the previous reporting period: no changes have occurred

Entity's registered office: 66-200 Świebodzin, ul. Sobieskiego 8

Legal form of the entity: Joint-stock company

Country of registration: Poland

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

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

Primary place of business: Poland

Description of the nature and primary scope of operations: 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

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

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

REGON statistical number: 970011679

Primary business activity according to PKD:

28.21.Z	Manufacture of furnaces, fireboxes, and furnace burners,
25.30.Z	Manufacture of fabricated metal products, except machinery and equipment
33	Repair, maintenance, and installation of machinery and equipment
46,64,Z	Wholesale trade, excluding trade in motor vehicles
49	Land transport and pipeline transport
52	Warehousing and support activities for transportation
62	Software and IT consulting IT and related activities
71	Architectural and engineering activities; technical research and analysis
72.10,Z	Research and development
64,20,Z	Activities of financial holding companies

2. Duration

The company's duration is indefinite.

3. Periods presented

These separate financial statements of the Company cover the 12-month period ended December 31, 2025.

Comparative data is presented:

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

4. The Management Board and Supervisory Board of 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

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting as of December 31, 2025, are as follows:

Shareholders	Number of shares	Participation in in share capital (%)	Number votes	Share in of the total votes at the General Meeting (%)
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 Joint Stock Company	475,768	5.66%	475,768	5.66%
PKO BP Bank Open-Ended Pension Fund	464,484	5.53%	464,484	5.53%

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting as of the date of submission of this report are as follows:

Shareholders	Number of shares	Share in share (%) (%)	Number votes	Share of total 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 Fund Funds (475,768) Closed Joint-Stock Company	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 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, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies.

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 Ordinary General Meeting dated June 9, 2025 – regarding the verification of the achievement of the Annual Goals 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 Company's retained earnings. Details of transactions involving treasury shares are disclosed in Note 19 of these financial statements.

7. Subsidiaries and Associates

As of December 31, 2025, SECO/WARWICK S.A. was the parent company of the following subsidiaries:

- 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 entity:

- 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:

Entity Name	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 oversight and provision of strategic management services .	**Not applicable**

		Manufacture of for thermal metals.	
Direct and indirect subsidiaries			
of SECO/WARWICK Corp.	Meadville (USA)	Sales and distribution of vacuum furnaces, service operations, and manufacturing of equipment for heat treatment of metals	**100%**
SECO/WARWICK of Delaware, Inc	Wilmington (USA)	Holding company and registration Trademarks and patents, and licensing of their use by SECO/WARWICK Corp.	**100%**
Retech Systems LLC	Buffalo (USA)	Retail and service activities, and manufacture of metallurgical equipment for melting and vacuum casting of metals and special alloys.	**100%**
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of equipment for heat treatment heat treatment of metals.	**93%**
Retech Tianjin Holdings LLC	(USA)	Holding company activities.	**80%**
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia.	**50%**
SECO/WARWICK Germany GmbH	Bedburg-Hau (Germany)	Sales and service operations.	**100%**
SECO/WARWICK Services Sp. z o.o.	Świebodzin	Service operations.	**100%**
SECO/WARWICK INDIA PVT. Ltd., Mumbai (India)		Sales, service operations, and manufacturing of for thermal of	**100%**
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)	DUBAI (UAE)	Brokerage in sales of SECO/WARWICK Group products.	**100%**

II. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for publication by the Management Board on April 23, 2026.

III. IMPACT OF THE WAR IN UKRAINE ON THE COMPANY'S SITUATION

As of the date of this report, the armed conflict in Ukraine has no material adverse impact on the Company's operations. However, based on current observations, the Company 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 inflation (stagflation),
- increased geopolitical risk translating into the risk of reduced investment activity in the industries served by the Company,
- deepening disruptions in supply chains—problems with the availability of certain components, raw materials, and supplies, such as steel, or significant increases in their prices,
- high energy costs (electricity, fuels, and natural gas),
- IT risks.

IV. BASIS FOR PREPARATION OF THE REPORT

1. Basis of preparation

These 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-a Member State ("Regulation").

These separate financial statements of the Company should be read in conjunction with the consolidated financial statements approved for publication by the Management Board and published on the same day as the separate financial statements.

2. Going concern assumption and comparability of financial statements

The financial statements have been prepared on the assumption that the Company 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 Company's Management Board conducted an analysis of the Company'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 the analysis conducted, the Company's Management Board has not identified any significant uncertainties regarding the Company'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 do not have a direct impact on the Company's operations, including the assumption of going concern. However, the Management Board is mindful of the fact that military operations in Ukraine are characterized by high volatility and uncertainty, which may affect the Company's financial results in future periods.

3. Events that were not, but should have been, recognized in the financial statements for the reporting period

As of the date of preparation of the 2025 financial statements, there were no events that were not, but should have been, recognized in the accounting records for the reporting period. At the same time, these financial statements do not include any significant events relating to prior years.

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

The 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 Company takes into account the characteristics of the asset or liability in question if market participants consider these characteristics 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 Company's financial statements.

Summary of Significant Accounting Policies

Presentation of the Statement of Financial Position

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

Presentation of the Statement of Comprehensive Income

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

Earnings per share

Basic net earnings per share for each period are calculated as the quotient of net earnings 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 Company 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 Company 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,
- it is possible to reliably measure the costs incurred.

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

The Company 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 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 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 Company's intangible assets is as follows:

Description	Capitalized development costs Development costs	Patents and licenses	Computer computer
Useful lives	5–20 years	5–20 years	5–15 years
Depreciation method	Depreciated using the straight-line method after completion of work	Depreciated over the term of the contract 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	An annual assessment of whether there are any 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 Company presents the settlement of grants received as a reduction in depreciation expenses related to these assets.

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 typically:

Buildings and structures	10 to 40 years
Technical equipment and machinery	5 to 30 years
Vehicles	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 Company 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.

Interests in related parties

Interests and shares in subsidiaries, associates, and joint ventures are recognized at historical cost, net of impairment losses.

Financial assets and liabilities

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 Company classifies a financial asset based on the Company's business model for managing financial assets and the characteristics of the contractual cash flows for the financial asset (the so-called "SPPI criterion"). The Company 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 Company 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 Company 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 Company 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.

Recognition and measurement of financial liabilities

Loan liabilities and other financial 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 payables

Current trade payables are stated at the amount payable.

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 valuation of cash flow hedging derivatives is recognized in the Company's equity. When the transaction for which the forward currency contract was entered into affects the statement of comprehensive income, the valuation originally 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 planned 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 and net realizable value. Write-downs of inventories to net realizable value are made to the net recoverable amount.

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 separate 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 Company 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 Company 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 to the extent that it is no longer probable that sufficient taxable income will be available to allow the deferred tax asset to be realized 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 the 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 Company 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 concerning value-added tax, corporate income tax, and social security contributions are subject to frequent changes. These changes result in a lack of appropriate reference points, inconsistent interpretations, and few established precedents that could be applied. The applicable regulations also contain ambiguities that lead to differences of opinion 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 audit 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 payment 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 the tax law. Under GAAR, such an act does not result in a tax advantage if the method of operation 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 these provisions will enable Polish tax authorities to challenge arrangements and agreements entered into by taxpayers, such as group restructuring and reorganization.

The Company 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 uncertainties related to tax settlements.

When there is uncertainty as to whether and to what extent the tax authority will accept specific tax treatments of transactions, the Company recognizes these treatments taking into account the assessment of uncertainty.

The Company has unutilized capital gains losses; however, there are no significant uncertainties regarding their utilization in future years.

Provisions

Provisions are recognized when the Company 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 Company 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 reimbursements. 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 Company establishes the following types of provisions:

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

The assumptions used to make estimates and the amount of 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 Company 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 Company recognizes PPK contribution costs in the same expense category in which it recognizes the salary costs on which they are calculated. Liabilities related to PPK are presented under other liabilities.

Share-based payments

The Company'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 plan. The fair value of shares granted under the Incentive Plan is recognized as an employee benefit expense. Concurrently, 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 the vesting of rights (related to the Company's share price) and conditions other than those for the vesting of rights are taken into account.

The cost of equity-settled transactions is recognized together with the corresponding increase in equity over 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 specified 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 Company'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.

In the event of the cancellation of an equity-settled award, it is treated as if the rights to it were vested on the date of cancellation, and any costs related to the award that have not yet been recognized are recognized immediately. This also applies to awards where conditions other than vesting conditions that are within the control of the Company or the employee are not met. However, if a canceled award is replaced with a new award—designated as a replacement award on the date of grant—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 Company purchases its own shares on the market on the grant date and holds them as treasury shares until the vesting date. 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 Company's obligations to provide services or deliver equipment to a customer for which the Company 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, in situations where these 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—that is, costs that the entity would not have incurred had the contract not been concluded. The Company 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 Company's assets that will be used to fulfill (or continue to fulfill) obligations to provide future performance.

Additional costs incurred to secure 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 Company 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 consideration the Company expects to receive in exchange for the transfer of promised goods or the performance of promised services.

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

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

The Company applies IFRS 15 Revenue from Contracts with Customers to all contracts with customers, except 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 Company 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 Company 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 Company is able to identify the rights of each party regarding the goods or services to be delivered;
- The Company 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 Company's future cash flows, their timing, or their amount); and
- it is probable that the Company 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 the contract is concluded, the Company 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 Company's obligation to perform the service for the customer can be identified as distinct from other obligations specified in the contract.

Transaction Price

To determine the transaction price, the Company considers the terms of the contract and its customary business practices. The transaction price is the amount of consideration that the Company 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 Company 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 Company 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 Company expects to receive in exchange for transferring the promised goods or services to the customer.

Fulfillment of performance obligations

The Company recognizes revenue when it satisfies (or in the process of satisfying) a performance obligation by transferring the promised goods or services to the customer. The Company recognizes the promised

goods and installation services as a single performance obligation, given that these services 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 (for example, work in progress), and the entity exercises control over 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 Company transfers control over 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 defined as 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 Company 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 Company 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 rewards of ownership of the asset,
- the customer has accepted the asset.

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

Methods for 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 of completing the contract. Actual costs consist of costs incurred by the Company and costs of cooperation (subcontractors).

Advance payments on contracts

Advance payments (prepayments) 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 contract revenue 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 prior reporting periods. For contracts where the price is denominated in a currency other than the functional currency, the exchange rate used for partial invoicing is applied first to the extent of the contract's progress when calculating revenue at the end of the reporting period. 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 the 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 Company 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 subject of the service is not merely 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 Company 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 Company 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 lease commencement date, the Company 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 due, 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 Company will exercise it, and penalty payments for terminating the lease if the lease terms provide for the Company's right 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 Company 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 the lease liability

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 Company 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 Company also applies the exemption regarding the recognition of leases of low-value assets. The low-value threshold 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 Company as a Lessor

Lease agreements under which the Company 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 course of negotiating operating lease agreements are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental revenue. 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

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

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 exchange rate of the NBP 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 Company's financial statements requires the Management Board to make judgments, estimates, and assumptions that affect the reported revenues, costs, 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 Company reviews the adopted useful lives annually based on current estimates.

