

FINANCIAL SUPERVISION COMMISSION

Report H 1 / 2024

(pursuant to § 60 section 1 item 2 of the Regulation of the Minister of Finance of 29 March 2018)
for issuers of securities engaged in manufacturing, construction, trade or service activities

for H1 of the financial year 2024 covering the period from 2024-01-01 to 2024-06-30

containing IFRS/IAS financial statements

in PLN currency

transmission date: 2024-09-06

NOVITA S.A. (full name of the issuer)	
NOVITA (abbreviated name of issuer)	light industry (sector according to Warsaw Stock Exchange classification / industry)
65-722 (postcode)	Zielona Góra (town/city)
Dekoracyjna (street)	3 (number)
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novita@novita.com.pl (e-mail)	www.novita.com.pl (www)
929-009-40-94 (NIP)	970307115 (REGON)

SELECTED FINANCIAL DATA	in PLN thousand		in EUR thousand	
	H1 2024 period from 01.01.2024 to 30.06.2024	H1 2023 period from 01.01.2023 to 30.06.2023	H1 2024 period from 01.01.2024 to 30.06.2024	H1 2023 period from 01.01.2023 to 30.06.2023
Net revenue from the sale of products, goods and materials	98,045	95,575	22,744	20,718
EBITDA (operating profit/loss + depreciation and amortisation)	17,232	16,498	3,997	3,576
Profit/loss on sale	27,225	21,632	6,315	4,689
Operating profit (loss) (EBIT)	14,851	14,176	3,445	3,073
Gross profit (loss)	14,661	14,861	3,401	3,222
Net profit (loss) on continuing operations	12,327	12,031	2,859	2,608
Net profit (loss) on discontinued operations	0	0	0	0
Net profit (loss) for the reporting period	12,327	12,031	2,859	2,608
Net cash flows from operating activity	13,148	20,060	3,050	4,349
Net cash flows from investment activity	(1,746)	(1,227)	(405)	(266)
Net cash flows from financial activity	(229)	4,941	(53)	1,071
Total net cash flows	11,173	23,774	2,592	5,154
Number of ordinary shares of the Company for the purpose of calculating earnings per share	2,500,000	2,500,000	2,500,000	2,500,000
Earnings per share	4.93	4.81	1.14	1.04
Number of diluted shares of the Company for the purpose of calculating earnings per share	2,500,000	2,500,000	2,500,000	2,500,000
Diluted earnings per share	4.93	4.81	1.14	1.04
For the day	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Total assets	193,297	164,298	44,817	37,787
Liabilities and provisions for liabilities	50,451	33,779	11,697	7,769
Other long-term liabilities and provisions	15,633	15,389	3,625	3,539
Short-term liabilities and provisions	34,818	18,390	8,073	4,230
Equity	142,846	130,519	33,120	30,018
Share capital	5,000	5,000	1,159	1,150
Number of shares	2,500,000	2,500,000	2,500,000	2,500,000
Book value per share	57.14	52.21	13.25	12.01

The balance-sheet items in the "Selected financial data" table as at 30 June 2024 were converted based on the average EUR exchange rate of the NBP (National Bank of Poland) for that date, i.e. EUR 1 = PLN 4.3130. The items

from the statement of comprehensive income and the cash flow statement as shown in the “Selected financial data” table for H1 2024 were converted to EUR according to the exchange rate of EUR 1 = PLN 4.3109 (this is the mean value of the average NBP rates of the last days of the 6 months of 2024).

The balance-sheet items in the “Selected financial data” table as at 31 June 2023 were converted based on the average EUR exchange rate of the NBP (National Bank of Poland) for that date, i.e. EUR 1 = PLN 4.3480. The items from the statement of comprehensive income and the cash flow statement as shown in the “Selected financial data” table for H1 2023 were converted to EUR according to the exchange rate of EUR 1 = PLN 4.6130 (this is the mean value of the average NBP rates of the last days of the 6 months of 2023).

Selected financial data from the balance sheet (statement of financial position) are presented at the end of the current quarter and the end of the previous year which should be properly described.

The report should be submitted to the Polish Financial Supervision Authority, a company operating a regulated market and made public through a news agency in accordance with the law.

CONTENT OF THE REPORT

File	Description
NOVITA_SA_Sprawozdanie_finansowe_I_półrocze_2024.pdf	Financial Report of NOVITA S.A. for I half 2024
NOVITA_SA_Sprawozdanie_z_działalność_Emitenta_I_półrocze.pdf	Management Report of NOVITA S.A. for I half 2024
NOVITA_SA_Raport_Biegłoo_Rewidenta_I_półrocze_2024.pdf	Auditor’s Report of NOVITA S.A. for I half 2024

SIGNATURES OF THE PERSONS REPRESENTING THE COMPANY

Date	Name	Position/Function	Signature
2024-09-06	Radosław Muzioł	General Director / President of the Management Board	
2024-09-06	Jakub Rękosiewicz	Finance Director / Member of the Management Boar	



“NOVITA” S.A.

Interim condensed financial statements for the 6 months
ended on 30 June 2024



ZIELONA GÓRA, 4 SEPTEMBER 2024

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SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	in PLN thousand		in EUR thousand	
	H1 2024 period from 01.01.2024 to 30.06.2024	H1 2023 period from 01.01.2023 to 30.06.2023	H1 2024 period from 01.01.2024 to 30.06.2024	H1 2023 period from 01.01.2023 to 30.06.2023
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Net profit (loss) on continuing operations	12,327	12,031	2,859	2,608
Net profit (loss) on discontinued operations	0	0	0	0
Net profit (loss) for the reporting period	12,327	12,031	2,859	2,608
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Net cash flows from financial activity	(229)	4,941	(53)	1,071
Total net cash flows	11,173	23,774	2,592	5,154
Number of ordinary shares of the Company for the purpose of calculating earnings per share	2,500,000	2,500,000	2,500,000	2,500,000
Earnings per share	4.93	4.81	1.14	1.04
Number of diluted shares of the Company for the purpose of calculating earnings per share	2,500,000	2,500,000	2,500,000	2,500,000
Diluted earnings per share	4.93	4.81	1.14	1.04
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Total assets	193,297	164,298	44,817	37,787
Liabilities and provisions for liabilities	50,451	33,779	11,697	7,769
Other long-term liabilities and provisions	15,633	15,389	3,625	3,539
Short-term liabilities and provisions	34,818	18,390	8,073	4,230
Equity	142,846	130,519	33,120	30,018
Share capital	5,000	5,000	1,159	1,150
Number of shares	2,500,000	2,500,000	2,500,000	2,500,000
Book value per share	57.14	52.21	13.25	12.01

The balance-sheet items in the “Selected financial data” table as at 30 June 2024 were converted based on the average EUR exchange rate of the NBP (National Bank of Poland) for that date, i.e. EUR 1 = PLN 4.3130. The items from the statement of comprehensive income and the cash flow statement as shown in the “Selected financial data” table for H1 2024 were converted to EUR according to the exchange rate of EUR 1 = PLN 4.3109 (this is the mean value of the average NBP rates of the last days of the 6 months of 2024).

The balance-sheet items in the “Selected financial data” table as at 31 June 2023 were converted based on the average EUR exchange rate of the NBP (National Bank of Poland) for that date, i.e. EUR 1 = PLN 4.3480. The items from the statement of comprehensive income and the cash flow statement as shown in the “Selected financial data” table for H1 2023 were converted to EUR according to the exchange rate of EUR 1 = PLN 4.6130 (this is the mean value of the average NBP rates of the last days of the 6 months of 2023).

FINANCIAL STATEMENTS**for H1 ended on 30 June 2024 (in PLN thousand)**

ASSETS	Note	30.06.2024	31.12.2023	30.06.2023
Fixed assets		112,707	113,302	113,750
Property, plant and equipment	8	112,346	112,914	113,339
Intangible assets	8	360	387	410
Other financial assets		1	1	1
Current assets		80,590	50,996	82,846
Inventories	12	32,478	24,177	31,041
Receivables from deliveries, works and services	13	24,377	16,605	15,303
Other short-term receivables and accruals	14	3,811	1,307	3,069
Income tax receivables	14	0	158	0
Cash and cash equivalents	15	19,924	8,749	33,433
TOTAL ASSETS		193,297	164,298	196,596

LIABILITIES	Note	30.06.2024	31.12.2023	30.06.2023
Equity		142,846	130,519	159,287
Share capital		5,000	5,000	5,000
Reserve and spare capitals		65,731	65,445	84,076
Revaluation reserve		(95)	(95)	(72)
Profit/loss brought forward		59,883	36,883	58,252
Current year profit/loss		12,327	23,286	12,031
LIABILITIES		50,451	33,779	37,309
Long-term liabilities		15,633	15,389	14,888
Provisions	16	184	188	191
Deferred income tax provision	24	10,555	10,292	9,774
Other long-term financial liabilities		4,894	4,909	4,923
Short-term liabilities		34,818	18,390	22,421
Provisions	16	675	710	658
Short-term bank loans and borrowings	17	0	0	1,294
Other short-term financial liabilities		14	28	14
Liabilities for deliveries, works and services		25,193	13,150	14,523
Liabilities for contracts with customers		371	272	348
Short-term liabilities and accruals	18	7,658	4,230	5,536
Income tax liabilities		907	0	48
TOTAL LIABILITIES		193,297	164,298	196,596

