



VIGO Photonics S.A.

STANDALONE QUARTERLY REPORT
for the period from 1 January 2023 to 30 September 2023
containing the interim condensed standalone financial
statements of the VIGO Photonics Group prepared in
accordance with IFRS

Ożarów Mazowiecki, 15 November 2023.

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1 Selected standalone figures

| Financial highlights | PLN '000 | | | | EUR '000 | | | |
|---------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 01.07.2023 | 01.01.2023 | 01.07.2022 | 01.01.2022 | 01.07.2023 | 01.01.2023 | 01.07.2022 | 01.01.2022 |
| | - | - | - | - | - | - | - | - |
| | 30.09.2023 | 30.09.2023 | 30.09.2022 | 30.09.2022 | 30.09.2023 | 30.09.2023 | 30.09.2022 | 30.09.2022 |
| Interim condensed statement of comprehensive income | | | | | | | | |
| Net revenue from the sale of products, services, goods and materials | 17,204 | 52,641 | 16,283 | 48,318 | 3,759 | 11,500 | 3,473 | 10,307 |
| Cost of sales | 8,491 | 26,003 | 8,103 | 21,257 | 1,855 | 5,681 | 1,728 | 4,534 |
| Operating profit (loss) | 2,996 | 10,566 | 3,001 | 8,334 | 655 | 2,308 | 640 | 1,778 |
| Profit (loss) before tax | 1,271 | 9,572 | 1,979 | 6,801 | 278 | 2,091 | 422 | 1,451 |
| Profit (loss) after tax | 1,499 | 8,980 | 4,749 | 13,031 | 328 | 1,962 | 1,013 | 2,780 |
| Net profit/ loss after tax adjusted for deferred income tax | 1,230 | 9,483 | 1,955 | 6,755 | 269 | 2,072 | 417 | 1,441 |
| Number of shares | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 |
| Net profit (loss) per ordinary share (PLN/EUR) | 2.06 | 12.32 | 6.51 | 17.88 | 0.45 | 2.69 | 1.39 | 3.81 |
| Net profit (loss) per ordinary share (PLN/EUR) adjusted for deferred income tax | 1.69 | 13.01 | 2.68 | 9.27 | 0.37 | 2.84 | 0.57 | 1.98 |

| Financial highlights | PLN '000 | | | EUR '000 | | |
|----------------------------------------------------------|------------|------------|------------|------------|------------|------------|
| | 30.09.2023 | 30.06.2023 | 31.12.2022 | 30.09.2023 | 30.06.2023 | 31.12.2022 |
| Interim condensed statement of financial position | | | | | | |
| Non-current assets | 234,617 | 232,299 | 222,036 | 50,612 | 52,198 | 47,373 |
| Current assets | 41,048 | 38,388 | 38,715 | 8,855 | 8,626 | 8,255 |
| Equity | 154,464 | 153,065 | 145,578 | 33,343 | 34,394 | 31,041 |
| Long-term liabilities | 83,423 | 82,250 | 81,773 | 17,996 | 19,156 | 17,436 |
| Short-term liabilities | 37,677 | 32,372 | 33,399 | 8,128 | 7,274 | 7,121 |
| Book value per share (equity/ number of shares) | 212.02 | 209.97 | 199.70 | 45.74 | 47.18 | 42.58 |

| Financial highlights | PLN '000 | | EUR '000 | |
|--------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 01.01.2023 to 30.09.2023 | from 01.01.2022 to 30.09.2022 | from 01.01.2023 to 30.09.2023 | from 01.01.2022 to 30.09.2022 |
| Interim condensed statement of cash flows | | | | |
| Net cash flows from operating activities | 15,587 | 9,696 | 3,405 | 2,068 |
| Net cash flows from investing activities | -10,251 | -29,499 | -2,240 | -6,292 |
| Net cash flows from financing activities | -3,407 | 16,221 | -744 | 3,460 |

2 Introduction to the standalone financial statements

2.1 Information about the parent company VIGO Photonics S.A.

VIGO Photonics S.A. ("Company") is a technology-based manufacturing company specialising in semiconductor materials and devices for photonic and microelectronic applications. VIGO Photonics is a leader in the global market of mid-infrared photon detectors. All products are based on its proprietary, unique technology. The Company provides ready-made and customised solutions, which allow to create products dedicated to a given customer's application.

The Company has a complete production line for high-throughput semiconductor devices - from epitaxy of materials from complex semiconductors of groups II-VI (tellurium, cadmium, mercury) and groups III-V of the periodic table of elements (indium, arsenic, gallium, antimony), through production of detector chips and lasers, to their microassembly and integration into electronics. The Company also has its own modern measurement laboratories, which enable fast and accurate measurements of products and semi-finished products at every stage of production.

Detectors currently manufactured by the Company are used in the world's largest research centres and in the development of advanced technical equipment, in applications such as:

- Railway traffic safety (failure detection systems in the running gear of high-speed rail systems and fire detection systems)
- Environmental protection (measurement of the threat to the environment posed by harmful chemical substances, monitoring of emissions of hazardous substances into the air, air quality surveillance)
- Industrial applications (industrial scanners for temperature distribution, industrial automation equipment)
- Military applications (missile guidance systems, laser-beam vehicle-tracking alert systems)
- Security (detection of explosive and hazardous substances, prevention systems against terrorist activities, systems for checking the contents of passengers' luggage)
- Research and science (measurement of high-temperature plasma parameters for thermonuclear fusion research, measurement of ultra-short pulses of infrared radiation emitted by lasers and synchrotrons, spectrometers for measuring extremely low concentrations of substances)
- Space industry (laser communications in open Space, measurement equipment for space applications).

In order to meet the dynamic development of photonics market, VIGO Photonics has added epitaxial semiconductor layers to its offer. Developed by VIGO Photonics, the epitaxial layers, based on indium phosphide and gallium arsenide, are the basis for the production of cascade edge lasers, vertical cavity resonance lasers (VCSEL), other sources of infrared radiation and microelectronic components (transistors, diodes).

The Company puts great emphasis on research and development of new products, thus continuously maintaining high competitiveness and quality of offered products since the 1990s. The technological advancement of VIGO Photonics S.A. and the quality of its products as well as its position in the global market have been confirmed by the use of infrared detectors produced by VIGO in the Mars rover Curiosity, which landed on the Red Planet on 6 August 2012 as part of the NASA program and the subsequent detection of traces of methane on Mars in December 2014 with the use of these detectors. The Company's detectors were also used by the European Space Agency as part of the Exomars mission. In October 2016, Schiaparelli landing module, equipped with VIGO Photonics detectors, attempted a landing on Mars.

VIGO System S.A. based in Ożarów Mazowiecki was created on 20 February 2002 as a result of transformation of VIGO Photonics Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw entered in the National Court Register in the District Court for the capital city of Warsaw in Warsaw under KRS 0000110129.

VIGO Photonics S.A. was incorporated by way of Notarial Deed No. 1459/2002 dated 20 February 2002 in the Notary's Office of Krzysztof Łaski – Notary in Warsaw and was entered in the National Court Register – Register of Entrepreneurs on 21 May 2002 under KRS number 0000113394. Its duration is indefinite (it is a going concern).

The Company's core business is the manufacture of electronic components (PKD 2611Z).

2.2 Activities in the Special Economic Zone (hereinafter referred to as "SEZ") – tax exemption

On the basis of permit No. 116/ARP S.A./2005 issued on 9 November 2005, since 1 March 2008 the Company has conducted its business activity in the Tarnobrzeg Special Economic Zone ("TSEZ") EUROPARK WISŁOSAN in Ożarów Mazowiecki and on this grounds it is entitled to exemption from Corporate Income Tax due to capital expenditures incurred in the Zone. The company fulfilled all the conditions specified in the permit in order to be able to benefit from the tax exemption. Income generated from business activities covered by the permit within the special economic zone is exempt under Article 17,

Section 1, Point 34 of the Corporate Income Tax Act. The amount of aid obtained for the Issuer is 65% of discounted investment expenditures on fixed assets and purchased intangible assets incurred during the term of the permit. This aid is reduced by any discounted subsidies from public funds obtained for the purchase of fixed assets.

In the Tarnobrzeg SEZ, as indicated in the permit, the Company conducts the following production, trade and service activities with respect to products and services manufactured in the zone, defined under the following headings in the then-current Polish Classification of Products and Services of the Central Statistical Office:

- a. Section D, subsection DL, Division 32
Class 32.10 - Electronic tubes and other electronic components
- b. Section D, subsection DL, Division 33
Class 33.20 - Instruments and appliances for measuring, checking, navigating and similar instruments and appliances, and instruments
- c. Class 33.30 - Optical instruments and photographic equipment
Section K, Division 73
Class 73.10 - Research and development services for natural sciences and engineering.

2.3 Contact details

Name: VIGO Photonics Spółka Akcyjna
Registered office: Ożarów Mazowiecki
Address: ul. Poznańska 129/133, 05-850 Ożarów Mazowiecki
NIP: 527-020-73-40
REGON: 010265179
Telecommunications numbers: Phone (+48 22) 733 54 00
Fax (+48 22) 733 54 26
Email address: info@vigo.com.pl
Website: www.vigo.com.pl

2.4 Description of VIGO Photonics Group

The Company's Group includes the following entities:

- VIGO Photonics Taiwan – a company established in 2020 as a sales office in the East Asia region. The Company has a 100% stake in VIGO Photonics Taiwan worth PLN 64 thousand. Currently, the latter company is being liquidated.
- VIGO Photonics Inc – a company established in 2021 as a sales office in the North American region. The Company has a 100% stake in VIGO Photonics Inc. worth PLN 484 thousand.
- VIGO Ventures ASI Sp. z o.o. – Company established in 2021 to take over the activities of VIGO WE Innovation Sp. z o.o. As at 30 June 2023, the VIGO Photonics S.A. held 44.2% of shares in VIGO Ventures ASI Sp. z o.o. with a value of PLN 10,169 thousand.