Depreciation rates for right-of-use assets

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

The Company's lease liabilities are secured by the lessor's title to the leased asset. Generally, the Company 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 Company does not have lease interest rates specified in the agreements and uses marginal interest rates on debt. The marginal interest rate is the rate the Company 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%

Significant judgments and estimates in determining the lease term for contracts with extension options

The Company determines the lease term as the irrevocable 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 Company has the option, under certain lease agreements, to extend the lease term of the assets. The Company 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 Company 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 Company 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 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 Company 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 Company is unable to distinguish between the research phase and 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 solely during the research phase.

Impairment of costs incurred for development work

The Company 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 Company's assets to Cash-Generating Units. Intangible assets in the form of development costs are tested at the group of units level together with corporate assets.

Impairment of shares in subsidiaries

The Company performed impairment tests on its equity interests in subsidiaries for which indicators of impairment were identified. This required estimating the value in use of the individual subsidiaries subject to the impairment test. Estimating the value in use involves determining the future cash flows generated by the company and requires establishing a discount rate to be used in calculating the present value of those cash flows. The assumptions adopted for this purpose are presented in the note.

Impairment of other non-current assets

Other assets, except for 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 Company 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 at the Company are paid in accordance with the provisions of Article 92 of the Labor Code. An actuarial valuation of long- and short-term benefits is performed at the end of each fiscal year.

Provisions for warranty costs

The Company 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 Company 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.

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 a given contract, based on the Company's best judgment (cost-to-cost method).

At the end of each reporting period, the Company 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 deferred recognition 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 Company 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 standards or amendments to existing standards effective for reporting periods beginning on or after January 1, 2025, the Company 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.

New standards, interpretations, and amendments to existing standards effective in 2025.

- **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 Company's 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 agreements on financial results. This amendment had no impact on the Company's 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 and to introduce disclosure requirements regarding the impact of such estimates on the financial statements. This amendment had no impact on the Company's financial statements.

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

  The amendments concern:
  • 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.

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	The introduction of a requirement for additional defined subtotals in the income statement, the introduction of a requirement to disclose information about performance measures defined by management, and the addition of new rules for grouping (aggregation and disaggregation) 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.

Standards and Interpretations	Type of anticipated change in accounting principles
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture." Effective date deferred 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 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 Company has not opted for early adoption of any standard, interpretation, or amendment that has been published but has not yet become effective.
The Company'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 SEPARATE 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 V, subsection *Revenue*.

The Company'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	334,034	284,740
- including revenue recognized over time	*309,585*	*258,611*
Sales of goods and materials	315	1,216
TOTAL sales revenue	**334,349**	**285,956**
Other operating revenue	2,354	3,903
Financial income	12,632	15,382
TOTAL revenue	**349,335**	**305,241**

Sales revenue by geographic market:

Breakdown	Jan. 1, 2025 – 12/31/2025	Jan. 1, 2024 – 12/31/2024
Europe	211,172	177,188
USA	30,652	36,552
Asia	61,192	59,081
Other	31,332	13,135
TOTAL revenue	**334,349**	**285,956**

All sales revenue recognized by the Company is recorded in accordance with IFRS 15.

Revenue by product type	Jan. 1, 2025 – December 31, 2025	Jan. 1, 2024 – 12/31/2024
Vacuum Ovens	123,772	127,187
Melting Furnaces	88,147	74,243
Aluminum Process	93,585	46,768
Aftersales - service	28,845	37,758
TOTAL revenue	**334,349**	**285,956**

Note 2. OPERATING SEGMENTS

Information regarding individual operating segments is presented in the consolidated financial statements of the SECO/WARWICK Capital Group (Note 2 to the consolidated financial statements for the 12-month period ended December 31, 2025).

Note 3. OPERATING EXPENSES

COST OF GOODS AND SERVICES SOLD

COSTS BY TYPE	January 1, 2025 – 12/31/2025	Jan. 1, 2024 – 12/31/2024
Depreciation	9,384	8,526
Consumption of materials and energy	134,320	117,447
External services	45,976	38,728
Taxes and fees	1,336	1,125
Salaries	83,456	79,411
Social security and other benefits	19,244	18,354
Other operating expenses	13,577	13,297
Total costs by type, including:	**307,292**	**276,888**
Cost of sales	-19,829	-19,438
General and administrative expenses	-31,328	-28,801
Change in inventory	6,824	11,249
Cost of manufacturing products for own use	-7,729	-15,797
Cost of goods and services sold	**255,229**	**224,100**

DEPRECIATION AND AMORTIZATION EXPENSES RECOGNIZED IN THE STATEMENT OF COMPREHENSIVE INCOME INCOME	Jan. 1, 2025 – 12/31/2025	01/01/2024 – 12/31/2024
Items included in cost of sales:	**7,882**	**6,820**
Depreciation of property, plant, and equipment	3,081	2,571
Depreciation of right-of-use assets	1,071	1,055
Amortization of intangible assets	3,730	3,193
Items included in cost of sales	**767**	**805**
Depreciation of property, plant, and equipment	402	413
Depreciation of right-of-use assets	157	185
Amortization of intangible assets	208	208
Items included in general and administrative expenses:	**735**	**901**
Depreciation of property, plant, and equipment	107	105
Depreciation of right-of-use assets	535	705
Amortization of intangible assets	92	91

EMPLOYEE BENEFIT COSTS

EMPLOYMENT COSTS	Jan. 1, 2025 – 12/31/2025	January 1, 2024 – 12/31/2024
Salaries	83,456	79,411
Social security costs	19,244	18,354
Total employee benefit costs, including:	**102,699**	**97,765**
Items included in cost of sales	68,043	67,945
Items included in cost of sales	9,339	8,624
Items included in general and administrative expenses	25,317	21,196

SALES AND GENERAL ADMINISTRATIVE EXPENSES

SALES COSTS	Jan. 1, 2025 – 12/31/2025	Jan. 1, 2024 – 12/31/2024
Depreciation	767	805
Consumption of materials and energy	206	167
Services	747	1,310
Taxes and fees	23	18
Salaries	7,888	7,146
Social security and other benefits	1,681	1,470
Business travel	766	709
Advertising costs	1,343	1,375
Other costs	6,409	6,438
Total	**19,829**	**19,438**

GENERAL ADMINISTRATIVE EXPENSES	Jan. 1, 2025 – 12/31/2025	Jan. 1, 2024 – 12/31/2024
Depreciation	612	770
Consumption of materials and energy	505	439
Services	3,849	3,203
Taxes and fees	90	97
Salaries	16,446	14,146
Social security and other benefits	2,824	2,608
Business travel	487	547
Property insurance	1,453	1,460
Other expenses	5,061	5,531
Total	**31,328**	**28,801**

Note 4. OTHER OPERATING REVENUES AND EXPENSES

OTHER OPERATING REVENUES	January 1, 2025 - December 31, 2025	January 1, 2024 - 12/31/2024
Gain on sale of property, plant, and equipment	-	104
Revenue from storage	358	-
Compensation and penalties received	1	1,048
Revenue from the rental of property, plant, and equipment and investment property	189	210
Services provided to subsidiaries	681	766
Settlement of a lease due to failure to exercise the option to purchase the leased asset leased asset	682	1,143
Other	443	633
Total other operating income	**2,354**	**3,903**

OTHER OPERATING EXPENSES	January 1, 2025 - 12/31/2025	Jan. 1, 2024 - 12/31/2024
Creation of an inventory allowance	833	1,398
Loss on sale of property, plant, and equipment	53	-
Legal costs, damages, penalties	751	1,455
Expenses related to revenue from the rental of property, plant, and equipment	520	807
Other	830	998
Total other operating expenses	**2,987**	**4,658**

Impairment of receivables and contract assets	Jan. 1, 2025 - 12/31/2025	Jan. 1, 2024 - 12/31/2024
Change in the impairment allowance for receivables	124	1,568
Change in the value of the impairment allowance for contract assets	166	-
Impairment of receivables and contract assets	**290**	**1,568**

Note 5. FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	Jan. 1, 2025 - 12/31/2025	Jan. 1, 2024 - 12/31/2024
Interest income	139	74
Dividend income	5,991	10,505
Gain on derivatives	6,502	4,803
Total financial income	**12,632**	**15,381**

FINANCIAL EXPENSES	Jan. 1, 2025 - 12/31/2025	Jan. 1, 2024 - 12/31/2024
Interest on bank loans	4,855	4,104
Interest on leases	986	952
Net foreign exchange loss	3,057	84
Write-down of shares in subsidiaries	2,111	-
Other	10	14
Total financial expenses	**11,019**	**5,154**

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	January 1, 2025 - 12/31/2025	Jan. 1, 2024 - 12/31/2024
Current income tax	**539**	**862**
Withholding tax	539	862
Deferred income tax	**3,572**	**-245**
Income tax recognized in net income	**-4,111**	**-617**
Income tax related to other comprehensive income	**22**	**-314**

Deferred income tax reported 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	**28,652**	**21,520**
Tax rate applicable in Poland	**19%**	**19%**
Income tax calculated at the rate applicable in Poland tax	**5.444**	**4089**
Income tax calculated at the applicable rate	**5,444**	**4,089**
Permanent differences between tax and balance sheet costs	426	-248
Permanent differences between tax and balance sheet income	-599	-403
Utilization of tax losses against a portion of capital gains	0	-523
Tax credits	-1,512	-1,764
Other	352	-534
Tax cost	**4,111**	**617**
Effective tax rate	**14%**	**3**

The utilization of tax losses mainly 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	9,916	-	492	9,154	-	348
Contract assets	14,163	-	2,492	11,671	-	319
Asset from right-of-use leases	199	-	199	271	-	271
Valuation of forward contracts	519	-	184	335	-274	-178
Valuation of financial assets	-	-	-	-	-	-
Other	-389	-	-402	14	-	-1
Deferred tax provision	24,409	0	2,965	21,444	-274	758
	Tax assets	deferred				
Provision for retirement and disability benefits	264	-	68	195	-	6
Provision for long-service awards and bonuses	2,241	-	417	1,824	-	-686
Employee benefits for unused vacation	403	-	44	359	-	-18
Provision for losses on contracts	31	-	-1	32	-	1
Provision for warranties	1,138	-	-167	1,304	-	250
Other reserves	10	-	-	10	-	0
Tax losses to be carried forward	-	-	-	0	-	-75
Contractual liabilities	2,289	-	922	1,367	-	973
Salaries and social security contributions payable in subsequent periods	4	-	-1	5	-	1
Lease liabilities	1,058	-	-167	1,224	-	-269
Impairment loss on receivables	1,539	-	51	1,489	-	281
Inventory write-down	1,453	-	126	1,217	-	-654
R&D tax credit	2,482	-	-1,516	3,998	-	1,568
Valuation of forward contracts	-	-22	-13	35	22	13
Other	145	-	-371	626	-	-388
Deferred tax assets	13,054	-22	-607	13,683	22	1,003
Deferred tax provision (net)	11,355			7,761		

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, less treasury shares.

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

Specification	2025	2024
Net income from continuing operations attributable to shareholders	24,542	20,903
Net income attributable to shareholders of the parent company	24,542	20,903
Net income attributable to common shareholders, used to calculate earnings per share	**24,542**	**20,903**
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	8,648,193
Earnings per share in PLN	**3.59**	**2.42**
Dilution effect:		
Number of potential shares issued under the Incentive Plan*	-	45,000
Number of potential shares issued at market price	-	-2,166
The adjusted weighted-average number of common shares used to calculate diluted earnings per share	6,832,899	8,691,027
Diluted earnings per share in PLN	**3.59**	**2.41**

*The incentive program is described in Note 31.
The weighted-average number of shares is the number of shares less treasury shares.

