Kronoflooring Spółka z o. o.

Report and Financial Statements

30 September 2025

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Robert Laska

REGISTERED OFFICE

ul. Wojska Polskiego 3
39-300 Mielec
Poland

PRINCIPAL PLACE OF BUSINESS

ul. Przemysłowa 10
38-200 Jasło
Poland

INDEPENDENT AUDITORS

BDO Spółka z ograniczoną odpowiedzialnością sp.k

DIRECTORS' REPORT

The Directors of Kronoflooring Sp. z o. o. (the Company) submit their annual report and financial statements for the year ended 30 September 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company is the production of Stone Plastic Composite (SPC).

REVIEW OF OPERATIONS

	Euro'000	Euro'000	%
Revenue	102 778	68 268	50,6
Operating profit	8 750	6 114	43,1
EBITDA	12 130	8 780	38,2

Increased revenue and EBITDA is a result of higher sales volume.

INVESTMENT

	Euro'000	Euro'000	%
Total	21 838	6 014	263,1

The major investments include the expansion of the plant and an increase in production capacity.

DIRECTORS

The members of the Board of Directors of the Company who served during the financial year and thereafter are shown below:

Robert Laska

PRINCIPAL RISKS

The company's customer base covers the DIY sectors in Poland. This means that the risk to the business of a major loss in customer is widely spread. However it is important to maintain a high level of customer service and an attractive product range. Whilst we are operating in a high risk sector, strict credit control procedures are in place to mitigate any potential losses.

RISK MANAGEMENT

Information on the Company's risk policy and a detailed description of specific risks that are monitored within the context of risk controlling are provided in the risk management note 23.

GOING CONCERN

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

The Board of Directors has fully reviewed the profitability and financial position of the Company and believe that the Company will continue as a going concern in the foreseeable future and do not consider there to be any material risks to that conclusion at the date of approval of these financial statements.

OUTLOOK

The Company expects the next 12 months to provide further opportunities to improve and will continue to:

- Invest in improvements in product quality and customer service
- Ensure it makes its contribution to safe-guarding and improving the environment and workplace in which it operates
- Invest in cost reduction programmes
- Optimise existing technologies to improve efficiency
- Invest in new technologies and products to increase production capacity

INDEPENDENT AUDITORS

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Approved by the Board of Directors

and signed on behalf of the Board

Robert Laska - Director

Kronoflooring Sp. z o.o.
CZŁONEK ZARZĄDU
Robert Laska

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Kronoflooring Sp. z o. o.

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Kronoflooring Sp. z o. o. (the "Company"), which are presented in pages 8 to 41 and comprise the statement of financial position as at 30 September 2025, and the statements of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Kronoflooring Sp. z o. o. as at 30 September 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Poland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

REPORT OF THE INDEPENDENT AUDITORS

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The Board of Directors is responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESONSIBITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

BDO Spółka z ograniczoną odpowiedzialnością sp.k

Date: 18.11.2025

Signed by /
Podpisano przez:

Anna Sekulska

Date / Data:
2025-11-18 14:49

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2025

	Note	2025 Euro'000	2024 Euro'000
Revenue	**3**	**102 778**	**68 268**
Other operating income	**4**	256	1 391
Changes in inventories of finished goods and work in progress		64	464
Raw materials and consumables used		(73 950)	(48 647)
Employee benefit costs	**6**	(7 144)	(5 783)
Depreciation and amortisation expense	**5,9,10,11**	(3 729)	(3 481)
Impairment expense	**5,9,10,11**	(520)	-
Other operating expenses	**5**	(9 005)	(6 098)
Profit from operations	**5**	**8 750**	**6 114**
Finance income	7	139	81
Finance costs	7	(2 896)	(3 806)
Currency translation differences		356	(131)
Profit before tax		**6 349**	**2 258**
Income tax credit	**8**	(226)	1 550
Profit for the year		**6 123**	**3 808**
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		1 052	-
Income tax relating to items that will not be reclassified to profit or loss		(200)	-
		852	-
Other comprehensive income for the year, net of tax		**852**	-
Total comprehensive income for the year		**6 975**	**3 808**

All of the profit and other comprehensive income for the year is attributable to equity holders of the Company.

The notes on pages 12 to 41 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

	Note	30 September 2025 Euro'000	30 September 2025 Euro'000	30 September 2024 Euro'000	30 September 2024 Euro'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	95 674		76 530	
Right-of-use assets	10	4 925		4 896	
Intangible assets	11	14		157	
Deferred tax asset	8	376		802	
Total non-current assets			100 989		82 385
Current assets					
Inventories	12	12 228		12 723	
Trade and other receivables	13	12 627		6 508	
Cash and cash equivalents	14	4 541		1 389	
Total current assets			29 396		20 620
TOTAL ASSETS			130 385		103 005
LIABILITIES AND SHAREHOLDERS' EQUITY					
Company					
Share capital	15	1 076		794	
Share premium	15	45 977		18 089	
Other reserves		14 391		14 023	
Retained earnings		16 098		9 491	
Total equity			77 542		42 397
Non-current liabilities					
Bank borrowings and other loans	16	14 500		4 342	
Subordinated loans or loans available for subordination	17	-		21 875	
Lease liabilities	18	6 817		6 708	
Deferred tax liability	8	-		-	
Total non-current liabilities			21 317		32 925
Current liabilities					
Bank borrowings and other loans	16	19 631		15 944	
Subordinated loans or loans available for subordination	17	-		2 125	
Lease liabilities	18	272		236	
Trade and other payables	19	11 623		9 378	
Total current liabilities			31 526		27 683
Total liabilities			52 843		60 608
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			130 385		103 005

On 14.11.2025 the financial statements of Kronoflooring Sp. z o. o were approved by the Board of Directors and authorised for issue.

Signed on behalf of the Board of Directors ....

