FINANCIAL SUPERVISION COMMISSION

Annual report RR 2024

(pursuant to § 60 section 1 item 3 of the Regulation on current and periodic information)
for issuers of securities engaged in manufacturing, construction, trade or service activities

for the financial year 2024 covering the period from 2024-01-01 to 2024-12-31
containing condensed IFRS/IAS financial statements in PLN currency
transmission date: 2025-04-04

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)
068 456 12 01 (phone)	**068 456 13 51** (fax)
novita@novita.com.pl (e-mail)	**www.novita.com.pl** (www)
929-009-40-94 (NIP)	**970307115** (REGON)
2594009ZPAX5TZYYKP92 (LEI)	**0000013306** (KRS)

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	2024	2023	2024	2023
Net revenue from the sale of products, goods and materials	200 105	184 895	46 491	40 830
EBITDA (operating profit/loss + depreciation and amortisation)	34 051	31 376	7 911	6 929
Profit/loss on sale	54 061	43 144	12 560	9 527
Operating profit (EBIT)	29 175	26 702	6 778	5 897
Gross profit	28 534	28 013	6 629	6 186
Net profit on continuing operations	23 574	23 286	5 477	5 142
Net cash flows from operating activity	29 177	35 922	6 779	7 933
Net cash flows from investment activity	(3 736)	(2 905)	(868)	(642)
Net cash flows from financial activity	(31 326)	(33 941)	(7 278)	(7 495)
Total net cash flows	(5 885)	(924)	(1 367)	(204)
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	9,43	9,31	2,19	2,06
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	9,43	9,31	2,19	2,06
Total assets	165 923	164 298	38 831	37 787
Liabilities	42 839	33 779	10 026	7 769
Long-term liabilities	16 234	15 389	3 799	3 539
Short-term liabilities	26 605	18 390	6 226	4 230
Equity	123 084	130 519	28 805	30 018
Share capital	5 000	5 000	1 170	1 150
Number of shares	2 500 000	2 500 000	2 500 000	2 500 000
Book value per share	49,23	52,21	11,52	12,01

The balance-sheet items in the table “Selected financial data” as at 31 December 2024 were converted based on the average EUR exchange rate of the NBP (National Bank of Poland) for that date, i.e.: 1 EUR = PLN 4.2730. The items from the statement of comprehensive income and the cash flow statement as shown in the table "Selected financial data" for 2024 were converted to EUR according to the exchange rate of EUR 1 = PLN 4.3042 (this is the mean value of the average NBP rates of the last days of the 12 months of 2024).

The balance-sheet items in the table “Selected financial data” as at 31 December 2023 were converted based on the average EUR exchange rate of the NBP (National Bank of Poland) for that date, i.e.: 1 EUR = PLN 4.3480.

The items from the statement of comprehensive income and the cash flow statement as shown in the table "Selected financial data" for 2023 were converted to EUR according to the exchange rate of EUR 1 = PLN 4.5284 (this is the mean value of the average NBP rates of the last days of the 12 months of 2023).

CONTENT OF THE REPORT

File	Description
NOVITA-SA-LA-2024-12-31-0-pl.xhtml	Letter to the Shareholders of NOVITA S.A. for the 2024
NOVITA-SA-SF-2024-12-31-0-pl.xhtml	Separate financial statements for the 2024
NOVITA-SA-SF-2024-12-31-0-pl.xhtml.xades	Separate financial statements for the 2024 - signatures
NOVITA-SA-SZD-2024-12-31-0-pl.xhtml	Report of activity of the Issuer for the 2024
NOVITA-SA-SZD-2024-12-31-0-pl.xhtml.xades	Report of activity of the Issuer for the 2024 - signatures
NOVITA-SA-IZA-2024-12-31-0-pl.xhtml	Information from the Management Board for the 2024
NOVITA-SA-SZB-2024-12-31-0-pl.xhtml	Auditor's report for the 2024
NOVITA-SA-SZB-2024-12-31-0-pl.xhtml.xades	Auditor's report for the 2024 - signatures
NOVITA-SA-ORNSZDSF-2024-12-31-0-pl.xhtml	Evaluation of the Supervisory Board of the Annual Report 2024
NOVITA-SA-ORNKA-2024-12-31-0-pl.xhtml	Statement of the Supervisory Board regarding the Audit Committee for the 2024

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Letter to the Shareholders of NOVITA S.A.

Dear Shareholders,
Ladies and Gentlemen,

On behalf of the Management Board of Novita S.A. I am presenting to you the financial report for 2024. During this period, the Company achieved sales revenues of PLN 200.1 million, EBITDA of PLN 34.1 million and net profit of PLN 23.6 million.

The past year was characterized by stabilization of energy costs, a decrease in the inflation rate and lower fluctuations in exchange rates. Taking into account stable demand, these conditions allowed for the optimization of production and sales processes, and consequently improved results at all levels.

The Company's good financial results allowed for the payment of two dividends with a total value of PLN 31 million.

The year 2024 is a period of further increase in the production potential of nonwoven manufacturers both on the European and global markets. The situation of excess production capacity in relation to the size of demand will also be felt in the following years, causing a significant increase in the level of competition.

On the personal hygiene industry market, strengthening trends in the purchase of biodegradable products were noticeable. In response to these expectations, the Company prepared an offer of nonwoven fabrics made entirely of natural cellulose fibers. Additionally, Novita's sales offer was supplemented by bi-composite products intended for use in the medical segment.

The Company constantly monitors the trends of the changing market and takes appropriate actions in the field of adapting the marketing strategy and potential investment decisions.

On behalf of the Management Board, I would like to thank the Shareholders, Employees and all Contractors for their commitment and constructive cooperation in the past year.

Kind regards,
Radosław Munioł

President of the Management Board, General Director
Novita S.A.

“NOVITA” S.A.

Financial statements
for the year ended 31 December 2024

ZIELONA GÓRA, 27 MARCH 2025

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SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	period from 01/01/2024 to 31/12/2024	period from 01/01/2023 to 31/12/2023	period from 01/01/2024 to 31/12/2024	period from 01/01/2023 to 31/12/2023
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Diluted earnings per share	9,43	9,31	2,19	2,06
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Total assets	165 923	164 298	38 831	37 787
Liabilities	42 839	33 779	10 026	7 769
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STATEMENT OF FINANCIAL POSITION

for the year ending 31 December 2024 (in PLN ‘000)

ASSETS	Note	2024-12-31	2023-12-31
Tangible assets		**113 070**	**113 302**
Property, plant and equipment	6	112 736	112 914
Intangible assets	7	333	387
Other financial assets	8	1	1
Current assets		**52 853**	**50 996**
Inventories	9	34 634	24 177
Receivables from deliveries, works and services	10	14 100	16 605
Other short-term receivables and accruals	11	1 252	1 307
Income tax receivables		0	158
Cash and cash equivalents	12	2 867	8 749
Tangible assets classified as held for sale		**0**	**0**
TOTAL ASSETS		**165 923**	**164 298**

LIABILITIES	Note	2024-12-31	2023-12-31
Equity		**123 084**	**130 519**
Share capital	13	5 000	5 000
Reserve and spare capitals	14	57 731	65 445
Revaluation reserve		(104)	(95)
Retained earnings/losses		36 883	36 883
Current year profit		23 574	23 286
LIABILITIES		**42 839**	**33 779**
Long-term liabilities		**16 234**	**15 389**
Provisions	15	188	188
Deferred income tax provisions	24	11 166	10 292
Other long-term financial liabilities	17	4 880	4 909
Short-term liabilities		**26 605**	**18 390**
Provisions	15	709	710
Short-term bank loans and borrowings	16	0	0
Other financial liabilities	17	374	28
Liabilities for deliveries, works and services	18	18 946	13 150
Liabilities for contracts with customers		10	272
Short-term liabilities and accruals	19	5 005	4 230
Income tax liabilities		1 561	0
TOTAL LIABILITIES		**165 923**	**164 298**

STATEMENT OF COMPREHENSIVE INCOME

for the year ending 31 December 2024 (in PLN ‘000)

MULTI-STEP VARIANT	Note	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Continuing operations			
Revenues on sales of products, goods and materials	20	200 105	184 895
Costs of products, goods and materials sold	21	146 044	141 751
Gross profit on sales		**54 061**	**43 144**
Sales costs	21	7 217	6 613
General administrative costs		18 233	16 174
Other revenue	22	686	6 391
Other costs		122	46
Operating profit		**29 175**	**26 702**
Financial revenue	23	346	1 595
Financial costs		987	284
Gross profit		**28 534**	**28 013**
Income tax	24	4 960	4 727
Net profit on continuing operations		**23 574**	**23 286**

Other comprehensive income		**(9)**	**(23)**
Components that will not be reclassified as gains or losses when certain conditions are met		(11)	(28)
Actuarial gains/losses on the valuation of employee benefits		*(11)*	*(28)*
Income tax related to items disclosed in other comprehensive income		2	5
Total comprehensive income		**23 565**	**23 263**

Earnings per share:			
On continuing operations			
Basic	25	*9,43*	*9,31*
Diluted		*9,43*	*9,31*

CASH FLOW STATEMENT

for the year ending 31 December 2024 (in PLN ‘000)

INDIRECT METHOD	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Operating cash flows		
Profit before tax	**28 534**	**28 013**
Total adjustments:	**643**	**7 909**
Amortisation	4 876	4 674
Foreign exchange gains/losses	(3)	(17)
Interest cost and revenue	293	268
Profit/loss from investment activity	(263)	(120)
Change in provisions	(1)	214
Change in inventory	(10 457)	7 106
Change in balance of receivables from deliveries, works and services	2 505	9 270
Change in the balance of receivables and prepayments	(206)	2 999
Change in balance of liabilities for deliveries, works and services	5 796	(4 943)
Change in the balance of liabilities and accruals	530	(1 372,0)
Income tax paid/returned	(2 368)	(3 793)
Other adjustments	(59)	(6 377)
Net cash flows from operating activities	**29 177**	**35 922**
Investment cash flows		
Proceeds from sales of property, plant and equipment and intangible assets	333	130
Acquisition of property, plant and equipment and intangible assets	(4 069)	(3 035)
Net investment cash flows	**(3 736)**	**(2 905)**
Financial cash flows		
Proceeds from loans and borrowings	0	0
Repayment of loans and borrowings	0	0
Repayment of financial lease liabilities	(83)	(27)
Interest paid and bank commissions	(293)	(268)
Dividends paid to shareholders of the Company	(31 000)	(40 000)
Grant	50	6 354
Net cash flows from financing activities	**(31 326)**	**(33 941)**
Total net cash flows	**(5 885)**	**(924)**
Opening balance of cash, cash equivalents and loans in the current account	**8 749**	**9 656**
Foreign exchange gains/losses regarding the measurement of cash, cash equivalents and loans in the current account	*3*	*17*
Closing balance of cash, cash equivalents and loans in the current account	**2 867**	**8 749**

STATEMENT OF CHANGES IN EQUITY

for the year ending 31 December 2024 (in PLN ‘000)

for the period	Equity				Total equity
01/01/2024 – 31/12/2024	**Share capital**	**Reserve and spare capitals**	**Revaluation reserve**	**Profit brought forward and in the current year**	
Balance as at 01/01/2024	**5 000**	**65 445**	(95)	**60 169**	**130 519**
Total comprehensive income	**0**	**0**	**(9)**	**23 574**	**23 565**
Actuarial gains/losses	0	0	(11)	0	(11)
Tax on actuarial gains/losses	0	0	2	0	2
Profit for the year	0	0	0	23 574	23 574
Other changes in equity	**0**	**(7 714)**	**0**	**(23 286)**	**(31 000)**
Distribution of reserve and supplementary capital for the payment of dividends	0	(8 000)	0	0	(8 000)
Profit distribution for 2023	0	286	0	(23 286)	(23 000)
Balance as at 31/12/2024	**5 000**	**57 731**	**(104)**	**60 457**	**123 084**

for the period	Equity				Total equity
01/01/2023 – 31/12/2023	**Share capital**	**Reserve and spare capitals**	**Revaluation reserve**	**Profit brought forward and in the current year**	
Balance as at 01/01/2023	**5 000**	**84 076**	**(72)**	**58 252**	**147 256**
Total comprehensive income	**0**	**0**	**(23)**	**23 286**	**23 263**
Actuarial gains/losses	0	0	(28)	0	(28)
Tax on actuarial gains/losses	0	0	5	0	5
Profit for the year	0	0	0	23 286	23 286
Other changes in equity	**0**	**(18 631)**	**0**	**(21 369)**	**(40 000)**
Distribution of reserve capital for the payment of dividends	0	(18 631)	0	0	(18 631)
Profit distribution for 2022	0	0	0	(21 369)	(21 369)
Balance as at 31/12/2023	**5 000**	**65 445**	**(95)**	**60 169**	**130 519**

NOTES TO FINANCIAL STATEMENTS

1. General information

“NOVITA” S.A. (the Company), as a joint stock company, was established under a notary's deed of 5 March 1991, Record of Deeds A No 1247/91, drawn up at the Individual Notary’s 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 changed the Company's name to: “NOVITA” Spółka Akcyjna (“NOVITA” S.A.). The registered office of the Company is located in Zielona Góra at ul. Dekoracyjna 3.

On 16 December 1994, shares of "NOVITA" S.A. became listed on the main market of the Warsaw Stock Exchange.

The Company's core business is the manufacture and distribution of commercial, medical, sanitary, clothing, footwear and technical nonwovens.

The Company’s lifetime is indefinite.

As of 3 August 2016, the majority shareholder of NOVITA S.A. is Tebesa sp. z o.o., which, as of the date of this report, holds shares representing 64.11% of NOVITA S.A.'s share capital.

Tebesa sp. z o.o. is a subsidiary of Vaporjet Ltd. based in Israel, holding 100% of the shares in Tebesa.

The financial statements of “NOVITA” S.A. cover the year ended 31 December 2024 and include comparative data for the year ended 31 December 2023.

2. Composition of the Company’s Management Board and Supervisory Board

As at 31 December 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
- Shahar Arusi Member of the Management Board

During the period from 1 January 2024 to the date of approval of these financial statements for publication, the following changes to the composition of the Company's Management Board took place:

- On 10 December 2024, Shahar Arusi was appointed as a new member of the Management Board.

As at 31 December 2024, the Company’s Supervisory Board was as follows:

- Eyal Maor Chair

- Adi Mansoor Deputy Chair
- Ohad Tzkhori Member of the Supervisory Board
- Ilanit Ella Member of the Supervisory Board
- Janusz Piczak Member of the Supervisory Board

During the period from 1 January 2024 to the date of approval of these financial statements for publication, the following changes to the composition of the Company's Supervisory Board took place:

- 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.

As at 31 December 2023, 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

As at 31 December 2023, the Company’s Supervisory Board was as follows:

- Eyal Maor Chair
- Uriel Mansoor Deputy Chair
- Ohad Tzkhori Member of the Supervisory Board
- Ilanit Ella Member of the Supervisory Board
- Janusz Piczak Member of the Supervisory Board

3. Approval of the financial statements

These financial statements of “Novita” S.A.” for the year ended 31 December 2024 were approved for publication by the Management Board on 27 March 2025.

4. Material figures based on professional judgement and estimates

4.1. Professional judgement

Preparing financial statements in conformity with the International Financial Reporting Standards requires the Management Board of the Company to make professional judgements, estimates and assumptions that have an impact on the application of the accounting policies as adopted and on the values of assets, liabilities, income, and expenses as reported. 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 judgements, 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.

Classification of lease contracts where the Company is the lessee

In accordance with IFRS 16 Leases, a single accounting model for contracts that meet the definitions of lease is introduced for lessees. The depreciable right to use lease components and the lease liability are recognised in the financial statements. The Company records the right of perpetual usufruct of land entered in the books in 2019 in this way and the rental of the means of transport.

4.2. Uncertainty of estimates

Presented below are the key assumptions concerning the future and other key sources of uncertainty as of the balance sheet date which entail a significant risk of a material adjustment of the carrying amounts of assets and liabilities in the following 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.

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. Nothing during the period under consideration suggested 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 statement of financial position, 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 receivables from deliveries and services and other receivables

The Management Board of the Company analyses whether there are indications of possible impairment of trade receivables and other receivables, taking into account the adopted internal procedures. 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 2024 were estimated based on the actuarial method by an external company.

5. Material accounting principles

5.1. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the historical cost principle, modified for financial instruments.

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

The financial statements have been prepared based on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, the Management Board has not identified any circumstances indicating a threat to the going concern of “NOVITA” S.A.

5.2. Statement of compliance

In accordance with the amended Accounting Act, which came into force on 1 January 2005, the Company prepares its financial statements in accordance with the International Accounting Standards, International Financial Reporting Standards and the related interpretations promulgated as regulations of the European Commission (“IFRSs adopted for use in the EU”). As at the date of approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS standards in the EU and the Company's activities, there is no difference between the IFRS standards and the IFRS standards adopted by the European Union in terms of the accounting principles applied by the Company.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and the IFRS adopted for use in the EU. The IFRS include standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company applied the IFRS as at 31 December 2024.

5.3. Measurement currency and financial statement currency

The measurement currency of the Company and the reporting currency of these financial statements is the Polish zloty (“PLN”).

5.4. Changes in the application of accounting policies

These financial statements for 2024 and the comparable financial data for 2023 are prepared in accordance with the IAS and IFRS standards.

5.5. 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.

- **<u>Standards and interpretations entering into force for the first time in the 2024 financial statements</u>**

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 standard has no impact on the Company's 2024 financial statements.

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 standard has no impact on the Company's 2024 financial statements.

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 2024 financial statements.

- **<u>Standards and interpretations entering into force for the first time in the financial statements for 2025 onwards</u>**

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.

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

IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”

The changes relate to disclosures in the classification and measurement of financial instruments and renewable energy contracts.

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.

IFRS 14 "Regulatory accruals"

The amendments relate to accounting policies and disclosures for regulatory deferred items.

