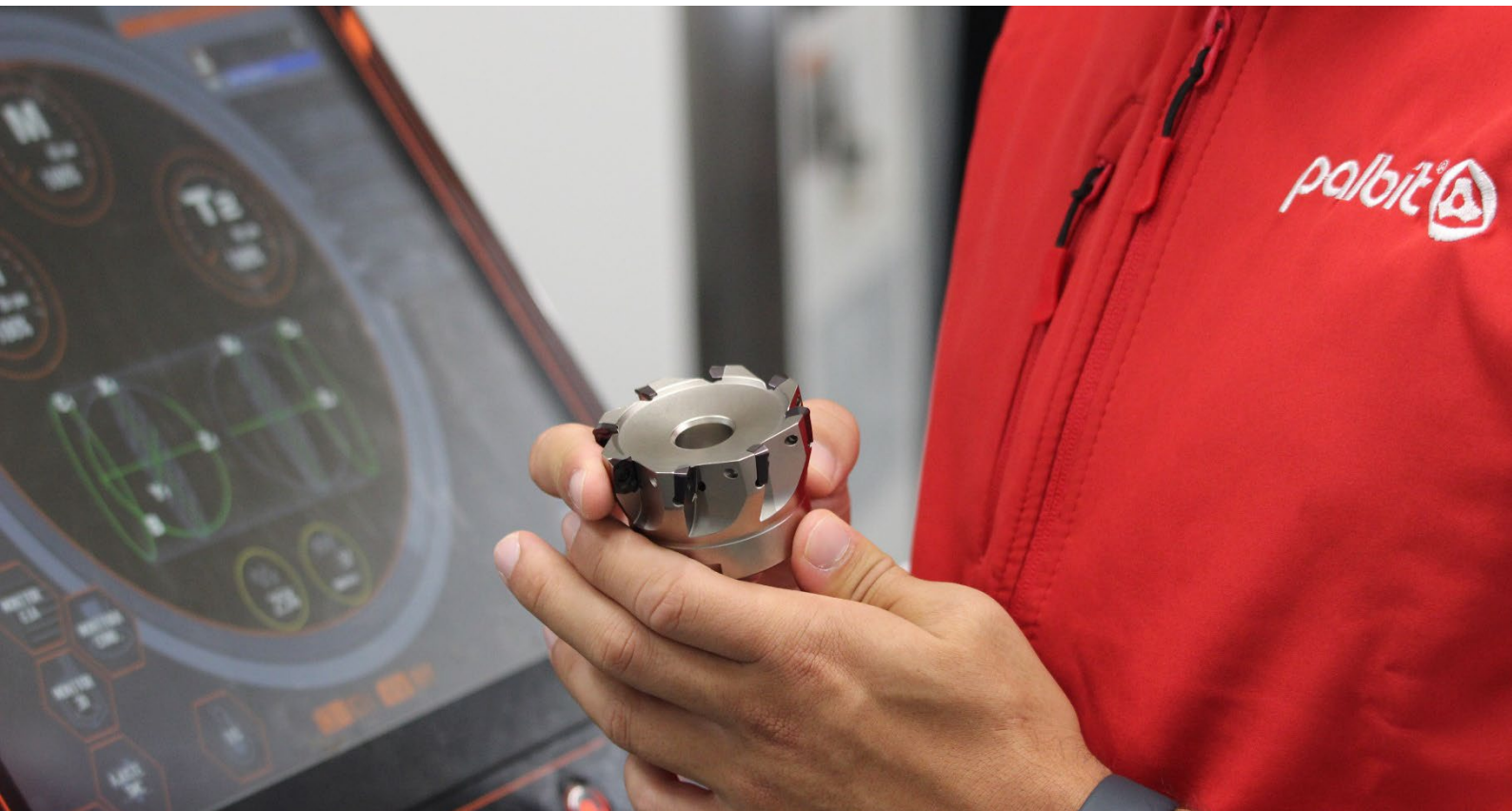


VISION, STRATEGY AND BUSINESS MANAGEMENT POLICY

PALBIT, S. A.



