

Protector S.A.

Annual financial report of
PROTEKTOR S.A. for the period
01/01/2025 – 31/12/2025

Lublin, April 30, 2026

(*The official version of the report is the
Polish version. The English translation is
provided for information purposes only.)

Selected financial data

Specification	for the period		for the period	
	from 01/01/2025 to 31/12/2025	from 01/01/2024 *to 31/12/2024	from 01/01/2025 to 31/12/2025	from 01/01/2024 *to 31/12/2024
	thousand PLN		thousand EUR	
PROFIT AND LOSS ACCOUNT				
Sales revenue	31,725	31,264	7,487	7,264
Gross profit (loss) on sales	5 513	4,714	1,301	1,095
Profit (loss) from operating activities	(9,612)	(13,403)	(2,269)	(3,114)
Profit (loss) before tax	(10,761)	(12,095)	(2,540)	(2,810)
Net profit (loss) of the parent company	(11,455)	(11,948)	(2,703)	(2,776)
Earnings (loss) per share (PLN/EUR)	(0.51)	(0.63)	(0.12)	(0.15)
CASH FLOW STATEMENT				
Net cash flow from operating activities	(1,296)	2 185	(306)	508
Net cash flow from investing activities	1 130	1,932	267	449
Net cash flow from financing activities	999	(5,274)	236	(1,225)
Net change in cash	833	(1,156)	197	(269)
Specification	per day		per day	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
	thousand PLN		thousand EUR	
STATEMENT OF FINANCIAL POSITION				
Fixed assets	29,039	35,916	6,870	8,405
Current assets	10,692	13,370	2,530	3 129
Equity capital	7,803	15,356	1,846	3,594
Long-term liabilities	3,781	6,987	894	1,635
Short-term liabilities	28 147	26,943	6,659	6 305
Weighted average number of shares (pcs)	22 246 366	19 021 600	22 246 366	19 021 600
Book value per share (PLN/EUR)	0.35	0.81	0.08	0.19

*transformed data

The above financial data have been converted into EUR according to the following rules:

- Items of the separate statement of comprehensive income and the separate statement of Cash flows were converted at exchange rates that were the arithmetic average of the average exchange rates announced by the National Bank of Poland for euro, applicable on the last day of each month in a given reporting period. These rates were, respectively: from January 1 to December 31, 2025: EUR/PLN 4.2372 and from January 1 to December 31, 2024: EUR/PLN 4.3042.
- Assets and liabilities in the separate statement of financial position were translated at the exchange rates announced by the National Bank of Poland for the euro, effective on the last day of the reporting period. These rates were EUR/PLN 4.2267 as of December 31, 2025, and EUR/PLN 4.2730 as of December 31, 2024, respectively.

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Separate statement of comprehensive income

Specification	Note	for the period	
		from 01/01/2025 to 31/12/2025	from 01/01/2024 *to 31/12/2024
Sales revenue	1	31,725	31,264
Revenues from product sales	1	24,997	22,791
Revenues from the sale of services	1	1 221	1,616
Revenues from the sale of goods and materials	1	5 506	6,857
Cost of sales	3	(26 211)	(26,550)
Cost of products sold	3	(21,845)	(20,811)
Cost of services sold	3	(694)	(1,043)
Cost of goods and materials sold	3	(3,672)	(4,696)
Gross profit (loss) on sales		5 513	4,714
Selling costs	3	(2,357)	(3,584)
General administrative expenses	3	(4,714)	(5,543)
Other operating income	4	546	217
Other operating costs	4	(8,601)	(9,207)
Profit (loss) from operating activities		(9,612)	(13,403)
Financial income	5	493	3,359
Financial costs	5	(1,641)	(2,051)
Profit (loss) before tax		(10,761)	(12,095)
Tax	6	(694)	147
Net profit (loss)	7	(11,455)	(11,948)
Other comprehensive income			
Items that may be reclassified to the profit and loss account in the future, including:		-	-
- exchange rate differences from the conversion of foreign companies		-	-
- income tax on other comprehensive income		-	-
Items that cannot be reclassified to the profit and loss account in the future, including:		-	-
- write-down of fixed assets held for sale		-	-
- income tax on other comprehensive income		-	-
Total comprehensive income		(11,455)	(11,948)
Weighted average number of ordinary shares (pcs)		22 246 366	19 021 600
Weighted average diluted number of ordinary shares (pcs)		22 246 366	19 021 600
Basic earnings (loss) per share (PLN)	7	(0.51)	(0.63)

*transformed data

Separate statement of financial position

Specification	Note	per day	per day
		31/12/2025	31/12/2024
Fixed assets		29,039	35,916
Intangible assets	9	1 161	1,938
Material fixed assets	10	3,855	4,872
The right to use leased assets	11	1,071	3,865
Investments in subsidiaries	12	22,840	22,840
Deferred tax assets	6	-	2 177
Long-term accruals	16	111	223
Current assets		10,692	13,370
Supplies	13	7,396	10,504
Trade receivables	14	937	1,061
- from related entities	26	211	66
- from other units	14	726	995
Other short-term receivables	14	1,056	1,258
- from related entities	26	-	641
- from other units	14	1,056	617
Cash and cash equivalents	15	1,001	168
Short-term accruals	16	302	378
TOTAL ASSETS		39,730	49,286

Specification	Note	per day	per day
		31/12/2025	31/12/2024
Equity		7,803	15,356
Equity of shareholders of the parent company		7,803	15,356
Share capital	17	13,474	9,572
Reserve capital from the sale of shares above their nominal value	18	10 235	10 235
Other capital	18	6,957	6,957
Retained earnings, including:	18	(22,863)	(11,408)
- net profit (loss) from previous years	18	(11,408)	540
- net profit (loss) for the current year attributable to shareholders of the parent company	18	(11,455)	(11,948)
Non-controlling interests		-	-
Obligations		31,927	33,930
Long-term liabilities		3,781	6,987
Long-term loans and credits	19	3 319	5,607
Long-term liabilities arising from leased right-of-use assets (IFRS 16)	20	47	1 112
Deferred income tax provision	6	292	159
Provisions for employee benefit liabilities	21	122	107
Long-term accruals	24	-	2
Short-term liabilities		28 147	26,943
Short-term loans and credits	19	12 177	7,300
Other short-term financial liabilities	20	1,206	2,545
Trade payables	23	10,520	9,464
Other short-term liabilities	23	2,320	2 611
Current liabilities arising from leased right-of-use assets (IFRS 16)	20	1,216	3 232
Provisions for employee benefit liabilities	21	305	183
Other provisions for short-term liabilities	22	301	1,067
Short-term accruals	24	102	540
TOTAL LIABILITIES		39,730	49,286

Separate statement of changes in equity

Specification	Capital attributable to shareholders of the parent company					Non-controlling interests	Total equity
	Share capital	Reserve capital	Other capital	Retained earnings	Together		
Balance as of January 1, 2025	9,572	10 235	6,957	(11,408)	15,356	-	15,356
Net profit for the period 01/01/2025 - 31/12/2025	-	-	-	(11,455)	(11,455)	-	(11,455)
Total comprehensive income	-	-	-	(11,455)	(11,455)	-	(11,455)
Share issue	3,902	-	-	-	3,902	-	3,902
Changes in equity	3,902	-	-	(11,455)	(7,553)	-	(7,553)
Balance as of December 31, 2025	13,474	10 235	6,957	(22,863)	7,803	-	7,803
Balance as of January 1, 2024	9,572	10 235	6,957	540	27,304	-	27,304
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	(11,948)	(11,948)	-	(11,948)
Total comprehensive income	-	-	-	(11,948)	(11,948)	-	(11,948)
Share issue	-	-	-	-	-	-	-
Changes in equity	-	-	-	(11,948)	(11,948)	-	(11,948)
Balance as of December 31, 2024	9,572	10 235	6,957	(11,408)	15,356	-	15,356

Separate statement of cash flows

Specification	Note	for the period	for the period
		from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Cash flow from operating activities			
Profit (loss) before tax		(10,761)	(12,095)
Corrections:		9,465	14,280
Amortization of intangible assets		542	508
Depreciation of tangible fixed assets		3,843	3,964
Profit (loss) on the sale of tangible fixed assets		(270)	(115)
Interest costs		944	1,379
Dividends received		(381)	(3,236)
Change in inventory		3 108	2,988
Change in receivables		(313)	3 169
Change in liabilities except loans		765	2,354
Change in reserves and accruals		1,066	3 271
Other corrections		162	-
Net cash from operating activities		(1,296)	2 185
Cash flows from investing activities			
Acquisition of tangible fixed assets and intangible assets		(161)	(222)
Sale of tangible fixed assets and intangible assets		270	130
Dividends received		1,020	2,024
Net cash from investing activities		1 130	1,932
Cash flows from financing activities			
Net proceeds from the issue of shares		3,902	-
Proceeds from taking out loans and borrowings		4,865	-
Repayment of loans and credits		(2,227)	(98)
Repayment of financial leasing liabilities		(3,209)	(3,324)
Interest paid		(944)	(1,379)
Other income/expenditures		(1,388)	(472)
Net cash from financing activities		999	(5,274)
Total net cash flow, including:		833	(1,156)
Cash at the beginning of the period		168	1,325
Cash at the end of the period		1,001	168

Information and explanations to the separate financial statements

1. GENERAL INFORMATION

Unit data

Name:	PROTEKTOR SA
Legal form:	joint-stock company
Address:	Vetterów Street 24a-24b, 20-277 Lublin, Poland
Primary place of business:	Poland
Core business activity:	footwear production
Industry/sector:	clothing and cosmetics / clothing and footwear
The body maintaining the register:	District Court Lublin East in Lublin with its seat in Świdnik 6th Commercial Division of the National Court Register
KRS:	0000033534
REGON:	430068516
Tax Identification Number:	7120102959
Website:	www.protektorsa.pl

Outline of the Company's corporate history

2021	sale of 51% of shares in Terri-Pa (Moldova) – an indirect subsidiary of the Parent Company
2016	relocation to a new factory in the Lublin Subzone of the EURO-PARK Mielec Special Economic Zone
2012	sale of 100% shares in Prabos (Czech Republic)
2009	increase to 100% of shares in Abeba and Inform Brill (Germany)
2007	acquisition of 75% of shares in Abeba and Inform Brill (Germany) and 100% of shares in Prabos (Czech Republic)
1998	debut on the Warsaw Stock Exchange as Lubelskie Zakłady Przemysłu Skórzanego PROTEKTOR SA
1993	privatization process, taking over full control by private investors
1992	transformation into a single-member company of the State Treasury
1958	establishment of the state-owned Lublin Leather Industry Plant named after Marian Buczek
1944	commencement of footwear production for the Polish People's Army

Duration of the Company

The duration of the Company's operation is unlimited.

Periods presented

The separate financial statements include:

- data for the period from January 1, 2025 to December 31, 2025 and
- as of December 31, 2025.

Comparative data is presented as follows:

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

Composition of the Company's bodies

Composition of the Management Board as of December 31, 2025 and as of the date of approval of the report for publication

Name and surname	Function	Date of last appointment
Radosław Rogacki	President of the Management Board	20/06/2024
Witold Rzewuski	Member of the Company's Management Board	01/10/2025

On September 29, 2025, the Supervisory Board adopted a Resolution appointing Mr. Witold Rzewuski to the Company's Management Board and entrusting him with the function of a Member of the Management Board as of October 1, 2025.

After the balance sheet date, until the date of approval of this report for publication, there were no changes in the composition of the Management Board of PROTEKTOR SA

Composition of the Supervisory Board as of December 31, 2025 and as of the date of approval of the report for publication

Name and surname	Function	Date of last appointment
Aleksandra Zamasz	Chairwoman of the Supervisory Board	21/08/2025
Piotr Zarzycki	Deputy Chairman of the Supervisory Board	28/11/2024
Dominika Welon	Secretary of the Supervisory Board	21/08/2025
Krzysztof Matan	Member of the Supervisory Board	29/11/2023
Maciej Kolon	Member of the Supervisory Board	21/08/2025

On August 19, 2025:

- Mr. Jarosław Palejko – Chairman of the Supervisory Board,
- Mr. Wojciech Sobczak – Deputy Chairman of the Supervisory Board,
- Mr. Tomasz Krześniak – Member of the Supervisory Board,

resigned from their membership in the Supervisory Board of the Company with effect from 21 August 2025 (RB 31/2025).

On August 21, 2025, during the Extraordinary General Meeting of Shareholders, the following persons were appointed to the Supervisory Board of PROTEKTOR SA:

- Mr. Maciej Kolon,
- Mrs. Aleksandra Zamasz,
- Mrs. Dominika Welon,

as Members of the Supervisory Board of the Company (RB 35/2025).

On September 3, 2025 (RB 46/2025), the Supervisory Board adopted resolutions pursuant to which:

- Ms. Aleksandra Zamasz was elected Chairwoman of the Supervisory Board,
- Mr. Piotr Zarzycki – Deputy Chairman of the Supervisory Board,
- Ms. Dominika Welon – Secretary of the Supervisory Board.

After the balance sheet date, until the date of approval of this report for publication, there were no changes in the composition of the Supervisory Board of PROTEKTOR SA

The Audit Committee operates within the Supervisory Board.

Composition of the Audit Committee as at 31 December 2025 and as at the date of approval of the report for publication

Name and surname	Function	Date of last appointment
Aleksandra Zamasz	Chairwoman of the Audit Committee	3/09/2025
Maciej Kolon	Member of the Audit Committee	3/09/2025
Krzysztof Matan	Member of the Audit Committee	3/09/2025

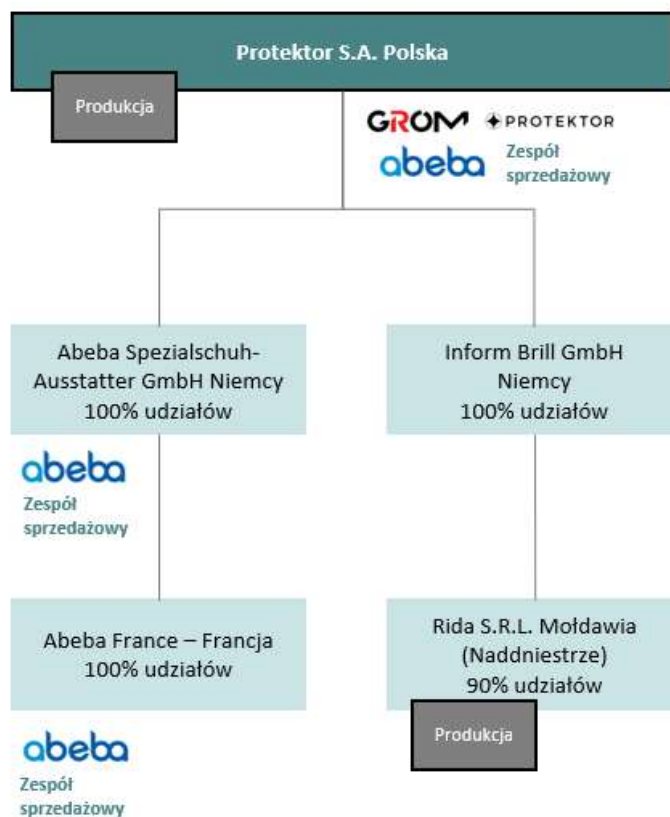
On September 3, 2025, the Supervisory Board of PROTEKTOR SA appointed new members of the Audit Committee from among its members. The following persons were appointed to the Audit Committee:

- Ms. Aleksandra Zamasz – Chairwoman of the Audit Committee,
- Mr. Maciej Kolon – Member of the Audit Committee,
- Mr. Krzysztof Matan – Member of the Audit Committee.

After the balance sheet date, until the date of approval of this report for publication, there were no changes in the composition of the Audit Committee of PROTEKTOR SA

Subsidiaries

Companies/Subsidiaries included in the Protektor Capital Group subject to full consolidation as at 31 December 2025:



- PROTEKTOR SA - Parent Company. PROTEKTOR SA is also the highest-level parent company in the Protektor Group.
- ABEBA Spezialschuh-Ausstatter GmbH, based in Sankt Ingbert, Germany, is a subsidiary company entered in the commercial register of the District Court in Saarbrücken under number HRB 32581. PROTEKTOR SA holds 100% of the shares. Control was acquired in May 2007. Core business: sale of footwear, footwear parts, leather goods, and related products.
- Inform Brill GmbH, based in Sankt Ingbert, Germany, is a subsidiary company entered in the commercial register of the District Court in Saarbrücken under number HRB 32553. PROTEKTOR SA holds 100% of the shares. Control was acquired in May 2007. Core business: trade in footwear and its parts, leather goods, and related products.
- ABEBA FRANCE SARL with its registered office in Sarreguemines, France – entered in the Registre du Commerce et des Sociétés Sarreguemines under number TI 490524964. The sole shareholder of the company is ABEBA Spezialschuh-Ausstatter GmbH. An indirect subsidiary of PROTEKTOR SA
- Rida LLC, based in Tiraspol, Moldova (Transnistria), registered under a certificate dated February 4, 1993, under number 01-023-2054. Inform Brill GmbH holds 90% of the company's shares. An indirect subsidiary of PROTEKTOR SA

- The companies ABEBA Speziale Schuh-Ausstatter GmbH and Inform Brill GmbH together with their subsidiaries are referred to in this report under the common name: Abeba Capital Group.

The companies ABEBA Speziale Schuh-Ausstatter GmbH and Inform Brill GmbH together with their subsidiaries are referred to in this report under the common name: Abeba Capital Group.

Other related entities:

- POLANIA Sp. z o. o. in liquidation – is not a subsidiary, but remains an associated entity. PROTEKTOR SA holds 12,242 shares, which constitutes 14.1% of votes at the Shareholders' Meeting. The shares were acquired on 25 October 2002 for PLN 1.00 and are fully covered by a write-down.

During the reporting period and until the date of publication of these financial statements, there were no changes in the organisation of the Protektor Capital Group, including as a result of mergers, obtaining or losing control over subsidiaries and long-term investments, as well as division, restructuring or discontinuation of operations.

Stock exchange quotes

PROTEKTOR SA shares are listed on the Warsaw Stock Exchange in the continuous trading system.

Approval of the financial statements

These separate financial statements have been approved for publication by the Management Board of PROTEKTOR SA for publication on 30 April 2026.

Continuation of business

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. for a period of at least 12 months after the balance sheet date.

Based on the balance sheet prepared by the Management Board of PROTEKTOR S.A. as at 31 December 2025, the condition specified in Article 397 of the Commercial Companies Code was determined to have occurred. The total balance sheet loss amounted to PLN 22,863 thousand and exceeded the threshold resulting from Article 397 of the Commercial Companies Code (the sum of supplementary and reserve capital and 1/3 of the share capital of PLN 21,683 thousand) by PLN 1,180 thousand. Therefore, the Management Board is obligated to immediately convene the General Meeting of Shareholders to adopt a resolution regarding the Company's continued existence.

The Management Board, after analyzing the financial and operational situation of the Company, is of the opinion that the Company will be able to continue as a going concern for at least 12 months from the balance sheet date, i.e. until December 31, 2026. This assumption is supported in particular by the documented capital commitment of the shareholder Luma Holding Limited confirmed by four share issues in 2025-2026, the available authorized capital enabling further issues (7,000,000 shares), the conclusion of a factoring agreement with Bibby Financial Services in April 2026, maintained bank financing, as well as the structural increase in demand for footwear for uniformed services resulting from the unprecedented increase in European defense spending and the expansion of the Polish Armed Forces and other uniformed services.

