

# *Half-Year* Financial Report for the Period

1 January 2025 – 30 June 2025



**PRIMOSCO** UAV



- 1. Statement of Responsible Persons**
- 2. Basic Information about the Company, Its Activities and the Consolidation Group**
- 3. Description of Important Events in the First Half of 2025**
- 4. Description of Transactions with Related Parties in the First Half of 2025**
- 5. Impact of the Russian Invasion of Ukraine**
- 6. Description of Expected Activities and Main Risks and Uncertainties for the 2nd half of 2025**
- 7. Other Data**
- 8. Condensed Interim Consolidated Financial Statements under IFRS (unaudited)**
  - Consolidated Statement of Comprehensive Income for the Half-Year Ending 30 June 2025
  - Consolidated Statement of Financial Position as of 30 June 2025
  - Consolidated Statement of Changes in Equity for the Half-Year Ending 30 June 2025
  - Consolidated Statement of Cash Flows for the Half-Year Ending 30 June 2025
  - Notes to the Consolidated Financial Statements for the Half-Year Ending 30 June 2025

## 1. Statement of Responsible Persons

We, the undersigned members of the Board of Directors of PRIMOCO UAV SE, declare that to the best of our knowledge, the condensed financial statements presented below provide a true and fair view of the assets, liabilities, financial situation, and results of operations of the company and its consolidated group, and that the description set out below, pursuant to the provisions of Section 119(2)(b) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended, contains a fair overview of the information required under the said provision.

In Prague, on 18th August 2025

**Ladislav Semetkovský**  
Chairman of the Board of  
Directors

**Petr Kováč**  
Member of the Board of Directors

**Romana Wyllie**  
Member of the Board of Directors

## 2. Basic Information about the Company, its Activities and the Consolidated Group

The company Primoco UAV SE, with its registered office at Výpadev 1563/29f, Postal Code: 153 00, Prague 5 – Radotn, Company ID No.: 037 94 393, registered in the Commercial Register maintained by the Municipal Court in Prague, Section H, File 1546 (hereinafter the “**Company**”), whose shares (ISIN CZ0005135970) are admitted to trading on the regulated Prime Market, which is part of the regulated market organized by the Prague Stock Exchange, a.s., with its registered office at Rybn 14/682, Postal Code: 110 00, Prague 1, Company ID No.: 471 15 629, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1773, is a leading European manufacturer of medium-sized fully autonomous unmanned aircraft Primoco One 150 and a provider of related aviation services.

The Company is the world’s first operator to have received the civil EASA LUC 2.5 SAIL III (Light Unmanned Certificate) authorization to operate a fixed-wing aircraft with a weight of 150 kg. In 2025, the aircraft was also the first in the world to be certified under the NATO military standard STANAG 4703. The Company is also an approved design and production organization for military aviation technology (DOA/POA) under the EMAR 21 standard.

To date, the Company has manufactured more than 200 unmanned aircraft Primoco One 150, which are operated on four continents for the purposes of monitoring strategic infrastructure, border and coastal protection, calibration of airport navigation systems, and other military and civil missions. The Primoco One 150 unmanned aircraft are classified as dual-use products or military material. The unmanned aircraft do not carry any weapon systems.

The consolidated group of the Company consists of the Company itself and Primoco UAV Defence, s.r.o., with its registered office at Výpadev 1563/29f, Postal Code: 153 00, Prague 5 – Radotn, Company ID No.: 081 05 111, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 313076, in which the Company holds a 100% ownership interest. The economic data in Sections 3 and 8 of this report are always presented for the entire consolidated group.

### 3. Description of Important Events in the First Half of 2025

Dear Shareholders,

I would like to inform you about important events in the Company during the first half of this year.

#### Finance and Business

In the first half of this year, the Company concluded new contracts for the delivery of 16 Primoco One 150 aircraft worth EUR 15 million (CZK 370 million). In the same period, the Company delivered a total of 14 aircraft to customers, of which 12 came from contracts signed this year and 2 from last year's deals. The Company invoiced total revenues amounting to CZK 253 million. Four additional aircraft worth EUR 6.1 million (CZK 150 million) remain to be delivered, representing the backlog. All these aircraft are destined for European customers.

#### Certification and Innovation

The Company's success in acquiring new contracts is supported by its top-level production and achieved certifications. In the first half of this year, the Company became the world's only manufacturer of medium-sized unmanned aircraft to obtain certification under NATO STANAG 4703. Without any additional permits or tests, the Company's aircraft can thus be directly deployed on military missions. At the same time, the Company also holds the EASA LUC 2.5 SAIL III civil authorization for operations over densely populated areas. This facilitates the use of its aircraft, for example, for calibrating airport radio beacons, providing mobile signal coverage during crisis events and commercial activities taking place outside standard network coverage, or for rescue services.

An example is the current contract in Europe, where Primoco One 150 aircraft patrol vast areas with the aim of detecting emerging fire outbreaks in time and thus preventing massive damage that could occur if the fire spread unnoticed. The contract is planned in two phases. Initially as a service (Drone-as-a-Service), which Primoco is providing during this year's fire season with its own unmanned aircraft and operators; later, the customer will receive its own aircraft, which are currently in production. In the meantime, the pilots and operators who will operate the unmanned aircraft on the customer's side are undergoing intensive training.

#### Construction Projects

For training as well as testing purposes, the Company uses its own airport in Písek – Krašovice. In 2025 and 2026, the Company plans to revitalize the airport and significantly improve its facilities by building a new hangar and the first certified UAV operator training center in Europe. For this project, worth approximately CZK 50 million, the Company obtained the relevant building permit in the first half of 2025.

The Company is also preparing an even larger investment of around CZK 500 million into new production capacities. In the industrial zone in Písek, near the current factory airfield, a modern service, control, and production center will be built with a capacity of up to 300 new unmanned aircraft annually. In the first half of 2025, the Company submitted the application for the relevant building permit, and in August 2025, the archaeological survey will begin.

Respectfully,

Ladislav Semetkovský  
Chairman of the Board of Directors



#### 4. Description of Related-Party Transactions in the First Half of 2025

**Related parties of the Company** are understood to mean Primoco Capital, s.r.o., Company ID: 230 93 391, as the majority (50.4%) shareholder of the Company; Mr. Ladislav Semetkovský, as the sole (100%) shareholder of Primoco Capital, s.r.o.; further PRIMOCO INVESTMENTS s.r.o., Company ID: 290 60 231, whose sole (100%) shareholder is Mr. Ladislav Semetkovský; the members of the Company's Board of Directors (3 persons); the members of the Company's Supervisory Board (3 persons); other members of the Company's top management (3 persons) and their family members; and further Primoco UAV Defence, s.r.o., Company ID: 081 05 111, whose sole (100%) shareholder is the Company.

All sales of unmanned aircraft manufactured by the Company to end customers are carried out through the subsidiary Primoco UAV Defence, s.r.o., based on a framework agreement. In this respect, during the first half of 2025, transactions between the Company and Primoco UAV Defence, s.r.o. were carried out in the form of sales of goods and services in the amount of CZK 230,502 thousand.

In August 2024, a lease agreement was concluded between the Company, as lessee, and PRIMOCO INVESTMENTS s.r.o., as lessor, the subject of which is the lease of a Piper M600 aircraft. In the first half of 2025, transactions between the Company and PRIMOCO INVESTMENTS s.r.o. were carried out in the form of the lease of the Piper M600 aircraft in the amount of CZK 1,800 thousand.

Apart from this, in the given period there were no transactions with related parties that significantly influenced or could have influenced the Company's financial results.

For the first half of 2025, the Company provided its members of the Board of Directors, Supervisory Board, and top management with remuneration and salaries in the amount of CZK 6,141 thousand. Beyond this, the Company did not provide these persons with any other monetary or non-monetary benefits during the period.

No other transactions between the Company and related parties took place in the given period. All the related-party transactions listed above were carried out under normal market conditions.

## **5. Impact of the Russian Invasion of Ukraine**

The Company and its subsidiary Primoco UAV Defence, s.r.o. do not maintain direct business relationships in the territories of Ukraine, Russia, or Belarus. The Company has no production facilities or other assets located in these countries, nor are any of its direct suppliers or customers based there. As a result of the Russian invasion, the Company's supply chains have not been disrupted. The Russian invasion of Ukraine therefore does not have a direct negative impact on the Company's production or sales and does not create uncertainty in this respect.

The Company has only been negatively affected by the secondary impacts of the invasion in the form of increased electricity prices and inflation. However, already before the beginning of 2025, both inflation and energy prices had declined and stabilized compared to the previous period, and the Company does not expect any significant change in this trend by the end of 2025. The Company's activities are therefore not threatened by these secondary impacts of the invasion.

The Company has not adopted any special measures to mitigate or address the impacts of the Russian invasion, nor has it adopted any risk management strategy or received any public support in this respect. The Company has not experienced any significant cybersecurity incidents or an increase in other threats related to the Russian invasion.