VISION

Palbit plays a key role in the international panorama of the sector linked to the production and commercialisation of industrial tools, particularly in three business areas (cutting tools, anti-wear tools and stone treatment tools).

In this context, the company is committed to improving its customers' productivity by creating high quality, high performance solutions through innovation activities.

Creating value for its customers, shareholders, employees and other stakeholders based on its vision, strategy and internal capabilities is a crucial pillar. Our values of customer focus, innovation, sustainability and the will to lead define the basis of our culture and ways of working. Our actions are mainly focussed on areas where Palbit has sustained and accelerated growth, allowing us to strengthen Palbit's position in a global market.

It should be noted that the industrial tools industry is extremely competitive and highly demanding in terms of innovation. However, Palbit has remained a benchmark in the markets where it operates, mainly due to its high capacity for customised response and product innovation, the result of its significant R&D efforts.

In fact, Palbit has been continuously and increasingly promoting R&D activities, which has enabled it to make a significant contribution to expanding technical and technological knowledge in the sector in which it operates, above all by introducing innovative solutions to the market. Thus, the design and development of new high-performance tools has helped to recognise Palbit as an inseparable part of the industry's technological evolution, safeguarding environmental and social sustainability.

Although the company is currently booming in the market, one of its main innovation objectives continues to be to increase its recognition and positioning in the sector, both nationally and internationally, as a benchmark company at the forefront of developing distinctive and disruptive solutions compared to the existing state-of-the-art.

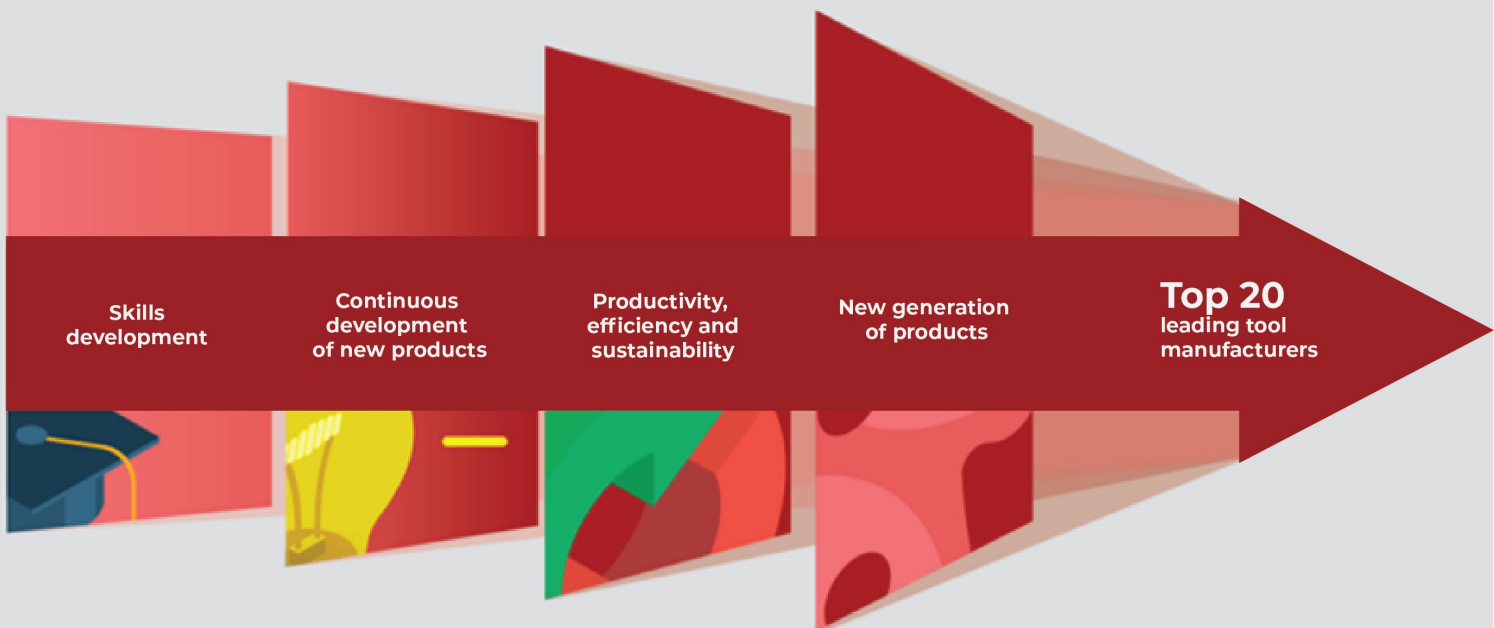
Palbit's short, medium and long-term vision

