



Protector S.A.

Annual consolidated
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	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 PLN	thousand EUR	thousand EUR
PROFIT AND LOSS ACCOUNT				
Sales revenue	79 528	83 799	18,769	19,469
Gross profit (loss) on sales	27,697	28 213	6,537	6,555
Profit (loss) from operating activities	(5,846)	(7,920)	(1,380)	(1,840)
Profit (loss) before tax	(7,713)	(10,032)	(1,820)	(2,331)
Net profit (loss) of the capital group	(9,413)	(11,741)	(2,222)	(2,728)
Earnings (loss) per share (PLN/EUR)	(0.42)	(0.62)	(0.10)	(0.14)
CASH FLOW STATEMENT				
Net cash flow from operating activities	(23)	7 102	(5)	1,650
Net cash flow from investing activities	(76)	(180)	(18)	(42)
Net cash flow from financing activities	(128)	(7,488)	(30)	(1,740)
Net change in cash	(227)	(566)	(54)	(132)
STATEMENT OF FINANCIAL POSITION				
Specification	for the period 31/12/2025	for the period 31/12/2024	for the period 31/12/2025	for the period 31/12/2024
	thousand PLN	thousand PLN	thousand EUR	thousand EUR
Fixed assets	18,997	26,860	4,495	6,286
Current assets	35,856	36,582	8,483	8,561
Equity capital	16,091	22,200	3 807	5 195
Long-term liabilities	7,564	5 118	1,790	1,198
Short-term liabilities	31,198	36 125	7,381	8,454
Weighted average number of shares (pcs)	22 246 366	19 021 600	22 246 366	19 021 600
Book value per share (PLN/EUR)	0.71	1.15	0.17	0.27

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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Consolidated statement of comprehensive income

Specification	Note	for the period	for the period
		from 01/01/2025 to 31/12/2025	from 01/01/2024 to 31/12/2024
Sales revenue	1	79 528	83 799
Revenues from product sales	1	77,885	81 816
Revenues from the sale of services	1	259	346
Revenues from the sale of goods and materials	1	1,384	1,637
Cost of sales	3	(51,831)	(55,586)
Cost of products sold	3	(50,869)	(54,350)
Cost of services sold	3	(115)	(131)
Cost of goods and materials sold	3	(847)	(1,105)
Gross profit (loss) on sales		27,697	28 213
Selling costs	3	(11,741)	(12,713)
General administrative expenses	3	(14,032)	(14,365)
Other operating income	4	968	672
Other operating costs	4	(8,738)	(9,727)
Profit (loss) from operating activities		(5,846)	(7,920)
Financial income	5	14	743
Financial costs	5	(1,881)	(2,855)
Profit (loss) before tax		(7,713)	(10,032)
Tax	6	(1,700)	(1,709)
Net profit (loss)	7	(9,413)	(11,741)
- attributed to shareholders of the parent entity		(9,432)	(11,702)
- attributed to minority shareholders		19	(39)
Other comprehensive income		(598)	(397)
Items that may be reclassified to the profit and loss account in the future, including:		(598)	(397)
- exchange rate differences from the conversion of foreign companies		(598)	(397)
- 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		(10,011)	(12,138)
- attributed to shareholders of the parent company		(10,002)	(12,112)
- attributed to minority shareholders		(9)	(26)
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	(0.42)	(0.62)

*earnings (loss) per share are calculated from the profit (loss) attributable to the shareholders of the parent company

Consolidated statement of financial position

Specification	Note	per day	per day
		31/12/2025	31/12/2024
Fixed assets		18,997	26,861
Intangible assets	9	7,067	8,158
Material fixed assets	11	6 162	7,642
The right to use leased assets	12	5 319	7,901
Long-term receivables	14	-	502
Deferred tax assets	6	281	2,401
Long-term accruals	16	168	257
Current assets		35,856	36,582
Supplies	13	26,040	27,967
Trade receivables	14	4,046	4,071
Current income tax receivables		944	815
Other short-term receivables	14	2,578	1,345
Other short-term financial assets		-	33
Cash and cash equivalents	15	1,717	1,945
Short-term accruals	16	531	406
TOTAL ASSETS		54 853	63,443

Specification	Note	per day	per day
		31/12/2025	31/12/2024
Equity		16,091	22,200
Equity of shareholders of the parent company		15,767	21,867
Share capital	17	13,474	9,572
Reserve capital from the sale of shares above their nominal value	18	10 235	10 235
Capital from valuation of hedging transactions and exchange rate differences from consolidation		(590)	(20)
Other capital	18	6 229	6 229
Retained earnings, including:	18	(13,581)	(4,149)
- net profit (loss) from previous years	18	(4,149)	7,553
- net profit (loss) for the current year attributable to shareholders of the parent company	18	(9,432)	(11,702)
Non-controlling interests		324	333
Obligations		38,762	41,243
Long-term liabilities		7,564	5 118
Long-term loans and credits	20	3 319	-
Long-term liabilities arising from leased right-of-use assets (IFRS 16)	21	3 316	4,286
Deferred income tax provision	6	548	444
Provisions for employee benefit liabilities	22	381	386
Long-term accruals	25	-	2
Short-term liabilities		31,198	36 125
Short-term loans and credits	20	14,667	14,828
Other short-term financial liabilities	21	1,206	2,545
Trade payables	24	8,280	7,763
Current income tax liabilities		356	1,364
Other short-term liabilities	24	2,870	2,873
Current liabilities arising from leased right-of-use assets (IFRS 16)	21	2,380	4,272
Provisions for employee benefit liabilities	22	366	365
Other provisions for short-term liabilities	23	971	1,575
Short-term accruals	25	102	540
TOTAL LIABILITIES		54 853	63 443

Consolidated statement of changes in equity

Specification	Capital attributable to shareholders of the parent company						Non-controlling interests	Total equity
	Share capital	Reserve capital	Exchange rate differences from conversion	Other capital	Retained earnings	Together		
Balance as of January 1, 2025	9,572	10 235	(20)	6 229	(4,149)	21,867	333	22,200
Net profit for the period 01/01/2025 - 31/12/2025	-	-	-	-	(9,432)	(9,432)	19	(9,413)
Exchange rate differences from conversion	-	-	(570)	-	-	(570)	(28)	(598)
Total comprehensive income	-	-	(570)	-	(9,432)	(10,002)	(9)	(10,011)
Share issue	3,902	-	-	-	-	3,902	-	3,902
Dividend payment	-	-	-	-	-	-	-	-
Division of financial result	-	-	-	-	-	-	-	-
Changes in equity	3,902	-	(570)	-	(9,432)	(6,101)	(9)	(6 109)
Balance as of December 31, 2025	13,474	10 235	(590)	6 229	(13,581)	15,767	324	16,091
Balance as of January 1, 2024	9,572	10 235	391	6 229	7,553	33,979	359	34 338
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	-	(11,702)	(11,702)	(39)	(11,741)
Exchange rate differences from conversion	-	-	(411)	-	-	(410)	13	(397)
Total comprehensive income	-	-	(411)	-	(11,702)	(12,112)	(26)	(12,138)
Share issue	-	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	-	-
Division of financial result	-	-	-	-	-	-	-	-
Changes in equity	-	-	(411)	-	(11,702)	(12,112)	(26)	(12,138)
Balance as of December 31, 2024	9,572	10 235	(20)	6 229	(4,149)	21,867	333	22,200

Consolidated 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		(7,713)	(10,032)
Corrections:		10,433	18,779
Amortization of intangible assets		837	799
Depreciation of tangible fixed assets		5,490	5,920
Write-downs for the loss of tangible fixed assets		-	-
Profit (loss) on the sale of tangible fixed assets		(270)	(115)
Interest costs		1,590	2 175
Change in inventory		1,742	8,393
Change in receivables		360	915
Change in liabilities except loans		(230)	(2,925)
Change in reserves and accruals		946	3,578
Other corrections		(32)	39
Cash generated from operating activities		2,720	8,747
Income tax paid		(2,743)	(1,645)
Net cash from operating activities		(23)	7 102
Cash flows from investing activities			
Acquisition of tangible fixed assets and intangible assets		(346)	(277)
Sale of tangible fixed assets and intangible assets		270	130
Acquisition of financial assets		-	(46)
Sale of financial assets		-	13
Net cash from investing activities		(76)	(180)
Cash flows from financing activities			
Share issue		3,902	-
Proceeds from taking out loans and borrowings		5 551	-
Repayment of loans and credits		(2,227)	(332)
Repayment of financial leasing liabilities		(4,374)	(4,507)
Interest paid		(1,590)	(2,175)
Other income/expenditures		(1,390)	(474)
Net cash from financing activities		(128)	(7,488)
Total net cash flow, including:		(227)	(566)
Cash at the beginning of the period		1,945	2,511
Cash at the end of the period		1,717	1,945

Information and explanations to the consolidated financial statements

1. GENERAL INFORMATION

Data of the Parent Company

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

Zarys historii korporacyjnej Grupy Kapitałowej

2021	sprzedaż 51% udziałów w Terri-Pa (Mołdawia) – spółka pośrednio zależna od Jednostki Dominującej
2016	relokacja do nowej fabryki w Podstrefie Lublin Specjalnej Strefy Ekonomicznej EURO-PARK Mielec
2012	sprzedaż 100% udziałów w Prabos (Czechy)
2009	zwiększenie do 100% udziałów w Abeba i Inform Brill (Niemcy)
2007	nabycie 75% udziałów w Abeba i Inform Brill (Niemcy) oraz 100% udziałów w Prabos (Czechy)
1998	debiut na GPW w Warszawie jako Lubelskie Zakłady Przemysłu Skórzanego PROTEKTOR S.A.
1993	proces prywatyzacji, przejęcie pełnej kontroli przez inwestorów prywatnych
1992	przekształcenie w jednoosobową Spółkę Skarbu Państwa
1958	utworzenie państwowych zakładów Lubelskie Zakłady Przemysłu Skórzanego im. Mariana Buczka
1944	rozpoczęcie produkcji obuwia dla Ludowego Wojska Polskiego

Duration of the Capital Group

The period of operation of the Parent Company and its subsidiaries is unlimited.

Periods presented

The consolidated financial statements contain data for the period from 1 January 2025 to 31 December 2025 and as at 31 December 2025. Comparative data for the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of financial position from changes in equity are presented for the period from January 1, 2024 to December 31, 2024, and for the consolidated statement of financial position as at 31 December 2024.