In accordance with IAS 33, the Company calculates diluted earnings per share, taking into account shares conditionally issued under the Incentive Program described in Note 31. 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 the payment of dividends to the Company's shareholders. The dividend per share amounted to 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.

Breakdown	Current year	Previous year
Dividends recognized as distributions to owners per share	PLN 1.0	PLN 1.0

Dividends proposed or declared by the date the financial statements were approved for publication, but not recognized as paid 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 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 of transport	Other tangible fixed assets	Total
Gross carrying amount as of Jan. 1, 2025	**32**	**43,099**	**30,101**	**1,118**	**5,406**	**79,755**
Increases, due to:	**-**	**2,373**	**2,187**	**20**	**605**	**5,186**
purchases	-	2,373	1,177	20	605	4,175
other	-	-	1,011	-	-	1,011
Decreases due to:	**-**	**36**	**8**	**199**	**-**	**243**
disposal	-	-	8	199	-	207
liquidation	-	36	-	-	-	36
Gross carrying amount as of December 31, 2025	**32**	**45,437**	**32,280**	**939**	**6,010**	**84,698**
Amortization as of January 1, 2025	**-**	**12,267**	**14,714**	**895**	**3,203**	**31,078**
Increases, due to:	**-**	**1,375**	**2,049**	**39**	**372**	**3,836**
depreciation	-	1,375	1,834	39	372	3,621
other	-	-	215	-	-	215
Decreases due to:	**-**	**28**	**8**	**93**	**-**	**129**
disposal	-	-	8	93	-	101
liquidation	-	28	-	-	-	28
Amortization as of December 31, 2025	**-**	**13,614**	**16,755**	**842**	**3,574**	**34,785**
Impairment losses as of January 1, 2025	-	-	-	-	-	-
Impairment losses as of December 31, 2025	-	-	-	-	-	-
Net book value as of Dec. 31, 2025	**32**	**31,823**	**15,525**	**98**	**2,436**	**49,913**

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

Description	Land	Buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
Gross carrying amount as of January 1, 2024	**32**	**40,557**	**23,978**	**1,393**	**4,895**	**70,855**
Increases, due to:	**-**	**2,860**	**6,992**	**-**	**731**	**10,584**
purchases	-	2,422	3,859	-	731	7,012
other	-	438	3,133	-	-	3,571
Decreases due to:	**-**	**318**	**869**	**274**	**221**	**1,683**

disposal	-	-	205	272	-	476
liquidation	-	318	664	3	221	1,206
Gross carrying amount as of Dec. 31, 2024	**32**	**43,099**	**30,101**	**1,118**	**5,406**	**79,755**
Amortization as of January 1, 2024	**-**	**10,981**	**13,458**	**1,097**	**3,034**	**28,571**
Increases, due to:	**-**	**1,374**	**2,123**	**73**	**385**	**3,955**
depreciation	-	1,180	1,493	73	385	3,132
other	-	193	630	-	-	824
Decreases due to:	**-**	**88**	**868**	**274**	**217**	**1,448**
disposals	-	-	205	272	74	551
liquidation	-	88	663	3	143	897
Amortization as of December 31, 2024	**-**	**12,267**	**14,714**	**895**	**3,203**	**31,078**
Impairment losses as of January 1, 2024 year	-	-	-	-	-	-
Impairment losses as of December 31, 2024	-	-	-	-	-	-
Net book value as of Dec. 31, 2024	**32**	**30,832**	**15,387**	**223**	**2,203**	**48,677**

As of December 31, 2025, the Company analyzed indicators from external and internal sources of information regarding the need to perform an impairment test on assets. The analysis did not identify any such indicators suggesting impairment of the Company's fixed assets; therefore, no impairment test was performed.

The Company recognizes write-downs of property, plant, and equipment in the statement of comprehensive income under other operating expenses. There were no write-downs of property, plant, and equipment in the current or prior year.

ASSETS RELATED TO RIGHTS OF USE

As of December 31, 2025, the Company has lease agreements primarily related to its vehicle fleet. These agreements included extension and termination options. The Company has lease agreements containing guaranteed residual values; however, these have been included in the measurement of lease liabilities.

Changes in right-of-use assets (by category) – for the period January 1, 2025–December 31, 2025

Description	Land	Buildings and structures	Machinery and equipment	Means of transport	Total
Gross book value as of January 1, 2025	**2,625**	**1,475**	**2,682**	**4,996**	**11,778**
Increases, due to:	**400**	**636**	**-**	**676**	**1,713**
new lease agreements	400	-	-	676	1,077
contract amendments	-	636	-	-	636
Decreases due to:	**-**	**-**	**1,011**	**1,833**	**2,844**
liquidation	-	-	-	1,833	1,833
other	-	-	1,011	-	1,011
Gross book value as of December 31, 2025	**3,025**	**2,112**	**1,671**	**3,839**	**10,647**

Amortization as of January 1, 2025	**207**	**1,041**	**444**	**2,218**	**3,910**
Increases, due to:	**42**	**387**	**279**	**1,059**	**1,766**
depreciation	42	387	279	1,059	1,766
Decreases due to:	**-**	**-**	**215**	**1,430**	**1,645**
liquidation	-	-	-	1,430	1,430
other	-	-	215		215
Amortization as of December 31, 2025	**249**	**1,428**	**508**	**1,847**	**4,031**
Net book value as of December 31, 2025	**2,776**	**684**	**1,163**	**1,993**	**6,616**

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

Specification	Land	Buildings and structures	Machinery and equipment	Means of transport	Total
Gross book value as of January 1, 2024	**2,641**	**1,538**	**4,823**	**7,894**	**16,896**
Increases due to:	**-**	**519**	**993**	**1,312**	**2,824**
new lease agreements	-	502	993	1,312	2,807
other	-	17	-	-	17
Decreases, due to:	**17**	**582**	**3,133**	**4,210**	**7,942**
liquidation	-	582	-	4,210	4,792
other	17	-	3,133	-	3,150
Gross carrying amount as of December 31, 2024	**2,625**	**1475**	**2682**	**4996**	**11778**
Redemption as of January 1, 2024	**170**	**1,098**	**902**	**4,066**	**6,235**
Increases, due to:	**37**	**347**	**173**	**1,398**	**1,954**
depreciation	37	347	173	1,398	1,954
Decreases due to:	**-**	**404**	**630**	**3,246**	**4,280**
disposals	-	404	-	-	404
liquidation	-	-	-	3,246	3,246
other	-	-	630		630
Amortization as of December 31, 2024	**207**	**1,041**	**444**	**2,218**	**3,910**
Net book value as of December 31, 2024	**2,418**	**434**	**2,238**	**2,778**	**7,868**

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

		Settlement of expenditures				
Property, plant, and equipment under construction as of January 1, 2025	*Expenditures incurred during the fiscal year*	*Buildings, premises and civil engineering structures*	*Technical equipment and machinery*	*Means of transport*	*Other tangible As of*	*As of December 31, 2025*
2,106	**4,254**	2,183	1,851	-	-	**2,326**

Property, plant, and equipment	Incurred expenditures	Settlement of expenses				Status as of
fixed assets under construction Balance as of 01/01/2024	in the fiscal year	Buildings, premises and civil engineering structures	Equipment technical equipment and machinery	Means of transport	Other tangible fixed assets	12/31/2024
444	**9,667**	1,813	6,192	-	-	**2,106**

Note 10. INTANGIBLE ASSETS

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

Description	Development costs	Patents, concessions, licenses, software	Other Intangible	Total
Gross carrying amount as of Jan. 1, 2025	**61,893**	**11,340**	**4,955**	**78,187**
Increases, due to:	**1,443**	**-**	**-**	**1,443**
acquisitions	1,443	-	-	1,443
Decreases, due to:	**148**	**-**	**-**	**148**
other	148	-	-	148
Gross book value as of December 31, 2025	**63,188**	**11,340**	**4,955**	**79,482**
Accumulated depreciation as of January 1, 2025	**16,355**	**7,853**	**4,639**	**28,845**
Increases, due to:	**3,472**	**464**	**141**	**4,077**
depreciation	3,472	433	141	4,046
other	-	31	-	31
Decreases due to:	**-**	**-**	**31**	**31**
-other	-	-	31	31
Amortization as of December 31, 2025	**19,827**	**8,317**	**4,749**	**32,891**
Impairment losses as of January 1, 2025	579	-	-	**579**
Impairment losses as of December 31, 2025	411	-	-	**411**
Net carrying amount as of December 31, 2025	**42,950**	**3,023**	**206**	**46,181**

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

Description	Development costs	Patents, concessions, licenses, software	Other Intangible	Total
Gross carrying amount as of January 1, 2024	**57,587**	**11,303**	**4,955**	**73,845**
Increases, due to:	**4,359**	**36**	**-**	**4,396**
acquisitions	4,359	36	-	4,396
Decreases, due to:	**53**	**-**	**-**	**53**

other	53	-	-	53
Gross carrying amount as of December 31, 2024	**61.893**	**11340**	**4955**	**78187**
Redemption as of Jan. 1, 2024	**13,412**	**7,444**	**4,483**	**25,338**
Increases, due to:	**2,943**	**409**	**157**	**3,508**
depreciation	2,942	409	157	3,508
other	1	**-**	**-**	1
Decreases due to:	**-**	**1**	**-**	**1**
-other	-	1	-	1
Amortization as of December 31, 2024	**16,355**	**7,853**	**4,639**	**28,845**
Impairment losses as of January 1, 2024	-	-	-	**-**
Impairment losses as of December 31, 2024	579	-	-	**579**
Net book value as of December 31, 2024	**44,959**	**3,487**	**316**	**48,764**

There are no collateral arrangements related to liabilities on intangible assets.

As of December 31, 2025, and December 31, 2024, the Company did not hold any intangible assets held for sale.

As of December 31, 2025, the Company recognized an impairment loss on intangible assets in the amount of PLN 411 thousand. As of December 31, 2024, the Company recognized an impairment loss on intangible assets in the amount of PLN 579 thousand.

Research costs recognized in the statement of comprehensive income in 2025 amounted to PLN 3,679 thousand, while in 2024 they amounted to PLN 4,205 thousand.

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 metal heat treatment equipment 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 furnace segments;
- PLN 512 thousand in other items.

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 724,000 for other items.

The Company 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 Company'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.

With respect to development expenditures, impairment tests were performed for uncompleted projects. The Company conducts these tests within identified cash-generating units. Capitalized development costs are tested at the group level of cash-generating units together with corporate assets.

The total recoverable amount of individual cash-generating units was determined based on the value in use calculated using a cash flow forecast based on financial budgets approved by senior management covering a five-year period, with additional consideration given to the residual value after the end of the five-year analysis period, taking into account the expected long-term scope of use of the technologies being developed based on the Company's experience to date.

Key assumptions used to calculate the value in use

The calculation of the value in use of individual cash-generating units takes into account assumptions such as:

- The sales level of the group of cash-generating units,
- Gross margin based on the average percentage margins achieved by a given cash-generating unit,
- Average annual EBITDA growth during the forecast period and the long-term growth rate after the forecast period
- Discount rates estimated based on the risk level for each cash-generating unit.