At the same time, the Management Board recognizes that there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The balance sheet loss reported in the next two financial years (2024: PLN 11,948 thousand; 2025: PLN 11,455 thousand) and the cumulative uncovered loss of PLN 22,863 thousand constitute a material uncertainty, the final assessment of which will depend on the

effectiveness of the implementation of optimization measures and the decision of the General Meeting of Shareholders.

A detailed description of risk factors and actions of the Management Board is presented in note 35 of this report.

2. BASIS FOR PREPARING FINANCIAL STATEMENTS

These separate financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as "EU IFRS").

EU IFRS include standards and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed for use in the European Union.

These separate financial statements of the Company should be read in conjunction with the consolidated financial statements of the Protektor Capital Group and the Management Board's report on the activities of the Protektor Capital Group and PROTEKTOR SA, which were approved for publication by the Management Board and published on the same day as these separate financial statements.

3. CHANGES TO STANDARDS OR INTERPRETATIONS

When preparing the separate financial statements for 2025, the Company applies accounting principles consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2024, except for changes resulting from new standards and amendments to standards and interpretations approved by the European Union, effective for reporting periods beginning on January 1, 2025.

Standards and interpretations applied for the first time

In the opinion of the Management Board, the application of the following changes had no material impact on the Company's separate financial statements for the period ended 31 December 2025:

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

The amendments introduce guidelines for situations where the exchange rate cannot be determined. They specify the procedures to be followed in such cases, including the method for determining the estimated exchange rate. The amendments apply to annual periods beginning on or after January 1, 2025.

Application of a standard or interpretation before its effective date

The Company has not decided to early adopt any standards or interpretations.

These financial statements do not take into account standards and interpretations that are awaiting approval by the European Union or have already been approved but will enter into force after the balance sheet date.

New standards and amendments to existing standards adopted by the IASB that have not yet been approved for use by the EU

In the opinion of the Management Board of PROTEKTOR SA, the application of the following standards and amendments to standards, adopted by the International Accounting Standards Board (IASB), but not approved by the European Union as at the date of approval of this report, will not have a material impact on the Company's accounting policy applied so far.

IFRS 18 "Presentation and Disclosure in Financial Statements"

The standard introduces changes to the presentation of financial results, in particular: a new structure of the income statement (division into operating, investing, and financing activities), expanded requirements for data aggregation and disaggregation, the obligation to disclose management-defined performance measures (MPM), and changes to the presentation of other elements of the financial statements. The standard is effective for annual periods beginning on or after 1 January 2027.

IFRS 19 "Subsidiaries without public accountability: Disclosures"

The standard simplifies disclosure requirements for subsidiaries that are not required to report publicly, but whose parent entity prepares consolidated financial statements in accordance with IFRS. It allows for a limited scope of disclosures while maintaining the measurement and presentation principles of IFRS. The standard is effective for annual periods beginning on or after 1 January 2027.

IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments - Disclosures" - changes in the classification and measurement of financial instruments

The amendments clarify the rules for classifying and measuring financial instruments, particularly for instruments with variable characteristics and those with early settlement options. The amendments apply to annual periods beginning on or after January 1, 2026.

IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments - Disclosures" - changes in the qualification of Power Purchase Agreements (PPA) in the context of hedge accounting

The amendments apply to contracts where the energy source is dependent on natural factors (e.g., renewable energy), meaning that the amount of energy may vary depending on environmental conditions. The proposed amendments are intended to adjust the accounting and disclosure rules for these contracts. The amendments are effective for annual periods beginning on or after January 1, 2026.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Cash Flow Statement

These amendments contain clarifications and explanations intended to improve the quality and clarity of the accounting policies used. The amendments are effective for annual periods beginning on or after January 1, 2026.

Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associates or joint ventures

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. Accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a "business." If the non-monetary assets constitute a "business," the investor recognizes the full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognizes a gain or loss only to the extent of the other investors' interests.

4. DESCRIPTION OF ACCOUNTING PRINCIPLES ADOPTED

Operating income and expenses

Sales revenue is recognised in accordance with IFRS 15, using a five-step revenue recognition model, including:

- identification of customer contracts,
- identification of separate obligations to perform the service,
- determining the transaction price,
- allocation of the transaction price to individual performance obligations,
- recognition of revenue at the time or as performance obligations are met.

Sales revenue is recognized net of any discounts granted, value added tax (VAT) and other taxes directly related to sales, including excise tax.

Revenue from the sale of goods is recognized when control over the goods is transferred to the customer, which generally occurs upon delivery and transfer of ownership.

Costs of finished goods and merchandise sold are recognized in the same reporting period as the corresponding revenues, in accordance with the principle of matching revenues and costs.

Revenues and costs of financial activities

Interest income is recognized on a pro rata basis as it accrues, in relation to the principal amount due, using the effective interest method.

Dividend income is recognized when the shareholders' right to receive it is established.

Financial costs mainly consist of interest on loans and borrowings and leasing.

Positive and negative exchange rate differences determined as at the balance sheet valuation date are presented on a balance sheet basis. This means that the excess of positive exchange rate differences over negative exchange rate differences is reported as financial income, and in the opposite situation, as financial expenses.

Current tax and deferred tax

Mandatory tax deductions include current tax and deferred tax.

The current tax burden is calculated based on the tax result (tax base) for a given financial year. Tax profit (loss) differs from accounting net profit (loss) due to excluding taxable income and costs constituting the costs of obtaining income in subsequent years, as well as cost and income items that will never be subject to taxation. Tax charges are calculated based on the tax rates in effect in a given financial year.

Since 2016, the company has been operating within the EURO-PARK MIELEC Special Economic Zone under permit no. 318/ARP/2015 of September 11, 2015. Income earned from activities covered by the zone permit is taxed on preferential terms. In addition to income PROTEKTOR SA also generates income from its activities in the Special Economic Zone from activities not covered by the permit.

Deferred tax is calculated using the balance sheet method as tax payable or refundable in the future on differences between the carrying amounts of assets and liabilities and their corresponding tax values used to calculate the tax base.

A deferred tax provision is created on all taxable positive temporary differences, while a deferred tax asset is recognized up to the amount to the extent to which it is probable that it will be possible to reduce future taxable profits by the recognised deductible temporary differences. A tax asset or liability does not arise if the temporary difference arises from goodwill or from the initial recognition of another asset or liability, in a transaction that has no impact on either the tax result or the accounting result. The value of an asset deferred tax is subject to analysis at each balance sheet date, and if the expected future tax profits are not sufficient to realize the asset or part thereof, it is written off.

Goods and Services Tax

Revenues, expenses and assets are recognized net of value added tax, except for:

- Situations where the value added tax paid upon the purchase of assets or services is not recoverable from the tax authorities – then it is recognised as part of the cost of acquiring the asset or as an expense, respectively.
- Receivables and liabilities that are reported gross – including the amount of value added tax.

The amount of value added tax that is recoverable or payable to the tax authorities is recorded in the balance sheet as part of receivables or payables.

Payment of dividends

Dividend liabilities are recognized when the General Meeting adopts a resolution approving the payment of a dividend.

Intangible assets

Intangible assets acquired in a separate transaction are initially measured at cost. The cost of intangible assets acquired in a business combination is equal to their fair value at the date of the combination. After initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

The Company determines whether the useful life of intangible assets is finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment whenever there is evidence of impairment.

Amortization periods for intangible assets with finite useful lives are reviewed at least at the end of each financial year. Amortization charges for intangible assets with finite useful lives are recognized in the profit and loss account as expenses corresponding to the function of the intangible asset within the Company.

Intangible assets with indefinite useful lives and those that are not in use are tested annually for impairment, either individually or at the cash-generating unit level. Other intangible assets are assessed annually for any indication of impairment. Useful lives are also tested annually and, if necessary, adjusted with effect from the beginning of the following financial year.

The straight-line method of amortization is used for intangible assets with a finite useful life.

The depreciation period is determined in accordance with the economic useful life, for a period not longer than 5 years and not less than 2 years.

Intangible assets under construction include expenditures incurred by an entity to create or improve intangible assets that have not yet been completed or placed in service at the balance sheet date. This category includes,

among other things, development costs in progress, software development or implementation costs, licenses awaiting installation or activation, and other IT and technology projects still in the development phase.

These expenses are recorded in the accounting records at acquisition or production cost. They are not subject to depreciation until the work is completed.

Material fixed assets

As of the date of transition to IAS/IFRS, i.e., January 1, 2006, PROTEKTOR SA's land, buildings and structures, plant and machinery, and means of transportation were valued by real estate appraisers for financial reporting purposes in accordance with International Accounting Standards. Under IFRS 1, as of the date of first-time adoption of IFRS, an entity may measure fixed assets, intangible assets, and investment properties at fair value and recognize their fair value as deemed cost at that date. Under Polish accounting principles, the Company last revalued fixed assets on January 1, 1995, to reflect the effects of inflation by applying revaluation rates established by the Central Statistical Office for specific groups of fixed assets.

Depreciation is calculated for all fixed assets, excluding land, fixed assets held for sale, and fixed assets under construction, over their economic useful lives, as estimated by appraisers, using the straight-line method. The Company's depreciation rates are reviewed annually by a dedicated team that assesses the economic useful lives of fixed assets and intangible assets.

The increase in value resulting from the revaluation of land is recognised in the revaluation reserve, less the deferred income tax provision, while the increase in value of other fixed assets resulting from the revaluation is recognised in retained earnings, also less the deferred tax provision.

Gains or losses arising from the sale/liquidation or cessation of use of fixed assets are determined as the difference between the sale proceeds and the net value of these fixed assets and are recognised in the profit and loss account.

Impairment of non-financial assets

At each balance sheet date, the Company's assets, except for inventories, financial assets and deferred tax assets, for which different valuation procedures should be applied, are analyzed for evidence of impairment.

If such an indication exists, the Company estimates the recoverable amount (higher value) (One of the two: fair value less costs to sell or value in use.) Value in use is defined as the sum of discounted future economic benefits that a given asset will generate. If the carrying amount of an asset exceeds its recoverable amount, it is considered impaired and a write-down is made to the recoverable amount. Write-downs are charged to the profit and loss account. At each balance sheet date, the Company assesses whether there is any indication that an impairment loss recognized in previous reporting periods is unnecessary or excessive. If so, the write-down or a portion thereof is reversed. The value of the asset is restored to the amount it would have had had the previous impairment loss not been recognized. Reversals of impairment losses are recognized in the profit and loss account. Write-downs of the carrying amount of goodwill are not reversed.

Borrowing costs

Borrowing costs are capitalized as part of an asset's acquisition or production cost if it is probable that they will generate future economic benefits for the entity and if the acquisition or production cost can be measured reliably. Borrowing costs increase the initial cost of the asset until it is recorded and used. Financing costs incurred

after the asset is recorded and other (non-fixed asset) borrowing costs are recognized as an expense in the period in which they are incurred.

Leasing

The Company has implemented accounting policies requiring the recognition of assets and liabilities for all leases subject to IFRS 16, subject to the exceptions listed in the standard. The Company recognizes the right-of-use asset along with a corresponding lease liability, determined as the discounted future payments over the term of the lease subject to IFRS 16. Contract fees, previously recognized in operating expenses, have been replaced with depreciation calculated on the value of the right-of-use asset and interest accrued on the lease liability.

Depreciation is allocated to production costs, selling costs, and general and administrative expenses. Right-of-use assets are depreciated on a straight-line basis, while lease liabilities are depreciated using the effective interest rate (internal rate of return or the lessee's incremental borrowing rate).

Investments in subordinated entities

On the date of inception, investments in subordinated entities are valued at acquisition cost. On the balance sheet date, investments in subordinated entities are valued at adjusted acquisition cost. for write-offs due to permanent impairment.

Financial assets

Financial instruments are divided into the following categories:

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

The initial classification is made based on:

- the model for managing financial assets adopted by the entity (referred to as the business model) and
- characteristics of the cash flows from a given financial asset.

A financial asset should be classified as measured at amortised cost only if:

- is maintained as a result of the adopted financial asset management model, according to which financial assets are maintained in order to generate cash flows resulting from the terms of concluded contracts,
- the cash flows related to it, in accordance with the contractual terms, occur on specified dates and constitute only payment for repayment of the principal amount and interest on the unpaid principal amount.

Financial assets are classified as measured at fair value through other comprehensive income if:

- are maintained as a result of the adopted financial asset management model, the purpose of which can be achieved either by generating cash flows resulting from the terms of concluded contracts or by selling financial assets,
- the cash flows associated with them, in accordance with the contractual terms, occur on specific dates and constitute only payment for repayment of the principal amount and interest on the unpaid principal amount.

Financial assets that do not fall into one of the above two categories should be classified as measured at fair value through profit or loss. An example is assets acquired as part of a business model that assumes generating cash flows through the sale of financial assets. Therefore, this asset category primarily includes instruments held for trading.

Supplies

Inventory disposal is performed using the FIFO method. The amount of inventory write-downs to net realizable value or write-downs due to obsolescence (this applies particularly to material inventories), as well as any inventory losses, is recognized as an expense in the period in which the write-down occurred, charged to the cost of goods or products sold, or other operating expenses (in the case of materials). In accordance with the principle of "prudence," the write-down amount is the greater of the two: the write-down to net realizable value or the write-down due to obsolescence. The net realizable selling price is the estimated average selling price calculated based on transactions made in the most recent period reflecting the market price. Inventories that are defective and unfit for further use are written off in full by Management Board decision. Inventories that do not show any movement are written down as a percentage of the inventory's initial value:

- Inventories lying around for one to two years – 10% of the value.
- Inventories lying around for 2 to 3 years – 30% of the value.
- Inventories lying around for 3 to 4 years – 50% of the value.
- Inventories lying around for over 4 years – 70% of the value.

Trade and other receivables

Trade receivables, which generally have maturities between 7 and 90 days, are recognized and carried at original invoice amounts, less an allowance for uncollectible receivables. An allowance for doubtful receivables is estimated when collection of the full amount of the receivable is no longer probable.

The Capital Group companies make write-downs in accordance with the principle presented below:

- receivables outstanding within a period of 180 to 360 days - in the amount of 50% of the gross value of the receivables,
- receivables outstanding for a period exceeding 360 days – 100% of the gross value of the receivables,
- other receivables (overdue and non-overdue) for which there is a probability of non-payment - up to the amount not covered by security or guarantee,
- receivables from debtors disputing these receivables - in the amount each time estimated by the Company.

Uncollectible receivables are written off to the profit and loss account when they are determined to be uncollectible. Receivables denominated in foreign currencies at the parent company during the financial year are valued at the historical exchange rate, i.e., the average NBP exchange rate from the transaction date. As of the balance sheet date, receivables are valued at the average NBP exchange rate from the balance sheet date.

Accruals

Prepaid expenses are costs that have already been incurred and relate to subsequent reporting periods.

These costs are charged to the profit and loss account proportionally over time. Settlements that are charged to the profit and loss account after one year from the balance sheet date are classified as long-term, while others are classified as short-term. These settlements are valued at the cost incurred.

Cash and cash equivalents

Cash includes cash at bank, in hand, and short-term deposits. The value of cash in foreign currency accounts is translated into Polish zloty using the closing exchange rate for a given currency as of the balance sheet date, i.e., the average NBP exchange rate as of the balance sheet date. Exchange rate differences resulting from the translation are recognized under financial income (expenses) in the profit and loss account.

Assets held for sale and discontinued operations

Fixed assets classified as held for sale, as well as groups of net assets held for sale, are valued at the lower of their carrying amount or fair value, less costs related to selling.

Non-current assets and net asset groups are classified as held for sale if their carrying amount is likely to be recovered through a sale transaction rather than through continued use. This condition is considered met only if the asset (or net asset group held for sale) is available for immediate sale in its present condition and the sale is highly probable within one year of the reclassification. An extension of the period required to complete the sale—that is, beyond 12 months—does not preclude the classification of the asset (or disposal group) as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity is committed to its plan to sell the asset (or disposal group). A description of the criteria related to the prolongation of the sale is presented in Appendix B to IFRS 5.

Once a non-current asset is classified as held for sale, an entity ceases to depreciate it. If an asset (or disposal group) that the entity has classified no longer meets the criteria for classifying the asset or disposal group as available for sale, the entity ceases to classify the asset (or disposal group) as held for sale.

Equity

The entity's share capital is recorded at the nominal value of registered shares, as defined in the Company's articles of association and entry in the National Court Register. Supplementary capital is established pursuant to applicable regulations. There are no reserve capital as of December 31, 2025. Retained earnings include retained earnings or losses from prior years and the effects of transitioning to IFRS/IAS, including, among other things, the revaluation of fixed assets to fair value, taking into account the deferred tax provision.

Provisions for liabilities

Provisions are created when the company has an obligation (legal or constructive) arising from past events and when it is probable that the discharge of this obligation will result in an outflow of resources and a reliable estimate of the amount of the obligation can be made.

Employee benefits

The Company creates a provision for future retirement benefit obligations to allocate costs to the periods to which they relate. According to international standards, retirement benefits are defined benefit plans after the period of employment. The present value of these obligations at each balance sheet date is calculated by an independent actuary. The accrued obligation is equal to the discounted future payments, taking into account employee turnover, and relates to the period to the balance sheet date. Gains and losses from actuarial

calculations are recognized in the profit and loss account. The Company establishes provisions for unused vacation leave at the end of each financial year.

Bank loans and credits

Interest-bearing bank loans are recognized at purchase price, which is the fair value of the cash obtained, less direct costs related to obtaining the loan.

Financial liabilities

All financial liabilities are classified as measured at amortized cost, except for the following:

- Financial liabilities that are measured at fair value through profit or loss upon initial recognition (including financial liabilities held for trading).
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing commitment approach applies.
- Financial guarantee contracts not designated for valuation in WGWF, which are not accounted for in accordance with IFRS 4 "Insurance Contracts".
- Commitments to lend at below-market interest rates.

Trade and other liabilities

Trade and other payables are recognized at fair value or adjusted cost. An entity classifies a liability as a current liability if it meets one of the following criteria:

- it is expected to be settled in the normal operating cycle,
- is held primarily for the purpose of trading,
- it is due within twelve months of the balance sheet date,
- the entity does not have an unconditional right to defer the maturity date of the liability for a period of at least twelve months from the balance sheet date.

All other liabilities should be classified as long-term liabilities.

State subsidies

If there is reasonable certainty that the grant will be obtained and all related conditions will be met conditions, then the grants are recognized at fair value in the "Deferred income" item. The value of the grant is written off as income in parallel with depreciation or amortization charges on fixed assets financed by the grant received. The resulting revenues are recognized as income from core operations.

5. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Functional currency and presentation currency

Financial statement items are measured in the currency of the primary economic environment in which the Company operates (i.e. functional currency).

These financial statements are presented in Polish zloty (PLN), which is both the functional and presentation currency of the Company. All amounts are presented in thousands of zloty (PLN'000), unless otherwise indicated.

Differences between the sum of values shown in individual table items and their summaries may result from rounding the values to full thousands of PLN.