Therefore, because of the Russian invasion of Ukraine, the Company has not experienced and does not expect any significant negative impacts on its activities or financial situation. On the contrary, the geopolitical tensions caused by the Russian invasion of Ukraine and the related increase in interest by government actors in strengthening their defense capabilities may bring new business opportunities for the Company.

## 6. Description of the Expected Activities and Main Risks and Uncertainties for the Second Half of 2025

### Description of Expected Activities

In the second half of 2025, the Company intends to operate in the same sector, i.e., the production and sale of unmanned aircraft. The scope of the Company's production activities will depend on the volume of secured orders for unmanned aircraft, with the Company expecting a further gradual increase in orders in the tens of units, both in view of the geopolitical situation in the world and the interest of individual states in strengthening their defense capabilities, as well as the growing application of unmanned aircraft in the civil sector.

Given the advanced stage of ongoing negotiations regarding aircraft deliveries, the Company expects, in the second half of the year specifically, to conclude contracts for up to 36 additional Primoco One 150 aircraft with a total value of up to EUR 45 million (CZK 1.1 billion).

In the second half of 2025, the Company plans to obtain an ATO (Approved Training Organization) certificate from the Ministry of Defence, following its already valid DOA/POA authorization (for the design and production of military aviation technology).

The Company intends to continue the revitalization of the Písek – Krašovice airport in the second half of 2025 by demolishing old buildings, reconstructing an existing structure, and constructing a new hangar and training center at the airport. The Company has obtained a valid building permit for all construction works. Construction is planned to begin in September 2025 and to be completed by April 2026. The planned cost budget is approximately CZK 50 million.

The Company also intends to continue with the project to build new production capacities. In the industrial zone in Písek, near the factory airfield, a modern service, control, and production center will be built with a capacity of up to 300 new unmanned aircraft annually. Parallel activities related to the construction are currently underway, such as the relocation of high-voltage lines, archaeological surveys, and others. The tender for the general contractor is scheduled to be announced in January next year, and if everything proceeds as expected, by 2028 at the latest, the Company will move its production to this new, highly automated production hall.

The Company does not have any additional information that would indicate a change in the development of the Company's financial results in the second half of 2025 compared to the first half of the year.

### Risk of losing significant clients

The Company's business is predominantly based on the execution of individual orders and projects. Currently, a few projects are in progress, and the loss of any of them could negatively affect the client's financial performance.

### Competition risk

The Company competes with several international competitors in the global market. Given the attractiveness of the market segment, further competitive entry could have a significant negative impact on the Company's selling prices, sales volumes, and future sales prospects.

### Risk of not being granted an export license for dual-use goods

The products manufactured by the Company, i.e., unmanned aircraft, constitute dual-use goods within the meaning of Regulation (EU) 2021/821 of the European Parliament and of the Council establishing the Union regime for the control of exports, brokering, technical assistance, transit, and transfer of dual-use items, as amended. There is a risk of not being granted an export license in connection with an already concluded contract for the supply of an unmanned aircraft and its accessories, in which case, depending on contractual arrangements, the Company could be obliged to return the advance payment received and would be unable to complete the relevant business transaction.

**Risk of loss of know-how and key employees**

The Company has two key areas of know-how. The first is the production of specific technology and the combination of sensors in a unique unmanned aircraft that can be mass-produced and adapted to individual customer needs. The second is a detailed understanding of specific customer needs in specific regions, which the Company acquires through direct contact by its sales team. The loss of key employees (and thus know-how) in these areas would result in a decrease in the Company's sales until new employees were recruited and trained. However, the Company is not aware of any specific facts suggesting the loss of key employees or know-how in the second half of 2025.

**Risk related to property insurance**

The Company has property insurance covering all significant assets. However, it cannot be guaranteed that costs associated with possible natural disasters or other unforeseen events (such as fire, storms, floods, inundation, windstorms, hail, etc.) would not negatively impact the Company's property, business, and financial situation, as the insurance does not provide full coverage of all risks related to the Company's assets.

**Credit risk**

Since the Company largely uses advance payments to finance production, the credit risk arising from business relationships is not significant. Apart from advances, the Company does not use other forms of security. The Company's management has an established credit policy, and exposure to credit risk is therefore continuously monitored.

**Liquidity risk**

Since the Company uses advance payments from customers to finance production and purchase components, the risk of a shortage of liquid funds arises if the product is not delivered in the required quality and/or on time, which could lead to refusal of payment of the balance of the purchase price, or a demand for repayment of the advance and possible penalties. In such a case, the Company might not be able to meet its obligations to suppliers. However, the Company is not aware of any specific facts suggesting the realization of this risk in the second half of 2025.

## **7. Other Information**

This semi-annual financial report is based primarily on the condensed interim consolidated financial statements prepared as of 30 June 2025 in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This semi-annual financial report has not been audited.

**8. Condensed Interim Consolidated Financial Statements under IFRS  
(unaudited)**

**Condensed Interim Consolidated  
Financial Statements  
(unaudited)**

**for the period from 1 January 2025 to 30 June 2025**

**Primoco UAV SE**

Prague, 18th August 2025



Ladislav Semetkovský,  
Chairman of the Board of Directors of Primoco UAV SE

**Consolidated Statement of Comprehensive Income for the Half-Year Ended 30  
June 2025**

30/6/2025

30/6/2024

CZK Thous.

CZK Thous.

	Note		
<b>Revenues from contracts with customers</b>	9	<b>249,104</b>	<b>331,252</b>
Other operating income	10	3,731	41
Change in inventories of finished goods and work in progress		-3,634	3,257
Consumption of materials and energy		106,132	147,545
Personnel Expenses	26	30,343	18,443
Costs of services, repairs, and maintenance	11	21,821	8,892
Depreciation and amortization expenses		6,608	3,275
Impairment losses on assets		-	-
Other operating expenses	12	6,804	850
Finance costs	13	966	682
Finance income	13	2,280	5,047
Other income		-	-
<b>Profit/Loss before tax</b>		<b>86,075</b>	<b>153,396</b>
Income Tax	24	18,928	32,200
<b>Profit for the period</b>		<b>67,147</b>	<b>121,196</b>
Earnings per share	14		
- Basic, earnings per share attributable to holders of ordinary shares of the parent company		14,26	25,74
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation gain (loss) on assets		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>67,147</b>	<b>121,196</b>

## Consolidated Statement of Financial Position as of 30 June 2025

		30/6/2025	31/12/2024	30/6/2024
		CZK thous.	CZK thous.	CZK thous.
	Note			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land, buildings and equipment	16	154,903	144,108	49,401
Intangible assets	15	16,194	15,290	12,809
Right-of-use assets	17	4,895	7,173	702
Deferred tax assets	24	177	173	588
		176,169	166,744	63,500
<b>Current assets</b>				
Inventories	18	76,751	97,579	50,949
Trade and other receivables	19	136,554	435	400,005
Trade and other receivables	9,1	-	-	-
Tax receivables		6,421	-	-
Other current receivables and financial assets	20	59	3,066	384
Cash and cash equivalents	21	213,713	230,636	57,512
		433,498	331,716	508,850
<b>TOTAL ASSETS</b>		<b>609,667</b>	<b>498,460</b>	<b>572,350</b>
<b>EQUITY</b>				
Share capital	25	4,709	4,709	4,709
Share premium	25	159,269	159,269	159,269
Other reserves		-	-	-
Retained earnings		368,291	301,084	300,208
<b>Total equity</b>		<b>532,269</b>	<b>465,062</b>	<b>464,187</b>
<b>Non-current liabilities</b>				
Lease liabilities – non-current	17	2,072	2,072	-
Deferred tax liabilities		-	-	-
		2,072	2,072	-
<b>Current liabilities</b>				
Trade and other payables	22	70,562	1,480	68,680
Contract liabilities	9,1	-	15,301	-
Lease liabilities	17	2,876	5,177	639
Government grants		1,688	285	6,444
Income tax liabilities		-	8,883	32,200
Provisions	23	200	200	200
		75,326	31,326	108,163
<b>Total liabilities</b>		<b>77,398</b>	<b>33,398</b>	<b>108,163</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>609,667</b>	<b>498,460</b>	<b>572,350</b>

## Consolidated Statement of Changes in Equity for the Half-Year Ended 30 June 2025

	Note	Equity	Share premium	Retained earning	Total equity
CZK thous.					
Balance as of 1 January 2024		4,709	159,269	172,012	342,990
Profit for the period		-	-	121,196	121,196
Comprehensive income for the period		4,709	159,269	300,208	464,187
Balance as of 30 June 2024		4,709	159,269	300,208	464,187
Balance as of 1 January 2025		4,709	159,269	301,084	465,062
Profit for the period		-	-	67,147	67,147
Other comprehensive income		-	-	60	60
Comprehensive income for the period		4,709	159,269	368,291	532,269
Balance as of 30 June 2025		4,709	159,269	368,291	532,269