Data from the statement of turnover and balances of VIGO WE Innovation Sp. z o.o. and VIGO Ventures ASI Sp. z o.o. as at 30 September 2023 are as follows (in PLN thousand):

| Company | Equity | Share capital | Other capitals | Profit/ loss after tax | Value of assets | Non-current assets | Current assets | Value of liabilities | Value of revenues |
|-------------------|--------|---------------|----------------|------------------------|-----------------|--------------------|----------------|----------------------|-------------------|
| VIGO Ventures ASI | 29,936 | 7,452 | 28,729 | -1,151 | 29,936 | 29,699 | 237,559 | 96 | 194 |

2.5 Effects of changes in the structure of the economic entity

In the period covered by the report, there were no changes in the structure of the economic entity.

2.6 Opinion of the Management Board on the possibility of achieving the previously published earnings forecasts

The Company did not publish any earnings forecasts.

2.7 The ownership structure of VIGO Photonics S.A.

According to the knowledge of the Company's Management Board, as at the date of submitting the interim condensed financial statements for the period ended 30 September 2023 (15 November 2023), the following shareholders held at least 5% of the total number of votes at the General Meeting:

| Shareholder | Number of shares | % of the registered capital | Number of votes | % of votes at the General Meeting |
|-------------------------------|------------------|-----------------------------|-----------------|-----------------------------------|
| Warsaw Equity Management S.A. | 104,000 | 14.27 | 104,000 | 14.27 |
| Józef Piotrowski | 86,650 | 11.89 | 86,650 | 11.89 |
| Janusz Kubrak | 48,100 | 6.60 | 48,100 | 6.60 |
| Investors TFI | 47,038 | 6.45 | 47,038 | 6.45 |
| PTE Allianz Polska S.A. | 39,071 | 5.36 | 39,071 | 5.36 |
| Mirosław Grudzień | 37,200 | 5.10 | 37,200 | 5.10 |
| Others | 366,941 | 50.33 | 366,941 | 50.33 |
| | 729,000 | 100.00 | 729,000 | 100.00 |

2.8 Governing bodies of VIGO Photonics S.A.

As at the date of publication of the Q3 2023 report, the Company's Management Board consisted of:

- Adam Piotrowski – President of the Management Board
- Łukasz Piekarski – Member of the Management Board
- Marcin Szrom – Member of the Management Board.

As at the date of publication of the Q3 2023 report, the Company's Supervisory Board consisted of:

- Marek Wiechno – Chairman of the Supervisory Board (Supervisory Board resolution of 12 May 2023)
- Zbigniew Więclaw – Member of the Supervisory Board
- Piotr Nadolski – Member of the Supervisory Board
- Krzysztof Kaczmarczyk – Member of the Supervisory Board
- Mirosław Grudzień – Member of the Supervisory Board.
- Krzysztof Dziewicki – Member of the Supervisory Board (appointed on 29 June 2023)

Composition of the Audit Committee of the Supervisory Board:

- Zbigniew Więclaw – Chairman of the Audit Committee (resolution of the Supervisory Board of 19 May 2023)
- Marek Wiechno – Member of the Audit Committee
- Krzysztof Kaczmarczyk – Member of the Audit Committee.

2.9 Shareholdings by executive and non-executive directors of VIGO Photonics S.A.

As at 15 November 2023, members of the Management Board held the following shares in the Company:

- Adam Piotrowski held 660 shares (nominal value of shares: PLN 660)
- Łukasz Piekarski held 485 shares (nominal value of shares: PLN 485).

As at 15 November 2023, members of the Company's Supervisory Board held the following shares in the Company:

- Mirosław Grudzień held 37,200 shares (nominal value of shares: PLN 37,200).
- Zbigniew Więclaw held 12,000 shares (nominal value of shares: PLN 12,000)
- Krzysztof Dziewicki held 1,274 shares (nominal value of shares: PLN 1,274).

2.10 Reported periods

The interim condensed standalone statement of financial position includes data for the period from 1 January 2023 to 30 September 2023. Comparative data are presented as at 31 December 2022 for the interim condensed standalone statement of financial position and for the period from 1 January 2022 to 30 September 2022 for the interim condensed standalone statement of comprehensive income, interim condensed standalone statement of cash flows and condensed statement of changes in equity.

2.11 The basis for the preparation of the interim condensed standalone financial statements

These interim condensed standalone financial statements have been prepared in accordance with International Accounting Standard 34 – “Interim Reporting”.

As at the date of approval of these financial statements for publication, taking into account the ongoing IFRS implementation process in the EU, as regards the Company’s operations there is no difference between the already implemented IFRSs and the IFRSs endorsed by the EU. IFRSs include the standards and interpretations approved by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

The data included in the report have been prepared with the observance of the principles of valuation of assets and liabilities and measurement of net profit or loss determined as at the balance sheet date.

The solutions adopted with regard to accounting records and the way information is grouped have been subordinated to the needs of management and internal control. They also take into account the requirements set by the provisions of the act and the needs of state statistics.

The interim condensed standalone financial statements have been prepared on the assumption that the Company will continue in operation in the foreseeable future. The Company’s Management Board is not aware of any circumstances that would pose a threat to the continuation of the Company’s operations.

The interim condensed financial statements do not contain all the information and disclosures required of annual financial statements and should be read jointly with the financial statements for the year ended 31 December 2022, approved for publication on 17 April 2023 and the half-yearly report for the period from 1 January 2023 to 30 June 2023, approved for publication on 18 September 2023.

These interim condensed standalone financial statements for the nine-month period of 2023 ended 30 September 2023 were approved for publication by the Management Board on 15 November 2023.

The interim financial result may not fully reflect the achievable financial result for the financial year.

The Company’s functional currency and presentation currency of these interim condensed standalone financial statements is the Polish zloty. Data in the financial statements are rounded to the nearest thousand zlotys, unless stated otherwise in specific situations.

Due to the presentation of amounts in the financial statements rounded to the nearest thousand, differences of +/- 1 may appear in the report.

2.12 Significant accounting policies

Significant accounting policies applied in this report are described in detail in point 2.14 of the consolidated half-yearly financial statements drawn up as at 30 September 2023.

2.13 PLN exchange rates

In the period covered by the financial statements, the following PLN/EUR exchange rates were applied:

| Ref. | Description | 01.01.2023- 30.09.2023 | 01.01.2022- 31.12.2022 | 01.01.2022- 30.09.2022 |
|------|------------------------------------------------|---------------------------|---------------------------|---------------------------|
| 1. | Average exchange rate at the end of the period | 4.6356 | 4.6899 | 4.8698 |
| 2. | Average exchange rate for the period | 4.5773 | 4.6907 | 4.6880 |

The average exchange rate for the period is the arithmetic average of the average exchange rates applicable on the last day of each month in the period based on information published by the National Bank of Poland.

3 INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

| | As at 30.09.2023 | As at 30.06.2023 | As at 31.12.2022 | As at 30.09.2022 |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| Non-current assets | 234,617 | 232,299 | 222,036 | 223,971 |
| Property, plant and equipment | 114,273 | 115,790 | 113,502 | 113,941 |
| Intangible assets | 15,250 | 16,644 | 19,432 | 14,674 |
| Right of use | 3,728 | 3,738 | 3,758 | 3,767 |
| Development expenditure | 69,107 | 64,595 | 53,444 | 54,030 |
| Deferred tax assets | 21,509 | 21,240 | 22,012 | 28,671 |
| Investments in jointly controlled entities | 10,707 | 10,270 | 9,888 | 8,888 |
| Prepayments | 43 | 22 | | |
| Current assets | 41,048 | 38,388 | 38,715 | 35,555 |
| Inventories | 16,907 | 15,100 | 14,584 | 13,052 |
| Trade receivables | 13,812 | 13,310 | 15,033 | 13,405 |
| Other receivables | 1,149 | 1,129 | 2,226 | 2,611 |
| Other financial receivables | 4,748 | 4,285 | 3,575 | 4,127 |
| Prepayments | 266 | 603 | 1,068 | 585 |
| Cash and cash equivalents | 4,166 | 3,961 | 2,229 | 1,775 |
| TOTAL ASSETS | 275,665 | 270,687 | 260,750 | 259,526 |
| EQUITY AND LIABILITIES | | | | |
| Equity | 154,564 | 153,065 | 145,578 | 146,852 |
| Share capital | 729 | 729 | 729 | 729 |
| Share premium account | 8,865 | 8,865 | 8,865 | 8,865 |
| Revaluation reserve | 105 | 105 | 99 | 78 |
| Other capitals | 135,885 | 135,885 | 124,148 | 123,449 |
| Profit (loss) of the current period | 8,980 | 7,481 | 11,737 | 13,031 |
| Correction of an error from previous years | | | | 699 |
| Long-term liabilities | 83,423 | 85,250 | 81,773 | 73,724 |
| Bank and other loans | 22,771 | 25,734 | 28,057 | 27,877 |
| Deferred income | 59,838 | 58,653 | 52,854 | 45,050 |
| Provision for pensions and similar benefits | 204 | 204 | 184 | 153 |
| Lease obligations | 610 | 658 | 678 | 643 |
| Short-term liabilities | 37,678 | 32,372 | 33,399 | 38,951 |
| Bank and other loans | 24,721 | 21,579 | 21,300 | 25,193 |
| Trade and other liabilities | 3,067 | 2,138 | 4,239 | 5,456 |
| Other liabilities | 2,454 | 1,390 | 1,250 | 1,376 |
| Lease obligations | 38 | 13 | 46 | 42 |
| Deferred income | 3,076 | 3,080 | 2,611 | 2,236 |
| Provision for pensions and similar benefits | 2,422 | 2,422 | 1,953 | 2,478 |
| Other provisions | 1,898 | 1,750 | 2,000 | 2,170 |
| TOTAL EQUITY AND LIABILITIES | 275,665 | 270,687 | 260,750 | 259,526 |