Kronoflooring Sp. z o.o.
CZŁONEK ZARZĄDU
Robert Laska

Robert Laska – Director

The notes on pages 12 to 41 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 30 September 2025

Profit from the sale of property, plant and equipment	5	-	17
Income tax expense	8	226	(1 550)
Cash flow from operating activities before changes in working capital and provisions		**13 355**	**9 481**
Decrease/(Increase) in inventories		495	(1 557)
(Increase)/decrease/ in trade and other receivables		(6 119)	2 979
Increase in trade and other payables		4 612	1 271
Cash generated from / (used in) operations		**12 343**	**12 174**
Interest received		139	81
Interest paid		(5 263)	(2 427)
Net cash from operating activities		**7 219**	**9 828**
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		-	-
Purchase of property, plant and equipment		(21 838)	(11 676)
Purchase of intangible assets [net of disposals]		(15)	(161)
Net cash used in investing activities		**(21 853)**	**(11 837)**
Cash flows from financing activities			
Proceeds from issue of share capital		28 170	11 166
Proceeds from bank borrowings and other loans		17 000	
Repayments of bank borrowings and other loans		(6 000)	(6 000)
Proceeds from subordinated loans or loans available for subordination		4 000	-
Repayments of subordinated loans or loans available for subordination		(28 000)	-
Repayment of lease liabilities		(229)	(815)
Net cash from used in financing activities		**14 941**	**4 351**
Net increase in cash and cash equivalents		**307**	**2 342**
Cash and cash equivalents at the beginning of the year		**(8 555)**	**(4 940)**
Cash and cash equivalents at the end of the year	14	**(8 248)**	**(2 598)**
Cash and cash equivalents are represented by:			
Cash in hand and at bank		**4 541**	**1 389**
Overdrafts		**(12 789)**	**(9 944)**
		(8 248)	**(8 555)**

For notes supporting the statement of cash flows, see note 21.

The notes on pages 12 to 41 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2025

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total attributable to equity holders of the Company
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Changes in equity for 2025					
At 1 October 2024	794	18 089	14 023	9 491	**42 397**
Comprehensive income for the year					
Profit for the year		-	-	6 123	**6 123**
Total comprehensive income for the year	-	-	-	**6 123**	**6 123**
Issue of share capital	282	27 888	-	-	**28 170**
Transfer between reserves	-	-	(484)	484	-
Other movements	-		852		**852**
At 30 September 2025	**1 076**	**45 977**	**14 391**	**16 098**	**77 542**
Changes in equity for 2024					
At 1 October 2023	683	7 034	14 524	5 182	**27 423**
Comprehensive income for the year					
Profit for the year		-	-	3 808	**3 808**
Total comprehensive income for the year	-	-	-	**3 808**	**3 808**
Issue of share capital	111	11 055	-	-	**11 166**
Transfer between reserves	-	-	(501)	501	-
At 30 September 2024	**794**	**18 089**	**14 023**	**9 491**	**42 397**

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation	Gains / losses arising on the revaluation of the Company's property plant and equipment. The balance on this reserve is wholly non-distributable.
Retained earnings	Profit for the year and prior years.

The notes on pages 12 to 41 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

1. PRINCIPAL ACTIVITIES

The principal activities of the Company is the production of Stone Plastic Composite (SPC).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, including International Accounting Standards (IAS) and Interpretations issued by the International Accounting Standards Board (IASB), (collectively IFRSs).

The Directors are of the opinion that preparation of the financial statements on the going concern basis is appropriate.

The principal accounting policies adopted for dealing with items which are considered material or critical in determining the results for the year and in stating the financial position, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A complete list of other accounting policies is included in note 24.

Significant judgements and estimates

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles (GAAP) under IFRS, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company evaluates its estimates on an on-going basis using historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

The following paragraphs detail the estimates and judgements the Company believes to have potentially the most significant impact on the annual results under IFRS:

- *Fair value of financial assets.* The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets have been estimated based on the fair value of the individual assets.
- *Financial instruments valuation methods.* Valuation methods based on the discounting of future cash flows (effective interest method) or alternative methods based on analysis of recent like arms-length transactions or financial performance of the same type of investees are used for estimation of the value of certain categories of financial instruments for which there are no generally available market information that is believed to be reasonable under the circumstances. The methods may require assumptions of the management not supported by data which are generally available. As a result, the valuation method falls under level 3 of the fair value hierarchy. If profit or loss, income and expenses, assets and liabilities change significantly followed by the change of assumptions the respective disclosures are made in the financial statements.
- *Effective interest method* is used for estimation of fair value of financial instruments and impairment test. For estimation of the fair value of borrowings with fixed rate the interest rate applicable to new instruments with similar credit risk and remaining maturity are used. To determine fair value of other categories of financial instruments and estimation of value in use for impairment test, the weighted average cost (WACC) of the Company's capital as at the reporting date is used. The WACC of the Company's capital is determined by the targets set out by the Board of Directors.
- *Expected credit losses for trade and loan receivables.* At each statement of financial position date, the Company evaluates the collectability of trade receivables using the simplified approach allowed under IFRS 9. For trade receivables, a pre-determined matrix for uninsured overdue balances is made which increases to 100% when a balance is more than 3 months overdue or the customer is the subject of insolvency proceedings. For loans an assessment of credit risk is made as per requirements of IFRS 9 and the appropriate loss provision made. The actual level of receivables collected may differ from the estimated levels of.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant judgements and estimates (continued)

recovery, which could impact operational results positively or negatively. Further detail of the level of provisions for doubtful receivables is included in note 13.

- *Accounting for provisions and contingencies.* The Company is subject to a number of claims that are incidental to the normal conduct of its business. The Company routinely assesses the likelihood of any adverse judgements or outcomes to these matters as well as ranges of probable and reasonable estimated losses.

  Reasonable estimates involve judgement made by management after considering information including notifications, settlements, estimates performed by independent parties and legal counsel, available facts, identification of other potentially responsible parties and their ability to contribute, and prior experience.

  A provision is recognised when it is probable that an obligation exists and where a reliable estimate can be made of the amount of the obligation. The required provision may change in the future due to new developments and as additional information becomes available.

  Where it is only possible that an obligation exists or where the recognition criteria for a provision are not met, a contingent liability is disclosed unless the possibility of transferring economic benefits is remote.