## Consolidated Statement of Cash Flows for the Half-Year Ended 30 June 2025

CZK thous.	Note	30/6/2025	30/6/2024
<b>Cash flows from operating activities</b>			
Profit before tax		86,075	315,035
Adjustments:			
Depreciation and amortization expenses		6,608	3,275
Finance income	13	-2,280	-4,905
Financial costs	13	966	27
Change in provisions	23	-	-
Foreign exchange differences		-	-
Gain on disposal of land, buildings and equipment		1,105	-
Other non-cash items		419	-68
Working capital adjustments:		-	
Change in trade and other receivables		263,451	-288,638
Change in inventories		-25,802	73,844
Change in trade and other payables		-2,874	-200,544
		327,668	-101,974
Interest received		2,280	4,905
Interest paid on lease liabilities	17	-125	-27
Income tax paid		-57,138	1
<b>Net cash flows from operating activities</b>		<b>272,685</b>	<b>-97,095</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of land, buildings and equipment		3,240	-
Purchase of land, buildings and equipment		-111,547	-15,370
Purchase of intangible assets		-3,385	-7,563
Capitalized development costs		-	-
<b>Net cash flows from investing activities</b>		<b>-111,692</b>	<b>-22,933</b>
<b>Cash flows from financing activities</b>			
Repayments of lease liabilities	17	-4,792	-1,777
Proceeds from issue of shares		-	-
Dividends paid		-	-
<b>Net cash flows from financing activities</b>		<b>-4,792</b>	<b>-1,777</b>
Net increase in cash and cash equivalents		156,201	-121,805
Effect of exchange rate changes		-	-
Cash and cash equivalents at the beginning of the period		57,512	179,317
<b>Cash and cash equivalents at the end of the period</b>	21	<b>213,713</b>	<b>57,512</b>

## Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2025

### 1. Company Information

Primoco UAV SE (hereinafter the “**Company**” or the “**Parent Company**”) is a joint-stock company incorporated and domiciled in the Czech Republic, whose shares are publicly traded on the Prague Stock Exchange. The Company’s registered office is at Výpadohá 1563/29f, 153 00 Prague 5. The Company’s identification number is 037 94 393. The Company is the sole shareholder of Primoco UAV Defence s.r.o., with its registered office at Výpadohá 1563/29f, 153 00 Prague 5 (hereinafter “**Primoco Defence**” or the “**Subsidiary**”).

The Company and its subsidiary (together hereinafter the “**Group**”) are engaged in the production and sale of medium-sized, fully autonomous unmanned aerial vehicles (UAVs) and the provision of related aviation services.

The Group has its own research and development team and trained personnel capable of producing up to 65 aircraft per year. The aircraft are manufactured and assembled from in-house components – the engine, airframe, and other parts. In 2018, the Group carried out an initial public offering of approximately six percent of its shares on the Prague Stock Exchange. Through the subscription, the Group raised CZK 63 million, which it used, among other things, to acquire the factory airport in Písek-Krašovice. The Group continues its activities and develops its UAV capabilities without foreign capital, bank loans, or subsidies. In addition, in 2021 the Group raised CZK 90.5 million in new funds through a secondary share issue.

The Group holds ISO 9001 certification and is an approved organization for the design and production of military aviation technology (DOA/POA). In 2019, through its subsidiary Primoco UAV Defence, s.r.o., it obtained a license from the Ministry of Industry and Trade of the Czech Republic to trade in military material. In 2024, the Group received from the Civil Aviation Authority of the Czech Republic the EASA LUC 2.5 SAIL III (Light Unmanned Certificate). The Group does not manufacture or sell combat UAVs with munitions. Military material is used only at the level of sensors, special electronics, and software. The Group’s main target markets are primarily Europe, the Middle East, and Asia. The Group offers customers clearly demonstrable economic benefits compared to the use of alternative solutions (e.g., helicopters).

### 2. Basis of Preparation

The Group’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter “**IFRS**”). The consolidated financial statements are prepared on a historical cost basis. The consolidated financial statements are presented in Czech crowns, and all values are rounded to thousands of CZK unless otherwise stated. The consolidated financial statements are prepared on a going concern basis. The Group’s fiscal year begins on 1 January and ends on 30 June.

#### Auditor’s remuneration

The audit firm Grant Thornton Audit s.r.o. provided audit services for the year 2024, for which it was paid a fee of CZK 665 thousand in the period from 1 January to 30 June 2025. As of the end of the first half of 2025, no non-audit services had been provided or invoiced by the statutory auditor.

The General Meeting approved Grant Thornton Audit s.r.o. as the audit firm for the audit of the financial statements for 2025. The fee will be paid in 2026.

### 3. Consolidation Principals

The consolidated financial statements include the financial statements of Primoco UAV SE and its subsidiary. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and can affect those returns through its power over the investee. Control is achieved only when all the following conditions are met:

- It has power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee);
- It is exposed to variable returns or has rights to variable returns from its involvement with the investee; and
- It can use its power over the investee to affect its returns.

It is presumed that control exists when the Group owns the majority of the voting rights. In addition to this presumption, and in cases where the Group holds less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control, including:

- Contractual arrangements with other shareholders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's actual and potential voting rights.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Parent Company and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

If the Group loses control of a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other equity components, and recognizes the resulting gain or loss in profit or loss. Any retained investment in the former subsidiary is recognized at fair value.

## **4. Significant Accounting Policies**

The accounting policies applied in the preparation of the consolidated financial statements are presented below. These accounting policies have been applied consistently in all material respects to the periods presented.

### **4.1. Revenue from Contracts with Customers**

#### **Revenue Recognition**

Revenue is recognized when the Group has fulfilled its performance obligation and when the amount of revenue can be measured reliably. The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled (net of expected discounts) in exchange for transferring goods or services to a customer.

All contracts with customers are analyzed upon conclusion to identify all performance obligations to the customer. The transaction price is then determined and allocated to the individual performance obligations based on their stand-alone selling prices. Subsequently, revenue is recognized for each obligation in the appropriate amount when control of the goods or services transfers to the customer, either at a point in time or over time.

Revenue from the sale of aircraft, control units, payloads, and spare parts is recognized when control is transferred to the customer and the amount of revenue is agreed or can be measured reliably, and collection is probable. This generally corresponds to the moment the goods are delivered to the customer.

Revenue from services sold together with an aircraft, but which are distinct from it (e.g., pilot and mechanic training) and which will be provided in future periods, are identified as separate performance obligations and are recognized when the service is provided, or on a straight-line basis over the specified period if the services are delivered continuously over several months. Payments received are initially recognized within contract liabilities from received payments and are subsequently released into revenue over the contract term as the services are performed.

#### **Contract Assets**

A contract asset is the Group's right to consideration in exchange for goods, products, or services it has transferred to the customer. If the Group transfers goods, products, or services to the customer before the customer pays consideration, or before payment becomes due, the Group records the conditional consideration as a contract asset.

#### **Contract Liabilities**

A contract liability is recognized when the Group has received consideration from a customer, or when consideration is due (whichever occurs earlier), before the Group has transferred the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### **Trade Receivables**

A receivable is recognized when the Group has an unconditional right to consideration (i.e., only the passage of time is required before payment of that consideration is due).

### **4.2. Intangible Assets**

Intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated

intangible assets, except for capitalized development costs, are not recognized as assets and the related expenditures are recognized in profit or loss in the period in which they are incurred. Directly attributable costs that are capitalized as part of software include employee costs and an appropriate portion of relevant overhead costs. Capitalized development costs are recognized as intangible assets and amortized from the point at which the asset is ready for use.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with a finite useful life are amortized over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for as changes in amortization period or method and treated as changes in accounting estimates.

Amortization of intangible assets with finite useful lives is recognized on a straight-line basis over the estimated useful lives as follows:

	<b>Years</b>
Intangible development results	6
Software	3
Other intangible rights	6
Other long-term intangible assets	1.5

Gains or losses from the derecognition of an intangible asset are measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognized in profit or loss at the time the asset is derecognized.

### **4.3. Property, Plant and Equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the total amount paid and the fair value of any other consideration provided to acquire the asset and includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended.

Where significant parts of property, plant and equipment must be replaced at certain intervals, the Group depreciates them separately based on their specific useful lives. Similarly, when a major inspection is carried out, its cost is recognized in the carrying amount of property, plant and equipment as a replacement, provided the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset as follows:

	<b>Years</b>
Buildings	20-30
Vehicles	5
Test Aircraft	5
Component Moulds	3
Other Tangible Assets	3-5

Land and assets under construction are not depreciated.

Land, buildings and equipment, and their significant parts initially recognized, are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gains or losses arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss at the time of derecognition of the asset.

Residual values, useful lives and depreciation methods of land, buildings and equipment are reviewed at the end of each financial year and adjusted prospectively if appropriate.