In line with the European Commission's decision, the approval process for the draft standard will not be initiated until the final standard is released.

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.

Work on approval has been postponed indefinitely.

5.6. Error correction

No error was corrected in the statements for the year ended 31 December 2024 and the year ended 31 December 2023.

5.7. Foreign currencies

In the financial statements, foreign currency transactions have been translated using the exchange rate as at the date of the transaction. At the balance sheet date, assets and liabilities have been translated at the exchange rate as at the balance sheet date. The exchange rate gains/losses resulting from the translation are recognised in either financial income or expenses.

5.8. Property, plant and equipment

Property, plant and equipment comprise fixed assets and expenditures on capital work in progress that an entity intends to use in its operations and for administrative purposes for a period of more than one year, which will result in future economic benefits to the entity.

The Company's property, plant and equipment includes the right of perpetual usufruct of land.

At the balance sheet date, property, plant and equipment are initially recognised at cost. After initial recognition as an asset, items of property, plant, and equipment are carried at cost less accumulated depreciation and accumulated impairment losses cumulatively.

Capital work in progress is presented in the financial statements at cost less recognised impairment losses. Cost of manufacture includes fees and borrowing costs capitalised in accordance with the accepted accounting rules.

Depreciation of property, plant, and equipment commences in the month following the one in which they stared to be used at rates reflecting their expected useful lives. For depreciation of property, plant and equipment, the straight-line depreciation method is used.

Estimated useful lives, residual values and depreciation method are reviewed periodically and the effects of any changes in estimates are recognised prospectively.

At the balance sheet date, the economic useful life of the property, plant, and equipment held was reviewed. Based on the recommendation of the committee formed, the Management Board decided to change the depreciation rates from 1 January 2025, adjusting them to the economic useful lives identified. The effects of the changes will be reflected in the 2025 report. The financial statements for 2024 show the effects of the review of the economic useful lives of property, plant, and equipment made in 2023, whose depreciation rates have been changed since 1 January 2024. The useful lives that are determined after the review for individual items of property, plant and equipment are as follows:

Buildings and structures	1 to 30 years
Machinery and equipment	1 to 25 years
Means of transport	1 to 17 years
Other property, plant, and equipment	1 to 20 years

Assets held under a lease agreement are depreciated over their expected economic life on the same basis as own assets.

An item of property, plant and equipment may be derecognised upon disposal or when no economic benefit is expected from the continued use of such an asset. Any gain or loss arising from the derecognition of an asset is recognised in the statement of comprehensive income in the period in which the derecognition occurs.

5.9. Grant

Government grants related to assets are recognised at fair value.

In the financial statements, reimbursement of direct costs associated with the production of a new asset reduces the carrying amount of the asset.

Indirect costs are recognised systematically as they are incurred. Reimbursement received from the fund is recognised as income at the value of the costs incurred to ensure that they are commensurate with the costs incurred, which the Company offsets. In the statement of comprehensive income, the grant is shown at the offsetting value under general and administrative expenses.

5.10. Borrowing costs

Borrowing costs are capitalised in fixed assets until they are taken into use.

5.11. Intangible assets

Intangible assets comprise an entity's assets that do not have physical form, are identifiable and can be measured reliably, and will result in future economic benefits to the entity. Intangible assets are initially recognised at cost.

The straight-line method of amortisation is applied to intangible assets with finite useful lives.

5.12. Tangible assets held for sale

When an item of property, plant and equipment is available for sale in its present condition, taking into account the customary conditions for the sale of that type of asset, and its sale, according to the sales plans held, is highly probable within one year, then the Company classifies the asset as held for sale. The value of such an asset presented in the financial statements is the lower of its carrying amount and fair value less costs to sell.
As at 31 December 2024, the Company has no non-current assets held for sale.

5.13. Impairment of property, plant, and equipment, intangible assets, and legal assets

If there are indications of possible impairment of property, plant and equipment and intangible assets held, an impairment test is performed and the amounts of impairment losses determined reduce the carrying amount of the asset to which they relate and are charged to other operating expenses.

The amount of impairment losses is determined as the excess of the carrying amount of these assets over their recoverable amount. The amounts recognised for impairment losses are reversed when the reasons justifying them cease to exist.

5.14. Financial instruments

Financial instruments are recognised in the balance sheet when the Company becomes a party to a binding contract. The Company classifies as financial instruments any contract that gives rise simultaneously to a financial asset with one party and a financial liability or equity instrument with the other party, provided that economic effects are unequivocally derived from the contract between two or more parties.

Financial instruments under IFRS 9 “Financial Instruments” are classified at initial recognition based on:

- cash flow characteristics; and

- the business model under which the financial asset is managed.

IFRS 9 "Financial Instruments" defines three categories of financial assets:

- measured at amortised cost;
- measured at fair value through other comprehensive income; and
- measured at fair value through profit or loss.

The classification is made by the Company on initial recognition of the assets.

Financial assets

Financial assets are measured at fair value on recognition. The initial measurement is increased by transaction costs except for financial assets classified as measured at fair value through profit or loss. Transaction costs of disposal, if any, of an asset are not taken into account in the subsequent valuation of financial assets. A financial asset is recognised in the financial statements when the Company becomes a party to the agreement (contract) from which the financial asset results.

At the end of each reporting period, the Company assesses whether there is any indication that a financial asset (or group of financial assets) is impaired. In the case of instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below cost is taken into account, among other factors, in determining whether impairment has occurred.

Financial assets measured at fair value through profit or loss

This category includes two groups of assets: financial assets held for trading and financial assets designated on initial recognition as at fair value through profit or loss. A financial asset is classified as held-for-trading if it is acquired for the purpose of selling in the short term, if it is part of a portfolio that generates short-term gains, or if it is a derivative with a positive fair value. In the Company, this category primarily includes derivatives and debt or equity instruments that were acquired for the purpose of resale in the short term. As at 31 December 2024, the Company did not have any such financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their maturity, they are classified as non-current assets (assets falling due more than 1 year after the reporting date) or current assets (assets maturing within 1 year after the reporting date). Loans and receivables are measured at amortised cost at the end of the reporting period.

This category, as used by the Company, includes mainly trade receivables and bank deposits and other cash with a maturity of more than 3 months as well as loans and purchased unquoted debt instruments not included in other financial asset categories.

Financial liabilities

Financial liabilities are measured at fair value at the time they are recognised in the accounts. Transaction costs are included in the initial valuation except for financial liabilities categorised as at fair value through profit or loss. The transaction costs of disposing of a financial liability are not taken into account in the subsequent valuation of that liability. A financial liability is recognised in the statement of financial position when the Company becomes a party to the agreement (contract) from which this financial liability arises.

Financial liabilities measured at amortised cost

Other financial liabilities not classified as financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortised cost. This category mainly includes trade receivables and loans/borrowings. As at 31 December 2024, the Company had no financial liabilities for which amortised cost was determined.

5.15. Inventories

Inventories are assets held for sale in the ordinary course of business, being in the course of production for sale and being in the form of materials or raw materials consumed in the production process or in the course of providing services. Inventories include materials, goods, finished goods and work in progress.

Inventories of raw materials, materials, purchased goods and manufactured finished goods are valued at cost or net realisable value at the balance sheet date.

The costs incurred to bring each inventory item to its current location are recognised as follows:

- raw materials and supplies, at cost; and
- work in progress and finished goods, at technical production cost (determined as direct costs and a mark-up of indirect costs determined assuming normal capacity utilisation). The technical manufacturing cost does not include capitalised borrowing costs.

The Company adopted the FIFO method as the method of inventory disposal.

Inventories of goods, materials and finished products are written down as follows:

- finished goods, goods and materials excluding materials for the technical depot (spare parts) backdated more than 1 year: 50% of the carrying amount; and
- finished goods, merchandise and materials excluding materials relating to the technical warehouse (spare parts) backdated more than 2 years: 100% of the carrying amount.

Spare parts are subject to random impairment testing on a sample basis. If the test proves unfavourable and market prices are lower than the acquisition price held in the accounting records, a write-down is made of the value of stocks-spare parts by calculating an index based on the sample and relating it to the total value of the technical warehouse. We recognise the value of the write-down in the statement of comprehensive income in other expenses.

If the technical cost of finished goods inventory is higher than the expected selling price, write-downs are made to adjust the cost of sales. The selling price represents the price of sales made in the ordinary course of business.

5.16. Receivables from deliveries, works and services and other receivables

Receivables from deliveries, works and services, which usually have a maturity of between 7 and 90 days, are recognised at the amounts originally invoiced, including write-downs of bad debts. Write-downs of uncollectible receivables are estimated when collection of the full amount of the receivable is no longer probable. The amounts of write-downs for uncollectible receivables are reported under other operating expenses.

Other receivables include, in particular:

- advances made for future purchases of property, plant and equipment, intangible assets and inventories.

Advances are presented according to the nature of the assets. As non-monetary assets, advances are not subject to balance sheet valuation.

5.17. Cash and cash equivalents

Cash and cash equivalents reported in the financial statements include cash at bank and in hand and short-term deposits with an original maturity of three months or less.

The balance of cash and cash equivalents shown in the statement of cash flows consists of cash and cash equivalents as defined above and overdraft facilities.

Bank overdrafts are shown in the financial statements under “Short-term bank loans and borrowings.”

5.18. Provisions

Provisions are recognised when the Company has an existing obligation (legal or constructive) as a result of past events and when it is probable that fulfilling this obligation will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the liability.

5.19. Provisions for employee benefits

Under the Company's remuneration system, employees are entitled to post-employment disability and retirement pensions.

Post-employment benefits in the form of defined benefit plans (severance payments) and other long-term benefits (e.g. disability benefits) are determined using the projected unit credit method, with an actuarial valuation at the end of each year. Actuarial gains and losses are recognised in other comprehensive income.

Employee benefit amounts due to be paid in the year following the balance sheet date are included in short-term provisions. The remainder of the provision is included in long-term provisions.

Short-term employee benefits include accumulated unused employee leave and bonuses due within 12 months of the end of the period in which the employees performed related work.

5.20. Interest-bearing bank loans, borrowings and debt securities

All bank loans, borrowings and debt securities are recognised at cost corresponding to the fair value of the cash received.

Overdrafts irrespective of their contractual repayment date are presented as short-term loans.

5.21. Liabilities for deliveries, works and services and other liabilities

Liabilities for deliveries, works and services, which usually have a maturity of between 7 and 90 days, are recognised and reported at the amount payable.

Other liabilities include, in particular:

- liabilities for the purchase of fixed assets;
- payroll liabilities; and
- liabilities to the budget, with the exception of corporate income tax liabilities, which are a separate item in the financial statements.

Other liabilities are recognised at the amount payable.

5.22. Lease

Lease contracts that transfer substantially all the risks and benefits of ownership to the Company are recognised in the financial statements at the date of commencement of the lease at the fair value of the leased asset or the current value of the minimum lease payments. Lease fees are apportioned between financial costs and a reduction in the balance of the lease liability so as to produce a constant rate of interest on the outstanding liability. Financial costs are charged directly to finance costs.

Fixed assets used under leases are depreciated over the estimated useful life of an asset.

5.23. Revenue

Revenue is recognised to the extent that it is probable that the Company will acquire the economic benefits associated with the transaction and the amount of revenue can be measured reliably. Revenue is recognised net of value added tax (VAT) and discounts. The criteria outlined below also apply to revenue recognition.

Sales of products, goods, and materials

Revenue from sales of products, goods and materials includes receipts of economic benefits received or receivable, less amounts deducted on behalf of third parties.

Revenue from the sale of products, goods, and materials is recognised when the significant risks and benefits of ownership of these items have been transferred to the buyer and when the amount of revenue can be measured reliably.

Interest

Interest income is recognised consecutively as it accrues (using the effective interest method, which is the rate that discounts future cash receipts over the estimated useful life of the financial instruments) in relation to the net carrying amount of a financial asset.

5.24. Costs

Expenses are recognised as a probable decrease in economic benefits, with a reliably determined value, during the reporting period, in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions, which will lead to a decrease in equity or an increase in its deficiency by means other than withdrawal of funds by the owners.

Costs are recognised in the statement of comprehensive income on the basis of the direct relationship between the costs incurred and the achievement of specific revenues, i.e. applying the matching principle, through the prepayments and accruals account.

Cost accounting is carried out by nature and by cost centres, with the primary cost reporting format in the statement of comprehensive income is adopted as the cost by function variant.

5.25. Income tax

Current corporate tax liabilities are accrued in accordance with applicable tax regulations.

For financial reporting purposes, provision for income tax is made using the balance sheet liability method in respect of all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts as recognised in the statement of financial position.

Deferred tax liability is recognised in respect of all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the aforementioned differences, assets and losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced accordingly to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax liabilities and assets are recognised in the statement of financial position at offsetting amounts.

Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) in force at the balance sheet date or those that are certain to apply in the future at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

5.26. Net earnings per share

Net earnings per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares in the Company during the reporting period.

The Company has no dilutive potential ordinary shares.

6. Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	for the period			01/01/2024 – 31/12/2024			
	Land and right of perpetual use of land	Buildings and structures	Machinery and equipment	Means of transport	Other	Capital work in progress	Total
Opening gross balance	**22 513**	**66 283**	**92 057**	**3 299**	**3 891**	**47**	**188 090**
Increases	**0**	**755**	**2 649**	**1 025**	**160**	**4 268**	**8 857**
acquisition	0	755	2 649	1 025	160	4 268	**8 857**
Decreases	**0**	**0**	**297**	**412**	**278**	**4 107**	**5 094**
disposal	0	0	7	412	271	0	**690**
liquidation	0	0	290	0	7	0	**297**
Internal movements(+/-)	0	0	0	0	0	4 107	**4 107**
Closing gross balance	**22 513**	**67 038**	**94 409**	**3 912**	**3 773**	**208**	**191 853**
Opening depreciation balance	**356**	**23 464**	**47 839**	**1 548**	**1 969**	0	**75 176**
depreciation for the period	71	1 724	2 441	328	257	0	**4 821**
disposal / liquidation	0	0	258	344	278	0	**880**
Closing depreciation balance	**427**	**25 188**	**50 022**	**1 532**	**1 948**	**0**	**79 117**
Closing balance including depreciation and impairment allowance	**427**	**25 188**	**50 022**	**1 532**	**1 948**	**0**	**79 117**
Closing net balance	**22 086**	**41 850**	**44 387**	**2 380**	**1 825**	**208**	**112 736**

PROPERTY, PLANT AND EQUIPMENT	for the period			01/01/2023 – 31/12/2023			
	Land and right of perpetual use of land	Buildings and structures	Machinery and equipment	Means of transport	Other	Capital work in progress	Total
Opening gross balance	**22 513**	**65 651**	**90 340**	**3 049**	**3 784**	**391**	**185 728**
Increases	**0**	**632**	**1 789**	**520**	**107**	**2 703**	**5 751**
acquisition	0	632	1 789	520	107	2 703	**5 751**
Decreases	**0**	**0**	**72**	**270**	**0**	**3 047**	**3 389**
disposal	0	0	58	270	0	0	**328**
liquidation	0	0	14	0	0	0	**14**
Internal movements(+/-)	0	0	0	0	0	3 047	**3 047**
Closing gross balance	**22 513**	**66 283**	**92 057**	**3 299**	**3 891**	**47**	**188 090**
Opening depreciation balance	**285**	**21 767**	**45 536**	**1 590**	**1 703**	**0**	**70 881**
depreciation for the period	71	1 697	2 367	228	266	0	**4 629**
disposal / liquidation	0	0	64	270	0	0	**334**
Closing depreciation balance	**356**	**23 464**	**47 839**	**1 548**	**1 969**	**0**	**75 176**
Closing balance including depreciation and impairment allowance	**356**	**23 464**	**47 839**	**1 548**	**1 969**	**0**	**75 176**
Closing net balance	**22 157**	**42 819**	**44 218**	**1 751**	**1 922**	**47**	**112 914**

The risks and benefits of using assets acquired under leases are borne by the Company and depreciation is provided on these assets on a straight-line basis.

In implementing the provisions of IFRS 16 Leases, starting from 1 January 2019, the Company recognises in the item "Property, plant and equipment" the value of the right of perpetual usufruct of land, which had a value of PLN 5,064 thousand as at the date of entry into the books and amounts to PLN 4,638 thousand as at 31 December 2024. Depreciation of the right of perpetual usufruct of land is made using the straight-line method and for 2024 and 2023 amounted to PLN 71 thousand.

7. Intangible assets

INTANGIBLE ASSETS	for the period	01/01/2024 – 31/12/2024			
	Own development work	Acquired intangible assets			Total
		Patents, trademarks	licences	Other	
Opening gross balance	0	0	693	0	693
Increases	0	0	0	0	0
acquisition	0	0	0	0	0
Decreases	0	0	0	0	0
Closing gross balance	0	0	693	0	693
Opening depreciation balance	0	0	306	0	306
depreciation for the period	0	0	54	0	54
Closing depreciation balance	0	0	360	0	360
Closing balance including depreciation and impairment allowance	0	0	360	0	360
Closing net balance	0	0	333	0	333

INTANGIBLE ASSETS	for the period	01/01/2023 – 31/12/2023			
	Own development work	Acquired intangible assets			Total
		Patents, trademarks	licences	Other	
Opening gross balance	0	0	614	0	614
Increases	0	0	79	0	79
acquisition	0	0	79	0	79
Decreases	0	0	0	0	0
Closing gross balance	0	0	693	0	693
Opening depreciation balance	0	0	261	0	261
depreciation for the period	0	0	45	0	45
Closing depreciation balance	0	0	306	0	306
Closing balance including depreciation and impairment allowance	0	0	306	0	306
Closing net balance	0	0	387	0	387

Intangible assets did not provide security for the Company's liabilities as at 31 December 2024 and 31 December 2023.

There are no intangible assets held for sale as at 31 December 2024 and 31 December 2023.