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

| | 01.07.2023 - 30.09.2023 | 01.01.2023 - 30.09.2023 | 01.07.2022 - 30.09.2022 | 01.01.2022 - 30.09.2022 |
|---------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Revenue from sales | 17,204 | 52,641 | 16,283 | 48,318 |
| Revenue from the sale of products | 16,365 | 50,399 | 15,229 | 45,598 |
| Revenue from the sale of services | 562 | 1,917 | 810 | 2,478 |
| Revenue from the sale of goods and materials | 277 | 324 | 243 | 243 |
| Cost of products, goods and materials sold | 8,491 | 26,003 | 8,103 | 21,257 |
| Cost of production of products and services sold | 8,435 | 25,947 | 8,103 | 21,257 |
| Value of goods and materials sold | 56 | 56 | | |
| Gross profit (loss) on sale | 8,713 | 26,637 | 8,180 | 27,061 |
| Selling costs | 1,963 | 5,892 | 2,110 | 6,443 |
| General and administrative expenses | 4,751 | 13,748 | 4,596 | 16,344 |
| Other operating income | 1,697 | 5,582 | 2,177 | 6,193 |
| Other operating costs | 701 | 2,014 | 649 | 2,133 |
| Profit (loss) on operating activities | 2,996 | 10,566 | 3,001 | 8,334 |
| Financial income | | 719 | 750 | 750 |
| Financial costs | 1,726 | 1,712 | 1,772 | 2,283 |
| Profit/ loss before tax | 1,271 | 9,572 | 1,980 | 6,801 |
| Income tax | -229 | 592 | -2,770 | -6,230 |
| Net profit (loss) on continued operations | 1,499 | 8,980 | 4,749 | 13,031 |
| Profit (loss) after tax | 1,499 | 8,980 | 4,749 | 13,031 |
| Components of other comprehensive income: | | 6 | | -102 |
| Actuarial gains (losses) on defined benefit plans | | 6 | | -102 |
| Total comprehensive income | 1,499 | 8,986 | 4,749 | 12,929 |
| Net profit (loss) per share (in PLN) | 2.06 | 12.32 | 6.51 | 17.88 |
| Basic for the financial period | 2.06 | 12.32 | 6.51 | 17.88 |
| Diluted for the financial period | 2.06 | 12.32 | 6.51 | 17.88 |

INTERIM CONDENSED STANDALONE STATEMENT OF CASH FLOWS

| | For the period: | For the period: |
|-----------------------------------------------------------------|----------------------------------|----------------------------------|
| | from 01.01.2023 to 30.09.2023 | from 01.01.2022 to 30.09.2022 |
| OPERATING ACTIVITIES | | |
| Profit/ loss before tax | 9,572 | 6,801 |
| Income tax | 592 | 6,230 |
| Profit/ loss after tax | 8,980 | 13,031 |
| Total adjustments: | 6,103 | 2,932 |
| Depreciation/ amortisation | 9,025 | 6,656 |
| FX gains (losses) | -220 | 2,773 |
| Interest and profit distributions (dividends) | 1,305 | 793 |
| Profit (loss) on investing activities | 17 | -271 |
| Change in the balance of provisions | 395 | 19 |
| Change in the balance of inventories | -2,323 | -6,153 |
| Change in the balance of receivables | 2,298 | 3,523 |
| Change in liabilities, except for bank and non-bank loans | 28 | 801 |
| Change in prepayments | 719 | -170 |
| Change in accrued income | -5,111 | -5,311 |
| Change in lease obligations | -29 | -43 |
| Profit (loss) of entities accounted for using the equity method | | 341 |
| Other adjustments | | -25 |
| Cash from operating activities | 15,636 | 9,733 |
| Income tax (paid)/ returned | -89 | -37 |
| A. Net cash flows from operating activities | 15,587 | 9,696 |
| INVESTING ACTIVITIES | | |
| Inflows | 12,616 | 15,645 |
| Grants received | 12,601 | 15,338 |
| Proceeds from the sale of tangible assets | 15 | 232 |
| Proceeds from the sale of shares | | 75 |
| Outflows | -22,867 | -45,144 |
| Acquisition of intangible and tangible assets | -6,451 | -23,358 |
| Expenditure on acquisition of shares | -845 | -2,136 |
| Expenditure on in-process development | -14,518 | -16,397 |
| Loans granted | -1,054 | -3,253 |
| B. Net cash flows from investing activities | -10,251 | -29,499 |
| FINANCING ACTIVITIES | | |
| Inflows | 6,223 | 26,972 |
| Bank and other loans | 6,223 | 26,972 |
| Outflows | -9,630 | -10,752 |
| Repayment of bank and non-bank loans | -7,850 | -9,699 |
| Interest | -1,739 | -1,010 |
| Lease payments | -41 | -43 |
| C. Net cash flows from financing activities | 1,928 | 16,221 |
| D. Total net cash flows | 1,928 | -3,582 |
| E. Balance sheet change in cash | 1,937 | -3,884 |
| – change in cash due to FX differences | 8 | 303 |
| F. Cash at the beginning of the period | 2,229 | 5,658 |
| G. Cash at the end of the period | 4,166 | 2,075 |

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

| | Share capital | Share premium account | Revaluation reserve | Other capitals | Profit (loss) of the current period | Total equity |
|----------------------------------------------------|---------------|-----------------------|---------------------|----------------|-------------------------------------|--------------|
| Nine months ended 30 September 2023 | | | | | | |
| Equity as at 01.01.2023 | 729 | 8,865 | 99 | 124,148 | 11,737 | 145,578 |
| Profit (loss) of the period | | | | | 8,980 | 8,980 |
| Distribution of profit (loss) for 2022 | | | | 11,737 | -11,737 | |
| Other comprehensive income: actuarial gains/losses | | | 6 | | | 6 |
| Equity as at 30.09.2023 | 729 | 8,865 | 105 | 135,885 | 8,980 | 154,564 |
| Twelve months ended 31 December 2022 | | | | | | |
| Equity as at 01.01.2022 | 729 | 8,865 | -24 | 91,148 | 33,047 | 133,765 |
| Profit (loss) of the period | | | | | 11,737 | 11,737 |
| Distribution of profit (loss) for 2021 | | | | 32,348 | -32,348 | |
| Conditional increase in capital | | | | -47 | | -47 |
| Correction of errors from previous years | | | | 699 | -699 | |
| Other comprehensive income: actuarial gains/losses | | | 123 | | | 123 |
| Equity as at 31.12.2022 | 729 | 8,865 | 99 | 124,148 | 11,737 | 145,578 |
| Nine months ended 30 September 2022 | | | | | | |
| Equity as at 01.01.2022 | 729 | 8,865 | -24 | 124,195 | | 133,765 |
| Profit (loss) of the period | | | | | 13,031 | 13,031 |
| Conditional increase in capital | | | | -47 | | -47 |
| Other comprehensive income: actuarial gains/losses | | | 102 | | | 102 |
| Equity as at 30.09.2022 | 729 | 8,865 | 78 | 124,148 | 13,031 | 146,852 |

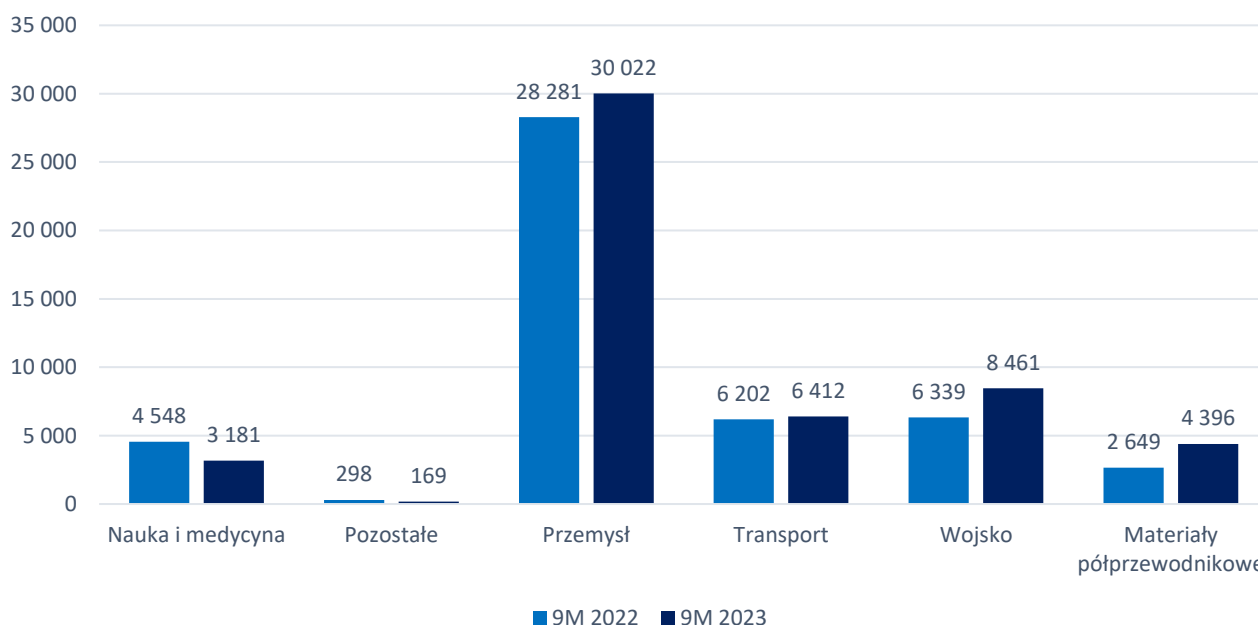
4 NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