Palbit's short-term vision relates to:

- Increasing skills both in terms of human resources and the implementation of innovative technologies, in order to maintain the company's competitiveness and recognition.
- The continuous development of new products to strengthen the portfolio and diversify the offer in the tool area, consolidating the areas with the highest financial and technical performance.

In the medium to long term, Palbit intends to:

- Position itself as an internationally recognised supplier of cutting tools and enter the top 20 of the main tool producers (market share), mainly in the area of milling.
- To introduce business areas with a direct link to those that currently exist (cutting, anti-wear and mining), through defined interfaces, co-promotion projects and international partnerships.
- Affirmation of the brand through the development, production and commercialisation of highly innovative products based on acquired know-how that boosts the client's productivity, efficiency and sustainability.



STRATEGY

Palbit's main activity is the development, production and commercialisation of tools made of carbide, ultra-hard materials and steel. It strives to create tools of the highest quality, offering a wide range of products to its customers.

In addition to its presence in Portugal, given its business strategy and vision, the company operates on five continents and in more than 70 countries, to which it exports more than 90 per cent of its production, thus making a strong commitment to the quality of the raw materials it uses and the end product it offers to a highly demanding market.

Palbit has therefore established a set of strategic vectors and values geared towards research and the development of knowledge, the promotion of innovation, the management of flexibility and the stimulation of proximity/relationship.

It should be noted that Palbit is essentially a technical company with production capacity and its own brand, so its R&D activities have been geared towards developing products and processes. In this context, with regard to product development, Palbit's innovation activities in terms of geometry (functional design) and material development (new grades and coatings) are worth highlighting.

Every year, the company reviews its portfolio of R&D projects, selecting those that have new product and process development components, as a way of broadening the portfolio of products it offers and the range of processes at its disposal, respectively. Investment in R&D has been growing significantly ~4% to 2024, which reflects the importance the company attaches to these activities. Another important fact is that the company's employees are more prepared to carry out R&D activities, as a result of Palbit's investment in technical training. In this context, we would highlight the investment made by the company in its R&D department, which has a wide range of technically specialised employees. The company's commitment to R&D activities is based on the development of new tools, processes and methodologies in order to meet the high demands of its customers..