Sensitivity to changes in assumptions

In estimating the value in use, management is confident that no reasonably possible change in any of the key assumptions specified above would cause the carrying amount of that unit to significantly exceed its recoverable amount.

In the 2025 fiscal year, the Company conducted research and development activities in an organized and continuous manner, encompassing development work and research aimed at creating and improving innovative technological solutions. The nature and scope of the research and development projects carried out meet the criteria set forth in the Act on Certain Forms of Support for Innovative Activities, which enables the Company to obtain the status of a Research and Development Center. This status confirms that the Company conducts highly innovative activities and entitles it to utilize the support instruments provided for by law, particularly in the area of tax incentives related to research and development activities. Obtaining this status depends, among other things, on meeting the revenue criterion regarding the share of revenue from research and development activities in the Company's total revenue.

To meet and demonstrate compliance with the above criterion, the Company identifies net taxable revenue from the sale of research and development services it has produced, classified as scientific research and development services (PKWiU Section 72).

Revenue is separated based on sales records and source documents, in particular sales invoices, which allow for the unambiguous identification of revenue from the sale of the Company's own services that meet the criteria for research and development services. Only net taxable revenue from the sale of such services is included in the calculation of the ratio.

In the 2025 fiscal year:

- the total revenue recognized in the income statement on a percentage-of-completion basis amounted to 334,034,
- taxable revenue from sales used as the basis for calculating the ratio amounted to 303,064,
- net taxable revenue from the sale of research and development services classified under PKWiU section 72 amounted to 111,083.

The share of net revenue from the sale of research and development services in the sales revenue used to calculate the ratio was 36.65%, which means that the revenue criterion specific to the status of a Research and Development Center has been met.

Note 11. INVESTMENTS IN AFFILIATED ENTITIES

Investments in Related Entities

As of December 31, 2025	Gross value of shares	Write-downs on shares	Carrying amount of shares	Percentage of shares shares	Percentage of voting rights held
SECO/WARWICK Corporation	38,079	21,806	16,273	100%	100%
RETECH Systems LLC	50,863	-	50,863	100%	100%
SECO/WARWICK RETECH Thermal Equipment Manufacturing Tianjin Co., Ltd.	7,601		7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	6,248	6,035	213	100%	100%
SECO/WARWICK India PVT Ltd	8,356	2,111	6,245	100%	100%
SECO/WARWICK Service LLC	3,412	26	3,386	100%	100%
Total	**118,787**	**34,206**	**84,581**		

As of December 31, 2024	Value gross of shares	Write-offs on shares	Carrying amount of shares	Percentage of shares shares	Percentage of voting rights held
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	172	-	100%	100%
RETECH Systems LLC	50,863	-	50,863	100%	100%
SECO/WARWICK RETECH Thermal Equipment Manufacturing Tianjin Co., Ltd.	7,601		7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	6,035	6,035	-	100%	100%
SECO/WARWICK India PVT Ltd	6,149	-	6,149	100%	100%
SECO/WARWICK Service LLC	3,412	26	3,386	100%	100%
SECO/WARWICK USA Holding	16,273		16,273	100%	100%
Total	**116,539**	**32,267**	**84,272**		

Change in investments in related entities

Breakdown	2025	2024
Balance at the beginning of the period	**84,272**	**70,820**
Increases during the reporting period	***2,421***	***13,452***
- capital contribution to SECO/WARWICK India PVT Ltd	*2,207*	*4,882*
- capital contribution to SECO/WARWICK USA Holding	*-*	*8,571*
- capital contribution to SECO/WARWICK Germany	*214*	*-*
Decreases during the reporting period	***2,111***	***-***
- write-down of the investment in SECO/WARWICK India PVT Ltd	*2,111*	*-*
Balance at the end of the period	**84,582**	**84,272**

Note 12. IMPAIRMENT TEST

As of December 31, 2025, the Company identified indications of impairment with respect to SECO/WARWICK India PVT Ltd (SWI), and therefore conducted impairment tests on its equity interest in the company.

The recoverable amount of the equity interest was determined based on projections of future cash flows derived from the 2026 budget, as well as forecasts covering the subsequent 5-year period. The forecasts reflect management's past experience with the business and an analysis of indicators

from external sources. The table below presents the key assumptions regarding the discount rate and the assumed growth rate beyond the detailed forecast period:

Item	SWI (India)
Average discount rate (pre-tax)	13.92%
Average revenue growth rate	22.35%
Growth rate after the forecast period	2.00%
Recoverable amount	6,225
Value of shares	8,356
Impairment loss	2,111

Other key assumptions used to calculate recoverable amount:

The estimate of recoverable amount is sensitive to, among other things, the following variables:

- free cash flows;
- discount rates;
- market share during the forecast period.

Free cash flows are estimated based on historical data regarding individual cash-generating units and forecasts of operating profit, depreciation and amortization, replacement capital expenditures, changes in non-cash current assets, and changes in non-financial liabilities.

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 (as well as for country risk and differences in expected inflation in the countries where individual companies of the Seco/Warwick).

Growth rate – growth rates are based on published industry research results.

Market assumptions – these assumptions are significant because, in addition to using industry data for growth rates, management assesses how the financial position of individual cash-generating units may change during the budget period relative to the competition. Management expects market shares to remain stable during the forecast period.

Sensitivity to changes in assumptions

In the impairment tests for equity investments, a simulation of the recoverable amount was performed using different discount rates for the years 2026–2030 for each company subject to the impairment test.

Breakdown	Recoverable amount SWI (India)	
Discount rates used in the test	6,255	
change in discount rate by 1 p.p.	-647	748
change in the average revenue growth rate by 10 percentage points	814	-810
change in the growth rate after the forecast period by 1 percentage point	457	-386

Note 13. INVENTORIES

Description	12/31/2025	12/31/2024
Materials	24,599	30,086
Semi-finished goods and work in progress	13,439	14,505
Total inventory (book value)	**38,038**	**44,590**
Inventory write-down	7,236	6,403
Gross inventory	**45,274**	**50,993**

CHANGE IN WRITE-DOWN BALANCE

Write-downs	Materials	Semi-finished goods and work in progress	Finished goods finished goods	Merchandise	Total
01/01/2024	**4,123**	**5,723**	**-**	**-**	**9,846**
Increases, including:	**386**	**1,012**	**-**	**-**	**1,398**
-creation of impairment allowances inventory	386	1,012	-	-	1,398
Decreases, including:	**-**	**4,841**	-	-	**4,841**
- reversal of impairment losses inventory	-	4,841	-	-	4,841
12/31/2024	**4,509**	**1,894**	**-**	**-**	**6,403**
Increases, including:	**377**	**456**	**-**	**-**	**833**
-creation of inventory write-downs	377	456	-	-	833
Decreases, including:	**-**	**-**	**-**	**-**	**-**
- use of inventory write-downs	-	-	-	-	-
December 31, 2025	**4,886**	**2,350**	**-**	**-**	**7,236**

Based on an analysis of inventory values as of December 31, 2025, and December 31, 2024, their value was adjusted by recognizing impairment losses on 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 had increased costs necessary to complete the sale.

In connection with the Company's use of inventory whose value had previously been written down, the inventory impairment charge was reversed in the period in which the inventory was used, with a corresponding entry to the "other operating expenses" account.

Note 14. CONTRACT ASSETS/LIABILITIES

The Company has recognized the following assets and liabilities arising from contracts with customers:

Contract assets

Contract assets are recognized when the Company 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 a situation where the right to receive payment is unconditional, i.e., when the Company has fulfilled its obligation to

the customer and has issued an invoice for the goods/services delivered, the right to receive payment is recognized as trade receivables. Due to the execution of large contracts for individual customers, in the Company's assessment regarding contract assets and receivables, there is a concentration of credit risk; therefore, when determining impairment charges, the Company conducts an individual analysis of each balance. The Company'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 during the 12-month period ended December 31, 2025, were as follows:

	2025	2024
Opening balance	**52,629**	**66,725**
Increases	283,588	230,469
Invoiced amounts transferred to trade receivables	-274,636	-244,566
Impairment losses on contract assets	-166	-
Closing balance	**61,414**	**52,629**

A calculation of expected credit losses was performed, and the amount of the allowance was adjusted. As of December 31, 2025, the allowance balance is PLN 390,000. As of December 31, 2024, the allowance balance was PLN 224,000.

Contractual obligations

Approximately PLN 54,217 thousand of the balance of contractual liabilities as of January 1, 2025, was recognized as revenue during the 12-month period ended December 31, 2025.

Significant amounts in the contract assets and liabilities items 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 attributed to unfulfilled performance obligations arising from contracts with customers amounted to PLN 35,772 thousand. The table below presents the time periods in which the Company expects to fulfill these performance obligations and recognize the related revenue.

	12/31/2025	12/31/2024
Up to 1 year	35,772	59,350
From 1 year to 2 years	-	-
Total outstanding obligations to perform	**35,772**	**59,350**

Contract costs

As of December 31, 2025, the Company also recognized the following costs incurred to secure a contract with a customer:

	12/31/2025	12/31/2024
Opening balance as of January 1	**140**	**270**
- contract costs capitalized during the period	-	-
- depreciation expense for the period	25	130
- revaluation write-down	-	-
Closing balance as of December 31, including:	**115**	**140**
- long-term contract costs	-	-
- short-term contract costs	115	140

Note 15. TRADE RECEIVABLES AND OTHER RECEIVABLES

Long-term receivables

Description	12/31/2025	12/31/2024
Trade receivables	**2,709**	**833**
a) from related parties	-	-
b) from other entities	2,709	833
Other receivables	**-**	**-**
a) from related parties	-	-
b) from other entities	-	-
Total long-term receivables	**2,709**	**833**

Current receivables

Description	12/31/2025	12/31/2024
a) from related parties	**34,923**	**25,219**
- trade receivables, with a repayment period of up to 12 months	34,079	25,219
- advances and deposits paid	844	-
b) from other entities	**39,942**	**33,586**
- trade receivables, with a repayment period of up to 12 months	29,838	23,210
- related to taxes, subsidies, customs duties, social security, and other benefits	5,367	4,800
- from income tax	2,659	4,231
- other, including:	2,079	1,345
advances paid to suppliers	*1,859*	*1,116*
Total net trade and other receivables	**74,865**	**58,805**
Impairment loss on receivables	10,050	9,950
Total gross trade and other receivables	**84,915**	**68,755**

As of December 31, 2025, trade receivables in the amount of PLN 10,050 thousand (2024: PLN 9,950 thousand) were subject to a valuation allowance. The method used to estimate expected credit losses is described in more detail in Note 30.5.