Items of land, buildings and equipment with a useful life of more than one year and a cost of less than CZK 80 thousand are charged directly to expenses.

#### **4.4. Impairment of Assets**

The Group assesses at each reporting date whether there are any indications that the value of an asset may be impaired. If any such indication exists, or when annual impairment testing of an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit ("CGU") less costs of disposal, and its value in use. The recoverable amount is determined for an individual asset if the asset generates cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered if available. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices of publicly traded companies, or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit or loss.

For assets, at each reporting date, the Group assesses whether there are indications that previously recognized impairment losses no longer exist or have decreased. If such indications exist, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years. Such reversal is recognized in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually as of 31 December, either individually or at the CGU level, if circumstances indicate that the carrying amount may be impaired.

#### **4.5. Leasing**

##### **Identification of the lease asset – lease agreement**

A lease is a contract or part of a contract that conveys the right to use an identifiable asset for a period in exchange for consideration. At the inception of a contract, the Group assesses whether it is a lease or contains a lease. The Group reassesses whether a contract is or contains a lease only if the terms of the contract change.

The Group assesses whether the contract conveys the right to control the use of an identifiable asset for a period based on:

- The Group has the right to obtain substantially all economic benefits from the use of the asset during the period of use;
- The lease is agreed for a specific asset and the lessor has no right to substitute it or derive financial gain from such substitution;
- The Group has the right to direct the use of the identifiable asset;
- The lease is longer than 12 months (short-term lease exemption permitted under IFRS 16); and
- The value of a new asset is higher than CZK 80,000 (low-value exemption permitted under IFRS 16).

The Group assesses whether a contract contains a lease for each potential lease component separately. The Group has no external subleases outside the Group and no contracts where the Group is a lessor.

#### **Lease liability**

At the commencement date of the lease, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are payments made by the lessee to the lessor for the right to use the underlying asset during the lease term. These payments include:

- fixed payments (less any lease incentives),
- variable lease payments that are indexed or fixed to a particular rate,
- purchase options, if it is reasonably certain that the lessee will exercise the option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate.

After the commencement date, variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs. Interest on the lease liability is recognized as a finance cost of the Group.

#### **Right-of-use asset**

The Group measures the right-of-use asset at the commencement date of the lease based on the lease agreement. This measurement is based on:

- the value of the lease liability increased by any lease payment made by the Group before the commencement date of the lease (less lease incentives – discounts);
- initial direct costs of the lease paid by the Group;
- the estimated costs of dismantling and removing the identified asset or restoring the site on which the asset was located; and
- an increase for costs of modifications and reconstruction of the asset required by the lease agreement, by creating a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Right-of-use assets are generally depreciated on a straight-line basis over the useful life of the asset or the lease term, whichever is shorter.

## **4.6. Foreign Currency Transactions**

The Group's consolidated financial statements are presented in Czech crowns. Items included in the financial statements of each entity are measured in this functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at the functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate prevailing at the balance sheet date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss as financial income and expenses.

Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value was determined.

The gain or loss arising on translation of a non-monetary item measured at fair value is recognized consistently with the recognition of the gain or loss on the change in fair value of the item.

#### **4.7. Financial Instruments (IFRS 9)**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Financial Assets**

Financial assets are classified based on the Group's business model and the contractual cash flow characteristics. Under IFRS 9, financial assets are divided into the following categories: financial assets subsequently measured at amortized cost ("AC"), financial assets measured at fair value through other comprehensive income ("FVTOCI"), and financial assets measured at fair value through profit or loss ("FVTPL").

Trade receivables and other receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price determined in accordance with IFRS 15.

The Group's financial assets include cash and trade and other receivables without a significant financing component, which meet the criteria for classification as AC.

##### **Trade and Other Receivables**

Trade and other receivables are recognized at their original invoiced amount less an allowance for impairment.

The Group's impairment policy for receivables is described below, and further information on trade and other receivables is provided in Note 19.

##### **Impairment of Financial Assets Measured at Amortized Cost**

Since the Group's financial statements include only financial assets representing trade and other receivables without a significant financing component, the Group applies the simplified approach in calculating expected credit losses ("ECL"). Therefore, the Group does not monitor changes in credit risk but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The carrying amount of the asset is reduced either directly or through an allowance account. The amount of the loss is recognized in profit or loss.

The simplified approach adopted by the Group uses elements of the general approach, the main difference being that staging of financial assets is not applied.

The determination of ECL is based on three components used by the Group: probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"):

- **PD** is an estimate of the likelihood of default within a given time horizon. It is calculated from a combination of customers' financial condition and performance, transactional data, volumes, and payment behavior. The set of variables differs according to scorecards applied to customers, which are determined by their country of residence.
- **EAD** is an estimate of the exposure at a future default date, considering expected changes in exposure after the reporting period, including principal and interest repayments and expected drawdowns of committed credit limits.
- **LGD** is an estimate of the loss arising if a default occurs. It is based on the difference between the contractual cash flows due and the cash flows that the lender expects to receive, including from any collateral. It is usually expressed as a percentage of EAD.

Receivables are written off when they are assessed as uncollectible.

### **Financial Liabilities**

Financial liabilities are primarily classified at fair value. The Group's financial liabilities include trade and other payables.

### **Trade and Other Payables**

Trade payables are recognized at nominal value, which is substantially the same as fair value.

### **Derecognition**

A financial liability is derecognized when the obligation is discharged, cancelled, or expires. If an existing financial liability is replaced by another liability from the same lender under substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

## **4.8. Inventories**

Inventories are measured at cost or net realizable value, whichever is lower. The acquisition costs are assigned to individual items based on the "first in, first out" (FIFO) method (the initial cost when valuing the increase in inventories is used as the initial cost when valuing the decrease in inventories). Costs of purchased inventories include costs related to acquisition (transport, customs duties, commissions, etc.).

Inventories created by the entity's own activities are measured at own production costs, which include direct costs incurred in production or other activity, and, where appropriate, a portion of indirect costs related to production or other activity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **4.9. Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position include cash on hand and cash at banks.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding overdrafts, as these are considered an integral part of the Group's cash management.

#### **4.10. Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expenses related to a provision are recognized in profit or loss.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **4.11. Cash dividends to the Company's shareholders**

The Company recognizes a liability to pay cash amounts to its shareholders when the distribution is approved, and the payment is no longer at the discretion of the Company. Under the laws of the Czech Republic on business corporations, a distribution is approved once it has been approved by the shareholders. The corresponding amount is recognized directly in equity.

#### **4.12. Taxes**

##### **Current Tax**

Current income tax receivables and payables for the period are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group's management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. As of 30 June 2025, no tax provisions were recognized.

##### **Deferred Tax**

Deferred tax is calculated separately for each Group company using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits, and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits, and unused tax losses can be utilized, except:

- When the deferred tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired in a business combination that do not satisfy the criteria for separate recognition at that date are subsequently recognized if new information about facts and circumstances changes. The adjustment is either treated as a reduction to goodwill (if it does not exceed goodwill and arises during the measurement period) or recognized in profit or loss.

## 5. Adoption of New or Revised Standards

The amendments do not have a significant impact on the Group's consolidated financial statements.

### 5.1. Application of new IFRS accounting standards – New or amended standards that are effective and have been approved by the European Union

#### IAS 1 Presentation of Financial Statements: Classification of Current and Non-current Liabilities (amendment)

The amendment is mandatory for annual reporting periods beginning on or after 1 January 2024 and is applied retrospectively. Its purpose is to clarify the principles of IAS 1 regarding the classification of liabilities as either current or non-current. In this context, the amendment clarifies the meaning of the right to defer settlement and sets out the requirement that such a right must exist at the end of the reporting period. Furthermore, the amendment states that the classification of a liability as current or non-current is not affected by management's intentions or by counterparty options that could lead to settlement through the transfer of the entity's own equity instruments. With respect to covenants, the amendment clarifies that only those covenants that the entity is required to comply with on or before the reporting date affect the classification of a liability. In addition, the amendment expands the explanatory and disclosure requirements in the notes to the financial statements concerning non-current liabilities arising from loan agreements containing covenants that must be met within twelve months after the reporting period.

#### IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendment)

The amendment is mandatory for annual reporting periods beginning on or after 1 January 2024. Its purpose is to clarify the requirements for a seller-lessee when measuring the lease liability arising from a sale and leaseback transaction under IFRS 16. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.

Based on this amendment, the seller-lessee will determine "lease payments" or "revised lease payments" in such a way that no gain or loss is recognized in relation to the right-of-use asset that it retains. However, it will still be able to recognize in profit or loss any gain or loss related to the partial or full termination of a lease.

The amendment is applied retrospectively to sale and leaseback transactions entered into after the date of initial application, i.e., from the beginning of the annual reporting period in which the entity first applied IFRS 16.

#### IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements (amendments)

The amendments are mandatory for annual reporting periods beginning on or after 1 January 2024. They supplement the requirements already included in IFRS Standards by requiring an entity to disclose the terms of supplier finance arrangements. Entities will now be required to disclose in the notes to the financial statements the carrying amount of financial liabilities from supplier finance arrangements at the beginning and at the end of

the reporting period, the line items in the financial statements in which these liabilities are presented, as well as the carrying amount of financial liabilities (and related line items) for which the finance providers have already settled the related trade payables. In addition, entities will have to disclose the type and effect of non-cash changes in the carrying amount of financial liabilities from supplier finance arrangements that make the carrying amounts of financial liabilities in different periods non-comparable. Furthermore, the amendments require entities to disclose, at the beginning and at the end of the reporting period, the range of payment due dates for financial liabilities to finance providers and for comparable trade payables that are not part of such arrangements.

#### **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (amendment)**

The amendment is mandatory for annual reporting periods beginning on or after 1 January 2024, but entities may apply it earlier. It explains how an entity should assess whether a currency is exchangeable and how to determine the spot exchange rate when a currency is not exchangeable. A currency is considered exchangeable if the entity can obtain another currency for it within a time frame consistent with normal administrative delay, through a market or exchange mechanism under which the exchange transaction creates enforceable rights and obligations. If a currency is not exchangeable, the entity must estimate the spot exchange rate at the measurement date. The objective is to determine the rate at which an orderly exchange transaction would take place at the measurement date between market participants under current economic conditions. In accordance with the amendment, the entity may use an observable exchange rate without adjustment or apply another estimation technique.

### **5.2. New or amended standards that are not yet mandatory and have not yet been endorsed by the European Union**

#### **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of the amendments relating to the classification of financial assets and related disclosure of financial information is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognized on the “settlement date,” when the liability is discharged, cancelled, expires, or otherwise meets the derecognition criteria. They introduce the option of an accounting policy to derecognize liabilities settled via electronic payment systems before the settlement date, subject to certain conditions. The amendments also provide guidance on assessing the contractual cash flow characteristics of financial assets that include environmental, social, or governance (ESG) features or other similar contingent terms. In addition, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked features) and for equity instruments measured at fair value through other comprehensive income.

#### **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Contracts for Renewable Energy-Linked Electricity (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The amendments include clarification on the application of the “own use” exemption, allowance for hedge accounting if contracts within the scope of the amendments are used as hedging instruments, and new disclosure requirements to help investors understand the impact of such contracts on the group’s financial performance and cash flows. Clarifications relating to the “own use” requirements must be applied retrospectively, but the guidance permitting hedge accounting must be applied prospectively to new hedging relationships designated on or after the date of initial application.

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 introduces new requirements for presentation in the statement of profit or loss. It requires entities to classify all income and expenses into one of five categories: operating; investing; financing; income tax; and discontinued operations. These categories are supplemented with requirements to present subtotals and totals for “operating profit or loss,” “profit or loss before financing and income tax,” and “profit or loss.” The standard also requires disclosure of management-defined performance measures and introduces new requirements for aggregation and disaggregation of financial information based on identified “roles” in the financial statements and the notes. In addition, related amendments will be made to other IFRS standards. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required for both annual and interim financial statements.

#### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 allows subsidiaries without public accountability to apply reduced disclosure requirements if their parent (ultimate or direct, or indirect) prepares publicly available consolidated financial statements in accordance with IFRS. These subsidiaries must still apply recognition, measurement, and presentation requirements of other IFRS standards. Unless otherwise specified, entities electing to apply IFRS 19 will not need to apply disclosure requirements from other IFRS standards. IFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

#### **Annual Improvements to IFRS Standards – Cycle 11**

The IASB’s annual improvements process addresses non-urgent but necessary clarifications and amendments to IFRS. In July 2025, the IASB issued Annual Improvements to IFRS Standards – Cycle 11. Entities are required to apply these amendments for annual reporting periods beginning on or after 1 January 2026. The amendments affect IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. They aim to clarify wording, fix minor unintended consequences, oversights, or inconsistencies across standards.

#### **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)**

The amendments address the conflict between IFRS 10 and IAS 28 regarding accounting for the loss of control of a subsidiary when it is sold or contributed to an associate or joint venture. The main effect of the amendments is that if the assets subject to the transaction constitute a business (regardless of whether it is part of a subsidiary), the related gain or loss will be recognized in full. Conversely, if the assets subject to the transaction do not constitute a business (even if they are part of a subsidiary), the entity will recognize only a partial gain or loss. In December 2015, the IASB deferred the effective date of these amendments indefinitely, pending the outcome of a research project on the equity method.

The Group’s management expects that the adoption of these standards, amendments to existing standards, and interpretations, when applied for the first time, will not have a significant impact on the Group’s consolidated financial statements.

## **6. Significant Accounting Judgments, Estimates, and Assumptions**

Preparation of the consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent assets and liabilities as of the reporting date. Uncertainty regarding these assumptions and estimates could result in outcomes requiring significant adjustments to the carrying amounts of affected assets or liabilities in future periods.

Management has made these estimates and assumptions based on all relevant information available to it. Since the issuance of the previous financial statements, there have been no changes in the nature or extent of the estimates used.

Below are key estimates and assumptions about the future and other key sources of estimation uncertainty as of the reporting date, which involve a significant risk of material adjustment to the carrying amounts of assets and liabilities during the next financial year. The Group has based its assumptions and estimates on the parameters available when preparing the consolidated financial statements. However, existing circumstances and assumptions about future developments may change due to market shifts or events beyond the Group's control. Such changes will be reflected in the assumptions when they occur.

**Useful life of property, plant and equipment**

As of the balance sheet date, the Group reassesses and, if necessary, adjusts the useful lives of assets and the related depreciation methods, considering the current condition of the assets and the related investment plan for future periods.

**Leases**

The Group exercised judgment in determining the lease term for certain contracts that include extension or termination options, or that are concluded for an indefinite period. The assessment of whether the Group is reasonably certain to exercise such options, and the assessment of how long the Group will use the underlying assets under contracts concluded for an indefinite period, affects the lease term, which has a significant impact on the recognized lease liabilities and right-of-use assets.

## 7. Information about the Group

The consolidated financial statements of the Group include:

Name	Business	Seat	Address	Effective economic share	
				2025	2024
Primoco UAV SE	Production of UAVs	Czech Republic	Výpadev 1563/29f, 153 00 Prague 5	Company	Company
Primoco UAV Defence s.r.o.	Sale of UAVs	Czech Republic	Výpadev 1563/29f, 153 00 Prague 5	100%	100%

All shares are ordinary unless otherwise stated.

### 7.1. Group Management

The day-to-day operations of the Group companies are managed by the management. Strategic and long-term decisions concerning major investment projects and the fundamental direction of the Group's development are subject to approval by the Group's management. The Board of Directors is the highest governing body of the parent company, responsible for the business management, and represents the Company in all matters that are not assigned by the Articles of Association or by law to the authority of the General Meeting or the Supervisory Board. The Supervisory Board is the Company's supervisory body, overseeing the performance of the Board of Directors and the Company's activities.

As of 30 June 2025, the Group's management was composed as follows:

#### Management

Ladislav Semetkovsk	Chairman of the Board of Directors, CEO
Petr Kovc	Member of the Board of Directors
Romana Wyllie	Member of the Board of Directors
Josef řstn	Production Director
Jakub Toman	Chief Pilot
Miroslav Miřk	Financial Director
Vladan řevk	Quality Director
Jakub Fojtk	Commercial Director

#### Supervisory Board

Jan Sechter	Chairman of the Supervisory Board
Vladan řevk	Member of the Supervisory Board
Jakub Fojtk	Member of the Supervisory Board

## 8. Segment Information

Management is the Chief Operating Decision Maker (CODM) and monitors operating results and indicators for the purpose of making decisions on resource allocation and assessing performance at the level of a single segment (i.e., the Group as a whole).

The Group is therefore represented by a single segment.

## 9. Revenue from Contracts with Customers

The Group consists of a single segment engaged in the sale of aircraft and related equipment and services.

The timing of revenue recognition was as follows:

<b>CZK thous.</b>	<b>1/1/- 30/6/2025</b>	<b>1/1/-30/6/2024</b>
Goods and services transferred at a point in time	249,104	331,252
<b>Total revenue from contracts with customers</b>	<b>249,104</b>	<b>331,252</b>

Among the services provided to customers are the training of pilots and aircraft operators, which are delivered at the time of handover of the aircraft to the customer.

In total, services worth CZK 950 thousand were provided as part of aircraft sales in the period 1 January –30 June 2025 (1 January – 30 June 2024: CZK 900 thousand).

### 9.1. Contract Balances

<b>CZK thous.</b>	<b>1/1/-30/6/2025</b>	<b>1/1/-31/12/2024</b>	<b>1/1/-30/6/2024</b>
Trade receivables	136,554	-	400,005
Contract assets	-	-	-
Contract liabilities	-	15,301	-

Contract liabilities consist of advances received from customers with whom a contract for the purchase of aircraft has been concluded.