Transactions and balances

Transactions denominated in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Any resulting exchange rate differences, both from transaction settlement and from balance sheet valuation, are recognized in profit or loss for the current period, except for exchange rate differences recognized in other comprehensive income if they meet the criteria for hedge accounting (in particular, cash flow hedges and net asset hedges).

6. IMPORTANT VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATE

Professional judgment

In preparing the separate financial statements, the Company's Management Board applies professional judgment in making estimates and assumptions that affect the accounting principles applied and the reported values of assets, liabilities, revenues and expenses.

The estimates and associated assumptions are based on historical experience and other factors believed to be relevant under the circumstances. Actual results may differ from these estimates.

The most significant areas where professional judgment is used and estimates are made are outlined below.

Estimation uncertainty

Economic useful lives of fixed assets

The Company's Management Board reviews the useful lives of depreciable fixed assets at least annually. At the balance sheet date, it assesses whether the adopted depreciation periods reflect the expected period of obtaining economic benefits from these assets. Actual useful lives may differ from the assumed periods, in particular as a result of technological advances or changes in operating conditions.

Reserves

Provisions are created, among others, for certain or highly probable future liabilities, the amount of which can be reliably estimated, in particular for losses on business transactions.in progress, including the effects of ongoing legal proceedings or disputes. The Management Board bases its assessment of this probability on the course of legal proceedings, opinions, and consultations.with lawyers and tax advisors.

Deferred tax assets

The probability of settling a deferred tax asset against future taxable profits is based on the Company's budgets approved by the Management Board. If the projected financial results indicate that the Company will generate taxable profit, the deferred tax asset is recognized in full. Otherwise, the deferred tax asset is recognized up to the amount of the deferred tax provision.

Asset impairment

The Company assesses the impairment of assets such as fixed assets, intangible assets, and other assets at the end of each reporting period. If there are indications of possible impairment, the Company performs an impairment test. This test involves estimating the asset's recoverable amount and comparing it to the carrying amount at the audit date. If the carrying amount exceeds the recoverable amount, a write-down is recognized to reduce the asset's value to the recoverable amount.

7. ASSUMPTION OF COMPARABILITY OF FINANCIAL STATEMENTS

Changes in accounting policy

The changes in accounting policies resulted from changes in applicable laws under which the Company conducts its business. A detailed description of these changes is presented in Section 3, "Changes in standards or interpretations."

Error correction

In 2025, the Company corrected an error resulting from a change in the accounting for and accounting for expenses incurred on new footwear projects, moving them from accrued expenses to intangible assets. Costs incurred in connection with the new projects, despite meeting the criteria for classification as intangible assets, were treated as accrued expenses. The purpose of the change was to align the accounting for project costs with the requirements of IAS 38.

Therefore, an adjustment was made, transferring costs from the asset class to the intangible asset class and recognizing depreciation that should have been charged in prior periods. This adjustment was recorded through equity (profit/loss from prior years) and does not affect the financial result for the current period, except for depreciation related to the current year. Consequently, the adjustment increased the loss from prior years and reduced the Company's equity. Comparative data has been adjusted accordingly to ensure comparability.

As a result of the correction, the Company reclassified the total amount of PLN 2,459 thousand, including:

- **PLN 1,948,000** transferred from long-term accruals,
- **PLN 511,000** transferred from short-term accruals.

After analyzing the principles of qualifying costs as assets in accordance with IAS 38, it was determined that:

- The amount of PLN 997,000 relates to projects that meet the criteria for recognition as intangible assets. It was classified as completed footwear projects in the intangible asset class,
- the remaining amount of PLN 1,462,000 did not meet the capitalization conditions and was charged to the result of previous years.

Recognizing this portion of costs in the prior year result resulted in a decrease in the Company's equity by PLN 1,462,000. This adjustment reflects the alignment of cost presentation with the principles of proper balance sheet recognition and ensures a fair presentation of the Company's assets and financial position.

Presentation changes

In these separate financial statements for 2025, a presentation change has been introduced regarding the recognition of costs of unused production capacity.

In accordance with the adopted approach, the costs of unused production capacity were reclassified from "Costs of products sold" to "Other operating expenses." The reclassification amount was PLN 5,716,000.

In order to ensure comparability of data, the comparative data for the period from 1 January 2024 to 31 December 2024 was appropriately restated.

Therefore, the amount of PLN 5,716,000 representing the costs of unused production capacity was transferred from production costs to other operating expenses. This recognition reflects the actual level of capacity utilization and ensures a fair presentation of the financial result.

This change resulted in a reduction in the Company's operating costs and an increase in other costs.

The above change was for presentation purposes only and did not affect the Company's financial result or the value of equity shown in the financial statements.

TABLE NO.1 SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01.2024 TO 31.12.2024 – PRESENTATION CHANGES AND ERROR CORRECTIONS

Specification	Note	for the period	for the period	for the period
		from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024
		data before change	data after change	difference
Sales revenue	1	31,264	31,264	-
Revenues from product sales	1	22,791	22,791	-
Revenues from the sale of services	1	1,616	1,616	-
Revenues from the sale of goods and materials	1	6,857	6,857	-
Cost of sales	3	(32,266)	(26,550)	5,716
Cost of products sold	3	(26,527)	(20,811)	5,716
Cost of services sold	3	(1,043)	(1,043)	-
Cost of goods and materials sold	3	(4,696)	(4,696)	-
Gross profit (loss) on sales		(1,002)	4,714	5,716
Selling costs	3	(3,584)	(3,584)	-
General administrative expenses	3	(5,543)	(5,543)	-
Other operating income	4	217	217	-
Other operating costs	4	(2,029)	(9,207)	(7,178)
Profit (loss) from operating activities		(11,940)	(13,403)	(1,462)
Financial income	5	3,359	3,359	-
Financial costs	5	(2,051)	(2,051)	-
Profit (loss) before tax		(10,633)	(12,095)	(1,462)
Tax	6	147	147	-
Net profit (loss)	7	(10,486)	(11,948)	(1,462)
Other comprehensive income				
Items that may be reclassified to the profit and loss account in the future, including:		-	-	-
- exchange rate differences from the conversion of foreign companies		-	-	-
- income tax on other comprehensive income		-	-	-
Items that cannot be reclassified to the profit and loss account in the future, including:		-	-	-
- write-down of fixed assets held for sale		-	-	-
- income tax on other comprehensive income		-	-	-
Total comprehensive income		(10,486)	(11,948)	(1,462)
Weighted average number of ordinary shares (pcs)		19 021 600	19 021 600	-
Weighted average diluted number of ordinary shares (pcs)		19 021 600	19 021 600	-
Basic earnings (loss) per share (PLN)	7	(0.55)	(0.63)	(0.08)

TABLE NO.2 SEPARATE STATEMENT OF FINANCIAL POSITION (ASSETS) AS AT 31 DECEMBER 2024 – PRESENTATION CHANGES AND ERROR CORRECTIONS

Specification	Note	per day	per day	per day
		31/12/2024	31/12/2024	31/12/2024
		data before change	data after change	difference
Fixed assets		36,867	35,916	(952)
Intangible assets	9	942	1,938	997
Shoe designs completed		-	997	997
Material fixed assets	10	4,872	4,872	-
The right to use leased assets	11	3,865	3,865	-
Investments in subsidiaries	12	22,840	22,840	-
Deferred tax assets	6	2 177	2 177	-
Long-term accruals	16	2 171	223	(1948)
Current assets		13,881	13,370	(511)
Supplies	13	10,504	10,504	-
Trade receivables	14	1,061	1,061	-
- From related entities	26	66	66	-
- from other units	14	995	995	-
Other short-term receivables	14	1,258	1,258	-
- from related entities	26	641	641	-
- from other units	14	617	617	-
Cash and cash equivalents	15	168	168	-
Short-term accruals	16	889	378	(511)
TOTAL ASSETS		50,748	49,286	(1462)

TABLE NO.3 SEPARATE STATEMENT OF FINANCIAL POSITION (LIABILITIES) AS AT 31 DECEMBER 2024 – PRESENTATION CHANGES AND ERROR CORRECTIONS

Specification	Note	per day	per day	per day
		31/12/2024	31/12/2024	31/12/2024
		data before change	data after change	difference
Equity		16,818	15,356	(1,462)
Equity of shareholders of the parent company		16,818	15,356	(1,462)
Share capital	17	9,572	9,572	-
Reserve capital from the sale of shares above their nominal value	18	10 235	10 235	-
Other capital	18	6,957	6,957	-
Retained earnings, including:	18	(9,945)	(11,408)	(1,462)
- net profit (loss) from previous years	18	540	540	-
- net profit (loss) for the current year attributable to shareholders of the parent company	18	(10,486)	(11,948)	(1,462)
Non-controlling interests		-	-	-
Obligations		33,930	33,930	-
Long-term liabilities		6,987	6,987	-
Long-term loans and credits	19	5,607	5,607	-
Long-term liabilities arising from leased right-of-use assets (IFRS 16)	20	1 112	1 112	-
Deferred income tax provision	6	159	159	-
Provisions for employee benefit liabilities	21	107	107	-
Long-term accruals	24	2	2	-
Short-term liabilities		26,943	26,943	-
Short-term loans and credits	19	7,300	7,300	-
Other short-term financial liabilities	20	2,545	2,545	-
Trade payables	23	9,464	9,464	-
Other short-term liabilities	23	2 611	2 611	-
Current liabilities arising from leased right-of-use assets (IFRS 16)	20	3 232	3 232	-
Provisions for employee benefit liabilities	21	183	183	-
Other provisions for short-term liabilities	22	1,067	1,067	-
Short-term accruals	24	540	540	-
TOTAL LIABILITIES		50,748	49,286	(1,462)

TABLE NO.4 CHANGES IN EQUITY AS OF DECEMBER 31, 2024 – PRESENTATION CHANGES AND ERROR CORRECTIONS

Values before change							
Balance as of January 1, 2024	9,572	10 235	6,957	540	27,304	-	27,304
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	(10,486)	(10,486)	-	(10,486)
Total comprehensive income	-	-	-	(10,486)	(10,486)	-	(10,486)
Share issue	-	-	-	-	-	-	-
Changes in equity	-	-	-	(10,486)	(10,486)	-	(10,486)
Balance as of December 31, 2024	9,572	10 235	6,957	(9,945)	16,818	-	16,818
Values after change							
Balance as of January 1, 2024	9,572	10 235	6,957	540	27,304	-	27,304
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	(11,948)	(11,948)	-	(11,948)
Total comprehensive income	-	-	-	(11,948)	(11,948)	-	(11,948)
Share issue	-	-	-	-	-	-	-
Changes in equity	-	-	-	(11,948)	(11,948)	-	(11,948)
Balance as of December 31, 2024	9,572	10 235	6,957	(11,408)	15,356	-	15,356
Change							
Balance as of January 1, 2024	-	-	-	-	-	-	-
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	(1,462)	(1,462)	-	(1,462)
Total comprehensive income	-	-	-	(1,462)	(1,462)	-	(1,462)
Share issue	-	-	-	-	-	-	-
Changes in equity	-	-	-	(1,462)	(1,462)	-	(1,462)
Balance as of December 31, 2024	-	-	-	(1,462)	(1,462)	-	(1,462)

TABLE NO.5 CASH FLOW STATEMENT FOR THE PERIOD 01/01/2024 - 31/12/2024 – PRESENTATION CHANGES AND ERROR CORRECTIONS

Specification	Note	for the period	for the period	for the period
		from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024
		data before change	data after change	difference
Cash flow from operating activities				
Profit (loss) before tax		(10,633)	(12,095)	(1,462)
Corrections:		12,818	14,280	1,462
Amortization of intangible assets		280	508	228
Depreciation of tangible fixed assets		3,964	3,964	-
Profit (loss) on the sale of tangible fixed assets		(115)	(115)	-
Interest costs		1,379	1,379	-
Dividends received		(3,236)	(3,236)	-
Change in inventory		2,988	2,988	-
Change in receivables		3 169	3 169	-
Change in liabilities except loans		2,354	2,354	-
Change in reserves and accruals		2,036	3 271	1,235
Cash generated from operating activities		2 185	2 185	-
Net cash from operating activities		2 185	2 185	-
Cash flows from investing activities				
Acquisition of tangible fixed assets and intangible assets		(222)	(222)	-
Sale of tangible fixed assets and intangible assets		130	130	-
Dividends received		2,024	2,024	-
Net cash from investing activities		1,932	1,932	-
Cash flows from financing activities				
Repayment of loans and credits		(98)	(98)	-
Repayment of financial leasing liabilities		(3,324)	(3,324)	-
Interest paid		(1,379)	(1,379)	-
Other income/expenditures		(472)	(472)	-
Net cash from financing activities		(5,274)	(5,274)	-
Total net cash flow, including:		(1,156)	(1,156)	-
Cash at the beginning of the period		1,325	1,325	-
Cash at the end of the period		168	168	-

8. DETAILED NOTES AND EXPLANATIONS

NOTE 1. SALES REVENUE

The table below presents sales revenue from contracts with customers by category, which includes sales of products, services, and goods and materials:

TABLE NO.6 SALES REVENUE FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period	for the period
	from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Product sales	24,997	22,791
Provision of services	1 221	1,616
Sales of goods and materials	5 506	6,857
Total sales revenue	31,725	31,264

The Company's core business is the wholesale and retail sale of footwear.

PROTEKTOR SA's customers include both affiliated entities and external clients. In 2025, sales to no single external client exceeded 10% of total sales revenue.

The Company's standard payment terms are 14 or 30 days from the date of invoice issuance. For business, key, and strategic clients, individual payment terms may be agreed upon.

The table below presents sales revenues by distribution channel:

TABLE NO.7 SALES REVENUE FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period	for the period
	from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Wholesale	17,724	21,535
Tenders	12,786	7,921
E-commerce	1,148	1,739
Other retail sales	67	69
Total sales revenue	31,725	31,264

NOTE 2. OPERATING SEGMENTS

The Company analyzes operating segments at the Capital Group level. Details of the identified operating segments are presented in the annual consolidated financial statements of the Protektor Capital Group for 2025.

NOTE 3. COSTS BY TYPE

TABLE NO.8 COSTS BY TYPE FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Depreciation	(4,384)	(4,471)
Material and energy consumption	(23 120)	(21,432)
External services	(3,200)	(3,410)
Taxes and fees	(92)	(125)
Salaries	(9,467)	(10,637)
Social security and other benefits	(1,827)	(2,165)
Other costs by type	(348)	(524)
Value of goods and materials sold	(3,672)	(4,696)
	(46 110)	(47,460)
Change in inventory	3,428	3,014
Benefits for own needs	9,400	8,770
Operating costs	(33,283)	(35,676)
Selling costs	2,357	3,584
General administrative expenses	4,714	5,543
Cost of sales	(26 211)	(26,550)

NOTE 4. OTHER OPERATING INCOME AND EXPENSES

TABLE NO.9 OTHER OPERATING INCOME AND EXPENSES FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Other operating income		
Gain from the sale of tangible fixed assets	150	115
Inventory surpluses	-	27
Compensation	13	11
Reversal of a write-down on current assets	313	29
Funding and subsidies	5	4
Obligations that have expired	2	2
Other net operating income	63	30
Total other operating income	546	217
Other operating costs		
Costs of unused production capacity	(5,419)	(5,716)
Net inventory losses	(86)	-
Penalties, fines, compensation	(106)	(822)
Costs of court and administrative proceedings	(47)	(46)
Write-down of deferred tax asset	(1,616)	-
Impairment write-off of tangible fixed assets and intangible assets	(404)	-
Write-down of current assets	(512)	(142)
Costs of abandoned projects	(89)	(2,169)

Liquidation of materials, semi-finished products, finished products and goods	(61)	(9)
Other net operating expenses	(261)	(304)
Total other operating expenses	(8,601)	(9,207)
Total other operating income and expenses	(8,055)	(8,990)

In 2025, PROTEKTOR recognized a write-down of deferred tax assets in the amount of PLN 1,616,000. The decision to recognize this write-down resulted from updated forecasts of future taxable income, which indicated an insufficient probability of realizing tax benefits arising from existing temporary differences and tax losses that could be settled in the future.

In the item "Impairment write-offs on tangible fixed assets and intangible assets", the amount of PLN 392,000 concerns the write-down of the value of development works.

NOTE 5. FINANCIAL INCOME AND EXPENSES

TABLE NO.10 FINANCIAL INCOME AND COSTS FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Financial income		
Interest income from current account and other	1	1
Result on exchange rate differences	97	120
Dividends for previous years	381	3 237
Other financial income	13	1
Total financial income	493	3,359
Financial costs		
Interest	(1,213)	(1,789)
Commissions	(428)	(262)
Total financial costs	(1,641)	(2,051)
Total financial revenues and costs	(1,148)	1,308

In 2025, the Company received a dividend of PLN 381,000 from its subsidiary, Inform Brill GmbH. The dividend was paid from the entity's prior-year profits and was recognized in financial income for the period.

TABLE NO.11 PROFIT (LOSS) FROM FOREIGN EXCHANGE RATE DIFFERENCES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Financial income	200	243
Financial costs	(103)	(123)
Together	97	120

NOTE 6. INCOME TAXES AND DEFERRED INCOME TAXES

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

TABLE NO.12 INCOME TAX FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Profit and loss account		
Current income tax	-	-
Current income tax expense	-	-
Corrections to current income tax from previous years	-	-
Deferred income tax	(694)	147
Related to the emergence and reversal of temporary differences	(694)	147
Related to the reduction of income tax rates	-	-
Tax benefit / (tax expense) shown in the profit and loss account	(694)	147

Deferred tax shown in the profit and loss account is the difference between the change in deferred tax assets and liabilities at the end and at the beginning of the reporting period.

The reconciliation of income tax calculated on the financial result before tax at the statutory tax rate with income tax calculated at the Company's effective tax rate for the years 2025 and 2024 is as follows:

TABLE NO.13 RECONCILIATION OF TAX BENEFIT (TAX EXPENSE) WITH GROSS FINANCIAL RESULT IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
1) Gross financial result	(10,761)	(12,095)
2) Revenue adjustment (-)	2,450	2,306
lasting differences	2,650	2,453
temporary differences	(200)	(148)
3) Accounting costs that are not tax deductible (+)	10,286	8,555
lasting differences	9,643	7,441
temporary differences	643	1 114
4) Tax-deductible costs that are deductible but not included in the financial year result (-)	2,747	3,614
5) Income	(5,672)	(7,997)
6) Income Deductions	5,635	7,026
7) Tax base	(37)	(971)
8) Income tax - current part	-	-
9) Deferred tax	(694)	147
10) Total income tax	(694)	147
Tax benefit / (tax expense) shown in the profit and loss account	(694)	147
Effective tax rate	-6.5%	1.2%

Deferred income tax results from the following items:

TABLE NO.14 DEFERRED INCOME TAX PROVISIONS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Balance		Profit and loss account	
	per day	per day	for the period	for the period
	31/12/2025	31/12/2024	from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Deferred tax provisions				
Fixed assets	292	153	139	16
Currency liabilities - exchange rate differences	-	6	(6)	(28)
Gross deferred tax provisions	292	159	133	(12)

TABLE NO.15 DEFERRED TAX ASSETS AS AT DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	Balance		Profit and loss account	
	per day	per day	for the period	for the period
	31/12/2025	31/12/2024	from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Deferred tax assets				
Employee benefits (leave accruals, retirement benefits)	75	55	20	(8)
Unpaid ZUS	144	182	(38)	17
Inventories of goods and finished products	792	742	50	51
Other assets - write-downs	467	456	11	(93)
Unrealized negative exchange rate differences (currency receivables)	-	(7)	7	(15)
Tax loss from previous years	494	464	30	-
Deferred income	24	103	(79)	103
Fixed assets	(440)	142	(582)	73
Other reserves	59	39	20	5
Gross deferred tax assets	1,615	2 177	(562)	135
Deferred income tax expense		-	694	(147)
Net deferred tax provision	-	-	-	-
Deferred tax asset write-down	(1,615)	-	-	-
Net deferred tax assets	-	2017	-	-

The Company establishes a provision and deferred tax assets based on temporary differences between the recorded value of assets and liabilities and their tax base, as well as any future tax losses and other unused corporate income tax credits. Temporary differences may be:

- positive, which give rise to taxable amounts taken into account in determining taxable profit (tax loss) in future periods when the carrying amount of the asset or liability is recovered or settled,
- negative amounts that give rise to amounts that are deductible in determining taxable profit (tax loss) in future periods when the carrying amount of the asset or liability is recovered or settled.