- *Depreciation of property, plant and equipment.* The estimated useful economic lives of property, plant and equipment (PPE) are based on management's judgements and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation that charge is adjusted prospectively.

  Due to the significance of PPE investment to the Company, variations between actual and estimated useful lives could impact operating results either positively or negatively, although few changes to estimated useful lives have been required historically.

- *Impairment of assets.* At each reporting date, the Company is required to assess whether there is any indication that, in management's judgement, the carrying value of tangible or intangible assets may be not be recoverable. If any indication exists, the relevant asset's recoverable value is estimated, being the greater of its value in use and fair value less cost to sell. Where the carrying value exceeds the recoverable value, the asset's carrying value is reduced to the recoverable value.

  An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review.

  Goodwill and intangible assets with an indefinite life must be tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

  Movements on property, plant and equipment during the year have been included within note 9.

  Movements on right-of-use assets during the year have been included within note 10.

  Movements on intangible assets during the year have been included within note 11.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant judgements and estimates (continued)

- *Lease assessments.* IFRS 16 requires judgement to be applied in assessing a lease. The main elements of the judgement are:
  - i) Determining whether or not a contract contains a lease;
  - ii) Establishing whether or not it is reasonably certain that an extension option will be exercised; and
  - iii) Considering whether or not it is reasonably certain that a termination option will not be exercised.

Management does not see any significant risk of a material adjustment to the carrying amount of assets and liabilities within the next year.

Revenue

- *Recognition and measurement.* Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecast sales to the customer.

  The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

  The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

  Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision become known to the Company.

- *Identification of performance obligations.* The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- *Sale of products.* Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting

As the Company has one core business activity the Directors have concluded that segmental reporting is not necessary.

Property, plant and equipment

All property, plant and equipment is initially recognised at cost. Borrowing costs that are directly attributable to the acquisition, construction or production of property, plant and equipment are capitalised as part of the cost of the property, plant and equipment.

After initial measurement, all property, plant and equipment would be subject to revaluation and would be stated at valuation less subsequent depreciation. Any future revaluations of property, plant and equipment would be undertaken in a period not exceeding three years.

Changes in carrying amounts as a result of asset revaluations are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus is transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

The commissioning date of a significant asset, such as a production line, is when the machine commences to produce economic quantities. There will normally be a short period before this when test production is made and this is not considered to represent commissioning.

Depreciation of property, plant and equipment is calculated on a straight-line basis so as to reduce cost or valuation to their estimated residual value over their expected useful lives. The annual depreciation rates applicable are as follows:

Buildings	1,98-7,59%
Plant and equipment	1-40%
Vehicles and other	1-25.0%

Land is not depreciated

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the sale price (net of selling expenses) and the net book value of the asset at the date of disposal.

Repairs and maintenance costs are charged directly to profit and loss. Costs for significant renovation and improvement of property, plant and equipment are capitalised.

Assets under construction are recorded at the cost incurred in their purchase or manufacture including the cost of financing each project until it is commissioned.

Property, plant and equipment are assessed for impairment at each reporting date as detailed in the description of significant judgements and estimates above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

3. REVENUE AND SEGMENT REPORTING

	2025 Euro'000	2024 Euro'000
Domestic market	57 445	39 559
Rest of Europe	30 540	20 164
Rest of world	14 793	8 545
	102 778	68 268

Revenue comprises primarily of sale of goods.

4. OTHER OPERATING INCOME

	2025 Euro'000	2024 Euro'000
Other operating income is made up as follows:		
Reversal of provisions	-	1 123
Other	145	70
Sale of materials	111	198
Sales of trading goods	-	-
	256	1 391

5. PROFIT FROM OPERATIONS

	2025 Euro'000	2024 Euro'000
Profit from operations is arrived at after charging / (crediting) among others the following:		
Staff costs (note 6)	7 144	5 783
Depreciation and amortisation expense (notes 9, 10, 11)	3 729	3 481
Audit fees	15	8
Loss on disposal of non-current assets	-	17

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

6. EMPLOYEE BENEFIT COSTS

	2025 Euro'000	2024 Euro'000
Cost		
Wages and salaries	5 949	4 803
Employer's social security	1 195	980
	7 144	5 783

	2025 Number	2024 Number
Average number of employees	**285**	**256**

7. FINANCE INCOME AND COSTS

	2025 Euro'000	2024 Euro'000
Finance income		
Bank interest	139	81
Interest from related parties	-	-
	139	81
Finance costs		
Interest on bank borrowings	715	1 302
Interest to related parties	1 560	1 902
Interest on lease payable	621	602
Other	-	-
	2 896	3 806

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

8. TAXATION

	2025		2024	
	Euro'000	Euro'000	Euro'000	Euro'000
Deferred tax expense				
Origination and reversal of temporary differences	340		(1 432)	
Revaluation of assets	(114)		(118)	
		226		(1 550)
Total credit		**226**		**(1 550)**

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

Income tax recovery / (expense) recognised in the statement of comprehensive income comprises the following:

	2025	2024
	Euro'000	Euro'000
Gains on property revaluation	1 052	-
Tax	(200)	-
Net of tax	852	-
Total income tax recovery / (expense) recognised in the statement of comprehensive income	**852**	-

The charge for the period can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

	2025	2024
	Euro'000	Euro'000
Profit / (loss) before tax	**6 349**	**2 258**
Tax at the domestic income tax rate (2025 19 %; 2024 19 %)	1 206	429
Tax effect of expenses that are not deductible in determining taxable profit	601	952
Tax effect of revenues, allowances and income that are not taxable in determining taxable profit	(275)	(1 114)
Revaluation of assets	(111)	(118)
Origination and reversal of temporary differences	(1 118)	(1 432)
Effect of tax relief	(77)	(267)
Tax (credit) / expense	**226**	**(1 550)**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

8. TAXATION (continued)

Deferred Tax Liability

The following are the major deferred tax liabilities recognised by the Company and movements thereon during the year.