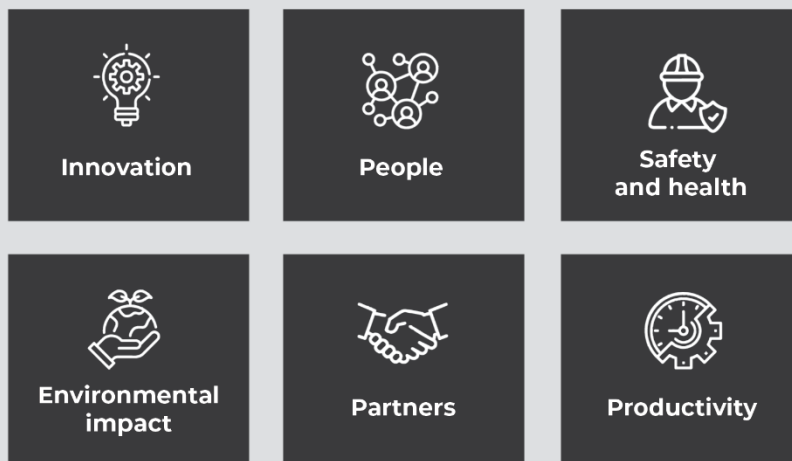
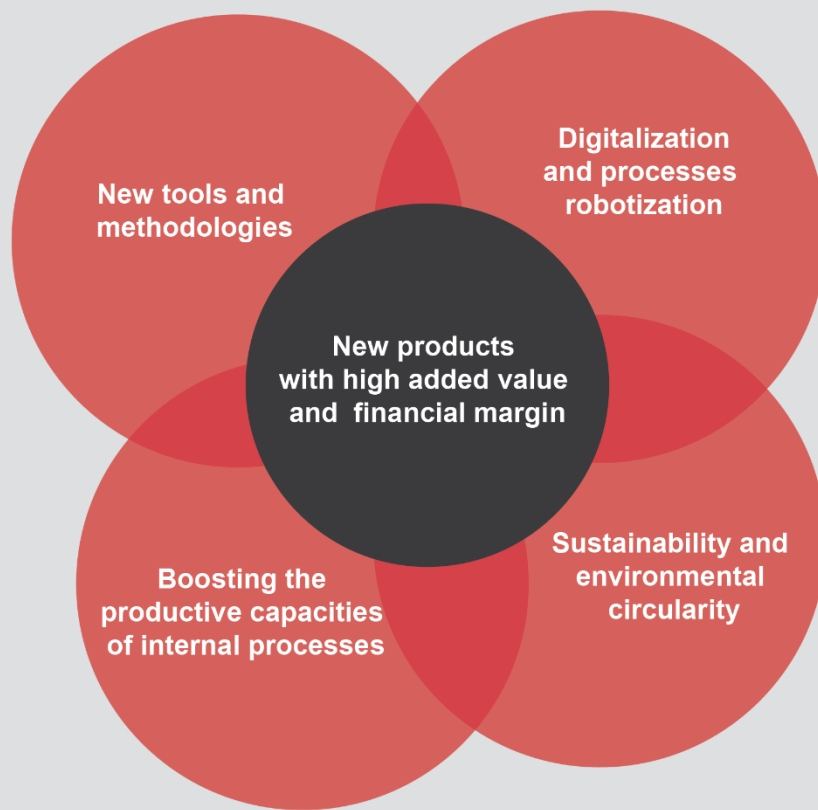
Palbit's innovation strategy is based on 5 pillars of knowledge in order to guarantee 30% of sales resulting from R&D projects:

- 1. Research and development of new tools and improvement of processes and methodologies;
- 2. Digitalisation and robotisation of processes;
- 3. Boosting the productive capacities of existing production processes;
- 4. Sustainability and circularity of the products developed;
- 5. Development of new products with high added value.

Domains and main Areas of activity in the practice of R&D activities

ENEI DOMAIN	AREA
Production Technologies and Product Industries	Development and efficiency of production systems
	Greener and more efficient production processes
	Innovative products with high added value
	ICT applied to production systems