STATEMENT OF COMPREHENSIVE INCOME

for H1 ended on 30 June 2024 (in PLN thousand)

MULTI-STEP VARIANT	Note	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
<i>Continuing operations</i>			
Revenue on sales of products, goods and materials	19	98,045	95,575
Costs of products, goods and materials sold	20	70,820	73,943
Gross profit/loss on sales		27,225	21,632
Sales costs	20	3,635	3,432
General administrative costs		8,802	7,868
Other revenue	21	107	3,866
Other costs		44	22
Profit/loss from operating activity		14,851	14,176
Financial revenue	22	248	818
Financial costs		438	133
Gross profit/loss		14,661	14,861
Income tax	23	2,334	2,830
Net profit/loss on continuing operations		12,327	12,031
<i>Discontinued operations</i>			
Profit/loss for the financial year on discontinued operations		0	0
Net profit/loss for the reporting period		12,327	12,031
Other comprehensive income		0	0
Total comprehensive income		12,327	12,031
Earnings/loss per share in PLN:			
On continuing operations			
<i>Basic</i>		4.93	4.81
<i>Diluted</i>		4.93	4.81

CASH FLOW STATEMENT**for H1 ended on 30 June 2024 (in PLN thousand)**

INDIRECT METHOD	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Operating cash flows		
Gross profit/loss on continuing operations	14,661	14,861
Gross profit/loss	14,661	14,861
Adjustments for the following:	(1,513)	5,199
Amortisation	2,381	2,322
Foreign exchange gains/losses	(2)	(3)
Interest cost and revenue	201	198
Profit/loss from investment activity	(33)	(20)
Change in provisions	(39)	165
Change in inventory	(8,300)	242
Change in the balance of receivables and prepayments	(10,388)	11,799
Change in the balance of liabilities and accruals	15,674	(3,424)
Income tax paid/returned	(1,007)	(2,208)
Other adjustments	0	(3,872)
Net cash flows from operating activities	13,148	20,060
Cash flows from investment activities		
Proceeds from sale of property, plant and equipment and intangible assets	33	23
Expenses on acquisition of property, plant and equipment and intangible assets	(1,779)	(1,250)
Net cash flows from investment activities	(1,746)	(1,227)
Cash flows from financial activities		
Proceeds from loans and borrowings	0	1,294
Repayment of loans and borrowings	0	0
Payment of liabilities under finance lease contracts	(28)	(27)
Interest paid	(201)	(198)
Other proceeds – grant	0	3,872
Net cash flows from financing activities	(229)	4,941
Increase/decrease in cash and cash equivalents	11,173	23,774
Opening balance of cash, cash equivalents and loans in the current account	8,749	9,656
<i>Foreign exchange gains/losses regarding the measurement of cash, cash equivalents and loans in the current account</i>	2	3
Closing balance of cash, cash equivalents and loans in the current account	19,924	33,433

STATEMENT OF CHANGES IN EQUITY**for H1 ended on 30 June 2024 (in PLN thousand)**

for the period	Equity attributable to the Company's shareholders				Total equity
	Share capital	Reserve and spare capitals	Revaluation reserve/gains from retirement pension benefits	Profit/loss brought forward and in the current year	
01.01.2024 - 30.06.2024					
Opening balance – approved data	5,000	65,445	(95)	60,169	130,519
Total comprehensive income	0	0	0	12,327	12,327
Profit/loss for the financial year	0	0	0	12,327	12,327
Other changes in equity	0	286	0	(286)	0
Distribution of reserve and supplementary capital for the payment of dividends	0	0	0	0	0
Distribution of profit/loss for 2023	0	286	0	(286)	0
Closing balance	5,000	65,731	(95)	72,210	142,846

for the period	Equity attributable to the Company's shareholders				Total equity
	Share capital	Reserve and spare capitals	Revaluation reserve	Profit brought forward and in the current year	
01.01.2023-31.12.2023					
Opening balance – approved data	5,000	84,076	(72)	58,252	147,256
Total comprehensive income	0	0	(23)	23,286	23,263
Actuarial gains/losses on provisions for retirement gratuities	0	0	(28)	0	(28)
In tax on actuarial gains/losses	0	0	5	0	5
Profit/loss for the financial year	0	0	0	23,286	23,286
Other changes in equity	0	(18,631)	0	(21,369)	(40,000)
Distribution of reserve and supplementary capital for the payment of dividends	0	(18,631)	0	0	(18,631)
Distribution of profit/loss for 2022	0	0	0	(21,369)	(21,369)
Closing balance	5,000	65,445	(95)	60,169	130,519

for the period	Equity attributable to the Company's shareholders				Total equity
	Share capital	Reserve and spare capitals	Revaluation reserve/gains from retirement pension benefits	Profit/loss brought forward and in the current year	
01.01.2023 - 30.06.2023					
Opening balance – approved data	5,000	84,076	(72)	58,252	147,256
Total comprehensive income	0	0	0	12,031	12,031
Profit/loss for the financial year	0	0	0	12,031	12,031
Other changes in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Distribution of profit/loss for 2022	0	0	0	0	0
Closing balance	5,000	84,076	(72)	70,283	159,287

NOTES TO FINANCIAL STATEMENTS

1. General information

“NOVITA” S.A. is a Polish joint stock company (“Company”) based in Zielona Góra, ul. Dekoracyjna 3. The Company is registered in the National Court Register (KRS) under KRS No. 0000013306. The Company was assigned the REGON statistical number 970307115.

“NOVITA” S.A. was created as a joint stock company was established based on a notary deed of 5 March 1991, Roll of Deeds A No. 1247/91, drawn up in Individual Notary Office No. 18 in Warsaw, ul. Długa 29. By way of that deed, the Minister of Privatisation, acting on behalf of the State Treasury, transformed the state-owned company Fabryka Dywanów “NOWITA” into a sole-shareholder joint-stock company of the State Treasury with its name “NOWITA” Spółka Akcyjna. By virtue of the notary’s deed, Record of Deeds A No 7838/92 of 1 July 1992, the Company’s name was changed to “NOVITA” Spółka Akcyjna (“NOVITA” S.A.). On 16 December 1994, shares of “NOVITA” S.A. became listed on the main market of the Warsaw Stock Exchange.

As at the publication date of these statements, the majority interest is held by Tebesa sp. z o.o., which holds 64.11% of shares. Tebesa sp. z o.o. is a subsidiary of Vaporjet Ltd., which is the owner of 100% of shares in Tebesa sp. z o.o.

The Company’s core business is the manufacture and distribution of commercial, medical, sanitary, clothing and footwear nonwovens. The Company’s lifetime is indefinite.

The interim condensed financial statements of the Company include the half-year ended on 30 June 2024 and it contains comparative data for the corresponding period of the previous year.

On 30 June 2024, the Management Board of “NOVITA” S.A. was as follows:

- **Radosław Muzioł** – President of the Management Board
- **Jakub Rękosiewicz** – Member of the Management Board
- **Shlomo Finkelstein** – Member of the Management Board
- **Rami Gabay** – Member of the Management Board

There were no changes in the composition of the Management Board until the preparation date of these financial statements.

During the first quarter of 2024, there were changes in the composition of the Supervisory Board of “NOVITA” S.A.

- Uriel Mansoor, Deputy Chair of the Supervisory Board of the Company, resigned on 21 February 2024 with effect as of the date of the delivery of the resignation.
- Adi Mansoor was appointed as a new member of the Supervisory Board on 6 March 2024.

Interim condensed financial statements of “NOVITA” S.A. for the 6 months ended on 30 June 2024

As at 30 June 2024, the Supervisory Board of “NOVITA” S.A. was as follows:

- **Eyal Maor** - Chairperson
- **Adi Mansoor** - Vice-Chairperson
- **Ohad Tzkhori** – Member of the Board
- **Ilanit Ella** - Member of the Board
- **Janusz Piczak** - Member of the Board

The interim condensed consolidated financial statements of “Novita” S.A.” for the 6-month period ended on 30 June 2024 were approved for publication by the Management Board of “Novita” S.A.” on 5 September 2024.

2. Grounds for preparing the interim condensed consolidated financial statements

These interim condensed financial statements were prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” approved by the European Union (“IAS 34”).

The interim condensed financial statements do not cover all the data or all the disclosures required in the annual financial statements and they shall be read in conjunction with the audited financial statements for the year ended on 31 December 2023.

These interim condensed financial statements are presented in the Polish zloty (“PLN”) and all figures, unless indicated otherwise, are provided in PLN.

The interim condensed financial statements were prepared based on the assumption that the Company would continue as a going concern in the foreseeable future. By the approval date of these interim condensed financial statements, there no circumstances have arisen that would threaten the Company’s going concern status.