	Revaluation of property, plant and equipment Euro'000	Total Euro'000
At 1 October 2023	3 407	3 407
Credit to profit	(118)	(118)
At 30 September 2024	3 289	3 289
Credit to profit	(114)	(114)
Charge to equity	200	200
At 30 September 2025	3 375	3 375

Deferred Tax Assets

The following are the major deferred tax assets recognised by the Company and movements thereon during the year.

	Other Euro'000	Total Euro'000
At 1 October 2023	2 659	2 659
Credit to profit and loss	1 432	1 432
At 30 September 2024	4 091	4 091
Credit to profit and loss	(340)	(340)
At 30 September 2025	3 751	3 751

Tax losses

At the statement of financial position date the Company had unused tax losses of Euro 0.2 million (2024: Euro 3.21 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of available future taxable profits.

Pillar two income taxes

The Company is part of a multinational enterprise (MNE) group that exceeds the consolidated revenue threshold under the OECD Pillar Two model rules, which introduce a global minimum effective tax rate of 15% for large MNEs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

8. TAXATION (continued)

As of 30 September 2025, Poland has enacted legislation implementing the Pillar Two rules, effective for fiscal years beginning on or after 1 January 2025. The Company's current fiscal year began prior to this date, and therefore the rules are not yet effective for the Company.

Based on the Company's assessment as of 30 September 2025, it is expected to generate GloBE income. At the jurisdictional level, an excess loss is anticipated. Accordingly, no top-up tax is expected for the Company, including under the Income Inclusion Rule applied by the parent entity in Cyprus.

The Company has applied the deferred tax accounting exception under IAS 12 and has not recognized any deferred tax assets or liabilities in respect of Pillar Two taxes.

The Company continues to monitor legislative developments. Any impacts will be reflected in future reporting periods, if and when they become available or estimable

9. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 September 2025

	Land and buildings Euro'000	Plant and equipment Euro'000	Vehicles and other Euro'000	Construction in progress Euro'000	Total Euro'000
Cost or valuation					
At 1 October 2024	24 736	56 231	1 271	211	82 449
Additions			-	21 838	21 838
Transfers	14	544	415	(973)	-
Elimination of depreciation	(2 103)	(6 317)	(277)		(8 697)
Revaluations	(140)	560	112	-	532
At 30 September 2025	22 507	51 018	1 521	21 076	96 122
Accumulated depreciation and impairment					
At 1 October 2024	1 422	4 090	407		5 919
Charge for the year	710	2 369	147		3 226
Elimination of depreciation	(2 103)	(6 317)	(277)		(8 697)
At 30 September 2025	29	142	277	-	448
Carrying amount					
At 30 September 2025	22 478	50 876	1 244	21 076	95 674

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

9. PROPERTY, PLANT AND EQUIPMENT(continued)

	Land and buildings Euro'000	Plant and equipment Euro'000	Vehicles and other Euro'000	Construction in progress Euro'000	Total Euro'000
Cost or valuation					
At 1 October 2023	24 730	44 365	1 210	6 161	76 466
Additions	-	-	-	6 014	6 014
Disposals	-	(9)	(1)	-	(10)
Transfers	6	11 875	83	(11 964)	-
Transfers to assets held for sale	-	-	(21)	-	(21)
At 30 September 2024	24 736	56 231	1 271	211	82 449
Accumulated depreciation and impairment					
At 1 October 2023	712	1 795	272	-	2 779
Charge for the year	710	2 304	140	-	3 154
Disposals	-	(9)	(1)	-	(10)
Transfer to assets held for sale	-	-	(4)	-	(4)
At 30 September 2024	1 422	4 090	407	-	5 919
Carrying amount					
At 30 September 2024	23 314	52 141	864	211	76 530

9. PROPERTY, PLANT AND EQUIPMENT (continued)

During the financial year, a revaluation of fixed assets was made by an independent valuer, Kroll Germany GmbH The revaluation was made according to IFRS 13. The effective date of revaluation was 30 September 2025.

For Plant, Machinery and equipment, fair value valuation, the cost approach utilising Depreciated Replacement Cost (DRC) methodology was adopted. The result of the revaluation less deferred tax had been charged to Revaluation reserve. Negative fair value valuation had been charged to profit and loss accounts as impairment. The revaluation surplus at that date amounted to Euro 0,532 million.

The carrying amount as at 30 September 2025 that would have been recognised had the assets been carried under the historic model is presented in the table below:

	Land and buildings Euro'000	Plant and equipment Euro'000	Vehicles and other Euro'000	Construction in progress Euro'000	Total Euro'000
Carrying amount - historic cost model	10 003	45 509	678	21 076	77 266

Borrowing costs capitalised in the period amounted to Euro NIL (2024: Euro NIL).

Bank borrowings of Euro 21.342 million (2024: Euro 10.342 million) are secured on the registered pledge on fixed assets of the Company and land owner.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2025

10. RIGHT-OF-USE ASSETS

Year ended 30 September 2025

	Land and buildings Euro'000	Total Euro'000
At 1 October 2024	4 896	4 896
Amortisation	(345)	(345)
Modifications to lease terms	374	374
At 30 September 2025	4 925	4 925

Year ended 30 September 2024

	Land and buildings Euro'000	Total Euro'000
At 1 October 2023	4 991	4 991
Amortisation	(323)	(323)
Modifications to lease terms	228	228
At 30 September 2024	4 896	4 896

11. INTANGIBLE ASSETS

Year ended 30 September 2025

	Other Euro'000	Total Euro'000
Cost		
At 1 October 2024	179	179
Additions	15	15
At 30 September 2025	194	194
Amortisation		
At 1 October 2024	22	22
Charge for the year	158	158
At 30 September 2025	180	180
Carrying amount		
At 30 September 2025	14	14

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

Year ended 30 September 2024

	Other Euro'000	Total Euro'000
Cost		
At 1 October 2023	18	18
Transfers from property, plant and equipment	161	161
At 30 September 2024	179	179
Amortisation		
At 1 October 2023	18	18
Charge for the year	4	4
At 30 September 2024	22	22
Carrying amount		
At 30 September 2024	157	157

12. INVENTORIES

	2025 Euro'000	2024 Euro'000
Raw materials	5 934	5 961
Work in progress	2 944	2 676
Finished products	3 116	3 553
Trade goods	145	207
Goods in transit	89	326
	12 228	12 723

Inventories valued at Euro 3.116 million include a provision of Euro 242 thousand (2024: Euro 225 thousand) and are therefore carried at lower of cost and net realisable value.