4.1 Summary of activities of VIGO System S.A. in the third quarter of 2023

In the third quarter of 2023, the Company recorded sales revenue of PLN 17.2 million, up 5.7% on the same period in 2022. (including: sales of semiconductor materials: PLN 1.65 million, up 106.9% YoY). On a year-to-date basis, the Company achieved sales of PLN 52.6 million, up 8.95% YoY.

The highest growth was reported in the military segment – up 33.5% YY. Additionally, the Company recorded an increase in sales in the industry segment (+6.2%) and transport segment (+3.4%) YoY, as well as in the sales of semiconductor materials (+65.9%).

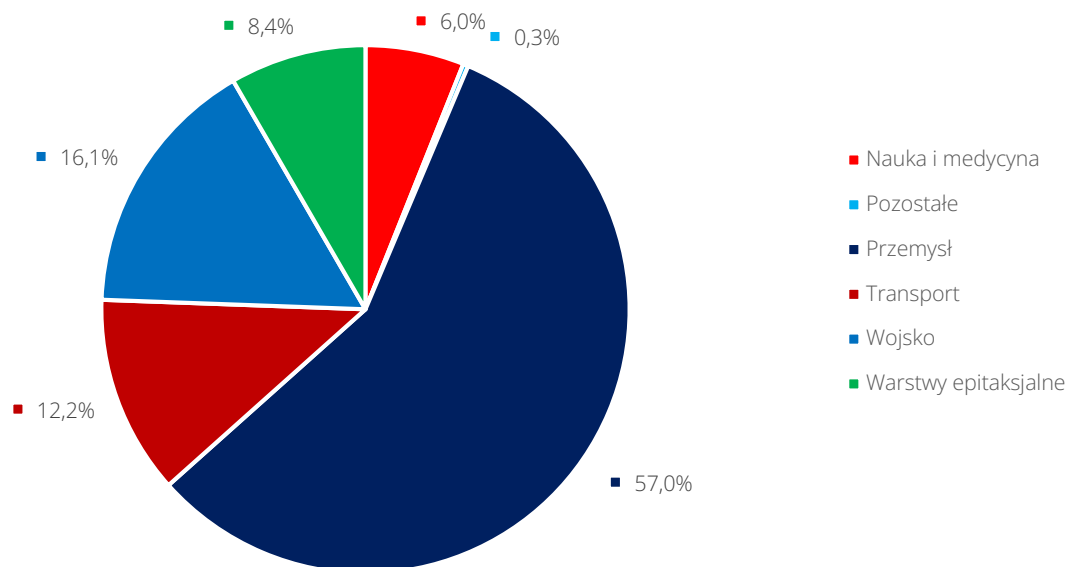
Chart1. Total sales for 9 months of 2022 and 2023 by application [PLN thousand]



The results for the 9 months of 2023 were driven by the following factors:

- Price increase made in early 2023 in response to rising production costs.
- The 33.5% increase in revenues in the military segment was caused by greater demand for the Company's products related to the increase in military spend in Poland and other European countries.

Chart 2 Total sales for 9 months of 2023 by application [%]



Until the end of Q3 2023, the status of implementation of significant agreements and orders was as follows:

- Agreement with a Caterpillar group company of 31 July 2023 with a value of EUR 3.7 million (information on the agreement was provided in current report No. 30/2023 of 31 July 2023) has been completed in 32.1%;
- Agreement with a German company of 4 May 2023 with a value of EUR 2.9 million (information on the agreement was provided in current report No. 12/2023 of 4 May 2023) has been completed in 40.4%.

4.1.1 Costs of core activities

The cost of goods and services sold reached PLN 26 million, up 22.3% than in the corresponding period of 2022, which is mainly related to:

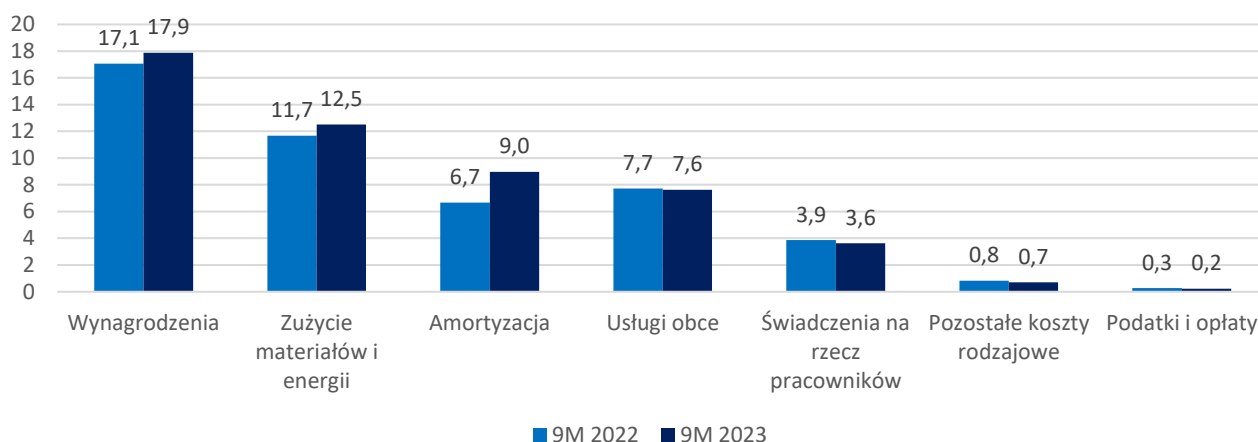
- Growing depreciation and amortisation costs caused by the purchase of new tangible assets and the adoption of new intangible assets (technology)
- Salary growth
- An increase in the costs of materials and components, which is related to the limited availability of certain materials, as well as the increase in prices caused by the war in Ukraine.

General and administrative expenses for 9 months of 2023 reached PLN 13.7 million, down 15.9% YoY.

Selling costs for 9 months of 2023 were PLN 5.9 million, down 8.6% YoY.

The Company's total operating costs for nine months of 2023 were PLN 45.6 million, up 3.6% YoY.

Chart 3 Costs by type [PLN million]



4.1.2 Profitability

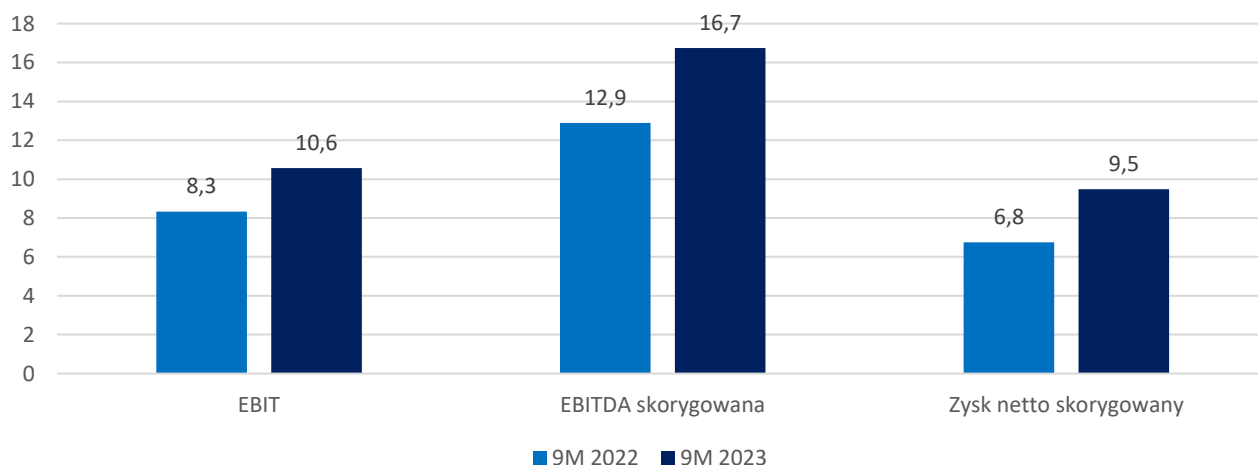
Operating profit (EBIT¹) for 9 months of 2023 was PLN 10.6 million (up 26.8% YoY). Adjusted² EBITDA³ reached PLN 16.7 million, up 29.9% compared to 2022. Net profit for 9 months of 2023 was PLN 8.9 million, down 31.08% YoY.