The interim financial result may fail to fully reflect the attainable financial result for the financial year.

3. Material accounting principles (policy)

The accounting principles (policy) used for preparing these interim condensed financial statements are consistent with the principles applied when preparing the Company’s financial statements for the year ended on 31 December 2023, except for the application of new or amended standards and rulings effective for the annual periods beginning on 1 January 2024 and later.

New accounting standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

The Company did not take advantage of the early application of new standards and interpretations that have already been published and endorsed by the European Union or are expected to be endorsed in the near future and that will become effective after the balance sheet date. The Company intends to apply them to the periods for which they are first effective.

• **Standards and interpretations entering into force for the first time in the financial statements for 2024**

IAS 1 “Presentation of Financial Statements” – the classification of liabilities as current and non-current, which is relevant to having a credit commitment and the related contractual terms. The terms of the credit agreements with which an entity was required to comply at or before the reporting date affect the presentation of the liability as non-current or current.

The amendment to the standards has no impact on the Company’s financial statements for H1 2024.

IFRS 16 “Leases” – lease liabilities in sale and leaseback transactions.

IFRS 16 indicates that, in a sale-leaseback transaction, a commitment to make variable lease payments meets the definition of a lease liability. Accordingly, in a sale-and-leaseback transaction, the expected variable payments should be recognised as part of the calculation of the lease liability, (subsequently amortised at the effective interest rate and only the difference between the expected and actual variable payments should be recognised directly in the profit and loss account) and on this basis the retained portion of the rights to the fixed asset should be calculated.

The amendment to the standards has no impact on the Company’s financial statements for H1 2024.

IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments - Disclosures” – financing arrangements with suppliers. The amendments to these standards require additional disclosures related to supplier financing transactions. They indicate that supplier financing transactions are not credit facilities granted directly to the originator in order for the originator to pay the suppliers directly. Supplier financing in accordance with this amendment only occurs when the financing institution directly pays the suppliers and the originator has a de facto obligation to those suppliers.

The amendment to the standards has no impact on the Company’s financial statements for H1 2024.

• **Standards and interpretations entering into force for the first time in the financial statements for 2025 onwards**

IAS 21 “The effects of changes in foreign exchange rates” – non-convertibility

According to the implemented changes, a currency is considered exchangeable for another currency if an entity is able to obtain that other currency by means of market exchange mechanisms without unnecessary delay. In cases where a currency is not exchangeable for another currency, the entity is obliged to estimate the exchange rate as of the relevant date, i.e., the valuation date. The primary objective will be to estimate a rate that reflects the rate at which a normal exchange transaction would have taken place between market participants under prevailing economic conditions on that specific valuation date.

If a currency is not exchangeable, the entity is obliged to disclose information that will enable users of financial statements to understand how the non-exchangeable currency affects or is expected to affect the entity’s operations, financial results or cash flows.

Interim condensed financial statements of “NOVITA” S.A. for the 6 months ended on 30 June 2024

The amendments are effective for annual periods beginning on or after 1 January 2025.

IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – changes in the classification and valuation of financial instruments

The amendments are effective for annual periods beginning on or after 1 January 2026.

IFRS 14 “Regulatory accruals”

The amendments are effective for annual periods beginning on or after 1 January 2026.

IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates” on the sale or transfer of assets between an investor and its associates or joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2026.

IFRS 18 “Presentation and Disclosure in Financial Statements” and IFRS 19 “IFRS 19 — Subsidiaries without Public Accountability”

The amendments are effective for annual periods beginning on or after 1 January 2027.

4. Material figures based on professional judgement and estimates

Preparing financial statements in conformity with International Financial Reporting Standards requires the Company to make judgements, estimates and assumptions that have an impact on the application of the adopted accounting policies and on the reported values of assets, liabilities, income and expenses. The estimates and the related assumptions are based on historical experience and other factors considered reasonable under the given circumstances, and the results of such estimates are the basis for professional judgement as to any book value of assets and liabilities which does not arise directly from other sources. In material matters, the Management Board may rely in its judgments, estimates or assumptions on opinions of independent experts.

Judgements, estimates and the related assumptions are verified on an ongoing basis. Their changes are recognised in the period in which they were made if they apply to that period only or in the current period and future periods if they apply to both the current period and future periods. The actual values may differ from these estimates.

Presented below are the key assumptions concerning the future and other key sources of uncertainty present on the balance sheet date which entail a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next financial year. The Company's assumptions and estimates are based on information available at the time when the financial statements were prepared. As a result of future changes in the market or other changes beyond the Company's control, the existing assumptions and estimates may change. Such changes are reflected in the estimates and assumptions as soon as they arise.

- *Classification of lease contracts where the Company is the lessee*

The Company currently has on its books a perpetual usufruct right to land, recorded in accordance with the IFRS 16 lease classification, from 1 January 2019. The Company has no other leasing agreements where it acts as lessee.

- *Impairment of tangible assets*

Should any situation arise that would suggest a risk of impairment to the Company's property, plant and equipment and intangible assets, an impairment test is conducted. During the period covered by the statements there were no indications that would justify the estimation of impairment of fixed assets.

- *Amortisation and depreciation rates*

The amortisation and depreciation rates are based on the expected economic useful life of property, plant and equipment and intangible assets. Every year, the Company verifies the adopted economic useful lives based on current estimates.

- *Deferred tax assets*

The Company recognises deferred tax assets based on the assumption that a tax profit will be generated in the future, allowing for the assets to be used. However, deterioration of the tax results generated may make this assumption invalid in the future. In the interim condensed financial statements, deferred tax assets are disclosed in the value compensated against the provision for deferred tax.

- *Impairment of inventory*

The Management Board of the Company analyses whether there are any indications of possible impairment of inventory. Recognising impairment requires estimating the net realisable value of any inventory that has lost its functional property or is no longer needed.

- *Impairment of trade receivables and other receivables*

The Company adopts a simplified model in assessing whether there are indications of possible impairment of trade and other receivables taking into account the internal procedures adopted. Receivables from major business partners are insured, monitored on a regular basis, and every business partner is individually evaluated for credit risk.

- *Valuation of provisions for employee benefits*

Provisions for employee benefits as at 31 December 2023 were estimated based on the actuarial method by an external company.

As at 30 June 2024, data based on which the provision as at 31 December 2023 was calculated were analysed and the parameters were found to have undergone no major changes.

5. Objectives and principles of financial risk management

The main financial instruments used by the Company include bank loans and cash. The main purpose of those financial instruments is to raise funds for the business. The Company also has other financial instruments, such as trade receivables and liabilities, which arise directly in the course of its business activities.

The main types of risk resulting from financial instruments used by the Company include the interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Management Board verifies and establishes the rules of managing each of these risks.

- *Interest rate risk*

The Company is exposed to interest rate risk if it uses a bank loan with a variable interest rate. Due to the changing economy, the Company closely monitors any events that directly influence on the level of loan interest rates. A potential increase in market interest rates will entail higher loan service costs.

- *Foreign exchange risk*

The foreign exchange risk is directly related to exchange rate changes which cause uncertainty as to future cash flows denominated in foreign currencies. Exposure to the foreign exchange risk of the Company arises from the fact that a significant portion of its cash flows is expressed or denominated in foreign currencies.

The foreign exchange risk management strategy assumes making maximum use of natural currency hedging. To minimise the risk, the Company strives to preserve the natural balance between receivables and liabilities denominated in foreign currencies to minimise exposure to the foreign exchange risk.

- *Credit risk*

The Company's credit risk is closely related to its core activities. It results from the concluded agreements and is related to potential incidents, which can take the form of insolvency of a business partner, partial repayment or significant delay of payments. Granting trade credits to customers is currently an inherent part of any business activity, yet the Company implements a number of measures to mitigate the risks of doing business with potentially unreliable customers. All customers interested in trade credit undergo initial verification. Furthermore, with 95% of the Company's receivables insured, its exposure to credit risk is negligible.

- *Liquidity risk*

The Company is exposed to liquidity risk is cash flows are mismatched with timely cash flows arising from the Company's contracts. The Company strives to have positive cash flows, which eliminates the risk of disrupting the liquidity provided that payments are made when due. The nominal value of the credit lines available to the Company successfully prevents any negative events related to delays in the timely payment of liabilities.

- *Risk of changes in prices of raw materials and utilities*

The prices of raw materials and utilities also have a significant impact on the Company's production costs. In order to limit price increases, the Company constantly monitors the conditions granted by various suppliers and purchases from various sources. In addition, an increase in the prices of raw materials and utilities is a signal for specific actions to be taken and, if necessary, also for an increase in selling prices.

6. Business seasonality

There is no seasonality of sales at "NOVITA" S.A.

7. Information about operating segments

In accordance with IFRS 8, the Company identified business segments based on the manufactured products and provided services such as:

- the segment of mechanically needled nonwovens;
- the segment of water-needled nonwovens (spunlace);
- the segment of tenancy services; and
- the ‘other’ segment.

The division into mechanically needled and water-needled (spunlace) products is based differences in the manufacturing technology. The division is also reflected in the Company’s manufacturing structure.