Composition of the Capital Group'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

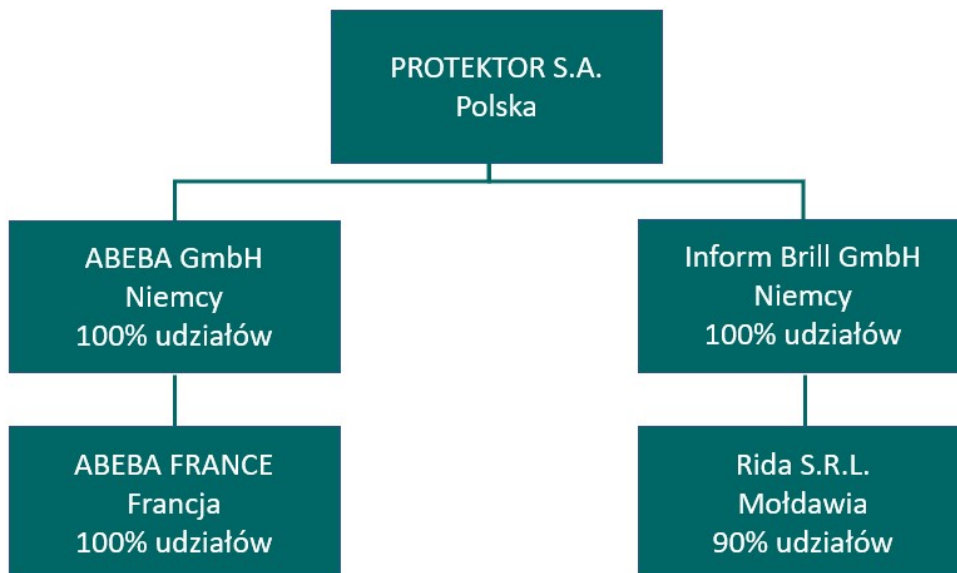
On September 3, 2025, the Supervisory Board of PROTEKTOR SA appointed new members of the Audit Committee from among its members. The following persons were appointed to the Audit Committee:

- 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 S.A.

Protektor Capital Group

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 Speziale Schuhe-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 Speziale Schuhe-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 Schuhe-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 Schuhe-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 a related entity. PROTEKTOR SA holds 12,242 shares, representing 14.1% of votes at the Shareholders' Meeting. The shares were acquired on October 25, 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.

Consolidation rules

The consolidated financial statements include data for PROTEKTOR SA and its subsidiaries. Subsidiaries are companies controlled by the Parent Company. The Parent Company exercises control when it has the ability to govern the financial and operating policies of a given company in order to obtain economic benefits from its operations.

The accounting principles applied by subsidiaries have been adjusted to ensure compliance with the accounting principles applicable in the Capital Group.

When preparing consolidation, mutual transactions, settlements and unrealized profits between companies belonging to the Capital Group are excluded.

The consolidation process at the Protektor Capital Group is being implemented at two levels. First, the consolidated financial statements of the lower-level entity, Abeba Capital Group, which comprises ABEB A Spezia schuh-Ausstatter GmbH, Inform Brill GmbH, ABEB A FRANCE SARL, and Rida Limited Liability Company, are prepared. This is followed by the consolidation of the higher-level entities, combining the financial statements of the Parent Company and the Abeba Capital Group.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are presented separately from the Protektor Capital Group's equity. Non-controlling interests consist of the value of the shares as of the acquisition date and non-controlling interests in changes in equity since the acquisition date.

Minority capital as at 31 December 2025 presented in the financial statements consists of minority capital at the level of the Abeba Capital Group, which includes minority shareholders in the limited liability company "Rida".

Stock exchange quotes

PROTEKTOR SA is the Parent Company of the Protektor Capital Group. PROTEKTOR SA shares are listed and are listed on the Warsaw Stock Exchange in the continuous trading system.

Approval of the financial statements

These consolidated financial statements were approved by the Management Board of PROTEKTOR SA for publication on 30 April 2026.

Continuation of business

These consolidated financial statements have been prepared assuming that the Capital Group 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 Parent Company's balance sheet prepared by the Management Board as of 31 December 2025, the condition specified in Article 397 of the Commercial Companies Code was determined to have occurred in the case of the Parent Company. The total balance sheet loss amounted to PLN 22,863,000, exceeding the threshold arising from Article 397 of the Commercial Companies Code by PLN 1,180,000. Accordingly, the Management Board is obligated to immediately convene the General Meeting of Shareholders to adopt a resolution concerning the Company's continued existence. At the consolidated level, the condition specified in Article 397 of the Commercial Companies Code is not met.

Following an analysis of the Group's financial and operational situation, the Management Board believes the Group will be able to continue as a going concern for at least 12 months from the balance sheet date. This assumption is supported in particular by the documented capital commitment of shareholder Luma Holding Limited, available authorized capital enabling further share issuances, maintained bank financing, and the stable financial situation of the segment served by the Abeba Group, as well as the structural increase in demand for uniformed services equipment resulting from rising defense spending in Europe.

At the same time, the Management Board recognizes that there are significant uncertainties that may cast significant doubt on the Group's – and in particular the Parent Company's – ability to continue as a going concern, related to the accumulated balance sheet loss and the dependence of the improvement of the financial situation on the effective implementation of the recovery program and the decision of the General Meeting of Shareholders.

A detailed description of risk factors and the Management Board's actions is presented in note 36 of this report..

2. BASIS FOR PREPARING FINANCIAL STATEMENTS

These consolidated 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 accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), endorsed for use in the EU.

3. CHANGES TO STANDARDS OR INTERPRETATIONS

When preparing the consolidated financial statements for 2025, the Group applies the same accounting principles as when preparing the annual financial statements for 2024, except for amendments to standards and new standards and interpretations approved by the European Union, which are effective for reporting periods beginning on 1 January 2025.

Standards and interpretations applied for the first time

In the opinion of the Management Board, the application of the following amendments had no material impact on the Group's consolidated 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 Group has not elected to early adopt standards and interpretations. These financial statements do not incorporate the standards and interpretations listed below that are pending endorsement by the European Union or that have been endorsed by the European Union but entered or will enter into force after the balance sheet date.

Standards and interpretations adopted by the IASB that have not yet been approved for use by the EU

Standards and interpretations adopted by the IASB that have not yet been approved for use by the EU

In the opinion of the Management Board of the Protektor Capital Group, 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 Group'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 changes apply to contracts where the energy source is dependent on natural factors (e.g., renewable energy), meaning the amount of energy can vary depending on environmental conditions. The proposed changes are intended to adjust the accounting and disclosure rules for these contracts. The changes apply to 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 – based on a revenue recognition model comprising five stages:

- Identifying customer contracts.
- Identifying separate performance obligations.
- Determining the transaction price for individual obligations arising from contracts.
- Allocating the transaction price to separate obligations necessary to perform the service in a given contract.
- Recognition of revenue when or as the entity settles its obligations.

Sales revenue is recognized net of discounts, value added tax and other sales-related taxes (excise tax).

The sale of goods is recognized when the goods are delivered and ownership is transferred.

Costs of finished goods and merchandise sold are recognized in the same period as revenues from the sale of these components, 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.

Current tax expense is calculated based on the taxable result (tax base) for a given financial year. Tax profit (loss) differs from accounting net profit (loss) due to the exclusion of taxable income and expenses that constitute tax-deductible costs in subsequent years, as well as expense and income items that will never be subject to taxation. Tax expense is calculated based on the tax rates applicable in a given financial year.

Since 2016, the Parent Company has been operating within the EURO-PARK MIELEC Special Economic Zone pursuant to permit no. 318/ARP/2015 of September 11, 2015. Income earned from activities subject to the zone permit is taxed on preferential terms. In addition to income from the activities conducted in the Special Economic Zone, PROTEKTOR SA also generates income 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 the differences between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the tax base.

A deferred tax provision is created for all positive temporary differences subject to taxation, while a deferred tax asset is recognized to the extent that it is probable that future taxable profits will be reduced by recognized negative 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 affects neither taxable nor accounting profit. The value of a deferred tax asset is analyzed at each balance sheet date, and if the expected future taxable profits will not be sufficient to realize the asset or part thereof, it is written down.

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 Group 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 that reflect the function of the intangible asset within the Group.

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, not exceeding 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., 1 January 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, on 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 Group last revalued fixed assets on 1 January 1995 to reflect the effects of inflation by applying revaluation rates established by the Central Statistical Office for individual 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 Group'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 Group estimates the recoverable amount (the higher of 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 recorded in the profit and loss account. At each balance sheet date, the Group 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 asset's value is restored to the amount it would have had had the 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 Group 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. Protektor Group companies recognize the right-of-use asset along with a corresponding lease liability, determined as the discounted future payments over the term of the agreement subject to IFRS 16. Contract fees, previously recognized as 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).

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 payments 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 related to them, in accordance with the contractual terms, occur on specified dates and constitute only payments for the 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 180-360 days - 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

Share capital of companies 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 is no reserve capital as of December 31, 2025. Retained earnings include retained earnings and losses from prior years and the effects of transitioning to IFRS/IAS, including, among others, 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 Group 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 employment period. The present value of these obligations at each balance sheet date is calculated by an independent actuary. The accrued liabilities are equal to the discounted future payments, taking into account employee turnover, and relate to the period to the balance sheet date. Gains and losses from actuarial calculations are recognized in the profit and loss account. The Parent Company determines provisions for unused vacation leave at the end of each financial year. In subsidiaries (foreign), provisions for employee benefits are created in accordance with local law.

Bank loans and credits

Interest-bearing bank loans are recognized at cost, which is the fair value of the cash received, net of direct costs associated with obtaining the loan. In subsequent periods, the loans are measured at amortized cost using the effective interest rate.

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. The Group 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 assurance that the grant will be received and all related conditions will be met, then the grant is recognized at fair value in "Deferred income." The value of the grant is written off as income in parallel with the depreciation or amortization charges on the fixed assets financed by the grant. The resulting revenue is recognized as income from core operations.

5. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Functional currency and presentation currency

Items included in the financial statements of individual Group entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Polish zloty (PLN), which is the functional currency of the Parent Entity and the Group's presentation currency, and all values, unless otherwise indicated, are presented in thousands of zloty (PLN'000).

Any differences between the values shown in individual table items may differ from their summaries due to rounding of values to full thousands of PLN.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate in effect on the transaction date. Foreign exchange gains and losses arising from the settlement of these transactions and from the carrying amount of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss for the period, unless they are deferred in equity when they qualify as cash flow hedges and net asset hedges.

6. IMPORTANT VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATE

Professional judgment

In preparing the consolidated financial statements, the Group's Management Board exercises judgment in making estimates and assumptions that affect the accounting policies used and the reported values of assets, liabilities, revenues, and expenses. Actual values may differ from those estimated by Management. Information on the estimates and assumptions made that are significant to the consolidated financial statements is presented below.

Estimation uncertainty

Economic useful lives of fixed assets

The Group's Management Board annually reviews the useful lives of non-current assets subject to depreciation. At the balance sheet date, the Management Board assesses whether the useful lives of assets assumed by the Company for depreciation purposes reflect the expected period of future economic benefits from these assets. However, the actual periods of future economic benefits from these assets may differ from the assumed periods, including due to technical obsolescence of the assets.

Reserves

Provisions are created for, among other things, certain or highly probable future liabilities whose amount can be reliably estimated, in particular for losses on ongoing business transactions, including those resulting from the effects of ongoing legal proceedings or disputes. Management bases its assessment of this probability on the course of the 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 Group'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 Group analyzes asset impairment for the following assets: fixed assets, intangible assets, and other assets. At the end of each reporting period, the Group checks for any indication of impairment. If an indication of impairment is identified, the Group performs an impairment test. The test involves estimating the recoverable amount of the asset and comparing it with its carrying amount as of the analysis date. If the carrying amount exceeds the recoverable amount, the asset is considered impaired. Consequently, the Group recognizes an impairment loss, bringing the carrying amount to the recoverable amount.