Since 2016, the company has been operating within the EURO-PARK MIELEC Special Economic Zone under permit no. 318/ARP/2015 of September 11, 2015. Income earned from activities covered by the zone permit is taxed on preferential terms. In addition to income PROTEKTOR SA also generates income from its activities in the Special Economic Zone from activities not covered by the permit.

In light of the provisions of the General Anti-Abuse Rule ("GAAR"), effective July 15, 2016, which is intended to prevent the creation and use of artificial legal structures created to avoid paying tax in Poland, the Management Board of PROTEKTOR S.A. analyzed and considered the impact of transactions potentially subject to GAAR on deferred tax, the tax base of assets, and provisions for tax risk. In the Management Board's opinion, the analysis did not indicate the need to adjust the reported current and deferred income tax items. However, in the Management Board's opinion, there is inherent uncertainty surrounding GAAR that the tax authorities will interpret these provisions differently, will change their approach to their interpretation, or the provisions themselves will change, which could affect the ability to realize deferred tax assets in future periods and the potential payment of additional tax for past periods.

NOTE 7. EARNINGS (LOSS) PER SHARE

The profit and share data used to calculate basic earnings per share are presented below.

TABLE NO.16 PROFIT (LOSS) PER SHARE IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Net profit (loss)	(11,455)	(11,948)
- from continuing operations	(11,455)	(11,948)
- from discontinued operations	-	-
Weighted average number of ordinary shares (pcs)	22 246 366	19 021 600
Basic earnings (loss) per share from continuing operations (in PLN)	(0.51)	(0.63)
Basic earnings (loss) per share from discontinued operations (in PLN)	-	-

Net earnings (loss) per share for each period are calculated by dividing net earnings (loss) for the period by the weighted average number of shares outstanding during the reporting period. The Company does not present diluted earnings (loss) per share because there are no dilutive potential ordinary shares.

The net loss generated by the Company in 2025 and 2024 relates entirely to the net loss from continuing operations. The weighted average number of ordinary shares outstanding during the period under review was 22,246,366.

NOTE 8. DIVIDENDS PAID AND DECLARED

In the current reporting period ended on 31 December 2025, the Parent Company did not pay or declare any dividends.

NOTE 9. INTANGIBLE ASSETS

TABLE NO.17 INTANGIBLE ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	as of December 31, 2025		as of December 31, 2024	
	total net worth	produced in-house	total net worth	produced in-house
E-commerce store	248	-	385	-
Computer software	414	-	554	-
Development costs	991	991	997	997
Impairment write-offs	(556)	(556)	-	-
Other intangible assets	1	-	3	-
Net carrying amount	1,097	434	1,938	997
Intangible assets in the course of production	64	-	-	-
Intangible assets	1 161	434	1,938	997

TABLE NO.18 INTANGIBLE ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	E-commerce store	Computer software	Development costs	Other intangible assets	Intangible assets in the course of production	Together
Net carrying amount as at 01/01/2025	385	554	997	3	-	1,939
Increases due to acquisition (+)	-	-	93	-	82	175
Decrease due to liquidation (-)	-	-	-	-	(18)	(18)
Transfer from intangible assets in progress (-)	-	-	-	-	-	-
Increases or decreases due to reclassification (+) / (-)	-	-	-	-	-	-
Depreciation (-)	(137)	(140)	(263)	(2)	-	(542)
Reduction in the existing write-off due to liquidation (+)	-	-	-	-	-	-
Impairment losses (-)	-	-	(556)	-	-	(556)
Reversal of impairment losses (+)	-	-	164	-	-	164
Net carrying amount as at 31/12/2025	248	414	434	1	64	1 161
Net carrying amount as at 01/01/2024	382	708	-	15	770	1,875
Increases due to acquisition (+)	-	-	-	-	43	43
Decrease due to liquidation (-)	-	(191)	(1,462)	(24)	(691)	(2,368)
Transfer from intangible assets in progress (-)	122	-	-	-	(122)	-
Increases or decreases due to reclassification (+) / (-)	-	-	2,686	-	-	2,686
Depreciation (-)	(118)	(154)	(228)	(7)	-	(508)
Reduction in the existing write-off due to liquidation (+)	-	191	-	19	-	210
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses (+)	-	-	-	-	-	-
Net carrying amount as at 31/12/2024	385	554	997	3	-	1,938

TABLE NO.19 INTANGIBLE ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	E-commerce store	Computer software	Development costs	Other intangible assets	Intangible assets in the course of production	Together
As of December 31, 2025						-
Gross carrying amount	683	933	1,633	23	64	3 335
Total accumulated depreciation and write-downs to date	(435)	(518)	(1,199)	(22)	-	(2,174)
Net carrying amount	248	414	434	1	64	1 161
As of December 31, 2024						
Gross carrying amount	683	933	1,540	23	-	3 178
Total accumulated depreciation and write-downs to date	(298)	(379)	(543)	(20)	-	(1,240)
Net carrying amount	385	554	997	3	-	1,938

No security was established on intangible assets.

NOTE 10. PROPERTY, FIXED ASSETS

TABLE NO.20 PROPERTY, FIXED ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Buildings and structures	98	233
Machines and equipment	3 811	4 216
Write-down	(403)	(120)
Means of transport	35	25
Other fixed assets	314	519
Net carrying amount	3,855	4,872
Fixed assets under construction	-	-
Material fixed assets	3,855	4,872

TABLE NO.21 PROPERTY, FIXED ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Buildings and structures	Machines and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Together
Net carrying amount as at 01/01/2025	233	4,095	25	519	-	4,872
Increases due to acquisition (+)	-	16	84	23	2	125
Decrease due to liquidation (-)	-	(117)	(211)	-	-	(329)
Transfer from fixed assets under construction (+) / (-)	-	-	-	2	(2)	-
Increases or decreases due to reclassification (+) / (-)	-	363	-	-	-	363
Depreciation (-)	(135)	(783)	(30)	(230)	-	(1,179)
Reduction in the existing write-off due to liquidation (+)	-	117	168	-	-	285
Impairment losses (-)	-	(282)	-	-	-	(282)
Other changes (+) / (-)	-	-	-	-	-	-
Net carrying amount as at 31/12/2025	98	3,408	35	314	-	3,855
Net carrying amount as at 01/01/2024	368	4,742	39	636	15	5,799
Increasesbalance due to acquisition (+)	-	-	-	0	176	176
Decrease due to liquidation (-)	-	(146)	(127)	-	(15)	(289)
Transfer from fixed assets under construction (+) / (-)	-	48	-	127	(176)	-
Increases or decreases due to reclassification (+) / (-)	-	203	-	-	-	203
Depreciation (-)	(135)	(777)	(14)	(245)	-	(1,170)
Reduction in the existing write-off due to liquidation (+)	-	146	127	-	-	274
Impairment losses (-)	-	(120)	-	-	-	(120)
Other changes (+) / (-)	-	-	-	-	-	-
Net carrying amount as at 31/12/2024	233	4,095	25	519	-	4,872

TABLE NO.22 PROPERTY, FIXED ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Buildings and structures	Machines and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Together
As of December 31, 2025						
Gross carrying amount	881	14,006	281	1,713	-	16,881
Total accumulated depreciation and write-downs (-)	(782)	(10,599)	(246)	(1,399)	-	(13,026)
Net carrying amount	98	3,408	35	314	-	3,855
As of December 31, 2024						
Gross carrying amount	881	12,339	183	1,624	-	15,026
Total accumulated depreciation and write-downs (-)	(647)	(8,244)	(158)	(1,105)	-	(10,154)
Net carrying amount	233	4,095	25	519	-	4,872

No security was established on the fixed assets.

NOTE 11. RIGHT TO USE ASSETS

TABLE NO.23 RIGHT TO USE ASSETS AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Buildings and structures	817	3 129
Machines and equipment	95	604
Write-down	-	(396)
Means of transport	159	427
Other fixed assets	-	101
Net carrying amount	1,071	3,865
Fixed assets under construction	-	-
Material fixed assets	1,071	3,865

TABLE NO.24 RIGHT TO USE ASSETS AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	Buildings and structures	Machines and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Together
Net carrying amount as at 01/01/2025	3 129	208	427	101	-	3,865
Decrease due to liquidation (-)	-	(630)	(482)	(59)	-	(1,172)
Increases or decreases resulting from revaluation (+) / (-)	129	-	-	-	-	129
Increases or decreases due to reclassification (+) / (-)	-	(310)	(69)	(70)	-	(449)
Depreciation (-)	(2,442)	(74)	(121)	(28)	-	(2,664)
Reduction in the existing write-off due to liquidation (+)	-	505	405	56	-	966
Reversal of impairment losses (+)	-	396	-	-	-	396
Net carrying amount as at 31.12.2025	817	95	159	-	-	1,071

TABLE NO.25 RIGHT TO USE ASSETS AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Net carrying amount as at 01/01/2024	4,874	419	683	153	-	6 129
Decrease due to liquidation (-)	(605)	-	(183)	-	-	(788)
Increases or decreases resulting from revaluation (+) / (-)	609	-	18	-	-	627
Increases or decreases due to reclassification (+) / (-)	-	(182)	-	(21)	-	(203)
Depreciation (-)	(2,353)	(149)	(260)	(31)	-	(2,793)
Reduction in the existing write-off due to liquidation (+)	605	-	168	-	-	773
Reversal of impairment losses (+)	-	120	-	-	-	120
Net carrying amount as at 31.12.2024	3 129	208	427	101	-	3,865

The most valuable asset is the right to use the production hall and office building on Vetterów Street in Lublin, where the company's headquarters are located. The lease agreement runs until 2031.

NOTE 12. INVESTMENTS IN SUBSIDIARIES

TABLE NO.26 INVESTMENTS IN SUBSIDIARIES AS OF DECEMBER 31, 2025

Name of the subsidiary	Equity capital	Share capital	Obligations	Entity assets	Revenues from sales and financial operations	Financial result for the current period
Abeba Capital Group*	29,716	2,735	24,374	54,090	58,384	1,949

*Abeba Capital Group, i.e. ABEBA Spezialschuh - Ausstatter GmbH and Inform Brill GmbH together with their subsidiaries.

TABLE NO.27 INVESTMENTS IN SUBSIDIARIES AS OF DECEMBER 31, 2025

Name of the subsidiary	Percentage of shares held in the share capital	Percentage of votes held	Consolidation method	Value of shares at purchase price	Revaluation adjustments	Carrying amount of shares
Abeba Capital Group*	100.0%	100.0%	full	22,840	-	22,840

*Abeba Capital Group, i.e. ABEBA Spezialschuh - Ausstatter GmbH and Inform Brill GmbH together with their subsidiaries.

TABLE NO.28 INVESTMENTS IN SUBSIDIARIES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	per day 31/12/2025	per day 31/12/2024
Balance at the beginning of the period	22,840	22,840
Increases during the reporting period	-	-
Reductions during the reporting period	-	-
Balance at the end of the period	22,840	22,840

PROTEKTOR SA also holds 12,242 shares in POLANIA Sp. z o. o. in liquidation (until May 4, 2006 in bankruptcy), which constitutes 14.1% of the votes represented at the General Meeting of Shareholders of the above-mentioned company. These shares were purchased on 25 October 2002 for PLN 1.00 and were subsequently covered by a revaluation write-off in the amount of PLN 1.00.

NOTE 13. INVENTORY

TABLE NO.29 INVENTORY STRUCTURE AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Materials	2,735	3 106
Production in progress	215	549
Finished products	3,881	6,041
Goods	565	809
Total inventories, including:	7,396	10,504
- carrying amount of inventories stated at fair value less costs to sell	7,396	10,504
- carrying amount of inventories securing liabilities	2,000	2,000

As at 31 December 2025, inventories worth PLN 2,000 secured the guarantee line at ING Bank Śląski SA

The value of sold inventories recognized as cost in the period amounted to PLN 25,517,000 in 2025 and PLN 25,506,000 in 2024.

TABLE NO.30 INVENTORY WRITE-DOWNS AS OF DECEMBER 31, 2025

Specification	per day 1/01/2025	increase	reduction	per day 31/12/2025
Materials	1,273	281	-	1,554
Finished products	2,464	248	(182)	2,530
Goods	166	120	(5)	282
Together	3,904	649	(187)	4,366

TABLE NO.31 INVENTORY WRITE-DOWNS AS OF DECEMBER 31, 2024

Specification	per day 1/01/2024	increase	reduction	per day 31/12/2024
Materials	1 190	111	(27)	1,273
Finished products	2,326	211	(73)	2,464
Goods	118	55	(7)	166
Together	3,634	377	(107)	3,904

The balance of inventory write-downs as at December 31, 2025 increased by PLN 462,000 compared to December 31, 2024, including: the change in the write-down of materials amounted to PLN 281,000, finished products PLN 66,000, and goods PLN 116,000.

NOTE 14. TRADE RECEIVABLES, OTHER RECEIVABLES

TABLE NO.32 TRADE RECEIVABLES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Trade receivables	1,036	1 117
Write-downs on trade receivables (-)	(99)	(55)
Together	937	1,061

TABLE NO.33 OTHER RECEIVABLES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Other receivables - dividend	-	641
Other receivables - VAT	426	489
Other receivables - deposits, security deposits	157	33
Other receivables - VAT - Tax Office	22	13
Other receivables from employees	3	8
The remaining	448	74
Other receivables in total, including:	1,056	1,258
- long-term part	-	-
- short-term part	1,056	1,258

TABLE NO.34 IMPAIRMENT ALLOWANCES FOR SHORT-TERM RECEIVABLES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	per day 31/12/2025	per day 31/12/2024
Balance at the beginning of the period	(55)	(26)
Impairment losses made during the reporting period (-)	(99)	(55)
Impairment losses reversed during the reporting period (+)	55	26
Impairment losses used in the reporting period (+)	-	-
Balance at the end of the period	(99)	(55)

Specification	per day 31/12/2025	per day 31/12/2024
Balance at the beginning of the period	(55)	(26)
Impairment losses made during the reporting period (-)	(99)	(55)
Impairment losses reversed during the reporting period (+)	55	26
Impairment losses used in the reporting period (+)	-	-
Balance at the end of the period	(99)	(55)

The Company's Management Board has not made a decision to create write-offs for expected credit losses, taking into account the mechanisms implemented in the Company to limit the risk of unpaid receivables, which include:

- Detailed verification of the contractor before concluding the contract/sales transaction.
- Cyclic monitoring of contractors' repayments.

TABLE NO.35 CURRENCY STRUCTURE OF SHORT-TERM RECEIVABLES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	as of December 31, 2025		as of December 31, 2024	
	value in currency in thousands	value in PLN thousand	value in currency in thousands	value in PLN thousand
PLN	1,457	1,457	1 210	1 210
EUR	124	525	256	1,096
USD	3	12	3	13
Together	x	1,993	x	2,319

TABLE NO.36 STRUCTURE OF OVERDUE SHORT-TERM RECEIVABLES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Overdue trade receivables	377	459
- up to 1 month	123	139
- over 1 month to 6 months	132	245
- over 6 months to a year	41	24
- over a year	81	50
- write-down overdue receivables (-)		
Other overdue short-term receivables	-	-
- up to 1 month	-	-
- above 1 month to 6 months	-	-
- over 6 months to a year	-	-
- over a year	-	-
- write-downs on overdue receivables (-)	-	-
Gross overdue receivables	377	459
Write-downs on overdue receivables	(99)	(55)
Net overdue receivables	278	403

NOTE 15. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents reported in the statement of financial position and the statement of cash flows consists of the following items:

TABLE NO.37 CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Cash register	5	3
Bank account	986	149
The remaining	10	17
Together	1,001	168

The item "other" refers to cash held in trading panels in connection with the operation of an e-commerce store on various sales platforms.

NOTE 16. PREPAYMENTS

TABLE NO.38 LONG-TERM PREPAYMENTS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Certificates	75	173
Patents	36	47
E-commerce	-	2
Insurance	-	1
Together	111	223

TABLE NO. 16.2 SHORT-TERM PREPAYMENTS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Certificates	83	172
Insurance	62	63
Bank commissions	116	59
IT	26	27
Protektor Group Strategy	-	22
Patents	11	13
E-commerce	3	9
Fair	-	4
The remaining	0	8
Together	302	378

Details regarding new projects are described in the Management Board's Report on the activities of the Protektor Capital Group and PROTEKTOR SA for the financial year ended on 31 December 2025 in point 5.3. "RESEARCH AND DEVELOPMENT".

NOTE 17. SHARE CAPITAL

Share capital

As at 31 December 2025, the share capital consisted of 26 825 919 ordinary bearer shares. All issued shares have a nominal value of PLN 0.50.

Currently, the following series of shares are in circulation:

A – 5,988,480 pieces

B – 3,376,170 pieces

C – 9,364,650 pieces

D – 292,300 pieces

The remaining action series are:

E – 3,804,319 pieces

F – 4,000,000 pieces

Series A shares were fully paid up prior to the registration of the Company, while series B, C, and D shares were fully paid up prior to the registration of the share capital increase through the issuance of series B, C, and D shares, respectively. Series D shares were acquired in exchange for a non-cash contribution. Series E and F shares were fully paid up prior to the registration of the capital increase.

TABLE NO.39 SHARE CAPITAL AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Number of shares (pcs.)	26 825 919	19 021 600
Nominal value of shares (PLN / share)	0.5	0.5
Share capital	13,474	9,572

**Capital value taking into account the number of shares redeemed without reducing the share capital and changing the nominal value of 20,500 shares. Nominal value of redeemed shares: PLN 3.00/share. Total value: PLN 61,500.00.*

TABLE NO.40 SHARE CAPITAL (STRUCTURE) AS OF 31 DECEMBER 2025

Series / issue	Type of share preference	Type of restriction on share rights	Number of shares	Series/issue value at nominal value	Method of covering capital
AND	Lack	Lack	5 988 480	2,994	own funds
B	Lack	Lack	3 376 170	1,750	cash
C	Lack	Lack	9 364 650	4,682	cash
D	Lack	Lack	292 300	146	contribution
E	Lack	Lack	3 804 319	1,902	cash
F	Lack	Lack	4,000,000	2,000	cash
Together	x	x	26 825 919	13,474	x

**Capital value taking into account the number of shares redeemed without reducing the share capital and changing the nominal value of 20,500 shares. Nominal value of redeemed shares: PLN 3.00/share. Total value: PLN 61,500.00.*

Changes in share capital for the period from 1 January to 31 December 2025 and from 1 January to 31 December 2024 are presented in the table below:

TABLE NO.41 CHANGES IN SHARE CAPITAL IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Share capital at the beginning of the period	9,572	9,572
Increases in share capital, including:	3,902	-
Share issue series	3,902	-
Reductions in share capital, including:	-	-
Redemption of shares	-	-
Share capital at the end of the period	13,474	9,572

On **March 27, 2025** The Management Board of PROTEKTOR SA adopted Resolution No. 2/III/2025 on increasing the share capital by issuing ordinary series E bearer shares, within the authorized capital, excluding all subscription rights of the existing shareholders.