Changes in the impairment allowance for receivables were as follows:

CHANGE IN VALUE ADJUSTMENTS ON TRADE RECEIVABLES AND OTHER RECEIVABLES	12/31/2025	12/31/2024
Change in the balance of impairment allowances in related entities		
Balance of allowances at the beginning of the period	**6,424**	**6,424**
a) increases:	**-**	**-**
- creation of a provision for trade receivables	-	-
b) decreases:	**-**	**-**
- reversal of an allowance for trade receivables	-	-
Balance of allowances for trade receivables from related parties at the end of the period	**6,424**	**6,424**
Change in the balance of impairment allowances in other entities		
Balance of allowances at the beginning of the period	**3,526**	**2,035**
a) increases:	**100**	**1,491**

- creation of a provision for trade receivables	100	1,491
b) decreases:	**-**	**-**
- reversal of allowance for trade receivables	-	-
Balance of write-downs on trade receivables from other entities at the end of the period	**3,626**	**3,526**
Balance of impairment allowances for trade receivables at the end of the period	**10,050**	**9,950**

The tables below present the amounts of 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 rate of	Allowance for of expected for the period from Jan. 1, 2025 to December 31, 2025
Before maturity	1%	156
Past due from 1 to 90 days	9%	207
Past due 91 to 180 days	44%	62
Overdue by more than 180 days	51%	200
Based on individual balance analysis		9,424
Total		**10,050**

December 31, 2024

	Weighted average loss rate	Write-off due to expected loss for the period from Jan. 1, 2024 to December 31, 2024
Before maturity	0%	45
Past due from 1 to 90 days	7%	143
Past due 91 to 180 days	36%	127
Overdue by more than 180 days	55%	173
Based on individual balance analysis		9,461
Total		**9,950**

Maturity structure of trade receivables (net):

Description	12/31/2025	Dec. 31, 2024
current	31,797	28,715
Past due for more than 1 month to 6 months	18,282	9,637
Overdue more than 6 months to 12 months	7,692	5,362
Overdue for more than 12 months	6,145	4,715
Total trade receivables (net)	**63,917**	**48,429**
Write-downs on trade receivables	10,050	9,950
Total trade receivables (gross)	**73,966**	**58,379**

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

Breakdown	12/31/2025	12/31/2024
up to 1 month	15,324	13,431
over 1 month to 6 months	15,487	11,125
more than 6 months to 1 year	1,099	4,301
over 1 year	2,709	833
past-due receivables	32,007	19,572
Total trade receivables (net)	**66,625**	**49,262**
Long-term receivables	2,709	833
Current receivables	63,917	48,429
Allowances for trade receivables	10,050	12,932
Total trade receivables (gross)	**76,676**	**62,195**

During the years ended December 31, 2025, and December 31, 2024, the Company did not pursue trade receivables through legal proceedings.

Income tax receivables

As of December 31, 2025, income tax receivables amounted to PLN 2,659 thousand, and as of December 31, 2024, they amounted to PLN 4,231 thousand.

Contingent receivables

As of December 31, 2025, the Company had received guarantees in the amount of PLN 606 thousand. As of December 31, 2024, the Company had received guarantees in the amount of PLN 818 thousand.

Note 16. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets

Description	12/31/2025	12/31/2024
Derivative financial instruments	2,734	1,764
Shares and interests in other entities	3	3
Total financial assets, including:	**2,737**	**1,767**
- long-term	191	3
- short-term	2,546	1,764

Financial liabilities

Description	12/31/2025	12/31/2024
Loans	**76,707**	**57,231**
Other financial liabilities:	**5,848**	**7,047**
- derivative financial instruments	-	183
- lease liabilities	5,848	6,863
Total financial liabilities, including:	**82,555**	**64,278**
- long-term	26,203	5,448
- short-term	56,352	58,830

Derivative financial instruments

	12/31/2025		Dec. 31, 2024	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivative financial instruments	2,734	-	1,764	183
Total hedging instruments				
- long-term	188	-	-	20
- short-term	2,546	-	1,764	163

Disclosures regarding derivatives that meet the criteria for hedge accounting

The Company applies cash flow hedge accounting with respect to foreign currency risk arising from highly probable future cash flows related to the Company'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 exchange risk of revenue denominated in foreign currencies arising from the Company's export sales of products, the Company enters into appropriate foreign exchange forward contracts to hedge projected cash flows. The objective of the Company's hedging activities against exchange rate risk (the Company hedges the EUR and USD currencies) is to limit the volatility of revenue denominated in foreign currencies from the sale of goods.

The Company enters into FX Forward hedging instruments with settlement dates aligned with the expected dates of realization of the hedged sales revenue. The Company hedges up to 80% of revenue over a maximum horizon of 2 calendar years. Due to possible shifts in the timing and amount of cash flows, the Company anticipates 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 Company 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 Company has set a hedge ratio of 1:1 by comparing the nominal values of the foreign currency cash flows from the hedging instrument and the hedged item.

With regard to foreign exchange risk in cash flow hedging relationships, the main sources of ineffectiveness identified by the Company are:

- the non-linearity of swap points, which affects forward rates resulting from rolling over a derivative instrument, as opposed to forward rates obtained for the same maturity date without taking rollover into account (using a single FX forward instrument),
- the impact of credit risk on the fair value of currency forward contracts.

The Company 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	FROM 1 TO 3 MONTHS	FROM 3 MONTHS UP TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	
CASH FLOW HEDGING CURRENCY RISK						
EUR/PLN FX Forward Contracts (including FX Swaps)						
Nominal value (thous. EUR)	0	1,079	12,623	0	0	**13,702**
Average transaction rate	0.00	4.34	4.39	0.00	0.00	**4.38**
USD/PLN FX Forward Contracts (including FX Swaps)						
Nominal value (thous. USD)	0	0	2,000	1,900	0	**3,900**
Average transaction rate	0.00	0.00	4.12	3.73	0.00	**3.93**
GBP/PLN FX Forward Contracts (including FX Swaps)						
Notional value (thous. GBP)	-	-	-	-	-	-
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:

Type instrument	Unit measure	Nominal Nominal 12/31/2025	Assets Dec. 31, 2025	Liabilities 12/31/2025	Name of the balance sheet item that includes hedging instrument	Changes in the fair value of the of the hedged item (as basis for determining the ineffective portion in a given period)	Hedging gains or losses for the , that have been recognized in other comprehensive income	Amount of hedge recognized in the income	Statement of Comprehensive Income line item (statement (income statement), which includes the amount inefficiency	Amount reclassified from the cash flow hedge reserve cash to financial result as an adjustment for reclassification	Item in the statement of comprehensive (statement of (income statement losses), which includes an adjustment for the reclassification of
Derivatives											
Forward sales currency	EUR	57,914	2,734	-	financial Financial instruments Derivatives	1,536	4,058	-	Revenue / financial expenses	5,084	Financial income / expenses financial
Forward sales currency	USD	14,046	-	-	instruments entities Financial Derivatives	1,198	1805	-	Revenue / costs financial	685	Revenue / expenses financial
Forward Sale currencies	GBP		-	-	instruments financial financial we	-	-	-	Revenue / costs financial	-	Revenues / costs financial
TOTAL		**71,960**	**2,734**	**-**		**2,734**	**5,863**			**5,769**	

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

Type of the instrument	Unit	Nominal Nominal Assets 12/31/2024	12/31/2024	Liabilities 12/31/2024	Item name on the balance sheet, which includes instrument hedging	Changes in the fair value of the of the hedged item (as the basis for determining the ineffective portion in a given period)	Gains or losses on the statement for period reporting, hedging number comprehensive income	Amount inefficiency recognizedin account gains and losses	Item statement total income (cash income statement), in which amount inefficiency	Amount reclassified from the reserve for hedging cash flow cashto result financial as adjustment for reclassification	Item in security total income (income) losses), which includes an item reclassification
Forward currency sales	**EUR**	85,902	1,764	-	Derivatives financial	1,764	4,034	-	**Revenue / expenses financial**	5,266	Revenue / expenses financial
Forward currency sale	**USD**	16,794	-	183	Derivatives financial	-183	-162	-	**Revenue / expenses financial**	-57	Revenue / expenses financial
Forward Currency sales	**GBP**	-	-	-	Derivatives financial financial	-	-	-	**Revenues / financial financial**	-	Revenue / costs financial
TOTAL		**102,695**	**1,764**	**183**		**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 of hedge ineffectiveness in the given period	Balance of the cash flow hedge reserve for continuing hedges	Balance remaining in the cash flow hedge reserve for any hedging relationships for which hedge accounting is no longer applied hedge accounting
	CASH FLOW HEDGING		
	CURRENCY RISK		
Revenue in EUR resulting from sales of goods	-1,536	723	-
Revenue in USD resulting from sales of 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 FOREIGN 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 of the hedged item	n/a	n/a
Amount reclassified from the cash flow hedge reserve to the income statement (sales revenue) as a reclassification adjustment	5,769	5,210
BALANCE AT THE END OF THE PERIOD	**871**	**778**

Note 17. OTHER NON-FINANCIAL ASSETS

Description	12/31/2025	12/31/2024
Prepaid expenses	1,064	2,465
Total other non-financial assets	**1,064**	**2,465**

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

Note 18. CASH AND CASH EQUIVALENTS

Description	12/31/2025	12/31/2024
Cash on hand and in banks	19,088	51,016
Short-term deposits	-	-
Total cash and cash equivalents	**19,088**	**51,016**

Note 19. 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	1,557	1,557
Share capital at the end of the period	**3,237**	**3,557**

Hyperinflation revaluation reserve is presented as part of equity.

Structure of share capital:

Shareholders as of December 31, 2025	Type Preferred shares	Type Restrictions Rights to shares	Number of shares	Percentage percentage
SW Holding	none	-	3,387,139	40.32%
SECO/WARWICK S.A.	None	-	1,130,592	13.46%
Generali Open Fund Emerytalny	none	-	640,798	7.63%
Quercus Fund Funds Investment Joint-Stock Company	none	-	475,768	5.66%
PKO BP Bank Open-Ended Fund Pension	none	-	464,484	5.53%
Others	none	-	2,301,219	27.40%
TOTAL			**8,400,000**	**100%**

Shareholders as of December 31, 2024	Type of Preference shares	Type of restriction rights to shares	Number of shares	Share percentage
SW Holding	none	-	3,387,139	33.87%
Spruce Holding Limited Liability Company (US)	none	-	1,091,952	10.92%
Nationale-Nederlanden Open-Ended Fund Pension	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 Fund Pension	none	-	506,504	5.07%
Others	none	-	2,508,514	25.08%
TOTAL			**10,000,000**	**100%**

Other funds

Other reserves:	Share-based payment program valuation reserve	Capital for the acquisition of treasury	Revaluation reserve for hedging instruments Hedging instruments	Actuarial gains/losses	Total other equity
Other equity as of January 1 January 2025	**6,129**	**37,561**	**778**	**-142**	**44,325**
Other comprehensive income	**-**	-	93	-	**93**
Option pricing management	567	-	-	-	**567**
Sale of treasury shares under the program incentive	6	-	-	-	**6**
Establishment of reserve fund for the implementation repurchase of treasury shares	-	23,000	-	-	**23,000**
Release of of the reserve created for need to repurchase treasury shares	-	-27,615	-	-	**-27,615**
Value of treasury shares sold as part of the incentive program	-417	-	-	-	**-417**
Other equity as of December 31 December 2025	**6,284**	**32,946**	**871**	**-142**	**39,960**
Other equity as of January 1, 2024	**6,495**	**37,561**	**2,116**	**-142**	**46,030**
Other comprehensive income Valuation of the management stock option plan	-	-	-1,338	-	**-1,338**
Sale of treasury shares under the incentive program	1,342	-	-	-	**1,342**
Value of treasury shares sold under the incentive program	24	-	-	-	**24**
Other equity as of December 31, December 2024	-1,732	-	-	-	**-1,732**
	6,129	**37,561**	**778**	**-142**	**44,325**

Reserve from the valuation of hedging instruments

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

	Cash flow hedge reserve – fair value of the forward contract
	forward
Balance as of January 1, 2024	**2,116**
Plus Changes in the fair value of hedging instruments recognized in other comprehensive income	4,780
Less: reclassification from other comprehensive income to net income	6,433
Less: Deferred tax	-315
As of December 31, 2024	**778**
Plus Changes in the fair value of hedging instruments recognized in other comprehensive income	7,238
Less: reclassification from other comprehensive income to net income	7,122
Less: Deferred tax	22
As of December 31, 2025	**871**

Capital for the purchase of treasury shares and treasury shares

The fact and purpose of the Company's repurchase of treasury shares were disclosed in Part I. General Information, Section 6. Significant Shareholders. As of December 31, 2025, the Company held 1,130,592 treasury shares, representing 13.46% 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, representing PLN 417,000.