These operating segments are separated in the accounting records of the Company.

The division of operating segments and the basis for calculating profit or loss as of 30 June 2024 did not change compared to the last annual financial statements ending on 31 December 2023.

The accounting principles in all segments are consistent with the principles applied by “NOVITA” S.A.

None of the Company’s operating segments was combined with another segment to create the above reporting operating segments.

The Company monitors separate operating results for the segments in order to decide on allocation of resources and to assess the effects of this allocation and the results of the activities. Operating results are assessed based on EBITDA (defined as operating profit plus depreciation and amortisation). The Company’s financing (including financial income and costs), assets and receivables as well as income tax are monitored at Company level and they are not allocated to segments.

Interim condensed financial statements of “NOVITA” S.A. for the 6 months ended on 30 June 2024

OPERATING SEGMENTS	for the period 01.01.2024 – 30.06.2024					
	Continuing operations					Total operations
	Needle punched nonwovens	Water-needed nonwovens (spunlace)	Tenancy	Other	Total	
Revenues from external customers	6,956	87,587	2,860	642	98,045	98,045
Material items of revenue and costs, including:	(6,392)	75,179	1,508	(115)	(83,194)	(83,194)
Cost of manufacture of the sold products	(5,428)	63,909	1,349	0	(70,686)	(70,686)
Value of goods and materials sold	0	0	0	(134)	(134)	(134)
Sales costs	(310)	(3,325)	0	0	(3,635)	(3,635)
General and administrative costs	(671)	(7,962)	(169)	0	(8,802)	(8,802)
Other operating revenue/costs	17	17	10	19	63	63
Reporting segment profit or loss	564	12,408	1,352	527	14,851	14,851
Operating profit	564	12,408	1,352	527	14,851	14,851
Amortisation	251	1,816	314	0	2,381	2,381
EBITDA	815	14,224	1,666	527	17,232	17,232

Information about geographic areas	Revenue	Tangible assets
Domestic sales	48,047	*
Foreign sales	49,998	*

* Tangible assets used in the entity's operations are used to manufacture products sold to the domestic and foreign markets.

Sales by countries	percentage share
Poland	49%
Country 1	17%
Country 2	16%
Other	18%

Information about major customers	Share in revenue	Operating segment
Customer 1	15%	Water-needed nonwovens (spunlace)
Customer 2	10%	Water-needed nonwovens (spunlace)
Other	75%	All operating segments

Interim condensed financial statements of “NOVITA” S.A. for the 6 months ended on 30 June 2024

OPERATING SEGMENTS	for the period 01.01.2023 – 30.06.2023					
	Continuing operations					Total operations
	Needle punched nonwovens	Water-needed nonwovens (spunlace)	Tenancy	Other	Total	
Revenues from external customers	8,220	84,063	2,722	570	95,575	95,575
Material items of revenue and costs, including:	(7,652)	(72,201)	(1,431)	(115)	(81,399)	(81,399)
Cost of manufacture of the sold products	(6,744)	(65,788)	(1,275)	0	(73,807)	(73,807)
Value of goods and materials sold	0	0	0	(136)	(136)	(136)
Sales costs	(318)	(3,114)	0	0	(3,432)	(3,432)
General and administrative costs	(733)	(6,998)	(137)	0	(7,868)	(7,868)
Other operating revenue/costs	143	3,699	(19)	21	3,844	3,844
Reporting segment profit or loss	568	11,862	1,291	455	14,176	14,176
Operating profit	568	11,862	1,291	455	14,176	14,176
Amortisation	239	1,776	307	0	2,322	2,322
EBITDA	807	13,638	1,598	455	16,498	16,498

Information about geographic areas	Revenue	Tangible assets
Domestic sales	48,813	*
Foreign sales	46,762	*

* Tangible assets used in the entity's operations are used to manufacture products sold to the domestic and foreign markets.

Sales by countries	percentage share
Poland	51%
Country 1	16%
Country 2	15%
Other	18%

Information about major customers	Share in revenue	Operating segment
Customer 1	16%	Water-needed nonwovens (spunlace)
Customer 2	15%	Water-needed nonwovens (spunlace)
Customer 3	10%	Water-needed nonwovens (spunlace)
Other	59%	All operating segments

8. Property, plant and equipment and intangible assets

- **Purchase and sale**

The transactions involving acquisition and sale of tangible assets in the period covered by the financial statements and in the comparable period were as presented in the following table:

INFORMATION ABOUT ACQUISITION OF TANGIBLE ASSETS	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Property, plant and equipment	1,881	847
including used based on lease	0	0
Intangible assets	0	80
Total	1,881	927

INFORMATION ABOUT SALE OF TANGIBLE ASSETS	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Property, plant and equipment	33	20
Intangible assets	0	0
Total	33	20

- **Impairment losses**

In the period of the 6 months ended on 30 June 2024, the Company did not recognise any additional impairment losses on fixed assets.

9. Research and development

The costs incurred for the R&D works conducted by the Company for H1 2023 and for H1 2024 are presented below:

COST OF RESEARCH & DEVELOPMENT WORKS		
period	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Amortisation	104	72
Consumption of materials	1,801	1,084
Electricity and gas consumption	226	158
Costs of employee benefits	112	64
TOTAL	2,243	1,378

10. Investments in subsidiaries and affiliates

The Company did not have any investments in subsidiaries and affiliates as at 30 June 2024.

11. Financial instruments

The table below compares carrying values and fair values for all of the Company’s financial instruments by categories of assets and liabilities.

CARRYING VALUES AND FAIR VALUES BY FINANCIAL INSTRUMENT CATEGORY						
	Carrying amount			Fair value		
	30.06.2024	31.12.2023	30.06.2023	30.06.2024	31.12.2023	30.06.2023
Financial asset – loans and receivables	24,377	16,605	15,303	24,377	16,605	15,303
Trade receivables	24,377	16,605	15,303	24,377	16,605	15,303
Cash and cash equivalents	19,924	8,749	33,433	19,924	8,749	33,433
Long-term financial liabilities – measured at amortised cost	4,894	4,909	4,923	4,894	4,909	4,923
Financial lease liabilities	4,894	4,909	4,923	4,894	4,909	4,923
Other liabilities	0	0	0	0	0	0
Short-term financial liabilities – measured at amortised cost	29,250	15,625	18,680	29,250	15,625	18,680
Overdrafts	0	0	1,294	0	0	1,294
Financial lease liabilities	14	28	14	14	28	14
Trade liabilities	25,193	13,150	14,523	25,193	13,150	14,523
Other liabilities	4,043	2,447	2,849	4,043	2,447	2,849

According to the Company’s assessment, the fair value of cash, trade receivables and liabilities, overdrafts and other short-term receivables and liabilities does not differ from carrying values mainly due to variable interest rates for loans and borrowings based on market interest rates with close maturity dates.

12. Inventories

In the reporting period and in the comparable periods, the Company made write-downs on inventory as presented in the following table:

REVALUATIONS OF INVENTORY	01.01.2024 30.06.2024	01.01.2023 31.12.2023	01.01.2023 30.06.2023
Opening balance	464	427	427
Increases	36	161	129
Decreases	15	124	17
Closing balance	485	464	539

13. Receivables

In the reporting period and in the comparable periods, the Company made write-downs on receivables as presented in the following table:

REVALUATIONS OF RECEIVABLES	01.01.2024 30.06.2024	01.01.2023 31.12.2023	01.01.2023 30.06.2023
Opening balance	636	713	713
Increases	22	61	28
Decreases	40	138	5
Closing balance	618	636	736

The Company applies the policy of selling only to verified clients. More than 95% of receivables are insured. In addition, the Company applies simplifications in the creation of revaluation allowances for receivables towards the remaining 5% of clients who are not covered by insurance. For the financial year in question, the Company specified a percentage ratio of the revaluation allowance calculated as a ratio of the revenue earned in the past three years to the value of written-off bad debt in the same period. This ratio for 2023 is close to zero percent. The Company creates write-down for receivables also in respect of debtors who were liquidated or declared bankrupt or sued and subject to debt collection proceedings.

As a result the management believes there is no additional credit risk above the level defined by the write-down for bad debt.

The Company is not currently a party to any litigation material from the perspective of its financial standing.

14. Other receivables and prepayments

Other receivables and prepayments include:

OTHER RECEIVABLES AND ACTIVE ACCRUALS	30.06.2024	31.12.2023	30.06.2023
Other non-financial assets:			
- budget receivables	368	464	387
- advances for inventories	39	0	6
- advances for fixed assets	185	90	64
- active accruals	3,209	533	2,375
- other	10	220	237
TOTAL	3,811	1,307	3,069
- long-term part	0	0	0
- short-term part	3,811	1,307	3,069
TOTAL	3,811	1,307	3,069

15. Cash and cash equivalents

For the purpose of the interim condensed financial cash flow statement, cash and cash equivalents consist of the following items:

CASH AND CASH EQUIVALENTS	30.06.2024	31.12.2023	30.06.2023
Cash at bank and in hand	19,924	8,616	7,421
Short-term deposits	0	133	26,012
Total cash disclosed in the financial statements	19,924	8,749	33,433
Total cash and cash equivalents disclosed in the cash flow statement	19,924	8,749	33,433

16. Provisions

Long-term provisions apply to employee retirement gratuities calculated according to the actuarial method.