On **March 28, 2025** the Agreement for the acquisition of series E shares was concluded between the Company and a strategic investor — Luma Holding Limited with its registered office in St. Julians, Malta. The subject of the agreement was the acquisition of 3,804,319 series E shares with a total nominal value of PLN 1,902,159.50.

On **June 16, 2025** During the Extraordinary General Meeting of PROTEKTOR SA, Resolution No. 3/2025 was adopted amending the Articles of Association, authorizing the Management Board to further increase the share capital within the authorized capital, excluding the subscription rights of existing shareholders. Pursuant to the above Resolution, the Management Board of the Company was authorized to increase the share capital by an amount not exceeding PLN 8,000,000.00 by issuing a maximum of 16,000,000 new ordinary bearer shares with a nominal value of PLN 0.50 each.

On **November 20, 2025** The Management Board of PROTEKTOR SA adopted Resolution No. 2/XI/2025 on increasing the share capital by issuing ordinary series F bearer shares, within the authorized capital, excluding all subscription rights of the existing shareholders.

On **November 25, 2025**, the Agreement for the acquisition of series F shares was concluded between the Company and a strategic investor — Luma Holding Limited with its registered office in St. Julians, Malta. The subject of the agreement was the acquisition of 4,000,000 series F shares with a total nominal value of PLN 2,000,000.00.

Shareholders

To the best of the Issuer's knowledge, Based on notifications received from shareholders, as at 31 December 2025, shareholders holding significant blocks of shares (at least 5%) are the entities indicated below:

TABLE NO.42SHAREHOLDING STRUCTURE AS OF 31 DECEMBER 2025

Shareholder name	Number of shares held as of December 31, 2025	Percentage of shares held in the share capital	Number of votes held as of December 31, 2025	Percentage of shares held in votes at the General Meeting
Luma Holding Limited	10 789 031	40.22%	10 789 031	40.22%
The rest	16 036 888	59.78%	16 036 888	59.78%
Together	26 825 919	100.00%	26 825 919	100.00%

After the balance sheet date and until the date of approval of this report for publication, there were changes in the notifications of the number of shares held by individual shareholders.

TABLE NO.43SHAREHOLDING STRUCTURE AS OF APRIL 10, 2025

Shareholder name	Number of shares held as of April 10, 2026	Percentage of shares held in the share capital	Number of votes held as of April 10, 2026	Percentage of shares held in votes at the General Meeting
Luma Holding Limited	12 890 319	40.50%	12 890 319	40.50%
The rest	18 935 600	59.50%	18 935 600	59.50%
Together	31 825 919	100.00%	31 825 919	100.00%

On **February 6, 2026** the Management Board of PROTEKTOR S.A. adopted a resolution (RB 16/2026) on an increase in the share capital by issuing 4,000,000 new ordinary bearer series G shares, with a nominal value of PLN 0.50 each, within the authorized capital, excluding the subscription rights of existing shareholders. The issue took place in a private subscription addressed to Luma Holding Limited, at an issue price of PLN 0.50 per share, i.e. at a total price of PLN 2,000,000.00.

On **February 7, 2026** the Management Board of PROTEKTOR SA informed (RB 17/2026) about signing an agreement for the acquisition of Series G Shares with Luma Holding Limited.

On **March 25, 2026** the Management Board of PROTEKTOR S.A. adopted a resolution (RB 23/2026) on an increase in the share capital by issuing 1,000,000 new ordinary bearer series H shares, with a nominal value of PLN 0.50

each, within the authorized capital, excluding the subscription rights of existing shareholders. The issue took place in a private subscription addressed to Luma Holding Limited, at an issue price of PLN 0.50 per share, i.e. at a total price of PLN 500,000.00. The share capital increased from PLN 15,474,459.50 to PLN 15,974,459.50, and the total number of shares amounted to 31,825,919.

On **March 26, 2026** the Management Board of PROTEKTOR SA informed (RB 24/2026) about signing an agreement for the acquisition of Series H Shares with Luma Holding Limited.

On **April 15, 2026** the Management Board of PROTEKTOR S.A. announced (RB 26/2026) that the District Court for Lublin-Wschód in Lublin registered on the same day amendments to the Company's Articles of Association introduced by resolution of the Management Board No. 2/III/2026 dated March 25, 2026. § 9 sections 1 and 2 of the Articles of Association were amended, reflecting the new amount of the share capital — PLN 15,974,459.50 — and the total number of 31,825,919 series A–H shares. The remaining authorized capital to be taken up amounted to PLN 3,500,000.00.

NOTE 18. OTHER CAPITAL

TABLE NO.44 CHANGES IN OTHER CAPITAL IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	Reserve capital from the sale of shares above their nominal value	Other capital			Together
		Reserve capital	Reserve capital	Revaluation capital	
Status as of January 1, 2025	10 235	-	6,957	-	17,192
Increases in the period from 01.01 to 31.12.2025	-	-	-	-	-
- division of the financial result	-	-	-	-	-
Reductions in the period from 01.01 to 31.12.2025	-	-	-	-	-
As of December 31, 2025	10 235	-	6,957	-	17,192
Status as of January 1, 2024	10 235	-	6,957	-	17,192
Increases in the period from January 1 to December 31, 2024	-	-	-	-	-
- division of the financial result	-	-	-	-	-
Reductions in the period from 01.01 to 31.12.2024	-	-	-	-	-
As of December 31, 2024	10 235	-	6,957	-	17,192

TABLE NO.45 CHANGES IN THE RESULT FROM PREVIOUS YEARS AND THE RESULT OF THE PERIOD IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Retained earnings	Result from previous years	Period result
Status as of January 1, 2025	(11,408)	-
division of the result - into reserve capital	-	-
transfer of capital from revaluation to retained earnings	-	-
current period result	-	(11,455)
As of December 31, 2025	(11,408)	(11,455)
Status as of January 1, 2024	540	-
division of the result - into reserve capital	-	-
transfer of capital from revaluation to retained earnings	-	-
current period result	-	(11,948)
As of December 31, 2024	540	(11,948)

In accordance with the requirements of the Commercial Companies Code, the Company is required to establish reserve capital to cover losses. At least 8% of the profit for a given financial year, as reported in the Company's financial statements, is transferred to this capital category until it reaches at least one-third of the share capital. The General Meeting decides on the use of reserve capital and supplementary capital. However, the portion of the reserve capital equal to one-third of the share capital may only be used to cover losses reported in the financial statements and cannot be allocated for other purposes.

On June 30, 2025, the Annual General Meeting of PROTEKTOR SA decided to cover the Company's net loss resulting from the Company's approved financial statements for the financial year ended December 31, 2024, in full from the Company's future profits.

NOTE 19. LOANS AND BORROWINGS

TABLE NO.46 LOANS AND BORROWINGS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Credits	5,985	7,300
Loans	9,511	5,607
Together	15,496	12,907
- long-term	3 319	5,607
- short-term	12 177	7,300

TABLE NO.47 LOANS AND ADVANCES BY CURRENCIES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	31/12/2025		31/12/2024	
	value in currency	value in PLN	value in currency	value in PLN
PLN	9,950	9,950	7,300	7,300
EUR	1,312	5,546	1,312	5,607
Together	x	15,496	x	12,907

TABLE NO.48 LONG-TERM LOANS AND BORROWINGS AS OF DECEMBER 31, 2025

Name and seat of the unit	Type of credit/loan	Credit/loan amount according to the agreement		Amount of loan/credit outstanding		Repayment deadline	Security	Nominal interest rate
		thousand EUR	thousand PLN	thousand EUR	thousand PLN			
mBank SA, Senatorska Street 1800-838 Warsaw, Poland	Flexible revolving credit	0	7,300	0	3 319	29/03/2028	PLG-FGP BGK guarantee in the amount of PLN 5,840,000; surety by the subsidiary ABEBA Spezialschuh-Ausstatter GmbH in the amount of PLN 9,125,000; blank promissory note with promissory note declaration	WIBOR 1M + 1.6%
Together		x	7,300	x	3 319	x	x	x

TABLE NO.49SHORT-TERM LOANS AND ADVANCES AS OF DECEMBER 31, 2025

Name and seat of the unit	Type of credit/loan	Credit/loan amount according to the agreement		Amount of loan/credit outstanding		Repayment deadline	Security	Nominal interest rate
		thousand EUR	thousand PLN	thousand EUR	thousand PLN			
Abeba Spezialschuh-Ausstatter GmbH Schlackenbergstraße 566386 St. Ingbert Germany	Loan	1,312	5,546	1,312	5,546	31/12/2026	-	EURIBOR 12M + 4.0%
Abeba Spezialschuh-Ausstatter GmbH Schlackenbergstraße 566386 St. Ingbert Germany	Loan	-	3,965	-	3,965	31/12/2026	-	EURIBOR 12M + 4.0%
mBank SA, Senatorska Street 1800-838 Warsaw, Poland	Flexible revolving credit	0	7,300	0	2,654	29/03/2028	PLG-FGP BGK guarantee in the amount of PLN 5,840,000; surety by the subsidiary ABEBA Spezialschuh-Ausstatter GmbH in the amount of PLN 9,125,000; blank promissory note with promissory note declaration	WIBOR 1M + 1.6%
mBank SA, Senatorska Street 1800-838 Warsaw, Poland	Revolving credit for contract financing	-	2,000	-	12	31/12/2027	repayment of receivables due to the Company under contracts to a separate account designated by the Bank; from 13/05/2026: registered pledge on machines with assignment of receivables to mBank, guarantee by the subsidiary Abeba Spezialschuh-Ausstatter GmbH for the amount of PLN 2 million, guarantee by Luma Holding Limited for the amount of PLN 500,000; from 30/11/2026	WIBOR 1M + 1.2%
mBank SA, Senatorska Street 1800-838 Warsaw, Poland	Overdraft facility	-	320	-	0	24/07/2026	PLG-FGP BGK guarantee in the amount of PLN 1,620,000; surety by the subsidiary ABEBA Spezialschuh-Ausstatter GmbH in the amount of PLN 2,756,000; blank promissory note with promissory note declaration	WIBOR ON + 1.6%

On June 30, 2025, the Management Board of the Company informed (RB 22/2025 and 27/2025) about concluding annexes with mBank SA to:

- framework agreement for the multi-product line no. 87/067/20/Z/VX concluded on October 19, 2020 – the overdraft facility will be repaid according to the schedule agreed with the Bank,
- Framework agreement no. 43/069/24/Z/GX (guarantee line) concluded on October 4, 2021 – The period of using the guarantee limit was extended until June 26, 2026; the guarantee limit was set at PLN 749,000; the final validity period of the guarantee remained until June 28, 2030.,

- Flexible revolving credit agreement No. 02/168/22/Z/LE concluded on June 30, 2022 -the loan amount in individual periods will be variable in accordance with arrangements with the Bank,

On August 29, 2025, the Management Board of PROTEKTOR SA announced (CR 42/2025) that PROTEKTOR and mBank SA had entered into Annex No. 2 to the Revolving Credit Agreement for Contract Financing dated March 6, 2024, as amended. In order to ensure the continuity of financing of the Company's operations, including through bank loans, the Management Board of the Company negotiated new financing terms with the Bank, which were introduced under the relevant annex. The repayment date of the used credit facility has been extended to the final repayment date of the Credit Facility, i.e., June 30, 2026. The Company is not able to reuse the credit facility funds in the event of early repayment.

In connection with the annex to the flexible revolving credit agreement No. 02/168/22/Z/LE signed on June 30, 2025, the loan in the amount of PLN 7,300,000 will be finally repaid by February 29, 2028 in monthly installments in accordance with the schedule. The loan liability of PLN 2,654,000, i.e. installments due within 12 months from the balance sheet date, is presented under current liabilities, while the remaining liability of PLN 3,319,000 is presented under long-term liabilities, as payable after 12 months from the balance sheet date.

NOTE 20. OTHER FINANCIAL LIABILITIES

TABLE NO.50 OTHER FINANCIAL LIABILITIES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Right-of-use lease liabilities (IFRS 16)	1,264	4,344
Other financial liabilities	1,206	2,545
Together	2,470	6,888
- long-term part	47	1 112
- short-term part	2,423	5,777

Other financial liabilities in the amount of PLN 1,206 thousand reported as at 31 December 2025 relate to reverse factoring.

On June 30, 2025, the Company entered into an amendment with mBank S.A. to the credit agreement for the payment of liabilities (reverse factoring) No. 87/066/20/Z/ZE dated October 19, 2020, as announced in Current Reports No. 22/2025 and 27/2025. Under the amendment, the amount of the available financing limit in individual periods is variable and determined in accordance with arrangements with the Bank. The final repayment date for the obligation under the agreement is July 15, 2026.

Under the agreement, the Bank settled the Company's liabilities to suppliers, and the Company is currently repaying the liability to the Bank in monthly installments, in accordance with the schedule specified in the annex dated June 30, 2025. Due to the nature of the agreement, which involves the Bank assuming the Company's trade liabilities, the liability is a financial liability.

Liabilities arising from reverse factoring are presented under "Other financial liabilities." The Company also reports them under this heading when it no longer has the ability to use the available financing limit, as the liability to the Bank exists until it is fully repaid.

The subject of leasing at PROTEKTOR SA is the rental of office and warehouse space, as well as passenger cars, machinery and equipment used under leasing agreements.

The value of liabilities arising from the right to use leased assets, broken down by maturity, is presented in the table below:

TABLE NO.51 LEASE LIABILITIES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Future Minimum Payments for Finance Leases		
Payable within 1 year	1,216	3 232
Payable over a period of 1 to 5 years	47	1 112
Paid over 5 years	-	-
Together	1,264	4,344

The future cash outflows to which the lessee is potentially exposed and which are not included in the measurement of lease liabilities are presented in the table below:

TABLE NO.52 FUTURE CASH FLOWS NOT INCLUDED IN THE VALUATION OF FINANCIAL LEASE LIABILITIES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Variable leasing payments	-	-
Lease extension option and lease termination option	-	58
Guaranteed residual value	-	-
Leases that have not yet started and to which the lessee is obligated	-	-
Together	-	58

In 2025, the Company benefited from the exemption from the requirements of the standard in relation to short-term leases (up to 12 months) and leases of low-value assets.

The table below presents the costs of short-term leases and leases of low-value assets incurred in 2025 and 2024 and not included in the calculation of carrying amounts in accordance with IFRS 16.

TABLE NO.53 COSTS OF SHORT-TERM LEASES AND LOW-VALUE ASSETS FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Short-term leasing	29	26
Leasing of low-value assets	28	62
Together	57	87

The total cash outflow from the lease is as follows:

TABLE NO.54 CASH OUTFLOW FROM LEASES FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Capital	3 209	3 324
Interest	177	368
Short-term leasing	29	26
Leasing of low-value assets	28	62
Together	3,443	3,780

The value of individual leased assets as at December 31, 2025 and December 31, 2024, broken down by class of underlying asset, is presented in note 11 to these financial statements.

The company has the option to purchase the leased equipment at the end of the lease term. Furthermore, some agreements include an obligation for PROTEKTOR SA to purchase the leased asset at the end of the lease term for a specified purchase price. These agreements do not provide for price increases.

NOTE 21. PROVISION FOR PENSION AND SIMILAR BENEFITS

TABLE NO.55 CHANGES IN PROVISIONS FOR EMPLOYEE BENEFITS IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	Reserve for retirement benefits	Reserve for holidays	Together
Reserves as of January 1, 2025	107	183	291
Reserves created (+)	122	305	427
Reserves used (-)	-	(183)	(183)
Reserves released (-)	(107)	-	(107)
Reserves as at 31/12/2025, including:	122	305	427
- short-term reserves	-	305	305
- long-term reserves	122	-	122
Reserves as of January 1, 2024	103	232	335
Reserves created (+)	107	183	291
Reserves used (-)	-	(232)	(232)
Reserves released (-)	(103)	-	(103)
Reserves as at 31/12/2024, including:	107	183	291
- short-term reserves	-	183	183
- long-term reserves	107	-	107

Employee benefits are valued based on actuarial valuations and include provisions for retirement benefits. As of December 31, 2025, the provision was calculated by an actuary using the following indicators:

- Discount rate: 5.2% (the annual yield on fixed-rate treasury bonds listed on the WSE was examined to determine the discount rate).
- Salary increase:
 - 2.9% in 2026,
 - 2.5% in 2027 and subsequent years.
- Turnover: 18.8% (based on statistical data provided by PROTEKTOR SA).

NOTE 22. OTHER RESERVES

TABLE NO.56 CHANGES IN OTHER PROVISIONS FOR LIABILITIES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	Balance sheet audit reserve	Other reserves	Together
Reserves as of January 1, 2025	626	440	1,067
Reserves created (+)	50	404	454
Reserves used (-)	(526)	(694)	(1,220)
Reserves released (-)	-	-	-
Reserves as at 31/12/2025, including:	150	151	301
- short-term reserves	150	151	301
- long-term reserves	-	-	-
Reserves as of January 1, 2024	70	113	183
Reserves created (+)	584	823	1,407
Reserves used (-)	(28)	(494)	(521)
Reserves released (-)	-	(2)	(2)
Reserves as at 31/12/2024, including:	626	440	1,067
- short-term reserves	626	440	1,067
- long-term reserves	-	-	-

As of December 31, 2025, the balance of provisions for balance sheet audits decreased by PLN 476,000 compared to December 31, 2024. This change is primarily due to the reversal of the PLN 500,000 provision for the audit of the financial statements. The balance of other provisions as of December 31, 2025 primarily relates to costs incurred by the shelf but not documented.