8. Other financial assets

OTHER FINANCIAL ASSETS		
Long-term	**12/31/2024**	**12/31/2023**
Shares in Textilimpex Łódź	1	1
Total	**1**	**1**

9. Inventories

INVENTORIES	balance as at		2024-12-31		
	Materials	Work in progress	Finished goods	Goods	TOTAL
Valuation at cost	28 102	341	6 713	20	**35 176**
Valuation at net realisable value	*0*	*0*	*0*	0	**0**
Opening balance of inventory impairment losses	110	0	345	0	**455**
Amounts of reversal of inventory impairment losses recognised as a reduction of these write-downs in the period	34	0	0	0	**34**
Amounts of inventory impairment losses recognised as a cost in the period	53	0	68	0	**121**
Closing balance of inventory impairment losses	**129**	**0**	**413**	**0**	**542**
Amount of inventories recognised as a cost in the period	288	0	143 128	0	**143 416**
Carrying amount of inventories	**27 973**	**341**	**6 300**	**20**	**34 634**
Amount of inventories pledged as security for liabilities					**0**

INVENTORIES	balance as at		2023-12-31		
	Materials	Work in progress	Finished goods	Goods	TOTAL
Valuation at cost	18 373	251	5 988	20	**24 632**
Valuation at net realisable value	*0*	*0*	*9*	*0*	**9**
Opening balance of inventory impairment losses	177	0	247	*0*	**424**
Amounts of reversal of inventory impairment losses recognised as a reduction of these write-downs in the period	124	0	0	*0*	**124**
Amounts of inventory impairment losses recognised as a cost in the period	57	0	98	*0*	**155**
Closing balance of inventory impairment losses	**110**	**0**	**345**	**0**	**455**
Amount of inventories recognised as a cost in the period	*313*	0	*138 919*	*1*	**139 233**
Carrying amount of inventories	**18 263**	**251**	**5 643**	**20**	**24 177**
Amount of inventories pledged as security for liabilities					**0**

The dissolution of the value of written-off raw materials and supplies and spare parts in 2024 in the amount of PLN 34 thousand is related to their consumption in current production.

10. Receivables from deliveries, works and services

RECEIVABLES FROM DELIVERIES, WORKS AND SERVICES	2024-12-31	2023-12-31
Receivables from deliveries, works and services from related parties	0	0
Receivables from deliveries, works and services from other parties	14 307	17 241
Total receivables	**14 307**	**17 241**
Allowance for receivables from deliveries	207	636
Net receivables from deliveries	**14 100**	**16 605**

CHANGES IN IMPAIRMENT LOSSES	2024-12-31	2023-12-31
Opening balance	636	713
Increases	72	61
Decreases	501	138
Closing balance	**207**	**636**

AGE STRUCTURE OF RECEIVABLES FROM DELIVERIES, WORKS AND SERVICES	Gross value	Impairment loss	Gross value	Impairment loss
	2024-12-31		2023-12-31	
performing	11 750	7	14 407	5
Up to 3 months past due	2 367	23	2 081	11
From 3 up to 6 months past due	40	28	141	15
Over 6 to 12 months past due	8	7	32	25
Over 1 year past due	142	142	580	580
Total	**14 307**	**207**	**17 241**	**636**

Trade receivables are non-interest bearing and generally have a payment term of 7 to 90 days.

The Company applies the policy of selling only to verified clients. Close to 95% of receivables are insured. In addition, the Company has applied simplifications to the write-down of receivables for the remaining 5% of uninsured customers in 2024. For the financial year, the Company has determined an allowance percentage calculated by the proportion of revenue earned in the last three years to the value of bad debts written off in the same period. This ratio for 2024 is close to zero percent. The Company creates revaluation allowances 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 revaluation allowance for bad debt.

11. Other receivables and prepayments

OTHER RECEIVABLES AND PREPAYMENTS	2024-12-31	2023-12-31
Other non-financial assets:		
- budget receivables	426	464
- advances for fixed assets	36	90
- prepayments	766	533
- other	24	220
TOTAL	**1 252**	**1 307**
- long-term part	0	0
- short-term part	1 252	1 307
TOTAL	**1 252**	**1 307**

12. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	2024-12-31	2023-12-31
Cash at bank and in hand	2 867	8 616
Short-term deposits	0	133
Total	**2 867**	**8 749**

CASH AND CASH EQUIVALENTS DISCLOSED IN THE CASH FLOW STATEMENT	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Cash at bank and in hand	2 867	8 616
Short-term deposits	0	133
Total	**2 867**	**8 749**

13. Share capital

STATED CAPITAL AS AT 31 December 2024				
Series / issue	Type of share	Type of preference of shares	Number of shares	Value of series / issue at nominal value
A	bearer share	ordinary	2,500,000	5,000,000
Total share capital				**5,000,000**
Total number of shares			**2,500,000**	
The nominal value per share is				*2.00*

The composition of the shareholders as at 31 December 2024, according to the information available to the Company, indicating the shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's General Meeting is shown in the table below:

Shareholders as at 31/12/2024	Number of shares	% of capital
Vaporjet Ltd. (through its subsidiary Tebesa Sp. z o.o.)	1,602,719	64.11%
Finveco Sp. z o.o. (directly and indirectly through its subsidiary Finveco Investements Sp. z o.o.S.K.A.)	691,000	27.64%
Other	206,281	8.25%
	2,500,000	**100.00%**

STATED CAPITAL AS AT 31 December 2023				
Series / issue	Type of share	Type of preference of shares	Number of shares	Value of series / issue at nominal value
A	bearer share	ordinary	2,500,000	5,000,000
Total share capital				**5,000,000**
Total number of shares			**2,500,000**	
The nominal value per share is				*2.00*

The composition of the shareholders as at 31 December 2023, according to the information available to the Company, indicating the shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's General Meeting is shown in the table below:

Shareholders as at 31/12/2023	Number of shares	% of capital
Vaporjet Ltd. (through its subsidiary Tebesa Sp. z o.o.)	1,602,719	64.11%
Finveco Sp. z o.o. (directly and indirectly through its subsidiary Finveco Investements Sp. z o.o.S.K.A.)	691,000	27.64%
Other	206,281	8.25%
	2,500,000	**100.00%**

NUMBER OF SHARES MAKING UP THE STATED CAPITAL	12/31/2024	12/31/2023
Ordinary shares with a nominal value of PLN 2	2,500,000	2,500,000
Total	**2,500,000**	**2,500,000**

SHARE CAPITAL	12/31/2024	12/31/2023
Ordinary shares	2.00	2.00
Value of stated capital in PLN k	**5,000**	**5,000**

14. Reserve and spare capitals

	for the period 01/01/2024 – 31/12/2024		
	Supplementary capital	Reserve capital	Total
Opening balance	**64 445**	**1 000**	**65 445**
Changes in accounting policies	0	0	0
Opening balance as adjusted (restated)	64 445	1 000	65 445
Increases due to reclassification of profit	286	0	286
Dividend payment	(8 000)	0	(8 000)
Closing balance	**56 731**	**1 000**	**57 731**

	for the period 01/01/2023 – 31/12/2023		
	Supplementary capital	Reserve capital	Total
Opening balance	83 076	**1 000**	**84 076**
Changes in accounting policies	0	0	0
Opening balance as adjusted (restated)	83 076	1 000	84 076
Increases due to reclassification of profit	0	0	0
Dividend payment	(18 631)	0	(18 631)
Closing balance	**64 445**	**1 000**	**65 445**

15. Provisions for employee benefits

PROVISIONS		
Provisions for employee benefits	**period**	
	01/01/2024 – 31/12/2024	**01/01/2023 – 31/12/2023**
Opening balance, including:	**898**	**684**
Opening balance of short-term provisions	*710*	*493*
Opening balance of long-term provisions	*188*	*191*
Increases	**693**	**708**
Created in the period and increase of the existing ones	693	708
Decreases	**694**	**494**
Used during the year	647	488
Released in the period	47	6
Closing balance, including:	**897**	**898**
Closing balance of short-term provisions	*709*	*710*
Closing balance of long-term provisions	*188*	*188*

The basis for calculating the provision for severance payments is the Labour Code.

The provision was calculated using the individual method, for each employee separately. The provision is measured on the basis of the present value of the Company's future long-term liabilities for retirement and disability benefits. The valuation of the present value of the liabilities was carried out using actuarial techniques in line with IAS 19. The current value of the liabilities was calculated using the projected unit credit method, using discounted cash flows, based on the relevant employee information.

CHANGES IN NET EMPLOYEE BENEFIT LIABILITIES/ASSETS DURING THE PERIOD	Odprawy emerytalne i rentowe oraz nagrody jubileuszowe	
	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Opening balance of net liabilities/assets	**251**	**235**
Costs recognised in the revaluation reserve	-	28
Net expense recognised in the profit and loss account	27	27
Benefits paid	(46)	(39)
Closing balance of net liabilities/assets	**232**	**251**

NET COST OF EMPLOYEE BENEFITS	Odprawy emerytalne i rentowe oraz nagrody jubileuszowe	
	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Current employment cost	(14)	(11)
Interest expense on employee benefit obligations	(13)	(16)
Actual return on plan assets	**(27)**	**(27)**

KEY ACTUARIAL ASSUMPTIONS USED IN THE DETERMINATION OF THE EMPLOYEE BENEFIT LIABILITIES		
	12/31/2024	12/31/2023
Discount rate	5.85%	5.20%
Employee turnover rate (women)	7.91%	8.02%
Employee turnover rate (male)	13.72%	12.82%
Increase in the basis for retirement and disability severance payments	2.83%	2.83%

The possibility of employee redundancy was estimated using a probability distribution, taking into account the Company's statistics. The probability of an employee becoming redundant is based on the age and gender of the employee and is constant throughout each year of service.

The risk of death was expressed in terms of the most recent statistics from the Polish life tables for men and women published by the Central Statistical Office (CSO) as at the date of valuation reduced by coefficients differentiated by gender and age brackets. The reduction factors were estimated on the basis of an analysis of historical mortality data for more than 50 companies. The probability of an employee becoming disabled was estimated on the basis of the author's TPD tables prepared for Trio Valuation using data from the Social Insurance Institution on first-time incapacity for work decisions issued by certifying doctors between 2011 and 2020.

SENSITIVITY ANALYSIS OF CHANGES IN ACTUARIAL ASSUMPTIONS						
Provision title	Financial discount rate		Planned increases in bases		Staff mobility rate	
	-0.5 p.p.	+ 0.5 p.p.	-0.5 p.p.	+ 0.5 p.p.	-0.5 p.p.	+ 0.5 p.p.
Retirement severance payments	230 057	215 710	214 819	232 096	228 722	216 886
Disability severance payments	21 692	20 169	20 134	21 825	21 659	20 185
Total provisions	**251 749**	**235 879**	**234 953**	**253 921**	**250 381**	**237 071**

Provisions for employee benefits also include provisions for bonuses for members of the Company's Management Board and a provision for unused employee leave.

16. Bank loans and borrowings

In 2024, the Company maintained external funding at the same level compared to the previous year. The Company had a multiline agreement signed with Santander Bank Polska S.A. with a limit of PLN 35,000 thousand and a multiline agreement signed with mBank S.A. with a limit of PLN 5,700 thousand.

The table below shows the loan agreements held by NOVITA S.A. as at 31 December 2024.

SHORT-TERM BANK LOANS AND BORROWINGS			12/31/2024	12/31/2023
Item	Effective interest rate	Due date		
SANTANDER multiline intended for overdraft, revolving credit or letters of credit	WIBOR 1M, EURIBOR 1M, SOFR 1M + margin	08/08/2026	0	0
mBank S.A. multiline intended for overdraft or letters of credit	WIBOR ON, ESTR ON, SOFR ON + margin	30/09/2026	0	0
Total			**0**	**0**

17. Other financial liabilities

FINANCIAL LEASE LIABILITIES				
FUTURE MINIMUM LEASE FEES AND CURRENT VALUE OF NET MINIMUM LEASE FEES				
	2024-12-31		2023-12-31	
	Minimum payments	Present value of minimum charges	Minimum payments	Present value of minimum charges
in the period up to 1 year	503	374	157	28
in the period from 1 to 5 years	627	122	627	119
in the period over 5 years	9 408	4 758	9 565	4 790
Total	**10 538**	**5 254**	**10 349**	**4 937**

With the introduction of IFRS 16, the Company introduced the value of the right of perpetual usufruct to property, plant and equipment and recognised a lease liability at the current value of the remaining fees for perpetual usufruct of land (the right expires in December 2089), discounted using the marginal interest rate (2.70%) at the date of initial application. The Company recognised the right-of-use asset at an amount equal to the liability. The Company recognised a lease liability (fees for perpetual usufruct of land) at the date of first application in the amount of PLN 5,064 thousand, including PLN 23 thousand for short-term and PLN 5,041 thousand for long-term.

Carrying value of fixed assets – rights of perpetual usufruct of land as at 31 December 2024 amounted to PLN 4,638 thousand. Liabilities under the right of perpetual usufruct as at 31 December 2024 amounted to PLN 4,909 thousand, including short-term of PLN 28 thousand and long-term of PLN 4,881 thousand.

In implementing the provisions of IFRS 16 Leases, starting from 1 September 2024, the Company recognises in the item of "Property, plant and equipment" the hired means of transport, which had a value of PLN 398 thousand as at the date of entry into the books and amounts to PLN 372 thousand as at 31 December 2024. Depreciation of the means of transport is carried out using the straight-line method. In addition, the Company recognised a liability for the hired means of transport, which is entirely a current liability of PLN 346 thousand as at 31 December 2024.

18. Liabilities for deliveries, works and services

LIABILITIES FOR DELIVERIES, WORKS AND SERVICES	2024-12-31	2023-12-31
Trade payables from related parties	11	11
Trade payables from other parties	18 935	13 139
Total	**18 946**	**13 150**

19. Other liabilities and accruals

OTHER LIABILITIES AND ACCRUALS	2024-12-31	2023-12-31
Other liabilities:		
- accruals	100	128
- payroll liabilities	997	889
- investment liabilities	173	192
- other	1 756	1 238
TOTAL	**3 026**	**2 447**
- long-term part	0	0
- short-term part	3 026	2 447
Other tax liabilities:		
- VAT	631	598
- personal income tax	221	176
- social security liabilities	1 124	1 009
- Polish Rehabilitation Fund for the Disabled (PFRON) liabilities	3	0
TOTAL	**1 979**	**1 783**
- long-term part	0	0
- short-term part	1 979	1 783

20. Revenues on sales of products, goods and materials

REVENUE ON SALES OF PRODUCTS, GOODS AND MATERIALS		
	Continuing operations	
period	01/01/2024 31/12/2024	01/01/2023 31/12/2023
domestic		
Revenue on sales of products	96 329	86 778
Revenue on sales of services	6 074	5 391
Revenue on sales of materials	509	418
Revenue on sales of goods	0	4
foreign		
Revenue on sales of products	96 393	91 560
Revenue on sales of services	4	23
Revenue on sales of materials	796	721
Revenue on sales of goods	0	0
TOTAL	**200 105**	**184 895**

21. Costs by type

COSTS BY TYPE		
period	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Depreciation of fixed assets	4 821	4 629
Amortisation of intangible assets	55	45
Consumption of raw materials, supplies and energy	130 103	127 144
Costs of outsourced services	11 822	9 852
Costs of employee benefits	20 656	18 695
Costs of taxes and charges	2 393	2 101
Other costs	2 188	2 163
Value of goods and materials sold	289	314
Change in the balance of products and work in progress and write-downs	(833)	(405)
TOTAL	**171 494**	**164 538**
Sales costs	7 217	6 613
General administrative costs	18 233	16 174
Costs of products, goods and materials sold	146 044	141 751
TOTAL	**171 494**	**164 538**

The costs presented include the impact of public assistance under the Law of 27 October 2022 on emergency measures to limit electricity prices and support certain consumers in 2023, which affects the Company's core business and was recognised in the cost of products sold on the basis of the compensation received, settled in current invoices from the electricity supplier reflected in the costs for the 12 months of 2024 in the amount of PLN 1,081 thousand on EBITDA and PLN 876 thousand on net profit.

COSTS OF EMPLOYEE BENEFITS		
period	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Costs of wages and salaries	16 686	15 035
Social security costs	3 050	2 972
Koszty ZFŚS	415	330
Pozostałe koszty świadczeń pracowniczych	505	358
TOTAL	**20 656**	**18 695**

COSTS OF EMPLOYEE BENEFITS		
period	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Items recognised in cost of goods sold	10 815	9 473
Items included in cost of sales	0	0
Items recognised in general administrative costs	9 841	9 222
TOTAL	**20 656**	**18 695**

22. Other revenue and costs

OTHER REVENUE	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Profit on sales of property, plant and equipment	263	120
Reimbursement for court fees	0	9
Indemnities received	352	28
Compensation	40	6 194
Other	31	40
TOTAL	**686**	**6 391**

In 2023, the Company acquired twice the rights to receive public assistance under the government programme with the name of "Assistance for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2022". In accordance with the application of IAS 20, the Company recognises such assistance when it is received.

In 2024, the Company received money under the assistance programme described above of PLN 50 thousand, which was recognised in the other operating income less the costs closely related to receiving the compensation in the amount of PLN 10 thousand. In the statement of comprehensive income, the Company recognised a compensated value of PLN 40 thousand.

In 2023, the Company received money under the assistance programme described above of PLN 6,354 thousand, which was recognised in the other operating income less the costs closely related to receiving the compensation in the amount of PLN 160 thousand. In the statement of comprehensive income, the Company recognised a compensated value of PLN 6,194 thousand.