PROVISIONS	
for the period	01.01.2024 - 30.06.2024
	Provisions for employee benefits
Opening balance, including:	898
<i>Opening balance of short-term provisions</i>	<i>710</i>
<i>Opening balance of long-term provisions</i>	<i>188</i>
Increases	567
Created in the period and increase of the existing ones	567
Decreases	606
Used in the period	560
Released in the period	46
Closing balance, including:	859
<i>Closing balance of short-term provisions</i>	<i>675</i>
<i>Closing balance of long-term provisions</i>	<i>184</i>

Interim condensed financial statements of “NOVITA” S.A. for the 6 months ended on 30 June 2024

PROVISIONS	
for the period	01/01/2023 – 31/12/2023
	Provisions for employee benefits
Opening balance, including:	684
<i>Opening balance of short-term provisions</i>	493
<i>Opening balance of long-term provisions</i>	191
Increases	708
Created in the period and increase of the existing ones	708
Decreases	494
Used in the period	488
Released in the period	6
Closing balance, including:	898
<i>Closing balance of short-term provisions</i>	710
<i>Closing balance of long-term provisions</i>	188

PROVISIONS	
for the period	01.01.2023 - 30.06.2023
	Provisions for employee benefits
Opening balance, including:	684
<i>Opening balance of short-term provisions</i>	493
<i>Opening balance of long-term provisions</i>	191
Increases	578
Created in the period and increase of the existing ones	578
Decreases	413
Used in the period	413
Released in the period	0
Closing balance, including:	849
<i>Closing balance of short-term provisions</i>	658
<i>Closing balance of long-term provisions</i>	191

17. Interest-bearing bank loans and borrowings

SHORT-TERM BANK LOANS AND BORROWINGS			30.06.2024	31.12.2023	30.06.2023
Item	Effective interest rate	Due date			
SANTANDER multilined intended for overdraft, revolving credit or letters of credit	WIBOR 1M + margin, EURIBOR 1M + margin, SOFR 1M + margin	08.08.2026	0	0	1,294
mBank S.A. multilined intended for overdraft or letters of credit*	WIBOR ON + margin LIBOR ON + margin	30.09.2024	0	0	0
Total			0	0	1,294

* loan secured by blank promissory note with a promissory note declaration up to PLN 9,000 thousand

18. Other liabilities and accruals

The composition of the remaining liabilities and accruals is presented in the table below:

OTHER LIABILITIES AND ACCRUALS	30.06.2024	31.12.2023	30.06.2023
Other liabilities:			
- prepayments	364	128	123
- payroll liabilities	918	889	829
- investment liabilities	87	192	57
- liabilities towards shareholders	0	0	0
- other	2,674	1,238	1,840
TOTAL	4,043	2,447	2,849
- long-term part	0	0	0
- short-term part	4,043	2,447	2,849
Other tax liabilities:			
- VAT	1,342	598	542
- personal income tax	166	176	138
- social security liabilities	929	1,009	889
- Polish Rehabilitation Fund for the Disabled (PFRON) liabilities	0	0	0
- liabilities related to the Customs Office	0	0	0
- real property tax	1,147	0	1,005
- amount of liabilities above assets of the Employee Benefit Fund	0	0	82
- other	31	0	31
TOTAL	3,615	1,783	2,687
- long-term part	0	0	0
- short-term part	3,615	1,783	2,687

19. Revenues on sales of products, goods and materials

REVENUE ON SALES OF PRODUCTS, GOODS AND MATERIALS		
	Continuing operations	
period	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
domestic		
Revenue on sales of products	44,831	45,874
Revenue on sales of services	2,963	2 747
Revenue on sales of materials	253	192
Revenue on sales of goods	0	0
foreign		
Revenue on sales of products	49,604	46,384
Revenue on sales of services	4	1
Revenue on sales of materials	390	377
Revenue on sales of goods	0	0
TOTAL	98,045	95,575

20. Costs of products, goods and materials sold / costs by type

COSTS BY TYPE		
period	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Depreciation of fixed assets	2,354	2,299
Amortisation of intangible assets	27	23
Costs of employee benefits	9,818	9,254
Consumption of raw materials, supplies, and energy	61,535	67,457
Costs of outsourced services	5,735	4,789
Costs of taxes and charges	1,190	1,046
Other costs	1,162	1,120
Value of goods and materials sold	134	136
Change in the balance of products and production in progress	1,302	(881)
TOTAL	83,257	85,243
Sales costs	3,635	3,432
General administrative costs	8,802	7,868
Costs of products, goods and materials sold	70,820	73,943
TOTAL	83,257	85,243

COSTS OF EMPLOYEE BENEFITS		
period	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Costs of wages and salaries	7,930	7,410
Costs of social security and employee benefits	1,568	1,578
Costs of the Employee Benefit Fund	224	161
Other costs of employee benefits	96	105
TOTAL	9,818	9,254

COSTS OF EMPLOYEE BENEFITS		
period	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Items recognised in cost of goods sold	5,079	4,711
Items recognised in general administrative costs	4,739	4,543
Items recognised in accruals	0	0
TOTAL	9,818	9,254

21. Other revenue and costs

OTHER REVENUE	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Profit on sales of property, plant, and equipment	33	20
Reversal of revaluation allowances for receivables	38	0
Reversal of revaluation allowances for inventories	0	17
Subsidy (compensation)	0	3,783
Indemnities received	30	18
Other	6	28
TOTAL	107	3,866

OTHER COSTS	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Loss on sales of property, plant and equipment	0	0
Impairment losses on receivables	0	20
Impairment losses on inventories	8	0
Costs of court and debt collection proceedings	34	1
Redemption of receivables	2	0
Donation made	0	1
TOTAL	44	22

22. Financial revenue and costs

FINANCIAL REVENUE	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Interest revenue	248	440
Foreign exchange gains	0	378
TOTAL	248	818

FINANCIAL COSTS	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Cost of interest, including costs related to:	77	79
- bank loans	12	13
- lease - right of perpetual use of land	65	65
Foreign exchange losses	303	0
Bank commissions (letters of credit, loan)	58	54
TOTAL	438	133

23. Current income tax

MAIN COMPONENTS OF TAX DEBIT/CREDIT IN THE STATEMENT OF COMPREHENSIVE INCOME	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Current income tax disclosed in the profit and loss account	2,071	2,970
- current income tax (debit)	2,071	2,970
Deferred income tax disclosed in the profit and loss account	263	(140)
- deferred tax (debit)/credit related to the emergence and reversal of temporary differences	263	(140)
tax (debit)/credit disclosed in the profit and loss account, including:	2,334	2,830
- attributed to continuing operations	2,334	2,830
Income tax related to items disclosed in other comprehensive income	0	0
tax (debit)/credit disclosed in the statement of comprehensive income	2,334	2,830

RECONCILIATION OF THE INCOME TAX ON THE GROSS FINANCIAL RESULT BEFORE TAX VERSUS THE INCOME TAX DISCLOSED IN THE STATEMENT OF COMPREHENSIVE INCOME		
	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Gross profit before tax for continuing operations	14,661	14,861
Gross profit (loss) before tax	14,661	14,861
Tax rate applicable in Poland	19.0%	19.0%
tax (debit) according to the applied tax rate	2,786	2,824
VAT exchange differences	0	3
Representation costs	10	7
Other	12	7
Adjustment of CIT-8 for 2021	0	1
Adjustment of CIT-8 for 2022	0	(12)
Notional interest on retained earnings from previous years	48	0
R&D tax relief	426	0
tax (debit)/credit disclosed in the profit and loss account	2,334	2,830

Effective tax rate	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Gross profit before tax for continuing operations	14,661	14,861
Gross profit (loss) before tax	14,661	14,861
tax (debit) disclosed in the profit and loss account	2,334	2,830
Effective tax rate (in %)	15.9%	19.0%

24. Deferred income tax

DEFERRED TAX ASSETS	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Opening balance	451	466
Increases	664	510
Decreases	534	461
Closing balance	581	515

DEFERRED TAX PROVISION	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Opening balance	10,743	10,381
Increases	447	480
Decreases	54	572
Closing balance	11,136	10,289

Deferred tax balance	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Deferred tax provision opening balance	10,292	9,915
Deferred tax provision closing balance	10,555	9,774

25. Transactions with related parties

All transactions with related parties were concluded on the market terms.

