ANNUAL REPORT

SPOLEK PRO CHEMICKOU A HUTNÍ VÝROBU, AKCIOVÁ SPOLEČNOST

SPOLCHEMIE

2023

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AKCIOVÁ SPOLEČNOST

2023

LIST OF DEFINITIONS AND ABBREVIATIONS USED

The Company	Spolek pro chemickou a hutní výrobu, akciová společnost
Spolek	Spolek pro chemickou a hutní výrobu, akciová společnost
The Group	The consolidated whole of the Company and all its subsidiaries
OHS	Occupational health and safety
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EPITETRA	ECH, Perchloroethylene operations
EPD	Environmental Product Declaration
EUR	Euro
LER	Liquid epoxy resin
USD	United States Dollar

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1 / INTRODUCTION

DEAR READERS,

The year 2023 was a solid year for our company, despite all the complexities it brought. Building on an extremely successful 2022 was a huge challenge for us, especially as the market conditions in which we operate had deteriorated significantly. 2023 was negatively impacted by severe recession in Europe, the ongoing war in Ukraine, high energy prices, and, in particular, very aggressive imports from our Asian competitors.

In financial terms, we achieved a consolidated operating profit before depreciation and amortisation (EBITDA) of CZK 1.1 billion, and a consolidated net profit of CZK 465 million, which represents the level of profitability we plan to achieve in the long term.

We managed to maintain an elevated level of sales and production throughout the year and met our planned targets. For this I would like to thank all my colleagues. In business, we stuck to our long-term strategy and managed to reduce the impact of the advancing recession across all segments of our market. At the same time, we purposefully continued our sustainability and carbon footprint reduction projects, which are our key environmental objectives.

Within our manufacturing operations, we consistently continued our activities to increase the efficiency of our individual production facilities, while at the same time we were able to increase maintenance spending and investment in key production equipment to maintain its high reliability. I would also like to mention the successful continuation of projects aimed at the continuous improvement of workplace safety.

Despite the extremely volatile environment, we duly completed significant investments and have made considerable progress in the construction of the new production plant for the production of precursors for the fourth generation of F-gases, which will be one of the key pillars of our company from 2024.

In financial terms, we continued to significantly reduce our credit burden, allowing our Company to enter a new development phase, where we are intensively monitoring growth opportunities in the market.

According to the approved consolidated plan for 2024, the Group conservatively expects to maintain margins at long-term levels and, in line with this expectation, we plan that the key operating performance indicator EBITDA for 2024 will again oscillate around CZK 1 billion.

Ústí nad Labem, 29 April 2024

Ing. Daniel Tamchyna, MBA
Vice-chairman of the board of directors

2 / MANAGEMENT REPORT

GROUP PROFILE

The industrial revolution in the late 19th century introduced several breakthrough inventions, innovations, and new technologies to human life. New industries arose, factories were established and began to produce new materials and products that improved people's lives. Many successful companies were established thanks to innovative ideas, the initiative of the entrepreneurial spirit, and the potential of well-educated and modern people in research and manufacturing. One of the well-known promoters of the industrial technical revolution is also the key Group company, i.e., Spolek pro chemickou a hutní výrobu, akciová společnost. This company was established in Ústí nad Labem in 1856 to manufacture soda and calcium hypochlorite. Its formation began the tradition of chemical entrepreneurship in the Ústí region and contributed to the development of chemical industry in Bohemia. Thanks to innovation, quality, knowledge, and customer care, the Group has been a key player on the market for 168 years.

The fully integrated manufacturing of the Group has always been based on two main pillars – proprietary research and development, and the construction of modern plants using the latest technologies. The Group continuously makes use of innovation to update its product portfolio and provides excellent technical services to its customers thanks to the Group´s proprietary R&D centers in Ústí nad Labem and Pardubice.

Since 2004, investments on the premises have exceeded CZK 9 billion to ensure the Company's position at the top of the European chemical industry. Currently, we produce 80% of our production through technologies launched after 2004. This explains our extensive production site, measuring 52 ha and displaying historical buildings contrasting with the latest production technologies.

Extensive expertise passed down through generations and the enthusiasm for chemistry of our employees primarily coming from the Ústí and Pardubice regions guarantee a professional approach, high-quality production, and reliable customer service. Over 950 employees work to fulfill customer requirements every day. The high quality of the products, flexibility towards customer requirements, and outstanding customer service have always been competitive advantages of the Group on the fiercely competitive and demanding European market.

Finally, at the end of 2021, we decided to construct a new plant for the production of intermediate products (precursors) for the fourth generation of F-gases, which are completely safe for the ozone layer and unlike their predecessors, have the least possible impact on global warming. The plant should go into operation in 2024.

PRODUCT PORTFOLIO

The production program of the Group is presently divided into two fundamental areas, namely inorganics and synthetic resins. Our extensive product portfolio is based on hydroxides, chlorine derivatives, epoxy resins, special epoxy systems, alkyd resins, and other chemical products. Our products are used in a variety of fields, including automotive, construction, energy, electronics, pharmaceuticals, food, and many others. Our products are also key to the production and distribution of renewable energy (wind turbine blades, insulators, and other electrical components, hydropower coatings), the development of sustainable and low-emission mobility (composite parts, electronic parts, hydrogen tanks), and efficient construction practices (composite materials, durable and maintenance-free flooring).

HYDROXIDES AND CHLORINE DERIVATIVES

Sodium and potassium hydroxides, together with chlorine derivatives, form the cornerstones of our product portfolio in the SBU Inorganics segment. We are the largest producer of potassium hydroxide in Central and Eastern Europe and a major local producer of sodium hydroxide. For SBU Inorganics, a key moment was the completion of the construction of a new membrane electrolysis plant in 2017, which represented our Group's largest-ever investment of CZK 2 billion. This modern and environmentally friendly technology replaced the old mercury electrolysis used for 49 years, eliminated the use of mercury, and significantly reduced the energy intensity of many production processes.

Hydrogen, with its immense potential for use as an emission-free fuel for motor vehicles and railways, occurs as a waste product during membrane electrolysis and the manufacturing of sodium hydroxide and potassium hydroxide.

Apart from environmental benefits, the new membrane electrolysis also allowed for increasing the production volumes of potassium hydroxide and sodium hydroxide, which we produce and offer in various forms (liquid, scale, pellets) and in a complete range of modifications from industrial quality to high quality for use in the pharmaceutical or food industries.

Our portfolio was also expanded by inorganic specialties such as perchloroethylene and allyl chloride, which are produced from chlorine obtained by electrolysis. From chlorine, we also produce epichlorohydrin from glycerine, a renewable resource. Epichlorohydrin is a key raw material for our epoxy resin production, which allows us to further expand our range of high value-added products and supports our sustainable production efforts.

EPOXY RESINS

As part of our commitment to innovation and excellence, we manufacture epoxy resins at two state-of-the-art EPISPOL production machines, commissioned in 2004 and 2007, using advanced Japanese technology. The completion of the second EPISPOL production unit in 2007 enabled us to double our liquid epoxy resin (LER) production capacity, marking a significant step forward in our ability to respond to growing market demand.

With a deep understanding of the market and customer needs, we are able to respond flexibly to dynamic changes in the industry. Our extensive CHS-EPOXY® product range includes low-molecular, solid, semi-solid and solution epoxy resins.

We are committed to improving the efficiency and environmental friendliness of our production processes. This has led us to develop our own technology to produce epichlorohydrin from glycerin, a renewable resource. This innovative approach enabled our Group to be the first in Europe to market an epoxy resin made from renewable resources under the trade name EnviPOXY®. These resins have a lower carbon footprint than conventional products, as confirmed in the past by EPD global environmental certification.

In 2021, we reached another major milestone with the launch of the desalination unit at our Epispol facility, which is the result of the work of our researchers and represents a completely unique technology. This unit contributes significantly to our environmental goals and production sustainability.

SPECIAL EPOXY SYSTEMS

Apart from solution and solid epoxy resins, the Group offers special epoxy systems with high added value for customers both in terms of quality of the offered products and of the customized solutions to specific applications and market requirements. The Group is a permanent part of the fast-growing markets trading in composite materials and materials used in the electrical and building industry and other industrial segments. Products are sold under the CHS-EPODUR®, SADURIT®, EPOSTYL®, and VEROBOND® brands.

Sales activities relating to epoxy systems focus on growing highly specialized areas with high added value and where demands for the development, understanding customer's needs, and visits to customer premises for testing, sales, and consultancy provide a substantial advantage over the competition. Special epoxy systems based on the EnviPOXY® brand, an epoxy resin with a high renewable content, open new opportunities in market segments more sensitive to environmental impacts (use of renewable sources, transportation, sports and hobbies, luxury items).

ALKYD RESINS

Alkyd resins complement the Group's production program and together with epoxy resins cover a substantial portion of the paint and coating manufacturer's portfolio.

Alkyd resins have represented a traditional part of the portfolio since 1946. They are used as binders in coating materials for the protection of wood and metals, as well as many other applications such as mould production in metallurgy. The Group is the sole manufacturer of alkyd resins in the Czech Republic and a major player in Central Europe. The alkyd market continues to change together with the legislative environment and customer preferences. Due to strong R&D and technical services, the Group has been able to respond to the changes and launch innovative products on the market. The CHS-ALKYD® and CHS-HYDROSPOL® brands cover a comprehensive range of alkyd resins. In our portfolio, you will find a wide range of solvent binders as well as environmentally and user-friendly products such as high solids, waterborne or solvent-free alkyd resins. In our portfolio, alkyd resins are among the products with the highest content of components from renewable sources (up to 92%), as they are based on vegetable oils such as soy and linseed, or tall oil.

For our Strategic Business Units (SBUs), 2023 has been marked by a number of challenges arising from the recession in the European economy, primarily caused by high energy prices. Across all segments, we faced declining margins, but our strong focus on developing customer relationships and product innovation led us to perform very well relative to our competitors and maintain stable production. Key projects and investments in new technologies have allowed us to not only respond effectively to market changes, but also to strengthen our competitiveness and sustainability. The results of each SBU thus reflect our company's ability to adapt to new, challenging conditions.

The outlook for 2024 is cautiously optimistic, with expectations of a gradual increase in demand and economic recovery.

SBU INORGANICS

2023 was a challenging year for SBU Inorganics, which encountered the full impact of the European economic recession caused by high energy prices. This external pressure led to an erosion of margins across the entire inorganics product portfolio. The first half of the year still reflected the successes of the previous year, but we faced a significant deterioration in the second half, with demand almost stagnating.

Main impacts on trade in 2023:

- **Economic recession:** caused by high energy prices, which had an immediate impact on operating costs and overall product margins.
- **Industry inertia**: although the first half of the year showed some resilience due to industry inertia, the second half was significantly affected by a slack in demand.
- **Building customer relationships:** the focus on developing and maintaining customer relationships enabled us to maintain production at 70-80% of capacity and outperform our competitors, which was key to managing a difficult year.

Despite these challenges, SBU Inorganics managed to maintain its results at a respectable level, albeit below the record year of 2022. Although 2023 was challenging, we look forward to 2024 with moderate optimism, due to an expected gradual market recovery and increasing demand for sodium hydroxide and potassium hydroxide, our key products.

SBU EPOXY RESINS

In 2023, SBU Epoxy Resins experienced a 49% decrease in revenue compared to the previous record year, driven by a decline in volumes and a significant decrease in market prices. This decline was primarily driven by competition from Asia in particular and a general decline in demand in the European market, which affected the construction and consumer goods sectors, while sectors such as automotive and energy remained relatively stable.

Main impacts on trade in 2023:
- **Asian competition:** Particularly from China, which, despite slowing economic growth has continued to expand chemical production capacities, leading to overproduction and pressure on European markets.
- **Economic conditions:** Rising inflation and a strong decline in demand affected several key sectors, but the renewal of energy distribution networks showed a positive trend.
- **Energy prices:** High energy prices in Europe compared to the US and Asia have made it difficult to remain competitive.
- **Customer relationships:** Thanks to our strong relationships with long-term customers, we were able to partially mitigate the effects of the market downturn.
- **Geopolitical tensions:** We consistently complied with sanctions imposed in connection with the conflict in Ukraine.

Despite the challenges, SPOLCHEMIE remains a strong player in the international market with 97% of sales made abroad in 2023. The share of sales in Europe grew compared to markets outside the European continent, with the Czech market share reaching approximately 3%.

SBU SPECIAL SOLUTIONS

SBU Special Solutions was able to successfully face adverse external influences in 2023. This result was achieved in both SBU Special Epoxy Systems and SBU Modified Epoxy Resins, made possible by the successful returns of key customers and the acquisition of new customers, particularly in the electro and composites segments.

Main impacts on trade in 2023:
- **Global economic turmoil:** The ongoing war in Ukraine and the uncertain outlook for the EU economy indicated a possible slowdown in a number of key segments, potentially impacting overall demand for SBU Special Solutions.
- **Massive increase in Asian competition:** Competition, especially from Asia, has been increasing since the end of 2022, resulting in a sharp drop in product prices in 2023. This increase in competition has put pressure on the prices and competitiveness of European producers, not only for basic resins but also for modified epoxies.
- **Stagnation in the construction chemicals market:** A decline was recorded in this segment, despite the success in specific areas such as energy segment and composites, where growth was achieved thanks to new and existing customer relationships.
- **Strong customer base:** Thanks to a good pricing policy and the purchase of raw materials, we were able to keep the cover contributions at optimal levels, which contributed significantly to the overall positive result of the company.
- **Innovation and product development:** The successful collaboration with SBU Epoxy Resins has led to the development of new products with unique chemical structures and properties that have been successfully marketed, especially for applications in the field of electrical engineering and composites.

This combination of factors has shaped the 2023 business year for SBU Special Solutions, with the unit able to adapt to changing conditions and to actively seize opportunities to maintain and strengthen its market position.

SBU ALKYDS

SBU Alkyds achieved solid year-on-year growth in 2023, driven by expansion into new markets and success in the short alkyd resins segment. Overall, we met our volume targets in 2023 and strengthened the position of the Group's Alkyds business..

Main impacts on trade in 2023:
- **Expansion into new markets:** Our strategic penetration into new regions and successful expansion from the Benelux into other regions, including Germany and overseas, have significantly strengthened our market position and enabled us to increase sales volumes.
- **Growth in the short alkyd resins segment:** Increased demand for our short alkyds, especially for corrosion-resistant coatings, has boosted our sales and production capacity.
- **Success in specific geographies:** The return to the Balkan markets and the successful acquisition of new business in North Africa, together with the expansion into the US market, have created new opportunities and contributed to overall growth.
- **Investments in the development of production capacities:** Thanks to the implementation of key investments, we have been able to ensure safe production while expanding capacity. This allows us to respond effectively to growing demand.

In the coming year, we plan to start the implementation of the first phases of key investment projects such as blending and storage, production of water-borne alkyds, and future integration in the production of reactive diluents.

INNOVATIONS

The main driving force of the company's development is innovation resulting from research and development. Research in the Group is based on long-standing traditions, human expertise, knowledge, and skills. The Group systematically and continuously monitors the latest and state-of-the-art trends in the market and in science and implements them to sustain its competitiveness. The monitoring of the latest trends in sustainability, environmental protection, and occupational health and safety is also an integral part.

RESEARCH AND DEVELOPMENT

- research and development of new materials and technologies
- applied development and technical service
- innovation and optimization of processes and technologies
- circular and non-waste technologies.

The Group carries out research and development in synthetic resins, which it considers to be its primary business. This comprises the development of special epoxy systems, and special epoxy or alkyd resins. Here, the Group develops fields with higher added value that meet the most demanding environmental, quality, or application requirements. It focuses on areas where it has its own long-standing development tradition, as well as on rapidly developing market segments with demands on the development of materials of high quality and added value, while enabling sustainable solutions with a low carbon footprint. In the development of special synthetic resins, these include primarily materials for electrical engineering, composites, adhesives, paints and coatings, transportation, and construction. The main fields in the inorganic part of the research are process innovations for chemical production technologies, the development of next-generation chlorinated derivatives and monomers, as well as advanced technologies for the removal of emissions from water and the atmosphere.