OTHER COSTS	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Impairment losses on receivables	2	15
Litigation costs	36	0
Donations made	64	9
Value of raw materials and consumables written off	19	19
Other	1	3
TOTAL	**122**	**46**

23. Financial revenue and costs

FINANCIAL REVENUE	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Interest revenue	346	735
Foreign exchange gains	0	860
TOTAL	**346**	**1 595**

FINANCIAL COSTS	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Cost of interest, including costs related to:	174	167
bank loans	23	19
financial lease contracts	138	130
provisions for employee benefits	13	16
budget costs	0	2
Foreign exchange losses	683	0
Other	130	117
TOTAL	**987**	**284**

24. Income tax

MAIN COMPONENTS OF TAX DEBIT/CREDIT IN THE STATEMENT OF COMPREHENSIVE INCOME	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Current income tax disclosed in the profit and loss account	4 084	4 345
- current income tax (debit)	4 084	4 345
Deferred income tax disclosed in the profit and loss account	876	382
- deferred tax (debit)/credit related to the emergence and reversal of temporary differences	876	382
tax (debit)/credit disclosed in the profit and loss account, including:	4 960	4 727
- attributed to continuing operations	4 960	4 727
Income tax related to items disclosed in other comprehensive income	2	5
- deferred tax (debit)/credit related to the revaluation of provisions for employee benefits	2	5
tax (debit)/credit disclosed in the statement of comprehensive income	4 962	4 732

RECONCILIATION OF INCOME TAX ON GROSS PROFIT (LOSS) BEFORE TAX WITH INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT		
Period	**01/01/2024 31/12/2024**	**01/01/2023 31/12/2023**
Gross financial result before tax for continuing operations	28 534	28 013
Profit/loss before tax from discontinued operations	0	0
Gross financial result before tax	**28 534**	**28 013**
Tax rate applicable in Poland	19,0%	19,0%
tax (debit) according to the applied tax rate	5 421	5 322
Charges to the Polish Rehabilitation Fund for the Disabled (PFRON)	1	0
Exchange differences due to VAT	1	5
Representation costs	22	15
Supervisory Board	4	6
Management Board insurance	3	3
Donation	12	2
Written-off receivables	84	0
Other	7	12
R&D tax relief and hypothetical interest	**595**	**638**
tax (debit)/credit disclosed in the profit and loss account	**4 960**	**4 727**

Period	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Gross financial result before tax for continuing operations	28 534	28 013
Profit/loss before tax from discontinued operations	0	0
Gross financial result before tax	**28 534**	**28 013**
tax (debit) disclosed in the profit and loss account	4 960	4 727
Effective tax rate (in %)	**17,4%**	**16,9%**

In its 2024 corporate income tax return, the Company benefited from a deduction reducing the tax base due to deductible costs incurred for research and development activities, reducing tax by an amount of PLN 500 thousand. As part of its tests, the Company incurred costs which, in accordance with the Corporate Income Tax Act, are eligible costs allowing it to benefit from the tax deduction.

In addition, the Company benefited from the accrual of what is known as notional interest as part of the tax credit for 2023 (adjustment of the annual return) and for 2024 in a total amount reducing corporate income tax by PLN 95 thousand.

DEFERRED INCOME TAX	Financial statements		Profit and loss account		Other comprehensive income	
Deferred income tax provision	**2024-12-31**	**2023-12-31**	**01/01/2024 31/12/2024**	**01/01/2023 31/12/2023**	**01/01/2024 31/12/2024**	**01/01/2023 31/12/2023**
- exchange differences	9	54	(45)	29	0	0
- depreciation differences	8 500	7 583	917	880	0	0
- activated right of perpetual usufruct of land	3 106	3 106	0	0	0	0
- incoterms cost of sales	38	0	38	0	0	0
- other	1	0	1	(547)	0	0
Gross deferred income tax provision	**11 654**	**10 743**	**911**	**362**	**0**	**0**
Deferred tax assets	**2024-12-31**	**2023-12-31**	**01/01/2024 31/12/2024**	**01/01/2023 31/12/2023**	**01/01/2024 31/12/2024**	**01/01/2023 31/12/2023**
- inventory impairment losses	78	67	11	20	0	0
- exchange differences	60	6	54	(1)	0	0
- write-downs of receivables	29	116	(87)	(1)	0	0
- employee benefits	46	48	(4)	(2)	2	5
- provision for future expenses	19	24	(5)	14	0	0
- unpaid wages (provisions for bonuses and annual leave)	126	125	1	(46)	0	0
- perpetual usufruct of land fee	52	44	8	9	0	0
- sales - incoterms	53	0	53	0	0	0
- value of materials/raw materials written off	25	21	4	(13)	0	0
Gross deferred income tax assets	**488**	**451**	**35**	**(20)**	**2**	**5**
Deferred tax assets recognised in the statements	**0**	**0**				
Deferred tax liability recognised in the statements	**11 166**	**10 292**				

25. Earnings per share

EARNINGS PER SHARE	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Earnings for the reporting period attributable to:	**23 574**	**23 286**
Shareholders of the entity	23 574	23 286

Net earnings attributable to ordinary shareholders (basic)						
Item	01/01/2024 31/12/2024			01/01/2023 31/12/2023		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net earnings for the reporting period attributable to shareholders	23 574	0	23 574	23 286	0	23 286
Total	**23 574**	**0**	**23 574**	**23 286**	**0**	**23 286**

Weighted average number of ordinary shares	01/01/2024 31/12/2024	01/01/2023 31/12/2023
Weighted average number of shares at the beginning of the period	2,500,000	2,500,000
Closing weighted average number of ordinary shares	2,500,000	2,500,000

Basic earnings per share	01/01/2024 31/12/2024	01/01/2023 31/12/2023
on continuing and discontinued operations	9.43	9.31
on continuing operations	9.43	9.31

26. Dividends

DECLARED AND PAID DURING THE REPORTING PERIOD		
Dividends on ordinary shares:	**01/01/2024 31/12/2024**	**01/01/2023 31/12/2023**
Dividend for 2022 of PLN 21,369 thousand and additional dividend from supplementary capital of PLN 413 thousand for 2020 and PLN 8,218 thousand for 2021 paid on 17 July 2023, AGM Resolution No 6 of 17 July 2023. The total amount of PLN 30,000,000.00, i.e. PLN 12.00 per Company share, has been allocated for the payment of dividends to the Company's Shareholders.	0	30 000
Additional dividend for 2021 paid on 28 December 2023, EGM Resolution No 4 of 13 December 2023. The total amount of PLN 10,000,000.00, i.e. PLN 4.00 per Company share, has been allocated for the payment of dividends to the Company's Shareholders.	0	10 000
Dividend for 2023 in the amount of PLN 23,000 thousand, i.e. of PLN 9.20 per one Company share, paid on 8 August 2024, AGM Resolution No. 6 of 26 June 2024.	23 000	
Additional dividend from the capital reserve in the amount of PLN 8,000 thousand, i.e. in the amount of PLN 3.20 per Company share for 2018, paid on 23 December 2024, EGM Resolution No. 4 of 10 December 2024.	8 000	
Total	**31 000**	**40 000**

27. Information about operating segments

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

- the segment of mechanically needled nonwovens;
- the segment of water-needled nonwovens (spunlace);
- the segment of rental services;
- Other segment, within which the Company allocates revenue and costs from the sale of goods and materials and other revenue and costs not allocated to the above operating segments.

The division into mechanically needled and spunlace products is based differences in the manufacturing technology. These operating segments are separated in the accounting records of the Company.

The accounting principles in all segments are consistent with the principles applied by the Company.

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 revenue and costs), assets and receivables as well as income tax are monitored at Company level and they are not allocated to segments.

OPERATING SEGMENTS	for the period	01/01/2024 – 31/12/2024			
	Continuing operations				Total operations
	Mechanically needled nonwovens	Water-needled nonwovens (spunlace)	Rental	Other	
Revenues from external customers	13 789	179 184	5 828	1 304	200 105
Material items of revenue and costs, including:	(12 918)	(155 323)	(2 964)	(289)	(171 494)
Cost of manufacture of the sold products	(10 923)	(132 205)	(2 627)	0	(145 755)
Value of goods and materials sold	0	0	0	(289)	(289)
Sales costs	(629)	(6 588)	0	0	(7 217)
General administrative costs	(1 366)	(16 530)	(337)	0	(18 233)
Reporting segment profit or loss	**871**	**23 861**	**2 864**	**1 015**	**28 611**
Other operating revenue/costs	15	365	(4)	188	564
Operating profit/loss of the segment	**886**	**24 226**	**2 860**	**1 203**	**29 175**
Amortisation	510	3 734	632	0	4 876
EBITDA	**1 396**	**27 960**	**3 492**	**1 203**	**34 051**

Revenue	
Total revenue of reportable segments	200 105
Other revenue	686
Financial revenue	346
Exclusion of revenue from inter-segment transactions	0
Entity revenue	**201 137**
Costs	
Total costs of reportable segments	(171 494)
Other costs	(122)
Financial costs	(987)
Exclusion of expenses for inter-segment transactions	0
Entity expenses	**(172 603)**
Profit	
Total profit of reportable segments	29 175
Exclusion of profits from inter-segment transactions	0
Profit(loss) on unallocated items	(641)
Profit before tax	**28 534**

Information about geographic areas	Revenue	Tangible assets
Domestic sales	102 912	*
Sales abroad	97 193	*

* The tangible assets used in operating activities serve the manufacture of the products sold to the domestic as well as international market.

Sales by countries	percentage
Poland	51%
Country 1	15%
Country 2	15%
Other	19%

The basis of revenue attribution to individual countries is identified by customer registration data.

Information about major customers	Share in revenue	Operating segment
Client 1	15%	Water-needled nonwovens (spunlace)
Client 2	10%	Water-needled nonwovens (spunlace)

OPERATING SEGMENTS	for the period	01/01/2023 – 31/12/2023			
	Continuing operations				Total operations
	Mechanically needled nonwovens	Water-needled nonwovens (spunlace)	Rental	Other	
Revenues from external customers	14 648	163 820	5 284	1 143	184 895
Material items of revenue and costs, including:	(13 900)	(147 505)	(2 819)	(314)	(164 538)
Cost of manufacture of the sold products	(11 941)	(126 978)	(2 518)	0	(141 437)
Value of goods and materials sold	0	0	0	(314)	(314)
Sales costs	(593)	(6 020)	0	0	(6 613)
General administrative costs	(1 366)	(14 507)	(301)	0	(16 174)
Reporting segment profit or loss	**748**	**16 315**	**2 465**	**829**	**20 357**
Other operating revenue/costs	259	5 949	20	117	6 345
Operating profit/loss of the segment	**1 007**	**22 264**	**2 485**	**946**	**26 702**
Amortisation	481	3 578	615	0	4 674
EBITDA	**1 488**	**25 842**	**3 100**	**946**	**31 376**

Revenue	
Total revenue of reportable segments	184 895
Other revenue	6 391
Financial revenue	1 595
Exclusion of revenue from inter-segment transactions	0
Entity revenue	**192 881**

Costs	
Total costs of reportable segments	(164 538)
Other costs	(46)
Financial costs	(284)
Exclusion of expenses for inter-segment transactions	0
Entity expenses	**(164 868)**

Profit	
Total profit of reportable segments	26 702
Exclusion of profits from inter-segment transactions	0
Profit(loss) on unallocated items	1 311
Profit before tax	**28 013**

Information about geographic areas	Revenue	Tangible assets
Domestic sales	92 591	*
Sales abroad	92 304	*

* The tangible assets used in operating activities serve the manufacture of the products sold to the domestic as well as international market.

Sales by countries	percentage
Poland	50%
Country 1	17%
Country 2	14%
Other	19%

Information about major customers	Share in revenue	Operating segment
Client 1	17%	Water-needled nonwovens (spunlace)
Client 2	10%	Water-needled nonwovens (spunlace)
Client 2	10%	Water-needled nonwovens (spunlace)

28. Transactions with affiliates

All transactions with the affiliates were concluded on the market terms.

The following tables show the total amounts of transactions concluded with related parties in the period from 1 January to 31 December 2024 and from 1 January to 31 December 2023.

TRANSACTIONS WITH RELATED PARTIES*	for the period	01/01/2024 31/12/2024		
Parties to the transaction	Sale	Receivables*	Purchase	Liabilities*
TEBESA SP. Z O.O.	16	0	0	0
VAPORJET	0	0	129	11

*The amounts are shown gross

TRANSACTIONS WITH RELATED PARTIES*	for the period	01/01/2023 31/12/2023		
Parties to the transaction	Sale	Receivables*	Purchase	Liabilities*
TEBESA SP. Z O.O.	7	0	0	0
VAPORJET	0	0	319	11

*The amounts are shown gross

29. Remuneration of key executive staff

REMUNERATION OF KEY EXECUTIVE STAFF	01/01/2024 31/12/2024*	01/01/2023 31/12/2023*
Short-term employee benefits	1 958	1 870
Total	**1 958**	**1 870**

* The figures presented for 2024 include a provision for a bonus for the Management Board in the amount of PLN
* The figures presented for 2023 include a provision for a bonus for the Management Board in the amount of PLN

30. Objectives and principles of financial risk management

The objective of financial risk management at “NOVITA” S.A. is to limit the volatility of the generated cash flows and the financial performance on core business activities to an acceptable level. The Company actively manages financial risk through the use of natural hedging mechanisms to the extent consistent with its financial risk management strategy. The main financial instruments used by the Company include bank loans, cash and financial lease contracts. The main task of the said instruments is to support and financially hedge the Company's day-to-day operations by stabilising and neutralising the risks of liquidity, exchange rate and interest rate volatility. Other financial instruments, such as trade receivables and liabilities, arise in connection with the Company's day-to-day business activities and are their integral part.

30.1. Interest rate risk

As the cash in the Company's bank accounts does not bear interest, only lease and loan liabilities were subject to sensitivity analysis of the gross result to reasonably possible changes in interest rates while other factors remain constant.

The sensitivity analysis for interest rate changes is presented below:

FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS			
Balance as at	2024-12-31		
	Carrying amount	Increase/decrease by percentage points	Effect on gross profit (loss)
Financial assets			
Cash	2 867	0	0
Available-for-sale financial assets	0	0	0
Other financial assets	1	0	0
Financial liabilities			
Bank loans and borrowings	0	1	0
Financial liabilities from lease	5 254	1	+53/-53
Other financial liabilities	0	0	0

FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS			
Balance as at	2023-12-31		
	Carrying amount	Increase/decrease by percentage points	Effect on gross profit (loss)
Financial assets			
Cash	8 749	0	0
Available-for-sale financial assets	0	0	0
Other financial assets	1	0	0
Financial liabilities			
Bank loans and borrowings	0	1	0
Financial liabilities from lease	4 937	1	+50/-50
Other financial liabilities	0	0	0

30.2. 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 will strive to preserve the natural balance between receivables and liabilities denominated in foreign currencies to minimise exposure to the foreign exchange risk.

Analysis of the Company's sensitivity to a percentage increase or decrease in the exchange rate between PLN and foreign currencies:

FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS			
Balance as at	2024-12-31		
	Carrying amount	Increase/decrease by percentage points	Effect on gross profit (loss)
Financial assets			
Cash in EUR	2 050	5	+102/-102
Cash in USD	20	5	+1/-1
Trade and other receivables in EUR	9 764	5	+488/-488
Trade and other receivables in USD	44	5	+2/-2
Financial liabilities			
Overdrafts in EUR	0	5	0
Overdrafts in USD	0	5	0
Trade liabilities in EUR	5 108	5	+255/-255
Trade liabilities in USD	8 442	5	+422/-422

FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS			
Balance as at	2023-12-31		
	Carrying amount	Increase/decrease by percentage points	Effect on gross profit (loss)
Financial assets			
Cash in EUR	4 635	5	+232/-232
Cash in USD	603	5	+30/-30
Trade and other receivables in EUR	12 167	5	+608/-608
Trade and other receivables in USD	0	5	0
Financial liabilities			
Overdrafts in EUR	0	5	0
Overdrafts in USD	0	5	0
Trade liabilities in EUR	6 154	5	+308/-308
Trade liabilities in USD	11 593	5	+580/-580

30.3. Credit risk

The Company's credit risk is closely related to its core activities. It results from the agreements concluded 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. In addition, by insuring almost 95% of receivables, the Company's exposure to credit risk is negligible.

30.4. Liquidity risk

The Company is exposed to the risk of liquidity loss 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 prevents any negative events related to delays in the timely payment of liabilities.

The Company's financial liabilities as at 31 December 2024 and 31 December 2023 are presented below by maturity date based on contractual undiscounted payments:

2024-12-31	Overdraft	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Interest-bearing loans and borrowings	0	0	0	0	0
Lease liabilities	0	374	122	4 758	5 254
Liabilities for deliveries, works and services	0	18 946	0	0	18 946
TOTAL	**0**	**19 320**	**122**	**4 758**	**24 200**

2023-12-31	Overdraft	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Interest-bearing loans and borrowings	0	0	0	0	0
Lease liabilities	0	28	119	4 790	4 937
Liabilities for deliveries, works and services	0	13 150	0	0	13 150
TOTAL	**0**	**13 178**	**119**	**4 790**	**18 087**

31. Financial instruments

The following tables show the carrying amounts of all financial instruments by class and category of assets and liabilities as at 31 December 2024 and 31 December 2023:

CARRYING VALUES AND FAIR VALUES BY FINANCIAL INSTRUMENT CATEGORY					
	Category according to IFRS 9	Carrying amount		Fair value	
		2024-12-31	2023-12-31	2024-12-31	2023-12-31
Financial assets		**16 967**	**25 354**	**16 967**	**25 354**
Cash	FVTPL	2 867	8 749	2 867	8 749
Receivables from deliveries, works and services	AC	14 100	16 605	14 100	16 605
Loans receivable	AC	0	0	0	0
Financial liabilities		**27 226**	**20 534**	**27 226**	**20 534**
Financial lease liabilities	AC	5 254	4 937	5 254	4 937
Liabilities for deliveries, works and services	AC	21 972	15 597	21 972	15 597
Bank loans	AC	0	0	0	0

According to the Company's assessment, the fair value of cash, trade receivables, and liabilities, overdrafts and short-term receivables and liabilities does not deviate from the carrying values mainly due to the short maturity.