13. TRADE AND OTHER RECEIVABLES

	2025 Euro'000	2024 Euro'000
Trade receivables	12 402	6 220
Taxes, subsidies, social insurance	3	6
Other accounts receivable	222	282
	12 627	6 508

Trade receivables includes amounts due from related parties in the amount of Euro 4.776 million (2024: Euro 3.708 million) (note 20).

Other accounts receivable includes amounts due from related parties in the amount of Euro 0 million (2024: Euro 0 thousand (note 20).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

13. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are further analysed as follows:

	2025 Euro'000	2024 Euro'000
Gross value	4 599	3 451
Net value	**4 599**	**3 451**
Analysis of trade receivables:		
Not due	4 599	1 381
Due and for which there is no expected loss provision		
- Not insured	-	2 070
	-	2 070
- Due 0 - 90 days	-	2 070
	-	2 070
Total	**4 599**	**3 451**

Uninsured trade receivables that are due and not impaired represent balances with customers who have no default history.

14. CASH AND CASH EQUIVALENTS

	Cash Euro'000	Bank and other overdrafts (note 16) Euro'000	Net Euro'000
At 1 October 2023	1 656	(6 596)	(4 940)
Movement for the year	(267)	(3 348)	(3 348)
At 30 September 2024	1 389	(9 944)	(8 288)
Movement for the year	3 152	(2 845)	307
At 30 September 2025	4 541	(12 789)	(7 981)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2025

15. SHARE CAPITAL

	2025 Number	2024 Number	2025 Euro'000	2024 Euro'000
Authorised ordinary shares of 500 PLN each	9 406	7 000	1 076	794
Issued ordinary shares of 500 PLN each	9 406	7 000	1 076	794
Share premium			45 977	18 089

There are no restrictions attaching to the ordinary shares

16. BANK BORROWINGS AND OTHER LOANS

	2025 Euro'000	2024 Euro'000
Bank borrowings and other loans including overdrafts	34 131	20 286
Less: Instalments due after more than one year	(14 500)	(4 342)
Bank borrowings and other loans including overdrafts due within one year	19 631	15 944

Repayments of bank borrowings and other loans including overdrafts due after more than one year are analysed as follows:

	2025 Euro'000	2024 Euro'000
Instalments due after 1 year but not more than 2 years	2 500	4 342
Instalments due after 2 years but not more than 5 years	7 500	-
Instalments due after 5 years	4 500	-
	14 500	4 342

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

16. BANK BORROWINGS AND OTHER LOANS (continued)

Bank borrowings and other loans including overdrafts due within one year are analysed as follows:

	2025 Euro'000	2024 Euro'000
Current portion of long term loans	6 842	6 000
Current portion of bank and other overdrafts	12 789	9 944
	19 631	15 944

The carrying amount of short and long term borrowings approximate their fair value.

	2025 Euro'000	2024 Euro'000
Bank borrowings and other loans	21 342	10 342
Bank and other overdrafts (note 14)	12 789	9 944

The weighted average interest rates paid were as follows:

	2025 %	2024 %
Bank borrowings and other loans	2,9	4,3
Bank and other overdrafts	4,6	4,2

Bank and other overdrafts are repayable on demand and are secured on the inventories and trade receivables of the Company. Bank and other overdraft facilities are subject to renewal on 30 November 2025.

Bank borrowings and other long term loans are secured by a pledge over machinery, mortgage granted by Argali Property Sp. z o. o. in respect of property, a pledge over the Company's shares held by Kronospan PLC., parent corporate guarantee and an assignment on rights over insurance policies.

At 30 September 2025, the Company had available Euro 5.211 million (2024: Euro 0.556 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

17. SUBORDINATED LOANS OR LOANS AVAILABLE FOR SUBORDINATION

	2025 Euro'000	2024 Euro'000
Total loans	-	24 000
Less: Instalments due after more than one year	-	(24 000)
Loans due within one year	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

17. SUBORDINATED LOANS OR LOANS AVAILABLE FOR SUBORDINATION (continued)

Repayment of loans are analysed as follows:

	2025 Euro'000	2024 Euro'000
Due within 1 year	-	2 125
Instalments due after 1 year but not more than 2 years	-	3 000
Instalments due after 2 years but not more than 5 years	-	17 750
Instalments due after 5 years	-	1 125
	-	24 000

The weighted average interest rates paid were as follows:

	2025 %	2024 %
Total loans	-	8,0

The above loans are unsecured.

18. LEASES (as lessee)

Lease liabilities

	Land & buildings Euro'000	Total Euro'000
At 1 October 2023	6 395	6 395
Interest expense	602	602
Effect of modifications to lease terms	228	228
Lease payments	(815)	(815)
Foreign exchange movements	534	534
At 30 September 2024	6 944	6 944
Additions	-	-
Interest expense	621	621
Effect of modifications to lease terms	374	374
Variable lease payment adjustment	-	-
Lease payments	(869)	(869)
Foreign exchange movements	19	19
At 30 September 2025	7 089	7 089

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2025

18. LEASES (as lessee) (continued)

Repayment of lease liabilities are analysed as follows:

	2025		2024	
	Euro'000	Euro'000	Euro'000	Euro'000
Due within 1 year	272		236	
		272		236
Instalments due after 1 year but not more than 2 years	296		256	
Instalments due after 2 years but not more than 5 years	1 060		920	
Instalments due after 5 years	5 461		5 532	
		6 817		6 708
At 30 September 2024		7 089		6 944

The weighted average incremental borrowing rate applied to lease liabilities as at 30 September 2025 8,68% (2024: 8,68%).

19. TRADE AND OTHER PAYABLES

	2025	2024
	Euro'000	Euro'000
Trade payables	8 609	4 040
Investment payables	-	136
Accrued interest payables	-	2 224
Other payables and accruals	3 014	2 978
	11 623	9 378

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs.