STRATEGIC ORIENTATION OF RESEARCH

- focus on products with the maximum content of renewable resources, with the lowest impact on the environment while meeting the latest legislative requirements
- focus on safe, sustainable, and economical technologies
- focus on special products with leading properties and quality that can handle the most challenging applications
- focus on customer-oriented research.

We cooperate closely with the city of Ústí nad Labem in the use of hydrogen as a clean fuel for urban mass transportation. Hydrogen is created as a waste product during electrolysis and its use for planned hydrogen buses could significantly contribute to improving air quality in the city and its surroundings and decrease the dependence on fossil fuels.

Our research and development activities focus on the use of renewable resources, recycled or waste materials, and development of innovative solutions for final product recycling to ensure safer and more environmentally friendly use with minimal impact on the environment, and to protect the health of Group employees and the wider environment, as well as the end users of end products.

A newly conducted and validated LCA study of the Group's main production units will contribute significantly to further strengthening the position of EnviPOXY green epoxy resins and products from renewable resources and will enable the Group to specifically and systematically strengthen sustainable development through measurable objectives such as reducing carbon footprint, waste production, and wastewater pollution, and strengthening the reliability of production and safety at work.

DEVELOPMENT BASED ON TWO CORE SEGMENTS AND THREE R&D CENTRES

- research in inorganic, chlorine chemicals, and hydrogen in Ústí nad Labem
- research and development and application development in synthetic resins also provided in Ústí nad Labem
- research and development and application development in synthetic resins and paints and coatings in SYNPO, akciová společnost in Pardubice, specializing in customer-oriented development and semi-operational manufacturing of experimental materials.

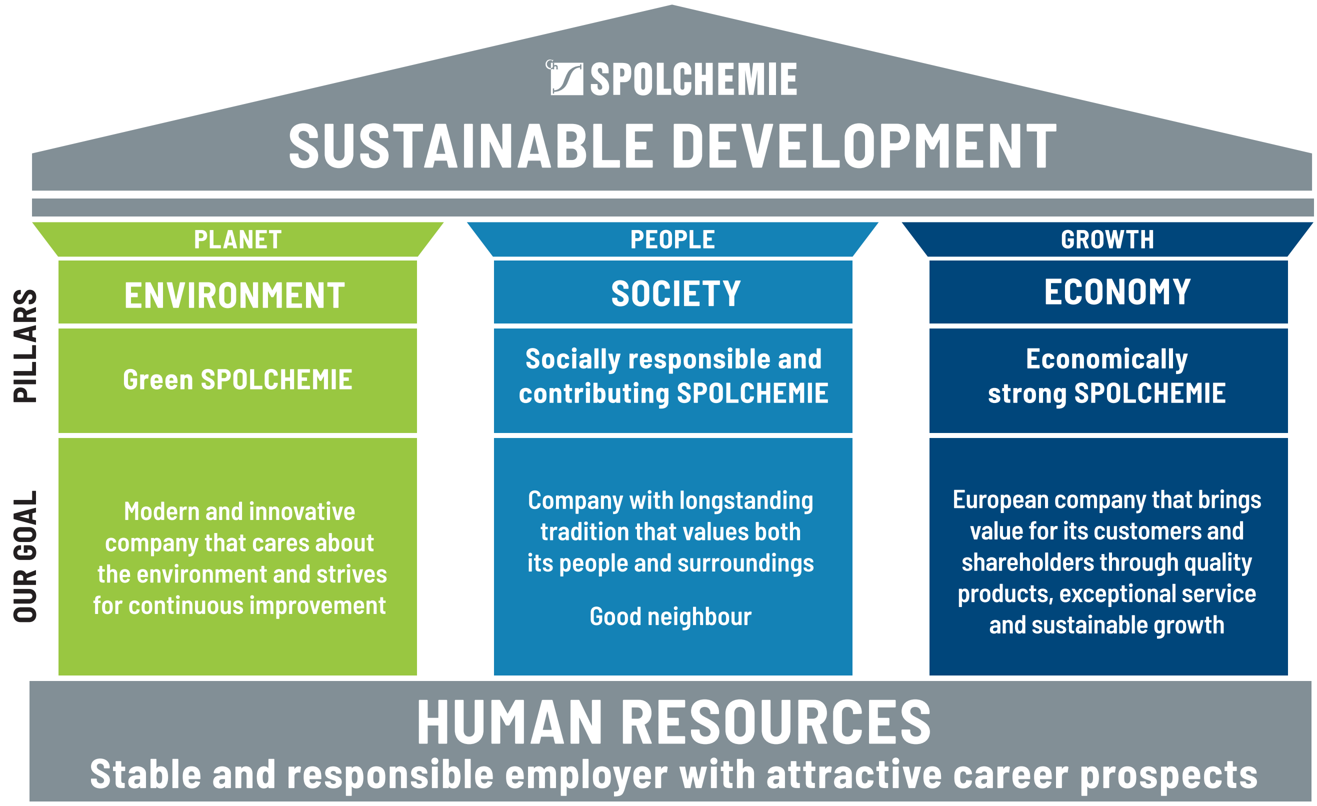
In Ústí nad Labem, more than 40 employees work in research and development. The research groups are heavily customer- and technologically- oriented. Employees in the Application Development and Technical Service departments respond to customer requirements and work with customers or industrial partners to develop the latest innovative solutions in terms of systems, applications, and technologies in key segments such as electrical and electronics, advanced composite materials, adhesives, building materials and coatings. Part of the Group´s research is the leading-edge Synpo Pardubice research centre with more than 120 employees focused on research in the chemistry of synthetic resins, paints, and coatings, adhesives, and casting compounds. On top of that, Synpo features accredited laboratories where independent certifications and analytical measurements are provided to customers. Synpo offers independent research and testing activities to third parties while providing independent start-up, low-tonnage, or special production research activities for the Group. All teams work on more than fifty deliverables from the technical development plan and are flexible in responding to specific customer needs.

KEY RESEARCH AND DEVELOPMENT ACTIVITIES FOCUS ON INCREASING SUSTAINABILITY AND REDUCING THE CARBON FOOTPRINT AND ENVIRONMENTAL BURDEN OF PRODUCTION PROCESSES AND PRODUCTS.

INNOVATION IN THE CENTRE OF EVENTS

The Group's key research and development activities focus on **increasing sustainability and reducin the carbon footprint** and environmental burden of production processes and products. It also focuses on the development of products and technologies with the maximum use of environmentally friendly and renewable resources and the lowest impact on the environment. It monitors ecological, legislative, and market requirements. In the protection of intellectual assets, the Group was granted 26 patents in 2023. Two new utility model applications were filed, and one utility model was registered. The Group thus boasts 139 valid patents, one registered utility model, and 11 active patent applications.

An important milestone in realized innovations is the completion of the development and production of new chlorine appliances, which represent one of the strategic pillars of the Group's direction in the years to come. Following the implementation and subsequent optimization of the desalination technology of wastewater from the epoxy resin production, which has significantly advanced the Group in the circular economy model. Solutions have been proposed for other production units of the Group, after certain modifications and the incorporation of modern innovative techniques, which are expected to be implemented in the coming years, and which will significantly contribute to the achievement of the set objectives in the circular economy and environmental protection fields. The innovations implemented in 2023 resulting from the resin R&D activities include the expansion of the portfolio with new environmentally friendly systems under the EnviPOXY brand, the extension of the portfolio with new unique systems meeting the strictest legislative parameters for outdoor electrical applications, high-temperature resistance systems for composites, special unfilled or filled systems for the protection of concrete and/or metal substrates for building chemistry. In high bio-based alkyd resins, products from special thixotropic cold-pumpable alkyd systems and unique products from medium and short alkyd resins containing odourless solvents are starting to be introduced to the market.



As a modern chemical company, we are aware of the importance of effectively preventing damage to nature, climate, and human health, developing modern, economic, and ecological technologies, and products and using resources efficiently. At the same time, we are actively anticipating the Green Deal for Europe, monitoring the changing demands of the market and our customers, and working continuously on improving our processes and products.

To cover and better coordinate our activities in environmental protection, social responsibility, and economic growth, we have formulated the concept of the **sustainable development of SPOLCHEMIE**. The concept is based on human resources, meaning our employees, and three fundamental pillars: Environment, Society, Economy.

ENVIRONMENT – THE PLANET

The **Environment** pillar includes the **Green SPOLCHEMIE** programme and all our activities that reduce our environmental impact and help us use resources efficiently. This is involves modernising technology, reducing energy consumption, developing products with a lower carbon footprint, and using renewable resources in a circular economy. At the same time, it also includes close cooperation with entities in the surrounding area, the region, and the international environment.

The new production units, where large volumes of investment, are directed meet the strictest safety and environmental standards and have been designed using the BAT (best available technology) principle. The new membrane electrolysis (launched in 2017) enables mercury-free production and at the same time produces hydrogen, which can be further used as emission-free fuel.

Since 2021, we have been a member of the Czech Hydrogen Technology Platform (HYTEP), which brings together and coordinates individual entities in the area of hydrogen technologies with the goal of developing the hydrogen economy in the Czech Republic. In emission-free transport, we continue to cooperate with Dopravní podnik města Ústí nad Labem a.s. (the local public transport company) on a project on the use of electrolysis-produced hydrogen as a clean bus fuel. Such hydrogen projects can significantly improve air quality in cities and regions and reduce fossil fuel dependence.

As the market trend continues toward sustainable solutions and our customers and other business partners increasingly demand and promote sustainable and environmentally friendly solutions, we need to reflect these requirements. In 2023, we continued the Life Cycle Analysis (LCA) project, which includes data for the entire company and for its most important products. We will use the results of the LCA, which will be available in 2024, to identify the largest greenhouse gas emissions and to determine the most efficient way to minimise our carbon footprint.

We are continuously implementing many projects to reduce energy consumption and use resources efficiently. One of the major projects is the desalination of wastewater through our unique technology that we continue to optimise and develop further. Desalination represents an environmental and circular solution, enabling the repeated use of salt in production and further lowering the carbon footprint related to salt mining and transportation. With the aim of reducing our energy consumption and carbon footprint, i.e., primarily electricity and heat consumption, we are working on several projects to optimise, streamline, and monitor the energy distribution system, thereby consequently protecting the climate. These are projects relating to electricity, lighting, heat, and steam and their systems, where we want to monitor and make them more efficient, and promote modern and less energy-intensive solutions.

COMMUNITY – PEOPLE

The **Community** pillar refers to our close surroundings, the city of Ústí nad Labem, and the public and society as a whole. Our goal is to ensure that SPOLCHEMIE is perceived positively, as a good, beneficial, credible, and safe neighbor, despite the proximity of our industrial site to the city center.

We support public benefit projects and civic activities in the Ústí Region as part of the successful mini-grants program, which focuses on three categories of activities: Healthy Body (children and amateur sports, rehabilitation stays, senior activities, tourism, etc.), Bright Mind (education, cultural activities), and Pure Nature (protection of the environment).

We continue to work closely with the public sphere (e.g., the city of Ústí nad Labem) and are a partner of several sports, cultural, and informational-educational events (Ústí Half marathon, Ústí Christmas, Ústí Easter, etc.).

> TO COVER AND BETTER COORDINATE OUR ACTIVITIES IN ENVIRONMENTAL PROTECTION, SOCIAL RESPONSIBILITY, AND ECONOMIC GROWTH, WE HAVE FORMULATED THE CONCEPT OF THE SUSTAINABLE DEVELOPMENT OF SPOLCHEMIE.

ECONOMY – GROWTH

The **Economy** pillar focuses on maintaining SPOLCHEMIE‘s position as an important employer and investor within the region and as a strong player in the markets in which it operates. The means to maintain this position are primarily meeting the long-term goals of turnover growth and maintaining profitability. The company’s strengths lie in its high-quality products and high standard of customer service in all business areas.

HUMAN RESOURCES

In human resources, the safety protection and health of our employees is an absolute priority. In 2023, the "... because health matters" health and safety program entered its third year, aiming at improving the culture of safety and promoting the involvement of employees.

In addition to safety and health protection, we pay attention to the regular and targeted training of our employees, and we have long been dedicated to their personal and professional growth and increasing their qualifications.

We continue to participate in the global Responsible Care initiative as well as in the assessment of sustainability with EcoVadis tools, where we again received the gold medal in 2023.

Our sustainability concept also includes close cooperation with employees, suppliers, and other business partners that we encourage and motivate to follow similar sustainable development principles. We continue with the Sustainable Procurement project, which aims to evaluate suppliers also in terms of sustainability.

SUSTAINABILITY OBJECTIVES

Objectives that we want to achieve (compared to 2020) have been set for each pillar. In the Environment pillar, the reduction of greenhouse gas emissions is central – we want to reduce our carbon footprint by 40% by 2030 (in scope 1 and 2). We also want to reduce pollution – specific waste production by 20% and specific wastewater pollution by 15% by 2030.

In social responsibility and safety, our main goals are to reduce incidents (major accidents and dangerous conditions) in production by 50% by 2030, and, in human resources to reduce the accident rate (with absences of more than 3 days) by 60%.

SUSTAINABLE GOALS – EVALUATION 2023

AIR AND CLIMATE PROTECTION

Climate protection is very important to us, so in 2021 we started an extensive life cycle assessment (LCA) of our company and our key products of year 2020. This was followed by a data revision in 2022 and another complete LCA in 2023–2024 (using 2022 data). The LCA outputs provide us with necessary details about our carbon footprint, suggestions for reduction and a starting point for further evaluation. Even the initial comparison of data from 2020 and 2022 showed a significant reduction of GHG emissions in Scope 1 and 2 by 58%, mainly due to our transition to zero-emission electricity and other decarbonization levers.

WASTE PRODUCTION

Specific waste production increased by 4% in 2023 compared to 2020. As in the previous year, the increase was mainly influenced by energy and market prices and a significant decrease in the production of products with a lower specific waste production. The innovation of both biological wastewater treatment plants (in 2022) also had impact on waste production but are crucial for effective wastewater treatment. In 2023, a slight reduction of waste production compared to year 2022 came to bear. Further decrease is expected in the following years after launching the new SPOLCHEMIE Zebra plant.

WASTEWATER POLLUTION

Clean water is one of our priorities. In 2023, the specific wastewater pollution decreased by 12% compared to 2020 (to 103 kg/t production). Year on year, there was a slight increase, which is mainly related to the market situation with its changes in demand for products with varying impact on wastewater production. We expect further reductions in the coming years, partly in connection with the launch of the new SPOLCHEMIE Zebra plant. This will bring changes in the production volume of our products, especially those with a lower impact on wastewater pollution.

INCIDENTS IN PRODUCTION

In the area of corporate social responsibility and safety, our priority is to reduce the incidents in production, i.e. the number of serious accidents and hazardous conditions (according to the CEFIC methodology). There was a single incident in 2023, equating to an approx. 67% reduction compared to 2020. This incident did not endanger our surroundings and we responded by taking corrective action.

ACCIDENTS AT WORK

In the operational safety and health of our employees, we aim to reduce the accident rate (incapacity for work of more than three days). We achieved a 31% reduction in 2023 compared to 2020, i.e. four occupational injuries during the year. We continue to run our "…because health matters" safety programme and hold regular campaigns to reinforce the safety culture at the company.

REVENUE GROWTH

The economic area is also important for the future of both the company and our employees. This is an area in which we have been successful in the last years. We again achieved very good economic results in 2023 as the gross revenue increased by 35% compared to 2020.

GOALS BY THE YEAR 2030

–40 %
carbon footprint (scope 1 and 2)

–20 %
specific reduction of waste

–15 %
specific pollution of waste water

–50 %
incidents in production

–60 %
work-related injuries
and absences of more than 3 days

+50 %
revenue growth

Goals set compared to the year 2020.

SPOLCHEMIE

ENVIRONMENTAL PROTECTION

SUMMARY OF 2023

The year of 2023 was specific for the Group due to the impact of global external factors, primarily the ongoing impact of the energy and price crisis causing significant changes in the market.

In 2023, the Group continued the established trend of continuous reduction of negative effects on the environment through modernization of production facilities and introduction of new technologies, despite adverse market circumstances. The Group invested a total of CZK 138 million in the environmental protection, including climate protection (and energy savings), with a total of 45 projects implemented or launched in 2023.