### 9.2. Performance Obligations

A typical contract with a customer includes several performance obligations. The transaction price is allocated to these obligations based on their standalone selling prices. Information on the Group's performance obligations is provided below:

#### Production and delivery of aircraft and related equipment

The obligation is fulfilled at the moment of delivery and handover of the aircraft and equipment to the customer. The payment is divided into two parts. 50% of the payment is due 14 days after signing the contract, the remaining amount is due 14 days before the agreed delivery date to the customer.

#### Pilot and mechanic training

The obligations are fulfilled continuously and the payment for these obligations is included in the transaction price stated in the contract.

The Group recognizes contract liabilities from these obligations and recognizes revenue continuously over 2–3 months, depending on how the customer receives and consumes the benefits arising from the performance.

#### Remote pilot support

As part of the contract, the customer may order remote pilot support measured in flight hours. Since this service is prepaid by the customer, the Group recognizes a contract liability and fulfills this obligation continuously in accordance with customer demand and consumption of flight hours.

## 10. Other Operating Income

CZK thous.	1/1/ 30/6/2025	1/1/-30/6/2024
Sales of intangible and tangible fixed assets	3,240	0
Income from government grants	-	-
Other Operating Income	491	41
<b>Total revenue from contracts with customers</b>	<b>3,731</b>	<b>41</b>

On 23 November 2022, the Company entered into a Grant Agreement (GRANT AGREEMENT Project 101073911 — I-SEAMORE: INTEGRATED SURVEILLANCE ECOSYSTEM FOR EUROPEAN AUTHORITIES RESPONSIBLE FOR MARITIME OPERATIONS LEVERAGED BY RELIABLE AND ENHANCED AERIAL SUPPORT), supported under the HORIZON-CL3-2021-BM-01 call, with the European Research Executive Agency (REA).

The agreement was concluded with the coordinating company: ATOS IT SOLUTIONS AND SERVICES IBERIA SL (ATOS IT), PIC 952979120, established in RONDA DE EUROPA 5, TRES CANTOS MADRID 28760, Spain.

The grant was provided under the EU funding programme in the field of security and environmental protection, which is part of the project financed from EU funds.

The grant was awarded for a fixed period from 1 January 2024 to 30 June 2025; as of the balance sheet date, a preliminary extension of the project until 31 October 2025 had been approved. Until 30 June 2024, the recipient on our side was Primoco UAV Defence, s.r.o.; from 1 July 2024, it is Primoco UAV SE.

The objective of the project is to build a platform that will include infrastructure in the form of unmanned systems equipped with sensors for data collection, other open (satellite) data sources, and a software layer based on artificial intelligence to evaluate the data. The platform is intended to serve end users in monitoring large maritime borders and coastal areas, analyzing potential threats, supporting search and rescue operations, and detecting illegal activities.

The pre-financing for both companies totals EUR 474,884.38 (85% of the grant).

At the end of 2023 and 2024, the Company prepared and submitted the final report and at the same time recorded expense movements into other operating income.

## 11. Costs of Services and Repairs and Maintenance

CZK thous.	30/6/2025	30/6/2024
Repairs and Maintenance	826	259
Commission	9,872	0
External staff	2,481	2,151
Other services	8,642	6,482
<b>Total revenues from contracts with customers</b>	<b>21,821</b>	<b>8,892</b>

## 12. Other Operating Income

CZK thous.	30/6/2025	30/6/2024
Insurance cost	1,096	460
Capitalization of fixed assets	-	-
Other operating expanses	5,708	390
<b>Total revenues from contracts with customers</b>	<b>6,804</b>	<b>850</b>

## 13. Financial Income and Cost

CZK thous.	30/6/2025	30/6/2024
Interest expenses from lease liabilities	125	27
Bank fees	22	3
Foreign exchange losses	819	652
<b>Total financial expenses</b>	<b>966</b>	<b>682</b>
Interest income	2,280	4,905
Total financial expenses	0	142
<b>Total financial income</b>	<b>2,280</b>	<b>5,047</b>

## 14. Earnings per Share

The following table reflects the data on profit and shares used in the calculation of basic earnings per share.

In 2024 and 2025 no stock options or other transferable rights were issued, nor were there any additional share issues. For this reason, there are no dilution effects, and the weighted average number of ordinary shares remains unchanged over the years and corresponds to the original issue.

CZK thous.	1/1/-30/6/2025	1/1/-30/6/2024
Earnings	67,147	121,196
Number of shares	4,709	4,709
<b>EPS</b>	<b>14,26</b>	<b>25,74</b>

## 15. Intangible Assets

Purchase price of intangible assets:

<b>CZK thous.</b>	Purchased software	Patents and rights	Other intangible assets	Intangible development results	Acquired intangible assets	<b>Total</b>
<b>1/1/2024</b>	<b>752</b>	-	<b>1,125</b>	<b>6,112</b>	<b>5,633</b>	<b>13,622</b>
Additions	685	-	1,036	1,364	6,311	<b>9,396</b>
Transfer	-	-	-	-	-2,336	<b>-2,336</b>
<b>31/12/2024</b>	<b>1,437</b>	-	<b>2,161</b>	<b>7,476</b>	<b>9,608</b>	<b>20,682</b>
Additions	499	-	9,482	-	2,764	<b>12,745</b>
Transfer	-	-	-	-	-9,981	<b>-9,981</b>
<b>30/6/2025</b>	<b>1,936</b>	-	<b>11,643</b>	<b>7,476</b>	<b>2,391</b>	<b>23,446</b>

Amortization and impairment of intangible assets:

<b>CZK thous.</b>	Purchased software	Patents and rights	Other intangible assets	Intangible development results	Acquired intangible assets	<b>Total</b>
<b>1/1/2024</b>	<b>739</b>	-	<b>102</b>	<b>2,560</b>	-	<b>3,401</b>
Amortization	76	-	258	1,657	-	<b>1,991</b>
<b>31/12/2024</b>	<b>815</b>	-	<b>360</b>	<b>4,217</b>	-	<b>5,392</b>
Amortization	156	-	761	943	-	<b>1,860</b>
<b>30/6/2025</b>	<b>971</b>	-	<b>1,121</b>	<b>5,160</b>	-	<b>7,252</b>
<b>Residual value</b>						
<b>1/1/2024</b>	13	-	1,023	3,552	5,633	<b>10,221</b>
<b>31/12/2024</b>	622	-	1,801	3,259	9,608	<b>15,290</b>
<b>30/6/2025</b>	965	-	10,522	2,316	2,391	<b>16,194</b>

Significant assets

On 14 March 2025, the company was issued STANAG certification. The services performed during the certification were capitalized as intangible assets. The company continues to work on STANAG certification, and the services are recorded under the account for acquisition of long-term intangible assets.

Furthermore, the company invested in the development of aircraft know-how.

## 16. Lands, Buildings and Equipment

Acquisition cost of land, buildings and equipment:

<b>CZK thous.</b>	Land	Buildings	Vehicles	Machines & equipment	Tangible assets in progress	Other tangible assets	<b>Total</b>
<b>1/1/2024</b>	<b>19,466</b>	<b>10,522</b>	<b>10,939</b>	<b>5,507</b>	<b>4,824</b>	-	<b>51,258</b>
Additions	95,021	-	4,703	4,363	105,394	77	<b>209,558</b>

Transfer	-	-	-	-	-104,087	-	-104,087
Disposals	-	-	-1,000	-	-	-	-1,000
<b>31/12/2024</b>	<b>114,487</b>	<b>10,522</b>	<b>14,642</b>	<b>9,870</b>	<b>6,131</b>	<b>77</b>	<b>155,729</b>
Additions	-	-	4,792	77	17,175	-	22,044
Transfer	-	-	-	-	-4,869	-	-4,869
Disposals	-	-	-5,943	-448	-	-	-6,391
<b>30/6/2025</b>	<b>114,487</b>	<b>10,522</b>	<b>13,491</b>	<b>9,499</b>	<b>18,437</b>	<b>77</b>	<b>166,513</b>

Depreciation and impairment of land, buildings and equipment:

<b>CZK thous.</b>	Land	Buildings	Vehicles	Machines & equipment	Tangible assets in progress	Other tangible assets	<b>Total</b>
<b>1/1/2024</b>	-	<b>1,563</b>	<b>2,352</b>	<b>4,644</b>	-	-	<b>8,559</b>
Depreciation	-	367	2,240	668	-	-	3,275
Disposal	-	-	-213	-	-	-	-213
<b>31/12/2024</b>	-	<b>1,930</b>	<b>4,379</b>	<b>5,312</b>	-	-	<b>11,621</b>
Depreciation	-	185	1,208	641	-	-	2,034
Disposal	-	-	-1,597	-448	-	-	-2,045
<b>30/6/2025</b>	-	<b>2,115</b>	<b>3,990</b>	<b>5,505</b>	-	-	<b>11,610</b>

**Net book value**

<b>1/1/2024</b>	19,466	8,959	8,587	863	4,824	-	<b>42,699</b>
<b>31/12/2024</b>	114,487	8,592	10,263	4,558	6,131	77	<b>144,108</b>
<b>30/6/2025</b>	114,487	8,407	9,501	3,994	18,437	77	<b>154,903</b>

**Significant assets**

In 2025, the company collaborated with designers on the project “Construction of the new Airport in Písek, production hall, and administrative building.” The services were recorded under the account for the acquisition of long-term tangible assets.