ITEMS OF REVENUE, COSTS, PROFIT AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME BY CATEGORY OF FINANCIAL INSTRUMENTS					
for the period	01/01/2024 31/12/2024				
	Category according to IFRS 9	Interest revenue/costs	Foreign exchange gains/losses	Release/creation of impairment losses	Gains/losses on sales of financial instruments
Financial assets					
Cash	FVTPL	326	(512)	0	0
Trade and other receivables	AC	9	(197)	429	0
Loans receivable	AC	0	0	0	0
Available-for-sale financial assets	FVOCI	0	0	0	0
Financial liabilities					
Financial lease liabilities	AC	(138)	0	0	0
Trade and other liabilities	AC	0	29	0	0
Short-term bank loans	AC	0	0	0	0
Provisions for employee benefits	AC	(13)	0	0	0

ITEMS OF REVENUE, COSTS, PROFIT AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME BY CATEGORY OF FINANCIAL INSTRUMENTS					
for the period	01/01/2023 31/12/2023				
	Category according to IFRS 9	Interest revenue/costs	Foreign exchange gains/losses	Release/creation of impairment losses	Gains/losses on sales of financial instruments
Financial assets					
Cash	FVTPL	707	(538)	0	0
Receivables from deliveries, works and services	AC	9	(1 069)	77	0
Loans receivable	AC	0	0	0	0
Available-for-sale financial assets	FVOCI	0	0	0	0
Financial liabilities					
Financial lease liabilities	AC	(130)	0	0	0
Liabilities for deliveries, works and services	AC	0	2 486	0	0
Short-term bank loans	AC	0	0	0	0
Provisions for employee benefits	AC	(16)	0	0	0

32. Contingent liabilities

As at 31 December 2024 and 31 December 2023, the Company had no contingent liabilities.

As at 31 December 2024 and 31 December 2023, the Company had no liability for lawsuits of material value.

33. Information on audit firms' fees

Performing audits and reviews of statements for 2024 and 2023

The Company entered into an audit services agreement on 22 June 2023 with UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością, entered in the list of audit firms, Entry No 3886. The agreement was concluded for 2 years.

The subject matter of the agreement includes:

1) Review of the interim financial statements for the following periods:

- for the half-year ending 30/06/2023; and
- for the half-year ending 30/06/2024;

The value of the fee due for each year is net PLN 21 thousand.

2) Statutory audits of the financial statements for the following periods:

- for the financial year ending 31/12/2023; and
- for the financial year ending 31/12/2024.

The value of the fee due for each year is net PLN 34 thousand.

3) Another attestation service consisting of an assessment of the Employer's remuneration report for the following periods:

- for the financial year ending 31/12/2023; and
- for the financial year ending 31/12/2024.

The value of the fee due for each year is net PLN 5 thousand.

On 02 October 2024, the Company entered into a contract of mandate with Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek Sp. z o.o. for the provision of services to confirm the correctness of calculating the coefficient of electricity consumption intensity for 2022-2024. The fee for the service was net PLN 6,5 thousand.

On 25 August 2023, the Company signed an order with Kancelaria Porad Finansowo - Księgowych dr Piotr Rojek Sp. z o.o. for the provision of services concerning the confirmation of the correctness of the calculation of the value of the electricity consumption intensity factor for 2021–2023. The fee for the service was net PLN 5,5 thousand.

34. Headcount structure

The Company's headcount as at 31 December 2024 was 178 (as at 31 December 2023 – 178) and was as follows:

As at	2024-12-31	2023-12-31
Management Board *	2	2
Managing Director Division	6	6
Economic and Financial Director Division	6	6
Supply Chain Director Division	28	28
Operating Director Division	136	136
Total	**178**	**178**

* As at 31/12/2024, the composition of the Management Board is 5 members, of which 3 Management Board members are not under employment relationship but are by appointment.

35. Research and development

In 2024, the most important research and development activity for the Company was the continuation of work on the development of new nonwoven manufacturing trials.

36. Post balance sheet events

None.

37. Other significant events

None.

Zielona Góra, 27 March 2025

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

Shahar Arusi Member of the Management Board

Signature of the person entrusted with keeping the accounts:

Dorota Karbowiak Chief Accountant

“NOVITA” S.A.

Management report of the Issuer
for the year ended 31 December 2024

ZIELONA GÓRA, 27 March 2025

1 List of Contents

2 Information on the issuer's organisational or capital links and identification of its main domestic and foreign investments, in particular securities, financial instruments, intangible assets, and real estate

Joint-stock company Spółka Akcyjna NOVITA originates from state enterprise Fabryka Dywanów "NOWITA" which was established on 1 January 1974. That company was based in Zielona Góra at ul. Dekoracyjna 3, where it continues to operate to this day. It started producing floor coverings and technical nonwovens in 1976. In 1991, it was transformed into a company wholly owned by the State Treasury, which took the name of Spółka Akcyjna NOVITA, and NOVITA S.A. in its abbreviated form. Since 1994, the Company's shares have been listed on the Warsaw Stock Exchange. Currently, the total number of shares is 2,500 thousand, and the Company's share capital is PLN 5,000 thousand. For several years now, having ceased production of floor coverings, the Company has been one of the leading manufacturers of technical nonwovens in Poland.

As of 3 August 2016, the majority shareholder of NOVITA S.A. is Tebesa sp. z o.o., which, as of the date of this report, holds shares representing 64.11% of NOVITA S.A.'s share capital.

Tebesa sp. z o.o. is a wholly owned subsidiary of Israel-based Vaporjet Ltd. holding 100% shares in Tebesa sp. z o.o.

In the reporting year, NOVITA S.A. did not make any domestic or foreign investments, in securities, financial instruments and real estate, or other equity investments. The Company made only investments related to the Company's day-to-day operations, which are described in more detail in Section 5.1 NOVITA S.A.'s development programme and investments.

General information about the Issuer	
Full company name	NOVITA Spółka Akcyjna
Short name of company	NOVITA S.A.
Country of registered office	Poland
Registered office address	65-722 Zielona Góra, ul. Dekoracyjna 3
National Court Register - District Court in Zielona Góra 7th Commercial Division of the National Court Register	No. 0000013306
Telephone number	+48 68,456 15 00
Fax No.	+48 68,456 13 51
E-mail	novita@novita.com.pl
Website:	www.novita.pl
NIP *(Tax Identification No.)*	929-009-40-94
REGON (*National Business Registry Number*)	970307115

3 Changes in the fundamental principles of management of the issuer's business and its group

There were no changes in the management principles of the Issuer’s business in the reporting year.

4 Description of activity in the reporting year

4.1 Reporting year highlights:

- On 22 February 2024, the Management Board of NOVITA S.A. announced that it had received information that the Deputy Chair of the Supervisory Board, Mr Uriel Mansoor, had resigned from the Company's Supervisory Board on 21 February 2024, with effect as at the date of the delivery of the resignation.
- On 6 March 2024, the Management Board of NOVITA S.A. announced that, due to the resignation of Mr Uriel Mansoor from his position as a Supervisory Board Member, the Company's Supervisory Board on 6 March 2024 adopted a resolution to appoint a new member to the Supervisory Board, Mr Adi Mansoor.
- On 18 March 2024, the Supervisory Board of the Company notified that it had elected from among its members the Chair of the Supervisory Board, Mr Adi Mansoor.
- On 14 May 2024, the Management Board of NOVITA S.A., with a view to the Company's current financial situation and the interests of its Shareholders, announced its decision to recommend to the Company's Annual General Meeting (hereinafter the “AGM”) the distribution of the Company's net profit for 2023 of PLN 23,285,586.59 as follows:

  1. Allocation of the net profit of PLN 21,350,000.00 to the payment of dividends to the Company's Shareholders, i.e. the amount of PLN 9.20 per share; and

  2. Allocation of the net profit of PLN 285,586.59 to the Company's supplementary capital.
- On 22 May 2024, the Company's Supervisory Board announced that it had adopted a resolution containing a positive assessment of the Management Board's proposal to distribute the Company's profit for the financial year 2023 and pay the dividend.
- On 26 June 2024, the Annual General Meeting of NOVITA S.A. adopted resolutions concerning:

  - approval of the Management Board's report on the Company’s activities and Company’s financial statements for the financial year 2023;

  - distribution of the net profit gained by NOVITA S.A. for the financial year 2023 of PLN 23,285,586.59 as follows:

    a) allocating PLN 23,000,000.00 for the payment of dividends to the Company's shareholders;

    b) allocating PLN 285,586.59 to the Company's supplementary capital.

  In addition, the Annual General Meeting set 26 July 2024 as the record date and 7 August 2024 as the dividend payment date.

  - acknowledging fulfilment of duties by Management Board Members in 2023;

  - acknowledging fulfilment of duties by Members of the Supervisory Board in 2023;

  - approving the Supervisory Board's written report;

  - positive opinion on the Report on remuneration of Members of the Management Board and Supervisory Board of NOVITA S.A. for 2023,

- adopting a NOVITA S.A. Remuneration Policy;

- completing the composition of the Supervisory Board, i.e. the appointment of Mr Adi Mansoor for a three-year joint term of office covering the years 2022–2025. Mr Adi Mansoor previously served on the Supervisory Board by virtue of an appointment (co-option) resolution dated 6 March 2024, adopted pursuant to Article 17.2 of the Company's Articles of Association, as announced by the Company in Current Report No. 3/24 dated 6 March 2024.

- On 26 June 2024, the Company's Supervisory Board adopted a resolution to appoint the Company's Management Board with its current composition of four members for a further three-year term of office:

  Radosław MuziołPresident of the Management Board

  Jakub RękosiewiczMember of the Management Board

  Shlomo FinkelsteinMember of the Management Board

  Rami GabayMember of the Management Board

- On 4 July 2024, the Supervisory Board of the Company, acting pursuant to Article 18.1 of the Articles of Association of the Company and Section 3.1 of the Regulations of the Supervisory Board, elected Mr Adi Mansoor Deputy Chair of the Supervisory Board from among its members.
- On 30 October 2024, the Management Board of NOVITA S.A. received a request from TEBESA sp. z o.o. to convene an Extraordinary General Meeting of Shareholders of NOVITA S.A. in order to adopt a resolution concerning the payment of an extraordinary dividend of PLN 8,000,000.00 from the funds coming from the Company's existing reserve capital created from the profit for 2018.
- On 13 November 2024, the Company's Supervisory Board gave a positive opinion on the adoption by the Extraordinary General Meeting of NOVITA S.A. of a resolution concerning the payment of an extraordinary dividend of PLN 8,000,000.00.
- On 10 December 2024, the Supervisory Board of the Company adopted a resolution to increase the number of members of the Management Board to five persons and adopted a resolution to appoint Mr Shahar Arusi Member of the Management Board.
- On 10 December 2024, the Extraordinary General Meeting of the Shareholders of NOVITA S.A. adopted a resolution according to which a part of the funds accumulated in the Company's reserve capital from the Company's profit distributed for 2018, in the amount of PLN 8,000,000.00, was allocated to the payment of dividends to the Shareholders, i.e. PLN 3.20 per share. Additionally, the EGM set 17 December 2024 as the dividend date and 27 December 2024 as the dividend payment date.

4.2 Major events after the balance sheet date

There were no significant events affecting the Company's operations after the balance sheet date.

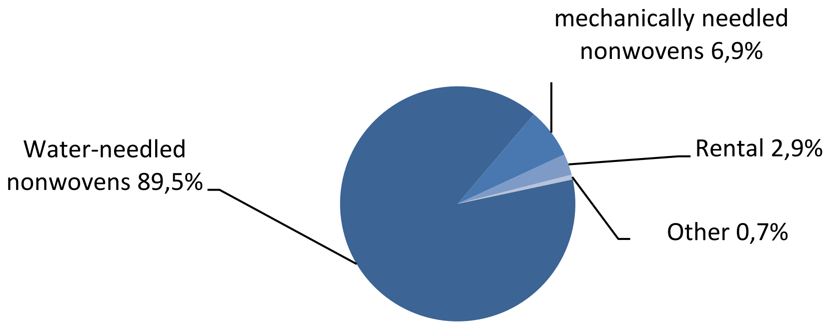
4.3 Information on products and services

NOVITA S.A. is a leading national and international manufacturer of nonwoven fabrics for the sanitary and hygiene industry, households, earthworks and road engineering, and the footwear, clothing, automotive and other industries.

Products manufactured using spunlace technology account for the largest share of sales; in addition, the Company manufactures nonwovens using needlepunch technology. The Company's products in the reporting year were divided into the following 4 sale industry segments:

- sale of non-woven fabrics manufactured using the spunlace technology;
- sale of nonwovens manufactured using the needlepunch technology;
- tenancies; and
- other (sale of goods and materials).

Percentage share of segments in revenues in 2024



4.4 Sales revenue by product mix

In 2024, revenues from the sale of products, services, goods and materials were PLN 200,105 thousand, a decrease of 8.2%, i.e. by PLN 15,210 thousand, compared to the sales value obtained in 2023. Sales of spunlace nonwovens increased by 9.4%, i.e. to PLN 179,184 thousand, in 2024. In addition, revenues from the sale of nonwovens manufactured using the needlepunch technology decreased by 5.9% and stood at PLN 13,789 thousand. Comparing the results for 2024 and 2023, tenancy revenues increased by 10.3%, i.e. by PLN 5,828 thousand. In addition, revenues from the sale of goods and materials decreased by 14.1% and stood at PLN 1,304 thousand.

The table below provides the detailed information on sales by product group:

Sales by product range							
Product range	2024		2023		movements (2024 to 2023)		
	net value PLN thousand	share	net value PLN thousand	share	net value (2-4) PLN thousand	rate of change (2/4)	structure (3-5)
1	2	3	4	5	6	7	8
Total sales, including:	**200 105**	**100,0%**	**184 895**	**100,0%**	**15 210**	**108,2%**	**0,0%**
- total product sales, including:	**198 801**	**99,3%**	**183 752**	**99,4%**	**15 049**	**108,2%**	**-0,1%**
- total finished goods,	192 973	96,4%	178 468	96,5%	14 505	108,1%	-0,1%
- spunlace	179 184	89,5%	163 820	88,6%	15 364	109,4%	0,9%
- mechanically needled nonwovens	13 789	6,9%	14 648	7,9%	-859	94,1%	-1,0%
- rental	5 828	2,9%	5 284	2,9%	544	110,3%	0,0%
- other (goods and materials)	**1 304**	**0,7%**	**1 143**	**0,6%**	**161**	**114,1%**	**0,1%**

4.5 Markets and geographical structure of exports

In 2024, the sale to domestic customers was PLN 102,912 thousand, a decrease of 11.1%. At the same time, the export sale stood at PLN 97,193 thousand, up by 5.3%.

Geographical structure of revenue from the sale of products, goods and materials							
Direction of sales	2024		2023		movements (2024 to 2023)		
	net value PLN thousand	share	net value PLN thousand	share	net value (2-4) PLN thousand	rate of change (2/4)	structure (3-5)
1	2	3	4	5	6	7	8
Total sales of products, goods and materials, of which:	**200,105**	**100.0%**	**184,895**	**100.0%**	**15,210**	**108.2%**	**0.0%**
- exports, of which:	**97,193**	**48.6%**	**92,304**	**49.9%**	**4,889**	**105.3%**	**-1.3%**
- EU countries	85,931	42.9%	79,259	42.9%	6,672	108.4%	0.0%
- Non-EU countries	11,262	5.6%	13,045	7.1%	-1,783	86.3%	-1.5%
- country	**102,912**	**51.4%**	**92,591**	**50.1%**	**10,321**	**111.1%**	**1.3%**

In the year under review, NOVITA S.A. had two customers with whom turnover reached at least 10% of total sales revenue. The Company has no capital links with any of the entities mentioned.

4.6 Procurement

The majority of supplies imported came from suppliers in the European Union and Asia. In selecting suppliers, the Company is guided by prices, payment periods, the quality of the raw materials offered, as well as the distance from the supplier and the timeliness of deliveries. Consequently, NOVITA S.A. does not have any difficulties in completing raw materials for production.

The types of raw materials and their quantity supplied by the Company depend on the range of production, which is determined the orders placed and the requirements laid down by the Company's customers. Currently, the Company uses chemical and paper industry products for manufacturing such as viscose, polyester, polypropylene, bi-component and polyamide fibres, synthetic latexes, thickeners, films, cartons, and cardboard sleeves, among other materials.

In 2024, the Company continued its efforts to obtain the lowest prices for raw materials purchased by selecting sourcing destinations, renegotiating its contracts, and guaranteeing the Company more favourable payment terms.

4.7 Outsourced research activities

In 2024, a periodic audit confirmed the compliance of the Company's Quality Management System with ISO 9001:2015. The accredited certification body, Det Norske Veritas, conducted the audit.

Last year, the nonwovens manufactured at NOVITA S.A. were also certified by the National Institute of Hygiene. Spunlace products have also been approved by the TextilCERT Certification Institute for humano-ecological safety, in accordance with the requirements of Oeko-Tex™ Standard 100, Class I with Appendix VI. These products also comply with European food contact safety requirements, as certified by the ISEGA Institute.

In addition, the Company successfully underwent an external audit by Det Norske Veritas, which confirmed the compliance of the Company's existing forest products control systems with the FSC® and PEFC standards.

In 2024, NOVITA S.A. again took part in the assessment carried out by the international organisation EcoVadis, which analyses the implementation of sustainability (ESG) measures. The Company achieved a very good result, resulting in the award of the EcoVadis bronze medal. This accolade means that the Company was among the top 35% of textile companies worldwide participating in this assessment.

4.8 Information on agreements concluded that are significant for NOVITA S.A.'s operations

None.

4.9 Agreements among shareholders

The Company is not aware of any agreements among shareholders.

4.10 Insurance contracts

NOVITA S.A. transfers the risk of incurring losses as a result of damage by concluding insurance contracts. The scope of insurance coverage does not deviate from the generally applicable standards and is adequate to the specific nature of the Company's operations.

In the reporting year, the Company continued its business and property liability insurance contract, its property and loss of profit insurance contract, as well as its company car and accounts receivable insurance.