The main factors affecting the net profit change on a year-on-year basis were:

- An increase in depreciation/ amortisation costs of PLN 2.4 million (up 35.5% YoY)
- Recognition of a deferred tax asset in 2022 (PLN 6,276 thousand).

In order to ensure comparability of data with previous periods, the management report also contains net profit adjusted for non-recurring items (i.e. excluding the deferred tax asset) – the adjusted net profit for 9 months of 2023 is PLN 9.5 million, up 40.4% YoY.

Chart 4 Financial results for 9 months of 2022 and 2023 [PLN million]



¹ EBIT is an economic indicator that is not reflected in the current IASs/IFRSs and is not applicable for financial reporting purposes. For this reason, in the Company's opinion, it represents an "alternative performance measure" (APM). The disclosed EBIT figure corresponds to operating profit/loss.

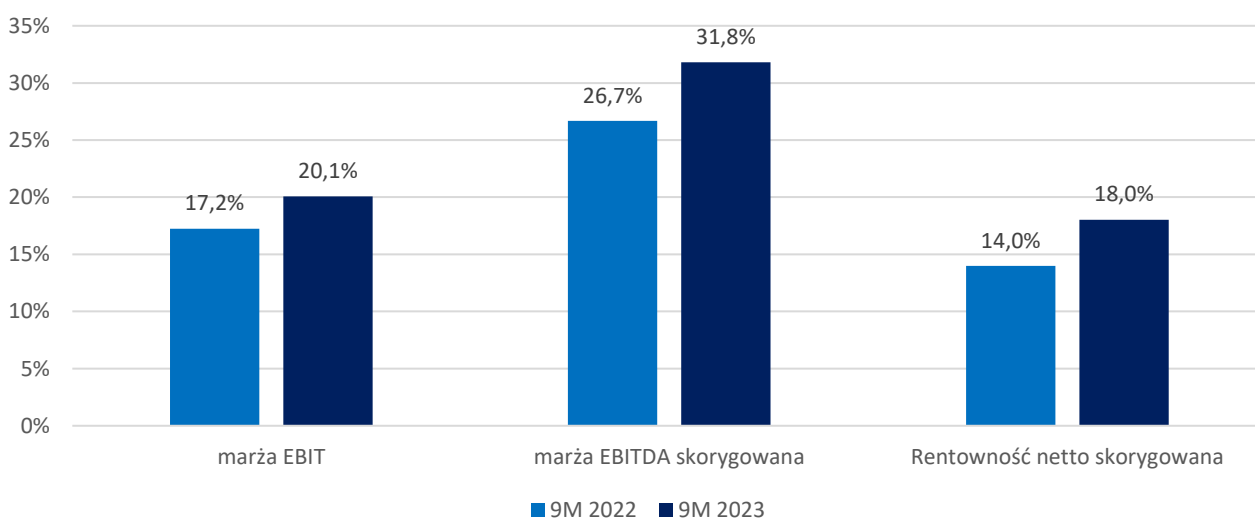
² Adjusted EBITDA is the sum of the result (profit/loss) on operating activities and depreciation increased by the settlement of grants and subsidies to tangible assets.

³ EBITA is an economic indicator that is not reflected in the current IASs/IFRSs and is not applicable for financial reporting purposes. For this reason, in the Company's opinion, it represents an "alternative performance measure" (APM). The presented and calculated EBITDA value is the sum of the result (profit/loss) on operating activities and depreciation.

| Specification (adjusted for non-recurring items) | | 9M 2023 | 9M 2022 |
|-------------------------------------------------------|----------------|---------------|---------------|
| EBIT | [PLN thousand] | 10,566 | 8,334 |
| Adjusted EBITDA | [PLN thousand] | 16,744 | 12,887 |
| Operating profit (loss) | [PLN thousand] | 10,566 | 8,334 |
| Depreciation/ amortisation | [PLN thousand] | 9,023 | 6,6619 |
| Settlement of subsidies to grants and tangible assets | [PLN thousand] | -2,874 | -2,137 |
| Incentive scheme | [PLN thousand] | 29 | 29 |
| EBIT margin | | 20.1% | 17.2% |
| Adjusted EBITDA margin | | 31.8% | 26.7% |
| Adjusted net profit margin | | 18.0% | 14.0% |

Net profit margin (based on the adjusted profit) for 9 months of 2023 was 18% (up 4 percentage points YoY), adjusted EBITDA margin was 31.8% (up 5.1 percentage points YoY), while EBIT margin was 20.1% (up 2.0 percentage points YoY).

Chart 6 Profitability and margins earned for 9 months of 2022 and 2023 (%)



4.2 Factors affecting the Group's performance in Q3 2023 and in subsequent periods

4.2.1 Short-term outlook

Based on the current order portfolio, the Company expects a significant increase in revenues in the fourth quarter of 2023, especially in the industrial and military segments.

The Company also expects to see accelerated growth in 2024, especially in the following segments:

- Industrial, which is related to the marketing of a new family of LN2 cooled products, as well as the strong demand for gas analysis detectors, especially on the American and Asian markets;
- Military, which is related to the increase in orders from key customers from the European market, as well as ongoing development projects for customers from the American market;
- Semiconductor materials – in connection with the launch of serial production of laser structures for a European customer and the existing pipeline of development projects for other clients.

4.2.2 Long-term outlook

In June 2021, the Company's Management Board adopted a new strategy to be implemented in the period 2021-2026.

Under the strategy, the Company's primary objective is to grow its capital and increase its value for Shareholders in the perspective until 2026. This will be achieved by continued growth in the global photonics market, including by supporting the development of the market segments where the Company is active and expanding Company's operations into new areas.

The Management Board identifies a number of potential business opportunities available to the Company within the photonics market. When leveraged, they may help the Company to achieve its growth ambitions in the 2026 perspective. The Management Board considers the following initiatives the most promising in terms of the Company's growth vision:

- a. Exploration of the MCT (HgCdTe) detector market, including expansion (in terms of geographies and segments) in market areas not covered by regulations excluding the use of mercury and cadmium in detectors.
- b. Development of technologies for infrared detectors and modules made of materials based on compounds from groups III and V of the periodic table of elements, compliant with the European Union Restriction of Hazardous Substances (RoHS) Directive.
- c. Development of epitaxy of III-V semiconductor materials and production of near-infrared sources (VCSEL lasers).
- d. Development of infrared source technologies.
- e. Development of optoelectronic systems technology and photonic integrated circuits for the mid- and short-wave infrared.
- f. Development of infrared detector array technology.

The VIGO 2026 Strategy consists of two phases.

2021-2023 Perspective

In Phase 1 (2021-2023), the Company focused on:

- 1) Continuation of existing development projects, including photonic integrated circuit technology, III-V material detectors, semiconductor material epitaxy and infrared source technology.
- 2) Development of the technological and technical base common to key growth support initiatives by investing in R&D and universal infrastructure.
- 3) Selection, based on outcomes of R&D projects and analysis of the market situation, of the most promising growth initiatives and preparation of an investment plan to support their implementation.

In June 2021, the Company published the following strategic goals:

- 1) PLN 67 million in revenue and PLN 29.5 million in EBITDA in 2021.
- 2) PLN 80 million in revenue and PLN 33.5 million in EBITDA in 2022.
- 3) PLN 100 million in revenue and PLN 40 million in EBITDA in 2023.

Due to unfavorable changes in the macroeconomic environment, the Company did not achieve its goal for 2022.

However, the Company is currently implementing a number of growth initiatives that are intended to ensure a sustainable increase in sales revenues in the coming years.

2024-2026 Perspective

In Phase 2, the Company will focus on implementing and executing the most promising growth initiatives selected in Phase 1 of the Strategy, including on:

Accelerating sales growth under development initiatives that form the Company's core business (sales of infrared detectors and modules and semiconductor materials), by supporting operational activities throughout the value chain, in particular investments in the development of own sales structures in key markets and continued development of technologies and new products, in order to further strengthen the Company's position as a leading supplier of mid-infrared photon detectors and a supplier of semiconductor materials for applications in photonics and microelectronics.

Continuation of the project related to the development of infrared detector array technology for civilian and military applications and the launch of serial production of infrared detector arrays.

Implementation of a project related to the development of photonic integrated circuit technologies and their subsequent implementation into serial production as part of the PIC Initiative. The key project under this initiative is HyperPIC, for which the Company obtained a decision from the European Commission approving public aid of EUR 102.9 million. The decision on a grant for the Company and on its final amount will be taken as part of the competition procedure within the European

Funds for a Modern Economy programme. The grant procedure will be available to the entities for which the European Commission has issued a positive decision regarding the eligibility for aid. The HyperPIC project will allow the Company to significantly scale its business by becoming a leading supplier of integrated mid-infrared sensor solutions.

The Company's ambition is to maintain the revenue growth rate at 20-30% p.a. and high profitability of its ordinary activities, including a gross margin in excess of 60% and EBITDA margin in excess of 40%.

Taking into account the investment needs arising from the implementation of the adopted Strategy, the Management Board decided to change the dividend policy, whereby the Management Board will recommend to the Company's General Meeting not to pay dividends during the Strategy implementation and to re-invest the generated profits to accelerate the Company's development.