7. ASSUMPTION OF COMPARABILITY OF FINANCIAL STATEMENTS

Changes in accounting policy

The accounting principles used to prepare the consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2023 (published on April 30, 2024).

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 new projects, even though they met 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 to transfer costs from the asset management records to the asset management records and to recognize depreciation that should have been charged in prior periods. The adjustment was recorded through equity (profit/loss from previous years) and does not affect the financial result for the current period, except for depreciation related to the current year.

As a result, the adjustment increased the loss from prior years and reduced the Parent Company's equity. Comparative data was adjusted accordingly to ensure comparability.

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

- **1,948,000 PLN** transferred from long-term accruals,
- **1,089,000 PLN** 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.

The recognition of this portion of costs in the prior year result resulted in a decrease in the Parent 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 Parent Company's assets and financial position.

Presentation changes

These separate financial statements for 2025 include a presentation change regarding the recognition of costs of unused production capacity. The reclassification amount was PLN 5,716,000.

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 Parent Company's operating costs and an increase in other costs.

TABLE NO.1 CONSOLIDATED 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	83 799	83 799	-
Revenues from product sales	1	81 816	81 816	-
Revenues from the sale of services	1	346	346	-
Revenues from the sale of goods and materials	1	1,637	1,637	-
Cost of sales	3	(61,302)	(55,586)	5,716
Cost of products sold	3	(60,066)	(54,350)	5,716
Cost of services sold	3	(131)	(131)	-
Cost of goods and materials sold	3	(1,105)	(1,105)	-
Gross profit (loss) on sales		22,497	28 213	5,716
Selling costs	3	(12,713)	(12,713)	-
General administrative expenses	3	(14,365)	(14,365)	-
Other operating income	4	672	672	-
Other operating costs	4	(2,549)	(9,727)	(7,178)
Profit (loss) from operating activities		(6,458)	(7,920)	(1,462)
Financial income	5	743	743	-
Financial costs	5	(2,855)	(2,855)	-
Other investment gains (losses)		-	-	-
Profit (loss) before tax		(8,570)	(10,032)	(1,462)
Tax	6	(1,709)	(1,709)	-
Net profit (loss)	7	(10,279)	(11,741)	(1,462)
- attributed to shareholders of the parent entity		(10,239)	(11,702)	(1,463)
- attributed to minority shareholders		(40)	(39)	1
Other comprehensive income				
Items that may be reclassified to the profit and loss account in the future, including:		(397)	(397)	-
- exchange rate differences from the conversion of foreign companies		(397)	(397)	-
- 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		(10,676)	(12,138)	(1,462)
- attributed to shareholders of the parent company		(10,650)	(12,112)	(1,462)
- attributed to minority shareholders		(26)	(26)	-
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	(0.54)	(0.62)	(0.08)

TABLE NO.2 CONSOLIDATED 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		27 235	26,860	(375)
Intangible assets	9	6,584	8,158	1,574
Shoe designs completed		-	997	997
Material fixed assets	10	7,642	7,642	-
The right to use leased assets	11	7,901	7,901	-
Investments in subsidiaries	12	-	-	-
Investments in associates		-	-	-
Other long-term financial assets		-	-	-
Long-term receivables		502	502	-
Deferred tax assets	6	2,401	2,401	-
Long-term accruals	16	2 205	257	(1948)
Current assets		37,671	36,582	1,089
Supplies	13	27,967	27,967	-
Trade receivables	14	4,071	4,071	-
- from related entities	26	-	-	-
- from other units	14	4,071	4,071	-
Current income tax receivables		815	815	-
Other short-term receivables	14	1,345	1,345	-
- from related entities	26	-	-	-
- from other units	14	1,345	1,345	-
Other short-term financial assets		33	33	-
- from related entities		-	-	-
- from other units		33	33	-
Cash and cash equivalents	15	1,945	1,945	-
Short-term accruals	16	1,495	406	(1,089)
Fixed assets classified as held for sale	19	-	-	-
TOTAL ASSETS		64,906	63,443	(1,463)

TABLE NO.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (LIABILITIES) AS OF 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		23,663	22,200	(1,463)
Equity of shareholders of the parent company		23 330	21,867	(1,463)
Share capital	17	9,572	9,572	-
Shares / treasury shares		-	-	-
Reserve capital from the sale of shares above their nominal value	18	10 235	10 235	-
Capital from valuation of hedging transactions and exchange rate differences from consolidation	18	(20)	(20)	-
Other capital	18	6 229	6 229	-
Retained earnings, including:	18	(2,686)	(4,149)	(1,463)
- net profit (loss) from previous years	18	7,553	7,553	-
- net profit (loss) for the current year attributable to shareholders of the parent company	18	(10,239)	(11,702)	(1,463)
Non-controlling interests		333	333	-
Obligations		41,243	41,243	-
Long-term liabilities		5 118	5 118	-
Long-term loans and credits	19	-	-	-
Other long-term financial liabilities	23	-	-	-
Other long-term liabilities		-	-	-
Long-term liabilities arising from leased right-of-use assets (IFRS 16)	20	4,286	4,286	-
Deferred income tax provision	6	444	444	-
Provisions for employee benefit liabilities	21	386	386	-
Other provisions for long-term liabilities	25	-	-	-
Long-term accruals	24	2	2	-
Short-term liabilities		36 125	36 125	-
Short-term loans and credits	19	14,828	14,828	-
Other short-term financial liabilities	20	2,545	2,545	-
Trade payables	23	7,763	7,763	-
Current income tax liabilities	26	1,364	1,364	-
Other short-term liabilities	23	2,873	2,873	-
Current liabilities arising from leased right-of-use assets (IFRS 16)	20	4,272	4,272	-
Provisions for employee benefit liabilities	21	365	365	-
Other provisions for short-term liabilities	22	1,575	1,575	-
Short-term accruals	24	540	540	-
Liabilities related to fixed assets held for sale	19	-	-	-
TOTAL LIABILITIES		64,906	63,443	(1,463)

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

Values before change

Specification	Share capital	Reserve capital	Exchange rate differences from conversion	Other capital	Retained earnings	Together	Non-controlling interests	Total equity
Balance as of January 1, 2024	9,572	10 235	391	6 229	7,553	33,980	359	34 339
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	-	(10,239)	(10,239)	(40)	(10,279)
Exchange rate differences from conversion	-	-	(411)	-	-	(411)	14	(397)
Total comprehensive income	-	-	(411)	-	(10,239)	(10,650)	(26)	(10,676)
Share issue	-	-	-	-	-	-	-	-
Changes in equity	-	-	(411)	-	(10,239)	(10,650)	(26)	(10,676)
Balance as of December 31, 2024	9,572	10 235	(20)	6 229	(2,686)	23 330	333	23,663

Values after change

Specification	Share capital	Reserve capital	Exchange rate differences from conversion	Other capital	Retained earnings	Together	Non-controlling interests	Total equity
Balance as of January 1, 2024	9,572	10 235	391	6 229	7,553	33,980	359	34 339
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	-	(11,702)	(11,702)	(39)	(11,742)
Exchange rate differences from conversion	-	-	(411)	-	-	(411)	13	(397)
Total comprehensive income	-	-	(411)	-	(11,702)	(12,113)	(26)	(12,139)
Share issue	-	-	-	-	-	-	-	-
Changes in equity	-	-	(411)	-	(11,702)	(12,113)	(26)	(12,139)
Balance as of December 31, 2024	9,572	10 235	(20)	6 229	(4,149)	21,867	333	22,200

Change

Specification	Share capital	Reserve capital	Exchange rate differences from conversion	Other capital	Retained earnings	Together	Non-controlling interests	Total equity
Balance as of January 1, 2024	-	-	-	-	-	-	-	-
Net profit for the period 01/01/2024 - 31/12/2024	-	-	-	-	(1,462)	(1,462)	1	(1,462)
Exchange rate differences from conversion	-	-	-	-	-	-	-1	-
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		(8,570)	(10,032)	(1,462)
Corrections:		17,317	18,779	1,462
Amortization of intangible assets		404	799	395
Depreciation of tangible fixed assets		5,920	5,920	-
Profit (loss) on the sale of tangible fixed assets		(115)	(115)	-
Interest costs		2 175	2 175	-
Change in inventory		8,393	8,393	-
Change in receivables		915	915	-
Change in liabilities except loans		(2,925)	(2,925)	-
Change in reserves and accruals		2,511	3,578	1,067
Other corrections		39	39	-
Cash generated from operating activities		8,747	8,747	-
Income tax paid		(1,645)	(1,645)	-
Net cash from operating activities		7 102	7 102	-
Cash flows from investing activities				
Acquisition of tangible fixed assets and intangible assets		(277)	(277)	-
Sale of tangible fixed assets and intangible assets		130	130	-
Acquisition of financial assets		(46)	(46)	-
Sale of financial assets		13	13	-
Net cash from investing activities		(180)	(180)	-
Cash flows from financing activities				
Repayment of loans and credits		(332)	(332)	-
Repayment of financial leasing liabilities		(4,507)	(4,507)	-
Interest paid		(2,175)	(2,175)	-
Other income/expenditures		(474)	(474)	-
Net cash from financing activities		(7,488)	(7,488)	-
Total net cash flow, including:		(566)	(566)	-
Balance sheet change in cash and cash equivalents, including:				
Cash at the beginning of the period		2,511	2,511	-
Cash at the end of the period		1,945	1,945	-

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 from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Product sales	77,885	81 816
Provision of services	259	346
Sales of goods and materials	1,384	1,637
Total sales revenue	79 528	83 799

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

Sales to a single external customer do not exceed 10% of total sales revenue. The most common payment terms are 14 and 30 days from the VAT invoice date. For business, key, and strategic customers, this period may be negotiable.

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 from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Wholesale	65 527	74 070
Tenders	12,786	7,921
E-commerce	1,148	1,739
Other retail sales	67	69
TOGETHER	79 528	83 799

NOTE 2. OPERATING SEGMENTS

The Protektor Capital Group's operations are conducted within operating segments, which are strategic business units within the entire Group. They were separated from the Abeba Capital Group and PROTEKTOR SA.

The activities of individual segments mainly include the production and sale of safety and professional footwear, military footwear, and footwear dedicated to rescue services and the police.

Management monitors segment performance separately to make decisions about resource allocation, assess the impact of these allocations, and evaluate operating results. Segment performance is assessed based on net profit (loss).

The accounting principles applied in the reportable segments are consistent with the accounting policy of the Protektor Capital Group.

The segments were not combined. The Group does not have any other segments that were not subject to operating segment reporting requirements.