Major investment projects in 2023 included completion of the second stage of modernisation of the biological wastewater treatment plant for resin production (almost CZK 100 million has already been invested in this demanding project, which is being implemented in full operation, and the preparation of the third and final stage has begun), the completion of the optimization of the steam-water system (energy savings) at a total cost of approximately CZK 72 million, and the completion of modernisation of the waste incinerator (reduction of air emissions). Regarding climate protection, the Group has implemented or worked on another 15 projects with the total investment cost of approximately CZK 46 million.

The Group built on a successful 2022 in the water treatment sector, the key area in terms of the environmental impact. The operation of the desalination unit for epoxy resin production wastewater (a technology developed within the Group) was without major problems and work continued on its optimisation. The positive effect of the upgrading of the biological wastewater treatment plant for resin production was also confirmed, with the same organic pollution removal efficiency as in 2022 (i.e., an increase of 5-6% compared to before the upgrade) and the suspended solids at the biological wastewater treatment plant outlet being approximately halved thanks to the stabilization of the technological process.

2023 was the second complete year when the Group used emission-free electric energy in its production. By purchasing emission-free electricity, the Group significantly reduced its carbon footprint, effectively contributing to the EU's goal of achieving carbon neutrality. Thus, in 2023, the Group reduced its indirect emissions by 117,500 tonnes of carbon dioxide.

In 2023, construction of a new production plant for production of precursors for the fourth generation of F-gasses continued, allowing for production with significantly lower global warming potential compared to agents used currently.

It represents both major step toward long-term sustainability and environmental protection of our planet for future generations, and a significant step in the Group's environmental profile improvement. The launch of the production has been set for the second quarter of 2024.

ENVIRONMENTAL PROFILE OF THE GROUP – DEVELOPMENT

The Group has been monitoring its environmental performance long-term through several indicators most relevant to its production in terms of both direct and indirect environmental impact. For this monitoring, specific values were chosen based on the volume of production of key products in the integrated production chain and can thus quantify the burden of production or its volume for the environment, which is more meaningful in terms of sustainability compared to absolute figures. Year-on-year changes and long-term trends can also be monitored.

The charts below show that the Group is continuously improving in the long term. The development of individual parameters is different year-on-year, primarily due to the impact of the global situation, which has different effects on individual indicators (for more detail see below).

Wastewater: There has been a slight increase in the specific wastewater load in 2023, which corresponds to different wastewater loads from different industries. The Group sees this trend as short-term and expects to return to 2022 levels in the future, or to achieve further reductions as a result of the launching the new production of precursors for the fourth generation F-gases and the increased penetration of wastewater desalination technology (linked to the volume of epoxy resin production). The Group has managed to continuously maintain the value of this environmental indicator, probably the most important for the Group, at the level it was before 2021 (the start of operation of the wastewater desalination unit).

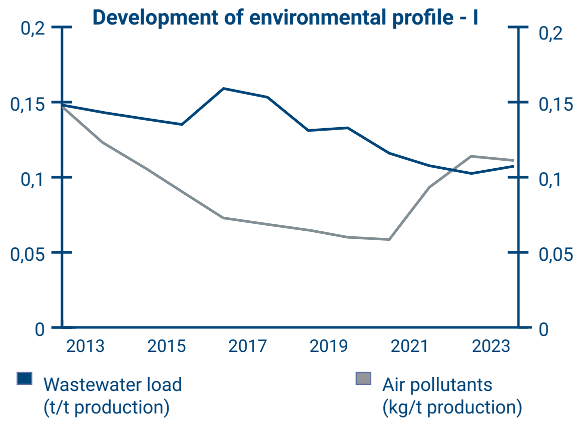
Wastewater pollution

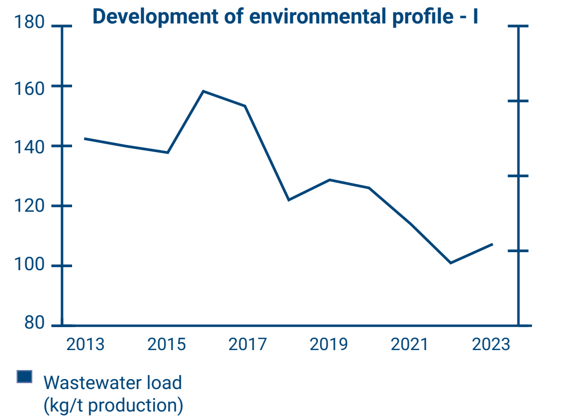
2023	103 kg/t of production (+2 %)
2022	101 kg/t of production

Air:
Compared to 2022, the Group's specific air pollutants were reduced by approximately 6%, with an absolute reduction of 14%, i.e., 5.3 tonnes. This development is mainly due to production volumes but is also influenced by the ongoing optimization of wastewater desalination technology.

Air pollutants

2023	31,8 t (–14 %)
2022	37,1 t
2023	106 g/t of production (–6 %)
2022	112 g/t of production





Production of hazardous waste: There was a reduction in specific production of around 3%, with a 12% decrease in absolute terms, i.e., 808 tonnes. This trend corresponds to changes in production volumes of individual products (with different specific waste production) and, in absolute terms, to a decrease in overall production. A decrease can be expected in the following years (a return to the levels of 2019 to 2021), due to the launchof the production of precursors for the fourth generation F-gases and the expected higher production capacity penetration of some plants. The Group has long managed to reduce this indicator, which is mainly linked to indirect environmental impacts. This is due to the introduction of new production as well as optimization of their operation and maximizing capacity utilisation.

Production of hazardous waste

2023	5 989 t (–12 %)
2022	6 797 t
2023	19,9 kg/t of production (–3 %)
2022	20,6 kg/t of production

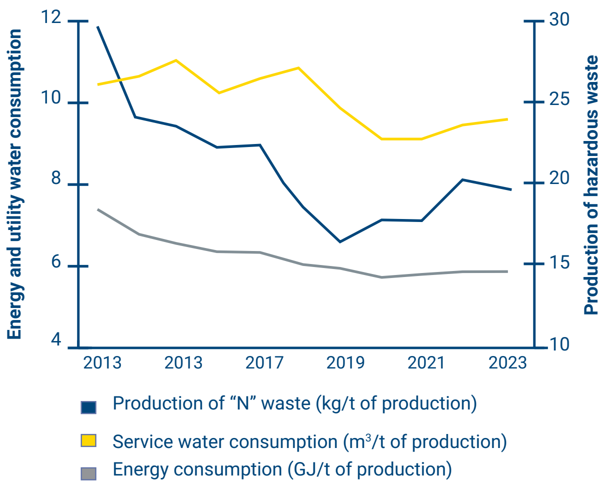
Energy consumption: An indicator that is indirectly related to air protection as well as to long-term sustainability. For the Group, it is mainly the electricity and heat consumption. The development has been steady in recent years, with year-on-year variations of up to 1% due more to changes in the production volumes of individual products (with variable production energy intensity), with energy consumption (based on production volume) still below the 2019 level. In the following years, fairly steady development is expected, with possibly positive effect of energy-saving measures. The Group has long been improving in this area, not only through the introduction of new technologies but also through the ongoing implementation of energy-saving measures.

Specific energy consumption
2023 5 817 MJ/t of production (+0,5 %)
2022 5 790 MJ/t of production

Utility water consumption (consumption from the Elbe River): This indicator monitors the demand for a resource that the chemical industry cannot do without, and which is essential for a long-term sustainability. It concerns the protection of natural resources and landscapes. Similar to energy consumption, changes are more likely to result from changes in the production volume of individual products (with varying water consumption), with water consumption (based on production volume) still below the levels of 2018 and 2019, when the Group improved significantly thanks to the introduction of new technologies and production optimization. Fairly steady development is expected in the following years, with possibly positive effect following the launch of the production plant for precursors for the fourth generation F-gases and the related higher production capacity penetration of some of the Group‘s plants.

Specific service water consumption
2023 9,71 m³/t of production (+1,6 %)
2022 9,56 m³/t of production

Development of environmental profile - II

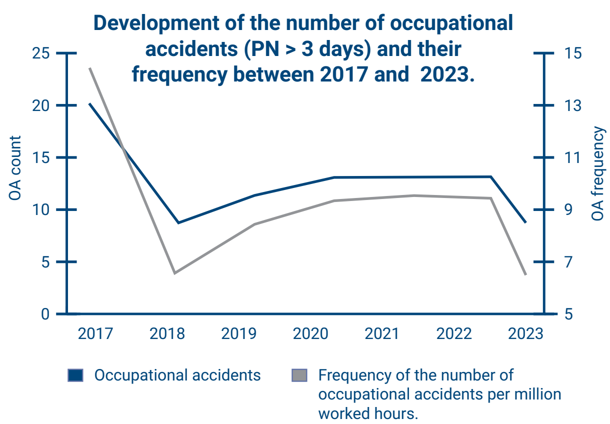


> IN 2023, THE GROUP CONTINUED WITH LARGE INVESTMENTS IN ENVIRONMENTAL AND CLIMATE PROTECTION, THE LARGEST OF WHICH WERE THE OPTIMIZATION OF THE STEAM-WATER SYSTEM AND THE SECOND STAGE OF MODERNIZATION OF THE BIOLOGICAL WASTEWATER TREATMENT PLANTS FOR RESIN PRODUCTION.
> IN THE LONG TERM, THE GROUP HAS REDUCED ITS MAJOR ENVIRONMENTAL IMPACTS AND MANAGED TO FOLLOW THE SET TRENDS.
> IN TERMS OF DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS, 2023 WAS SIGNIFICANT DUE TO REDUCTION IN AIR EMISSIONS AND HAZARDOUS WASTE GENERATION.”

HEALTH AND SAFETY

SAFETY AT WORK

In 2023, the Group achieved a significant reduction in the number of work-related injuries (WRIs) with sick leave (SL) of more than three days, specifically 9 (a decrease of 31% compared to previous years), none of which required hospitalization for more than five days. The reduction in the number of occupational injuries was even more pronounced given the growing number of employees. In the number of work-related injuries per million hours worked, the Group reached 6.22 (i.e., a 33% decrease).



In terms of work accidents, 2023 (specifically, the turn of 2022-2023) was a breakthrough as it recorded the longest period without a work-related injury with a sick leave longer than three days in modern history, namely 150 days (the previous record was 141 days).

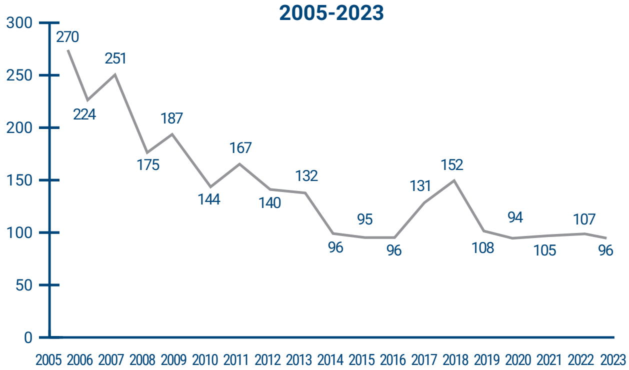
The aforementioned work safety improvements, which the Group's management considers a top priority, can be linked to the introduction of the long-term program "...because health matters", launched in 2021. This program aims to strengthen and improve the level of workplace safety in the long term and on a permanent basis, and is being continuously developed and supplemented with elements that motivate employees to become more involved in creating a safe work environment.

ACCIDENT PREVENTION

In the long term, the Group has reported positive developments in the area. In the short term, 2023 was a successful year. In terms of on-site leaks of hazardous substances, 96 cases were recorded, i.e., very close to the historical minimum (94 cases). Compared to previous years, 2023 showed a slight increase in leaks on the part of our partners (16 cases), i.e., in relation to the facilities operated by the Group, this is a new low in the number of cases involving loss of control of a hazardous substance.

THE GROUP SIGNIFICANTLY REDUCED OCCUPATIONAL INJURIES BY APPROXIMATELY ONE-THIRD IN 2023. IT ALSO RECORDED THE LONGEST PERIOD WITHOUT A WORK-RELATED INJURY WITH SICK LEAVE OF MORE THAN THREE DAYS, TOTALING 150 DAYS.
2023 SAW THE LOWEST EVER NUMBER OF LEAKS OF HAZARDOUS SUBSTANCES FROM GROUP-OPERATED FACILITIES.
IN 2023, THE GROUP CONTINUED TO IMPLEMENT A NUMBER OF INVESTMENT ACTIONS AIMED AT EMERGENCY PREVENTION AND PREPAREDNESS, AS WELL AS THE STRENGTHENING OF OPERATIONAL SAFETY.

Development of the number of emergencies 2005-2023



The above is also thanks to a functional system of precautionary repairs and the implementation of several investment measures aimed at improving operational safety. In recent years, the Group has been systematically planning these investments, also based on situations that arose or risks that were identified, to strengthen safety both on the Group's premises and in relation to the inhabitants of Ústí nad Labem.

An extensive online monitoring system identifies all cases of hazardous substance leaks in a timely manner. These are evaluated in terms of the frequency of cause, type of leaked substance, source, and extent of leakage, and, where appropriate, potential for a major accident. Based on these aspects, appropriate technical and organizational measures are subsequently taken.

The most significant operational safety-related investments implemented or commenced in 2023 are the completion of the third hazardous substance monitoring loop at the northeastern boundary of the site and the completion of the construction of a containment wall at the new ethylene storage facility (for the new production plant of precursors for the production of the fourth generation of F-gases). In addition, upgrades to control systems at key operations, upgrades to power and water infrastructure (to increase production stability and strengthen fire protection), and improvements to fire safety at the modified epoxy production site continued.

As part of the long-term deepening of cooperation with the Integrated Rescue Service, in particular the Fire Rescue Service of the Czech Republic, traditional cooperation exercises of the Group's fire brigade with external units took place in the autumn of 2023. The topic of the exercise was an acetone leak and fire in an oil storage facility. The exercise was evaluated as positive by all involved.

EXTERNAL INSPECTIONS

During the inspections carried out in 2023, no serious infringement of the valid legislation was indicated by the authorities. Regarding the minor shortcomings identified by inspection authorities, measures have been taken and implemented within the framework of the established occupational health and safety management and major accident prevention system. The inspection authorities are informed regularly about the fulfillment of these measures.

At the beginning of 2023, an annual integrated inspection took place at the Group premises (in compliance with the Act on Major Accident Prevention) with the participation of the Czech Environmental Inspectorate, the Regional Authority, the Labour Inspection Office, the Fire Rescue Corps of the Ústí Region, and the Regional Public Health Station. Facts found during this inspection were not rated as a breach of the law leading to the commencement of administrative proceedings or the imposition of a sanction. The Group reacted to the findings of the integrated inspection by establishing measures and their subsequent continuous implementation. The relevant authorities were informed of the measures and their implementation.

At the end of 2023, the ISO surveillance system recertification audit, including the sub-system for occupational health and safety, accident prevention and fire protection according to the ČSN ISO 45001 standard, was successfully completed and the Group extended the validity of the certificate for another three years. The certification company found one deficiency and made one recommendation in relation to safety (both in the same area of cooperation with external contractors). This is an area the Group will focus on in the coming period to improve the reliability of the safety management system.

EMPLOYEE-RELATED ISSUES

Our employees, their skills, competences, and initiative as well as their positive relationship to the company are the most valuable asset for the Group.

It is important for the Group to create an attractive environment (in terms of prospects, career growth, professional development, internal equality, and competitiveness), not only for existing co-workers, but also for potential new talents, be they university graduates or erudite experts with an interesting professional history.

Sustainable development here in SPOLCHEMIE stands, among other things, on human resources, our employees. That is why, in 2023, we invested time, energy and money to ensure that we are transparent, stable, and responsible employer with attractive career prospects for our employees as well as for qualified job seekers.

The average number of Group employees in 2023 was 962.2.

The increase in the number of employees during the year is the result of efforts to strengthen the professional teams, especially in research and development, raw material purchasing, intellectual property and recruitment in connection with the new production plant for production of precursors for the fourth generation F-gases.