The company acquired new means of transport to ensure smooth transportation between Prague and Písek Airport. Unused means of transport were disposed of.

## 17. Leasing

The Group currently leases the main office building with related storage and production facilities and an aircraft for travel purposes. The office and aircraft lease agreements include extension and termination options. The Group applies IFRS 16 exemptions for short-term leases and leases of low-value underlying assets.

### Right-of-use assets

CZK thous.	Buildings	Aircraft	Total
<b>1/1/2024</b>	<b>1,341</b>	<b>-</b>	<b>1,341</b>
Additions	-	6,908	<b>6,908</b>
Additions due to modification	2,193	-	<b>2,193</b>
Depreciation	-1,830	-1,439	<b>-3,269</b>
<b>31/12/2024</b>	<b>1,704</b>	<b>5,469</b>	<b>7,173</b>
Additions	-	45	<b>45</b>
Additions due to modification	391	-	<b>391</b>
Depreciation	-942	-1,772	<b>-2,714</b>
<b>30/6/2025</b>	<b>1,153</b>	<b>3,742</b>	<b>4,895</b>

### Leasing Obligations

CZK thous.	30/6/2025	30/6/2024
<b>As of 1 January</b>	<b>1,361</b>	<b>1,361</b>
Additions	6,248	177
Accrued interest	125	32
Payment	-2,786	-931
<b>As of 30 June</b>	<b>4,948</b>	<b>639</b>
Long-term	2,072	-
Short-term	2,876	639

CZK thous.	31/12/2024
<b>As of 1 January</b>	<b>1,361</b>
Additions	9,101
Accrued interest	183
Payment	-3,396
<b>As of 31 December</b>	<b>7,249</b>
Long-term	2,072
Short-term	5,177

The maturity analysis of future undiscounted cash flows arising from lease liabilities is presented in Note 27.

## 18. Provisions

CZK thous.	30/6/2025	31/12/2024	30/6/2024
Material	20,773	52,394	36,914
Spare parts	27,925	78	13,533
Work in progress	1,371	28,192	-
Products and goods	26,682	16,915	502
<b>Provisions total</b>	<b>76,751</b>	<b>97,579</b>	<b>50,949</b>

Cost of goods sold, consumed material and changes in inventories of finished goods:

CZK thous.	1/1/- 30/6/2025	1/1/- 31/12/2024	1/1/- 30/6/2024
Consumption of materials and spare parts	106,132	219,308	147,545
Capitalization of materials and goods	-	-	-
Change in inventories of finished goods and impairment of inventories	-3,634	-25,174	3,257
<b>Total</b>	<b>102,498</b>	<b>194,134</b>	<b>150,802</b>

## 19. Trade and Other Receivables

CZK thous.	1/1/- 30/6/2025	1/1/- 30/12/2024	1/1/- 30/6/2024
Trade receivables	136,095	-	399,736
Amounts due from related parties	-	-	-
Advances paid	353	329	167
Prepaid expenses	106	106	102
Other receivables	-	-	-
<b>Total</b>	<b>136,554</b>	<b>435</b>	<b>400,005</b>

Trade receivables bear interest at a rate of 0.05% of the outstanding amount for each day of delay up to a maximum of 10% and are generally due within 14 days. Trade and other receivables are non-derivative financial assets carried at net realizable value.

When entering into contracts with customers for the sale of aircraft, the Company collects a 50% advance payment, which covers the production costs of the contract. Based on this, the Group eliminates the risk of unrecovered costs during aircraft production.

Given the high collection rate of receivables, the Group did not recognize any impairment losses as of 30 June 2025, 31 December 2024 nor as of 30 June 2024.

## 20. Other Receivables and Financial Assets

CZK thous.	30/6/2025	31/12/2024	30/6/2024
Receivables from Tax Authorities	6,480	3,066	384
Other receivables	-	-	-
<b>Total</b>	<b>6,480</b>	<b>3,066</b>	<b>384</b>

## 21. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include:

CZK thous.	30/6/2025	31/12/2024	30/6/2024
Cash at banks	213,713	230,636	57,512
Cash on hand	-	-	-
<b>Cash and cash equivalents presented in the statement of financial position and in the statement of cash flows</b>	<b>213,713</b>	<b>230,636</b>	<b>57,512</b>

The fair value of cash and cash equivalents approximates their carrying amount due to their short-term maturities.

## 22. Trade and Other Payables

CZK thous.	30/6/2025	31/12/2024	30/6/2024
Trade Payables	-	404	438
Employee-Related Liabilities	871	871	623
Liabilities to Tax Authorities	45,134	-	67,617
Other Liabilities	24,557	205	2
<b>Total</b>	<b>70,562</b>	<b>1,480</b>	<b>68,680</b>

Trade payables are non-interest bearing and are usually settled within 14 days.

Other payables mainly include accrued liabilities related to energy and service costs, which were incurred already in 2025.

Employee-related liabilities include social security and health insurance contributions, liabilities to employees for wages, and accruals for unused vacation days, which are to be taken or compensated in the following accounting period.

Trade and other payables are non-derivative financial liabilities measured at amortized cost. The fair value of short-term trade and other payables approximates their carrying amount due to their short-term maturity.

## 23. Provisions

<b>CZK thous.</b>	<b>Other Provisions</b>
<b>30/6/2024</b>	<b>200</b>
Additions	-
Utilized	-
Reversed unused amounts	-
<b>31/12/2024</b>	<b>200</b>
Additions	-
Utilized	-
Reversed unused amounts	-
<b>30/6/2025</b>	<b>200</b>

In 2024, the Group created a provision in the amount of CZK 200 thousand for expenses arising from litigation with a former employee, Mr. Lukáš Trzaskalik. Since the litigation has not yet been resolved, the provision is still recognized in 2025.

## 24. Income Tax

Corporate income tax for companies in the Czech Republic from 2024 was set by law at a new rate of 21%. The structure of income tax in individual accounting periods is as follows:

<b>CZK thous.</b>	<b>30/6/2025</b>	<b>31/12/2024</b>	<b>30/6/2024</b>
Current income tax	18,928	32,101	32,200
Adjustments relating to current income tax in previous years	-	-	-
Deferred tax	-177	418	-588
<b>Total</b>	<b>18,751</b>	<b>32,519</b>	<b>31,612</b>

Reconciliation of the income tax expense and the accounting profit multiplied by the domestic tax rate of the Parent Company for the periods presented below:

<b>CZK thous.</b>	<b>30/6/2025</b>	<b>31/12/2024</b>	<b>30/6/2024</b>
Profit before tax	86,075	154,605	153,396
Statutory income tax rate in the Czech Republic of 21%	18,076	32,467	32,213
Non-deductible expenses and other taxable additions / Deductible expenses	852	123	-13
Unrecognized deferred tax	-177	-71	-588
<b>Income tax reported in the statement of profit or loss</b>	<b>18,751</b>	<b>32,519</b>	<b>31,612</b>

Deferred tax balances and movements:

<b>CZK thous.</b>	<b>1/1/2025</b>	<b>Recognized in profit or loss</b>	<b>Recognized in equity</b>	<b>Foreign exchange differences</b>	<b>30/6/2025</b>
Difference between the carrying amount of fixed assets for accounting and tax purposes	-59	-	-	-	-59
Provisions for liabilities and charges	184	-	-	-	184
Other – consolidation adjustments	48	4	-	-	52

<b>Net deferred tax asset / liability</b>	<b>173</b>	<b>4</b>	-	-	<b>177</b>
<b>Recognized deferred tax asset</b>	<b>173</b>	<b>4</b>	-	-	<b>177</b>

<b>CZK thous.</b>	<b>1/1/2024</b>	<b>Recognized in profit or loss</b>	<b>Recognized in equity</b>	<b>Foreign exchange differences</b>	<b>31/12/2024</b>
Difference between the carrying amount of fixed assets for accounting and tax purposes	414	-473	-	-	-59
Provisions for liabilities and charges	133	51	-	-	184
Other – consolidation adjustments	44	4	-	-	48
<b>Net deferred tax asset / liability</b>	<b>591</b>	<b>-418</b>	-	-	<b>173</b>
<b>Recognized deferred tax asset</b>	<b>591</b>	<b>-418</b>	-	-	<b>173</b>

<b>CZK thous.</b>	<b>1/1/2024</b>	<b>Recognized in profit or loss</b>	<b>Recognized in equity</b>	<b>Foreign exchange differences</b>	<b>30/6/2024</b>
Difference between the carrying amount of fixed assets for accounting and tax purposes	414	-	-	-	414
Provisions for liabilities and charges	133	-	-	-	133
Other – consolidation adjustments	44	-3	-	-	41
<b>Net deferred tax asset / liability</b>	<b>591</b>	<b>-3</b>	-	-	<b>588</b>
<b>Recognized deferred tax asset</b>	<b>591</b>	<b>-3</b>	-	-	<b>588</b>

The Group offsets tax assets and liabilities only when it has a legally enforceable right to offset current tax assets against current tax liabilities.