Trade payables includes amounts due to related parties in the amount of Euro 1.157 million (2024: Euro 501 thousand) (note 20).

Investment payables includes amounts due to related parties in the amount of Euro 0.0 million (2024: Euro 0.0 million) (note 20).

Accrued interest payables includes amounts due to related parties in the amount of Euro 0.00 million (2024: Euro 2.224 million) (note 20).

Other payables and accrual includes amounts due to related parties in the amount of Euro 0.00 million (2024: Euro 1.263 million) (note 20).

The directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

20. RELATED PARTY TRANSACTIONS

Each of Betuva Stiftung, Naruso Stiftung and Luda Stiftung, which are discretionary, irrevocable foundations registered in Liechtenstein, holds 33.3% of the voting interest in the Group. Due to the interests of different share classes, Betuva Stiftung is considered to have significant influence over the Group. Related parties are those entities over which Betuva Stiftung has significant influence.

The following transactions were carried out with related parties:

Sales of goods and services

	Sale of goods		Sale of services		Amounts owed by related parties	
	2025 Euro'000	2024 Euro'000	2025 Euro'000	2024 Euro'000	2025 Euro'000	2024 Euro'000
Fellow Subsidiaries	29 802	29 948	-	-	4 605	3 451
Other related	5 454	3 177	-	-	171	257
	35 256	33 125	-	-	4 776	3 708

Purchase of goods and services

	Purchase of goods (incl. fixed assets)		Purchase of services		Amounts owed to related parties	
	2025 Euro'000	2024 Euro'000	2025 Euro'000	2024 Euro'000	2025 Euro'000	2024 Euro'000
Parent	-	-	9	9	-	9
Fellow subsidiaries	30 342	20 332	436	334	1 103	1 844
Other related	3 447	929	-	-	54	5
	33 789	21 261	445	343	1 157	1 858

Sales and purchases of goods and services are made with related parties on an arm's length basis in the normal course of business.

Other related parties represent entities which are under common control of the ultimate controlling party of the Company.

Directors' and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company.

	2025 Euro'000	2024 Euro'000
Salaries and other short-term employee benefits	124	118
Employer's social security	17	15
	141	133

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

20. RELATED PARTY TRANSACTIONS (continued)

Loans from related parties

	2025 Euro'000	2024 Euro'000
At beginning of year		
- Principal	24 000	24 000
- Interest	2 130	705
	26 130	24 705
Movements during the year		
Loan principal received	4 000	-
Loan principal paid	(28 000)	-
Interest accrued	1 552	1 948
Interest paid	(3 682)	(523)
	(26 130)	1 425
At year end		
- Principal	-	24 000
- Interest	-	2 130
	-	26 130

21. NOTES SUPPORTING THE STATEMENT OF CASH FLOWS

Significant non-cash transactions arising from investing activities are as follows:

	2025 Euro'000	2024 Euro'000
Property, plant and equipment purchased but not yet paid at year end	3 330	136
	3 330	136

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash flows:

	Bank borrowings and other loans (note 16) Euro'000	Subordinated loans or loans available for subordination (note 17) Euro'000	Lease liabilities (note 18) Euro'000	Total Euro'000
At 1 October 2023	16 342	24 000	6 395	46 737
Net cash flows	(6 000)	-	(213)	(6 213)
Effects of foreign exchange	-	-	534	534
Lease adjustments (note 18)	-	-	228	228
At 30 September 2024	10 342	24 000	6 944	41 286
Net cash flows	(6 000)	(24 000)	(247)	(30 247)
Non-cash flows				-
Effects of foreign exchange	-	-	17	17
Lease adjustments (note 18)	-	-	375	375
At 30 September 2025	4 342	-	7 089	11 431

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

22. ENVIRONMENTAL POLICY

The Group's environmental policy is to be constantly aware of the environment and to ensure it makes its contribution to safe-guarding and improving the environment in which it operates. This is achieved through;

- Continued investment in sustainable and recycled raw materials, renewable energy and environmentally friendly products.
- Striving to reduce carbon emissions through substitution of fossil fuels with sustainable alternatives, including Combined Heat and Power units (which use recycled wood as an energy source), photovoltaic plants, wind farms and conversion of Forklift Truck fleets to electric.
- Introduction of advanced technologies to minimise emissions and energy waste in the production process. Kronospan always selects the most appropriate filter technology for each installation, operating BAT practices and ensuring low emission levels.
- Kronospan is a circular economy organisation, leading the wood-based panel industry through design, innovation and investment towards a low carbon future. Wood-panel products are a natural carbon storage, with 1.4 tonnes of CO_2 captured for every tonne of wood consumed.
- Only certified timber is used, which must come from forests that have been labelled as sustainable through the FSC and PEFC, ensuring that all timber used is from verified and managed forests.

The Group receives emission rights certificates which are allocated free of charge by governments. It is Group policy to account for these at their acquisition cost, which is equal to zero due to the free allocation. The Group recognises the value of any surplus emission certificates only upon disposal.

23. RISK MANAGEMENT

General objectives, policies and processes

The Company operates procedures designed to reduce or eliminate financial risk and ensure that funds are available for current and future needs. The policies are approved by the Board and the use of financial instruments is strictly controlled.

Principal financial instruments

A summary of the financial instruments held by category is provided below:

Financial assets

	Financial assets at amortised cost	
	2025	**2024**
	Euro'000	**Euro'000**
Trade, related party and other receivables	12 627	6 225
Cash and cash equivalents	4 541	1 389
Total financial assets	**17 168**	**7 614**

23. RISK MANAGEMENT (continued)

Financial liabilities

Bank and other overdrafts	12 789	9 944
Bank borrowings and other loans	21 342	10 342
Subordinated loans or loans available for subordination	-	24 000
Lease liabilities	7 089	6 944
Trade, related party, investment and other payables	9 275	8 230
Total financial liabilities	**50 495**	**59 460**

Fair values of financial liabilities

Fair values of bank and other overdrafts, trade and other payables approximate their book value largely due to the short-term maturities of these instruments.