In 2024, NOVITA S.A. continued the D&O insurance contract and the group international travel insurance contract.

4.11 Information on transactions with affiliates on terms other than market terms

The Company did not enter into any agreements on terms other than market terms.

4.12 Borrowings and loans contracted and terminated

In 2024, NOVITA S.A. renewed its multiline with mBank S.A. for a further two years, i.e. to 30 September 2026.

The following table shows the loan agreements held by NOVITA S.A. as at 31 December 2024:

Lender	Type of facility	Currency	Agreement/amendment conclusion date	Due date	Effective interest rate	Limit available at 31/12/2024 thousand PLN	Outstanding loan balance at 31/12/2024 thousand PLN
Santander Bank Polska S.A. (former BZ WBK S.A.)	multiline intended for overdraft, revolving credit or letters of credit	PLN, EUR, USD	07/08/2023	08/08/2026	WIBOR 1M EURIBOR 1M SOFR 1M + margin	35 000	0
mBank S.A.	multiline intended for overdrafts or letters of credit	PLN, EUR, USD	25/09/2024	30/09/2026	WIBOR ON ESTR ON SOFR ON + margin	5 700	0
					Total	40 700	0

4.13 Loans granted

None.

4.14 Sureties and guarantees given and received

The Company did not give or receive any sureties or guarantees in the reporting year.

5 Development and prospects directions

5.1 NOVITA S.A.'s development programme and investments

Development strategy

In 2025, NOVITA S.A. intends to maintain a high level of sales of spunlace products and maximum occupancy of its production lines.

Given that, globally, sales of nonwovens in the spunlace segment are marked by growth; the Company plans to further focus on the development of this technology in the coming years.

In the field of needlepunched products, NOVITA S.A. will focus on developing cooperation, particularly with customers in the domestic market.

For packaged products, the Company plans further development in cooperation with domestic and foreign partners. The optimisation of production activities will allow it to respond better to the needs of the Company's demanding customers.

Investment and development activities

In 2024, Novita S.A., continuing the strategy adopted in previous years, focused on investment and modernisation activities aimed at optimising the use of energy resources. A detailed energy audit carried out on behalf of the Company identified key areas where the efficiency of the plant could be improved.

Based on the recommendations of the audit, a comprehensive upgrade of the controls and mechanical systems in the cross stacker on one of the water needling lines was carried out in 2024. New inverters for the linear drives and HP pumps on the water needle and dryer were also installed, significantly improving the reliability of the aforementioned equipment.

The past year also saw the thermal modernisation of more of the Company's facilities and improvements to the ventilation and air-conditioning system in the production facilities. The electricity supply system was also upgraded with the installation of a modern 1000 kVA dry transformer.

As part of further modernisation, the Company has also purchased two state-of-the-art, low-emission trucks and two hybrid cars, which help to reduce emissions and lower the carbon footprint.

In addition, the maintenance department has been equipped with new, safe machining equipment, which has significantly increased the efficiency of preventive maintenance activities.

In 2024, the Company incurred capital expenditure of PLN 4,300 thousand.

For 2025, process improvements are planned to continue through further investments and upgrades, aimed not only at improving safety but also at further reducing the energy intensity of the plant. It is also planned to continue the thermal modernisation of buildings and replace the fleet of technical vehicles, which will contribute to even greater energy efficiency and reduce the environmental impact of the Company's operations.

5.2 Sources of funding for the investment programme and an assessment of the feasibility of the investment goals

In 2024, the Company maintained external funding at the same level compared to the previous year. The Company renewed the Multiline Agreement with mBank S.A. with a limit of PLN 5,700 thousand valid to 30 September 2026 and continued the multiline agreement signed with Santander Bank Polska S.A. with a limit of PLN 35,000 thousand valid to 8 August 2026.

At the end of 2024, the Company did not have any loan debt. However, the Company used the multiline product, as mentioned above, to open letters of credit to secure some of its raw material purchase contracts.

The Company does not foresee any difficulties in implementing the investment plan set for 2025.

5.3 Business risks and risk management policy

NOVITA S.A. is exposed to various operational, market and financial risks in the ordinary course of its operations. These risks have or may have a significant and adverse effect on the Company's operations and its financial position or results of operations. The Company's procedures are designed to identify, assess, and monitor risks and attempt to assess the Company's exposure to these risks.

The objectives of the risk management process are:

- keeping the Company financially sound;
- reducing the volatility of the gross financial result;
- maximising the likelihood of meeting budget targets, thereby achieving financial performance at least at the level assumed.

The most significant risks identified to which the Company is exposed include:

- **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 strategy for managing currency risk is to use as much as possible natural hedging, known as natural currency hedging. To minimise the risk, the Company will strive 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 agreements concluded 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 who wish to use trade credit are subjected to a pre-verification procedure. In addition, by insuring almost 95% of receivables, the Company's exposure to credit risk is negligible.

- **Liquidity risk**

The Company is exposed to liquidity risk in the event of a mismatch in the timing structure of cash flows on ongoing 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 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.

5.4 Information on significant proceedings pending before a court, a competent authority for arbitration proceedings, or a public administration body

In the reporting year, NOVITA S.A. was not a party to any material proceedings pending before a court, a competent authority for arbitration proceedings, or a public administration authority with regard to proceedings concerning liabilities or receivables of the issuer or its subsidiary.

6 Financial standing

6.1 Financial performance

STATEMENT OF COMPREHENSIVE INCOME				
PLN thousand	2024	2023	Difference 2024-2023	Movement 2024/2023
Revenues on sales of products, goods and materials	**200,105**	**184,895**	**15,210**	**108.2%**
Costs of products, goods and materials sold	**146,044**	**141,751**	**4,293**	**103.0%**
Gross profit on sales	**54,061**	**43,144**	**10,917**	**125.3%**
Sales costs	7,217	6,613	604	109.1%
General administrative costs	18,233	16,174	2,059	112.7%
Other revenue	686	6,391	-5,705	10.7%
Other costs	122	46	76	265.2%
Operating profit	**29,175**	**26,702**	**2,473**	**109.3%**
Financial revenue	346	1,595	-1,249	21.7%
Financial costs	987	284	703	347.5%
Gross profit	**28,534**	**28,013**	**521**	**101.9%**
Income tax	4,960	4,727	233	104.9%
Net profit on continuing operations	**23,574**	**23,286**	**288**	**101.2%**

Revenue

In 2024, revenues from the sale of products, goods and materials increased by 8.2% compared with the previous year and were PLN 200,105 thousand. The higher sales revenue was a consequence of an increase in demand for spunlace nonwovens.

The earlier sections provided a detailed description of the revenue structure and the factors that influenced its formation, Information on products and services; Sales revenues by product mix; and Sales markets and geographical structure of exports.

Costs of core activities

In 2024, the Company acquired the rights to receive public aid in the amount of PLN 1,081 thousand under the Law of 27 October 2022 on emergency measures to limit the amount of electricity prices and support for certain consumers in 2023. The aforementioned aid reduced the costs of products, goods and materials sold, which ultimately amounted to PLN 146,044 thousand in the year under review, an increase of 3.0% compared to 2023.

In the reporting year, the cost of sales increased by 9.1%, i.e. by PLN 604 thousand, to PLN 7,217 thousand, compared to 2023.

In the corresponding period, general and administrative expenses increased by 12.7%, or PLN 2,059 thousand, to PLN 18,233 thousand.

Operating result

In 2024, the Company achieved an operating profit of PLN 29,175 thousand, an increase of 9.3%, or PLN 2,473 thousand, when compared with the result for 2023. Analysing the comparative period, one should note that in 2023 the Company acquired the rights to receive public aid under the government programme with the name of “Assistance for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2022”. This aid, after taking into account the cost of obtaining it, was in total PLN 6,194 thousand and was recognised in other operating income.

EBITDA for 2024 was PLN 34,051 thousand an increase of 8.5% when compared with the figures for 2023.

Financial revenue and costs

In 2024, the Company recorded a loss from financing activities of PLN 641 thousand. The negative result is mainly due to the excess of negative exchange rate differences over positive ones.

Achieved financial results

In the year under review, the Company achieved a gross profit of PLN 28,534 thousand, an increase of 1.9% compared to 2023.

Net profit for 2024 stood at PLN 23,574 thousand, an increase of 1.2%, compared with the previous year.

6.2 Company balance sheet and cash position

As at 31 December 2024, the balance sheet total was PLN 165,923 thousand, up by PLN 1,625 thousand from the balance sheet total as at 31 December 2023.

The value of non-current assets as at 31 December 2024 was PLN 113,070 thousand, down by PLN 232 thousand when compared with the balance as at 31 December 2023.

At the end of the period under review, current assets stood at PLN 52,853 thousand, and compared with the balance at the end of 2023, their value increased by 3.6%, i.e. by PLN 1,857 thousand.

As at 31 December 2024, the Company's equity was PLN 123,084 thousand. Compared to 31 December 2023, their value decreased by PLN 7,435 thousand. Following the decision to pay dividends, the value of reserve and supplementary capitals decreased by PLN 7,714 thousand to PLN 57,731 thousand at the end of 2024.

Comparing the corresponding periods, the value of long-term liabilities increased by PLN 845 thousand to PLN 16,234 thousand at the end of 2024. At the same time, current liabilities increased by PLN 8,215 thousand to PLN 26,605 thousand as a result of an increase in the level of trade payables.

6.3 Selected economic and financial indicators

Selected economic and financial indicators			
Item	**2024**	**2023**	**Indicator diagram**
Gross profitability on sales	14,3%	11,0%	Profit (loss) on sales / Revenue from sales of products, goods, and materials
Net profit margin	11,8%	12,6%	Net financial result / Revenue from sales of products, goods, and materials
Return on assets (ROA)	14,3%	13,3%	Net financial result / ((Balance sheet total at the beginning of the period + balance sheet total at the end of the period) / 2)
Return on equity (ROE)	18,6%	16,8%	Net financial result / ((Equity at the beginning of the period + equity at the end of the period) / 2)
Current ratio	2,0	2,7	(Total current assets - trade receivables over 12 months - short-term accruals) / (Short-term liabilities - short-term trade payables over 12 months)
Quick ratio	0,7	1,4	(Total current assets - inventories - trade receivables over 12 months - short-term accruals) / (Short-term liabilities - short-term trade payables over 12 months)
Net Operating Capital (NOC) [PLN '000]	26 248	32 606	Equity + long-term liabilities + short-term liabilities for deliveries over 12 months - Fixed assets
Net working capital in trading days [days]	54	79	(Average net working capital x number of days in the period) / Revenue from sales of products, goods, and materials
Receivables turnover ratio [days]	28	42	(Average trade receivables x number of days in the period) / Revenue from sales of products, goods, and materials
Stock turnover ratio [days]	63	62	(Average stock x number of days in the period) / (Cost of products, goods, and materials sold + selling costs + general and administrative expenses)
Liability turnover ratio [days]	34	35	(Average trade liabilities x number of days in the period) / (Cost of products, goods, and materials sold + selling costs + general and administrative expenses)
Overall debt ratio	25,8%	20,6%	(Balance sheet total - equity) / Balance sheet total
Current liabilities coverage ratio	151,4%	146,5%	EBITDA / Average short-term liabilities
Earnings per share (EPS) [PLN]	9,43	9,31	Net financial result / Number of shares at the end of the reporting period
EBITDA [PLN '000]	**34 051**	**31 376**	

In 2024, the profitability indicators recorded an increase or similar values comparing with 2023. Last year, the net return on sales stood at 11.8 per cent.

Comparing the end of 2023 and 2024, the value of the current ratio decreased from 2.7 to 2.0, while the value of the quick ratio decreased from 1.4 to 0.7.

When comparing 2023 and 2024, the value of the receivables turnover ratio decreased from 42 to 28 days. At the same time, the value of the stock turnover ratio remained at a similar level of 62 days. The value of the payables turnover ratio also remained at a similar level of 34 days.

The Company's overall debt increased from 20.6% at the end of 2023 to 25.8% at the end of 2024.

Earnings per share increased from PLN 9.31 in 2023 to PLN 9.43 in 2024.

6.4 Financial performance forecasts

The Company has not published forecasts for 2024.

6.5 Major events which have or may have in the future a significant impact on the Company's operations and financial performance

Major events that have or may in the future have a significant impact on the Company's operations and financial performance are described in the earlier sections, Major events in 2024; Major events occurring after the balance sheet date; and NOVITA S.A.'s development programme and investments.

6.6 Resources and financial instruments

6.6.1 Management of financial resources

In 2024, NOVITA S.A. was able to incur liabilities of up to PLN 35,000 thousand under the Multiline Agreement signed with Santander Bank Polska S.A. in force to 8 August 2026 and under the Multiline Agreement signed with mBank S.A. with a limit of PLN 5,700 thousand in force to 30 September 2026. These Multiline Agreements and the Company's own funds allowed it to serve all expenses related to the Company's operations. As at 31 December 2024, the Company had no loan commitments under these agreements.

The financing limits granted under the multiline were also used by the Company to open letters of credit to secure contracts for the purchase of raw materials.

Management of the Company's financial resources is also linked to a detailed analysis of the inflow of receivables, constant monitoring of bank accounts, as well as the ongoing accumulation of cash in bank accounts.

6.6.2 Financial instruments used

The main financial instruments used by the Company include bank overdrafts 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.

6.6.3 Financial risk management

The Company has procedures in place to assess and monitor risks and attempt to assess the Company's exposure to these risks in advance. The procedures in place are based on the highest management standards and are in line with the best market practices applicable in this field. The Company's adequate policies and procedures support the process of managing the financial risks to which it is exposed.

The earlier section provides a broader description of the financial risk management policy, Business risks and risk management policy.

6.7 Key intangible assets

The key intangible resources of the Company are primarily:

a) human capital and know-how – knowledge, competences and experience of the Company's employees who are able to effectively manage processes related to orders, production and sales, which translates into cost optimization, competitiveness and proper functioning of the Company,

b) relational capital – long-term relationships with customers and business partners, which translate into stable cash flows,

c) brand and reputation – ensure the Company's recognition and trust of customers, which also translates into more efficient establishment of new business relationships,

d) market knowledge – expert knowledge of the market allows for appropriate adjustment of the machine park and assortment to current customer needs and for effective response to changing market needs.

7 Information on shares and the shareholding structure

7.1 Share capital structure

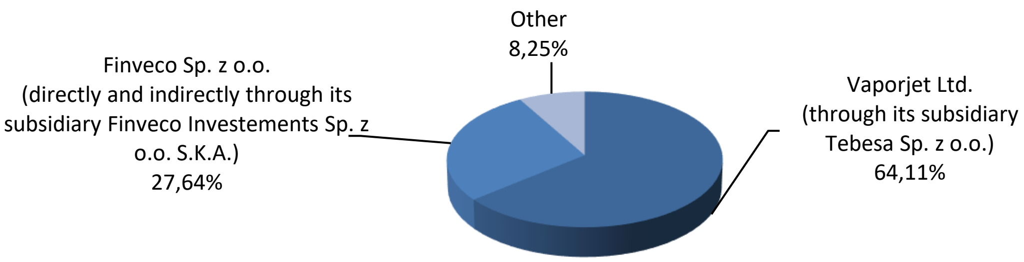
As at 31 December 2024, NOVITA S.A.'s share capital had a value of PLN 5,000 thousand and comprised 2,500 thousand ordinary bearer shares with a nominal value of PLN 2 per share. The total number of votes at the general meeting resulting from Issuer's all shares issued corresponds to the number of shares and was 2,500 thousand votes. Registered and preference shares did not exist.

7.2 Shareholding structure

Composition of NOVITA S.A.'s shareholding structure as at 31 December 2024, according to the information available to the Company, indicating the shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's general meeting:

NOVITA S.A. shareholding structure as at 31/12/2024				
Shareholder	Number of shares	Interest in the share capital	Number of votes	Share in the total votes at the AGM
Vaporjet Ltd. (through its subsidiary Tebesa Sp. z o.o.)	1,602,719	64.11%	1,602,719	64.11%
indirectly through its subsidiary Finveco	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 holding 5% or more of the votes at the AGM as at 31/12/2024



Up to the date of the Management Report for 2024, the shareholding structure as presented remained unchanged.

In the period from 08 November 2024, i.e. from the date of the previous interim report (Q3 2024 Report) to the date of this Report, the shareholder structure of NOVITA S.A. has not changed.

7.3 Treasury shares

As at 31 December 2024, the Company did not hold any treasury shares.

7.4 Information on the control system for employee share schemes

Not applicable.

7.5 Description of the issuer's use of issue proceeds

The Company did not issue any securities during the reporting year.

8 Bodies of NOVITA S.A.

8.1 Composition, rules of appointment and description of powers of NOVITA S.A.'s governing bodies

Supervisory Board

In the period from 1 January 2024 to 21 February 2024, the Supervisory Board of NOVITA S.A. operated with the following composition:

Composition of the Supervisory Board in the period 01/01/2024 – 21/02/2024	
Eyal Maor	Chair of the Supervisory Board
Uriel Mansoor	Deputy Chair of the Supervisory Board
Ilanit Ella	Member of the Supervisory Board
Ohad Tzkhori	Member of the Supervisory Board
Janusz Piczak	Member of the Supervisory Board

With a statement dated 21 February 2024, Mr Uriel Mansoor resigned from the Supervisory Board. On 6 March 2024, by resolution of the Supervisory Board, and subsequently on 26 June 2024 by resolution of the Annual General Meeting, the composition of the Supervisory Board was supplemented by the appointment of a new member, Mr Adi Mansoor.

As at 31 December 2024, the Company's Supervisory Board comprised:

Composition of the Supervisory Board as at 31/12/2024	
Eyal Maor	Chair of the Supervisory Board
Adi Mansoor	Deputy Chair of the Supervisory Board
Ilanit Ella	Member of the Supervisory Board
Ohad Tzkhori	Member of the Supervisory Board
Janusz Piczak	Member of the Supervisory Board

As at the date of this Report, the composition of the Management Board had not changed.