The table below shows the total amount of transactions with affiliates in the 6 months ended on 30 June 2023 and 30 June 2024:

TRANSACTIONS WITH RELATED PARTIES	for the period 01.01.2024 – 30.06.2024			
Parties to the transaction	Sale	Receivables	Purchase	Liabilities
TEBESA Sp. z o.o.	12	0	0	0
Vaporjet	0	0	65	11

TRANSACTIONS WITH RELATED PARTIES	for the period 01.01.2023 - 30.06.2023			
Parties to the transaction	Sale	Receivables	Purchase	Liabilities
TEBESA Sp. z o.o.	3	0	0	0
Vaporjet	10	0	253	194

26. Salaries of the Management Board and the Supervisory Board

SALARIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Short-term employee benefits	501	425
Total	501	425

The presented values include the gross salaries and fees of Management Board and Supervisory Board members. Furthermore, a provision in the amount of PLN 567 thousand for bonuses for Management Board members was created.

27. Contingent liabilities and contingent assets – information about changes after the date ending the financial year

There were no changes in contingent liabilities or contingent assets of the Company since 31 December 2023.

28. Events after the balance sheet date for which the biannual condensed financial statements were prepared that are not included in these statements but may substantially influence financial results

There were no such events in the Company past the balance sheet date.

29. Dividends paid and proposed

No dividends or interim dividends were paid in H1 2024.

In accordance with the resolution of the Annual General Meeting of the Company dated 26 June 2024, the amount of PLN 23,000 thousand was allocated for dividend, which is PLN 9.20 per share. Dividend was paid under

2,500,000 Company shares. The amount intended for distribution consists of the net profit earned by NOVITA S.A. for the financial year 2023 in the amount of PLN 23,286 thousand. At the same time, the Annual General Meeting set 26 July 2024 as the record date and 7 August 2024 as the dividend payment date.

30. Brief description of the issuer's major achievements or failures in the reporting period

In H1 2024, revenues on sales of products, goods and materials amounted to PLN 98,045 thousand, a 2.6% increase compared to the corresponding period last year, when the revenues amounted to PLN 95,575 thousand.

If we compare the results of the operating segments for H1 2024 with the corresponding period in the previous year, the sale of water-needed (spunlace) nonwovens increased by PLN 3,524 thousand, i.e. 4.2%, and amounted to PLN 87,587 thousand. In the same period, the sale of mechanically needed nonwovens decreased by 15.4%, i.e. PLN 1,264 thousand, and amounted to PLN 6,956 thousand.

Comparing the corresponding periods, rental income increased by 5.1% and amounted to PLN 2,860 thousand, while income from sales in the other category (goods and materials) increased by 12.6% and amounted to PLN 642 thousand.

In H1 2024, the costs of products, goods and materials sold amounted to PLN 70,820 thousand, which means a 4.2% decrease compared to H1 2023.

Costs of sales in the H1 2024 increased by 5.9% up to PLN 3,635 thousand compared to H1 2023. In the same period, the general administrative costs increased by 11.9% up to PLN 8,802 thousand.

In H1 2024, the Company made an operating profit of PLN 14,851 thousand, which means an increase by PLN 675 thousand, i.e. by 4.8%, compared to the result for the corresponding period in 2023, i.e. PLN 14,176 thousand. The operating profit/loss in H1 2023 includes the public aid received under the government programme under the name “Assistance for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2022.” Said compensation after deducting costs related to receiving it amounted to PLN 3,783 thousand.

By comparing the data for H1 2024 to the corresponding period last year, the value of EBITDA increased by 4.4%, reaching PLN 17,232 thousand.

Taking into account financial revenues and costs, in H1 2024, the Company's profit/loss on financial activity amounted to PLN -190 thousand. The negative result is primarily due to the excess of negative exchange rate differences over positive ones.

In H1 2024, the Company's profit before tax amounted to PLN 14,661 thousand, a decrease by PLN 200 thousand, i.e. by 1.3%, compared to H1 2023.

The Company's net profit for H1 2024 amounted to PLN 12,327 thousand, an increase by PLN 296 thousand, i.e. 2.5%, compared to the corresponding period last year.

31. Description of basic threats and risk related to the remaining six months of the financial year

- **Interest rate risk**

The Company is exposed to interest rate risk if it uses a bank loan with a variable interest rate. Due to the changing economy, the Company closely monitors any events that directly influence on the level of loan interest rates. A potential increase in market interest rates will entail higher loan service costs.

- **Foreign exchange risk**

The foreign exchange risk is directly related to exchange rate changes which cause uncertainty as to future cash flows denominated in foreign currencies. Exposure to the foreign exchange risk of the Company arises from the fact that a significant portion of its cash flows is expressed or denominated in foreign currencies.

The foreign exchange risk management strategy assumes making maximum use of natural currency hedging. To minimise the risk, the Company strives to preserve the natural balance between receivables and liabilities denominated in foreign currencies to minimise exposure to the foreign exchange risk.

- **Credit risk**

The Company's credit risk is closely related to its core activities. It results from the concluded agreements and is related to potential incidents, which can take the form of insolvency of a business partner, partial repayment or significant delay of payments. Granting trade credits to customers is currently an inherent part of any business activity, yet the Company implements a number of measures to mitigate the risks of doing business with potentially unreliable customers. All customers interested in trade credit undergo initial verification. Furthermore, with 95% of the Company's receivables insured, its exposure to credit risk is negligible.

- **Liquidity risk**

The Company is exposed to liquidity risk is cash flows are mismatched with timely cash flows arising from the Company's contracts. The Company strives to have positive cash flows, which eliminates the risk of disrupting the liquidity provided that payments are made when due. The nominal value of the credit lines available to the Company successfully prevents any negative events related to delays in the timely payment of liabilities.

- **Risk of changes in prices of raw materials and utilities**

The prices of raw materials and utilities also have a significant impact on the Company's production costs. In order to limit price increases, the Company constantly monitors the conditions granted by various suppliers and purchases from various sources. In addition, an increase in the prices of raw materials and utilities is a signal for specific actions to be taken and, if necessary, also for an increase in selling prices.

32. Position of the Management Board concerning the possibility of meeting previously published profit/loss forecasts for the year in the light of the results presented in the quarterly report versus the forecast profit/loss.

“NOVITA” S.A. did not publish forecasts for its results.

33. Identification of proceedings pending before court, competent arbitration authority or public administration authority.

As of the day of submitting this report, there are no pending proceedings before any courts, authorities competent for arbitration proceedings or public administration authorities in relation to the issuer's liabilities or receivables whose value, as determined separately for individual proceedings and in total for all proceedings, would represent a considerable value.

34. Information on the Issuer or its subsidiary acting as surety or guarantor for loan or credit facility to a single entity or its subsidiary if the total value of the existing sureties or guarantees is considerable.

In the period from 1 January 2024 to 30 June 2024, “NOVITA” S.A. did not act as a surety of any credit facility or loan or as a guarantor for any single entity where the total value would be considerable.

35. Information on the issue, redemption and repayment of non-equity securities and equity securities.

None.

36. Any other information that the issuer sees as significant for the evaluation of its human resources, assets, financial standing, profit/loss and changes thereto, as well as any information significant for the evaluation of the issuer's capacity to meet its obligations.

As of the balance sheet date of 30 June 2024 and 31 December 2023 and 30 June 2023, the Company did not have any open derivative financial instruments. During the reporting period, there were no changes in the classification of financial instruments as a result of a change in the purpose or use of these assets..

37. Factors that the issuer believes will influence its results for a period not shorter than the next quarter.

The issuer believes there are no factors that would significantly influence its results for a period not shorter than one quarter.

Signature of Members of the Management Board:

Radosław Muzioł President of the Management Board

Jakub Rękosiewicz Member of the Management Board

Shlomo Finkelstein Member of the Management Board

Rami Gabay Member of the Management Board

Person responsible for preparing the financial statements:

Dorota Karbowskiak Chief Accountant

Zielona Góra, 4 September 2024



“NOVITA” S.A.

Management report of the Issuer
for the first half of 2024



ZIELONA GÓRA, 4 SEPTEMBER 2024

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1. Description of changes in the organisation of the Issuer's Group and specification of the consolidated entities

There were no changes in the organisational structure of NOVITA S.A. in the 1st half of 2024. Tebesa sp. z o.o., which holds 64.11% of the shares, remained the Company's majority shareholder. Tebesa sp. z o.o. remained a subsidiary of Vaporjet Ltd., the owner of 100% of shares in Tebesa sp. z o.o.

2. Position of the Management Board concerning the possibility of materialisation of the previously published profit/loss forecasts for the financial year

NOVITA S.A. did not publish any profit/loss forecasts for 2024.