The Company presents the 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 16,562,000; as of December 31, 2024, this amount was -PLN 18,536,000. 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.

Data presented in PLN:

Description	Number of shares	Par value of shares	Book value of shares	Equivalent of shares acquired or sold for consideration	Portion of the share capital represented by the shares
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 other purposes, which will be specified in a resolution of the Management Board	734,000	0.20	146,800	22,263,620	
- purchase of shares for redemption	760,000	0.20	152,000	19,165,773	
Decreases (due to):					
- redemption of treasury stock	-1,600,000	0.20	-320,000	-42,986,852	
- sale of shares as part of the exercise Incentive Program	-28.501	0.20	-5,700	-416,542	
Shares as of December 31, 2025	**1,130,592**	**0.20**	**226,118**	**16,561,853**	**13.46%**

Pursuant to Resolution No. 5/2025 of September 2, 2025, 1,600,000 (one million six hundred thousand) of the Company's own 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 (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 the Program Incentive	-	(	-	-	
Decrease (due to):					
- sale of shares as part of the implementation Incentive Program		-118,542	0.20 -23,708	-1,732,491	
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 was created as a result of the Company's share issuance.

Retained earnings

Description	December 31, 2025	12/31/2024
Retained earnings/losses	**82,360**	**104,605**
Current result	24,542	20,903
Retained earnings	36,203	62,087
Retained earnings	21,615	21,615

Note 20. LOANS AND BORROWINGS

On October 5, 2021, SECO/WARWICK S.A. signed an investment loan agreement with mBank S.A. in Warsaw for the amount of PLN 10,400,000. 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. As of the date of signing Annex No. 1, i.e., November 26, 2021, the loan utilization amounted to PLN 6,908,000. As of December 31, 2024, the loan utilization amounted to PLN 2,418,000. As of December 31, 2025, the loan utilization 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.

Loans as of December 31, 2025:

Name of the entity	Value of the loan in thousands PLN	Currency of the loan	Limit Loan terms per Agreement	Interest interest	Repayment Repayment	Collateral
mBank S.A.	1,036	PLN	6,908	WIBOR 1M + 1.35% p.a.	09/30/2026	mortgage, pledge financial securities securities
mBank S.A.	15,776	PLN	17,616	WIBOR 1M + 1.00% p.a.	June 28, 2030	mortgage, pledge financial securities securities
mBank S.A.	13,140	PLN	14,600	WIBOR 1M + 1.00% p.a.	June 28, 2030	mortgage, financial pledge on securities securities
mBank - credit card limits	53	PLN	-	- none		promissory note
mBank - credit card limits	15	USD	-	- none		promissory note
	124	EUR	-	- none		promissory note

SANTANDER S.A. Overdraft	23,254	PLN	34,000	WIBOR 1M + 0.9 % p.a.	09/25/2026	Declaration of voluntary submission to enforcement pursuant to Art. 777.1 of the Code of Civil Procedure
BNP Paribas S.A. overdraft	12,264	PLN	50,000	WIBOR 1M + 0.9 % p.a.	11/09/2026	Declaration of voluntary submission to enforcement pursuant to Art. 777.1 of the Code of Civil Procedure
Overdraft mBank account	11,044	PLN	20,000	WIBOR ON + 1.05% p.a.	09/03/2026	Declaration of voluntary subject to enforcement pursuant to Art. 777.1 of the Code of Civil Procedure
Total	**76,707**					

Loans as of 12/31/2024:

Name of the entity	Value of the loan in PLN thousand	Currency of the loan	Limit of the loan under the Agreement	Interest Interest	Repayment Repayment	Collateral
mBank S.A.	806	PLN	14,500	WIBOR 1M + 1.35% p.a.	March 31, 2025	mortgage, pledge financial securities
mBank S.A.	2,418	PLN	6,908	WIBOR 1M + 1.35% p.a.	09/30/2026	mortgage, financial pledge on securities Statement of voluntary
mBank S.A.	18,584	PLN	20,000	WIBOR ON + 1.05% p.a.	09/03/2026	submission enforcement pursuant to Art. 777.1 of the Code of Civil Procedure
mBank - card limits credit cards	87	PLN	-	-	none	promissory note
mBank - card limits credit	28	USD	-	-	none	promissory note
mBank - card limits credit	91	EUR	-	-	none	promissory note
Credit in account SANTANDER S.A.	9,801	PLN	19,000	WIBOR 1M + 0.9 % p.a.	02/28/2025	Declaration of voluntary submission to enforcement pursuant to Art. 777.1 of the Code of

BNP Paribas S.A. Overdraft Facility	25,417	PLN	50,000	WIBOR 1M + 0.9% % p.a.	12/08/2025	Declaration of voluntary submission to enforcement pursuant to Art. 777.1 of the Code of Civil Procedure
Overdraft				WIBOR 1M +		
PEKAO account	0	PLN	15,000	1.25% p.a.	08/31/2025	Declaration of voluntary subject to enforcement pursuant to Art. 777.1 of the Code of Civil Procedure
Total	**57,231**					

Loan maturity structure:

Description	12/31/2025	12/31/2024
Short-term loans and borrowings	54,391	56,195
Long-term loans and borrowings:	22,316	1,036
- due in more than 1 year but not later than 3 years	13,200	1,036
- payable over 3 years to 5 years	9,116	-
Total loans and credits	**76,707**	**57,231**

Loans and advances	Dec. 31, 2025	12/31/2024
Overdrafts	46,562	53,802
Investment loan	29,952	3,223
Credit card limits	193	207
Total	**76,707**	**57,231**

Loans and credits	
As of January 1, 2025	**57,231**
Increases, including:	**32,216**
- taking out an investment loan	32,216
Decreases, including:	**12,740**
- repayment of credit card balances	14
- repayment of account limits	7,239
- repayment of an investment loan	5,487
Balance as of December 31, 2025	**76,707**

Note 21. LEASING

The Company as a **lessee**

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

Description	2025
Liability balance as of January 1, 2025	**6,864**
Increases (new leases)	676
Changes to lease agreements	-63
Interest	986
Payments	-2,750
As of December 31, 2025	**5,714**

Short-term	1,961
Long-term	3,887

Description	2024
Liability amount as of January 1, 2024	**8,394**
Increases (new leases)	2,578
Changes to lease agreements	-2,276
Interest	952
Payments	-2,784
As of December 31, 2024	**6,864**
Short-term	2,472
Long-term	4,392

In 2025 and 2024, there were no significant increases in lease liabilities. In both years, the largest item contributing to the increase in lease liabilities at year-end was the vehicle fleet.

An analysis of the maturity of lease liabilities is presented in Note 30.4, "Liquidity Risk."

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

Item	2025	2024
Depreciation expense on right-of-use assets	1,766	2,082
Interest expense on lease liabilities	986	952
Costs of short-term leases (included in the cost of goods and services sold)	210	382
Lease costs for low-value assets (included in general and administrative expenses)	13	11
Total amount recognized in the statement of comprehensive income	**2,976**	**3,428**

Undiscounted amounts of future operating lease payments – Company as lessor

Lease income recognized by the Company in other operating income amounted to PLN 189,000 in 2025 and PLN 210,000 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:

Operating lease receivables – Company as lessor

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

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

Note 22. TRADE PAYABLES AND OTHER LIABILITIES

TRADE LIABILITIES AND OTHER CURRENT LIABILITIES	12/31/2025	12/31/2024
a) trade liabilities with a maturity of up to 12 months	34,025	27,564
b) from taxes, customs duties, insurance, and other payments (excluding income tax)	6,463	6,121
income tax)	793	494
c) investment liabilities		
d) other	281	1,094
TOTAL	**41,562**	**35,274**

Contingent liabilities

Contingent liabilities arising from guarantees and sureties granted as of the end of 2025 amounted to PLN 98,416 thousand, including PLN 12,471 thousand from guarantees granted. In contrast, as of the end of 2024, they amounted to PLN 107,615 thousand, including PLN 9,479 thousand related to guarantees granted. The guarantees were granted for the following purposes:

Description	12/31/2025	12/31/2024
performance bond	2,294	504
standby letter of credit	10,177	8,109
bid bond	-	866
Total	**12,471**	**9,479**

As of December 31, 2025, expected credit losses on financial guarantees granted were not material.
Information on sureties granted is disclosed in item 17 of the Management Board Report of SECO/WARWICK S.A. on the Company's operations.

Social assets and liabilities of the Company Social Benefits Fund

The Act of March 4, 1994, on the Company Social Benefits Fund, as amended, provides that the Company Social Benefits Fund ("the Fund") is established by employers with more than 50 full-time employees. The Company establishes such a fund and makes periodic contributions in the amount of the basic contribution or amounts agreed upon with the labor 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 Company offset the Fund's assets against its liabilities to the Fund, as these assets do not constitute separate assets of the Company.

The table below presents an analysis of the Fund's assets, liabilities, and expenses.

Item	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**
Allocations to the Fund during the fiscal year	1,427	1,288

Note 23. EMPLOYEE BENEFITS

Pension benefits and other post-employment benefits

The Company paid retirement severance payments to employees retiring in the amounts specified by the Labor Code. Accordingly, based on a valuation performed by a professional actuarial firm, the Company 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:

Long-term employee benefit liabilities	Jan. 1, 2025 - 12/31/2025	Jan. 1, 2024 - 12/31/2024
balance at the beginning of the period	**1,172**	**1,164**
Increases	338	8
- creation of a reserve	*338*	*8*
decrease	36	-
- use of reserve	*36*	-
balance at the end of the period	**1,474**	**1,172**

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

Description	12/31/2025	12/31/2024
Discount rate (%)	5.10%	5.85%
Expected wage growth rate (%) over 1 year	5%	3%
Expected wage growth rate (%) in subsequent years	5%	5%

Short-term employee benefit liabilities -	Jan. 1, 2025 12/31/2025	Jan. 1, 2024 - 12/31/2024
- liabilities for unused vacation	2,121	1,889
- liabilities for bonuses	11,618	9,423
- liabilities for retirement and disability severance pay	89	31
- current liabilities for salaries	5,264	5,061
	19,093	**16,403**

Note 24. OTHER PROVISIONS

Description	*Provisions for warranty repairs*	*Provision for penalties*	*Provisions for contracts with loss*	*Total*
As of January 1, 2024	**5,545**	**50**	**166**	**5,759**
recognized during the fiscal year	4,681	-	3	4,685
usage	-3,365	-	-	-3,365
resolved	-	-	-	-
As of December 31, 2024	**6,861**	**50**	**169**	**7,078**
recognized during the fiscal year	3,148	-	-	3,148
use	-4,025	-	-	-4,025
resolved	-	-	-3	-3
As of December 31, 2025	**5,984**	**50**	**166**	**6,198**

The Company reviews the balance of provisions at the end of each reporting period and adjusts it 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 Company sees no grounds for establishing provisions for the dismantling of property, plant, and equipment, site restoration, or the disposal of property, plant, and equipment.