In human resource management, the Group focused on the following aims in 2023:

- Compared to 2022, the average wage growth in the Group reached 4.4% in 2023. Over the past two years, the average wage in the company has increased by 15.9%, which has significantly mitigated the negative impact of rapid price increases on employees.
- We further improved our partnership with the University of Chemistry and Technology Prague (VŠCHT) and concluded a partnership agreement with the University of Pardubice from 2022 to encourage the recruitment of university graduates for research and development or as production technologists.
- We entered into partnership agreements with three secondary schools in Ústí nad Labem – Dr. Václav Šmejkal's Gymnasium and Secondary Vocational School (SPSUL), Secondary Industrial School of Construction and Secondary Vocational School of Construction and Technology. The aim of the cooperation is to attract graduates mainly in the fields of applied chemistry, electrical and measurement and control, and mechanical maintenance.
- We focused on the continuation of professional and management growth of selected groups of employees with a focus on forepersons and management.
- We continued our employer branding program with the goal of modernising and further building and developing our brand as an employer.
- We launched the Values in Action program to promote corporate values and employee discussion on the content of values and anchoring good practices.

Since 2017, we have been supporting public benefit projects and civic activities in the Ústí Region as part of a successful mini-grants program focusing on three categories of activities:

- **Healthy Body** (children's and amateur sports, rehabilitation stays, senior activities, tourism, etc.)
- **Bright Mind** (education, cultural activities)
- **Pure Nature** (protection of the environment)

In 2023, we supported 62 activities in total, 30% more than last year.

Selected projects included, for example:

Healthy Body
Sound shooting for the sight-impaired from the Ústí nad Labem region (TyfloCentrum Ústí nad Labem, o.p.s.), Schools' orienteering championship – regional round (Klub orientačního běhu Ústí nad Labem, z.s.), Sixth annual Charity run for foster families (Centrum pro náhradní rodinnou péči, o.p.s.), Buřtosmeč 2023 or play sports with us (Volejbal Ústí nad Labem z. s.), the „Mommy, I'm breathing" Project (Křižovatka Foundation), repeated hospital clown program at Masaryk Hospital in Ústí nad Labem (Zdravotní klaun, o.p.s.)

Bright Mind
Unknown Heroes of Ústí nad Labem – Ruth Hálová and decoration of the common space of the underpass (Michaela Valášková), International TEPLICE OPEN Chess Tournament (Chess Club Teplice, association), Regional round of the competition of talented children in Ústí nad Labem (Golden Peanut Foundation), Final presentation of the Stories of our neighbors project in Ústí nad Labem (Post Bellum, z.ú.), We Know Each Other from Photography project (Pensioners' Home Bystřany)

Pure Nature
Clean and blooming villages (Naplno, z.s.), Health Day with the Earthworm or No Pain No Gain project (Žížala na Terase, z.s.), planting a grove in the pasture area (Green Horse, z.s.),

We continue to partner in many events and activities in which we cooperate with the community and public institutions (e.g., with the city of Ústí nad Labem). Among the most important supported projects are:

Ústí Half Marathon
We have been an official partner of one of the most important sports festivals in Ústí nad Labem since the very beginning. The race, which has been nicknamed „the Ferrari of Races" thanks to the speed of the runners on the track, attracts thousands of people to our town and is regularly attended by our employees and their families. We are very proud to be the general partner of the Czech Para-cycling Cup for disabled athletes, which is part of the Ústí Half Marathon.

The Group ensures the safety and organization of the part of the race route that runs through the chemical factory site. The course through this unique location is a popular and attractive feature that makes it a world rarity.

Ústí Easter and Christmas
In 2023, we became again the proud general partner of these outstanding events organised by the city hall of Ústí nad Labem: Ústí Easter, St. Nicholas Eve with Spolchemie, and Ústí Christmas.

SUPPLY CHAIN MANAGEMENT

The procurement department of the Group is divided into two parts – the purchase of raw materials or direct materials for production, and non-chemical purchases, which cover all the remaining purchased commodities, i.e., energy, packaging, all maintenance (machinery, electro, measurements and regulation, construction), spare parts, transportation (road and rail including work-siding trains), auxiliary materials, and overhead services necessary to ensure the smooth running of the entire production vertical of the Group.

The fundamental and long-term objective of the procurement department to achieve the most favorable conditions for the acquisition and subsequent contracting of purchased materials, goods and services, in order to ensure and strengthen the competitiveness of the Group's products. Close relations with key suppliers, which have been reflected in long-term and mutually advantageous contracts, are the key tools to ensure the above. More recently, consistent planning and cost control, as well as credibility and its perception of key suppliers, have become increasingly important. In 2023, the Group once again confirmed its solid profit and other indicators. This, together with impeccable long-term payment behavior, makes the Group a sought-after and preferred partner of our suppliers, which is reflected in favorable terms and conditions for purchases.

In 2023, we have reiterated the above through an independent source by once again receiving the highest possible and very prestigious AAA rating – highest trustworthiness – from Dun & Bradstreet Czech Republic,

IN 2023, WE DEFENDED THE HIGHEST POSSIBLE AND VERY PRESTIGIOUS AAA RATING – HIGHEST TRUSTWORTHINESS OF DUN & BRADSTREET CZECH REPUBLIC.

a company with more than 180 years of tradition in evaluating the trustworthiness of businesses. Thanks to this rating, our suppliers can be sure that they are doing business with a trustworthy, capital- and ownership-strong company of the highest quality and creditworthiness.

Compared to the previous year, 2023 was generally marked by a consolidation of the entire supply chain, which in 2022 was very intensely and negatively affected by the war in Ukraine. the extreme development in energy prices, and the impact of the winding down of the Covid-19 pandemic.

Especially in the second half of 2023, the Group was forced to face pressure on the selling prices of its products. The priority of the procurement department was therefore to offset or minimize this trend on the side of purchased products and services. Thanks to the above-standard relationships with key suppliers, which have also been strengthened in recent years thanks to the Group's impeccable creditworthiness, these efforts have proved successful in most cases.

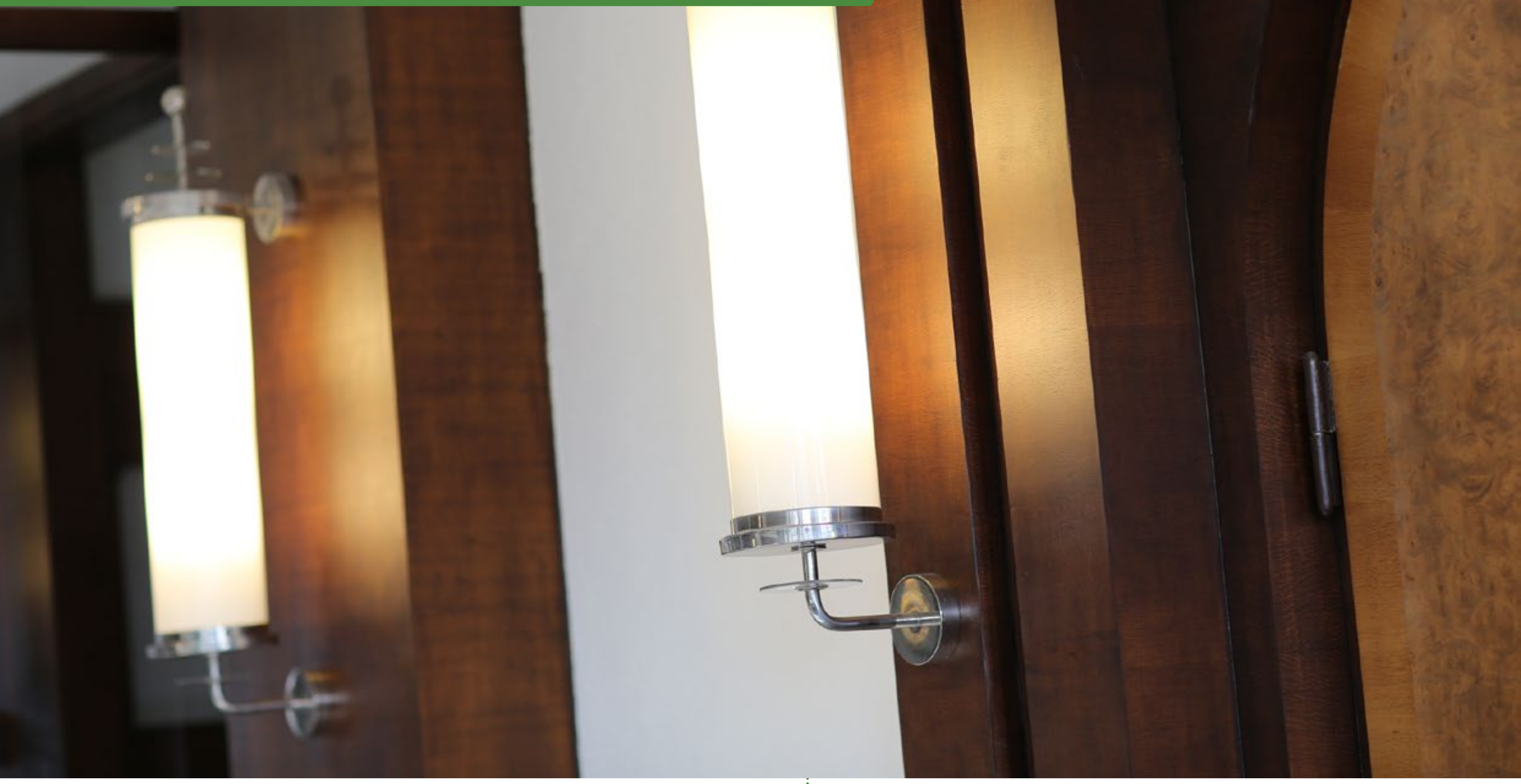
Energy has long been one of the Group's most important purchased commodities. In 2023, we were able to secure a contractual framework for the supply of thermal energy for the next period. As for another key commodity, electricity, we have secured the purchase of emission-free electricity sourced exclusively from nuclear sources for the entire annual volume.

In non-chemical purchasing, we continue to conclude framework contracts with key suppliers. This instrument significantly streamlines the operation of the departments. We use the acquired capacity to deepen our knowledge of manufacturing processes for core commodities and suppliers, which ultimately helps us to ensure favourable purchase prices and business conditions.

We also used the framework contract to supply the new production plant for production of precursors for the fourth generation F-gases to ensure that this production unit is ready for a flawless launch and operation not only in terms of investment but also in terms of mechanical and other maintenance, and overhead services.

Sustainability has been a long-term key and paramount concept for the Group, reflected in the procurement through supply chain management and through joint discussions with our strategic customers. In the previous period, we introduced a new Supplier Code of Conduct, which is a prerequisite for cooperation with Group companies and has been integrated into our business contracts from 2023 onwards. In the past year, we also managed to prepare the launch of a completely new methodology, or new supplier evaluation system, which, in addition to the standard evaluation of routine supplier performance and reliability, also focuses more on the ethical, human rights, and environmental aspects of doing business with our partners, including the safety of our work and our operations, which is key for us.

FINANCIAL RESULTS FOR 2023 AND THE OUTLOOK FOR 2024



2023 was characterized by return of product margins to their long-term averages that we knew before the Covid-19 pandemic.

The consolidated net profit of the Group for 2023 reached CZK 465 million (2022: a profit of CZK 2,442 million). The operating performance expressed by the consolidated EBITDA reached CZK 1,108 million* (2022: CZK 3,430 million).

Towards the end of 2023, the Czech crown began to depreciate against the euro, which had a positive impact on the Group as a major exporter and helped to mitigate the effects of the ongoing market recession.

CONSOLIDATED EBITDA FOR 2023 REACHED CZK 1,108 MILLION.

OUTLOOK FOR 2024

The main priority of the Group for 2024 is to maximize the utilization of production capacities to satisfy the high demand of European customers for epoxy resins and hydroxides.

The Group will continue working on the implementation of strategic development projects, which should move the production profile more towards chemical specialties in cooperation with foreign partners. The main task is to fully commission the new unit for the production of precursors for the fourth generation of F-gases. In March 2024, we obtained permits from relevant authorities and started trial operations.

In terms of economic results and the approved consolidated plan for 2024, the Group expects to realize margins at long-term averages and therefore we expect to achieve consolidated EBITDA of around CZK 1 billion for 2024.

EBITDA = operating results
+ amortisation and depreciation of fixed assets

MANAGEMENT AND STRUCTURE

SPOLEK PRO CHEMICKOU A HUTNÍ VÝROBU, AKCIOVÁ SPOLEČNOST – KEY COMPANY OF THE GROUP

General Meeting

Board Of Directors

Managing Director

Finance Director

Operations

Technical Director

HR Director

SBU Director (Inorganics)

SBU Director (Epoxy Resins)

SBU Director (Special Solutions)

SBU Director (Alkyds)

SBU Director (Energy)

R&D Director

SPOLCHEMIE

Ing. Pavel Jiroušek

Ing. Jiří Medřický

Ing. Daniel Tamchyna, MBA

Ing. Vladimír Kubiš, CSc.

MEMBERS OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2023

Name	Date of birth	Position
Pavel Jiroušek	10 August 1970	Chairman of the board of directors
Jiří Medřický	25 December 1974	Vice-chairman of the board of directors
Daniel Tamchyna	09 December 1970	Vice-chairman of the board of directors
Vladimír Kubiš	26 April 1959	Member of the board of directors

The company does not have an organisational unit abroad.


Ing. Jaromír Florián


Ing. Jan Dlouhý, CSc.


Ing. Jan Chudoba


Ing. Jakub Racek


Ing. Lukáš Bartek, Ph.D.


Ing. Zdeněk Moravec


Ing. Pavel Žák


Mgr. Jan Křička


Ing. Daniela Varečková, Ph.D.


Ing. Lukáš Srsen

COMPANY MANAGEMENT AS AT 31 DECEMBER 2023

Name	Date of birth	Position
Daniel Tamchyna	09 December 1970	Chief Executive Officer
Jaromír Florián	16 June 1975	Financial Director
Jan Dlouhý	17 March 1965	Operations Director
Jan Chudoba	06 December 1968	Human Resources Director
Pavel Žák	29 November 1976	Technical Director
Daniela Varečková	23 December 1977	R&D Director
Jakub Racek	25 February 1977	SBU Director - Inorganics
Zdeněk Moravec	17 March 1976	SBU Director - Epoxy Resins
Lukáš Bartek	04 October 1977	SBU Director - Special Solutions
Jan Křička	26 May 1963	SBU Director - Alkyds
Lukáš Srsen	25 September 1985	SBU Director - Energy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HOŘLAVINA II. TŘÍDY
100m²
ZBOŽÍ POD CELNÍM DOHLEDEM
EPICHLORHYDRIN
HOŘLAVINA II. TŘÍDY

3 / AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG Česká republika Audit, s.r.o.
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Czech Republic
+420 222 123 111
www.kpmg.cz

This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report

to the Shareholders of Spolek pro chemickou a hutní výrobu, akciová společnost

Opinion

We have audited the accompanying consolidated financial statements of Spolek pro chemickou a hutní výrobu, akciová společnost ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the consolidated annual report other than the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated 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. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group'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 statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the above regulations 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.