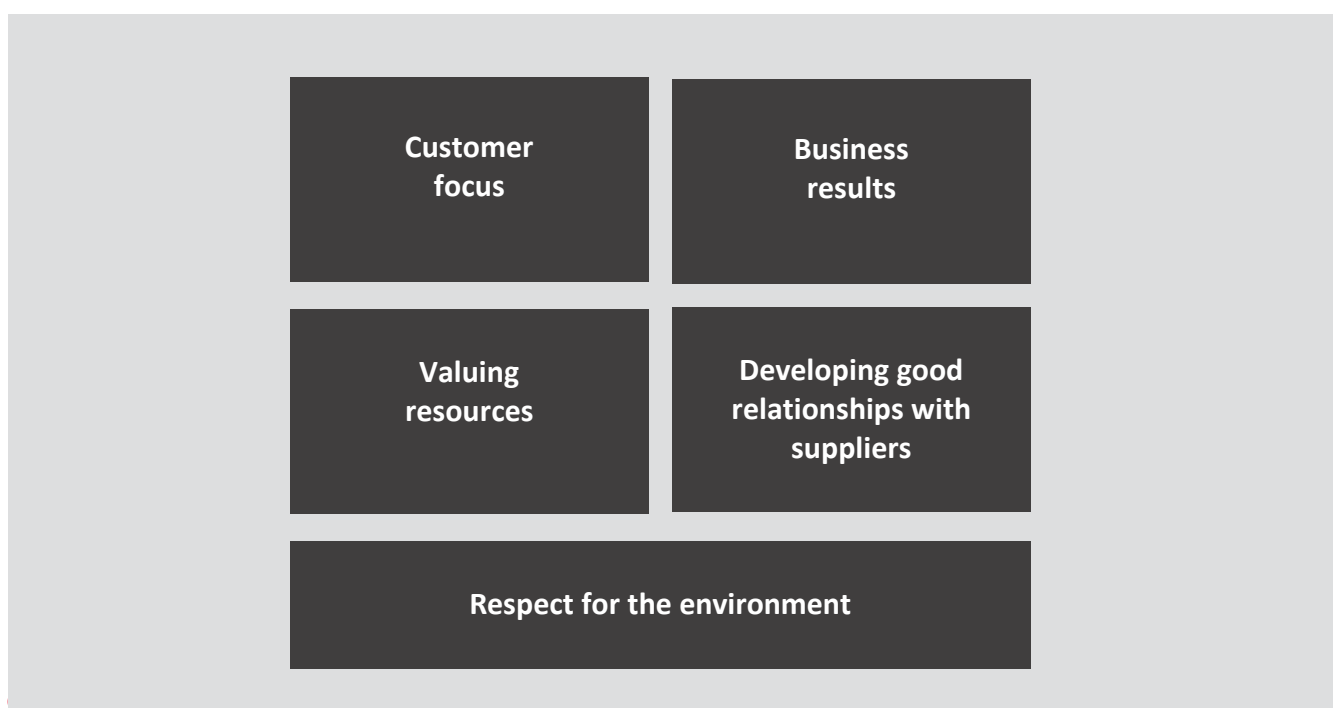




BUSINESS MANAGEMENT POLICY

PALBIT considers quality to be a key factor in the company's culture, and believes that its management approach is based on a spirit of continuous improvement, across all of the organisation's existing processes, with the aim of achieving the company's overall objectives and satisfying the needs of its interested parties.

Based on its commitment to Quality, PALBIT has a Corporate Management System, in accordance with the requirements of the NP EN ISO 9001: 2015 and NP 4457: 2021 standards, which aims to establish responsibilities, monitor and review processes, as well as ensuring the correct management of its resources and R&D management system in relation to business needs.



We carry out our activities in such a way as to fulfil our customers' expectations, creating a solid relationship through the production and development of products with a high level of quality, performance and innovation.

Valuing Resources

Increases in skills, both in terms of human resources and in the implementation of innovative technologies, in order to maintain the Company's competitiveness and recognition, employee satisfaction, employee involvement, team spirit and sense of responsibility in the performance of their duties, contributing their ideas and recognition in the creation of value, to the achievement of Palbit's Global Objectives.

Developing Good Relationships with Suppliers

We know that innovation, quality and improving our products and processes starts with our suppliers. We favour and promote the loyalty of our suppliers.

We seek active and effective communication with our suppliers, rewarding or penalising their performance.

Business Results

Achieving sustained and profitable growth for the benefit of all interested parties, through duly defined methodologies and processes, based on the continuous improvement of the Organisation's results.

We continually seek technological evolution and business success, fostering a culture of creativity and innovation with a view to generating new ideas that help strengthen the company's competitiveness.

Respect for the Environment

Promoting environmental protection, prevention, the reincorporation of by-products, the use of raw materials obtained from recycling and the maintenance of green spaces around the company.