TABLE NO.8 OPERATING SEGMENTS OF THE PROTEKTOR CAPITAL GROUP FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	from 01/01/2025 to 31/12/2025			from 01/01/2024 to 31/12/2024		
	GK ABEBA	PROTEKTOR	TOGETHER	GK ABEBA	PROTEKTOR	TOGETHER
Sales revenue	57,938	31,724	89,662	63,748	31,264	95 012
Outside Sales	53 313	26 215	79 528	58 051	25,748	83 799
Sales between segments	4,625	5 509	10 134	5,697	5 516	11,213
Cost of sales	(30,735)	(21,096)	(51,831)	(33,666)	(21,920)	(55,586)
Segment result	22,578	5 119	27,697	24,385	3,828	28 213
Other segment costs (revenues)	(18,877)	(14,666)	(33,543)	(18,819)	(17,314)	(36,133)
Operating result	3,701	(9,547)	(5,846)	5,566	(13,486)	(7,920)
Financial income	450	(436)	14	624	119	743
Financial costs	(789)	(1,092)	(1,881)	(806)	(2,049)	(2,855)
Other investment gains (losses)	-	-	-	-	-	-
Profit before tax	3,362	(11,075)	(7,713)	5,384	(15,416)	(10,032)
Tax	(1,011)	(689)	(1,700)	(1,855)	146	(1,709)
Net result	2,351	(11,764)	(9,413)	3,529	(15,270)	(11,741)
Amount of impairment losses	(206)	(2,400)	(2,606)	(321)	(300)	(621)
	31/12/2025			31/12/2024		
Segment assets	39,050	15,803	54 853	38,667	24,777	63,444
including trademark - GK Abeba	5 279	-	5 279	5,337	-	5,337
including investments in subsidiaries	-	(22,840)	(22,840)	-	(22,840)	(22,840)
Segment liabilities	16,320	22,442	38,762	7,319	33,924	41,243
	from 01/01/2025 to 31/12/2025			from 01/01/2024 to 31/12/2024		
Amortization of intangible assets	295	542	837	124	675	799
Depreciation of tangible fixed assets	1,777	3,713	5,490	1,853	4,067	5,920

The Protektor Capital Group has headquarters in Poland, Germany, France and Moldova (Transnistria region).

A detailed description of the product range offered within the segments can be found in the Management Board Report on the activities of the Protektor Capital Group and PROTEKTOR SA for the financial year 2025, in Chapter 1. "Characteristics of the Capital Group", subchapter 1.1. "BUSINESS PROFILE".

The structure of revenues from sales to external customers is presented below, taking into account the geographical areas in which the Group has its headquarters and information on the assets of the Abeba Group and PROTEKTOR SA segments.

TABLE NO.9 GEOGRAPHICAL AREAS OF OPERATING SEGMENTS – DATA FOR THE PERIOD FROM 01.01.2025 TO 31.12.2025

Specification	Segments				Together
	Poland	Germany	Other European countries	Other	
Total revenues	20,516	34 035	24,434	544	79 528
Segment assets	15,803	39,050	-	-	54 853

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TABLE NO.10 GEOGRAPHICAL AREAS OF OPERATING SEGMENTS – DATA FOR THE PERIOD FROM 01.01.2024 TO 31.12.2024

Specification	Segments				Together
	Poland	Germany	Other European countries	Other	
Total revenues	18,334	35,975	27,032	2,458	83 799
Segment assets	24,777	38,667	-	-	63,444

NOTE 3. COSTS BY TYPE

TABLE NO.11 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	(6,327)	(6,719)
Material and energy consumption	(44,596)	(40,884)
External services	(11,294)	(10,600)
Taxes and fees	(522)	(550)
Salaries	(21,404)	(22,281)
Social security and other benefits	(5,057)	(5,309)
Other costs by type	(2,178)	(2,038)
Value of goods and materials sold	(847)	(1,105)
	(92 225)	(89,486)
Change in inventory	5 222	(2,542)
Consolidation adjustments	-	595
Benefits for own needs	9,400	8,770
Operating costs	(77,604)	(82,662)
Selling costs	11,741	12,713
General administrative expenses	14,032	14,365

NOTE 4. OTHER OPERATING INCOME AND EXPENSES

TABLE NO.12 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	19
Reversal of a write-down on current assets	313	32
Release of remaining reserves	127	32
Use of property for private purposes	185	264
Funding and subsidies	5	4
Obligations that have expired	2	2
Other net operating income	172	180
Total other operating income	968	672
Other operating costs		
Costs of unused production capacity	(5,419)	(5,716)

Net inventory losses	(86)	-
Penalties, fines, compensation	(212)	(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	(431)	-
Write-down of current assets	(512)	(166)
Write-down of other assets	-	-
Costs of abandoned projects	(89)	(2,169)
Creation of reserves for employee benefits	(3)	-
Donations made	(3)	(2)
Liquidation of materials, semi-finished products, finished products and goods	(61)	(451)
Severance pay for laid-off employees	-	-
Other net operating expenses	(259)	(356)
Total other operating expenses	(8,738)	(9,727)

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.13 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	414
Result on exchange rate differences	-	117
Other financial income	13	198
Consolidation adjustments	-	13
Total financial income	14	743
Financial costs		
Interest	(1,857)	(2,585)
Result on exchange rate differences	(36)	-
Commissions	18	(262)
Other financial costs	(5)	(7)
Total financial costs	(1,881)	(2,855)
Total financial revenues and costs	(1,866)	(2,112)

TABLE NO.14 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	(345)	241
Financial costs	309	(124)
Together	(36)	117

NOTE 6. INCOME TAXES AND DEFERRED INCOME TAXES

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

TABLE NO.15 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
<i>Profit and loss account</i>		
Current income tax	(1,092)	(1,681)
Current income tax expense	(1,147)	(1,647)
Corrections to current income tax from previous years	55	(35)
Deferred income tax	(608)	(28)
Related to the emergence and reversal of temporary differences	(608)	(28)
Related to the reduction of income tax rates	-	-
Tax benefit / (tax expense) shown in the profit and loss account	(1,700)	(1,709)

Deferred tax shown in the profit and loss account is the difference between the balance of deferred tax provisions and assets at the end and beginning of the reporting periods.

The reconciliation of income tax calculated on the gross financial result before tax is as follows:

TABLE NO.16 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	(7,713)	(10,032)
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	(2,624)	(7,397)
6) Income Deductions	5,635	7,026
7) Tax base	2,941	4,064
8) Income tax - current part	(1,092)	(1,681)
9) Deferred tax	(608)	(28)
10) Total income tax	(1,700)	(1,709)
Tax benefit / (tax expense) shown in the profit and loss account	(1,700)	(1,709)
Effective tax rate	-22.0%	-17.0%

Deferred income tax results from the following items:

TABLE NO.17 DEFERRED INCOME TAX PROVISIONS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Balance	Balance	Profit and loss account	Profit and loss account
	per day 31/12/2025	per day 31/12/2024	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
<i>Deferred tax provisions</i>				
Fixed assets	326	188	139	16
Inventories of goods and finished products	106	134	(26)	(2)
Other operating income	115	116	-	-
Currency liabilities - exchange rate differences	-	6	(6)	(28)
Gross deferred tax provisions	548	444	107	(14)

TABLE NO.18 DEFERRED TAX ASSETS AS AT DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	Balance	Balance	Profit and loss account	Profit and loss account
	per day 31/12/2025	per day 31/12/2024	for the period from 01/01/2025 to 31/12/2025	for the period from 01/01/2024 to 31/12/2024
Deferred tax assets				
Employee benefits (jubilee bonuses, accrued leave, retirement severance pay)	75	55	20	(8)
Unpaid ZUS	144	182	(38)	17
Inventories of goods and finished products	1,073	966	110	(125)
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	1,896	2,401	(502)	(42)
Change in deferred income tax	-	-	608	28
Net deferred tax provision	-	-	-	-
Deferred tax asset write-down	(1,615)	-	-	-
Net deferred tax assets	-	1,957	-	-

The Group recognizes 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 reliefs. 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 Parent Company has been operating within the EURO-PARK MIELEC Special Economic Zone under permit No. 318/ARP/2015 dated September 11, 2015. Income earned from activities subject to the zone permit is taxed on preferential terms. In addition to income from activities conducted within the Special Economic Zone, PROTEKTOR SA also generates income from activities not covered by the permit.

In light of the provisions of the General Anti-Abuse Rule ("GAAR"), effective from July 15, 2016, which is intended to prevent the creation and use of artificial legal structures created to avoid paying tax in Poland, the Group's Management Board 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.19 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)	(9,432)	(11,702)
- from continuing operations	(9,432)	(11,702)
- 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)*	(0.42)	(0.62)
Basic earnings (loss) per share from discontinued operations (in PLN)*	-	-

*earnings (loss) per share are calculated from the profit (loss) attributable to the shareholders of the parent company

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 Group does not present diluted earnings (loss) per share because there are no dilutive potential ordinary shares.

The Group's profit (loss) in 2025 and 2024 relates entirely to profit (loss) from continuing operations. The number of ordinary shares remained unchanged during the period under review and amounted to 19,021,600.

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.20 INTANGIBLE ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	as of December 31, 2025	as of December 31, 2025	as of December 31, 2024	as of December 31, 2024
	total net worth	produced in-house	total net worth	produced in-house
Trademarks	5,284	-	5,341	-
E-commerce store	248	-	385	-
Computer software	578	-	746	-
Development costs	1,368	991	1,574	1,574
Impairment write-offs	(556)	(556)	-	-
Other intangible assets	80	-	111	-
Net carrying amount	7,003	434	8,158	1,574
Intangible assets in the course of production	64	-	-	-
Classification of intangible assets as held for sale	-	-	-	-
Intangible assets	7,067	434	8,158	1,574

TABLE NO.21 INTANGIBLE ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Trademark	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	5,341	385	746	1,573	112	(0)	8 157
Increases due to acquisition (+)	-	-	41	93	-	82	216
Decrease due to liquidation (-)	-	-	(88)	-	(27)	(18)	(133)
Transfer from intangible assets in progress (-)	-	-	-	-	-	-	-
Depreciation (-)	1	(137)	(207)	(464)	(30)	-	(837)
Reduction in the existing write-off due to liquidation (+)	-	-	88	-	27	-	115
Impairment losses values (-)	-	-	-	(556)	-	-	(556)
Reversal of impairment losses (+)	-	-	-	164	-	-	164
Net exchange rate differences from the translation of the financial statements into the presentation currency (+) / (-)	(58)	-	(2)	1	-	-	(59)
Other changes (+) / (-)	-	-	-	-	-	-	-
Net carrying amount as at 31/12/2025	5,284	248	578	812	81	64	7,067

Net carrying amount as at 01/01/2024	5,434	382	1,000	-	154	770	7,739
Increases due to acquisition (+)	-	-	-	-	-	43	43
Decrease due to disposal (-)	-	-	-	-	-	-	-
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 (+) / (-)	-	-	-	3,431	-	-	3,431
Depreciation (-)	-	(118)	(250)	(395)	(36)	-	(799)
Reduction in the existing write-off due to liquidation (+)	-	-	191	-	19	-	210
Net exchange rate differences from the translation of the financial statements into the presentation currency (+) / (-)	(93)	(1)	(4)	-	-	-	(98)
Other changes (+) / (-)	-	-	-	-	-	-	-
Net carrying amount as at 31/12/2024	5,341	385	746	1,573	112	(0)	8 157

TABLE NO.22 INTANGIBLE ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Trademark	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	5,284	683	1,475	2,435	623	64	10,611
Total accumulated depreciation and write-downs (-)	-	(435)	(897)	(1,623)	(541)	-	(3,544)
Net carrying amount	5,284	248	578	812	81	64	7,067
As of December 31, 2024							
Gross carrying amount	5,341	683	1,524	2,341	651	(0)	10,587

Total accumulated depreciation and write-downs (-)	-	(298)	(778)	(767)	(538)	-	(2,429)
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The useful lives of intangible assets are defined, with the exception of ABEBA Spezia Schuh-Ausstatter GmbH trademarks, which are not amortized due to their indefinite useful life but are tested for impairment annually. Amortization is performed over the estimated useful lives of no more than 5 years and no less than 2 years, using the straight-line method using annual amortization rates. Details are provided in Section 4, "DESCRIPTION OF ACCOUNTING POLICIES."