KPMG

- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Statutory Auditor Responsible for the Engagement

Karel Charvát is the statutory auditor responsible for the audit of the consolidated financial statements of Spolek pro chemickou a hutní výrobu, akciová společnost as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
29 March 2024

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Karel Charvát
Partner
Registration number 2032


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4 / CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements prepared in accordance with IFRS accounting standards as adopted by the EU

as at 31 December 2023 and for the year ended 31 December 2023
by the business corporation
(translated from the Czech original)

Spolek pro chemickou a hutní výrobu, akciová společnost

In Ústí nad Labem, on 29 April 2024

Ing. Pavel Jiroušek
Vice-chairman of the Board of Directors

Ing. Daniel Tamchyna, MBA
Vice-chairman of the Board of Directors

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2023	31 December 2022
		TCZK	TCZK
ASSETS			
Property, plant and equipment	5	5 734 867	4 196 881
Investment property	6	43 591	60 046
Intangible assets	7	38 148	40 651
Rights of use	8	206 293	256 186
Shares in associates	9	1 000	882
Provided loans and other receivables	10	26 000	26 000
Deferred expenses	20	0	98 435
Deferred tax receivable	32	42 805	38 367
Total non-current assets		**6 092 704**	**4 717 448**
Inventories	12	858 437	1 231 877
Trade receivables	13	766 831	1 396 305
Other short-term receivables	13	96 904	171 994
Income tax receivables	14	107 897	8 999
Deferred expenses	20	0	20 757
Advances paid		34 338	56 936
Cash and deposits	15	996 561	1 582 254
Total current assets		**2 860 968**	**4 469 122**
TOTAL ASSETS		**8 953 672**	**9 186 570**

	Note	31 December 2023 TCZK	31 December 2022 TCZK
EQUITY			
Share capital	15	717 581	717 581
Reserve fund		1 524	1 524
Other comprehensive income	17	-3 793	-3 816
Retained earnings		2 057 805	3 942 444
Equity attributable to the shareholders of the Company		**2 773 117**	**4 657 733**
Non-controlling interests		**0**	**0**
TOTAL EQUITY		**2 773 117**	**4 657 733**
LIABILITIES			
Non-bank loans	19	57 337	1 370 756
Bank loans	18	1 403 452	0
Lease liabilities	8	58 721	167 133
Deferred tax payable	32	221 623	190 063
Provisions	25	275 000	389 771
Long-term contractual liabilities	11	267 752	313 494
Investment suspensions	20	123 775	35 776
Total non-current liabilities		**2 407 660**	**2 466 993**
Non-bank loans	19	63 096	89 114
Trade and other payables	22	1 046 918	1 331 363
Liabilities from payment of dividends	23	2 350 000	0
Lease liabilities	8	28 571	56 904
Liabilities from the auction of own shares		18 904	19 198
Income tax liabilities	14	3 698	353 761
Factoring and other liabilities	23	110 962	135 513
Provisions	25	141 212	75 991
Investment suspensions	21	9 534	0
Total current liabilities		**3 772 895**	**2 061 844**
Total liabilities		**6 180 555**	**4 528 837**
TOTAL EQUITY AND LIABILITIES		**8 953 672**	**9 186 570**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023 TCZK	Year ended 31 December 2022 TCZK
Revenues	26	9 230 801	12 953 357
Change in inventories		-327 224	275 255
Capitalisation of own production		4 175	4 846
Consumption of material and energy	27	-6 355 052	-8 127 139
Logistics, leases and other services	27	-937 849	-981 712
Personnel expenses	29	-715 350	-680 342
Depreciation and allowances for non-current assets	5,6,7,8	-347 563	-313 073
Other operating income	30	299 797	106 760
Other operating expenses	30	-90 834	-120 745
Operating profit		**760 901**	**3 117 207**
Financial income	31	39 918	58 207
Income from financial derivatives	31	20 185	33 282
Financial expenses	31	-232 848	-212 755
Financial profit/loss		**-172 745**	**-121 266**
Shares in losses of associates		-182	-355
Profit before income tax		**587 974**	**2 995 586**
Income tax	32	-122 872	-553 441
NET PROFIT		**465 102**	**2 442 145**

	Note	Year ended 31 December 2023 TCZK	Year ended 31 December 2022 TCZK
NET PROFIT		**465 102**	**2 442 145**
Items that are subsequently reclassified to profit or loss			
Foreign exchange diff. on foreign subsidiary companies		23	-543
Total other comprehensive income		**23**	**-543**
TOTAL COMPREHENSIVE INCOME		**465 125**	**2 441 602**
Net profit attributable to shareholders		465 102	2 442 145
Net profit attributable to non-controlling interests		0	0
Total net profit		**465 102**	**2 442 145**
Total comprehensive income attributable to shareholders		465 125	2 441 602
Comprehensive income attributable to non-controlling interests		0	0
Total comprehensive income		**465 125**	**2 441 602**
Basic and diluted profit per share (CZK)		**119,91**	**629,61**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve fund	Other comprehensive income	Retained earnings	Total equity
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	717 581	1 524	-3 273	1 901 325	2 617 157
Profit for the year	0	0	0	2 442 145	2 442 145
Other comprehensive income	0	0	-543	0	0
Payment of dividends	0	0	0	-400 000	-400 000
Changes in subsidiaries	0	0	0	-1 026	-1 026
Balance as at 31 December 2022	717 581	1 524	-3 816	3 942 444	4 657 733
Profit for the year	0	0	0	465 102	465 102
Other comprehensive income	0	0	23	0	23
Declared dividends	0	0	0	-2 350 000	-2 350 000
Changes in subsidiaries	0	0	0	259	259
Balance as at 31 December 2023	717 581	1 524	-3 793	2 057 805	2 773 117

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2023	Year ended 31 December 2022
		TCZK	TCZK
Net profit		**465 102**	**2 442 145**
Adjustment for non-cash transactions:		**702 266**	**1 070 024**
Income tax	29	122 872	553 441
Depreciation and amortisation of non-current assets	5,6,7,8	347 563	313 073
Change in loss allowances and provisions	5,7,12,24	-32 849	8 921
Gain/loss on disposal of non-current assets	29	-805	7 950
Net interest income and expenses accounted for	30	172 090	175 215
Other non-cash transactions		93 397	11 424
Changes in non-cash components of working capital:		**983 167**	**323 714**
Change in trade and other receivables	13,14	742 111	186 839
Change in trade and other payables	21,22	-115 416	351 967
Change in inventories	12	356 471	-215 092
Cash flows from operating activities before interest and taxes		**2 150 534**	**3 835 883**
Interest paid	30	-106 258	-157 841
Interest received	30	-33 672	12 201
Payment of income tax	31	-550 477	-549 033
Net cash flows from operating activities		**1 460 127**	**3 141 210**
Cash flows from investing activities			
Expenses connected with acquisition of non-current assets	5,7	-1 940 902	-979 150
Proceeds from sale of non-current assets	29	900	1 755
Proceeds from sale of financial investments		0	0
Expenses connected with acquisition of financial investments	9	-118	354
Net cash flows from investing activities		**-1 940 120**	**-977 041**
Cash flows from financing activities			
Proceeds from long-term liabilities and loans	11	1 401 790	238 914
Expenses from long-term liabilities and loans	19	-1 383 516	-988 411
Payments of leases	8	-136 745	-55 167
Payment of dividends	16	0	-400 000
Net cash flows from financing activities		**-118 472**	**-1 204 664**
Net increase/decrease in cash and cash equivalents		**-598 464**	**959 505**
Cash and cash equivalents at the beginning of the year		**1 582 254**	**637 011**
Effect of exchange rate fluctuations		12 771	-14 262
Cash and cash equivalents at the end of the year		**996 561**	**1 582 254**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Spolek pro chemickou a hutní výrobu, akciová společnost (the “Company”) was incorporated on 31 December 1990. The address of its registered office is Ústí nad Labem, Revoluční 1930/86, Postal code: 400 32, Czech Republic, Customer ID: 000 11 789. The Company is registered in the Commercial Register kept by the Regional Court in Ústí nad Labem, under file number 47, section B.

The principal activity of the consolidated group (the “Group”) is the manufacturing and processing of chemicals and chemical products and the related research and development.

As at 31 December 2023, KAPRAIN CHEMICAL LIMITED is the sole shareholder of the Company.

The controlling entity of KAPRAIN CHEMICAL LIMITED is Ing. Karel Pražák.

2. ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

New and amended IFRS accounting standards adopted by the Group

The following new and amended standards are effective for annual periods beginning on or after 1 January 2023, and earlier application is permitted. In preparing these financial statements, the Group has not applied the new or amended standards early and does not expect them to have a material impact on the Group’s financial statements upon adoption.

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023):
- The new standard introduces principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.
- The Group analysed cases that by their nature could be relevant to the new IFRS 17.
- The identified cases (e.g., employee benefits, guarantees) were found to be exceptions to IFRS 17. The Group did not identify any material impact of IFRS 17 on its financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and Statement of Compliance – Materiality Judgements – Disclosure of Accounting Policies (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023)
- The Group revised its accounting policies in accordance with the new amendments to IAS 1.
- Amendments to IAS 8 Definition of Accounting Estimates (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023).
- The Group has assessed the impact of these amendments, particularly in respect of IFRS 16.

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023). According to an analysis, the amendments have no impact on the Group.

New and amended IFRS accounting standards issued but not yet effective and applied by the Group

As at the date of approval of these financial statements, the following new and amended IFRSs were issued but were not effective at the beginning of the current accounting period (1 January 2023) and not used by the Group in preparing these consolidated financial statements for the year ending 31 December 2023:

- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024).

New and amended IFRS accounting standards issued by the IASB, but not yet adopted by the EU

As at the date of approval of these consolidated financial statements, the following standards, amendments, and interpretations previously issued by the IASB have not yet been endorsed by the European Commission for use in the EU:

• Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no effective date has been set yet), not yet endorsed by the EU

• Amendments to IAS 7 Statement of Cash Flows and IFRS Financial Instruments: Disclosures (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2024), not yet endorsed by the EU

• Amendments to IAS 21 IFRS The Effects of Changes in Foreign Exchange Rates (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2025), not yet endorsed by the EU.

The Group estimates that compliance with these new standards, amendments to existing standards, and interpretations will not have a material impact on the Group's financial statements in the period in which they are first applied.

3. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved for use in the European Union (EU).

b) Basis of preparation of financial statements

The consolidated financial statements have been prepared on the going concern basis, the historical cost basis, except for derivatives and financial instruments valued at fair value, as specified further in the accounting policies. Employee benefits are accounted for at the present value of the liability.

These consolidated financial statements are presented in Czech crowns (CZK), which is the Group's functional currency. Every subsidiary that is part of the Group has its own functional currency, i.e., the currency of its primary economic region. In the event of a variation between the functional and reporting currency, the Group revaluates all the balances and results from the functional to the reporting currency. The closing rate, i.e., the spot rate at the year-end, is used for the revaluation for all assets and liabilities, the historical rate for equity and the average rate for income and expenses. All financial information presented in CZK has been rounded to the nearest thousand (TCZK) (unless stated otherwise).

c) Conversion of foreign currency transactions and balances

Transactions denominated in foreign currencies are translated into the functional currencies of each company included in the Group at the exchange rate ruling at the date of the transaction.

At the end of the accounting period:

- cash items (i.e. cash denominated in foreign currencies as well as receivables and payables payable in foreign currencies) are translated at the closing rate, i.e. the spot rate at the end of the accounting period,
- non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the transactions and
- non-monetary items that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Gains and losses arising from the settlement of such transactions and from transactions in monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the statement of comprehensive income.

d) Use of estimates

The preparation of the consolidated financial statements requires the Group's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses as at the reporting date. These estimates and assumptions are described in Note 4.

e) Group consolidation

The Group consists of the Company and subsidiaries in which the Company has controlling influence, i.e., either directly or indirectly holding a share of more than half the voting rights or otherwise exercising control over their operation. The meaning of the control is the fact that the Company may, directly or indirectly, govern the financial and operating policies so that it benefits from the activities of the consolidated companies.

Subsidiaries are consolidated by the full consolidation method from the date of control acquisition by the Company until losing control. It includes shares on the achievements resulting from the ownership interest of the Company as well as the overall results of companies in which the control is applied, including the overall view of the structure of their assets and liabilities. The inclusion of each of the assets and income in the full amount, regardless of the amount of ownership in terms of this ratio, are separated from the non-controlling interests expressing the share of the other owners in the equity in the consolidated financial statements.

Upon consolidation, all mutual transactions within the consolidated entities, intercompany balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised losses are also eliminated in the event of transferred asset impairment, but only to the extent so as not to exceed the recoverable value of assets. Where necessary to ensure consistency with the policies adopted by the Group, the accounting procedures used by consolidated companies have been changed.

f) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are identifiable when they are separable, i.e., they can be separated from the group of the Group's assets and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, by an identifiable asset or liability regardless of whether the Group intends to do so or it arises from contractual or other legal rights regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Intangible assets are measured at acquisition cost less accumulated depreciation and any accumulated impairment losses. Internally-generated intangible assets are measured at direct costs and overheads or replacement costs, if lower.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, usually for up to five years (appreciable rights twelve years). Amortisation begins when the intangible asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, over its estimated useful life.

The depreciation method and useful life is verified once a year at the end of the accounting period and if a change is identified, the depreciations for the upcoming period are adjusted.

g) Property, plant and equipment

Property, plant and equipment are initially measured at acquisition cost after the deduction of related grants and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of these assets includes all expenditures that are directly attributable to bringing the assets to a working condition for their intended use. Self-constructed assets are measured at internal production costs. The acquisition costs of these assets include the estimated cost of dismantling and removing the items and restoring the original condition of the place where the assets are located, if such an obligation is associated with the acquisition and construction of these assets.

The Group capitalises borrowing costs that are directly attributable to the construction or production of a qualifying asset as part of the acquisition cost of the asset. Borrowing costs are those borrowing costs that would not arise if expenses on a qualifying asset were not incurred. The Group begins to capitalise borrowing costs as part of the acquisition cost of the qualifying asset on the commencement date and terminates the capitalisation of borrowing costs when all essential activities necessary to prepare a qualifying asset for its intended use or sale are completed.

The depreciation of plant and equipment items begins when they are available for use, i.e., from the month that they are in the location and condition necessary for them to be capable of operating in the manner intended by the Group management. Depreciation is recognised in order to depreciate the cost of assets, except for land, to their residual value on a straight- line basis over their estimated useful lives:

Buildings	10-50 years
Machinery and equipment	4-20 years
Fixtures and fittings	2-25 years
Vehicles	3-25 years

The depreciation method, useful life and residual value are verified once a year and if a change is identified, the depreciations for the upcoming period are adjusted. Property, plant and equipment (components) that are significant with regard to the overall assets are depreciated separately in accordance with their useful lives.

The costs of technical improvements of non-current assets are recognised as property, plant and equipment and are depreciated in accordance with their useful lives. The costs of the day-to-day servicing and repairs of the property, plant and equipment are recognised as incurred in the profit or loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net selling price of the property and the carrying amount of the asset. The difference is recognised in the profit or loss and in other comprehensive income.

h) Investment property

Investment property is land or buildings held either to earn rental income or for capital appreciation or for both, not for the Group's own use.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. The purchase costs of real estate investments include the purchase price and all directly attributable costs, i.e., professional fees for legal services, property transfer taxes and other transaction costs. The cost of the investment property by the Group is its cost at the date when the construction is completed and ready for rent.

Investment property is depreciated on a straight-line basis over its estimated useful life, i.e., 10-50 years, from the date of acquisition. Every year there is a revision of the estimates used in the depreciation.

The income from investment property is recognised when the rental service is rendered, and is classified as revenues from services.

Investment property is derecognised when it is retired or when the investment property is permanently withdrawn from use and no future economic benefits are expected.

The Group leases part of the manufacturing and office space on the Company's premises in Ústí nad Labem to third parties. Items of property, plant and equipment are reviewed annually to see whether they fulfil the conditions of recognition as an investment property. Annual transfers between classifications of land, constructions and equipment and investment property are presented separately under "Transfer of property, plant and equipment". The investment property is measured at acquisition cost, therefore the transfers between classifications have no impact on the valuation. The only thing that differs is the presentation of the reported item.

i) Impairment of non-financial assets

At each reporting date, the Group reviews each asset individually to determine whether there is any indication of impairment, i.e. the carrying amount of the asset exceeding its recoverable amount. Whether there is any impairment of property, plant and equipment and other assets is reviewed at the level of the identified cash-generating units, i.e. depending on production segments. An impairment loss is recognised to the extent that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less selling costs.

j) Leases

The Group uses a unified accounting approach to leases. As a result of this application, the Group, as a lessee, recognised the right to use its underlying (identified) assets and lease liabilities representing an obligation to meet lease payments. The right of use and the lease liability are recognised on the date of commencement of the lease.

The Group distinguishes between lease and service contracts based on whether the contract transfers the right to control the use of the identified asset. The Group must assess whether the customer (lessee) has both of the following rights during the period of use:

- the right to obtain substantially all economic benefits from the use of the identified asset and
- the right to manage the use of the identified asset.

At the commencement date, the lessee will measure the asset from the right to use it at cost. The subsequent measurement uses the cost model less accumulated depreciation, impairment losses and any revaluation of the lease liability. The lessee depreciates the asset from the right of use on a straight-line basis from the date of commencement of the lease, either until the end of the useful life of the asset from the right of use or until the end of the lease term, whichever occurs first.