The final recommendation as to dividend payment will depend on a number of factors relating to the Company and its industry, including in particular the prospects for the Company's future activities, earnings and financial position, and will take account of all possible restrictions on dividend payment, liquidity ratios, expansion plans and legal requirements with respect to the above. The dividend amount recommended by the Management Board will depend on the Company's need to reinvest the generated profits in order to fund the Company's operations and support its continued robust growth. The dividend policy will be subject to periodic reviews by the Management Board.

4.3 Other significant information

Impact of the war in Ukraine

In connection with the war in Ukraine, the Company has assessed its impact on the Group's activities and financial results.

In connection with the sanctions, the Company has noted additional risks associated with the supply of components manufactured in the Russian Federation. The value of components imported from Russia in 2021 was PLN 7.3 million. The Company has taken steps to find alternative suppliers.

The Company successfully completed the certification of a new supplier. In addition, the previous supplier moved its production outside of Russia. At this stage, the Company does not see any significant problems with the availability of components that have been purchased from the Russian market so far. However, due to disruptions in global supply chains in the electronic components market, this risk cannot be completely ruled out.

RoHS directive

Under Directive 2011/65/EU of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment ("ROHS Directive"), certain chemicals must be phased out of electrical and electronic equipment placed on the EU market. Among the hazardous substances identified by the ROHS Directive are mercury and cadmium, which are contained in cadmium mercury telluride (HgCdTe), a basic semiconductor material for uncooled mid-infrared detectors.

Pursuant to Annex IV of the ROHS Directive, mercury and cadmium in infrared detectors are exempted from the restrictions of the Directive until the expiry of the relevant transitional periods:

- Until 21 July 2021 for medical devices
- Until 21 July 2023 for in vitro diagnostic medical devices
- Until 21 July 2024 in the case of control and measuring equipment for industrial use.

The Directive does not cover military or space applications.

The Directive provides for the possibility to apply to the European Commission for an extension of the above deadlines in the event that technical progress does not render it possible to find reliable substitutes for the above substances. In January 2020, the Company submitted a request to the European Commission to extend the transitional period for medical devices, and for control and measurement devices.

In March 2022, a report⁴ ordered by the European Commission was published, containing an assessment of submitted requests for the extension of transitional periods. According to the report, the consultant recommends extending the possibility of using HgCdTe detectors in all three of the above-mentioned applications to 21 July 2028.

Additionally, in January 2023, the Company submitted a request to the European Commission to extend the transitional period control and measurement devices for industrial applications. Similar requests were also submitted by other manufacturers of equipment using HgCdTe detectors. The requests are now being considered.

⁴ Available here: https://rohs.biois.eu/RoHS-Pack-21_Final-Report.pdf

4.4 Implementation of R&D projects

4.4.1 Implementation of R&D projects

The Company implements the following R&D projects (details of individual projects are provided in the Company's Annual Report for 2022⁵):

| Ref. | Project | Agreement date | Project budget for the Company [PLN thousand] | Grant for the Company | Project implementation period |
|------|----------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------|-----------------------------|-------------------------------|
| 1. | PEMIR - development of mid-infrared detectors using plasmonic amplification | 15.03.2021 | 1,115 | 836 | 01.03.2021 31.10.2023 |
| 2. | MIRPIC - new transparent electrodes for VCSEL lasers | 22.02.2021 | 472 | 354 | 01.10.2020 30.09.2023 |
| 3. | MATRIX - Integrated photonics circuit technologies for the mid-infrared range | 25.05.2021 | 9,492 | 6,801 | 01.04.2021 31.03.2024 |
| 4. | INGAS WITH ASIC – Manufacture of InGaAs sensors with integrated ASIC electronics for the range of 1.7 - 2.6 μm | 23.09.2021 | 12,650 | 8,521 | 01.01.2021 31.12.2023 |
| 5. | Polish matrix active in infrared for space applications | 24.05.2021 | 9,374 | 6,218 | 01.01.2021 31.12.2023 |
| 6. | TRIAGE – Ultra-broadband infrared gas sensor for pollution detection | 01.01.2021 | 1,967 (EUR 420,392.25) | 1,377 (EUR 294,274.58) | 01.01.2021 29.02.2024 |
| 7. | Photogenic - Photonics on Germanium - New Industrial Consortium | 22.06.2022 | 6,230 (EUR 1,331,250.00) | 6,230 (EUR 1,331,250.00) | 01.10.2022 30.09.2025 |
| 8. | AI-Prism - AI Powered human-centred Robot Interactions for Smart Manufacturing | 23.05.2022 | 1,122 (EUR 239,700.00) | 785 (EUR 167,790.00) | 01.10.2022 30.09.2025 |
| 9. | MINIBOT- Miniaturized Board-mountable Optical Transceiver for high data rate military satellite communications | 02.12.2022 | 2,711 (EUR 609,098.84) | 2,711 (EUR 609,098.84) | 01.12.2022 30.11.2025 |
| 10. | OPMMEG – Optically-pumped magnetometer arrays for magnetoencephalography | 04.11.2022 | 2,225 (EUR 500,000.00) | 2,225 (EUR 500,000.00) | 01.12.2022 30.11.2025 |
| 11. | IBAIA- Innovative environmental multisensing for waterbody quality | 30.11.2022 | 1,498 (EUR 336,625.00) | 1,498 (EUR 336,625.00) | 01.12.2022 30.11.2026 |

⁵ Available here: <https://vigophotonics.com/pl/reports/jednostkowy-raport-roczny-za-2022-rok/>

| Ref. | Project | Agreement date | Project budget for the Company [PLN thousand] | Grant for the Company | Project implementation period |
|------|-----------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------|---------------------------|-------------------------------|
| | monitoring and remediation assessment | | | | |
| 12. | BROMEDIR- Broadband MEMS- based infrared spectrometers: the core of a multipurpose spectral sensing photonic platform | 17.11.2022 | 1,964 (EUR 441,375.00) | 1,964 (EUR 441,375.00) | 01.01.2023 30.06.2026 |
| 13. | LWIRPSBDA – Long wave detectors supported by dielectric antennas | 14.06.2023 | 1,163 | 680 | 01.04.2023 31.03.2026 |

4.5 Seasonality and cyclicity of business

In its current operations, the Company has not observed any seasonality or cyclicity of its sales performance.

4.6 Impairment allowances

Change in inventory allowances

| Specification (in PLN thousand) | Allowances on materials | Allowances on semi-finished products and work in progress | Allowances on goods | Total allowances on inventories |
|------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------|---------------------|---------------------------------|
| Status as at 01.01.2023 | 697 | 70 | 244 | 1,011 |
| Increases in the period 01.01.2023–30.09.2023: | 520 | 26 | 114 | 660 |
| recognition of allowances in correspondence with other operating costs | 520 | 26 | 114 | 660 |
| Status as at 30.09.2023 | 1,219 | 96 | 358 | 1,671 |
| Status as at 01.01.2022 | 417 | 20 | | 437 |
| Increases in the period 01.01.2022–30.09.2022: | | | | |
| recognition of allowances in correspondence with other operating costs | 370 | 55 | 216 | 641 |
| Status as at 30.09.2022 | 787 | 75 | 216 | 1,078 |

4.7 Provisions

Provision for pensions and similar benefits

| | As at: 30.09.2022 | As at: 31.12.2022 | As at: 30.09.2022 |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|
| Provisions for retirement and disability severance payments | 205 | 187 | 186 |
| Provisions for holiday leaves | 2,422 | 1,950 | 2,446 |
| Total, including: | 2,627 | 2,138 | 2,632 |
| - long-term | 202 | 184 | 153 |
| - short term | 2,425 | 1,953 | 2,478 |

Changes in provisions for pensions and similar benefits

| | Provisions for retirement and disability severance payments | Provisions for holiday leaves |
|---------------------------------------------|-------------------------------------------------------------|-------------------------------|
| As at 01.01.2023 | 187 | 1,950 |
| Provisions raised | 17 | 472 |
| Balance as at 30.09.2023, including: | 204 | 2,422 |
| - long-term | 201 | |
| - short term | 3 | 2,422 |
| As at 01.01.2022 | 272 | 1,671 |
| Provisions raised | | 280 |
| Provisions released | 84 | |
| Balance as at 31.12.2022, including: | 187 | 1,950 |
| - long-term | 184 | |
| - short term | 3 | 1,950 |
| As at 01.01.2022 | 272 | 1,671 |
| Provisions raised | | 775 |
| Provisions released | 86 | |
| Balance as at 30.09.2022, including: | 186 | 2,446 |
| - long-term | 153 | |
| - short term | 32 | 2,446 |

Other provisions

| | As at: 30.09.2023 | As at: 31.12.2022 | As at: 30.09.2022 |
|-------------------------------------------------|----------------------|----------------------|----------------------|
| Provision for remuneration | 1,319 | 1,375 | 1,554 |
| Provisions for warranty repairs and returns | 580 | 584 | 598 |
| Provision for the audit of financial statements | | 38 | |
| Provision for probable future liabilities | 1 | 3 | 18 |
| Total, including: | 1,900 | 2,000 | 2,170 |
| - short term | 1,900 | 2,000 | 2,170 |

Change in other provisions

| | Provisions for warranty repairs and returns | Other provisions | Total |
|---------------------------------------------|---------------------------------------------|------------------|--------------|
| As at 01.01.2023 | 584 | 1,416 | 2,000 |
| Recognised during the financial year | 148 | 3 | 150 |
| Released | 152 | 99 | 251 |
| Balance as at 30.09.2023, including: | 580 | 1,320 | 1,900 |
| - short term | 580 | 1,320 | 1,900 |
| As at 01.01.2022 | 607 | 2,336 | 2,943 |
| Recognised during the financial year | 20 | | 20 |
| Released | 44 | 919 | 962 |
| Balance as at 31.12.2022, including: | 584 | 1,416 | 2,000 |
| - short term | 584 | 1,416 | 2,000 |
| As at 01.01.2022 | 607 | 2,336 | 2,943 |
| Recognised during the financial year | 20 | 1,690 | 1,710 |
| Released | 29 | 2,454 | 2,483 |
| Balance as at 30.09.2022, including: | 598 | 1,572 | 2,170 |

| | Provisions for warranty repairs and returns | Other provisions | Total |
|--------------|---------------------------------------------|------------------|-------|
| - short term | 598 | 1,572 | 2,170 |

Provision for employee bonuses

The Company recognised provisions (PLN 1,017 thousand) for remuneration related to the equalisation of the bonus for Q3 2023 due to employees under remuneration regulations, payable by the end of the month following the quarter for which the bonus is accounted for.