Fair values of bank borrowings and other loans as well as subordinated loans or loans available for subordination are evaluated by the Company based on interest rates at the financial year end. Based on this evaluation the book values approximate their calculated fair values as these borrowings and loans have variable rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. The major part of trade receivables 5 % of each receivable is covered by credit insurance. Where credit insurance is not available, or is restricted, Company policies provide the basis for establishing a credit limit for each customer. Customers may also purchase on a pre-payment basis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with acceptable ratings are authorised.

The Company does not enter into derivatives to manage credit risk of this type, although it does when appropriate enter into forward purchases of currency for trade related payables which are due for payment during the next month.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. These also include certain other liquid non-financial assets with potential credit risk. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 13.

	Carrying value		Maximum exposure	
	2025 Euro'000	2024 Euro'000	2025 Euro'000	2024 Euro'000
Trade and other receivables	12 627	6 508	12 627	6 508
Cash and cash equivalents	4 541	1 389	4 541	1 389
	17 168	7 897	17 168	7 897

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2025

23. RISK MANAGEMENT (continued)

Market risk

(i) *Interest rate risk*

As a result of the relevant portion of floating rate borrowings the Company is exposed to interest rate risk, in particular the risk of variation in national currency and Euro interest rates. This risk is not covered. Whilst the Company takes steps to minimise its exposure to cash flow interest rate risk, changes in interest rates will have an impact on profit. Management continually monitor interest rate movements to assess the impact that this will have upon interest costs. The annualised effect of a 1% increase in the interest rate at the statement of financial position date on variable rate debt carried at that date would, all other variables being held constant, have resulted in a decrease of the Company's pre-tax profit for the year of Euro 0.30 million (2024: Euro 0.43 million). A 1% decrease in the interest rate would, on the same basis, have increased pre-tax profits by the same amount.

(ii) *Currency risk*

The Company is exposed to foreign exchange risk as a result of fluctuations between the national currency and the Euro. Where possible, income streams in one currency are used to meet payment obligations in the same currency. Company policy allows forward purchase for trade related payable items which are due for payment during the next month.

The following table details the Company's sensitivity to a 5% increase or decrease in the Euro against the relevant local currency which represents management's assessment of the reasonably possible change in foreign exchange rates.

	Impact of PLN	
	2025	2024
	Euro'000	Euro'000
1. Denominated in PLN		
Monetary financial assets	11 734	4 962
Monetary financial liabilities	(11 145)	(9 252)
Net liabilities	**589**	**(4 290)**
Impact on results	**Gain / (loss)**	
5% PLN appreciation (Euro depreciation)	29	(215)
5% PLN depreciation (Euro appreciation)	(29)	215
2. Denominated in Euro		
Monetary financial assets	5 434	2 652
Monetary financial liabilities	(39 350)	(50 208)
Net liabilities	**(33 916)**	**(47 556)**

Liquidity risk

Company liquidity risk management aims to ensure that the Company is able to timely obtain the financing required to properly carry on its business activities, implement its strategy, and meet its payment obligations when due, while avoiding the need of having to obtain funding under unfavourable terms.

For this purpose, liquidity management at the Company comprises:

- consistent financial planning and cash flow forecasting at company levels with different time horizons (monthly, annual and three year business plans);
- diversification of financing sources;

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2025

23. RISK MANAGEMENT (continued)

- diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;
- arrangement of committed credit facilities with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees.

Maturity of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

At 30 September 2025	On demand Euro'000	Less than 12 months Euro'000	1 - 5 years Euro'000	> 5 years Euro'000	Total Euro'000
Bank and other overdrafts	12 789	-	-	-	12 789
Bank borrowings and other loans	-	7 700	12 090	5 022	24 812
Leases liabilities	-	877	3 506	7 888	12 271
Trade, related party, investment and other payables	-	9 275	-	-	9 275
	12 789	17 852	15 596	12 910	59 147

At 30 September 2024	On demand Euro'000	Less than 12 months Euro'000	1 - 5 years Euro'000	> 5 years Euro'000	Total Euro'000
Bank and other overdrafts	9 944	-	-	-	9 944
Bank borrowings and other loans	-	6 545	4 517	-	11 062
Subordinated loans or loans available for subordination		3865	23 972	1 188	29 025
Lease liabilities	-	830	3 318	8 295	12 443
Trade, related party, investment and other payables	-	8 230	-	-	8 230
	9 944	19 470	31 807	9 483	70 704

Bank borrowings and other loans include interest calculated at the rate applicable at 30 September and for fixed interest rate loans the rate in the loan agreement.

Lease commitments are based on the interest rate implicit in the lease agreement.

Capital disclosures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Capital is defined as total equity. Adjusted capital is defined as total equity plus subordinated loans or loans available for subordination.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

23. RISK MANAGEMENT (continued)

The Company's objectives when maintaining adjusted capital are:

Capital disclosures (continued)

To set the amount of adjusted capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors adjusted capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net bank debt : adjusted capital. Net debt is calculated as total bank debt (as shown in the statement of financial position) including lease liabilities, less cash and cash equivalents.

The Company's strategy, which is unchanged from last year, is to maintain the debt-to-adjusted capital ratio at below 1:5 as follows:

	2025 Euro'000	2024 Euro'000
Bank borrowings and other loans	34 131	20 286
Lease liabilities	7 089	6 944
Less cash and cash equivalents	(4 541)	(1 389)
Net debt	**36 679**	**25 841**
Total equity	77 542	42 397
Plus subordinated loans or loans available for subordination	-	24 000
Adjusted capital	**77 542**	**66 397**
Debt to adjusted capital ratio	**0,47**	**0,39**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

24. OTHER ACCOUNTING POLICIES

Changes in accounting policies

(i) New standards, amendments to published standards and interpretations to existing standards effective in the current financial year adopted by the Company.

There have been no new standards nor amendments to standards adopted by the Company for the first time for the financial year beginning on or after 1 October 2024 that will have a material impact on the Company.