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 Company calculates the provision for warranty repairs based on planned costs updated 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 Company takes into account the contract completion percentage (proportional to revenue recognition) by planning for warranty costs until the contract reaches 100% completion (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 amounts provided 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 relevant provision was PLN 5,984 thousand (as of December 31, 2024: PLN 6,861 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 598.4 thousand (as of December 31, 2024: an increase or decrease of PLN 686.1 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.
No provision for penalties was recognized in 2025 and 2024.

Provision for loss-making contracts

The provision for loss-making contracts is determined individually for each contract. It is established 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 166 thousand (as of December 31, 2024: PLN 169 thousand).

Note 25. NOTES TO THE STATEMENT OF CASH FLOWS

Description	2025	2024
Interest and share of profits (dividends)	**-396**	**-5,798**
Financial interest paid	5,595	4,706
interest received	-	-
dividends received	-5,991	-10,505
Gain (loss) on investing activities	**1,481**	**-1,247**

Gain on disposal of property, plant, and equipment	-630	-1,247
Write-down of shares in subsidiaries	2,111	-
The change in provisions results from the following items, excluding the change in income tax provisions:	**2,111**	**2,423**
balance sheet change in provisions	5,705	1,864
exclusion of change in income tax provisions	-3,594	559
Change in liabilities, excluding financial liabilities, is attributable to the following items:	**5,989**	**-18,915**
change in liabilities resulting from the balance sheet	5,089	-20,465
exclusion of lease liabilities	1,015	1,530
Exclusion of liabilities from forward transactions	183	-183
exclusion of investment liabilities	-299	203
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

CASH FLOWS FROM INVESTING ACTIVITIES

	2025	2024
Proceeds from the sale of intangible and tangible assets fixed assets	**55**	**104**
Sale of fixed asset No. 452/01130	55	104
Dividends received	**5,677**	**9,896**
Dividend received from SECO/WARWICK Retech	1,411	3,311
Dividend received from Retech Systems LLC	2,986	4,585
Dividend received from SECO/WARWICK Services Sp. z o.o.	1,280	2,000
Capital expenditures on intangible assets and property, plant, and equipment fixed	**-6,239**	**-12,510**
Development work	-1,895	-3,780
Computers and licenses	-62	-105
Construction and modernization of halls and administrative buildings	-2,882	-2,056
Machinery and equipment	-795	-1,342
Other property, plant, and equipment	-604	-5,226
Capital increase in subsidiaries	-2,421	-13,452
Capital increase in SECO/WARWICK USA Holding	-	-8,571
Capital increase in SECO/WARWICK Germany	-214	-
Capital increase in SECO/WARWICK India PVT Ltd	-2,207	-4,882
Net cash from investing activities	**-2,928**	**-15,962**

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

January 1, 2025	Loans	Liabilities as of leases	Other	Total
Changes in cash flows from operations				
Repayments of liabilities arising from loans and loans	-5,487	-	-	-5,487
Repayments of lease obligations	-	-1,630	-	-1,630
Loan repayments on accounts	-7,253	-	-	-7,253
Interest payments on loans and leases	-4,609	-986	-	-5,595
Investment loan taken out	32,216	-	-	32,216
Net cash flows from financing activities	**14,866**	**-2,616**	**0**	**12,251**
Other changes				
Dividends and other distributions to owners	-	-	-8,735	-8,735
Grants received	-	-	665	665
Purchase of treasury shares	-	-	-41,429	-41,429
Sale of treasury shares under the program incentive	-	-	6	6
Total other changes	**-**	**-**	**-49,494**	**-49,494**
Total as of December 31, 2025	**14,866**	**-2,616**	**-49,494**	**-37,243**

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

January 1, 2024	Loans	Liabilities as of from leases	Other	Total
Changes in cash flows from financing activities				
Repayments of liabilities arising from loans and loans	-9,104	-	-	-9,104
Repayments of lease obligations	-	-1,832	-	-1,832
Repayments of interest on loans and leases	-3,754	-952	-	-4,706
Drawdowns on credit lines	23,113	-	-	23,113
Net cash flows from financing activities	**10,255**	**-2,784**	**-**	**7,471**
Other changes				
Dividends and other distributions to owners	-	-	-8,616	-8,616
Sale of treasury shares under the incentive	-	-	24	24
Total other changes	**-**	**-**	**-8,593**	**-8,593**
Total as of December 31, 2024	**10,255**	**-2,784**	**-8,593**	**-1,122**

Note 26. INFORMATION ON RELATED PARTIES

Related party (subsidiaries)	Year	Sales to related parties	Purchases from related parties	Receivables from related related entities	Liabilities to related parties
SECO/WARWICK Corporation					
	2025	23,199	544	15,177	134
	2024	656	178	578	105
RETECH SYSTEMS LLC					
	2,025	15,981	9,351	4,546	284
	2024	1,366	195	236	64
SECO/WARWICK RETECH Thermal Equipment Manufacturing Tianjin Co., Ltd.					
	2,025	3,300	7,217	6,380	5,484
	2024	9,535	3,386	7,372	4,001
SECO/WARWICK Germany GmbH					
	2,025	46	6	739	6
	2024	424	246	700	-
SECO/WARWICK Services					
	2,025	6,893	837	1,785	128
	2024	8,106	308	2,224	20
SECO VACUUM TECHNOLOGIES LLC*					
	2,025	-	-	-	-
	2024	23,221	841	13,334	194
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)					
	2,025	3,909	320	4,416	-
	2024	2,643	-	527	-
SECO/WARWICK India PVT Ltd					
	2,025	920	-	1,036	186
	2024	307	223	247	-

* Due to the merger of the companies on April 30, 2025, transactions with SECO VACUUM TECHNOLOGIES LLC are presented in 2025 as part of SECO/WARWICK Corporation.

Note 27. REMUNERATION OF KEY PERSONNEL

The key management personnel of SECO/WARWICK S.A. include members of the Management Board and members of the Supervisory Board.

MANAGEMENT BOARD REMUNERATION:

First and last name	Base pay for the period	Other benefits, including bonuses and awards	Accrued incentive program costs	Total compensation for the period
12/31/2025	**in PLN thousand**	**in PLN thousand**	**in PLN thousand**	**in PLN thousand**
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**

Dec. 31, 2024	in PLN thousand in thousands of PLN	in thousands of PLN		in thousands of PLN
Sławomir Woźniak	570	967	313	1,850
Piotr Walasek	396	473	157	1,026
Earl Good	1,154	401	499	2,054
Bartosz Klinowski	396	474	157	1,027
Total	**2,516**	**2,315**	**1,126**	**5,957**

REMUNERATION OF THE SUPERVISORY BOARD:

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**

(1) Under the Cooperation Agreement concluded between SECO/WARWICK S.A. and Mr. Andrzej Zawistowski, operating the business USŁUGI DORADCZE Andrzej Zawistowski. The subject of the agreement dated January 2, 2020, is cooperation in the provision of technical consulting and product development services.

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

Note 28. FINANCIAL INSTRUMENTS

Description	Category under IFRS 9	Carrying amount		Maximum credit risk exposure as of Dec. 31, 2025
		12/31/2025	Dec. 31, 2024	
Financial assets				
Loans granted	WwZK	-	-	-
Trade receivables and other receivables	WwZK	74,865	58,805	74,865
Long-term receivables	WwZK	2,709	833	2,709
Hedging instruments	WwWGpWF*	2,734	1,764	2,734
Cash and cash equivalents	WwZK	19,088	51,016	19,088
Contract assets	WwZK	61,414	52,769	61,414
Guarantees granted	-	-	-	85,945
Financial liabilities - Short-term				
Short-term bank loans	WwZK	54,391	56,195	-
Lease liabilities	Total liabilities	1,961	2,472	-
Trade payables and other liabilities	WwZK	41,562	35,274	-
Hedging instruments Long-term	WwWGpWF*	-	163	-
Long-term bank loans	WwZK	22,316	1,036	-
Hedging instruments	WwWGpWF*	-	20	
Lease liabilities	WwZK	3,887	4,392	-

WwZK—measured at amortized cost,
WwWGpWF - measured 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, and profit and loss items recognized in the income statement/statement of comprehensive income, broken down by category of financial instruments in 2025

	Other income/(expenses) interest	Gains/(losses) on realized foreign exchange differences	Reversal/(recognition) of valuation allowances	Gains/(losses) from Gains/(losses) from	Gains/(losses) from the settlement of financial instruments	Gains/(losses) from derecognition financial Financial
Financial assets						
Loans granted	-	-	-	-	-	-
Trade receivables and other receivables	139	-1,370	-	-507	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	968	5,465	-
Cash and cash equivalents	-	-1,678	-	-8	-	-
TOTAL	**139**	**-3,049**	**-**	**452**	**5,465**	**-**

	Other income/(expenses) interest	Gains/(losses) on realized foreign exchange differences	Reversal/(recognition) of revaluation	Gains/(losses) from Gains/(losses) from	Gains/(losses) from the settlement of financial instruments	
Financial liabilities						
Short-term						
Short-term bank loans	-4,702	1	-	-	-	-
Lease liabilities	-986	-	-	-	-	-
Trade payables and other liabilities	-153	447	-	58	-	-
Hedging instruments	-	-	-	70	-	-
long-term					-	
Long-term bank loans	-	-	-	-	-	-
Lease obligations	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-5,841**	**448**	**-**	**128**	**-**	**-**

Revenue, expense, and profit and loss items recognized in the income statement/statement of comprehensive income, broken down by category of financial instruments in 2024

	Other income/(expenses) from interest	Gains/(losses) on realized foreign exchange differences	Reversal/(recognition) of revaluation	Gains/(losses) from balance sheet valuation	Gains/(losses) from the settlement of financial instruments	Gains/(losses) from derecognition financial Financial
Financial assets						
Loans granted	-	-	-	-	-	-
Trade receivables and other receivables	59	-2,808	-	2,518	-	-
Long-term receivables	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-939	5,812	-
Cash and cash equivalents	8	345	-	46	-	-
TOTAL	**67**	**-2,463**	**-**	**1,625**	**5,812**	**-**

	Other income/(expenses) interest	Gains/(losses) on realized foreign exchange differences	Reversal/(recognition) of revaluation	Gains/(losses) from balance sheet valuation	Gains/(losses) from the settlement of financial instruments
Financial liabilities					
Short-term					
Short-term bank loans	-3,920	-	-	-	-	-
Lease liabilities	-952	-	-	-1	-	-
Trade payables and other liabilities	-178	614	-	-798	-	-
Hedging instruments	-	-	-	-70	-	-
long-term					-	
Long-term bank loans	-	-	-	-	-	-
Lease obligations	-	-	-	-	-	-
Hedging instruments	-	-	-	-	-	-
TOTAL	**-5,050**	**614**	**-**	**-868**	**-**	**-**