Provision for performance bonuses payable to Management Board members a given year

A provision of PLN 302 thousand was recognised for bonuses payable to Management Board members for three quarters of 2023 to be paid following the approval of the 2023 financial statements by the AGM.

Provision for costs of anticipated warranty repairs

The Company creates provisions for the costs of anticipated warranty repairs and returns of products sold in the last 3 financial years based on the level of warranty repairs and returns recorded in previous years. Most of these costs are expected to be incurred in the next financial year (and all of them within 3 years from the balance sheet date). The assumptions underlying the calculation of the provision for warranty repairs and returns are based on current sales levels and available current information on returns, and a one-year warranty period for all products sold.

Provisions for retirement and disability severance payments, and holiday accruals

In the reporting period, the Company recognised provisions for retirement and disability severance payments, and holiday accruals of PLN 414 thousand.

4.8 Property, plant and equipment

In Q3 2023, tangible assets with a value of over PLN 6.43 million were purchased. These include machinery and equipment as well as construction works related to the reconstruction of the production plant, implementation of new technologies, purchase of a new reactor, increasing the level of automation of measurements and quality control.

4.9 Court disputes

No claim payments were made in relation to court cases in the reporting period. During three quarters of 2023 and until the date of publication of the report, no court, administrative or arbitration proceedings were/ are pending before a court, administrative or arbitration authority.

4.10 Correction of errors from previous periods

In the presented period, no corrections of errors from previous periods were made.

4.11 Outstanding loans and advances and breaches of credit agreements

The balance of loans outstanding as at 30 September 2023 is presented in the table below.

Bank loans as at 30.09.2023

| Lender and loan type | Loan amount under the agreement (PLN k/ EUR k) | Loan balance (PLN k/ EUR k) | Nominal interest rate | Maturity date |
|------------------------------------------------|------------------------------------------------|-----------------------------|-----------------------|---------------|
| ING Bank Śląski - corporate FX investment loan | EUR 5,800 | EUR 1,169 | 1M EURIBOR + margin | 31.03.2026 |
| ING Bank Śląski - corporate FX investment loan | EUR 3,600 | EUR 1,284 | 1M EURIBOR + margin | 31.12.2026 |
| ING Bank Śląski - corporate FX investment loan | EUR 2,000 | EUR 1,250 | 1M EURIBOR + margin | 31.03.2026 |

| Lender and loan type | Loan amount under the agreement (PLN k/ EUR k) | Loan balance (PLN k/ EUR k) | Nominal interest rate | Maturity date |
|--------------------------------------------------------|------------------------------------------------|-----------------------------|-----------------------|--------------------|
| ING Bank Śląski – technological investment loan in PLN | EUR 5,950 | EUR 4,293 | 1M EURIBOR + margin | 21.06.2028 |
| ING Bank Śląski - working capital facility (overdraft) | EUR 5,500 | EUR 2,243 | 1M EURIBOR + margin | possible extension |

Bank loans as at 31.12.2022

| Lender and loan type | Loan amount under the agreement (PLN k/ EUR k) | Loan balance (PLN k/ EUR k) | Nominal interest rate | Maturity date |
|--------------------------------------------------------|------------------------------------------------|-----------------------------|-----------------------|--------------------|
| ING Bank Śląski - corporate FX investment loan | EUR 5,800 | EUR 1,831 | 1M EURIBOR + margin | 31.03.2026 |
| ING Bank Śląski - corporate FX investment loan | EUR 3,600 | EUR 1,670 | 1M EURIBOR + margin | 31.12.2026 |
| ING Bank Śląski - corporate FX investment loan | EUR 2,000 | EUR 1,625 | 1M EURIBOR + margin | 31.03.2026 |
| ING Bank Śląski – technological investment loan in PLN | EUR 5,950 | EUR 3,347 | 1M EURIBOR + margin | 21.06.2028 |
| ING Bank Śląski - working capital facility (overdraft) | EUR 5,500 | EUR 2,050 | 1M EURIBOR + margin | possible extension |

Bank loans as at 30.09.2022

| Lender and loan type | Loan amount under the agreement (PLN k/ EUR k) | Loan balance (PLN k/ EUR k) | Nominal interest rate | Maturity date |
|--------------------------------------------------------|------------------------------------------------|-----------------------------|-----------------------|---------------|
| ING Bank Śląski - corporate FX investment loan | EUR 5,800 | EUR 2,051 | 1M EURIBOR + margin | 31.03.2026 |
| ING Bank Śląski - corporate FX investment loan | EUR 3,600 | EUR 1,799 | 1M EURIBOR + margin | 31.12.2026 |
| ING Bank Śląski - corporate FX investment loan | EUR 2,000 | EUR 1,750 | 1M EURIBOR + margin | 31.03.2026 |
| ING Bank Śląski – technological investment loan in PLN | PLN 6,000 | PLN 667 | 1M WIBOR + margin | 31.12.2022 |
| ING Bank Śląski - corporate FX investment loan | EUR 5,950 | EUR 2,913 | 1M EURIBOR + margin | 21.06.2028 |
| ING Bank Śląski - working capital facility (overdraft) | EUR 2,500 | EUR 2,245 | 1M EURIBOR + margin | 21.03.2023 |

Collateral for the above loans is described in Section 4.2.9 of the Annual Report for 2022.

Presented below are the covenants of active credit agreements that were breached as at 30 June 2023:

- Starting from the full calendar month following the date of signing the annex to the Agreement, the minimum inflows on all bank accounts in EUR maintained for the Client by the Bank, excluding the social fund account (if any) and excluding transfers and currency conversions between the Client's own accounts, reversals, proceeds from the purchase of receivables and credit drawdowns must not be lower than EUR 1,600,000.00 in each calendar month. The Bank is to test this covenant quarterly as of 1 January 2023.
- Throughout the Loan Period: the DSCR calculated as FCF (EBITDA less CIT, Net Investment Expenditures, Net Changes in Working Capital, Dividends and other payments to owners, Net Loans Granted and increased by Cash

at the Beginning of the Period) to the amount of principal installments payable during the previous 12 months (or a shorter period if data from the last 12 months are not available) and the level of interest calculated on the basis of the last 12 months (or a shorter period if data from the last 12 months are not available) must not be lower than 1.2.

As at 30 September 2023, the valuation of loans in foreign currencies decreased by PLN 790 thousand, with the difference being recognised as financial income.

Other long-term liabilities

The Company has a long-term lease liability of PLN 648 thousand (2022: PLN 677 thousand).

Loans and guarantees granted

In 2023, the Company granted loans of PLN 1,013 thousand to related parties. The carrying amount of those loans is PLN 5,943 thousand (of which the loan for VIGO Taiwan was written off and taken to other operating costs: PLN 1,195 thousand in 2023 and PLN 1,180 thousand in 2022). The valuation of loans as at the balance sheet date at PLN 8,000 was reflected in financial costs. The Company did not grant any loans or guarantees to members of the Management Board or Supervisory Board.

4.12 Financial instruments

In the reporting period, no changes were made in the method of determining the fair value of financial instruments. In the reporting period, no changes were made in the classification of financial assets.

4.13 Changes in the principles of determining the value of assets and liabilities and measuring the financial result

No changes were made in the principles of determining the value of assets and liabilities and measuring the financial result.

4.14 Significant liabilities on account of purchase of tangible assets

In the reporting period, no significant liabilities were recognised on account of purchase of tangible assets.

4.15 Issue, redemption or repayment of non-equity and equity instruments

In the reporting period, no non-equity or equity securities were issued, redeemed or repaid

4.16 Dividend paid or declared

No dividend was paid in the period covered by this report.

4.17 Subsequent events that might affect the Company's results.

Contracts in the military segment

On 31 August 2023, the Company signed an agreement with an entity from the PGZ Group for the supply of detectors for explosion suppression and fire extinguishing systems in tanks, combat vehicles and other vehicles for both military and civilian purposes. The agreement was concluded for a fixed period expiring on 31 December 2035. The value of the agreement will be a minimum of PLN 15.7 million, and the unit price of the products will be indexed to the inflation rate. In the Company's opinion, the turnover under the agreement is likely to be increased as the fire extinguishing system using VIGO detectors will be installed on additional military and civilian vehicles.

In turn, on 7 September 2023, during the International Defense Industry Exhibition in Kielce, the Company signed a letter of intent with PCO S.A. concerning cooperation aimed at developing innovative solutions tailored to the needs of the modern battlefield, in particular infrared matrices based on T2SL (Type II Superlattice) technology.