## 25. Equity

The Group has 4,708,910 issued and fully paid ordinary shares with a nominal value of CZK 1 and an identification number (ISIN) CZ0005135970. The market value of the Group's shares on the Prime Market of the Prague Stock Exchange as of 30 June 2025 was CZK 730 per share.

Shares authorised, issued and fully paid:

	<b>Number of Ordinary shares</b>	<b>Equity</b>	<b>Share</b>
<b>As of 30/6/2024</b>	<b>4,709</b>	<b>4,709</b>	<b>159,269</b>
Issue of share capital, nominal value of shares CZK 1	-	-	-
Conversion into shares with a nominal value of CZK 1	-	-	-
<b>As of 31/12/2024</b>	<b>4,709</b>	<b>4,709</b>	<b>159,269</b>
<b>As of 30/6/2025</b>	<b>4,709</b>	<b>4,709</b>	<b>159,269</b>

All ordinary shares are freely transferable without restriction. Each share with a nominal value of CZK 1 carries one vote.

In 2025, the net profit for 2024 was transferred to retained earnings. The Company did not pay any dividends in 2025 and did not issue any new share capital.

## 26. Personnel Cost

The Company has established rules for the entitlement to the variable component of remuneration for each employee. Each employee has defined targets that must be achieved for the remuneration to be paid. The fulfilment of targets is reviewed during performance appraisals held throughout the year.

Employee expenses for the respective periods consist of the following:

<b>CZK thous.</b>	<b>1/1/- 30/6/2025</b>	<b>1/1/- 30/6/2024</b>
Average number of employees and key management of the Group	36	35
Wages and salaries and remuneration of company bodies	23,843	13,716
Social security and health insurance	6,353	4,605
Other personnel expenses	147	122
<b>Total personnel expenses</b>	<b>30,343</b>	<b>18,443</b>

Of which remuneration of key management members of the Group:

<b>CZK thous.</b>	<b>1/1/- 30/6/2025</b>	<b>1/1/- 30/6/2024</b>
Wage costs and remuneration of company bodies	10,738	3,090
<b>Total</b>	<b>10,738</b>	<b>3,090</b>

The Group, within contractual arrangements with executive members of elected bodies and directors, does not stipulate the right to demand the return of the variable component of remuneration or any part thereof, once the entitlement has arisen and it has already been paid. The entitlement to this variable component of remuneration is conditional upon the fulfilment of performance indicators set by the Supervisory Board of the Group, the approval of the General Meeting, and the submission of the auditor's report on the verification of the Group's financial statements for the given calendar year. This constitutes a robust mechanism through which the Group seeks to prevent the unjustified payment of the variable component of remuneration.

Furthermore, as part of its remuneration policy, the Group reserves the right to claim compensation for damages, which would include variable components of remuneration paid to a Board member convicted of the criminal offence of falsifying information on the financial situation and assets.

## 27. Financial Risk Management

The Group's classes of financial instruments correspond to the items presented in the consolidated statement of financial position.

The Group's main financial liabilities include leases and trade and other payables. The primary purpose of these financial liabilities is to finance the Group's operations and investments. The Group's main financial assets include trade and other receivables, cash and cash equivalents, which arise directly from its activities.

The Group is exposed to market, currency, and liquidity risks. The Group's management identifies financial risks that may adversely affect business objectives and, through active risk management, reduces these risks to an acceptable level.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices.

All production processes take place in the Czech Republic, and the Group focuses on maintaining stable and reliable supplier relationships, which contributes to its resilient market position. An important element of market risk management is the diversification of suppliers, ensuring timely information on price movements from appropriate sources, and the optimisation of purchasing and inventory levels.

In the event of supply chain disruptions, the Group can quickly replace suppliers with alternative partners, further reducing potential risks associated with commodity price fluctuations.

### Currency risk

Currency risk is the risk that the fair value or future cash flows will fluctuate due to changes in exchange rates. The Group's exposure to exchange rate risk relates mainly to its operating activities (when revenues or expenses are denominated in foreign currencies).

The Group invoices predominantly in Euros. However, there is some currency risk arising from sales and purchases in other currencies, particularly in CZK, EUR, and USD.

Financial assets and liabilities include cash and cash equivalents, trade and other receivables, and trade and other payables. All other assets and liabilities in foreign currencies are insignificant or not subject to exchange rate risk (e.g. land, buildings, and equipment).

### Liquidity risk

Prudent liquidity risk management assumes maintaining sufficient cash and the availability of funding to meet obligations as they fall due. The Group regularly monitors its liquidity position to ensure sufficient financial resources are available to settle its liabilities and receivables.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (in CZK thous.):

<b>30/6/2025</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Lease liabilities	-	-	2,876	2,072	-	4,948
Trade and other payables	-	871	24,557	-	-	25,428
<b>Total</b>	<b>-</b>	<b>871</b>	<b>27,433</b>	<b>2,072</b>	<b>-</b>	<b>30,376</b>

  

<b>31/12/2024</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Lease liabilities	-	-	5,370	2,100	-	7,470
Trade and other payables	-	609	-	-	-	609
<b>Total</b>	<b>-</b>	<b>609</b>	<b>5,370</b>	<b>2,100</b>	<b>-</b>	<b>8.079</b>

30/6/2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Lease liabilities	-	-	639	-	-	639
Trade and other payables	-	1,061	-	-	-	1,061
<b>Total</b>	<b>-</b>	<b>1,061</b>	<b>639</b>	<b>-</b>	<b>-</b>	<b>1,700</b>

Trade and other payables do not include tax liabilities, advance payments received, and contractual liabilities, as these are non-financial liabilities.

#### Interest rate risk

The Group faces minimal interest rate risk, as its operations are fully financed from its own resources and the Group has no loan liabilities.

#### Credit risk

Credit risk is the risk that counterparties will not be able to meet their contractual obligations.

The Group faces minimal credit risk because for each production order it always collects a 50% advance payment, which covers the production costs for the concluded contract. This eliminates the risk of unpaid costs during aircraft production.

Final delivery of the product always takes place after receipt of the full contract value. In the event that the outstanding balance is not paid, the Group is able to resell the product to another counterparty.

## 28. Capital Management

The primary objective of the Group's capital management is to ensure that it has the capital necessary to operate and grow the business at a reasonable cost of capital, without incurring disproportionate financial risks. For the purposes of the Group's capital management, capital includes share capital, and all other equity reserves attributable to the Company's shareholders.

The main goal of the Group's capital management is to maximize shareholder value. The Group's principles for capital allocation include:

- Investments in technologies and capabilities to support organic growth.
- Maintaining a robust balance sheet and financial strength to ensure strategic flexibility.
- Prioritizing growth over dividend payments, with no intention of declaring dividends in the near term.
- Sustaining high operating margins.

The Group manages its capital structure and adjusts in response to changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust dividend distributions to shareholders, return capital to shareholders, or issue new shares.

During the above-mentioned period, there were no changes in the objectives, policies, or processes of capital management.

## 29. Related Party Disclosures

During the first six months of 2024, transactions with related parties were concluded by the consolidated entity under normal market conditions. In the periods under review, there were no related party transactions that materially affected the Company's financial results.

During the first six months of 2025, no contractual transactions between related parties were concluded by the consolidated entity. In the periods under review, there were no related party transactions that materially affected the Company's financial results.

<b>30/6/2024</b>	<b>Relationship</b>	<b>Liabilities</b>	<b>Receivables</b>	<b>Purchases</b>	<b>Sales</b>
Primoco UAV Defence, s.r.o.	Group company	-	297,347	360	297,677
<b>31/12/2024</b>	<b>Relationship</b>	<b>Liabilities</b>	<b>Receivables</b>	<b>Purchases</b>	<b>Sales</b>
Primoco UAV Defence, s.r.o.	Group company	269	1,929	15,531	375,190
<b>30/6/2025</b>	<b>Relationship</b>	<b>Liabilities</b>	<b>Receivables</b>	<b>Purchases</b>	<b>Sales</b>
Primoco UAV Defence, s.r.o.	Group company	269	199,911	-	230,502

## 30. Subsequent Events

After the balance sheet date, no significant subsequent events occurred that would affect the Group's financial position.