Changes in liabilities arising from financial activities

	January 1 2025	changes resulting from cash flows from financing activities	increases from leases	redemption/disposal /assignments	effects of the valuation of hedging	Reclassification	December 31 2025
Long-term:							
Interest-bearing loans and borrowings	1,036	21,280	-	-	-	-	**22,316**
Lease liabilities	4,392	-	1,364	-	-	-1,869	**3,887**
Short-term:							
Interest-bearing loans and borrowings	56,195	-1,804	-	-	-	-	**54,391**
Lease liabilities	2,472	-1,629	349	-1,093	-6	1,869	**1,961**
Total liabilities arising from from financing activities	**64,095**	**17,847**	**1,713**	**-1,093**	**-6**	**-**	**82,555**

	January 1 2024	changes resulting from cash flows from financing activities	increase from from lease	purchase/sale/assign ments	valuation effects of hedging	Reclassification	December 31 2024
Long-term:							
Interest-bearing loans and borrowings	3,223	-2,187	-	-	-	-	**1,036**
Lease liabilities	4,764	-	2,076	-	-	-2,449	**4,392**
Short-term:							
Interest-bearing loans and borrowings	39,999	16,196	-	-	-	-	**56,195**
Lease liabilities	3,629	-1,832	801	-2,572	-3	2,449	**2,472**
Total liabilities arising from financial activities	**51,616**	**12,177**	**2,877**	**-2,572**	**-3**	**-**	**64,095**

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

This note explains the judgments and estimates made in determining the fair value of financial assets recognized and measured at fair value in the financial statements. To explain the reliability of the inputs used to determine fair value, the Company 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**
Financial assets			
Derivative financial instruments	-	2,546	-
- Currency forward contracts of the forward type	-	2,546	-
Total	-	2,546	-
Financial liabilities			
Short-term			
Currency forward contracts	-	-	-
Total	-	-	-

	2024		
	Level 1	**Level 2**	**Level 3**
Financial Assets			
Derivative financial instruments	-	1,764	-
- Currency forward contracts	-	1,764	-
Total	-	1,764	-
Financial liabilities			
Short-term			
Currency forward contracts of the forward type	-	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 financial assets held by the Company is the current bid price. Such instruments are classified as Level 1
Level 2: The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using appropriate valuation techniques that make the broadest possible use of 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 29. EMPLOYMENT STRUCTURE

Breakdown	12/31/2025	12/31/2024
Production and manufacturing plant employees	401	417
Administrative staff	118	119
Students	13	16
Employees on parental leave	1	1
Total	**533**	**553**

Note 30. OBJECTIVES AND POLICY OF FINANCIAL RISK MANAGEMENT

As part of its operating and financial activities, SECO/WARWICK S.A. 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 Company 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. As part of the risk management process, an expert system for management accounting has been developed and implemented. Based on monthly reports, key risk parameters at the operational and financial levels for the Company are monitored.

30.1 Currency Risk

Due to its active and extensive presence in foreign markets, the Company enters into certain transactions denominated in foreign currencies. The Company also has loans and other financial liabilities denominated in foreign currencies. Consequently, there is a risk of exchange rate fluctuations. To manage currency risk, the Company enters into FX forward transactions, which are described in detail in Note 16 of this report.

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

Liabilities	As of 12/31/2025 in	As of 12/31/2025 in PLN	As of 12/31/2024 in currency	As of 12/31/2024 in PLN
EUR	1,980	8,368	1,857	7,937
USD	292	1,051	449	1,843
GBP	20	99	19	98
Assets	**As of 12/31/2025 in**	**As of 12/31/2025 in PLN**	**As of 12/31/2024 in currency**	**As of 12/31/2024 in PLN**
EUR	12,340	52,156	15,682	67,008
USD	8,058	29,023	4,331	17,762
GBP	1,479	7,156	30	156
Notional value of the hedging instrument - applies to currency sale transactions				
EUR	15,550	65,725	19,827	84,719
USD	1,900	6,843	4,100	16,815

Sensitivity to currency risk

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

The following table presents an analysis of the sensitivity of net income and other comprehensive income to financial assets and liabilities, as well as fluctuations in the EUR/PLN exchange rate

Exchange rate as of December 31, 2025	exchange rate	increase in +10% +10%	decrease -10% -10%
EUR	4.2267	0.423	-0.423
USD	3.6016	0.360	-0.360
GBP	4.8399	0.484	-0.484
Exchange rate as of December 31, 2024	**exchange rate**	**currency appreciation +10% +10%**	**a decline in the exchange rate exchange rate -10%**
EUR	4.2730	0.427	-0.427
USD	4.1012	0.410	-0.410
GBP	5.1488	0.515	-0.515

The analysis assumes:
- exchange rate as of the balance sheet date of December 31, 2025
- exchange rate increase of +10%
- a 10% decrease in the exchange rate

Impact on equity		Impact USD	Impact USD	Impact EUR	Impact EUR	Impact GBP	Impact GBP
		Period ended 12/31/2025	Period ended December 31, 2024	Period ended 12/31/2025	Period ended December 31, 2024	Period ended 12/31/2025	Period ended 12/31/2024
ASSETS							
Price increase	10%	2,902	1,776	5,216	6,701	716	16
Price decline	-10%	-2,902	-1,776	-5,216	-6,701	-716	-16
LIABILITIES AND LOANS							
Exchange rate increase	10%	-105	-184	-837	-794	-10	-10
Price decline	-10%	105	184	837	794	10	10
TOTAL							
Price increase	10%	2,797	1,592	4,379	5,907	706	6
Price decline	-10%	-2,797	-1,592	-4,379	-5,907	-706	-6

Impact on financial results		Impact of the USD	Impact of the USD	Impact EUR	Impact EUR	Impact GBP	Impact GBP
		Period ended 12/31/2025	Period ended December 31, 2024	Period ended 12/31/2025	Period ended December 31, 2024	Period ended 12/31/2025	Period ended 12/31/2024
ASSETS							
Price increase	10%	2,902	1,776	5,216	6,701	716	16
Decline	-10%	-2,902	-1,776	-5,216	-6,701	-716	-16
LIABILITIES AND LOANS							
Exchange rate increase	10%	-105	-184	-837	-794	-10	-10
Price decline	-10%	105	184	837	794	10	10
TOTAL							
Price increase	10%	2,797	1,592	4,379	5,907	706	6
Price decline	-10%	-2,797	-1,592	-4,379	-5,907	-706	-6

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

30.2 Interest rate risk

The Company utilizes interest-bearing loans. Loans in the amount of PLN 76,707 thousand and lease liabilities in the amount of PLN 3,854 thousand bear interest at variable rates, while PLN 1,994 thousand of lease liabilities 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	+/- 69
Other financial liabilities measured at amortized cost (loans)	+/- 767	+/- 572

30.3 Capital management

The primary objective of capital management at the Company is to maintain a strong credit rating and sound capital ratios that support the Company's operations and enhance value for its shareholders.

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust its capital structure, the Company may modify dividend payments to shareholders, return capital to shareholders, or issue new shares. In the year ended December 31, 2025, no changes were made to the objectives, policies, and processes in this area.

The Company monitors its capital position using a leverage ratio, which is calculated as the ratio of net debt to total capital plus net debt. The Company 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 in PLN thousand	As of December 31, 2024 in PLN thousand
Debt	82,555	64,095
Cash and cash equivalents	-19,088	-51,016
Net debt	63,468	13,079
Equity	187,660	212,617
Net debt-to-equity ratio	**33.82%**	**6.15**

The level of the net debt-to-equity ratio reflects the Company's Management Board's conservative approach to debt. Accumulated cash is used for the Company's operating activities. The increase in the ratio in 2025 results from higher limits on current accounts and from investment loans taken out. The ratio is at the level expected by the Company.

30.4 Liquidity risk

Liquidity risk is the risk of encountering difficulties in meeting financial obligations. The Company'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.

The Company also manages liquidity risk by maintaining open and unused credit lines. These constitute a liquidity reserve and safeguard solvency and financial flexibility. The Company recognizes bank loans as financial instruments that may potentially result in a concentration of liquidity risk because the Company works with selected financial institutions. As of December 31, 2025, short-term bank loans accounted for 33% of short-term liabilities (31% as of December 31, 2024). The Company has unused credit lines totaling PLN 57,438 thousand, which are summarized in Note 20 of this report.

The Company's financial liabilities by maturity date based on contractual payments as of December 31, 2025, and December 31, 2024.

12/31/2025	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years	Total (excluding discount)	Total on the balance sheet
Loans and borrowings	54,391	6,600	6,600	6,600	2,516	-	76,707	76,707
Trade payables	34,025	-	-	-	-	-	34,025	34,025
Liabilities Lease	2,888	1,568	807	314	254	8,080	13,911	5,848
Derivative instruments	-	-	-	-	-	-	-	-
Financial Liabilities	7,536	-	-	-	-	-	7,536	7,536
Other short-term								
TOTAL	**98,842**	**8,168**	**7,407**	**6,914**	**2,770**	**8,080**	**132,180**	**124,117**

Dec. 31, 2024	as of 1 year	1–2 years	2–3 years	3–4 years	4–5 years	over 5 years	Total (excluding discount)	Total on the balance sheet
Loans and borrowings	56,195	1,036	-	-	-	-	**57,231**	**57,231**
Trade payables	27,564	-	-	-	-	-	**27,564**	**27,564**
finance leases Liabilities	3,438	2,197	1,080	574	134	8,080	**15,504**	**6,863**
Other short-term Derivative instruments	163	20	-	-	-	-	**183**	**183**
Liabilities	7,710	-	-	-	-	-	**7,710**	**7,710**
TOTAL	**95,072**	**3,253**	**1,080**	**574**	**134**	**8,080**	**108,192**	**99,552**

30.5 Credit risk

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

With respect to the Company's other financial assets, such as derivatives, the Company'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 Company 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 Company applies a simplified model for calculating impairment losses on 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 Company uses a provision matrix based on historical recovery rates for receivables from counterparties. The Company incorporates forward-looking information into the parameters of the expected loss estimation model by adjusting the underlying probability-of-default factors. The expected credit loss for trade receivables is calculated at the time the receivables are 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 15.

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 0.71% for non-delinquent receivables to 51.32% for receivables over 180 days past due.

Note 31. INCENTIVE PROGRAM

SECO/WARWICK S.A. Incentive Program

On December 14, 2023, the Supervisory Board, by Resolution No. 1/2023, established 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 achievement of the 2024 targets was approved by the Annual General Meeting by Resolution No. 21 of June 9, 2025.

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 PLN 567 thousand.

Note 32. EVENTS AFTER THE BALANCE SHEET DATE

On January 13, 2026, an Amendment to the Credit Agreement was signed with BNP Paribas Bank Polska Spółka Akcyjna, with the loan repayment date set for 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 Company'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.

This event had no impact on the Company's financial or asset position as of the balance sheet date.

Note 33. 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.

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

Table: Remuneration of the entity authorized to audit financial statements for the years 2025 and 2024.

Type of service	Remuneration for 2025 in PLN thousand	Remuneration for 2024 in PLN thousand
Audit of the annual financial statements	320	275
Other assurance services, including review of financial statements	305	279
Other services	29	27
Total	**654**	**581**

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 Board

Piotr Walasek

Chief Accountant

Krzysztof Opszalski