PCO is a leading manufacturer of high-class optoelectronic equipment, developing expertise in the field of new defense technologies. Among its products are thermal imaging cameras for military applications.

As part of the cooperation, VIGO and PCO will be able to effectively implement Polish semiconductor solutions for military infrared technology devices. The new generation products will provide new capabilities in a wide spectral range to Polish and allied armed forces in the area of imaging and sensors. The cooperation between VIGO and PCO will relate to the following areas: securing the supply chain; solutions for detecting threats on the battlefield, as well as preparing and implementing the technological strategy of both entities. The cooperation is expected to ensure that Polish matrices developed by VIGO are implemented into production and placed on the market, including as part of distribution through

PCO. Implementation or production based on jointly developed technologies may only be undertaken by one of the parties or by another entity jointly determined by the parties.

The Company is currently in talks to agree detailed terms of commercial supply of matrices for the needs of the Polish military industry.

New co-financed project

On 20 October 2023, the Company's Management Board received information that the Company's project "Long-wave cascade detectors for spectroscopy and FSO" ("Project") was put on the List of positively assessed projects in the first call for proposals for the Smart Path of the European Funds for a Modern Economy Programme.

A positive assessment of the project does not mean concluding a contract or granting funding. After completing the project assessment process, PARP started verification activities related to granting co-financing for positively assessed projects.

The total amount of eligible costs of the Project is PLN 13,958,559.25, while the grant amount is PLN 9,371,626.00, i.e. 67.14% of the total eligible costs.

The duration of the Project and the co-financing is 36 months. The Project starts on 1 October 2024.

The project envisages the implementation of an R&D module which will include industrial research and development work aimed at developing the technology of cascade infrared detectors and detection modules. The project will generate new products from the family of sensors: cascade detectors made of III-V materials with an active area from a type II superlattice, optimised for the long-wave infrared range $\geq 10.6 \mu\text{m}$, operating without cryogenic cooling, and detection modules based on them, i.e. cascade detectors integrated with amplifying and accompanying electronics. These will be:

- Detectors and detection modules with a long-wave immersion cascade detector for spectroscopy applications.
- Fast detectors and modules with a bandwidth of $\geq 3 \text{ GHz}$ with a long-wave immersive cascade detector.
- 32 element cascade detector lines and cascade detector line modules.

These will be new products intended mainly for foreign markets for manufacturers of optoelectronic systems. The final outcome of the project will be the development of all stages of detector technology.

Taking into account the value of the grant obtained, the Issuer estimates that it will be of significant importance from the point of view of the Issuer's financial position, strategy implementation and development prospects.

The Project is a continuation of the implementation of the Company's Strategy for 2021–2026, as announced in Current Report No. 12/2021 on 16 June 2021.

4.18 Contingent liabilities and contingent assets

The Company has no contingent assets. Contingent liabilities were described in detail in the Annual Report for 2022 and in the Half-Yearly Report for 2023.

4.19 Operating segments

Operating segments in the standalone financial statements

| Specification 01.01.2023 - 30.09.2023 | | Continued operations | | Total |
|---------------------------------------|-----------------------------------------------|----------------------|-------------------------|--------|
| | | Detection modules | Semiconductor materials | |
| Segment income | including: | 52,996 | 5,226 | 58,223 |
| | Revenue from sales | 48,245 | 4,396 | 52,641 |
| | Other operating income | 4,751 | 831 | 5,582 |
| Segment costs | including: | 43,940 | 3,716 | 47,657 |
| | Cost of products, services and materials sold | 23,163 | 2,840 | 26,003 |
| | Selling costs | 5,586 | 305 | 5,892 |
| | General and administrative expenses | 13,177 | 571 | 13,748 |

| Specification 01.01.2023 - 30.09.2023 | Continued operations | | Total |
|---------------------------------------|----------------------|-------------------------|----------------|
| | Detection modules | Semiconductor materials | |
| Other operating costs | 2,014 | 0 | 2,014 |
| Profit (loss) after tax | 9,056 | 1,510 | 10,566 |
| Interest expense | 833 | 565 | 1,398 |
| Significant items of income | 346 | 370 | 719 |
| Significant items of costs | 314 | 0 | 314 |
| Profit/(loss) before tax | 8,258 | 1,314 | 9,572 |
| Income tax | 592 | 0 | 592 |
| Profit (loss) after tax | 7,666 | 1,314 | 8,980 |
| Total assets | 217,220 | 58,445 | 275,665 |
| Segment assets | 217,220 | 58,445 | 275,665 |
| Total liabilities | 79,010 | 42,091 | 121,100 |
| Segment liabilities | 79,010 | 42,091 | 121,100 |
| Other segment information | | | |
| Capital expenditure | 88,997 | 40,527 | 129,523 |
| - tangible assets | 75,450 | 38,823 | 114,273 |
| - intangible assets | 13,547 | 1,704 | 15,250 |
| Depreciation/ amortisation | 8,111 | 912 | 9,023 |

| Specification 01.01.2022 - 31.12.2022 | Continued operations | | Total | |
|---------------------------------------|-----------------------------------------------|-------------------------|---------|--------|
| | Detection modules | Semiconductor materials | | |
| Segment income | including: | 72,231 | 4,650 | 76,881 |
| | Revenue from sales | 64,462 | 4,149 | 68,611 |
| | Other operating income | 7,769 | 502 | 8,270 |
| | including: | 59,205 | 4,513 | 63,718 |
| Segment costs | Cost of products, services and materials sold | 30,417 | 3,060 | 33,477 |
| | Selling costs | 7,713 | 85 | 7,798 |
| | General and administrative expenses | 18,891 | 659 | 19,550 |
| | Other operating costs | 2,185 | 708 | 2,893 |
| Profit (loss) after tax | 13,025 | 137 | 13,163 | |
| Interest expense | 907 | 320 | 1,227 | |
| Significant items of income | 226 | 142 | 368 | |
| Significant items of costs | 103 | | 103 | |
| Profit/(loss) before tax | 12,242 | -40 | 12,201 | |
| Income tax | -465 | | -465 | |
| Profit (loss) after tax | 11,777 | -40 | 11,737 | |
| Total assets | 209,852 | 50,898 | 260,750 | |
| Segment assets | 209,852 | 50,898 | 260,750 | |
| Total liabilities | 76,208 | 38,963 | 115,171 | |
| Segment liabilities | 76,208 | 38,963 | 115,171 | |
| Other segment information | | | | |
| Capital expenditure | 94,944 | 37,990 | 132,934 | |
| - tangible assets | 77,216 | 36,286 | 113,502 | |
| - intangible assets | 17,728 | 1,704 | 19,432 | |
| Depreciation/ amortisation | 9,025 | 325 | 9,349 | |

| Specification 01.01.2022 - 30.09.2022 | | Continued operations | | Total |
|---------------------------------------------------------------------------------|-----------------------------------------------|----------------------|-------------------------|----------------|
| | | Detection modules | Semiconductor materials | |
| Segment income | including: | 51,467 | 3,044 | 54,511 |
| | Revenue from sales | 45,669 | 2,649 | 48,318 |
| | Other operating income | 5,799 | 395 | 6,193 |
| Segment costs | including: | 43,334 | 2,843 | 46,177 |
| | Cost of products, services and materials sold | 19,869 | 1,387 | 21,257 |
| | Selling costs | 6,358 | 85 | 6,443 |
| | General and administrative expenses | 15,808 | 536 | 16,344 |
| | Other operating costs | 1,298 | 835 | 2,133 |
| Segment's profit/(loss). | | 8,133 | 201 | 8,334 |
| Profit/(loss) from continued operations before tax and financial income (costs) | | 8,133 | 201 | 8,334 |
| Interest income | | | | |
| Interest expense | | 88 | 224 | 312 |
| Significant items of income | | 750 | 0 | 750 |
| Significant cost items disclosed | | 1,192 | 779 | 1,971 |
| Profit/(loss) before tax | | 7,603 | -802 | 6,801 |
| Income tax | | -6,230 | 0 | -6,230 |
| Profit (loss) after tax | | 13,833 | -802 | 13,031 |
| Total assets | | 208,219 | 51,307 | 259,526 |
| Segment assets | | 208,219 | 51,307 | 259,526 |
| Total liabilities | | 77,927 | 34,330 | 112,257 |
| Segment liabilities | | 77,927 | 34,330 | 112,257 |
| Other segment information | | | | |
| Capital expenditure | | 91,230 | 37,386 | 128,615 |
| - tangible assets | | 78,273 | 35,669 | 113,941 |
| - intangible assets | | 12,957 | 1,717 | 14,674 |
| Depreciation/ amortisation | | 6,508 | 151 | 6,659 |

4.20 Related party transactions

In the reporting period, the Company granted loans to related parties. Their carrying amount as at 30 September 2023 was PLN 4,748 thousand.

Commercial transactions with VIGO Photonics USA:

- Sale of products of PLN 1,442 thousand.
- The current costs of the period include a contractual commission on sales of PLN 1,980 thousand.

Ożarów Mazowiecki, 15 November 2023.

| | | | | | | | |
|-------------------------|-------|----------------------|-------|----------------------|-------|------------------|-------------|
| Adam Piotrowski | | Łukasz Piekarski | | Marcin Szrom | | Sylwia Filipiak | Wiśniewska- |
| Management President | Board | Management Member | Board | Management Member | Board | Chief Accountant | |