NOTE 23. TRADE LIABILITIES, OTHER LIABILITIES

TABLE NO.57 DELIVERIES AND SERVICE LIABILITIES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Liabilities from deliveries and services	10,520	9,464
Total trade liabilities	10,520	9,464

TABLE NO.58 OTHER LIABILITIES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
Social Insurance Institution (ZUS) liabilities	543	957
Payroll liabilities	606	640
Personal income tax liabilities	119	135
VAT liabilities	263	124
VAT liabilities - Tax Office	326	309
Liabilities due to PFRON	-	3
Liabilities arising from personal and property insurance	6	17
The remaining	457	426
Total other liabilities, including:	2,320	2 611
- long-term part	-	-
- short-term part	2,320	2 611

TABLE NO.59 AGE STRUCTURE OF LIABILITIES AS OF 31.12.2025 AND 31.12.2024

Specification	Gross value 31/12/2025	Gross value 31/12/2024
Not required	3,512	3,348
Past due from 0 to 30 days	712	558
Past due between 31 and 90 days	886	967
Past due between 91 and 180 days	1,565	1,505
Past due from 181 to 365 days	2,838	4 911
Overdue for more than 1 year	3 327	786
SUM	12,839	12,075

TABLE NO.60 CURRENCY STRUCTURE OF LIABILITIES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	as of December 31, 2025		as of December 31, 2024	
	value in currency in thousands	value in PLN thousand	value in currency in thousands	value in PLN thousand
PLN	4,364	4,364	5,735	5,735
EUR	1998	8,443	1,476	6,306
USD	9	31	8	34
Together	x	12,839	x	12,075

NOTE 24. ACCRUALS

TABLE NO.61 LONG-TERM PREPAYMENTS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
The remaining	-	2
Together	-	2

TABLE NO.62 SHORT-TERM PREPAYMENTS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Advances	30	455
The remaining	72	86
Together	102	540

NOTE 25. CONTINGENT LIABILITIES

List of all contingent liabilities of PROTEKTOR SA as at 31 December 2025 and as at December 31, 2024, the table below presents:

TABLE NO.63 CONTINGENT LIABILITIES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
<i>Contingent liabilities</i>		
Bank guarantees	2 171	2 234
Blank promissory note	14,045	17,015

Bank guarantees cover repayment of liabilities arising from production hall leases, as well as warranty and performance guarantees in connection with winning tenders. Blank promissory notes secure loans and leasing agreements. an agreement concluded with the National Centre for Research and Development and securing claims arising from commercial relations.

The probability of liabilities arising from the above guarantees and bills of exchange is insignificant.

NOTE 26. TRANSACTIONS WITH RELATED ENTITIES

The tables below present related party transactions for 2025 and 2024:

TABLE NO.64 TRANSACTIONS WITH RELATED ENTITIES NOT SUBJECT TO CONSOLIDATION IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Sales to related entities, including:	-	-
Entities that have joint control over the entity or significant influence over it	-	-
Other related entities	-	-
Purchases from related entities, including:	364	1
From entities that have joint control over the entity or significant influence over it	-	-
From other related entities	364	1

TABLE NO.65 SHORT-TERM RECEIVABLES AND LIABILITIES FROM RELATED ENTITIES NOT SUBJECT TO CONSOLIDATION AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Receivables, including:	-	-
From entities that have joint control over the entity or significant influence over it	-	-
From other related entities	-	-
Liabilities, including:	202	-
For entities that have joint control over the entity or significant influence over it	-	-
To other related entities	202	-

TABLE NO.66 TRANSACTIONS WITH RELATED ENTITIES SUBJECT TO CONSOLIDATION IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2025 TO 31.12.2024

Specification	To Abeba Capital Group	
	from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
PROTEKTOR SA - sales to related entities, including:	5 509	5 516
- products	4,518	4,068
- goods and materials	16	12
- services	975	1,436
Specification	To PROTEKTOR SA	
	from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Abeba Group – sales to related entities, including:	4,625	5,697
- products	3,442	4,632
- goods and materials	1 183	1,065

TABLE NO.67 SHORT-TERM RECEIVABLES FROM CONSOLIDATED ENTITIES AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Other long-term financial assets	-	5,607
PROTEKTOR SA from:	-	-
- Abeba Capital Group	-	-
Trade receivables	211	5 271
PROTEKTOR SA from:	211	66
- Abeba Capital Group	211	66
Other short-term receivables	-	641
PROTEKTOR SA from:	-	641
- Abeba Capital Group	-	641
Together	211	11,519

TABLE NO.68 SHORT-TERM AND LONG-TERM LIABILITIES TO CONSOLIDATED RELATED ENTITIES AS AT 31 DECEMBER 2024 AND 31 DECEMBER 2025

Specification	per day 31/12/2025	per day 31/12/2024
Short-term loans and credits	9,511	-
PROTEKTOR SA towards:	9,511	-
- Abeba Capital Group	9,511	-
Abeba Capital Group towards:	-	-
- PROTEKTOR SA	-	-
Long-term loans and credits	-	5,607
PROTEKTOR SA towards:	-	5,607
- Abeba Capital Group	-	5,607
Abeba Capital Group towards:	-	-
- PROTEKTOR SA	-	-
Trade payables	7,585	5 503
PROTEKTOR SA towards:	7,585	5 503
- Abeba Capital Group	7,585	5 503
Abeba Capital Group towards:	-	-
- PROTEKTOR SA	-	-
Other short-term liabilities	447	408
PROTEKTOR SA towards:	447	408
- Abeba Capital Group	447	408
Abeba Capital Group towards:	-	-
- PROTEKTOR SA	-	-
Together	17,543	11,519

TABLE NO.69 SHARES IN SUBSIDIARIES AS OF DECEMBER 31, 2025

Name of the subsidiary	Percentage of shares held in the share capital	Percentage of votes held	Consolidation method	Value of shares at purchase price	Revaluation adjustments	Carrying amount of shares
Abeba Capital Group*	100.0%	100.0%	full	22,840	-	22,840

*Abeba Capital Group, i.e. ABEBA Spezialschuh - Ausstatter GmbH and Inform Brill GmbH together with their subsidiaries.

Terms of transactions with related parties

In 2024 and 2025, PROTEKTOR SA did not conclude any transactions with related entities on terms other than market terms.

Loans granted to members of the Management Board and Supervisory Board

In 2024 and 2025, no loans were granted to members of the Management Board and Supervisory Board of PROTEKTOR SA

NOTE 27. FINANCIAL INSTRUMENTS

The tables below compare the carrying amounts and fair values of the Company's financial instruments by asset and liability category.

TABLE NO.70 FINANCIAL ASSETS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Financial assets	Carrying amount		Fair value	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Valued at amortized cost				
Trade receivables	937	1,061	937	1,061
Other receivables	1,056	1,258	1,056	1,258
Cash	1,001	168	1,001	168
Measured at fair value through other comprehensive income				
	-	-	-	-
Measured at fair value through profit or loss				
	-	-	-	-

TABLE NO.71 FINANCIAL LIABILITIES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Financial liabilities	Carrying amount		Fair value	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Valued at amortized cost				
Trade payables	10,520	9,464	10,520	9,464
Interest-bearing bank loans and credits	15,496	12,907	15,496	12,907
Lease liabilities	1,264	4,344	1,264	4,344
Other liabilities	3,526	5 156	3,526	5 156
Measured at fair value through other comprehensive income				
	-	-	-	-
Measured at fair value through profit or loss				
	-	-	-	-

Income and expenses as well as gains and losses resulting from impairment of individual financial instruments are presented in the table below.

TABLE NO.72 FINANCIAL INSTRUMENTS – INCOME AND EXPENSES AS WELL AS GAINS AND LOSSES DUE TO IMPAIRMENT FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025		for the period from 01/01/2024 to 31/12/2024	
	Interest income/expense	Foreign exchange gains/losses	Interest income/expense	Foreign exchange gains/losses
Trade receivables	1	3	1	(24)
Cash and cash equivalents	-	(13)	-	(12)
Trade payables	(63)	112	(139)	157
Interest-bearing bank loans and credits	(943)	(4)	(842)	(1)
Lease liabilities	(176)	(1)	(385)	16
Other liabilities	(30)	0	(13)	(16)
Together	(1,212)	97	(1,378)	120

NOTE 28. CAPITAL MANAGEMENT

TABLE NO.73 DEBT RATIO AS OF 31.12.2025 AND 31.12.2024

Specification	per day 31/12/2025	per day 31/12/2024
Interest-bearing bank loans and credits (+)	15,496	12,907
Lease liabilities (+)	1,264	4,344
Trade and other payables (+)	14,046	14,619
Cash and cash equivalents (-)	(1,001)	(168)
Net debt	29,804	31,702
Equity	7,803	15,356
Net capital and debt	37,607	47,058
Leverage ratio	79.3%	67.4%

The main objective of the Company's capital management is to maintain a good credit rating and safe capital ratios that support the Company's operations and increase value for its shareholders.

The Company manages its capital structure and makes adjustments to it as economic conditions change. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. No changes were made to the objectives, policies, and processes in this area during the years ended December 31, 2025, and December 31, 2024.

The Company monitors its capital using a leverage ratio, which is calculated as net debt divided by total capital plus net debt. Net debt includes interest-bearing loans and borrowings, lease liabilities, trade payables, and other financial liabilities, net of cash and cash equivalents. An acceptable level of this ratio is assumed to be <50%. As of December 31, 2025, Protektor exceeded this level, which resulted from a decrease in equity due to the net loss incurred in 2025.

In the opinion of the Company's Management Board, in order to reduce the value of the ratio in the short term, it is necessary to implement a capital increase (e.g. within the authorized capital) while continuing to reduce debt in accordance with the schedule agreed with mBank SA. In the longer term, the reduction of the ratio should be supported by the generation of profits and the resulting increase in the value of equity.

NOTE 29. EMPLOYMENT STRUCTURE

The average employment in the Company in the year ended December 31, 2025 and December 31, 2024 was as follows:

TABLE NO.74 AVERAGE EMPLOYMENT IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
White-collar workers	28	30
Manual workers	87	86
Together	115	116

Average employment in 2025 was 1 full-time job lower than in 2024, which translates into a decrease of 0.9% y/y.

NOTE 30. EMPLOYEE BENEFIT PROGRAMS

In 2025, there was no Incentive Program in PROTEKTOR SA.

Obligations arising from pensions and similar benefits towards former managers and supervisors

During the reporting period, the Company had no liabilities of this type.

Information about the employee share program control system

Not applicable in the analyzed period.

NOTE 31. REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

TABLE NO.75 REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD OF PROTEKTOR SA IN THE PERIOD FROM 01.01.2025 TO 31.12.2025

Specification	Basic salaries	Severance pay/non- competence clauses	Other benefits	Together
<i>Remuneration of members of the Management Board of PROTEKTOR SA</i>				
Radosław Rogacki	540		62	602
Witold Rzewuski	10		-	10
Together	550	-	62	612

TABLE NO.76 REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD OF PROTEKTOR SA IN THE PERIOD FROM 01.01.2025 TO 31.12.2025

Specification	Basic salaries	Severance pay/non- competence clauses	Other benefits	Together
<i>Remuneration of members of the Supervisory Board of PROTEKTOR SA</i>				

Maciej Kolon	11		1	12
Tomasz Krzeńskiak	29		4	33
Krzysztof Matan	40		8	48
Jarosław Palejko	44		9	53
Wojciech Sobczak	29		5	35
Dominika Welon	11		2	13
Aleksandra Zamasz	17		0	17
Piotr Zarzycki	40		8	48
Together	222	-	37	259

NOTE 32. AUDITOR'S REMUNERATION

The table below presents the audit firm's fees due or paid for the year ended December 31, 2025 and December 31, 2024, broken down by type of service.

TABLE NO.77 AUDITOR'S REMUNERATION IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Review of interim reports	50	70
Examination of annual reports	150	618
Total auditor's remuneration	200	688
Additional costs invoiced by the auditor	-	-
Other due audit-related costs for the period indicated	-	13
Total additional costs	-	13
Total audit costs	200	700

On June 17, 2025, the Company entered into an agreement with General Audyt Spółka z ograniczoną odpowiedzialnością for the review of semi-annual separate and consolidated financial statements, the audit of annual separate and consolidated financial statements, and the assessment of the remuneration report for the financial years 2024 and 2025. The amount of remuneration under the agreement was PLN 500,000 net for 2024 and PLN 200,000 net for 2025.

The entity that audited the annual reports and reviewed the half-year reports for 2024 was General Audyt Spółka z ograniczoną odpowiedzialnością (limited liability company) after terminating the agreement for the provision of assurance services concluded with PKF CONSULT Sp. z o. o. Sp. k. in Warsaw. In 2025, PKF CONSULT was paid a fee of PLN 215,000.

NOTE 33. COURT CASES

To the best of the Management Board's knowledge, there are no significant proceedings pending against the Company before a court, arbitration body, or public administration authority concerning liabilities or receivables with a total value representing at least 10% of the Issuer's equity. In the Management Board's opinion, neither any individual proceedings pending before a court, arbitration body, or public administration authority during the period covered by these financial statements, nor all of the proceedings taken together, pose a threat to the Company's financial liquidity.

NOTE 34. EVENTS AFTER THE BALANCE SHEET DATE

SHARE ISSUES

On the day **February 6, 2026** The Management Board of PROTEKTOR S.A. adopted a resolution (RB 16/2026) on an increase in the share capital by issuing 4,000,000 new ordinary bearer series G shares, with a nominal value of PLN 0.50 each, within the authorized capital, excluding the subscription rights of existing shareholders. The issue took place in a private subscription addressed to Luma Holding Limited, at an issue price of PLN 0.50 per share, i.e. at a total price of PLN 2,000,000.00.

On **February 7, 2026** the Management Board of PROTEKTOR SA informed (RB 17/2026) about signing an agreement for the acquisition of Series G Shares with Luma Holding Limited.

On **March 25, 2026** the Management Board of PROTEKTOR S.A. adopted a resolution (RB 23/2026) on an increase in the share capital by issuing 1,000,000 new ordinary bearer series H shares, with a nominal value of PLN 0.50 each, within the authorized capital, excluding the subscription rights of existing shareholders. The issue took place in a private subscription addressed to Luma Holding Limited, at an issue price of PLN 0.50 per share, i.e. at a total price of PLN 500,000.00. The share capital increased from PLN 15,474,459.50 to PLN 15,974,459.50, and the total number of shares amounted to 31,825,919.

On **March 26, 2026** the Management Board of PROTEKTOR SA informed (RB 24/2026) about signing an agreement for the acquisition of Series H Shares with Luma Holding Limited.

CHANGES TO THE STATUTE

On **February 19, 2026** the Management Board of PROTEKTOR SA announced (RB 19/2026) that the District Court for Lublin-Wschód in Lublin registered on the same day the amendments to the Company's Articles of Association introduced by resolution 2/II/2026 of 6 February 2026. § 9 sections 1 and 2 of the Articles of Association were amended, reflecting the new amount of the share capital — PLN 15,474,459.50 — and the total number of 30,825,919 series A–G shares. The remaining authorized capital to be taken up amounted to PLN 4,000,000.00.

On **April 15, 2026** the Management Board of PROTEKTOR S.A. announced (RB 26/2026) that the District Court for Lublin-Wschód in Lublin registered on the same day amendments to the Company's Articles of Association introduced by resolution of the Management Board No. 2/III/2026 dated March 25, 2026. § 9 sections 1 and 2 of the Articles of Association were amended, reflecting the new amount of the share capital — PLN 15,974,459.50 — and the total number of 31,825,919 series A–H shares. The remaining authorized capital to be taken up amounted to PLN 3,500,000.00.

SHAREHOLDING

On **January 5, 2026** the Management Board of PROTEKTOR SA informed (RB 2/2026) that the Company received a notification from Luma Holding Limited about a change in the share of over 33% of votes by at least 1%, as a result of share sale transactions carried out on December 23, 29 and 30, 2025.

On **January 13, 2026** the Management Board of PROTEKTOR SA informed (RB 6/2026) that the Company received a notification from Luma Holding Limited about a change in the shareholding above 33% of votes by at least 1%, as a result of share sale transactions carried out on 7, 8, 9 and 12 January 2026.

On **January 15, 2026** the Management Board of PROTEKTOR SA informed (RB 8/2026) that the Company received a notification from Luma Holding Limited about a change in the shareholding above 33% of votes by at least 1% as a result of the share sale transaction carried out on January 13, 2026.

On **February 10, 2026** the Management Board of PROTEKTOR SA informed (RB 18/2026) that the Company received a notification from Luma Holding Limited about the acquisition of the Company's shares on February 6, 2026 - a transaction of acquiring Series G Shares under a private subscription (Article 19, section 1 of MAR).

On **February 19, 2026** the Management Board of PROTEKTOR SA announced (RB 20/2026) that the Company received a notification from Luma Holding Limited of a change in the shareholding of over 33% of votes by at least 1%, as a result of the registration of the share capital increase (issue of series G shares) in the National Court Register. The shareholding of Luma Holding Limited increased from 7,890,319 shares (29.41%) to 11,890,319 shares (38.57% of the share capital).

On **March 27, 2026** the Management Board of PROTEKTOR SA informed (RB 25/2026) that the Company received a notification from Luma Holding Limited about the acquisition of shares on March 25, 2026 - a transaction of acquiring Series H Shares under a private subscription (Article 19, Section 1 of MAR).

On **April 23, 2026** the Management Board of PROTEKTOR SA announced (RB 28/2026) that the Company received a notification from Luma Holding Limited of a change in the shareholding of over 33% of votes by at least 1%, as a result of the registration of the share capital increase (issue of series H shares) in the National Court Register. The shareholding of Luma Holding Limited increased from 11,890,319 shares (38.57%) to 12,890,319 shares (40.5% of the share capital).

NOTE 35. ABILITY TO CONTINUE AS A GOING CONCERN

1. Legal basis for drawing up the note

This note has been prepared in accordance with Article 397 of the Act of 15 September 2000 – the Commercial Companies Code (consolidated text: Journal of Laws of 2024, item 18, hereinafter referred to as the “CCC”) and the National Accounting Standard No. 14 “Going Concern and Accounting for Entities in the Event of Discontinuance as a Going Concern”, as well as the requirements of International Accounting Standard IAS 1 “Presentation of Financial Statements”.

2. Determination of the condition under Article 397 of the Commercial Companies Code

Pursuant to Article 397 of the Commercial Companies Code (Commercial Companies Code, Journal of Laws 2024, item 18), if the balance sheet prepared by the Management Board shows a loss exceeding the sum of supplementary and reserve capital and one third of the share capital, the Management Board is obliged to immediately convene a general meeting to adopt a resolution concerning the continued existence of the company.

Based on the balance sheet prepared by the Management Board of PROTEKTOR SA as at 31 December 2025, the condition referred to in Article 397 of the Commercial Companies Code was determined to have occurred. The table below presents the calculation of the test for the impairment of the ability to cover losses with equity:

TABLE NO.78 CALCULATION OF THE LOSS THRESHOLD ACCORDING TO ARTICLE 397 OF THE COMMERCIAL COMPANIES CODE

Position	31/12/2025 (thousand PLN)	31/12/2024 (thousands of PLN)
Share capital	13,474	9,572
Reserve capital from the sale of shares above their nominal value	10 235	10 235
Other capital	6,957	6,957
Loss from previous years	(11,408)	540
Loss for the current financial year	(11,455)	(11,948)
Total balance sheet loss	(22,863)	(11,408)
Total supplementary and reserve capital (A)	17,191	17,191
1/3 of the share capital (B)	4,491	3 191
Threshold of Article 397 of the Commercial Companies Code = (A) + (B)	21,683	20,382
Threshold exceeded (loss > threshold)	1 180	lack

The total balance sheet loss as at 31 December 2025 amounted to PLN 22,863,000 and exceeded the threshold resulting from Article 397 of the Commercial Companies Code (the sum of supplementary and reserve capital and 1/3 of the share capital) amounting to PLN 21,683,000 by PLN 1,180,000.