Management Board

In the period from 1 January 2024 to 10 December 2024, the Supervisory Board of NOVITA S.A. operated with the following composition:

Composition of the Management Board in the period 01/01/2024 – 10/12/2024	
Radosław Murioł	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

On 10 December 2024, by resolution of the Supervisory Board, a new member, Mr Shahar Arusi, was appointed to the Company's Management Board.

As at 31 December 2024, the Company's Management Board consisted of:

Composition of the Management Board as at 31/12/2024	
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
Shahar Arusi	Member of the Management Board

As at the date of this Report, the composition of the Management Board had not changed.

The rules of appointment and a description of the scope of powers of NOVITA S.A.'s bodies are contained in the Statement on Corporate Governance at NOVITA S.A. in 2024.

8.2 Rules of remuneration and amount of remuneration of the Company's bodies

A description of the rules of remuneration of the Company's bodies is included further in the Statement on Corporate Governance at NOVITA S.A. in 2024.

Value of remuneration, rewards or benefits of the Members of the Issuer's Management Board in 2024:

Remuneration of the members of the Management Board of NOVITA S.A.						
PLN thousand	2024			2023		
	Value of remuneration	Function performed	Period of office	Value of remuneration	Function performed	Period of office
Radosław Muzioł	1,079	President of the Management Board	01/01/2024 – 31/12/2024	949	President of the Management Board	01/01/2023 – 31/12/2023
Jakub Rękosiewicz	365	Member of the Management Board	01/01/2024 – 31/12/2024	331	Member of the Management Board	01/01/2023 – 31/12/2023
Shlomo Finkelstein	0	Member of the Management Board	01/01/2024 – 31/12/2024	0	Member of the Management Board	01/01/2023 – 31/12/2023
Rami Gabay	0	Member of the Management Board	01/01/2024 – 31/12/2024	0	Member of the Management Board	01/01/2023 – 31/12/2023
Shahar Arusi	0	Member of the Management Board	10/12/2024 – 31/12/2024			
Management Board bonus provision	514			590		
Total	1,958			1,870		

Value of remuneration, rewards or benefits of Members of the Supervisory Board in 2024:

Remuneration of the Members of the Supervisory Board of NOVITA S.A.						
PLN thousand	2024			2023		
	Value of remuneration	Function performed	Period of office	Value of remuneration	Function performed	Period of office
Eyal Maor	0	Chair of the Supervisory Board	01/01/2024 – 31/12/2024	0	Chair of the Supervisory Board	01/01/2023 – 31/12/2023
Uriel Mansoor	0	Deputy Chair of the Supervisory Board	01/01/2024 – 21/02/2024	0	Deputy Chair of the Supervisory Board	01/01/2023 – 31/12/2023
Janusz Piczak	24	Member of the Supervisory Board	01/01/2024 – 31/12/2024	24	Member of the Supervisory Board	01/01/2023 – 31/12/2023
Ohad Tzkhori	0	Member of the Supervisory Board	01/01/2024 – 31/12/2024	0	Member of the Supervisory Board	01/01/2023 – 31/12/2023
Ilanit Ella	0	Member of the Supervisory Board	01/01/2024 – 31/12/2024	0	Member of the Supervisory Board	01/01/2023 – 31/12/2023
Adi Mansoor	0	Member of the Supervisory Board	06/03/2024 – 31/12/2024			
Total	24			24		

8.3 Agreements between the issuer and managers providing for compensation

In the year under review, the Company was not bound by any agreements providing for the obligation to compensate managers in the event of their resignation or dismissal from their position without good reason or in cases where the managers' dismissal or recall would be due to a merger of the Issuer by acquisition.

8.4 Information on commitments for former managing or supervisory individuals or former members of administrative bodies

In the reporting year, the Company did not have any liabilities arising from pensions and benefits of a similar nature for former managing or supervisory individuals or former members of administrative bodies.

8.5 List of NOVITA S.A.'s shares held by managing and supervising individuals

As at the date of the Report, the Company's shares were not held directly by any of the Company's managing or supervisory individuals.

8.6 Information on agreements known to the issuer which may result in future changes in the proportions of shares held by existing shareholders and bondholders

The Management Board of NOVITA S.A. is not aware of any agreements that may result in future changes in the proportions of shares held by existing shareholders and bondholders.

9 Other information

9.1 Audit

Information on the audit firm and the fees for the audit of the statements and other services are presented in the Financial Statements of NOVITA S.A. for the year ending 31 December 2024 in Section 33.

9.2 Headcount information

As at 31 December 2024, there were 178 employees.

The average headcount in 2024 was 181 employees, a decrease of 2 employees compared to 2023.

Average headcount, person						
Item	2024		2023		movements 2024 to 2023	
	persons	share	persons	share	persons (2-4)	rate of change (2/4)
1	2	3	2	3	6	7
Production workers	86	48%	92	50%	-6	94%
Non-production workers of an industrial group	44	24%	43	24%	1	102%
White-collar workers	51	28%	48	26%	3	106%
Total	181	100%	183	100%	-2	99%

9.3 Environmental activities

In 2024, continuing the objective set in earlier years, Novita S.A. focused primarily on environmental protection by reducing the energy intensity of the plant and the efficient use of energy resources.

As part of these measures, more of the Company's facilities were thermally upgraded and the lighting in Building 1C was upgraded, replacing it with energy-efficient LED technology. Crew working conditions were also improved by upgrading the cooling system of the production halls.

Measures to improve fire safety included the replacement of another oil-filled transformer with a modern dry-type transformer with higher efficiency and a capacity of 1,000 kVA. Investments were made in the machinery park to modernise equipment control systems and improve safety on production lines. The production hall was equipped with a modern baler for baling packaging waste and the mechanical workshop was equipped with more efficient machine tools.

The Company continued the process of replacing its fleet of material handling equipment with modern and low-emission equipment, and some of the Company's vehicles were replaced with hybrid vehicles that meet the latest emission standards. Once again, Novita S.A. entered the programme for the evaluation of corporate social responsibility practices according to the Ecovadis standard, achieving a high rating and a bronze medal.

The plans for 2025 include continuing the thermal upgrading of the remaining buildings and further upgrading the lighting. The Company also plans to reduce heat losses in the central water system, thermo-modernise the OS-2 station and upgrade the heating of the production halls in Building 1A. The measures listed will further improve energy efficiency, improve working conditions and reduce the Company's carbon footprint.

10 Statement on the application of corporate governance at NOVITA S.A. in FY 2024

Pursuant to Section 70(6)(5) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws 2018.757 of 20 April 2018, as amended), the Management Board of NOVITA Spółka Akcyjna, with its registered office in Zielona Góra at ul. Dekoracyjna 3, 65-722 Zielona Góra, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, Entry No KRS 0000013306, Tax ID NIP 9290094094, Statistical No REGON 970307115 (hereinafter: the “**Company**”) declares as follows:

1. In FY 2024 year, the Company applied the principles of corporate governance arising from the Best Practices for Companies Listed on the Warsaw Stock Exchange in 2021, adopted by the Board of the Warsaw Stock Exchange on 29 March 2021 by Resolution No 13/1834/2021.

2. The Company announces that it does not apply a set of corporate governance principles other than those indicated above, which it may have chosen to apply voluntarily. The Company has not applied corporate governance practices that go beyond the requirements laid down in national law.

3. The Company in 2024 deviated from the set of corporate governance principles referred to in Section 1 in that it did not apply the following specific principles:

1.3.1.: environmental issues, including climate change metrics and risks and sustainability issues;
Reason for non-application:
The Company does not have a formalised business strategy. Having regard to the growing importance of ESG and non-financial reporting, as well as the noticeable increase in awareness and investor expectations in this area, the Company is taking steps to prepare the Company to implement and apply this principle.

1.3.2.: social and labour matters, concerning, among other things, measures taken and planned to ensure gender equality, sound working conditions, respect for employees' rights, dialogue with local communities, and customer relations.
Reason for non-application:
Explanation of non-application, as in Section 1.3.1.

1.4: In order to ensure proper communication with its stakeholders, with regard to its business strategy, the Company shall post on its website information on the assumptions of its strategy, measurable objectives, including long-term objectives, activities planned and progress in its implementation, defined by financial and non-financial metrics. Information on the ESG strategy should include:
Reason for non-application:
The Company does not have a formalised business strategy. Having regard to the growing importance of ESG and non-financial reporting, as well as the noticeable increase in awareness and investor expectations in this area, the Company is taking steps to prepare the Company to implement and apply this principle.

1.4.1.: explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, indicating the resulting risks;

Reason for non-application:

Explanation of non-application, as in Section 1.4.

1.4.2.: present the value of the pay equity ratio paid to its employees, calculated as the percentage difference between the average monthly pay (including bonuses, rewards and other allowances) of women and men for the last year, and present information on the actions taken to eliminate any inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is planned to be achieved.

Reason for non-application:

Explanation of non-application, as in Section 1.4.

1.5: At least once a year, the company shall disclose the expenditure incurred by it and its group in supporting culture, sport, charitable institutions, the media, social organisations, trade unions, etc. Where the company or its group has incurred expenditure for such purposes during the year under review, the disclosure shall include a breakdown of such expenditure.

Reason for non-application:

The Company does not disclose the amount of expenses it incurs to support culture, sports, charitable institutions, media, social organisations, trade unions, etc., due to the fact that these expenses do not constitute material costs of the Company that could affect its day-to-day operations.

1.6: In the case of a company belonging to the WIG20, mWIG40 or sWIG80 index, once a quarter, and in the case of others at least once a year, the company organises a meeting for investors, inviting in particular shareholders, analysts, industry experts and media representatives. During the meeting, the company's management presents and comments on its strategy and its implementation, the financial results of the company and its group, as well as the most important events affecting the company's and its group's activities, the results achieved and future prospects. During the meetings, the company's management publicly provides answers and explanations to the questions asked.

Reason for non-application:

The Company does not have a formalised business strategy. The Company's financial results, as well as other relevant information on the Company's operations, are published in the form of current and periodic reports on the Company's website, in accordance with the applicable legal regulations.

2.1: The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy shall set out the objectives and criteria for diversity in areas such as gender, field of education, specialist knowledge, age and professional experience, among other things, and indicate when and how the achievement of these objectives will be monitored. With regard to gender diversity, a condition for ensuring the diversity of the company's bodies is that the proportion of minorities in the respective body is no less than 30%.

Reason for non-application:

The principle is partially applied. The Company has a Diversity Policy; however, the Company does not currently ensure the gender diversity of the Company's bodies (minority participation in a given body at a level of not less than 30%).

2.6: Serving on the company's management board is the management board member's main professional activity. A management board member should not undertake additional professional activity if the time devoted to such activity prevents him or her from diligently performing his or her duties in the company.

Reason for non-application:

The Management Board function is the core business of the Company's two key Management Board Members.

3.5: Those responsible for risk management and compliance report directly to the chair or another member of the management board.

Reason for non-application:

Not all individuals responsible for the areas indicated report directly to the President of the Management Board or another Management Board Member, but they are provided with the opportunity to report directly both to specific Management Board Members and to the Supervisory Board or the Audit Committee.

3.6: The head of internal audit reports organisationally to the chair of the management board and functionally to the head of the audit committee or to the chair of the supervisory board if the board acts as an audit committee.

Reason for non-application:

The Company has not appointed an internal auditor. In the Company, in accordance with Rule 3.3, the Audit Committee assesses annually whether there is a need to appoint such a person. The Audit Committee shall assess every year whether there is a need to appoint such a person.

4.3: The Company shall provide publicly available real-time transmission of the general meeting.

Reason for non-application:

Individuals authorised to access the real-time transmission of the meeting are only those authorised to attend the Meeting in accordance with the law (that is, in particular, shareholders or their proxies, Members of the Supervisory Board or the Management Board).

4.4: Media representatives are allowed to be present at general meetings.

Reason for non-application:

The presence of the media at the meeting is decided by the shareholders each time following a vote.

6.2: Incentive schemes should be designed in such a way that they, among other things, make the level of remuneration of the company's management board members and key managers dependent on the actual long-term situation of the company in terms of financial and non-financial performance and long-term growth in shareholder value and sustainability, as well as the stability of the company's operations.

Reason for non-application:

The Company does not apply incentive schemes. The remuneration of the Members of the Management Board is paid in accordance with the Remuneration Policy, which sets out the financial and non-financial criteria for variable remuneration components. The rules for the payment of remuneration to key managers and other employees who are not members of the Company's Management Board are defined by the generally applicable laws in this respect and by internal sources of labour law adopted in the Company (Remuneration Regulations).

6.3: If one of the company's incentive schemes is a management option scheme, then the implementation of the option scheme must be conditional on the eligible persons meeting, within a minimum of 3 years, pre-determined, realistic and appropriate financial and non-financial and sustainability targets for the company, and the determined purchase price of the eligible persons'

shares or the settlement of the options must not deviate from the value of the shares at the time of the adoption of the scheme.
Reason for non-application:
The Company does not apply incentive schemes. Explanation of non-application, as in Section 6.2.

6.4: The supervisory board carries out its tasks on a continuous basis and, therefore, the remuneration of supervisory board members must not depend on the number of meetings held. The remuneration of the members of the committees, in particular the audit committee, should take into account the additional workload related to the work in these committees.
Reason for non-application:
There are no other committees in the Company other than the Audit Committee. The General Meeting of the Company did not grant remuneration to the members of the Audit Committee for their work on this Committee.

4. With regard to the main features of the internal control and risk management systems in relation to the process of preparing the financial statements and consolidated financial statements, the Company's Management Board declares as follows.

In the process of preparing financial statements, one of the key controls is the periodic review of the financial statements by an independent auditor (auditor).

The auditor's performance is assessed in accordance with the principles laid down in the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017 (Journal of Laws 2024.1035, consolidated text of 12 July 2024, as amended), as well as in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC.

In performing its financial reporting obligations, the Company also ensures compliance with Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (Journal of Laws 2018.757 of 20 April 2018, as amended).

The Company has an active Audit Committee, whose tasks include monitoring the financial reporting process and the effectiveness of the internal control and risk management systems and internal audit, including with regard to financial reporting, as well as monitoring the performance of audit activities. In particular, the Audit Committee controls, monitors and assesses the independence of the statutory auditor and audit firm.

5. Shareholders of the Company who, as at the date of the declaration, directly or indirectly hold significant blocks of shares:

Shareholding structure of NOVITA S.A. as at the date of the declaration				
Shareholder	Number of shares	Interest in the share capital	Number of votes	Share in the total votes at the AGM
Vaporjet Ltd. (through its 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 its subsidiary Finveco Investements Sp. z o.o. S.K.A.)	691,000	27.64%	691,000	27.64%

6. Given that all shares in the Company are equal in rights, there are no holders of shares or other securities that confer special control rights.

7. The Company does not have any restrictions on the exercise of the voting rights attached to its shares, other than those imposed by the relevant legislation.

8. The Company's Articles of Association do not impose any restrictions on the transfer of ownership of securities. The Company is not aware of any other possible restrictions in this respect, in particular arising from contracts or other legal relationships.

9. The appointment and dismissal of managing individuals is made by decision of the Supervisory Board, on the basis of the provisions in the Company's Articles of Association and the legal regulations in force in this respect. The powers of the managing individuals are defined in the Code of Commercial Companies and the Company's internal acts. Under the Articles of Association, the Management Board does not have extraordinary powers, in particular with regard to decisions on the issue of shares and the redemption of shares. The issue of shares or the redemption of shares may take place under authorisation granted to the Management Board by the General Meeting.

10. The rules for amending the Company's Articles of Association are set out in the Code of Commercial Companies and the Company's Articles of Association. The Articles of Association are amended by the General Meeting by way of a resolution adopted by the required majority of votes, in accordance with the relevant provisions of the Code of Commercial Companies and the Company's Articles of Association. Following the adoption of amendments to the Articles of Association, the Management Board shall immediately apply to the competent court for their registration. Upon receipt of the decision of a competent court on registration of amendments to the Articles of Association, the Company publishes information on the amendments to the Articles of Association in the form of a current report, simultaneously announcing the consolidated text of the Company's Articles of Association, if a decision on its determination has been made. The consolidated text of the amended Articles of Association is also published on the Company's website.

11. The manner of operation of the General Meeting and its powers, as well as the rights of the shareholders and the manner of exercising them, coincide with the legal regulations generally applicable in this respect. Additional regulations are set out in the Company's internal legal acts, Articles of Association and Regulations of the AGM, which are available at www.novita.pl, Investor Relations section.

12. Composition of the Company’s Management Board and Supervisory Board:

In the period from 1 January 2024 to 10 December 2024, the Supervisory Board of NOVITA S.A. operated with the following composition:

Composition of the Management Board in the period 01/01/2024 – 10/12/2024	
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

On 10 December 2024, by resolution of the Supervisory Board, a new member, Mr Shahar Arusi, was appointed to the Company's Management Board.

As at the date of the declaration, the Company's Management Board consists of:

Composition of the Management Board at the date of the declaration	
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
Shahar Arusi	Member of the Management Board

In the period from 1 January 2024 to 21 February 2024, the Supervisory Board of NOVITA S.A. operated with the following composition:

Composition of the Supervisory Board in the period 01/01/2024 – 21/02/2024	
Eyal Maor	Chair of the Supervisory Board
Uriel Mansoor	Deputy Chair of the Supervisory Board
Ilanit Ella	Member of the Supervisory Board
Ohad Tzkhori	Member of the Supervisory Board
Janusz Piczak	Member of the Supervisory Board

With a statement dated 21 February 2024, Mr Uriel Mansoor resigned from the Supervisory Board.

On 6 March 2024, by resolution of the Supervisory Board, and subsequently on 26 June 2024 by resolution of the Annual General Meeting, its composition was supplemented by the appointment of a new member, Mr Adi Mansoor.