No security was established on intangible assets.

NOTE 10. ABEBA TRADEMARK

Acquisition of 75% of shares in the Abeba Capital Group

In 2007, PROTEKTOR SA purchased 75% of shares in Abeba Capital Group for PLN 16,195,000. As at the acquisition date, the fair value of net assets of Abeba Capital Group amounted to PLN 19,656,000. The value of assets attributable to the Parent Company amounted to 75% of PLN 19,656,000, i.e. PLN 14,742,000. Net assets attributable to the Capital Group: PLN 14,742,000. Net assets attributable to non-controlling interests: PLN 4,914,000. Value of ABEBA from consolidation: PLN 16,195,000 - PLN 14,742,000 = PLN 1,453,000.

The value of the Abeba Group companies was largely comprised of trademarks. This value was estimated by a real estate appraiser at EUR 1,249,000. The buying rate of the leading bank, Bank Millennium SA, on the acquisition date was used for conversion into PLN: 3.7402 PLN/EUR. The PLN value was PLN 4,672,000. 75% of the trademark value, i.e. PLN 3,504,000, was excluded from ABEBA's goodwill from consolidation and included in intangible assets. In accordance with § 56 of IFRS 3, this resulted in a surplus of PLN 2,051,000, which was charged to profit or loss.

Acquisition of the remaining 25% of shares in the Abeba Capital Group

In 2009, PROTEKTOR SA acquired 25% of shares in Abeba Capital Group for PLN 6,645,000. As of the date of acquisition of the remaining 25% of shares, the fair value of the Abeba Capital Group's net assets amounted to PLN 26,707,000. The value of assets purchased by the Parent Company amounted to 25% of PLN 26,707,000, i.e. PLN 6,677,000. Value of Abeba Capital Group from consolidation: PLN 6,645,000 - PLN 6,677,000 = PLN -32,000. 25% of the value of the trademark, i.e. PLN 1,168,000, was excluded from the goodwill of the Abeba Capital Group from consolidation and included in intangible assets. In accordance with § 56 of IFRS 3, a surplus of PLN 1,200,000 arose in this respect, which was charged to profit or loss.

For the purposes of this report, the value of the Abeba trademark was tested for impairment based on the following assumptions:

- the recoverable amount was calculated as the sum of the stream of forecasted cash flows generated by the Abeba Capital Group over the next 5 years and the residual value at the end of this period, discounted at the discount rate,
- the values of key assumptions of the forecast for 2024 were taken from the financial plan of the Protektor Capital Group, the values of key assumptions for the following years were adopted on the basis of a long-term forecast of revenue and cost growth,

- the discount rate was calculated as the product of the β coefficient for the footwear industry in Western Europe and the rate of return on the market portfolio for Germany, increased by a specific risk premium (Transnistria) of 5 percentage points and the risk related to the conflict in Ukraine.

A comparison of the carrying amount with the recoverable amount indicates that there is no evidence of impairment of the trademark as at 31 December 2025.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

TABLE NO.23 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	661	896
Machines and equipment	4,923	5,484
Write-down	(403)	(120)
Means of transport	62	80
Other fixed assets	604	929
Net carrying amount	5,849	7,269
Fixed assets under construction	313	374
Material fixed assets	6 162	7,642

TABLE NO.24 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 constructio n	Together
Net carrying amount as at 01/01/2025	896	5,364	80	929	374	7,642
Increases due to acquisition (+)	-	119	84	64	38	305
Decrease due to disposal (-)	-	-	-	-	-	-
Decrease due to liquidation (-)	-	(518)	(211)	(887)	-	(1,616)
Transfer from fixed assets under construction (+) / (-)	-	-	-	2	(2)	-
Increases or decreases due to reclassification (+) / (-)	-	426	-	-	(50)	376
Depreciation (-)	(155)	(1,073)	(55)	(368)	-	(1,652)
Reduction in accumulated depreciation due to disposal (+)	-	-	-	-	-	-
Reduction in the existing write-off due to liquidation (+)	-	518	168	887	-	1,572
Impairment losses (-)	-	(282)	-	-	-	(282)
Net exchange rate differences from the translation of the financial statements into the presentation currency (+) / (-)	(80)	(33)	(3)	(23)	(47)	(186)
Other changes (+) / (-)	-	-	-	-	-	-
Net carrying amount as at 31/12/2025	661	4,520	62	604	313	6 162

Net carrying amount as at 01/01/2024	1,026	6,559	119	1 174	358	9,236
Increases due to acquisition (+)	-	32	-	7	195	233
Decrease due to disposal (-)	-	(0)	-	-	-	(0)
Decrease due to liquidation (-)	-	(146)	(127)	-	(17)	(291)
Transfer from fixed assets under construction (+) / (-)	-	48	-	127	(176)	-
Increases or decreases due to reclassification (+) / (-)	-	203	-	-	-	203
Depreciation (-)	(156)	(1,340)	(40)	(382)	-	(1918)
Reduction in accumulated depreciation due to disposal (+)	-	-	-	-	-	-
Reduction in the existing write-off due to liquidation (+)	-	146	127	-	-	274
Impairment losses (-)	-	(120)	-	-	-	(120)
Net exchange rate differences from the translation of the financial statements into the presentation currency (+) / (-)	26	(16)	1	2	(5)	7
Other changes (+) / (-)	-	-	-	-	20	20
Net carrying amount as at 31/12/2024	896	5,364	80	929	374	7,642

TABLE NO.25 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	2 239	23,092	859	5,677	313	32 180
Total accumulated depreciation and write-downs (-)	(1,577)	(18,572)	(797)	(5,073)	-	(26,020)
Net carrying amount	661	4,520	62	604	313	6 162
As of December 31, 2024						
Gross carrying amount	2,318	23,099	990	6,522	374	33 302
Total accumulated depreciation and write-downs (-)	(1,422)	(17,734)	(910)	(5,593)	-	(25,658)
Net carrying amount	896	5,364	80	929	374	7,642

The expenditure included in the carrying amount of fixed assets under construction is primarily equipment for the production of new footwear lines.

As of December 31, 2025, no security was established on property, plant and equipment.

NOTE 12. RIGHT TO USE ASSETS

TABLE NO.26 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	3,691	6,761
Machines and equipment	892	705
Write-down	-	(396)
Means of transport	737	729
Other fixed assets	-	101
Net carrying amount	5 319	7,901
Fixed assets under construction	-	-
Material fixed assets	5 319	7,901

TABLE NO.27 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 constructio n	Together
Net carrying amount as at 01/01/2025	6,761	309	729	101	-	7,901
Increases due to acquisition (+)	-	861	569	-	-	1,430
Decrease due to disposal (-)	-	-	-	-	-	-
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 (-)	(3,162)	(236)	(412)	(28)	-	(3,838)
Reduction in accumulated depreciation due to disposal (+)	-	-	-	-	-	-
Reduction in the existing write-off due to liquidation (+)	-	505	405	56	-	966
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses (+)	-	396	-	-	-	396
Net exchange rate differences from the translation of the financial statements into the presentation currency (+) / (-)	(37)	(4)	(4)	-	-	(44)
Other changes (+) / (-)	-	-	-	-	-	-
Net carrying amount as at 31/12/2025	3,691	892	737	(0)	-	5 319
Net carrying amount as at 01/01/2024	9,309	713	1 153	153	-	11,329
Increases due to acquisition (+)	-	-	179	-	-	179
Decrease due to disposal (-)	-	-	-	-	-	-
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 (-)	(3,085)	(287)	(598)	(31)	-	(4,001)
Reduction in accumulated depreciation due to disposal (+)	-	-	-	-	-	-
Reduction in the existing write-off due to liquidation (+)	605	-	168	-	-	773
Impairment losses (-)	-	-	-	-	-	-
Reversal of impairment losses (+)	-	120	-	-	-	120
Net exchange rate differences from the translation of the financial statements into the presentation currency (+) / (-)	(72)	(6)	(7)	-	-	(85)
Other changes (+) / (-)	-	(50)	-	-	-	(50)
Net carrying amount as at 31/12/2024	6,761	309	729	101	-	7,901

TABLE NO.28 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
As of December 31, 2025						
Gross carrying amount	21,951	6,419	4,009	125	-	32,503
Total accumulated depreciation and write-downs (-)	(18,259)	(5,526)	(3,272)	(125)	-	(27,183)
Net carrying amount	3,691	892	737	(0)	-	5 319
As of December 31, 2024						
Gross carrying amount	21,858	6,502	3,995	254	-	32 610
Total accumulated depreciation and write-downs (-)	(15,097)	(6,193)	(3,265)	(153)	-	(24,708)
Net carrying amount	6,761	309	729	101	-	7,901

The greatest value is the right to use the production hall and office building at ul. Vetterów in Lublin, Poland, where the Parent Company's registered office is located, and the warehouse hall and office building at ul.Schlackenbergsstraße 5 in St. Ingbert, Germany. The lease for the building in Poland runs until 2031. The lease in Germany runs until 2029.

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	8,343	8,607
Production in progress	4,907	5,624
Finished products	12,710	13,395
Goods	80	342
Total inventories, including:	26,040	27,967
- carrying amount of inventories stated at fair value less costs to sell	26,040	27,967
- carrying amount of inventories securing liabilities	14,069	9,528

As at 31 December 2025, inventories worth PLN 2,000 ,000 secured the guarantee line at ING Bank Śląski SA with PROTEKTOR SA, while inventories together with the assignment of receivables secured the credit line in the ABEBA company and a loan in the Inform company with a total value of PLN 12,069 ,000.

The value of inventories sold during the period amounted to PLN 47,511 ,000 in 2025 and PLN 52,681 ,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	1,804	326	(25)	2 105
Finished products	3,472	1 202	(969)	3 705
Goods	171	120	(6)	286
Supplies	5,447	1,648	(999)	6,096

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	1,706	569	(472)	1,804
Finished products	3,049	534	(111)	3,472
Goods	121	57	(7)	171
Supplies	4,875	1 161	(589)	5,447

The balance of inventory write-downs in the Capital Group as at 31 December 2025 increased by PLN 649 ,000 compared to 31 December 2024.

In Protektor, the balance of write-downs increased by PLN 462 ,000 compared to the balance as at December 31, 2024 and mainly concerned write-downs on products manufactured in the Company.

In the Abeba Group, the balance of write-offs increased by PLN 187,000 in the period under review, which is the result of write-offs of the value of finished products, which, in accordance with the Protektor Group Accounting Policy, were written off in proportion to the period of arrears.