3. Description of activity in the reporting year

Major events in the 1st half of 2023

- On February 22, 2024, the Management Board of NOVITA S.A. informed that it had received information about the resignation submitted on February 21, 2024 by the Deputy Chairman of the Supervisory Board, Mr. Uriel Mansoor, from membership in the Supervisory Board of the Company, with effect from the date of delivery of said resignation.
- On March 6, 2024, the Management Board of NOVITA S.A. informed that in connection with the resignation of Mr. Uriel Mansoor from the position of Member of the Supervisory Board, the Supervisory Board of the Company adopted a resolution on March 6, 2024 to appoint (co-opt) a new member, Mr. Adi Mansoor, to the Supervisory Board.
- On March 18, 2024, the Supervisory Board of the Company informed that it had elected from among its members the Deputy Chairman of the Supervisory Board, Mr. Adi Mansoor.
- On May 14, 2024, the Management Board of NOVITA S.A., taking into account the current financial situation of the Company and the interests of its Shareholders, announced that it had made a decision to recommend to the Annual General Meeting of the Company (hereinafter "AGM") the distribution of the Company's net profit for 2023 in the amount of PLN 23,285,586.59 in the following manner:
 1. net profit in the amount of PLN 23,000,000.00 to pay a dividend to the Company's shareholders, i.e. PLN 9.20 per share,
 2. net profit in the amount of PLN 285,586.59 to the Company's reserve capital.
- On May 22, 2024, the Supervisory Board of the Company announced that it had adopted a resolution containing a positive assessment of the Management Board's proposal regarding the distribution of the Company's profit for the financial year 2023 and the payment of a dividend.
- On June 26, 2024, the Annual General Meeting of NOVITA S.A. adopted resolutions on:
 - approval of the Management Board's report on the Company's operations and the Company's financial statements for the 2023 financial year,
 - distribution of the net profit achieved by NOVITA S.A. for the 2023 financial year amounting to PLN 23,285,586.59, as follows:
 - a) allocation of PLN 23,000,000.00 to pay dividends to the Company's shareholders,

b) allocation of PLN 285,586.59 to the Company's reserve capital.

At the same time, the Annual General Meeting set the dividend date at July 26, 2024, while the dividend payment date at August 7, 2024.

- granting the members of the Management Board of the Company a vote of approval on the performance of their duties in 2023.
 - granting the members of the Supervisory Board of the Company a vote of approval for the performance of their duties in 2023,
 - approval of the written report of the Supervisory Board,
 - issuing a positive opinion on the Report on the remuneration of the Members of the Management Board and Supervisory Board of NOVITA S.A. for 2023,
 - adopting an amendment to the text of the Remuneration Policy at NOVITA S.A.,
 - supplementing the composition of the Supervisory Board, i.e. appointing Mr. Adi Mansoor for a three-year, joint term of office covering the years 2022-2025. Mr. Adi Mansoor previously held a position on the Supervisory Board under the resolution of 6 March 2024 on the appointment (co-optation), adopted in accordance with § 17 sec. 2 of the Company's Articles of Association, about which the Company informed in current report no. 3/24 of March 6, 2024.
- On June 26, 2024, the Supervisory Board of the Company adopted a resolution on the appointment of the Company's Management Board for another three-year term in the current four-person composition:
 - Radosław Muzioł - President of the Management Board
 - Jakub Rękosiewicz - Member of the Management Board
 - Shlomo Finkelstein - Member of the Management Board
 - Rami Gabay - Member of the Management Board

Major events after the balance sheet date

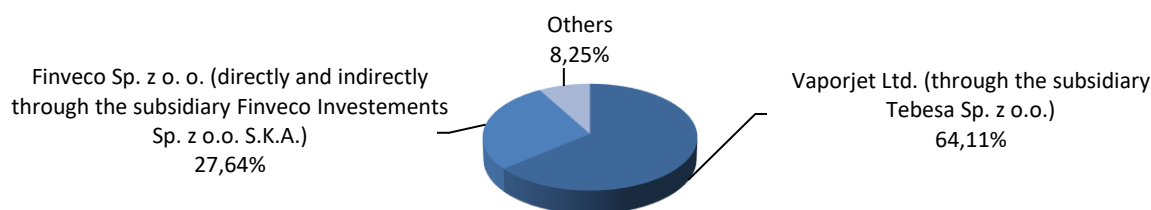
Did not occurred.

4. Information on shares and the shareholding structure

The shareholding structure of NOVITA S.A. as at the date of submitting the report for the first half of 2024 as per the information in the Company's possession indicating shareholders having, whether directly or indirectly through subsidiaries, at least 5% of total number of votes at the Issuer's general meeting:

NOVITA S.A. shareholding structure as at 06/09/2024				
Shareholder	Number of shares	Interest in the share capital	Number of votes	Share in the total votes at the AGM
Vaporjet Ltd. (through the subsidiary Tebesa Sp. z o.o.)	1 602 719	64,11%	1 602 719	64,11%
Finveco Sp. z o. o. (directly and indirectly through the subsidiary Finveco Investements Sp. z o.o. S.K.A.)	691 000	27,64%	691 000	27,64%
Other	206 281	8,25%	206 281	8,25%
Total	2 500 000	100,00%	2 500 000	100,00%

List of shareholders with 5% and more votes at the AGM as at 06/09/2024



In the period from May 2, 2024, i.e. from the date of submitting the previous periodic report (report for the first quarter of 2024) to the date of submitting this report, the shareholding structure of NOVITA S.A. did not change.

5. Issuer's shareholding structure and rights to shares held by those who manage and supervise the Issuer as at the report preparation date with changes in the shareholding since the submission of the previous quarterly report

As at the date of submitting the report, the Company's shares were not held directly by persons managing or supervising the Company.

In the period from May 2, 2024, i.e. from the date of submitting the previous periodic report (report for the first quarter of 2024) to the date of submitting this report, the number of NOVITA S.A. shares held by managing or supervising persons has not changed.

6. Proceedings pending before any court, competent arbitration authority or public authority

NOVITA S.A. is not a party to significant proceedings pending before a court, an authority competent for arbitration proceedings or a public administration authority, including proceedings concerning liabilities or claims of the Issuer or its subsidiary.

7. Information on the Issuer or its subsidiary entering into one or more transactions with affiliates if they are not arm's-length transactions plus the specification of their value

In the reporting half-year, NOVITA S.A. did not conclude transactions with related entities on terms other than market terms.

8. Information on the Issuer or its subsidiary acting guarantor for loan or credit facility to a single entity or its subsidiary if the total value of the existing sureties or guarantees is significant

In the reporting half-year, NOVITA S.A. did not grant guarantees for credit or loans, and did not grant guarantees to a single entity or its subsidiary, the total value of which would be significant.

9. Financial standing

STATEMENT OF COMPREHENSIVE INCOME				
PLN '000	1-6.2024	1-6.2023	Difference 1-6.2024- 1-6.2023	Change 1-6.2024/ 1-6.2023
Revenues on sales of products, goods and materials	98 045	95 575	2 470	102,6%
Costs of products, goods and materials sold	70 820	73 943	(3 123)	95,8%
Gross profit on sales	27 225	21 632	5 593	125,9%
Sales costs	3 635	3 432	203	105,9%
General administrative costs	8 802	7 868	934	111,9%
Other revenue	107	3 866	(3 759)	2,8%
Other costs	44	22	22	200,0%
Operating profit	14 851	14 176	675	104,8%
Financial revenue	248	818	(570)	30,3%
Financial costs	438	133	305	329,3%
Gross profit	14 661	14 861	(200)	98,7%
Income tax	2 334	2 830	(496)	82,5%
Net profit on continuing operations	12 327	12 031	296	102,5%

Sales by product range							
Asortyment	1-6.2024		1-6.2023		changes (1-6.2024 to 1-6.2023)		
	net value PLN '000	share	net value PLN '000	share	net value (2-4) PLN '000	change (2/4)	structure (3-5)
1	2	3	4	5	6	7	8
Total sales, including:	98 045	100,0%	95 575	100,0%	2 470	102,6%	0,0%
- total product sales, including:	97 403	99,3%	95 005	99,4%	2 398	102,5%	-0,1%
- total finished goods, including:	94 543	96,4%	92 283	96,6%	2 260	102,4%	-0,1%
- spunlace	87 587	89,3%	84 063	88,0%	3 524	104,2%	1,4%
- mechanically needed nonwovens	6 956	7,1%	8 220	8,6%	-1 264	84,6%	-1,5%
- rental	2 860	2,9%	2 722	2,8%	138	105,1%	0,1%
- other (goods and materials)	642	0,7%	570	0,6%	72	112,6%	0,1%

Revenue

In the first half of 2024, revenues from the sale of products, goods and materials amounted to PLN 98,045 thousand, which means an increase of 2.6% compared to the same period of the previous year, in which the level of PLN 95,575 thousand was achieved.

Comparing the results of operating segments for the first half of 2024 with the same period of the previous year, sales of water-needed nonwovens (spunlace) increased by PLN 3,524 thousand, i.e. by 4.2% and amounted to PLN 87,587 thousand. At the same time, sales of mechanically needed nonwovens decreased by PLN 1,264 thousand, i.e. by 15.4% and amounted to PLN 6,956 thousand.

Comparing the same periods, rental revenues increased by 5.1% and amounted to PLN 2,860 thousand, while sales revenues in the other category (goods and materials) increased by 12.6% and amounted to PLN 642 thousand.

Costs of core activities

In the first half of 2024, the costs of products, goods and materials sold amounted to PLN 70,820 thousand, which means a decrease of 4.2% compared to the first half of 2023.

Sales costs in the first half of 2024 increased by 5.9% to PLN 3,635 thousand, compared to the first half of 2023. At the same time, general administrative costs increased by 11.9% to PLN 8,802 thousand.