A lease liability is initially measured at the present value of the lease payments outstanding at the date of commencement of the payment. Lease payments must be discounted using the implicit lease interest rate if this rate can be readily determined. If this rate cannot be easily determined, the Group uses the lessee's incremental borrowing rate. After the date of commencement of the lease, the Group measures the lease liabilities by increasing the carrying amount by interest on the lease liabilities and decreasing the carrying amount by the lease payments made. Furthermore, the carrying amount of the lease liability is remeasured by any revaluation or modification of the lease. These changes may occur when the value of future lease payments changes due to a change in the implicit interest rate, a change in an estimate over the expected lease term, or when there is a change in expectations of using a lease extension option or an option to purchase the underlying asset.

The Group has decided to use the exceptions from the aforementioned rules for short-term leases, i.e., leases with a non-cancellable duration of at most 12 months and for leases, low-value assets.

The Group has also decided to take advantage of a practical expedient where it will not separate non-lease components from lease components and will instead account for each lease component and any related non-lease components as a single lease component.

k) Inventories

Inventories are assets held for sale in the ordinary business, in the process of production for sale or as material including raw materials for consumption or supplies that are consumed in the production process or in the provisioning of services.

The cost of materials and goods for resale includes expenditures associated with acquiring the inventories and bringing them to their present location and condition, e.g., freight costs, custom duties and insurance costs. Finished products, semi-finished goods and works-in-progress are initially measured at the cost of production. The costs of finished products and semi-finished goods include raw materials, direct wages, other direct costs and related production overheads. The cost is determined using the first-in first-out method.

Inventories are measured at the end of the financial year in production costs or net realisable value, if lower. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

l) Receivables

Trade receivables are non-derivative financial assets with fixed or pre-determined payments that are not quoted in an active market and which the Group holds for the purpose of obtaining contractual cash flows. Receivables are initially recognised at fair value, which is usually equal to the nominal value in the case of short-term receivables and subsequently carried at the initial measurement value, net of impairment loss.

Loans and long-term receivables are financial assets that are measured at fair value, adjusted for transaction costs. Fair value corresponds to the present value of future cash flows using the internal interest rate at the time of the borrowing taking into account the credit risk of the borrower. For the period of time until maturity, long-term receivables (loans) are measured and carried at amortised cost using the effective interest method.

Loans granted are classified as short-term receivables if they are due within 12 months of the balance sheet date.

As at the date of the financial statements, the Group reviews any impairment loss according to the model of expected credit loss (ECL). For trade receivables the assessment is on the basis of life-long losses using a receivables ageing matrix, while for long-term payable loans the estimate of the expected interest losses is set with the consideration of month losses and is based on a ratio of the credit exposure, the size of the potential loss and the probability of default.

The Group recognises the following groups of receivables:

- Receivables from related parties
- Receivables arising on assignment
- Insured receivables
- All other trade receivables.

m) Financial assets

Financial assets representing a share in other companies, such as shares and investments, are valued at fair value with revaluation to the profit or loss.

Financial assets for which the SPPI conditions are met, such as provided loans, trade receivables, purchased bonds, etc., are valued at amortised cost using the effective interest method.

n) Cash and cash equivalents/consolidated statement of cash flows

Cash and cash equivalents comprise cash and bank deposits with no disposition restriction. Cash equivalents comprise current risk-free money market investments with their original maturity less than three months.

The consolidated cash flow statement is processed using the indirect method in cash flow from operating activities.

Received dividends are reported in cash flows from investing activities. Paid dividends are reported in cash flows from financing activities. Interest paid on bank loans, cash pools, issued debt securities and interest paid on leases are reported in cash flows from operating activities. Received interest is part of the cash flow from operating activities.

o) Financial liabilities

Financial liabilities are financial instruments that are initially measured at fair value adjusted for transaction costs. Subsequently they are carried at amortised cost using the effective interest method. The Group reports received bank loans and other loans, trade liabilities, and liabilities from retentions as financial liabilities.

Financial liabilities are classified as current liabilities if they are due within 12 months from the balance sheet date. Other financial liabilities are classified as non-current in the consolidated statement of the financial position.

p) Derivatives

Derivatives are initially and subsequently as at the balance sheet date valued at fair value and in the statement of financial position are recognised as part of other short-term receivables or liabilities, as the case may be. Derivatives are classified as trading derivatives and hedging derivatives.

Hedging derivatives are contracted for the hedging of fair value or the hedging of cash flow. For a derivative to be classified as hedging, changes in fair value or changes in cash flows arising from hedging derivatives must fully or partially offset changes in the fair value of the hedged item or changes in cash flows from the hedged item, and the Group must document and demonstrate the existence of the hedging relationship and hedge effectiveness. In other cases, they are derivatives held for trading.

Changes in the fair value of derivatives held for trading are included in the financial expenses or revenues, as the case may be.

q) Income tax

The income tax expense comprises current and deferred taxes. Current and deferred taxes are recognised in the profit and loss statement, except amounts related to items charged to other comprehensive income (e.g., cash flow hedges).

The current tax is the expected liability or receivable from the taxable base calculated using tax rates enacted as at the balance sheet date. The tax base is derived from the profit adjustments on non-deductible income and expenses. If the amount of the income tax that was paid by advances during the period exceeds the amount due, the difference is recognised as a receivable.

Deferred tax is calculated using the liability method of the balance sheet, i.e., on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. The deferred tax is calculated using the tax rates and legal provisions that are expected to be enacted or substantively enacted when the asset is realised or liability settled.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets and liabilities are recognised and presented as non-current assets or non-current liabilities.

r) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled under the contract with the customer and excludes amounts collected on behalf of third parties (including VAT). The Group recognises revenue when it transfers control of the product or service to the customer.

The Group recognises revenue from the following principal sources:

- sales of chemical products, mainly epoxy and alkyd resins and hydroxides – revenue is recognised when delivered and accepted by the customer
- the rendering of services, in particular the rental of real estate and related services – revenue is recognised at the time the service is rendered; for services of a continuous delivery nature, such as in particular rental and related services, at the end of the contractually defined period
- the sale of goods, which are mainly chemical products similar or identical to those manufactured by the Group – revenue is recognised at the time of delivery and acceptance by the customer.

Revenues are recognised net of VAT, at the values already deducted for any discounts.

Invoices are payable on average around 45 days and are issued at the time of delivery or based on contractual arrangements.

s) Other operating income and expenses

Other operating income and expenses particularly include the net result from the liquidation and disposal of non-financial assets, surplus of assets, court fees or their return, property acquired/granted, the receipt of compensation and gain or loss on sales of investment properties and amortisation of construction in progress which have not produced the desired economic effect.

t) Financial income and financial expenses

Financial income includes income from the sale of shares and other securities, dividends received, interest earned from cash in bank accounts, term deposits and loans, increasing the value of financial assets and net foreign exchange gains. Dividend income from investments is recognised when the shareholders are entitled to receive payment.

Financial expenses include losses from sales of securities and investments and costs associated with this sale, impairment losses relating to financial assets such as stocks, bonds and interest receivables, net foreign exchange losses, interest on own bonds and other securities issued, interest on leases, fees for bank credit, loans, guarantees.

u) Provisions

A provision is recognised when, as a result of a past event, the Group has a legal or contractual obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. At the same time, there must be a reasonable estimate of the amount that can achieve the commitment.

If the Group expects a reimbursement of some or all of the cost of creation of provisions by another party, the reimbursement is recognised as a separate asset, but only when it is virtually certain that the Group will fulfil its commitment. The reimbursement amount shall not exceed the amount of the provision. In the comprehensive income statement, the expense relating to the provisions is recognised together with revenue from reimbursements.
If the effect of the time value of money is significant, the amount of the provision is recognised at the present value of the estimated cost of meeting the obligation.

v) Employee benefits

The Group recognises and observes the following categories of employee benefits:

Short-term employee benefits
The short-term employee benefits include monthly wages and salaries, health and social insurance (adjusted for the amount of pension contributions) paid by the Group for employees, annual incentive bonuses, contributions towards in-house catering, preferential phone and internet packages and recreational packages for employees. A provision is established for incentive bonuses based on the probability

of their payment. Most short-term employee benefits are governed by a collective agreement.

Employee benefits after termination of employment (defined contribution pension plans)
The Group pays monthly pension contributions to the state pension plan on behalf of employees, with the Czech government being responsible for providing pensions. The Group pays monthly contributions for its employees in the pension fund plans. In both cases, the scheme is a defined contribution pension plan and these contributions are charged to the profit and loss in the period when the employee is entitled to these benefits.

Other long-term employee benefits
A provision discounted to present value is established for retirement benefits. The provision is calculated using reasonable statistical estimates.

Employee benefits – early termination of employment
These benefits are governed by a collective agreement. Statutory severance pay is due to employees who terminate their employment for organisational reasons during the year. Severance pay increases depending on the length of employment. The cost associated with the provision of such employee benefits is recognised in the profit or loss at the time of the decision to terminate the employment prematurely.

w) Grants

Government grants are support from the state, state agencies and similar local, national or international institutions in the form of the transfers of funds in favour of companies in exchange for the past or future compliance of certain conditions relating to the operating activities of the entity.

Grants related to expenses are recognised as compensation of the expenses in the period in which they are incurred. A surplus of the received grants over the expenses recognised in the same period is presented in “Other operating income”.

A grant related to the acquisition of an asset is recognised by subtracting the amount of the grant from the cost of the asset and ultimately leads to the lower depreciation of related assets.

x) Research and development

Expenditures on research and development are recognised in the profit or loss, except for expenditures on development projects accounted for as intangible assets where future measurable benefits are expected and the related costs are measurable. Development expenditures previously recognised in the profit or loss shall not be considered non-current assets in any subsequent period.

Development expenditures that are recognised as intangible assets are amortised from the start of production of the product to which they relate on a straight-line basis over the estimated useful life of the intangible asset, which shall not exceed five years.

4. CRITICAL JUDGEMENTS FOR THE APPLICATION OF ACCOUNTING POLICIES AND KEY RESOURCES OF UNCERTAINTY IN ESTIMATES

Critical judgements when applying accounting policies
In applying the accounting policies set out in the previous section, management is required to make judgements, assess the content of economic transactions and events, and decide to apply accounting policies in such a way that the consolidated financial statements provide users with useful information for their decision-making.

In 2023, no specific considerations or decisions regarding the use of appropriate IFRS accounting policies were made in connection with the preparation of these consolidated financial statements.

Key sources of uncertainty in estimates
The Group makes some estimates and assumptions about the future. Estimates are continuously reassessed based on historical developments and experience. In the future, the reality may differ from the currently made and recognised estimates and judgements.

Estimates are reviewed on an ongoing basis and any change (if no error is detected) is recognised in the period in which the estimates are revised and in any affected future periods.

Estimates and assumptions that are associated with a significant risk that the Group will be forced to accrue significant changes in the carrying amounts of the presented assets and liabilities in the next financial year are as follows:

a) Depreciation period of non-current assets

Non-current assets in the land, buildings and equipment category and intangible assets are measured over their useful life using the cost model, i.e., the acquisition cost less depreciation and any impairment. The Group makes relevant estimates of the useful life of the assets used and the depreciation is calculated on an equal basis over its useful life. In the following years, a reassessment of the useful life may occur, which may result in adjustments in the calculation of future depreciation, as well as the premature disposal of the asset, resulting in a loss in the amount of the unrecognised carrying amount of the asset. The Group annually performs a revision of the accounting estimates associated with the depreciation of assets.

b) Rights of use of assets and lease liabilities
The valuations of rights of use assets and related lease liabilities are based on the estimated lease term, which for many leases (particularly those for an indefinite period) represents estimates that may be subject to future correction (lengthening, shortening). The valuation of the lease liability and the rights to use the assets is based on the present value of the expected lease payments and the borrowing interest rate is used for the calculation. In the event of any modification to the lease, the conversion will be subject to revision using the current borrowing rate.

c) Expected credit loss to receivables
Before the customer is offered standard payment and delivery terms, the customer goes through an individual credit rating. This rating takes into account external ratings and other referrals from specialised companies.

Trade receivables are reviewed on an ongoing basis for any impairment loss using the expected loss model (ECL). The loss ratio is calculated using the roll rate method based on the probability that the receivable goes through successive stages of default until it is written off. Roll rates are calculated separately for exposures in different sectors based on the following common credit risk characteristics – geographic region, age of the customer relationship, and type of product purchased.

d) Income taxes
The Company and most of its subsidiaries are subject to the same tax legislation, and according to the applicable regulations, they calculate the tax impact. Under the applicable Czech legislation, the balance of accumulated tax losses can be used in the coming years as a reduction in taxable profits. If the companies from the Group demonstrated the ability to use the loss in the past, the deferred tax asset is recognised and recorded in the consolidated financial statements that offsets and partially reduces the total deferred tax liability resulting from a comparison of the accounting and tax values of the balance sheet items. However, if future business developments do not meet expected plans and the Group will suffer tax losses in the future, there may be a situation where a deferred tax asset cannot be accounted for and will have to be derecognised, which may have a negative impact on profit or loss in the future.

Deferred tax is measured using tax rates that arise from the applicable tax legislation, which may be amended in the future without the Group's influence and may result in a change in the amount of deferred tax. The actual tax impact may in the future be different from current estimates caused either by a change in the tax law or by a change in the Group's business conduct.

e) Litigation and other legal disputes
The Group, in the context of its business activities, is part of court and other legal disputes for which it evaluates their recognition and/or disclosure in the consolidated financial statements. In most cases, it acts as a plaintiff, and in the successful conclusion of the dispute, the Group may incur cash payments. In these cases, the Group only charges the dispute when the dispute is terminated.

If the Group is in the position of the defendant, it recognises a provision if there is a present obligation arising from a past event, its settlement is probable and the amount of the settlement is reliably measurable. If these conditions are not met, the Group considers disclosure of a contingent liability in the notes to the consolidated financial statements if its potential impact on the Group would be material. Liabilities that result from published contingent liabilities or even those not recognised and disclosed in the consolidated financial statements may have a material impact on the Group's financial position, therefore the Group continuously evaluates on-going and unresolved court and other legal disputes. The Group´s management cooperates with legal counsel and this results in a decision to record a provision or to disclose a contingent liability or conditional asset, if the Group is a party to the claimant's claim.

f) Provisions
Provisions are recognised when, as a result of a past event, the Group has a legal or contractual obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. At the same time, a sufficiently reliable estimate of the amount of the obligation must be made.

If the Group expects a reimbursement of some or all of the cost of creation of provisions by another party, the reimbursement is recognised as a separate asset, but only when it is virtually certain that the Group will fulfil its commitment. The reimbursement amount shall not exceed the amount of the provision.

5 . PROPERTY, PLANT AND EQUIPMENT

Acquisition price

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2023	3 224 895	5 276 714	6 681	1 079 499	9 587 789
Additions	64 497	52 108	0	1 708 862	1 825 467
Disposals	-34 381	-62 379	-5 653	-10 692	-113 105
Transfers	42 422	108 626	0	-151 048	0
Transfers from/to investment property	18 196	0	0	0	18 196
As at 31 December 2023	3 315 629	5 375 069	1 028	2 626 621	11 318 347

Accumulated depreciation

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2023	-1 635 072	-3 705 001	-6 485	0	-5 346 558
Depreciation	-64 946	-225 903	0	0	-290 849
Disposals	33 725	61 170	5 653	0	100 548
Transfers from/to investment property	-3 446	0	0	0	-3 446
As at 31 December 2023	-1 669 739	-3 869 734	-832	0	-5 540 305

Allowances

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2023	-34 542	-9 808	0	0	-44 350
Additions to allowances	0	0	0	0	0
Release of allowances	226	950	0	0	1 175
As at 31 December 2023	-34 316	-8 858	0	0	-43 176

Net book value

As at 1 January 2023	1 555 281	1 561 905	196	1 079 499	4 196 881
As at 31 December 2023	1 611 573	1 496 477	196	2 626 620	5 734 867

As at 31 December 2023, all non-current assets of SPOLCHEMIE Zebra, a.s. were pledged in favour of ČS, a.s.

In 2023, interest on an investment loan of TCZK 64 283 (2022: TCZK 0) was capitalised into the value of the acquired non-current assets.