3. Financial liquidity

The main risk factors in the area of financial liquidity are described in detail in section 9. "SIGNIFICANT RISK FACTORS AND THREATS" of this report. The Management Board identifies the following key risk areas:

- insufficient sales revenues compared to production costs and current liabilities in the absence of effective implementation of optimization activities,
- making the improvement of the liquidity situation dependent on the recovery in the area of public procurement, in particular tenders for uniformed services,
- limited possibilities of extending some of the credit products at mBank SA beyond the agreed repayment dates, resulting from the current financial situation of the Company and the Company's failure to meet the bank covenants,
- the risk of non-renewal of other credit and guarantee products in the event of the Company's failure to meet the requirements of mBank SA regarding the establishment of collateral.

Beginning in the second half of 2024, the Management Board has been undertaking extensive remedial measures, which were intensified in 2025 and will continue in 2026. These measures are aimed at improving liquidity, including reducing operating costs, selling redundant assets, limiting the product offering, developing project sales, and diversifying markets. Such measures often yield long-term results, which were also fueled by the

challenging market conditions in 2025 and 2026. In the area of financing, four share issues were conducted with Luma Holding Limited (series E, F, G, and H) with a total nominal value of PLN 6,402,159.50. In April 2026, i.e., after the balance sheet date, the Parent Company entered into a recourse factoring agreement with Bibby Financial Services Sp. z o.o. with a limit of PLN 1,500,000, providing an additional source of financing for ongoing operations.

Regardless of the above actions, the risk of losing liquidity remains real in the scenario of the lack of effective implementation of the recovery program, lack of recovery in public tenders or failure to carry out the planned further share issues within the authorized capital (at the time of preparing the report, 7,000,000 shares remain to be issued within the approved authorized capital).

4. Activities of subsidiaries in Moldova and the Transnistrian region

During the period under review, criminal proceedings are underway in the Republic of Moldova against a subsidiary of Inform Brill GmbH, related to allegations of irregularities in a customs declaration that occurred in January 2023. The case is at the evidence collection and analysis stage and has not yet been brought to court.

The customs authorities classified the incident as a serious infringement, but there are significant discrepancies as to the factual circumstances, in particular regarding the value of the goods and the circumstances of transport.

The company, as the owner of Inform GmbH, provided – through the Moldovan Consulate in Germany – all necessary information and explanations indicating that the situation was the result of an error and not an intentional act, and is taking steps to clarify the matter as quickly as possible.

At this stage, the scope of liability and potential sanctions have not been definitively determined, but the case remains ongoing and carries regulatory risks inherent to this type of proceedings. This risk stems in particular from the Moldovan authorities' rigorous approach to smuggling cases, which is reflected in, among other things, the strict classification of offenses (distinctions in value thresholds resulting in significantly different sanctions) and the practice of imposing harsh measures on economic entities, such as high fines and business restrictions.

5. Activities of the Management Board

In connection with the finding of the premise under Article 397 of the Commercial Companies Code, the Management Board of the Company is obliged to immediately convene the General Meeting of Shareholders in order to adopt a resolution regarding the further existence of the Company.

The General Shareholders' Meeting has been convened for May 29, 2026, at 12:00 PM, in person, in Warsaw, at Aleje Jerozolimskie 61/63, 00-698 Warsaw, in accordance with applicable regulations and the Company's Articles of Association. The agenda of the General Shareholders' Meeting includes the adoption of a resolution regarding the Company's continued existence, referred to in Article 397 of the Commercial Companies Code, along with presenting shareholders with information on the Company's financial situation and the Management Board's planned and implemented actions.

Information on the convening of the General Meeting of Shareholders and draft resolutions were published and made available in accordance with the relevant capital market regulations and transparency principles.

The Company's Management Board also informs that it has taken and continues to take actions aimed at improving the Company's financial situation, in particular:

- led four share issues addressed to Luma Holding Limited (series E, F, G and H) and is in active talks regarding further capital financing;
- seeks to raise additional funds within the authorized capital (7,000,000 shares remain to be issued). This funding would be aimed at:

- strengthening the Company's working capital and ensuring the continuity of settlement of operational liabilities;
 - financing investment activities related to the development of new footwear models;
 - covering the costs of technological implementations related to the automation of production processes.
- signed a factoring agreement for trade receivables, which will shorten standard payment terms to two business days. This is a direct, immediate action that impacts the company's ability to meet its current liabilities. The benefits of implementing factoring include:
 - immediate release of cash frozen in trade receivables;
 - the ability to settle liabilities to suppliers of materials and components on time, which allows for the negotiation of more favorable purchase conditions;
 - reducing the need for short-term bank financing.
 - conducts a systematic analysis of the price structure for all key footwear models and has developed a price optimization program that assumes:
 - verification of the production cost estimate for each model and identification of excessive intermediate margins;
 - renegotiating the terms of purchase of materials and components with suppliers;
 - standardization of list prices and adaptation of tender price lists to current market realities;
 - introducing flexible pricing strategies that take into account the scale of the order and long-term contracts.
 - is implementing a program to develop new footwear models, creating a price-competitive product offering that enables the Company to participate in tenders in which it has not participated so far due to the lack of appropriate products in its product range;
 - is implementing a program to return to actively offering its products in public tenders in Poland and abroad;
 - conducts optimization activities aimed at reducing operating costs, including optimizing production scheduling to reduce downtime and the costs of unused production capacity;
 - implements initiatives aimed at improving operational efficiency, process automation using artificial intelligence and working capital management;
 - monitors the situation regarding operations in Moldova (Transnistria) and analyzes strategic options for protecting the activities and interests of subsidiaries.

6. Assessment of the ability to continue as a going concern

The Management Board of Protektor SA, after analysing the financial and operational situation of the Company, taking into account available and potential sources of financing, concluded loan agreements and cash flow forecasts, is of the opinion that the Company will be able to continue its operations for at least 12 months from the balance sheet date, i.e. until 31 December 2026.

The following arguments support the assumption of going concern:

- Strong and documented capital commitment of the majority shareholder – Luma Holding Limited – confirmed by four subsequent share issues (series E, F, G, H) carried out in 2025–2026, providing a total of over PLN 6.4 million in capital.
- 7,000,000 shares remaining available within the approved authorized capital, constituting a potential source of further financing by Luma Holding Limited.

- Maintained banking relations with mBank SA and planned continuation of cooperation in the scope of some business financing products.
- Conclusion in April 2026 of a recourse factoring agreement with Bibby Financial Services Sp. z o. o. with a limit of PLN 1,500,000 as an additional source of financing for current operations.
- Growing footwear market in Poland and Europe – the Polish footwear market is expected to generate revenues of approximately \$1.88 billion in 2025, with an estimated annual growth rate of approximately 6.8%. Market forecasts indicate that the value of the Polish footwear market is expected to increase to approximately \$4.7 billion by 2030, at a compound annual growth rate (CAGR) of 3.28%.
- Unprecedented growth in European defence spending: EU countries' spending will reach €381 billion in 2025, a 59% increase from 2022, generating structural, multi-year demand for soldier personal equipment.
- NATO's defence target of 5% of GDP by 2035 – an increase from the current 2% – represents a long-term increase in institutional demand for uniformed services equipment and supplies.
- The growth of the Polish Armed Forces – currently numbering approximately 218,000 soldiers, with plans for further expansion – directly translates into growing orders for uniforms and footwear. The Ministry of National Defense's current expenditures for 2026, including supplies, will increase by 9.3% year-on-year to PLN 52.47 billion. Every 10,000 soldiers added to the army generates demand for tens of thousands of pairs of uniform footwear annually, creating sustained demand for the company's products.
- Similar processes apply to the State Fire Service, Police, Border Guard, Prison Service and other uniformed services, which are also increasing their staffing levels and systematically conducting tenders for footwear supplies.
- The EUR 800 billion ReArm Europe programme, including the SAFE instrument with preferences for European suppliers.
- Protektor SA's established position as a supplier of footwear for uniformed services.
- Supply chain security as a global trend favoring European manufacturers of military and tactical equipment.
- Prospects for an increase in the number of public procurement orders in the area of military and tactical footwear.
- An ongoing operating cost reduction program includes reducing the costs of external services and employment, selling redundant assets, and rationalizing the product offering.
- Switching to a project sales model ("make-to-order"), reducing the risk of excess inventory and freezing working capital.

7. Material uncertainty

At the same time, the Management Board recognizes that there are significant uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The balance sheet loss reported in the next two financial years (2024: PLN 11,948,000; 2025: PLN 11,455,000) and the cumulative uncovered loss of PLN 22,863,000 constitute a significant uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The final assessment of this ability will depend on the effectiveness of the implementation of optimization measures and the decision of the General Meeting of Shareholders.

These separate financial statements have been prepared on a going concern basis and do not contain any adjustments that would be necessary if this assumption proves unjustified.

SIGNIFICANT RISK FACTORS AND THREATS

Risk management at PROTEKTOR encompasses monitoring, controlling, and taking corrective actions in the areas of financial and operational risk. Financial risk stems from financial instruments held by the Issuer, which in the case of the Issuer include bank loans, credits, factoring, leasing agreements, and cash, as well as trade receivables and payables arising directly from business operations. Defined risk groups in the area of financial instruments include credit risk, exchange rate risk, interest rate risk, and liquidity risk. Due to operating in a dynamically changing economic environment, and taking into account the specific nature of the industry and the nature of the business, the Company's Management Board has identified a number of operational risks and threats, which are the subject of a policy aimed at avoiding or mitigating potential losses and increasing the company's revenues and margins. The Company's operations are also affected by risks of an unusual nature, difficult or impossible to predict, which are the subject of a separate analysis in point 10. "THE IMPACT OF EXTRAORDINARY EVENTS ON THE COMPANY'S OPERATIONS".

Credit risk

Credit risk is the risk of financial losses resulting from the failure of a client or counterparty to fulfill its contractual obligations under a financial instrument. Credit risk is primarily related to the timely collection of the Company's receivables from customers and the level of cash and cash equivalents held in bank accounts.

Credit risk is not present in the case of transactions conducted through collaboration with related entities, which accounted for 17.4% of PROTEKTOR SA's revenue in 2025. As part of collaboration with entities outside the Group, prior to signing a collaboration agreement, the potential counterparty is assessed for its ability to meet its financial obligations in accordance with the existing creditworthiness verification procedure. As part of its ongoing operations, the Issuer monitors due dates and oversees and collects receivables for sales.

CURRENT ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Status as of today	
	31/12/2025	31/12/2024
Trade receivables	937	1,061
Other receivables	1,056	1,258
Cash and cash equivalents	1,001	168

ANALYSIS OF MATURITY DATES OF FINANCIAL ASSETS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	as of December 31, 2025,				Book value	as of December 31, 2024, including:		
	Book value	including:				< 1 month	1 - 3 months	1 year >
		< 1 month	1 - 3 months	1 year >				
Cash on hand	5	5	-	-	3	3	-	-
Cash in bank accounts	986	986	-	-	149	149	-	-
Other	10	10	-	-	17	17	-	-
Together	1,001	1,001	-	-	168	168	-	-

AGING STRUCTURE OF RECEIVABLES AS OF 31 DECEMBER 2025

Specification	Gross value 31/12/2025	Write-down 31/12/2025	Net worth 31/12/2025

Not required	1,715	-	1,715
Past due from 0 to 30 days	123	-	123
Past due between 31 and 90 days	55	-	55
Past due between 91 and 180 days	77	-	77
Past due from 181 to 365 days	41	(18)	23
Overdue for more than 1 year	81	(81)	-
SUM	2,093	(99)	1,993

AGING STRUCTURE OF RECEIVABLES AS OF 31 DECEMBER 2024

Specification	Gross value 31/12/2024	Write-down 31/12/2024	Net worth 31/12/2024
Not required	1,915	-	1,915
Past due from 0 to 30 days	139	-	139
Past due between 31 and 90 days	216	-	216
Past due between 91 and 180 days	30	-	30
Past due from 181 to 365 days	24	(12)	12
Overdue for more than 1 year	50	(43)	7
SUM	2,374	(55)	2,319

AGE STRUCTURE OF LIABILITIES AS OF 31.12.2025 AND 31.12.2024

Specification	Gross value 31/12/2025	Gross value 31/12/2024
Not required	3,512	3,348
Past due from 0 to 30 days	712	558
Past due between 31 and 90 days	886	967
Past due between 91 and 180 days	1,565	1,505
Past due from 181 to 365 days	2,838	4 911
Overdue for more than 1 year	3 327	786
SUM	12,839	12,075

Interest rate risk

The Issuer has liabilities under loans, credits, factoring, and leases, for which interest is calculated based on a variable interest rate. Interest rate risk does not include the Company's liabilities under leases of warehouses and office buildings, for which the interest rate is fixed. As of December 31, 2025, liabilities under loans, credits, factoring, and leases, for which interest was calculated at a variable interest rate, constituted 94.1% total value of financial liabilities. Their sensitivity to interest rate changes is presented in the table below:

INTEREST RATE CHANGE RISK AS OF DECEMBER 31, 2025

Changes in interest rates on loans, credits, factoring, and leasing	-5.00%	-1.00%	0.00%	1.00%	5.00%
Change in interest costs	(845)	(169)	-	169	845

Negative amounts shown in the table indicate a reduction in costs and consequently increase net profit, while positive amounts have a negative impact on the Company's net profit. Debt from loans, borrowings, factoring, and leasing agreements was assumed at a constant level, as at December 31, 2025. The calculation does not take into account changes in the cost of money over time.

The Company did not hedge against increases in interest rates.

Risk of changes in exchange rates

The Company is exposed to currency risk resulting from its transactions. The sources of risk to which the Company was exposed in 2025 include: raw material purchases, product sales, cash in foreign currencies, and intragroup settlements. The primary currency of foreign transactions was and remains the euro. In the case of dividends received and repayments of receivables by subsidiaries, an increase in the euro exchange rate has a positive impact on the Company's results. Unfavorable changes in exchange rates (e.g., repayment of liabilities at a higher rate) lead to a deterioration of the Company's financial results.

In 2025, the Company was not a party to any currency contract nor did it hedge against currency risk through any financial instruments.

The Parent Company's sensitivity to percentage increases and decreases in the PLN exchange rate against foreign currencies is presented in the table below. The adopted value of 5% reflects the Management Board's assessment of potential changes in foreign currency exchange rates. The sensitivity analysis covers only outstanding monetary items denominated in foreign currencies and adjusts the currency translation at the end of the accounting period for a 5% change in exchange rates. A positive value in the table below indicates an increase in profit and equity as a result of a 5% appreciation of the PLN exchange rate against foreign currencies in the case of foreign currency receivables (the reverse is true for foreign currency liabilities). If the PLN exchange rate weakened by 5% against a given foreign currency, this value would be negative and represent a decrease in profit and equity (the reverse is true for foreign currency liabilities).

CURRENCY RISK AS OF 31 DECEMBER 2025

Specification	Currency assets	Rate change +5%	Gross impact on profit	Rate change - 5%	Gross impact on profit
Currency assets expressed in EUR thousand	137				
Currency assets expressed in thousands of USD	3				
Currency assets expressed in foreign currencies after conversion into PLN thousand	590	620	30	560	(30)
The total effect of the increase in rates			30		(30)
Tax effect 19%			6		(6)
Net effect of the increase in exchange rates (impact on the financial result)			24		(24)

CURRENCY RISK

Specification	Currency liabilities	Rate change +5%	Gross impact on profit	Rate change - 5%	Gross impact on profit
Currency liabilities expressed in EUR thousand	3,577				
Currency liabilities expressed in thousands of USD	9				
Currency liabilities expressed in foreign currencies after conversion into PLN thousand	15 151	15,909	(758)	14,393	758
The total effect of the increase in rates			(758)		758
Tax effect 19%			(144)		144
Net effect of the increase in exchange rates (impact on the financial result)			(614)		614

Risk of losing financial liquidity

The risk of losing financial liquidity may occur in the event of a disruption in the relationship between current operating income and liabilities arising from production, investments and fixed costs.

The main threats to financial liquidity include:

- insufficient sales revenues compared to production costs and other current liabilities,
- the need to finance tender and investment projects,
- debt obligations, including loans and leases.

Available sources of financing

As at the balance sheet date, the company had the following active credit agreements and financial lines with mBank SA:

- Flexible revolving credit – limit: PLN 7,300,000 with repayment date in March 2028,
- Electronic loan for repayment of liabilities – limit: PLN 2,500,000 with repayment deadline by July 2026,
- Multi-product line – limit: PLN 2,025,000 (including: overdraft limit: PLN 320,000, guarantee line: PLN 1,705,000) with an expiry date of July 2026,
- Guarantee lines – limit: PLN 749,000 with an expiration date in June 2030,
- Revolving credit facility – limit: PLN 2,000,000, repayment date: December 2027.

The Company is reducing its debt on an ongoing basis based on the schedule resulting from the final repayment dates agreed with mBank SA. The Company is not able to extend the Flexible Revolving Credit, Electronic Credit for Repayment of Liabilities and Revolving Credit products beyond the agreed repayment dates due to the current financial situation.

In order to improve its liquidity situation, in April 2026, the Company concluded a recourse factoring agreement with a limit of PLN 1,500,000 with Bibby Financial Services Sp.

Risk assessment and actions taken

The Management Board undertook a number of optimization measures in 2025, including:

- reduction of operating costs, in particular external services and employment,
- sale of unnecessary assets,
- limiting the wide product range of the Protektor and Grom brands,
- development of project sales – production "to order", minimization of inventories,
- diversification of markets and contracts – searching for larger, homogeneous export orders,
- obtaining new, larger orders, in particular within the framework of public procurement procedures.

Additionally:

- In March 2025, the Management Board adopted a resolution on the issue of series E shares (3,804,319 shares, total nominal value PLN 1,902,159.50), acquired by Luma Holding Limited under the agreement of March 28, 2025.
- In June 2025, the Extraordinary General Meeting approved the possibility of a further share capital increase to PLN 8,000,000 through the issuance of up to 16,000,000 shares within the authorized capital, excluding pre-emptive rights. On this basis, in November 2025, Series F shares (4,000,000 shares, PLN 2,000,000.00) were issued by Luma Holding Limited at an issue price of PLN 0.50 per share. The issuance of Series F shares constituted the execution of the first tranche of the capital commitment to mBank S.A., which was a condition for the extension of the revolving credit facility until June 30, 2026.
- In 2026, two further issues were carried out within the same authorized capital, each addressed to Luma Holding Limited at a price of PLN 0.50 per share: series G (4,000,000 shares, PLN 2,000,000.00, February 2026) – fulfilling the second tranche of the obligation to mBank – and series H (1,000,000 shares, PLN 500,000.00, March 2026). Series F and G issues fulfilled the capital obligation to mBank S.A. (totalling ≥ PLN 4,000,000), conditional on the extension of the revolving credit facility until June 30, 2026.

Regardless of the above, the risk of losing liquidity remains real, assuming no effective implementation of optimisation measures (in particular changes to the business model and an increase in sales), limited market recovery in terms of public tenders and failure to implement the planned further share issues, i.e. an increase in the share capital within the authorised capital (at the time of preparation of these financial statements, 7 million shares remain to be issued within the authorised capital).

The Management Board, being aware of these threats, conducts intensive analysis of strategic scenarios and monitors all key liquidity areas, taking actions to secure the continuation of operations over the next 12 months.