As at the date of the declaration, the Company's Supervisory Board consists of:

Composition of the Supervisory Board at the date of the declaration	
Eyal Maor	Chair of the Supervisory Board
Adi Mansoor	Deputy Chair of the Supervisory Board
Ilanit Ella	Member of the Supervisory Board
Ohad Tzkhori	Member of the Supervisory Board
Janusz Piczak	Member of the Supervisory Board

The Company's Management Board operates on the basis of the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the Management Board. Meetings of the Management Board are held as and when required. The Management Board adopts resolutions concerning matters listed in the Regulations of the Management Board. Minutes shall be taken of each meeting of the Management Board, in which the topics to be discussed at the meeting shall be briefly described and the resolutions adopted at the meeting of the Management Board shall be listed and included as appendices.

The Supervisory Board operates on the basis of the Code of Commercial Companies, the Company's Articles of Association and the Regulations of Supervisory Board. The powers of the Supervisory Board are defined by the Code of Commercial Companies and the Company's Articles of Association. The Supervisory Board elects from among its members the Chair of the Supervisory Board, the Deputy Chair of the Supervisory Board and, if necessary, the Secretary of the Supervisory Board. The Regulations of the Supervisory Board set out the procedure for convening and meeting of the Supervisory Board.

Resolutions of the Supervisory Board are adopted at meetings held at the registered office of the Company or at other locations established in Poland. The Regulations also provide for the possibility of adopting resolutions outside the meeting of the Supervisory Board, in writing or by means of direct remote communication, as well as the possibility of casting a vote through another member of the Supervisory Board. Appropriate minutes shall be taken of each meeting of the Supervisory Board, the contents of which are provided in the Regulations of the Supervisory Board. The minutes of the Supervisory Board meeting shall be accompanied by an attendance list, the resolutions adopted, and one copy of the materials delivered to each Supervisory Board member. The minute book shall be kept in the Company.

13. Since 16 October 2017, the Company has had an Audit Committee. For FY 2024, and as at the date of the declaration, the Audit Committee is composed as follows:

Composition of the Audit Committee at the date of the declaration	
Ohad Tzkhori	Head of the Audit Committee
Eyal Maor	Member of the Audit Committee
Ilanit Ella	Member of the Audit Committee

The Audit Committee operates on the basis of the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws 2024.1035, consolidated text of 12 July 2024, as amended), and in accordance with the provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements for the statutory audit of public-interest entities, repealing Commission Decision 2005/909/EC, and on the basis of the rules of procedure adopted by it. Meetings of the Audit Committee are held as and when required.

14. With regard to the Audit Committee, the Company's Management Board indicates that:

   a. The statutory criteria for independence are met by the following members of the Audit Committee: Ohad Tzkhori and Ilanit Ella;

b. all members of the Audit Committee have knowledge and skills in accounting or auditing. They owe their competence in these areas to their education and many years of extensive professional experience;
c. Mr Eyal Maor has knowledge and skills in the industry in which the Company operates, supported by many years of professional experience;
d. an authorised non-audit service was provided to the Company by the audit firm auditing its financial statements to assess the remuneration report of the members of the Company's Supervisory Board and Management Board. In connection with the above service, an assessment of the audit firm's independence was made and approval was given for the provision of this additional service;
e. The main objectives of the policy on the selection of the audit firm and the policy on the provision of permitted non-audit services by the audit firm are to ensure that the Company's financial reporting process is effectively monitored, to ensure the effectiveness of the internal control and risk management systems for financial reporting, and to ensure that auditing activities are performed in compliance with the law, in particular with regard to the audit performed by the audit firm.
These objectives are pursued, among other ways, through the verification of bids submitted by audit firms and the active role of the Audit Committee, which, in particular, recommends to the Company's Supervisory Board the selection of an audit firm and monitors the audit firm's competence to audit the financial statements. In accordance with the provisions of the audit firm selection policy, it is recommended, among other things, that the Company negotiate the introduction in audit contracts of contractual clauses obliging the audit firm to provide the Company with cyclical information on the existence of circumstances that may result in the loss of its competence to audit the financial statements or on pending proceedings in this respect;
f. The Company selected the audit firm in 2023 to which it entrusted the statutory audit for 2023–2024. The recommendation for the selection of the audit firm to carry out the audit met the applicable conditions, in particular the recommendation as above was made following a selection procedure organised by the issuer that met the applicable criteria;
g. Seven meetings of the Audit Committee and one meeting of the Supervisory Board on the performance of the Audit Committee's duties were held in 2024;
h. In 2024, the Company met the criteria referred to in Section 70.6(5)(m) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent the information required by the laws of a non-member state (Journal of Laws 2018.757 of 20 April 2018, as amended).
Accordingly, the Company has a Diversity Policy, hereinafter referred to as the Policy or the Document. The Document sets out the principles for promoting diversity in employment at each level of the Company's organisational structure. The main objective of the Diversity Policy is, among other things, to create equal and non-discriminatory working conditions and environment in the Company, while striving to eliminate negative phenomena and manifestations of inequality in employment, stereotypes and prejudices present in society and their effects. The means of implementing the Policy in 2024 included the obligation to take into account diversity in the processes and tools of HR management (that is, in particular, adopting uniform rules for hiring in the Company, adopting and applying principles for organising, and qualifying employees for training and remuneration principles based on objective criteria and shaping the Company's organisational culture promoting diversity among staff). The Company assesses that, during the reporting period, the most important effect of the implementation of the Policy has been to increase the awareness of staff to consider and recognise the positive aspects for the Company arising from staff diversity.

Statement by the Management Board of NOVITA S.A. on the reliability of the preparation of the annual financial statements

We declare that, to the best of our knowledge, the annual financial statements and the comparative data have been prepared in accordance with the applicable accounting principles and that they reflect, in a true, reliable, and clear manner, the assets and financial position, as well as the financial result of NOVITA Spółka Akcyjna, and that the annual Issuer's Report contains a true picture of the development, achievements and situation of NOVITA Spółka Akcyjna, including a description of the main threats and risks.

Management Board of NOVITA S.A.

Radosław Muzioł President of the Management Board

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Jakub Rękosiewicz Member of the Management Board

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Shlomo Finkelstein Member of the Management Board

…………………………………………………………………..

Rami Gabay Member of the Management Board

…………………………………………………………………..

Shahar Arusi Member of the Management Board

…………………………………………………………………..

Zielona Góra, 27 March 2025

2nd April, 2025

INFORMATION OF THE MANAGEMENT BOARD REGARDING THE SELECTION OF AN AUDIT COMPANY AUDITING THE ANNUAL FINANCIAL STATEMENT FOR THE PURPOSE OF PREPARING THE ANNUAL REPORT FOR THE YEAR 2024

The Management Board of "NOVITA" Spółka Akcyjna with its registered office in Zielona Góra informs that:

1. on the basis of § 70 subparagraph 1. point 7) of Regulation of the Minister of Finance of 29th March, 2018 on current and periodic information submitted by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Dz.U.2018.757 of 20th April, 2018, as amended), with reference to the Resolution No. 4 of the Supervisory Board of 2nd April, 2025, the choice of auditing firm UHY ECA Audyt Sp. z o.o. with headquarter in Warszawa to conduct the audit of the annual financial statement for the year 2024, was made in accordance with the law.

2. The Management Board indicates that the above-mentioned auditing company and the members of the audit team met the conditions for preparing an impartial and independent audit report on the annual financial statement in accordance with applicable regulations, professional standards and professional ethics, the applicable regulations regarding the rotation of the audit firm and the key statutory auditor and mandatory withdrawal periods and that the Company has a policy regarding the selection of an audit firm and a policy regarding the provision to the Company by an auditing company, a related entity with the auditing company or member of its network of additional non-audit services, including services conditionally exempt from the prohibition of the audit company.

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

Shahar Arusi ....
Member of the Management Board

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

For the General Meeting and Supervisory Board of Novita S.A.

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of Novita S.A. (the 'Company'), which comprise the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the financial year from 1 January to 31 December 2024 and notes, including material accounting policy information and other explanatory information (the 'financial statements').

In our opinion, the accompanying financial statements:

- give a true and fair view of the property and financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union (IFRSs) and with the accounting principles (policy) adopted;
- comply in respect of the form and content with laws applicable to the Company and its Statute;
- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act of 29 September 1994 (i.e. Journal of Laws of 2023, item 120 as amended – the 'Accounting Act').

This opinion is consistent with the additional report to the Audit Committee issued on 01.04.2025.

Basis for opinion

We conducted our audit in accordance with the National Auditing Standards in the wording of International Auditing Standards adopted by Resolution No. 3430/52a/2019 of the National Council of Statutory Auditors of 21 March 2019 on national auditing standards and other documents, as amended, and the Resolution of the Board of the Polish Agency for Audit Oversight No. 38/I/2022 of 15 November 2022 on national quality control standards and National Auditing Standard 220 (Amended) ('NAS'), as well as pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (i.e. Journal of Laws of 2024, item 1035, as amended – the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public interest entities (Official Journal of the European Union L158 of 27 May 2014, p. 77, as amended – the 'EU Regulation'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements'* section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and ethics

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants adopted by resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the principles of professional ethics of statutory auditors, as amended (the 'IESBA Code') and with other ethical requirements that are relevant to our audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and have summarised our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key Audit Matter	How our audit responded to this matter
Revenue – valuation and disclosures	
As of December 31, 2024 the Company recognized sales revenues of PLN 200,105 thousand. The position increased by 8,22% compared to previous year. It has been identified as a key issue due to its value, demonstrating the Company's operational performance and determining market share. It has been identified as key issue as well as the potential possibility for misstatement of	Our procedures on the identified key audit matter included, but were not limited to, the following: • reviewing the Company's system of internal control and policies for recognizing revenue from contracts with customers and identifying the moment of obtain control of the transferred good or service, as well as understanding any changes in the aforementioned scope;

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revenue, including as a result of mistakes or fraud. *Reference to disclosures in the financial statements* The Company has included disclosures regarding sales revenue in the introduction to the financial statements in point 5.23 and 20 of the financial statements.	• analytical tests of the development of sales revenues over the months of the financial year and in comparison with the previous year; • substantive tests on a random sample of accounting records; • cut-off tests enabling assessment of sales revenue recognition in the correct reporting period; • analysis of untypical transactions and adjustments made after balance sheet date We also assessed the disclosures in the financial statements regarding revenue from contracts with customers.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation of, based on properly maintained accounting records, the financial statements that give a true and fair view of the property and financial position of the Company and of its financial performance in accordance with the required applicable rules of International Financial Reporting Standards approved by the European Union, the adopted accounting principles (policy) and with the legal regulations applicable to the Company, as well as the Company's Statute, and is also responsible for such internal control as the Company's Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

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Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NAS will always detect a material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

The scope of the audit does not include assurance on the future profitability of the Company nor efficiency or effectiveness of conducting business matters now or in the future by the Company's Management.

As part of an audit in accordance with NAS, we use professional judgment and maintain professional scepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern;

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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to the Company's Supervisory Board on, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Company's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Company's Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including Company Activity Report

Other information

Other information comprises Company Activity Report as at 31 December 2024 (the 'Company Activity Report') together with the representation on application of corporate governance, which are separate elements of this Company Activity Report, and the Annual Report for the financial year ended 31 December 2024 (the 'Annual Report') (together the 'Other information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation of the Other information in accordance with laws.

The Company's Management and members of the Supervisory Board are required to ensure that the Company Activity Report with separate elements meets the requirements of the Accounting Act.

Auditor's responsibility

Our audit opinion on the financial statements does not include the Other information. In connection with the audit of the financial statements, our responsibility is to read the Other information and, in doing so, to consider, whether the Other information is materially inconsistent with

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the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there are material misstatements in this Other information, we are required to report that fact in our independent auditor's report.

We have nothing to report regarding the Other information.

Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Company Activity Report, to the extent not relevant to sustainability reporting, was prepared in accordance with laws and that it is consistent with the information contained in the financial statements. Moreover, we are required to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

We obtained the Company Activity Report before the date of this audit report and the Annual Report will be available after that date. In the event that we identify a material misstatement in the Annual Report, we are required to inform the Company's Supervisory Board.

Opinion on the Company Activity Report

Based on the work performed during our audit, in our opinion, the Company Activity Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 70 of the Decree of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws of 2018, item 757, as amended – 'Decree on current information');
- is consistent with the information contained in the financial statements.

Statement on the Company Activity Report

We certify that, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Company Activity Report.

Opinion on the corporate governance representation

In our opinion, in the representation on application of corporate governance, the Company has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current information. Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the representation on application of corporate governance is in accordance with applicable laws and information included in the financial statements.

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Report on other legal and regulatory requirements

Representation on the provision of non-audit services

To the best of our knowledge and belief, we represent that the non-audit services, which we have provided to the Company are compliant with the laws and regulations applicable in Poland and that we have not provided non-audit services, which are prohibited under article 5 item 1 of the EU Regulation and article 136 of the Act on Statutory Auditors.

Appointment of the audit firm

We were appointed for the audit of the Company's financial statements based on the resolution of the Company's Supervisory Board dated 30.05.2023. The financial statements of the Company have been audited by us for the second time.

The key auditor responsible for the audit resulting in this independent auditor's report is Piotr Woźniak.

....

No. in the register: 11625

acting on behalf of UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością of Warsaw, Poland, entered into the list of audit firms under entry No. 3886 on behalf of which the key auditor has audited the financial statements.

This document is a foreign language version of the original Independent Auditor's Report issued in Polish version and only the original version is binding. This document has been prepared for information purposes and could be used only for Company's internal purposes. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Warsaw, 01.04.2025

2nd April, 2025

EVALUATION OF THE NOVITA S.A. SUPERVISORY BOARD
CONCERNING THE REPORT ON THE ISSUER'S ACTIVITIES
AND FINANCIAL STATEMENTS IN TERMS OF THEIR COMPLIANCE WITH THE BOOKS, DOCUMENTS AND THE FACTS FOR YEAR 2024

(legal basis: § 70 subparagraph 1 point 14) of the Regulation of the Minister of Finance of 29th March, 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Dz.U.2018.757 of 20th April, 2018 as amended), is as follows:

1. The Supervisory Board of NOVITA S.A. (hereinafter referred to as: "Company" or "Issuer"), declares that acting pursuant to art. 382 § 3 of the Polish Act of 15th September, 2000 - Code of Commercial Companies (Dz.U.2024.18 of 5th January, 2024 as amended), has made the following assessment of:

1) the Company's financial statement for 2024 that includes:
   a) statement of financial position showing as of 31st December 2024 on the assets side and on equity and liabilities the amount of 165 923 thousand PLN (in words: one hundred sixty five million nine hundred twenty three thousand zlotys);
   b) statement of comprehensive income showing as at 31st December, 2024 total net income in the amount of 23 565 thousand PLN (in words: twenty three million five hundred sixty five thousand zlotys) and net profit of 23 574 thousand PLN (in words: twenty three million five hundred seventy four thousand zlotys);
   c) statement of changes in equity showing as at 31st December, 2024 a decrease in equity by the amount of 7 435 thousand PLN (in words: seven million four hundred thirty five thousand zlotys);
   d) cash flow statement showing as at 31st December, 2024 a net decrease in cash by the amount of 5 882 thousand PLN (in words: five million eight hundred eighty two thousand zlotys);
2) financial statement for the financial year 2024, in terms of compliance with the books, documents and the facts;
3) report on the Issuer's activity in the financial year 2024, in terms of compliance with books, documents and the facts;
4) the assessment was made on the basis of the analysis:
   a) content of the above reports submitted by the Company's Management Board;
   b) documents and accounting books as well as information provided by the Management Board of the Company;
   c) the results of additional verifying activities carried out in selected financial and operational areas;
   d) the opinion of the audit company UHY ECA Audyt Sp. z o.o. with registered office in Warszawa from the examination of the Issuer's financial report for the financial year 2024;
   e) additional report of the audit company for the Audit Committee referred to in art. 131 of the Act of 11th May, 2017, on statutory auditors, auditing companies and public supervision (Dz.U.2024.1035 of 12th July, 2024, as amended);

f) information of the Audit Committee on the course, results and significance of the audit for the reliability of financial reporting in the Company and the role of the Committee in the process of auditing financial statements.

2. The Issuer's Supervisory Board made a positive assessment of the above reports, and on the basis of possessed knowledge about the Company and a wide range of activities undertaken in connection with the preparation and examination of the abovementioned reports, assesses that the report on the Issuer's activity in the financial year 2024 and the Issuer's financial statement for the financial year 2024 have been prepared in accordance with the applicable legal regulations and that these documents are compliant with accounting books, documents and the facts and contain a true picture of the development and achievements and the situation of the Company, and also do not raise objections as to the form and content contained in them.

On behalf of the Supervisory Board of NOVITA S.A.

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EYAL MAOR

Chairman of the Supervisory Board
of NOVITA Spółka Akcyjna with its registered office
in Zielona Góra

2nd April, 2025

DECLARATION OF THE NOVITA S.A. SUPERVISORY BOARD
REGARDING THE FUNCTIONING OF THE AUDIT COMMITTEE IN YEAR 2024

prepared on the basis of § 70 subparagraph 1 point 8) of the Regulation of the Minister of Finance of 29th March, 2018, on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Dz.U.2018.757 of 20th April, 2018 as amended).

The Supervisory Board of NOVITA S.A. (hereinafter referred to as "the Company") declares that:

a. The Audit Committee was established and operates in an uninterrupted manner, the Audit Committee consists of: Ohad Tzkhori, Eyal Maor and Ilanit Ella;
b. the provisions regarding the appointment, composition and operation of the Audit Committee are complied with, including the fulfillment by its members of independence criteria and requirements regarding the possession of knowledge and skills in the industry in which the Company operates, and in the field of accounting or auditing of financial statements;
c. the Audit Committee performed and continue to perform the tasks provided for in the applicable regulations.

On behalf of the Supervisory Board of NOVITA S.A.

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EYAL MAOR

Chairman of the Supervisory Board
of NOVITA Spółka Akcyjna with its registered office
in Zielona Góra