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	4 146	4 127
Write-downs on trade receivables (-)	(99)	(55)
Together	4,046	4,071

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
PROTEKTOR SA	1,056	617
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
ABEBA CAPITAL GROUP	1,523	1 230
Other receivables - deposits	132	134
Other receivables - prepayments	-	64
Other receivables - from pension insurance	-	4
Other receivables - sale of shares in a subsidiary	883	1,024
The remaining	5	4
Total other receivables, including:	2,578	1,847
- long-term part	-	502
- short-term part	2,578	1,345

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 (+)	-	-
Other changes (-) / (+)	-	-
Balance at the end of the period	(99)	(55)

The Group's Management Board has not made a decision to create allowances for expected credit losses, taking into account the mechanisms introduced 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, 2025	as of December 31, 2024	as of December 31, 2024
	value in currency in ,000s	value in PLN ,000	value in currency in ,000s	value in PLN ,000
PLN	1,486	1,486	1 210	1 210
EUR	1 211	5 120	1,082	4,624
USD	3	12	3	13
RON	-	-	-	-
HUF	-	-	-	-
PMR	36	8	276	70
Together	x	6 625	x	5,918

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	412	1,017
- up to 1 month	293	453
- over 1 month to 6 months	31	490
- over 6 months to a year	7	25
- over a year	80	49
Other overdue short-term receivables	-	-
Gross overdue receivables	412	1,017
Write-downs on overdue receivables	(99)	(55)
Net overdue receivables	313	962

The credit line at ABEBA and the special-purpose loans at Inform Brill are secured by the assignment of receivables from ABEBA's contractors.

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 consisted 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	17	22
Bank account	1,671	1,905
The remaining	28	17
Together	1,717	1,945

The “other” item as at December 31, 2025 in PROTEKTOR SA concerns cash held in transaction panels in connection with the operation of the 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
New projects	-	-
Certificates	88	193
Patents	43	55
E-commerce	37	8
Insurance	-	1
Together	168	257

TABLE NO.39 SHORT-TERM PREPAYMENTS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
New projects	-	-
Fair	41	4
Insurance	160	63
Certificates	90	178
Marketing and advertising	-	-
Bank commissions	116	59
IT	107	47
Protektor Group Strategy	-	22
E-commerce	3	9
Patents	12	14
The remaining	3	9
Together	531	406

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 of December 31, 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 before the registration of the Company, while series B, C and D shares were fully paid up before the registration of the increase in the share capital by the issue of series B, C and D shares, respectively. Series D shares were acquired in exchange for a non-cash contribution.

TABLE NO.40 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)	0.50	0.50
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.41 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.*

TABLE NO.42 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	3,902	-
Reductions in share capital	-	-
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, based in St. Julian's, 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.43 SHAREHOLDING 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.44STRUCTURE OF THE ACCOMMODATION AS OF APRIL 10, 2026

Shareholder name	Number of shares held as of April 30, 2026	Percentage of shares held in the share capital	Number of votes held as of April 30, 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.45 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	(487)	8,605	(1889)	16,464
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	(487)	8,605	(1889)	16,464
Status as of January 1, 2024	10 235	(487)	8,605	(1889)	16,464
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	(487)	8,605	(1889)	16,464

TABLE NO.46 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	(4,149)	-
division of the result - into reserve capital	-	-
current period result	-	(9,432)
As of December 31, 2025	(4,149)	(9,432)
Status as of January 1, 2024	7,553	-
division of the result - into reserve capital	-	-
current period result	-	(11,702)
As of December 31, 2024	7,553	(11,702)

In accordance with the requirements of the Commercial Companies Code, PROTEKTOR SA is required to create 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 the reserve capital and the 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. These regulations do not apply to subsidiaries not subject to Polish law. These companies are not required to create reserve capital from profit deductions based on the national regulations to which they are subject. On June 30, 2025, the Annual General Meeting of PROTEKTOR SA decided to cover the Company's net loss resulting from the approved financial statements of the Company for the financial year ended on December 31, 2024 in full shares from the Company's reserve capital.

NOTE 19. NON-CONTROLLED INTERESTS

Non-controlling interests as at December 31, 2025 and as at December 31, 2024 include minority shareholders in Sp. z o. o. "Rida" (10%) of the Abeba Capital Group.

NOTE 20. LOANS AND BORROWINGS

TABLE NO.47 LOANS AND BORROWINGS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
Credits	4,504	14,828
Loans	13,481	-
Together	17,986	14,828
- long-term	3 319	-
- short-term	14,667	14,828

TABLE NO.48 LOANS AND ADVANCES BY CURRENCIES AS OF 31 DECEMBER 2024 AND 31 DECEMBER 2023

Specification	as of December 31, 2025	as of December 31, 2025	as of December 31, 2024	as of December 31, 2024
	value in currency in thousand	value in PLN	value in currency in , thousand	value in PLN
PLN	13,982	9,956	7,300	7,300
EUR	1,900	8,031	1,762	7,528
Together	x	17,986	x	14,828

TABLE NO.49 LONG-TERM LOANS AND BORROWINGS AS OF 31 DECEMBER 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%
GK ABEBA								
Together		x	7,300	x	3 319	x	x	x

TABLE NO.50SHORT-TERM LOANS AND ADVANCES AS OF 31 DECEMBER 2025AT

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			
PROTEKTOR								
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	assignment to the Bank of receivables due to the Company under contracts	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%
PROTEKTOR TOGETHER		x	9,620	x	2,666	x	x	x
GK ABEBA								
Bank 1 Saar	Overdraft facility	1,900	8,031	1,900	8,031	-	guarantee in the form of stock in the warehouse; global assignment of all claims against external debtors	EURIBOR 3M +3%
LUMA	Loan agreement	235	1,000	134	566	-	-	3M LIBOR + 2.2%
LUMA	Loan agreement	235	1,000	237	1,001	-	-	3M LIBOR + 2.2%
LUMA	Loan agreement	118	500	119	501	-	-	3M LIBOR + 2.2%
LUMA	Loan agreement	235	1,000	237	1,001	-	-	3M LIBOR + 2.2%
LUMA	Loan agreement	213	900	213	901	-	-	3M LIBOR + 2.2%
GK ABEBA TOTAL		x	8,031	x	12,001	x	x	x
GK PROTEKTOR TOGETHER		x	17,651	x	14,667	x	x	x

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 amendment 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 in the amount of PLN 2,654,000, i.e. installments due within 12 months from the balance sheet date, is presented in current liabilities, the remaining liability in the amount of PLN 3,319,000 is presented in long-term liabilities, as payable after 12 months from the balance sheet date.

In addition, ABEBA and Inform have an overdraft facility with a total limit as at 31 December 2025 of up to EUR 1,900,000, which they can use if necessary.

The subsidiary ABEBA-France has an available overdraft facility of EUR 50,000, which it can use in the event of current liquidity problems.

NOTE 21. OTHER FINANCIAL LIABILITIES

TABLE NO.51 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)	5,696	8,558
Other financial liabilities	1,206	2,545
Together	6,902	11 103
- long-term part	3 316	4,286
- short-term part	3,586	6,817

Other financial liabilities in the amount of PLN 1,206 ,000 reported as at 31 December 2025 relate to reverse factoring.

On June 30, 2025, the Parent Entity 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 liability under the agreement is July 15, 2026.

Under the agreement, the Bank settled the Parent Entity's liabilities to suppliers, while the Parent Entity 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 Parent Entity's trade liabilities, the resulting liability is a financial liability.

Liabilities arising from reverse factoring are presented under "Other financial liabilities." The Parent 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.52 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	2,380	4,272
Payable over a period of 1 to 5 years	3 316	4,286
Paid over 5 years	-	-
Together	5,696	8,558

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

TABLE NO.53 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 Group 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.54 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	1,042	1,073
Leasing of low-value assets	68	103
Together	1 111	1 176

The total cash outflow from the lease is as follows:

TABLE NO.55 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	4,374	4,507
Interest	294	511
Short-term leasing	1,042	1,073
Leasing of low-value assets	68	103
Together	5,778	6,194

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 12 of these financial statements.

The Parent 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. The agreements do not provide for price increases.

At Abeba Capital Group, the leased assets include vehicles, office equipment, and IT equipment, along with the necessary software. The agreements do not include a purchase obligation, nor do they specify the potential purchase price of the fixed asset at the end of the lease term. The agreements do not provide for price increases or the option to terminate the lease.

NOTE 22. PROVISION FOR PENSION AND SIMILAR BENEFITS

TABLE NO.56 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 bonuses	Reserve for holidays	Provision for other employee benefits	Together
Reserves as of January 1, 2025	409	(0)	213	128	751
Reserves created (+)	128	615	989	16	1,747
Reserves used (-)	(23)	(615)	(877)	(127)	(1,641)
Reserves released (-)	(107)	-	-	-	(107)
Other changes in reserves (+) / (-)	(3)	-	2	(1)	(3)
Reserves as at 31/12/2025, including:	404	-	327	16	747
- short-term reserves	23	-	327	16	366
- long-term reserves	381	-	-	-	381
Reserves as of January 1, 2024	426	13	292	-	731
Reserves created (+)	114	489	1,080	128	1 811
Reserves used (-)	(23)	(502)	(1,172)	-	(1,696)
Reserves released (-)	(103)	-	-	-	(103)
Other changes in reserves (+) / (-)	(6)	-	13	-	7
Reserves as at 31/12/2024, including:	409	(0)	213	128	751

- short-term reserves	23	-	213	128	365
- long-term reserves	386	-	-	-	386

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).

In the Abeba Capital Group, the provision for retirement benefits includes a provision for a lifetime benefit for a former employee of the Company, which is subject to an annual actuarial valuation in accordance with German regulations.