Risk related to the supply of materials and raw materials for production

The risk related to the supply of materials and raw materials for production includes in particular:

- ◆ risk of dependence on a limited number of suppliers (poor market diversification),
- ◆ the risk of increases in the purchase prices of raw materials and external services, affecting the level of costs of sales.

In the opinion of the Management Board, the Company is not currently exposed to a significant risk of dependence on key suppliers due to its relatively widely developed purchasing network.

Purchases of production materials and components are made within several basic raw material groups, such as: leather, uppers, insoles and insole materials, adhesives, metal accessories, and linings.

Unpredictable changes in the purchase prices of materials, raw materials, and services can lead to reduced product profitability and negatively impact the Company's financial results. To mitigate price risk, the Company employs mechanisms such as adapting its sales pricing policy to changes in purchasing costs and entering into agreements with suppliers that include pricing formulas that limit unfavorable price fluctuations.

In order to increase purchasing security and production continuity, the Company systematically expands its database of potential suppliers, deepens relationships with existing partners, and obtains appropriate certificates and approvals for key footwear models, which enables the use of components from many alternative suppliers.

Risk of dependence on key clients

The fragmentation of external customers and the Company's order portfolio is so large that that the risk of dependence on key recipients is appropriately minimized.

In 2025, the percentage share of turnover with the largest retail customer did not exceed 10% of total sales revenue.

With respect to related entities, whose share in the Company's turnover in 2025 amounted to 17.4%, there is no risk of losing business relations.

Risk related to the procedures and conditions for resolving and implementing public tenders

This risk refers to potential threats arising from participation in the public procurement system, encompassing both the bidding process and contract execution. It includes the risk of establishing suboptimal pricing terms, difficulties in delivering deliveries on time and in accordance with the contract, as well as the risk of contractual penalties or losses resulting from unprofitable contracts.

Main sources of risk:

- ◆ Price pressure and strong competition – leads to offering very low prices, often at the break-even point.
- ◆ Differences between the calculation and actual costs may lead to lower than expected profitability or losses.
- ◆ Accumulation of orders – simultaneous execution of many tenders may overload production capacity.
- ◆ Material or logistics shortages – negatively impact on timely deliveries.
- ◆ Contractual Penalty Provisions – Delays, product defects or other breaches may result in contractual penalties (e.g. financial penalties, product replacement).
- ◆ Reputational risk and exclusion from future proceedings – in the event of improper execution of contracts.

Public tenders constitute a significant sales channel and source of revenue for the Company, particularly in the field of specialized, uniform, and military footwear. At the same time, they involve significant operational and financial risks. Precise calculations, production planning, and strict quality control are crucial. The Company takes conscious steps to mitigate the potential negative effects of participating in the public procurement system.

Risk related to the tax system

Tax authorities may adopt a different interpretation of tax regulations than the Company's, which may have a significant impact on the Company's operations, financial position, results, and development prospects. The Management Board does not anticipate this type of risk, but cannot completely rule it out. A similar risk exists in the case of mandatory social security and health insurance contributions imposed on the Company by law.

General economic and political risk

General economic and political risk is the risk of the impact of unfavorable changes in the macroeconomic environment and the geopolitical situation on the Company's operating activities, financial results, liquidity and development prospects.

Economic factors:

- ◆ inflation and rising business costs (e.g. energy, raw materials, labor),
- ◆ interest rate volatility,
- ◆ economic slowdown or recession,
- ◆ disruptions in supply chains,
- ◆ limitations in the availability of raw materials (especially energy and critical ones),
- ◆ instability of financial and currency markets.

Political and geopolitical factors:

- ◆ armed conflicts (e.g. war in Ukraine, Middle East),
- ◆ tensions between the US, China and the EU,
- ◆ economic and financial sanctions,
- ◆ protectionist policies and tariff wars (e.g. US–EU, US–China),
- ◆ the situation in the Transnistrian region and Moldova (significant due to the activities of the subsidiary).

The company generates revenues mainly on the domestic market and in Central and Eastern European countries, which makes it sensitive to economic and political changes in these regions.

Armed conflicts and international tensions can lead to increased operating costs, inflation and reduced availability of materials.

Changes in the EU and Poland's armaments policy may have a positive impact on the potential increase in demand for military and specialized footwear – which constitutes a development opportunity.

The ongoing instability in the Transnistrian region (Moldova) poses a potential operational and logistical risk due to the presence of one of the Issuer's subsidiaries.

General economic and political risk is systemic in nature and difficult to eliminate. The Company can only mitigate its effects through appropriate strategic actions, scenario analyses, and flexible responses to changes in the macroeconomic environment. Given the specific nature of the Company's operations, this risk represents both a threat and a potential development opportunity, particularly in the context of rising defense spending in Europe.

Due to the current situation, the Management Board is monitoring the geopolitical situation and is taking a number of actions aimed at limiting the impact of the above-mentioned risks on the Company's operations, which are described in more detail in point 10. "THE IMPACT OF EXTRAORDINARY EVENTS ON THE COMPANY'S OPERATIONS".

9. IMPACT OF EXTRAORDINARY EVENTS ON THE COMPANY'S OPERATIONS

The impact of the war in Ukraine on the Company's operations

Like most other manufacturing companies, the Company operates in conditions of increased uncertainty resulting from the ongoing armed conflict in Ukraine and its multidimensional effects on the geopolitical and economic situation in Europe.

The impact of the war on the Company's situation has been visible since its beginning in February 2022. The most important effects that directly or indirectly negatively impact the Group's operations and results include:

- Increases in production costs – including electricity and heat costs, costs of materials and services – resulting from general inflationary pressures caused by the conflict.
- The growing importance of price in consumer product selection is increasing, which intensifies competition from cheaper products from the Far East. At the same time, geopolitical uncertainty and pressure on supply chain security may favor European producers with stable operational bases.

Throughout 2025 and 2026, an intensive diplomatic process aimed at ending the conflict was underway. In November 2025, representatives of the United States and Ukraine, with the participation of European partners, held talks in Geneva, resulting in the development of an updated framework for a peace agreement. In January and February 2026, three rounds of trilateral talks involving delegations from the United States, Ukraine, and Russia were held – in Abu Dhabi (twice) and in Geneva – which, however, did not result in a breakthrough. The key issue remains the territorial status, particularly of eastern Ukraine. Since March 2026, the trilateral talks have been suspended due to the shift of US diplomatic attention towards the conflict in the Middle East. As of the date of this report, there is no date for the resumption of negotiations, and uncertainty regarding the future political and military situation in the region remains high.

The company does not sell its products directly to Russia or Belarus. Recently, steps have been taken to expand sales in the Ukrainian market. The company sources its raw materials and supplies from suppliers operating outside the areas affected by armed conflict.

The Parent Company's subsidiary conducts operations in the Transnistrian Moldovan Republic through subsidiaries. The Management Board continuously monitors the geopolitical situation in the region and assesses the risk of significant operational disruptions as moderate.

The outcome of the 2025 parliamentary elections in Moldova, which ended with a victory for the pro-European party, remains a stabilizing factor, confirming the current direction of Moldova's integration with the European Union. The Board believes that neither Russia nor Moldova would benefit economically from a formal annexation of Transnistria – the region is one of the poorest in Europe, with approximately 70–75% of its exports directed to Western markets. Full political integration with Russia would mean economic sanctions and a humanitarian crisis for Transnistria, which is contrary to the economic interests of both the authorities and the region's inhabitants.

The energy situation in Transnistria remains an additional challenge, having deteriorated since the start of 2025 following the interruption of gas supplies from Russia. The impact of these disruptions on the operations of plants cooperating with the subsidiary has been limited to date thanks to flexible adjustments to available capacity.

In the event of a significant military escalation in southern Ukraine, the Management Board has a contingency plan in place that assumes: (i) immediate securing of production equipment, materials, and work in progress located at Transnistria plants; (ii) launching part of Abeba footwear production at the Lublin plant, which has rebuilt equipment for selected lines; (iii) outsourcing of selected models to external manufacturers, including non-European ones. In the extreme scenario of Russia's annexation of Transnistria, the Management Board does not rule out the risk of loss of control over the subsidiary due to potential nationalization actions, but assesses this scenario as unlikely.

The Management Board believes there is no risk of business interruption due to the ongoing military operations in Ukraine. The Management Board remains in direct contact with the management of Transnistrian companies and continually analyzes incoming information to effectively respond to the evolving situation.

The Management Board also notes the potential positive impact of the conflict on the military and specialized footwear segment. Increased defense, firefighting, and rescue spending programs implemented at NATO, the European Union, and individual member states are generating growing demand for products from the Company's portfolio. The Management Board expects this trend to continue in the coming years.

Impact of the conflict in the Middle East on the Company's operations

On February 28, 2026, the United States and Israel launched military operations against Iran, triggering a global energy and logistics crisis. As of the date of this report, the conflict continues, the fate of the declared ceasefire is currently uncertain, and shipping traffic through the Strait of Hormuz remains well below pre-conflict levels.

Rising energy and petrochemical prices translate into cost pressures for polyurethane components, which are a key component of footwear production costs. The ongoing rise in aluminum prices resulting from production and export disruptions in the Persian Gulf region could, if the conflict persists, impact, among other things, the purchase costs of footwear molds. Disruptions in maritime transport on Asian routes, in turn, result in increased freight costs and the risk of delays in the delivery of materials and components. A continued military conflict could therefore impact costs and, consequently, profitability, due to the limited ability to immediately pass on costs to buyers.

The Company generally does not sell to markets in the Middle East or Southeast Asia, where the conflict could impact its ability to maintain supplies. Therefore, it has no direct impact on the Company's sales revenues – the impact of the conflict is limited solely to operating costs.

Due to the continuing instability of the situation, the Management Board is unable to reliably estimate the total impact of the above factors on the Company's financial results in 2026. The situation remains monitored on an ongoing basis.

Change in US policy towards the European Union

Relations between the European Union and the United States remain a significant external factor influencing the macroeconomic, regulatory and security environment and thus indirectly the Company's operations.

The US commitment to the peace agreement in Ukraine and the shift in budget priorities in Europe initiated after President Donald Trump took office have resulted in a sustained acceleration in defense spending growth in the European Union. The EU-US partnership remains the largest bilateral trade and investment partnership in the world. At the NATO summit in The Hague in June 2025, leaders of member states committed to increasing defense spending to 5% of GDP by 2035, with 3.5% of GDP allocated to core defense needs and 1.5% to investments in cybersecurity, military mobility, and critical infrastructure. Historically, defense spending in the EU has grown at

around 9% annually since 2015; according to data from the European Defense Agency, a further real increase of over €100 billion is expected by 2027.

The Company views the planned increase in the number of professional soldiers and the re-equipment of uniformed services in Europe as a potential opportunity for the military and specialized footwear segment. However, the nature and scale of this demand remain uncertain and dependent on the pace of implementation of individual countries' commitments.

In July 2025, European Commission President Ursula von der Leyen and President Donald Trump reached an agreement on tariffs and trade, confirmed by a joint statement in August 2025. The agreement set a tariff rate cap of 15% for most goods imported from the EU to the US.

As of the date of this report, the agreement has not yet been fully ratified. The European Parliament adopted its negotiating position in March 2026, introducing a suspension clause that would suspend tariff preferences if the US introduced additional tariffs above the agreed 15% threshold, and a sunset clause that would condition the agreement's entry into force on the US fully complying with its commitments. Negotiations between the European Parliament and the Council of the EU on the final legislative framework are ongoing.

The situation is further complicated by the US Supreme Court ruling of February 20, 2026, that the International Emergency Economic Powers Act does not authorize the imposition of tariffs, following which the US administration switched to the legal basis of Section 122 of the Trade Act of 1974, introducing a temporary 10% import surcharge for up to 150 days, which introduces additional uncertainty as to the target rate level.

The Management Board believes that the agreement reached represents a significant step towards stabilizing transatlantic relations. However, its final implementation remains fraught with uncertainty stemming from ongoing legislative processes on both sides and potential further actions by the US administration. This volatility may impact raw material costs, the stability of supply chains, and the overall business environment for European manufacturers. The Company is monitoring developments and adopting cautious assumptions regarding the potential impact of changes in transatlantic relations on its operations.

Analysis of the impact of extraordinary factors on the valuation of assets and liabilities

Impairment of tangible fixed assets or intangible assets

Analyses of key assets performed in the Company as at 31 December 2025 in accordance with IAS 36 "Impairment of Assets" did not provide any indication of a significant risk of impairment of assets and their impact on future estimated cash flows.

Credit assessment

The Company conducted an analysis of the impact of extraordinary factors on the level of credit risk to which it is exposed from its counterparties. As of the date of approval of this report for publication, no significant deterioration in repayment performance, increase in bankruptcies, or restructurings among the Parent Company's clients were observed.

Given the lack of exposure to the Russian and Belarusian markets and the lack of exposure to the Middle East, the Management Board expects that the collectability of receivables reported in the statement of financial position as of December 31, 2025, will remain unchanged. Therefore, no changes have been made to the assumptions used in the models for estimating and calculating credit losses in accordance with IFRS 9.

Liquidity situation

As at the balance sheet date and at the time of approval of this report for publication, the Company's financial situation is subject to an increased risk of losing liquidity in the absence of further internal optimisation measures (in particular changes to the business model and an increase in sales), limited market recovery in terms of public tenders and failure to implement the planned further share issues, i.e. an increase in the share capital within the authorized capital (at the time of preparation of these financial statements, 7 million shares remain to be issued within the authorized capital).

In order to improve its capital situation and ensure its continued ability to implement investment projects and orders under tender procedures, the Company has taken the following actions:

- On **March 27, 2025** the Management Board of PROTEKTOR SA adopted Resolution No. 2/III/2025 on increasing the share capital by issuing ordinary series E bearer shares, within the authorized capital, excluding all subscription rights of the existing shareholders.
- On **March 28, 2025** the Agreement for the acquisition of series E shares was concluded between the Company and a strategic investor — Luma Holding Limited with its registered office in St. Julians, Malta. The subject of the agreement was the acquisition of 3,804,319 series E shares with a total nominal value of PLN 1,902,159.50.
- On **June 16, 2025** during the Extraordinary General Meeting of PROTEKTOR SA, Resolution No. 3/2025 was adopted amending the Articles of Association, authorizing the Management Board to further increase the share capital within the authorized capital, excluding the pre-emptive rights of existing shareholders. Pursuant to the above Resolution, the Company's Management Board was authorized to increase the share capital by an amount not exceeding PLN 8,000,000.00 by issuing a maximum of 16,000,000 new ordinary bearer shares, with a nominal value of PLN 0.50 each. An increase in the share capital of PROTEKTOR SA in 2025 is also necessary due to the provisions of the annex to the loan agreement concluded with mBank SA, concerning a revolving credit facility intended to finance contracts implemented as part of tender procedures for public entities. Under the concluded annex, mBank agreed to extend the possibility of using the loan until May 31, 2026, and to extend the final repayment date of the loan until June 30, 2026. The above conditions are conditional on the Company fulfilling the capital commitment, according to which: "Luma Holding Limited with its registered office in St. Julians, Level 2, Luxe Pavilion, Portomaso Complex, STJ 4010 St. Julians, Malta, entered in the Maltese Registry of Companies under number C76225, being a shareholder of [the Company], will provide capital financing to [the Company] by increasing the share capital of [the Company] by a total amount of not less than PLN 4,000,000.00, and the cash contribution to cover this increase will be made in full in cash. The first increase in the share capital by an amount of not less than PLN 2,000,000.00 will be carried out by 28 November 2025 ("Increase No. 1"), and the second increase in the share capital by an amount of not less than PLN 2,000,000.00 will be carried out by February 27, 2026 ("Increase No. 2")." Maintaining this loan is crucial to ensuring the Company's current financial liquidity, as well as to continue participating in the public procurement system, in particular in the implementation of projects requiring significant capital and production involvement.
- On **June 30, 2025** the Management Board announced the conclusion of annexes to loan agreements between PROTEKTOR SA and mBank SA, which extend the loan period and establish a loan repayment schedule in order to ensure the continuity of financing of the Company's operations.
- On **August 29, 2025** the Management Board announced the conclusion of an annex to the revolving credit agreement for the financing of contracts between Protektor SA and mBank SA, which extends the credit period until May 31, 2026.

- On **November 20, 2025** the Management Board of PROTEKTOR SA adopted Resolution No. 2/XI/2025 on increasing the share capital by issuing ordinary series F bearer shares, within the authorized capital, excluding all subscription rights of the existing shareholders.
- On **November 25, 2025** the Agreement for the acquisition of series F shares was concluded between the Company and a strategic investor — Luma Holding Limited with its registered office in St. Julians, Malta. The subject of the agreement was the acquisition of 4,000,000 series F shares with a total nominal value of PLN 2,000,000.00.
- On **February 6, 2026** (CR 16/2026) The Management Board of PROTEKTOR S.A. adopted a resolution to increase the Company's share capital by issuing 4,000,000 new ordinary bearer series G shares, with a nominal value of PLN 0.50 each, within the authorized capital, excluding the subscription rights of existing shareholders. The issue took place in a private subscription addressed to Luma Holding Limited, at an issue price of PLN 0.50 per share, i.e. at a total issue price of PLN 2,000,000.00.
- On **February 7, 2026** (RB 17/2026) The Management Board of PROTEKTOR SA announced the signing of an agreement for the acquisition of Series G Shares with Luma Holding Limited on the terms specified in the above resolution.
- On **March 25, 2026** (CR 23/2026) The Management Board of PROTEKTOR S.A. adopted a resolution to increase the Company's share capital by issuing 1,000,000 new ordinary bearer series H shares, with a nominal value of PLN 0.50 each, within the authorized capital, excluding the subscription rights of existing shareholders. The issue took place in a private subscription addressed to Luma Holding Limited, at an issue price of PLN 0.50 per share, i.e. at a total issue price of PLN 500,000.00.
- On **March 26, 2026** (RB 24/2026) The Management Board of PROTEKTOR SA announced the signing of an agreement for the acquisition of Series H Shares with Luma Holding Limited on the terms specified in the above resolution.
- On **April 22 2026** (RB 27/2026) The Management Board of PROTEKTOR SA announced the signing of a bill of exchange agreement securing a factoring agreement with recourse with a limit of PLN 1,500,000.00 with Bibby Financial Services Sp. z o. o.

These activities are aimed at strengthening the capital structure of PROTEKTOR SA, securing operational and investment financing, meeting the terms of the loan agreement and reducing liquidity risk.

10. STATEMENTS OF THE MANAGEMENT BOARD

Declaration on the reliability of the preparation of the financial statements

In accordance with the requirements of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information provided by issuers of securities [...], the Management Board of PROTEKTOR SA declares that, to the best of its knowledge, the annual financial statements for the financial year 2025 and the comparable data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the property and financial situation of PROTEKTOR SA and the financial result for the presented periods **and that the report on activities provides a true picture of the development, situation and achievements of PROTEKTOR SA, including a description of the main risks and threats.**

Management Board of PROTEKTOR SA

Radosław Rogacki - President of the Management Board

Witold Rzewuski - Member of the Management Board of the Company

Signature of the person entrusted with keeping the accounting books

Joanna Szczesna	Chief Accountant	
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Signatures of all members of the Management Board

Radosław Rogacki	President of the Management Board	
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Witold Rzewuski	Member of the Company's Management Board	
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Lublin, April 30, 2026