Comparative period information:

Acquisition price

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2022	3 288 010	5 207 507	6 702	379 495	8 881 714
Additions	7 272	51 723	0	1 175 870	1 234 865
Disposals	-87 543	-188 536	-21	-213 139	-489 239
Transfers	56 708	206 020	0	-262 727	1
Transfers from investment property	-39 552	0	0	0	-39 552
As at 31 December 2022	3 224 895	5 276 714	6 681	1 079 499	9 587 789

Accumulated depreciation

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2022	-1 659 247	-3 696 536	-6 506	0	-5 362 289
Depreciation	-62 622	-183 646	0	0	-246 268
Disposals	75 013	175 181	21	0	250 215
Transfers from investment property	11 784	0	0	0	11 784
As at 31 December 2022	-1 635 072	-3 705 001	-6 485	0	-5 346 558

Allowances

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2022	-40 806	-16 724	0	-20 541	-78 071
Additions to allowances	0	0	0	0	0
Release of allowances	6 264	6 916	0	20 541	33 721
As at 31 December 2022	-34 542	-9 808	0	0	-44 350

Net book value					
As at 1 January 2022	1 587 957	1 494 247	196	358 954	3 441 354
As at 31 December 2022	1 555 281	1 561 905	196	1 079 499	4 196 881

As at 31 December 2022, the Group's non-current assets were pledged as part of a pledge established on a company.

6. INVESTMENT PROPERTY

Leased assets primarily comprise land, which are separated from freely accessible areas as it is located inside guarded premises. The land is developed with strictly purpose-built chemical technologies and is part of, or adjacent to, areas that are affected by chemical production. Investment property is therefore stated at cost or amortised cost.

The Group leases real estate to other companies, especially for specific properties within the production complex in Ústí nad Labem. Due to the nature and especially the location inside the production site, alternative market use is limited.

At the time of the adoption of IAS 40, the Group concluded that the fair value of its investment property could not be reliably determined as no comparable market transactions existed.

	Acquisition price	Accumulated depreciation	Carrying amount
Balance as at 1 January 2023	140 700	-80 654	60 046
Depreciation	0	-1 706	-1 706
Transfer to Property, plant and equipment	-18 196	3 446	-14 750
As at 31 December 2023	122 504	-78 914	43 591

Comparative period information:

	Acquisition price	Accumulated depreciation	Carrying amount
Balance as at 1 January 2022	101 148	-66 475	34 673
Depreciation	0	-2 395	-2 395
Transfer to Property, plant and equipment	39 552	-11 784	27 768
As at 31 December 2022	140 700	-80 654	60 046

Attributable items to the statement of comprehensive income

	31 December 2023 TCZK	31 December 2022 TCZK
Rental income	6 095	5 981
Depreciation	-1 706	-2 395
Direct operating costs (maintenance)	-935	-925
Operating profit associated with investment property	3 454	2 661

7. INTANGIBLE ASSETS

Acquisition price	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2023	186 058	24 602	5 456	9 668	225 784
Transfers	537	1 014	0	-1 551	0
Additions	514	435	0	1 075	2 024
Disposals	-93	-1 023	0	0	-1 116
Balance as at 31 December 2023	187 016	25 028	5 456	9 192	226 692

Accumulated amortisation	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2023	-155 263	-24 414	0	0	-179 677
Amortisation	-3 644	-883	0	0	-4 527
Disposals	93	1 023	0	0	1 116
Balance as at 31 December 2023	-158 814	-24 274	0	0	-183 088

Allowances	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2023	0	0	-5 456	0	-5 456
Additions/Disposals	0	0	0	0	0
Balance as at 31 December 2023	0	0	-5 456	0	-5 456

Net book value					
As at 1 January 2023	30 795	188	0	9 668	40 651
As at 31 December 2023	28 202	754	0	9 192	38 148

Comparative period information:

Acquisition price	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2022	178 898	25 387	5 456	16 390	226 131
Transfers	8 320	0	0	-8 320	0
Additions	10 429	222	0	8 311	18 962
Disposals	-11 589	-1 007	0	-6 713	-19 309
Balance as at 31 December 2022	186 058	24 602	5 456	9 668	225 784

Accumulated amortisation	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2022	-150 362	-23 381	0	0	-173 743
Amortisation	-11 132	-2 825	0	0	-13 957
Disposals	6 231	1 792	0	0	8 023
Balance as at 31 December 2022	-155 263	-24 414	0	0	-179 677

Allowances	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2022	0	0	-5 456	0	-5 456
Additions/Disposals	0	0	0	0	0
Balance as at 31 December 2022	0	0	-5 456	0	-5 456

Net book value					
K 1. lednu 2022	28 536	2 006	0	16 390	46 932
K 31. prosinci 2022	30 795	188	0	9 668	40 651

8 . RIGHTS OF USE OF ASSETS

Net book value

	Buildings and structures	Railway cars	Other	Total
Balance as at 1 January 2023	227 703	21 715	6 768	256 186
Depreciation of the right of use	-36 305	-6 821	-6 767	-49 893
Balance as at 31 December 2023	191 399	14 894	0	206 293

Comparative period

Net book value

	Buildings and structures	Railway cars	Other	Total
Balance as at 1 January 2022	264 630	27 350	14 683	306 663
Depreciation of the right of use	-36 926	-5 612	-7 915	-50 453
Balance as at 31 December 2022	227 703	21 715	6 768	256 186

Attributable items to the statement of comprehensive income:

	31 December 2023	31 December 2022
	TCZK	TCZK
Depreciation of the right of use	-49 869	-50 454
Interest on the lease liability	-7 815	-12 305
Short-term lease costs	-29 559	-45 264
Total	-87 243	-108 023

As at 31 December 2023, the Group records the following related lease liabilities:

	31 December 2023	31 December 2022
	TCZK	TCZK
Lease liabilities	87 291	224 037
of which:		
Short-term balance of lease liability	28 572	56 904
Long-term balance of lease liability	58 719	167 133

9. INVESTMENTS IN ASSOCIATES

The Group reports a share of 49% in Usti Truck Wash, a.s., which the Group intends to hold onto for an unspecified period. The investment is measured at TCZK 980, which represents an estimate of its real value on the basis of the original acquisition price, since there were no significant changes that would have changed the valuation for the duration held.

10. PROVIDED LOANS AND OTHER RECEIVABLES

The Group does not record any provided loans. As at 31 December 2023, the Group recognised other long-term receivables of TCZK 26 000 (as at 31 December 2022: TCZK 26 000). The largest item is the principal deposited for the guarantee for a loan from the State Environmental Fund of TCZK 20 000 (as at 31 December 2022: TCZK 20 000).

The Group does not record receivables with a maturity of more than five years.

11. LONG-TERM CONTRACTUAL LIABILITIES

As at 31 December 2023, the Group records a balance of long-term advances received of TCZK 267 752 (as at 31 December 2022: TCZK 313 494), comprising advance payments from a strategic partner as part of the project to build an operating unit for the production of precursors to manufacture next generation chemicals. These advance payments will be gradually paid off by future supplies of these precursors.

12. INVENTORIES

	31 December 2023 TCZK	31 December 2022 TCZK
Raw materials	454 231	497 774
Work-in-progress	12 053	22 157
Finished products	391 825	711 695
Goods for resale	328	251
Carrying amount	858 437	1 231 877

The gross amount of inventories as at 31 December 2023 amounted to TCZK 901 166 (2022: TCZK 1 252 509) and the fair value of inventories less cost to sell is TCZK 858 437 (2022: TCZK 1 231 877).

The amount of inventories charged to cost in 2023 is TCZK 6 469 695 (2022: TCZK 7 563 879).

13. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

	31 December 2023	31 December 2022
	TCZK	TCZK
Gross value of short-term trade receivables	813 515	1 442 083
Expected credit loss	-46 684	-45 778
Total	766 831	1 396 305

Other short-term receivables

	31 December 2023	31 December 2022
	TCZK	TCZK
VAT	101 343	116 762
Other short-term receivables	23 287	82 958
Expected credit loss	-27 726	-27 726
Total	96 904	171 994

The credit risk analysis is described in the section on financial risk management.

14. TAX RECEIVABLES AND LIABILITIES

The balance of tax receivables as at 31 December 2023 of TCZK 107 897 (as at 31 December 2022: TCZK 8 999) relates to overpaid corporate income tax.

The balance of tax liabilities as at 31 December 2023 of TCZK 3 698 (as at 31 December 2022: TCZK 353 761) comprises corporate income tax liabilities.

15. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
	TCZK	TCZK
Bank accounts	994 129	1 579 735
Cash in hand	2 432	2 519
Total	996 561	1 582 254

16. REGISTERED CAPITAL AND FUNDS

Authorised and issued shares:

	Number units	31 December 2023 TCZK	Number units	31 December 2022 TCZK
Ordinary shares with a nominal value of CZK 185, fully paid	3 878 816	717 581	3 878 816	717 581

As at 31 December 2023, the total amount of the Company's share capital was TCZK 717 581.

The share capital comprised 3 878 816 certified registered shares at a nominal value of CZK 185 per share.

The Company recorded no receivables as at 31 December 2023 or 31 December 2022 for the subscribed share capital; the share issue was fully paid. None of the entities controlled by the Company or companies in which the Company has property participation own any shares of the Company.

Shareholders

As at 31 December 2023 and 31 December 2022, the sole shareholder of the Company was KAPRAIN CHEMICAL LIMITED.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME

The accumulated other comprehensive income as at 31 December 2023 and 2022 consists exclusively of exchange rate differences from the transfer of subsidiaries, which represents the Company's foreign investments. No deferred tax was calculated on the exchange rate differences, as no tax impact is expected in the future, in the event of the realisation of these foreign investments.

18. BANK LOANS

In 2023, the Group drew down a bank loan provided by Česká spořitelna to finance capital expenditures related to the construction of an operating unit for the production of precursors to manufacture next generation chemicals, and by the end of 2023, a total of TCZK 1 403 452 was drawn down (as at 31 December 2022: no loan was drawn down). At the end of 2023, an increase in this loan to the total credit line of TEUR 66 000 was agreed. The loan will be fully drawn down during the first quarter of 2024.

Pledged assets

The repayment of previous liabilities from non-bank loans and borrowings extinguished the associated pledges, including the pledge on a company.

In 2023, the Group started to draw down a bank investment loan for the ZEBRA project, which is secured by the shares of SPOLCHEMIE Zebra, a.s. and its movable assets and its set of patents. The bank creditor has established a first priority pledge. The amount of these loans as at 31 December 2023 is TCZK 1 403 452, but the security is up to the amount of the financing provided, including future accessories. Pledge and other security agreements define that the amount of secured liabilities (debts) is up to EUR 100 million. A second pledge was created on the same assets in favour of a strategic unrelated partner under the ZEBRA project. In 2022, this partner provided the Company with a long-term advance on future deliveries of EUR 13 million.

19. NON-BANK LOANS

Due to its stable financial position, the Group repaid a significant portion of its liabilities from non-bank loans and borrowings early in 2023.

The analysis of currency and interest rate risk is presented in the Financial instruments section.

Long-term non-bank loans

	31 December 2023 TCZK	31 December 2022 TCZK
ISTROKAPITAL, a.s.	0	1 206 000
AB – CREDIT a.s.	0	49 926
Non-bank loan 1 – long-term part	0	40 704
State Environmental Fund loan	48 683	55 638
Non-bank loan 2 – long-term part	8 654	16 881
Non-bank loan 3 – long-term part	0	1 607
Total	57 337	1 370 756

As described above, early repayments of liabilities of major non-bank creditors were made during 2023. All liabilities of ISTROKAPITAL, a.s., AB-CREDIT, a.s. were paid up, and Non-bank loan 1 granted by a non-banking entity was also fully paid up.

In 2021, the Group (EPISPOL, a.s.) exhausted an advantageous loan (concurrently with grants) from the State Environment Fund of the Czech Republic as part of the investment action “Desalination of EPISPOL waste water.” The quarterly instalments are set in accordance with the repayment schedule, and the final maturity of the loan is in 2031. Due to this, a part of the loan of TCZK 48 683 is classified as a non-current liability as at 31 December 2023. The short-term part is reported in the Short-term non-bank loans line.

Non-bank loan 2 – long-term part: In 2016, the Group (SPOLCHEMIE Electrolysis a.s.) concluded a EUR 2.8 million instalment plan with one of the technology suppliers for the Membrane Electrolysis investment project. In 2017, an amendment was concluded with the supplier to adjust the final maturity to 30 June 2025. The short-term part is reported in the Short-term non-bank loans line.

Non-bank loan 3 – long-term part: see Short-term non-bank loans

Short-term non-bank loans

	31 December 2023 TCZK	31 December 2022 TCZK
ISTROKAPITAL, a.s.	0	58 738
Bank 1	44 080	0
Non-bank loan 1 – short-term part	0	10 552
State Environmental Fund loan	6 955	6 955
Non-bank loan 2 – short-term part	9 534	9 728
Non-bank loan 3 – short-term part	2 527	2 755
Other loans from non-bank entities	0	386
Total	63 096	89 114

Liabilities to ISTROKAPITAL, a.s. were fully paid up in 2023.

Bank 1: the Group (Spolchemie SK, a.s.) concluded a contract on the factoring of receivables with this company.

Non-bank loan 1 – short-term part: was fully paid up in 2023.

Non-bank loan 2 – short-term part: see Long-term non-bank loans.

Non-bank loan 3 – short-term part: In 2019, the Company concluded a contract for work with a supplier for the implementation of the emergency connection of Spolek from Tovární Street of TCZK 12 109. In accordance with the repayment schedules, the unpaid balance as at 31 December 2023 amounts to TCZK 2 527. The investment is financed by a supplier credit payable by July 2024; the entire liability is thus reported as current.

20. DEFERRED EXPENSES

The Group recognised prepaid borrowing costs of the loan relationships incurred in prior periods, which were accrued/deferred over the term of the loan agreement in the form of an effective interest rate. In the comparative period, they were recognised as both non-current and current deferred expenses. In 2023, they were charged to current period expenses due to the full repayment of non-bank loans.

21. INVESTMENT SUSPENSIONS

In connection with the implemented investment projects, the Company recognises suspensions of TCZK 133 309 (as at 31 December 2022: TCZK 35 776). The retention is not subject to interest.

Suspension of investments by maturity

	31 December 2023	31 December 2022
Maturity date	TCZK	TCZK
2024	9 534	211
2025	97 615	24 482
2026	21 561	2 256
2028	1 183	6 525
2029	3 416	2 302
Total	133 309	35 776
of which long-term	123 775	35 776
of which short-term	9 534	0

22. CURRENT TRADE AND OTHER PAYABLES

	31 December 2023 TCZK	31 December 2022 TCZK
Trade payables	907 924	952 314
Accruals (deferred expenses)	11 917	15 278
Estimated payables	46 982	294 456
Total trade payables	*966 823*	*1 262 048*
Liabilities to employees	46 087	34 545
Social security liabilities	13 744	11 760
Health insurance liabilities	7 536	6 448
Tax liabilities	8 267	6 682
Other liabilities	4 461	9 880
Total other payables	*80 095*	*69 315*
Total	1 046 918	1 331 363

Trade payables according to maturity

	31 December 2023 TCZK	31 December 2022 TCZK
Due	906 782	952 150
0-90 days overdue	985	164
90-180 days overdue	157	0
180-360 days overdue	0	0
More than 360 days overdue	0	0
Total	907 924	952 314

23. LIABILITIES FROM PAYMENT OF DIVIDENDS

At the end of 2023, the sole shareholder decided to pay a dividend of TCZK 2 350 000 with maturity until 30 June 2024. In 2022, a dividend of TCZK 400 000 was paid.

24. FACTORING AND OTHER LIABILITIES

As at 31 December 2023, the Group records a balance of current liabilities from factoring and other liabilities of TCZK 110 962 (as at 31 December 2022: TCZK 135 513), of which TCZK 51 407 (as at 31 December 2022: TCZK 122 303) comprise payments received from the factoring of receivables.

25. PROVISIONS

	Environmental burdens	Litigations	Other	Employee benefits	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	300 000	64 811	56 365	44 586	465 762
Additions	0	22 257	0	33 175	55 432
Utilisation	-4 530	0	0	-24 677	-29 207
Release	-15 497	0	-56 365	-1 493	-73 355
Interest	-2 420	0	0	0	-2 420
Balance as at 31 December 2023	277 553	87 068	0	51 591	416 212
of which long-term provisions	201 421	65 068	0	8 511	275 000
of which short-term provisions	76 132	22 000	0	43 080	141 212

Provision for the removal of historical environmental burdens

The Group has a contract with the National Property Fund (since 2006 the Ministry of Finance of the Czech Republic, referred to as the "MF"), in which the MF has undertaken to cover the cost of removing old environmental burdens identified as at the date of privatisation of up to TCZK 2 900 000.