NOTE 23. OTHER RESERVES

TABLE NO.57 CHANGES IN OTHER PROVISIONS IN PROTEKTOR SA FOR LIABILITIES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	Provision for auditing the statements of PROTEKTOR SA	Provision for litigation PROTEKTOR SA	Other reserves PROTEKTOR SA	Together
Reserves as of January 1, 2025	626	-	439	1,067
Reserves created (+)	50	-	404	454
Reserves used (-)	(526)	-	(694)	(1,220)
Reserves released (-)	-	-	-	-
Other changes in reserves (+) / (-)	-	-	-	-
Reserves as at 31/12/2025, including:	150	-	149	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)
Other changes in reserves (+) / (-)	-	-	-	-
Reserves as at 31/12/2024, including:	626	-	439	1,067
- short-term reserves	626	-	440	1,067
- long-term reserves	-	-	-	-

TABLE NO.58 CHANGES IN OTHER PROVISIONS IN THE ABEBA GROUP FOR LIABILITIES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025 AND FROM 01.01.2024 TO 31.12.2024

Specification	Reserve for guarantees of the ABEBA Group	Reserve for bonuses for ABEBA Group clients	Other reserves of the ABEBA Group	Together
Reserves as of January 1, 2025	154	-	177	508
Reserves created (+)	-	159	216	550
Reserves used (-)	-	-	(89)	(256)
Reserves released (-)	(15)	-	(104)	(127)
Other changes in reserves (+) / (-)	(2)	-	(2)	(5)
Reserves as at 31/12/2025, including:	137	159	198	670
- short-term reserves	137	159	198	670
- long-term reserves	-	-	-	-
Reserves as of January 1, 2024	177	-	117	463
Reserves created (+)	-	318	303	849
Reserves used (-)	-	(318)	(234)	(764)
Reserves released (-)	(20)	-	(8)	(32)
Other changes in reserves (+) / (-)	(3)	-	(1)	(7)
Reserves as at 31/12/2024, including:	154	-	177	508
- short-term reserves	154	-	177	508
- long-term reserves	-	-	-	-

TABLE NO.59 CHANGES IN OTHER PROVISIONS IN THE PROTEKTOR GROUP FOR LIABILITIES IN THE PERIOD FROM 01.01.2025 TO 31.12.2025

Specification	Total PROTEKTOR SA	Total GK ABEBA	Total GK Protector
Reserves as of January 1, 2025	1,067	508	1,575
Reserves created (+)	454	550	1,005
Reserves used (-)	(1,220)	(256)	(1,476)
Reserves released (-)	-	(127)	(127)
Other changes in reserves (+) / (-)	-	(5)	(5)
Reserves as at 31/12/2025, including:	301	670	971
- short-term reserves	301	670	971
- long-term reserves	-	-	-

NOTE 24. TRADE LIABILITIES, OTHER LIABILITIES

TABLE NO.60 DELIVERIES AND SERVICE LIABILITIES AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day 31/12/2025	per day 31/12/2024
PROTEKTOR SA	2,940	3,961
ABEBA Spezialschuh-Ausstatter GmbH	955	935
ABABA FRANCE	268	286
Inform Brill GmbH	4,070	2,465
Ltd. "Rida"	47	117
Total trade liabilities	8,280	7,763

The table above does not include related entities not subject to consolidation.

T TABLE NO.61 OTHER LIABILITIES AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

Specification	per day 31/12/2025	per day 31/12/2024
PROTEKTOR SA	1,872	2 201
Social Insurance Institution (ZUS) liabilities	543	957
Payroll liabilities	606	640
Personal income tax liabilities	119	135
VAT liabilities - Tax Office	326	309
VAT liabilities	263	124
Liabilities due to PFRON	-	3
Liabilities arising from personal and property insurance	6	17
The remaining	9	16
Abeba Capital Group	998	672
Payroll liabilities	242	288
Tax liabilities	527	120
Social security liabilities	143	248
Dividend liabilities	-	-
Pension insurance liabilities	9	3
The remaining	78	12
Total other liabilities, including	2,870	2,874
- long-term part	-	-

- short-term part	2,870	2,873
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TABLE NO.62 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	7,242	6 420
Past due from 0 to 30 days	2 128	1,261
Past due between 31 and 90 days	314	937
Past due between 91 and 180 days	154	504
Past due from 181 to 365 days	779	1,220
Overdue for more than 1 year	533	294
SUM	11,150	10,636

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

Specification	as of December 31, 2025	as of December 31, 2025	as of December 31, 2024	as of December 31, 2024
	value in currency in thousand	value in PLN thousand	value in currency in thousand	value in PLN thousand
PLN	4,378	4,378	5,735	5,735
EUR	1,518	6,414	1,036	4 423
USD	9	31	8	34
CZK	-	-	-	-
PMR	1,524	326	1,744	444
Together	x	11,150	x	10,636

NOTE 25. ACCRUALS

TABLE NO.64 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.65 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 26. CONTINGENT LIABILITIES

The table below presents all contingent liabilities of the Protektor Capital Group as at 31 December 2025 and 31 December 2024:

TABLE NO.66 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>		

PROTEKTOR SA bank guarantees	2 171	2 234
PROTEKTOR SA blank promissory note	14,045	17,015

Bank guarantees cover the repayment of liabilities arising from the lease of a production hall and warranty and performance guarantees in connection with tenders won by PROTEKTOR SA. Blank promissory notes cover the security of loans, leasing agreements, the agreement concluded with the National Centre for Research and Development and the security of claims arising from commercial relations with PROTEKTOR SA.

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

NOTE 27. TRANSACTIONS WITH RELATED ENTITIES

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

TABLE NO.67 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.68 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:	4,240	-
For entities that have joint control over the entity or significant influence over it	4,038	-
To other related entities	202	-

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

NOTE 28. FINANCIAL INSTRUMENTS

The tables below compare the carrying amounts and fair values of the Group'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	Carrying amount	Fair value	Fair value
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Valued at amortized cost				
Trade receivables	4,046	4,071	4,046	4,071
Other receivables	3,522	2,662	3,522	2,662
Cash	1,717	1,945	1,717	1,945
Measured at fair value through other comprehensive income				
	-	-	-	-
Measured at fair value through profit or loss				
	-	33	-	33

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

Financial liabilities	Carrying amount	Carrying amount	Fair value	Fair value
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Valued at amortized cost				
Trade payables	8,280	7,763	8,280	7,763
Interest-bearing bank loans and credits	17,986	14,828	17,986	14,828
Lease liabilities	5,696	8,558	5,696	8,558
Other liabilities	4,432	6,782	4,432	6,782
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	from 01/01/2025 to 31/12/2025		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	76	1	22
Other receivables	-	-	-	-
Cash and cash equivalents	-	(42)	-	(80)
Trade payables	(63)	(64)	(139)	177
Interest-bearing bank loans and credits	(1,466)	(4)	(1,488)	(1)
Lease liabilities	(298)	(1)	(526)	16
Other liabilities	(30)	(1)	(19)	(17)

Together	(1,856)	(36)	(2,171)	117
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NOTE 29. 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 (+)	17,986	14,828
Lease liabilities (+)	5,696	8,558
Trade and other payables (+)	12,712	14,545
Cash and cash equivalents (-)	(1,717)	(1945)
Net debt	34,677	35,986
Equity	16,091	22,200
Net capital and debt	50,768	58 186
Leverage ratio	68.3%	61.8%

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

The Group manages its capital structure and makes adjustments to it as economic conditions change. To maintain or adjust the capital structure, the Group 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 31 December 2025 and 31 December 2024.

The Company's Management Board monitors capital using the leverage ratio, which is calculated as net debt divided by total capital plus net debt. The Group's 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, the Protektor Group 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 30. EMPLOYMENT STRUCTURE

The average employment in the Protektor Capital Group in the year ended on 31 December 2025 and 31 December 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	57	63
Manual workers	276	273
Together	333	337

Average employment in 2025 was 1 full-time position lower than in 2024, which translates into a 0.3% decrease year-on-year.

NOTE 31. EMPLOYEE BENEFIT PROGRAMS

In 2025, the Protektor Capital Group did not have an Incentive Program.

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

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

Information about the employee share program control system

Not applicable in the analyzed period.

NOTE 32. 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-compete 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-compete clauses	Other benefits	Together
<i>Specification</i>				
Remuneration of members of the Supervisory Board of PROTEKTOR SA				
Maciej Kolon	11	-	1	12
Tomasz Krześniak	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 33. 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
PROTEKTOR SA		
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
Abeba Capital Group		
Review of interim reports	38	39
Examination of annual reports	165	168
Total auditor's remuneration	203	207
Additional costs invoiced by the auditor	-	-
Other due audit-related costs for the period indicated	-	-
Total additional costs	-	-
Total audit costs	203	207

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 resulting from 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.

HLB Treumerkur has been appointed as the entity reviewing and auditing the financial statements for the Abeba Capital Group for 2025. The total remuneration under the concluded agreements was set at PLN 203,000.

NOTE 34. COURT CASES

To the best of the Management Board's knowledge, the Protektor Capital Group is not subject to any material proceedings before a court, arbitration body, or public administration authority concerning liabilities or receivables with a total value representing at least 10% of the Group's equity. In the Management Board's opinion, neither any individual proceedings before a court, arbitration body, or public administration authority pending during the period covered by these financial statements, nor all of the proceedings taken together, pose a threat to the Group's financial liquidity.

NOTE 35. EVENTS AFTER THE BALANCE SHEET DATE

SHARE ISSUES

On **February 6, 2026** The Management Board of PROTEKTOR S.A. adopted a resolution (RB 16/2026) on an increase in the share capital through the issue of 4,000,000 new ordinary bearer shares of series G, 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 S.A. announced (RB 19/2026) 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/II/2026 dated February 6, 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 36. 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, consolidated text), 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 circumstances referred to in Article 397 of the Commercial Companies Code were found to exist in the case of the Parent Company.

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) of PLN 21,683,000 by PLN 1,180,000.

At the consolidated level, the above condition is not met – the Group's equity remains positive and does not show a qualified loss within the meaning of Article 397 of the Commercial Companies Code.

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 Group and the failure to meet the bank covenants by the Parent Company,
- the risk of non-renewal of other credit and guarantee products in the event of the Parent 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. The Group's activities in Moldova and the Transnistrian region

During the period under review, criminal proceedings are underway in the Republic of Moldova against Inform Brill GmbH, a company belonging to the Group, related to allegations of irregularities in a customs declaration that occurred in January 2023. The case is at the stage of collecting and analyzing evidence 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 Group, 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 that the condition under Article 397 of the Commercial Companies Code has been met in the case of the Parent Entity, the Company's Management Board 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 financial situation of the Group, 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;
- implements extensive activities in the field of development and ensuring the long-term growth of the ABEBA brand, mainly in Western European markets, by strengthening the sales and marketing team, strengthening relationships with key customers, diversifying geographical markets (including: expanding beyond Europe), developing and implementing new products, intensifying participation in international trade fairs, cooperating with strategic partners (contractors, research institutions), implementing a social responsibility strategy and digitalizing processes;
- 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

After analysing the financial and operational situation of the Group, taking into account available and potential sources of financing, concluded loan agreements and cash flow forecasts, the Management Board is of the opinion that the Group will be able to continue as a going concern 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 of capital
- 7,000,000 shares remaining 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 products financing business activity
- Conclusion of a recourse factoring agreement with Bibby Financial Services Sp. z o. o. in April 2026 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 defense spending: EU member states' spending will reach €381 billion in 2025, a 59% increase from 2022, generating structural, multi-year demand for soldier's 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 thousand 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 also increase their staffing levels and systematically conduct tenders for the supply of footwear.
- ReArm Europe programme worth EUR 800 billion, 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 contracts in the field of military and tactical footwear
- An ongoing operating cost reduction program, including limiting the costs of external services and employment, selling redundant assets, and streamlining the product offering.
- Transition to a project-based sales model ("make-to-order"), reducing the risk of excess inventory and working capital freezing
- Access to credit lines from Abeba GmbH and Abeba France totalling EUR 1,950,000, ensuring operational liquidity for the Group's German segment
- Growth prospects for the segments in which the Abeba Group operates in the German and Western European market of occupational health and safety/specialised footwear, with a diversified institutional customer base in the healthcare sectors (hospitals, laboratories, research institutes, pharmaceutical production, veterinary medicine), healthcare, HoReCa, ESD catering and light industry (long-term trends - such as, for example: gradual return of modern production to Europe, increase in healthcare expenditure due to aging societies in Europe, increased interest in higher quality products with a longer life cycle, improvement in the economic situation in the catering and hotel industry).
- The opportunity to strengthen the ABEBA brand's position as a unique supplier of the highest quality footwear through the use of artificial intelligence and innovative projects with research institutions.