(ii) Standards, amendments and interpretations to published standards not yet effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 October 2025, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

Intangibles

Intangible assets are shown at cost and are amortised on a straight line basis method over their estimated useful life [normally 5 years. Intangibles are subject to impairment reviews whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Where the carrying value is more than the recoverable value, the asset's carrying value is reduced to the recoverable value. The annual amortisation rates applicable are as follows:

Land rights	6,67 %
Other	20.0%

Taxation

Corporation tax is provided on the taxable profit for the year at the applicable tax rate.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and the timing of the transaction affects neither accounting nor taxable profits.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. A deferred tax asset is recognised for unused tax losses, tax exemptions and tax credits to the extent that the future tax savings can be reasonably estimated.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Foreign currency transactions

The books and records of the Company are maintained in local currency to comply with local legal requirements. However, for the purpose of IFRS Company reporting the Euro was treated as the measurement (functional) currency because of its significance to the operations in the Company. Consequently, the following translation was done:

i) Statement of profit or loss and other comprehensive income items (excluding foreign exchange differences, non-current asset depreciation and disposal expense) were translated into Euro at the average monthly exchange rate for the year.

ii) Equity, non-monetary assets and liabilities were re-measured into Euro at historical exchange rates prevailing on the transaction dates. Non-current assets depreciation and disposal expense were re-measured accordingly.

iii) All monetary assets and liabilities were translated into Euro at the exchange rate prevailing on the statement of financial position date.

All foreign exchange gains or losses resulting from the above translation were credited or debited to the statement of profit or loss and other comprehensive income in accordance with IAS 21.

24. OTHER ACCOUNTING POLICIES

Inventories

Inventories are valued at the lower of cost and net realisable value. Materials are valued at cost which consists of purchase price, freight inwards, and customs duties and are decreased by discounts received. The value of materials used and trading goods dispatched is calculated on a weighted average cost basis.

Finished goods produced are valued at the average cost of materials and direct labour plus depreciation of plant and equipment used in production based on the normal level of activity of the Company and a share of production overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and sale. Trading goods are valued at purchase price. Provisions are also made for slow moving and obsolete finished goods and spare parts.

Leasing and right-of-use assets

All leases are accounted for by recognising a right-of-use assets and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of twelve months or less

The Company adopted IFRS 16 on 1 October 2018 using the modified retrospective approach with recognition of transitional adjustments on the date of initial recognition (1 October 2018). Leases arising subsequent to the date of initial application, are recognised as follows:

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease (as is typically the case) unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the company if it is reasonable certain to asses that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are reduced by impairment charges (increased by impairment reversal) where necessary and adjusted for certain re-measurements of the lease liability.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lease extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, using where appropriate a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except where the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

24. OTHER ACCOUNTING POLICIES (continued)

Leasing and right-of-use assets (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Termination benefits in accordance with legislation are payable to employees. Management does not believe that the probability of occurrence poses a material impact on the financial statements, and only recognises termination benefits when it is demonstrably committed to payment.

The Company makes provisions for bonuses where contractual obligations exist for payment.

Research and development

The Company does not undertake any research and development on its own behalf, but licences appropriate technology when required. The annual licence fees are charged to other operating expenses in the statement of profit or loss and other comprehensive income while lump sum payments for new technologies acquired are amortised over their expected useful life.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the contribution, the recognition of the grant as income will be deferred until those conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

24. OTHER ACCOUNTING POLICIES (continued)

Government grants (continued)

Government grants related to assets are presented in the statement of financial position as deferred income and released to the statement of profit or loss over the useful life of the assets concerned.

Income from government grants and state subsidies as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in other income.

Dividends

Interim dividends are recognised in equity in the year in which they are paid. Final dividends are recognised in equity in the year in which they are declared. Dividend income is recognised when the right to receive payment is established.

Financial assets

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at the trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

The Company's accounting policy for each category is as follows:

(i) *Amortised cost*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in finance income on the statement of profit or loss and other comprehensive income. Any gain or loss arising on derecognition is recognised directly in profit or loss.

The Company's financial assets measured at amortised cost comprise trade and other receivables as well as cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank and other overdrafts. Bank and other overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Impairment provisions for trade receivables are recognised using a pre-determined provision matrix for uninsured overdue balances which increases to 100% when a balance is more than three months overdue or the customer is the subject of insolvency proceedings. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables, loans advanced, cash and cash equivalents are recognised based on a forward looking expected credit loss model. During this process the probability of the non-payment of the receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

24. OTHER ACCOUNTING POLICIES (continued)

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial assets (continued)

(ii) *Fair value through profit or loss*

This category comprises equity investment securities. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being fair value through profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Company's accounting policy for each category is as follows:

(i) *Amortised cost*

Comprises bank and other loans, overdrafts, trade payables and other short term liabilities. Bank and other loans and overdrafts are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade payables and other short term liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(ii) *Fair value through profit or loss*

Comprises only out of the money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income in the finance income or expense line. Other than these derivative financial instruments, the Company does not have liabilities held for trading nor has it designated any financial liabilities as being at fair value through the income statement. The Company only engages in derivative transactions with Investment Grade Financial Institutions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2025

24. OTHER ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the value of money and the risks specific to the liability.

Subordinated loans or loans available for subordination

Subordinated loans or loans available for subordination comprises:

- Loans that are formally subordinated to senior lenders
- Loans from parent, grand parent or related companies which from their nature would be available for subordinated at the request of lenders or future potential lenders
- Loans from entities with which the parent has a strategic relationship and where a request for subordination is expected to be favourably considered, depending on agreeing commercial terms.

Net finance costs

Interest and other costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the year to which they relate.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Non-GAAP financial measures

In evaluation of our business, we utilise certain non-GAAP financial measures, specifically EBITDA.

EBITDA refers to Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment, Currency translation differences and Deferred grants credited, where Earnings relates to net profit before items considered by management to be outside the ordinary course of business.

	2025 Euro'000	2024 Euro'000
Profit from operations	8 750	6 114
Depreciation and amortisation and impairment	4 249	3 481
IFRS 16 lease payments	(869)	(815)
EBITDA	**12 130**	**8 780**