Other operating activities

In the first half of 2024, the Company achieved an operating profit of PLN 14,851 thousand, which means an increase of PLN 675 thousand, i.e. by 4.8%, compared to the result for the same period of 2023, which amounted to PLN 14,176 thousand. The operating result in the first half of 2023 includes public aid received under the government program called "Aid for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2022". The aforementioned compensation, after reducing the costs related to its receipt, amounted to PLN 3,783 thousand.

Comparing the data for the first half of 2024 to the same period of the previous year, the EBITDA value increased by 4.4% and amounted to PLN 17,232 thousand.

Financial activity

Taking into account financial revenues and costs, in the first half of 2024 the Company's result on financial activities was at the level of PLN -190 thousand. The negative result is primarily the result of the surplus of negative exchange rate differences over positive ones.

Achieved financial results

In the first half of 2024, the Company achieved a gross profit of PLN 14,661 thousand, which means a decrease compared to the first half of 2023 by PLN 200 thousand, i.e. by 1.3%.

The Company's net profit for the first half of 2024 amounted to PLN 12,327 thousand, which means a result higher by PLN 296 thousand, i.e. by 2.5%, compared to the same period last year.

10. Investment activity

In the first half of 2024, the Company bore investment expenses for the total amount of PLN 1 881 k. The expenditures concerned mainly the modernization of machinery, buildings and technical equipment.

11. Business risks

- **Interest rate risk**

The Company is exposed to interest rate risk if it uses a bank loan with a variable interest rate. Due to the changing economy, the Company closely monitors any events that directly influence on the level of loan interest rates. A potential increase in market interest rates will entail higher loan service costs.

- **Foreign exchange risk**

The foreign exchange risk is directly related to exchange rate changes which cause uncertainty as to future cash flows denominated in foreign currencies. Exposure to the foreign exchange risk of the Company arises from the fact that a significant portion of its cash flows is expressed or denominated in foreign currencies.

The foreign exchange risk management strategy assumes making maximum use of natural currency hedging. To minimise the risk, the Company strives to preserve the natural balance between receivables and liabilities denominated in foreign currencies to minimise exposure to the foreign exchange risk.

- **Credit risk**

The Company's credit risk is closely related to its core activities. It results from the concluded agreements and is related to potential incidents, which can take the form of insolvency of a business partner, partial repayment or significant delay of payments. Granting trade credits to customers is currently an inherent part of any business activity, yet the Company implements a number of measures to mitigate the risks of doing business with potentially unreliable customers. All customers interested in trade credit undergo initial verification. Furthermore, with 95% of the Company's receivables insured, its exposure to credit risk is negligible.

- **Liquidity risk**

The Company is exposed to liquidity risk if cash flows are mismatched with timely cash flows arising from the Company's contracts. The Company strives to have positive cash flows, which eliminates the risk of disrupting the liquidity provided that payments are made when due. The nominal value of the credit lines available to the Company successfully prevents any negative events related to delays in the timely payment of liabilities.

- **Risk of changes in prices of raw materials and utilities**

The prices of raw materials and utilities also have a significant impact on the Company's production costs. In order to limit price increases, the Company constantly monitors the conditions granted by various suppliers and purchases from various sources. In addition, an increase in the prices of raw materials and utilities is a signal for specific actions to be taken and, if necessary, also for an increase in selling prices.

12. Any other information that the Issuer sees as significant for the evaluation of its human resources, assets, financial standing, profit/loss and changes thereto, as well as any information significant for the evaluation of the Issuer's capacity to meet its obligations.

There were no events in the reporting period other than those mentioned hereinabove and in notes to financial statements, which could materially influence the assessment of and change the property situation, the financial standing and the financial result of the Company and which could be material for the assessment of the HR situation and the capacity to perform obligations.

13. Factors that the Issuer believes will influence its results for a period not shorter than the next quarter

In the issuer's assessment, there are no factors that would significantly affect the issuer's results over the next quarter or longer.

Statement of the NOVITA S.A. Management Board concerning the accuracy of the interim condensed financial statements

We declare that, to the best of our knowledge, the interim condensed financial statements and benchmarking data have been prepared in accordance with the applicable accounting principles and that they accurately, reliably and transparently reflect the financial standing, property situation and financial result of NOVITA S.A., and that the biannual management report presents a true picture of the development, achievements and situation of the NOVITA S.A., including a description of the main threats and risks.

Management Board of NOVITA S.A.

Radosław Muzioł President of the Management Board

Jakub Rękosiewicz Member of the Management Board

Shlomo Finkelstein Member of the Management Board

Rami Gabay Member of the Management Board

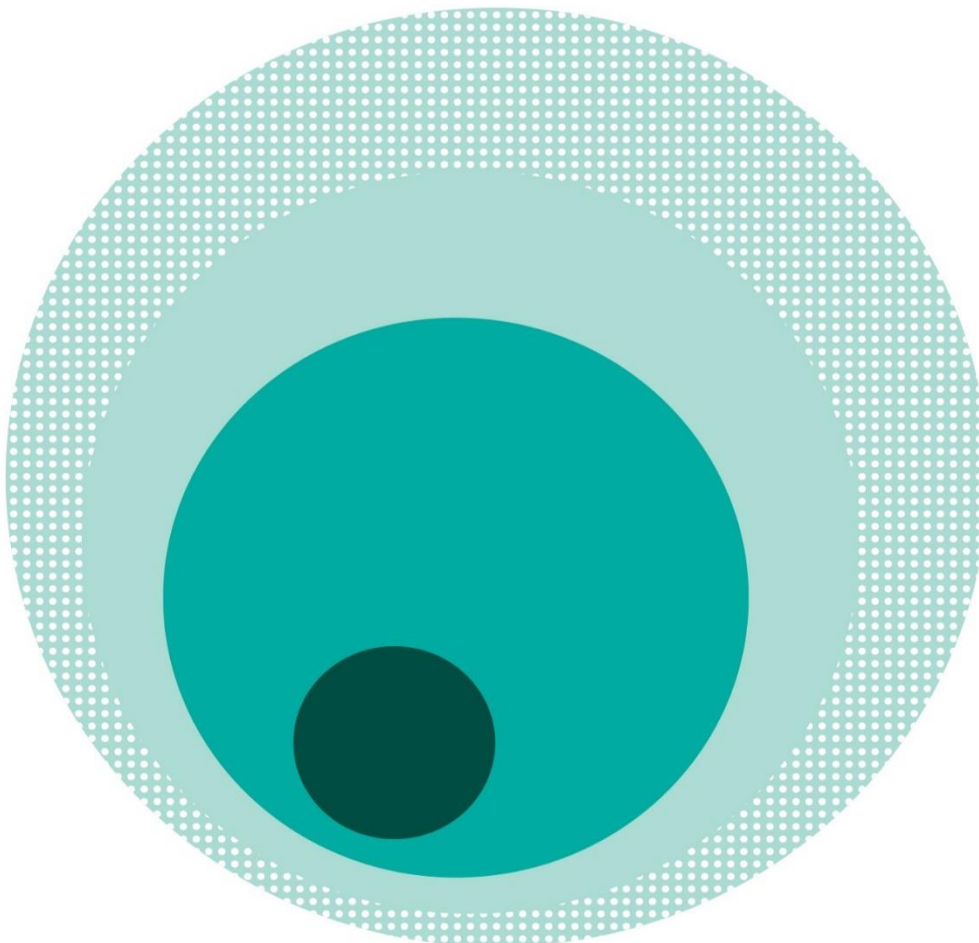
Zielona Góra, 4 September 2024

NOVITA S.A.

INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01/01/2024 TO 30/06/2024

(UNAUTHORISED TRANSLATION FROM THE POLISH LANGUAGE)

04/09/2024



INDEPENDENT AUDITOR'S REPORT ON REVIEW

To the Shareholders and the Supervisory Board of Novita S.A.

Introduction

We have reviewed the interim condensed financial statements of Novita S.A. (hereinafter "the Company") with its registered office in Zielona Góra, ul. Dekoracyjna 3, which comprise the interim condensed statement of financial position as at 30 June 2024, the interim condensed statement of profit or loss and other comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the period from 1 January 2024 to 30 June 2024 and selected notes and explanatory information (hereinafter "the interim condensed financial statements").

The responsibility of the Company's Management

The Company's Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" announced in the form of Commission Regulations.

The Auditor's responsibilities

We are responsible to express the conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the National Standard on Review Engagements 2410 in the wording of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" adopted by Resolution No. 3436/52e/2019 by National Council of Statutory Auditors of 8 April 2019, as amended.

A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing in line with the wording of International Standards on Auditing by Resolution No. 3430/52a/2019 by National Council of Statutory Auditors of 21 March 2019, as amended. Consequently the review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim condensed financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” announced in the form of Commission Regulations.

.....
Piotr Woźniak
Key Certified Auditor (PL)
Licence No. 11625

on behalf of
UHY ECA Audyt
Spółka z ograniczoną odpowiedzialnością
No. 3886

Zielona Góra, 04.09.2024

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