7. Material uncertainty

At the same time, the Management Board recognizes that there are material uncertainties that may cast significant doubt on the Group's – and in particular the Parent Company's – ability to continue as a going concern. The balance sheet loss reported in the two subsequent financial years (2024: PLN 11,948 ,000; 2025: PLN 11,455 ,000) and the cumulative uncovered loss of PLN 22,863 ,000 constitute a material uncertainty that may raise significant doubt as to 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 consolidated financial statements have been prepared on a going concern basis and do not contain any adjustments that would be necessary if this assumption proved unfounded.

9. SIGNIFICANT RISK FACTORS AND THREATS

Risk management at the Protektor Group encompasses monitoring, controlling, and taking corrective actions in the areas of financial and operational risk. Financial risk stems from financial instruments held, which in the Group's case 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 Management Board of PROTEKTOR SA 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 Group'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 OPERATIONS OF THE PROTEKTOR GROUP".

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 Group's receivables from customers and the level of cash and cash equivalents held in bank accounts.

As part of our collaboration with entities outside the Group, before signing a collaboration agreement, the potential partner is assessed for their ability to meet their financial obligations in accordance with existing creditworthiness verification procedures. As part of its ongoing operations, the Group monitors due dates and oversees and collects receivables for sales.

TABLE NO.78 CURRENT ASSETS AS AT 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	per day	
	31/12/2025	31/12/2024
Trade receivables	4,046	4,071
Other receivables	2,578	1,847
Cash and cash equivalents	1,717	1,945

TABLE NO.79 ANALYSIS OF MATURITY DATES OF FINANCIAL ASSETS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

Specification	Book value	as of December 31, 2025, including:			Book value	as of December 31, 2024, including:		
		< 1 month	1 - 3 months	1 year >		< 1 month	1 - 3 months	1 year >
		Cash on hand	17	17		-	-	22
Cash in bank accounts	1,671	1,671	-	-	1,905	1,905	-	-
Other	28	28	-	-	17	17	-	-
Together	1,717	1,717	-	-	1,945	1,945	-	-

TABLE NO.80 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	6,282	-	6,282
Past due from 0 to 30 days	293	-	293
Past due between 31 and 90 days	30	-	30
Past due between 91 and 180 days	2	-	2
Past due from 181 to 365 days	36	(18)	18
Overdue for more than 1 year	81	(81)	-
SUM	6,724	(99)	6,624

TABLE NO.81 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	4,956	-	4,956
Past due from 0 to 30 days	453	-	453
Past due between 31 and 90 days	365	-	365
Past due between 91 and 180 days	125	-	125
Past due from 181 to 365 days	25	(12)	13
Overdue for more than 1 year	49	(43)	6
SUM	5,973	(55)	5,918

TABLE NO.82 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	7,242	6 420
Past due from 0 to 30 days	2 128	1,261
Past due between 31 and 90 days	314	937
Past due between 91 and 180 days	154	504
Past due from 181 to 365 days	779	1,220
Overdue for more than 1 year	533	294
SUM	11,150	10,636

Interest rate risk

The Group companies have liabilities under loans, credits, factoring, and leases, for which interest is calculated based on variable interest rates. Interest rate risk does not include the Group's liabilities related to the lease of warehouses and office buildings, as well as certain leased vehicles and office equipment, for which interest rates are fixed. As of December 31, 2024, liabilities under loans, credits, factoring, and leases, for which interest was calculated at a variable interest rate, represented 77.9% of total financial liabilities. Their sensitivity to interest rate changes is presented in the table below:

TABLE NO.83 INTEREST RATE CHANGE RISK AS OF DECEMBER 31, 2025

Changes in interest rates on loans, credits, factoring and leased assets	-5.00%	-1.00%	0.00%	1.00%	5.00%
Change in interest costs	(969)	(194)	-	194	969

Negative amounts shown in the table indicate a reduction in costs and consequently increase the net result, while positive amounts have a negative impact on the Group's net result. 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 Group considered the risk associated with interest rate fluctuations to be insignificant, and therefore did not hedge against interest rate increases. Given recent changes and the significant increase in the reference rate, the Group's management does not rule out the possibility of taking hedging measures in the future.

Risk of changes in exchange rates

The Group's currency risk stems primarily from purchases and sales in foreign markets, as well as intra-group settlements and dividends. The primary currency of foreign transactions has always been the euro.

In the period 2025, the Group companies were not parties to any currency contracts nor did they hedge against currency risk through any financial instruments.

The Protektor Capital Group's sensitivity to percentage increases and decreases in the Polish zloty exchange rate against foreign currencies is presented in the table below. The assumed 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 Polish zloty exchange rate against foreign currencies in the case of foreign currency receivables (the reverse is true for foreign currency liabilities). If the Polish zloty 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).

TABLE NO.84 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 ,000	1,383				
Currency assets expressed in ,000s of USD	5				
Currency assets expressed in ,000s of PRB*	327				
Currency assets expressed in foreign currencies after conversion into PLN ,000	5,933	6 230	297	5,636	(297)
The total effect of the increase in rates			297		(297)
Tax effect 19%			57		(57)
Net effect of the increase in exchange rates (impact on the financial result)			240		(240)

*Transnistrian ruble

TABLE NO.85 RISK RELATED TO THE GROUP'S RESULTS AS OF 31 DECEMBER 2025

Specification	Net profit/loss	Rate change +5%	Gross impact on profit	Rate change -5%	Gross impact on profit
Net profit (loss) expressed in EUR ,000	(2,222)				
Net profit (loss) expressed in EUR ,000 after conversion into PLN ,000	(9,413)	(9,884)	(471)	(8,942)	471
The total effect of the increase in rates			(471)		471
Tax effect 19%			(90)		90
Net effect of the increase in exchange rates (impact on the financial result)			(381)		381

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.

As of December 31, 2025, ABEBA and ABEBA France had overdraft facilities totaling EUR 1,950,000.

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 time 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 towards mBank – and series H (1,000,000 shares, PLN 500,000.00, March 2026). Series F and G issues fulfilled the capital obligation towards mBank SA (totalling ≥ PLN 4,000,000), which was a condition for the extension of the revolving credit facility until June 30, 2026.

Regardless of the above, the risk of losing liquidity remains real, assuming the lack of effective implementation of optimisation measures (in particular changes to the business model and an increase in sales), a limited recovery on the market in terms of public tenders and the failure to implement the planned further share issues, i.e. an increase in the share capital within the authorized capital (at the time of preparing these financial statements, 7 million shares remain to be issued within the authorized 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 Group is not currently exposed to a significant risk of dependence on key suppliers due to its relatively well-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 may lead to reduced product profitability and negatively impact the Group's financial results. To mitigate price risk, the Group 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 Protektor Group 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 order portfolio of Group companies is so large that the risk of dependence on key customers is adequately minimized.

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

Risk related to the procedures and conditions for awarding 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 in the Protektor Capital Group:

- ◆ 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.

For the Protektor Capital Group, participation in tenders and the execution of public procurement contracts is handled through PROTEKTOR SA. Public tenders constitute a significant sales channel and source of revenue, particularly for specialized, uniform, and military footwear. At the same time, they involve significant operational and financial risks. Precise calculation, production planning, and strict quality control are crucial. Protektor SA takes conscious steps to mitigate the potential negative effects of participating in the public procurement system.

Risk related to the tax system

The risk related to the tax system refers to the uncertainty resulting from the possibility of a different interpretation of tax law provisions and other regulations related to public law obligations (in particular social security and health insurance contributions) by the tax authorities in relation to the position adopted by the companies of the Protektor Group.

The Management Board does not currently anticipate any significant threats in this area, however, the risk of unfavorable interpretations or decisions being issued by tax administration authorities cannot be completely ruled out.

The Company exercises due diligence in the following areas:

- ◆ ongoing monitoring of changes in tax regulations,
- ◆ using the services of tax and legal advisors,

- ◆ applying individual interpretations (if deemed justified),
- ◆ keeping accounting records in accordance with the principle of prudence and applicable legal provisions.

The Management Board hereby informs that the Capital Group's operations in Germany are subject to periodic tax audits conducted by the German tax office. In accordance with applicable regulations, tax audits in Germany are conducted every three years.

The most recent completed audit covered the 2015–2017 tax years and was concluded in April 2023. This proceeding was favorable for the Group and resulted in the refund of overpaid income tax to the subsidiary Inform Brill GmbH.

In April 2025, the Tax Office (Finanzamt) in Saarbrücken announced a new tax audit (so-called large company audit) covering the years 2021 to 2023. A potentially significant tax risk was identified if some of the costs were questioned.

In January and March 2026, meetings between the management of Abeba Spezienschuh-Ausstatter GmbH and Inform Brill GmbH and the Tax Authority were held without any major issues. At this stage, the scope of the cases appears limited, and the proceedings are ongoing.

Risks of doing business in Moldova

During the period under review, criminal proceedings are underway in the Republic of Moldova against Inform Brill GmbH, relating 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.

Protektor Capital Group, 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, among other things, in 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 significant financial penalties and restrictions on operations. Therefore, the Capital Group is approaching this matter with the utmost diligence and due seriousness.

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 Group's operations, 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 Group generates revenues mainly on the domestic market and in Western European countries, including Germany, 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.

In connection with 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 Group's operations, which are described in more detail in point 10. "IMPACT OF EXTRAORDINARY EVENTS ON THE GROUP'S OPERATIONS".

10. IMPACT OF EXTRAORDINARY EVENTS ON THE ACTIVITIES OF THE PROTEKTOR GROUP

The impact of the war in Ukraine on the Group's activities

Like most other manufacturing companies, the Protektor Capital Group 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 situation of the Protektor Capital Group has been visible since its beginning in February 2022. The most important effects that directly or indirectly negatively affect 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.

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

Protektor Capital Group 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 Group has been limited to date thanks to flexible adaptation 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 the Group's operations being disrupted due to the ongoing military operations in Ukraine. The Management Board remains in direct contact with the management of Transnistrian companies and is constantly analyzing 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. Programs to increase defense, firefighting, and rescue spending implemented at the NATO, European Union, and individual member states levels are generating growing demand for products from the Protektor Capital Group portfolio. The Management Board expects this trend to continue in the coming years.

The impact of the conflict in the Middle East on the Group's activities

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 Group 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 Group'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 Group'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 Group'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 planned increase in the number of professional soldiers and the re-equipment of uniformed services in Europe is being analyzed by the Protektor Capital Group 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 Group 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 Group 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 Group 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 Group's clients was 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 financial situation of the Protektor Capital Group is subject to an increased risk of loss of 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, an Agreement for the Acquisition of Series F Shares was concluded between the Company and a strategic investor, Luma Holding Limited, based in St. Julian's, 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.

Other accounting estimates

As at the date of approval of these financial statements for publication, the Group does not identify any significant risks related to potential breach of the terms of signed commercial contracts.

11. 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 consolidated financial statements for the financial year 2025 and comparable data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the assets and financial situation of the Protektor Capital Group and the financial result for the periods presented. and that the report on activities provides a true picture of the development, situation and achievements of the Protektor Capital Group, 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