So far, a total of TCZK 2 809 466 (as at 31 December 2022: TCZK 2 792 696) has been spent for these purposes, of which TCZK 1 024 348 has been spent to complete the landfill remediation in Chabařovice. Soil remediation of the Company's manufacturing facility is currently being carried out.

In view of various factors (including the rising inflation rate in the Czech Republic), the Group concluded that the existing amount of the environmental guarantee may not be sufficient for the remediation of the environmental burdens, and therefore, after unsuccessful negotiations with the Ministry of Finance, it filed a declaratory action against the Ministry of Finance before the District Court for Prague 1, primarily seeking a determination that the VAT paid or to be paid to the remediation contractors, which is also a revenue of the state budget, cannot be counted towards the use of the environmental guarantee. The Company therefore seeks a declaration that the remaining unspent amount of the state guarantee is in fact higher than that recorded by the Ministry of Finance. The District Court for Prague 1 dismissed the Company's action in August 2022. An appeal was lodged against the decision of the court of the first instance by the Company, which was dismissed by the Municipal Court in Prague in March 2023. The Company has filed an appeal against the decisions to the Supreme Court, which has not yet been decided on.

In the event that the expenditure on the remediation of old environmental burdens exceeds the level of the state guarantee, the Group would be obliged to cover such an expense from its own resources. The quantification of such a potential liability is very complex in the current situation as it depends on a large number of variable factors (the outcome of the litigation initiated by the Group, the method and extent of the remediation of the remaining environmental burdens, the timing of the commencement and implementation of the remediation work).

Therefore, the Group works with regularly updated estimates of the cost of such construction works, which it compares to the remaining amount of the environmental guarantee as deemed by the MF. The Group now estimates this difference to be approximately CZK 277.5 million (2022: CZK 300 million). Remediation works should be done from 2024 to 2029.

Litigations

Part of the long-term provisions comprises the provision for the payment estimated from the legal dispute over the payment of the submitted promissory note in the amount of the bill of exchange increased by interest and estimated costs of court proceedings totalling TCZK 65 068 (as at 31 December 2022: TCZK 62 661). In 2017, the Group was informed of the issuance of a judicial order to pay the promissory note issued by the Group for TCZK 40 116.

In its judgements of 2021 and 2023, the Regional Court in Ústí nad Labem sided with the Group's argumentation that the promissory note in question was a secured promissory note and that the secured obligation had lapsed many years ago. The plaintiff lodged appeals against the decisions on each occasion and the court of appeal set aside the judgements of the court of first instance repeatedly and remitted the case back to the court of first instance for further proceedings, due to gross formal errors of the court of first instance. In its latest decision, the court of appeal also ordered that the case be decided by a different judge in the future. The Regional Court in Ústí nad Labem has not yet ruled on the case again.

Back in 2017, the Group created a provision for potential risk arising from a legal dispute over the payment of the submitted promissory note, in full, including accessories.

As it is improbable that the dispute be closed before the end of 2024, the Group recognised the provision as long-term.

A lawsuit was filed against the Group in the past by which the insolvency administrator of the debtor STZ a.s., Company ID No: 27294099, demanded payment of a receivable of TCZK 200 000 with accessories. This was a receivable originally recorded by the Group as a liability to its former shareholder, Via Chem Group, a.s. on the grounds of a loan agreement dated 5 October 2009, the creditor of which later became KAPRAIN CHEMICAL LIMITED. In 2021 and 2022, the Company paid off all of this debt to KAPRAIN CHEMICAL LIMITED. An out-of-court settlement of this dispute was reached in early 2024, bringing the dispute to an end. At the end of 2023, a provision was created and was sufficient to achieve this settlement.

The Group management is not aware of any other significant contingent liabilities of the Group as at 31 December 2023.

Employee benefits

Employee bonuses represent a provision for bonuses for 2023, which are expected to be paid during the course of 2024.

Long-term provisions for employee benefits, to which the Group has committed itself in a collective agreement comprise one-off bonuses paid to employees on retirement. At the end of 2023, the provision totalled TCZK 8 987 (2022: TCZK 10 281). The portion of the one-off bonus that is expected to be paid during the course of 2024 is reported as a short-term provision amounting to TCZK 455 (2022: TCZK 747).

26. REVENUES FROM PRODUCTS, GOODS AND SERVICES

	31 December 2023	31 December 2022
Revenues from goods	10 880	12 218
Revenues from services	179 855	124 305
Revenues from products	9 040 066	12 816 834
Total revenues	9 230 801	12 953 357

Revenues from products

2023	Domestic TCZK	Export TCZK	Total TCZK
Inorganics	1 119 129	3 799 767	4 918 896
Epoxy resins	133 063	2 875 357	3 008 420
Special epoxy resins	179 190	427 061	606 252
Alkyds	66 642	255 469	322 111
Other products	138 159	46 227	184 386
Total revenues from products	1 636 184	7 403 882	9 040 066

2022	Domestic TCZK	Export TCZK	Total TCZK
Inorganics	2 366 038	3 532 363	5 898 401
Epoxy resins	289 868	5 434 888	5 724 756
Special epoxy resins	197 149	454 670	651 819
Alkyds	77 463	233 167	310 630
Other products	54 136	177 092	231 228
Total revenues from products	2 984 654	9 832 180	12 816 834

Revenues from products – export in 2023

Country	Percentage of revenues – export	Revenues – export TCZK
Germany	32,1	2 380 255
Slovakia	20,3	1 501 226
Poland	6,3	466 651
Italy	5,6	416 202
Austria	4,6	338 378
Sweden	3,8	277 847
Spain	3,7	273 911
France	3,1	231 620
Belgium	3,1	231 355
Other	17,4	1 286 437
Total	**100**	**7 403 882**

Revenues from products – export in 2022

Country	Percentage of revenues – export	Revenues – export TCZK
Germany	39,3	3 868 474
Italy	7,2	708 026
Poland	7,7	754 848
France	6,2	608 206
Austria	5,4	528 051
Spain	4,6	456 912
Belgium	2,6	259 380
Netherlands	2,6	253 271
Turkey	2,2	218 539
Sweden	2,0	194 697
Other	20,1	1 981 773
Total	**100**	**9 832 180**

27. CONSUMPTION OF MATERIAL AND ENERGY

	2023 TCZK	2022 TCZK
Material consumption	5 050 873	5 828 165
Costs of processing raw materials	353 926	1 082 094
Energy consumption	950 253	1 216 880
Total	6 355 052	8 127 139
Change in stocks of finished products and work-in-progress	-327 442	275 255

28. LOGISTICS, LEASES AND OTHER SERVICES

	31 December 2023 TCZK	31 December 2022 TCZK
Logistics services	289 654	294 785
Maintenance services	194 019	183 203
Waste disposal	136 958	120 282
Purchase and sale mediation services	105 827	202 800
Costs of short-term leases	29 559	45 264
Other services	181 832	135 378
Total	937 849	981 712

Costs of short-term leases mainly relate to railway wagons. These are short-term leases for which the Company used the exemption from the capitalisation of the right-of-use leased asset.

29. PERSONNEL EXPENSES

Personnel expenses

	31 December 2023	31 December 2022
	TCZK	TCZK
Short-term employee benefits		
Wages and salaries	498 372	482 916
Bonuses to members of statutory and supervisory bodies	19 088	21 417
Social security and health insurance expenses	65 741	61 314
Other social expenses	19 582	4 541
Pension plans	112 415	109 856
Employee benefits for early termination of employment		
Severance pay	152	298
Total personnel expenses	715 350	680 342

Employee benefits are accounted for at the present value of the liability

Average number of employees, personnel expenses	2023	2022
Total average number of employees	964	946
Total personnel expenses	715 350	680 342

The structure of personnel expenses of managers

	31 December 2023	31 December 2022
	TCZK	TCZK
Wages and salaries	32 025	35 859
Health insurance premiums	4 976	5 324
Pension plans	5 194	4 687
Total	42 195	45 870

The Group only provides benefits to the members of the bodies in accordance with the concluded contracts of office.

Supplementary pension scheme

Since 2000, the Group has made contributions to the employees' supplementary pension plans with state insurance contributions. Since January 2014, the monthly individual contribution is TCZK 1. In 2023, these contributions amounted to TCZK 9 467 (2022: TCZK 7 670).

The Group does not record any incurred or contracted pension liabilities to former members of statutory and supervisory bodies.

30. OTHER OPERATING EXPENSES AND INCOME

Other operating income	2023	2022
	TCZK	TCZK
Operating grants and compensation received	205 078	88 093
Profit from sale of non-current assets	806	0
Release of provisions and allowances	73 753	942
Profit from sale of purchased inventories	2 589	5 629
Damages	6 450	3 729
Received indemnity	5 962	1 097
Other operating income	5 159	7 270
Total other operating income	299 797	106 760

The amounts of grants received are received compensation expenses for electric energy and operating grants for expenditures in the area of research into chemicals, in particular in the area of nanotechnologies and synthetic polymers, implemented mainly by Synpo, a.s.

Other operating expenses	2023	2022
	TCZK	TCZK
Insurance premiums	59 002	53 677
Creation of provisions and allowances	8 755	38 568
Taxes and fees	8 014	8 346
Contributions and gifts	4 205	4 421
Losses from disposal of non-current assets	0	7 950
Shortages and damage	5 441	424
Write-off of receivables	31	3 773
Other operating expenses	5 386	3 586
Total other operating expenses	90 834	120 745

31. FINANCIAL INCOME AND EXPENSES

Financial income

	2023	2022
	TCZK	TCZK
Interest income from bank accounts	33 673	12 202
Other interest income	1 806	0
Net foreign exchange gains on foreign currency transactions	0	42 140
Other financial income	4 439	3 865
Total financial income	39 918	58 207

From the amount of the net exchange profit reported in 2022, the unrealised foreign exchange profit from the translation of foreign currency loans amounts to TCZK 12 163.

Financial expenses

	2023	2022
	TCZK	TCZK
Interest expense		
- on loans and borrowings	5 661	147 634
- interest expense from lease liabilities	9 156	16 112
- provisions in the financial area	24 407	0
- other interest	1 824	36
- non-interest expense on loans	120 054	22 406
Net foreign exchange loss	50 448	0
Factoring expenses	11 136	11 299
Other financial expenses	10 162	15 268
Total financial expenses	232 848	212 755

From the net foreign exchange loss reported in 2023, the unrealised foreign exchange loss from the translation of foreign currency loans and borrowings amounts to TCZK 62 788.

Income from financial derivatives

As the Group is a majority exporter, it has regular surplusses of euros which it has to convert to Czech crowns. With respect to euro developments, it regularly concludes term forward transactions to hedge these conversions against exchange rate depreciations.

Apart from the impact of the differences between the current exchange rate and the exchange rate of the conversions on gains, which is recorded in current foreign exchange differences, the Group translates the closed tranches to fair value. The total impact on profit or loss from financial derivatives in 2023 was TCZK 20 185 (2022: TCZK 33 282).

As at 31 December 2023, the Group had thus hedged the future conversion in 2024 of EUR 18 million at exchange rates 24.84 CZK/1 EUR and 24.87 CZK/1 EUR. As at 31 December 2022, this amount was EUR 36 million at exchange rates ranging from 25.85 to 26.11 CZK/1 EUR.

32. INCOME TAX

	2023	2022
	TCZK	TCZK
Current tax		
Current tax – previous periods	-1 623	-7 731
Current tax – current year	-94 127	-521 668
Total current tax	-95 750	-529 399
Deferred tax		
Impact of changes in temporary differences	-27 121	-24 042
Total income tax	-122 872	-553 441

Reconciliation of effective tax rate	2023	2022
	TCZK	TCZK
Profit before income tax	587 974	2 995 586
Income tax rate	19%	19%
Income tax calculated	-111 715	-569 162
Impact of tax non-deductible expenses	-46 270	-28 981
Impact of tax-exempt income	32 546	44 702
Impact of rate change to 21%	2 583	0
Total calculated income tax	-122 872	-553 441
Effective income tax rate	20,89%	18,47%

Deferred tax	Assets		Liabilities		
	2023	2022	2023	2022	Changes
Difference between accounting and tax depreciation of non-current assets	15 829	15 941	-297 013	-250 282	-46 844
Inventories	14 098	4 997	0	0	9 101
Receivables	1 018	917	0	0	101
Provisions	86 794	76 731	0	0	10 063
Tax losses carried forward	457	0	0	0	457
Gross deferred tax assets/liabilities	118 196	98 586	-297 013	-250 282	-27 121
Deferred tax liability/asset after mutual offset	42 805	38 367	-221 623	-190 063	

In accordance with the accounting policy, a tax rate of 21% was used to calculate deferred tax (2022 – 19%). The rate change comprises an amount of CZK 2.6 million.

33. RELATED PARTY TRANSACTIONS

The Group is involved in the following transactions with related parties:

	Receivables as at 31 December		Payables as at 31 December	
	2023	2022	2023	2022
Shareholders				
KAPRAIN CHEMICAL LIMITED (100% ownership interest)	0	0	2 350 000	0
Other related parties				
AB – CREDIT a.s.	20 000	20 000	0	49 926
FORTISCHEM, a.s.	28 800	1 397	1 369	11 534
Total	48 800	21 397	1 369	61 460

The liability to KAPRAIN CHEMICAL LIMITED relates to the payment of the Company's dividend.

	Purchases		Sales	
	2023	2022	2023	2022
Other related parties				
FORTISCHEM, a.s.	1 544 517	1 396 930	1 465 243	1 024 930

Members of statutory and supervisory bodies, and members of management

In addition to bonuses, the Group also covers the liability insurance of members of statutory and supervisory bodies and management. In 2023, the Group paid TCZK 790 in liability insurance (2022: TCZK 641). In 2023 and 2022, members of the Group´s statutory and supervisory bodies and management did not receive any non-monetary benefits. For more information, see the comments in Note 29. PERSONNEL EXPENSES

34. CONSOLIDATED COMPANIES

Name and share	Registered office	Note
SYNPO, akciová společnost (100%)	Czech Republic	Share acquired between 1994 to 2009
EPISPOL, a.s. (100%)	Czech Republic	Founded in 2002
CSS, a.s. (100%)	Czech Republic	Share acquired in 2020
SPOLCHEMIE Electrolysis, a.s. (100%)	Czech Republic	Founded in 2011
SPOLCHEMIE N.V. (100%)	Kingdom of the Netherlands	Share acquired in 2011
CHS Epi, a.s. (100%)	Czech Republic	a subsidiary of the Company from 2021, previously a subsidiary of SPOLCHEMIE N.V.
SPOLCHEMIE Distribution, a.s. (100%)	Czech Republic	Subsidiary of SPOLCHEMIE N.V.
SPOLCHEMIE Green Energy, a.s. (100%)	Czech Republic	Founded in 2020
SPOLCHEMIE Hydrogen, a.s. (100%)	Czech Republic	Founded in 2019
SPOLCHEMIE Zebra, a.s. (100%)	Czech Republic	A subsidiary of EPISPOL, a.s. from 2021
SPOLCHEMIE SK, s.r.o.	Slovak Republic	A subsidiary of SPOLCHEMIE Distribution, a.s.
Spolchemie, a.s. (100%)	Czech Republic	A subsidiary of SPOLCHEMIE Distribution, a.s.

The functional currency of companies based in the Czech Republic is CZK, in the Slovak Republic and the Kingdom of the Netherlands EUR.

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors

The overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. In its activities, the Group faces the following financial risks:

- a) Market risk
  - a. Currency risk
  - b. Commodity risk
- b) Interest rate risk
- c) Credit risk
- d) Liquidity risk
- e) Operating risk

(a) Market risk

The market risk for the Group is derived primarily from changes in market prices, interest rates, share prices or commodity prices and their impact on the Group's profits. The total exposure to market risk depends on the structure of profit and loss and the sensitivity of individual assets and liabilities to any changes in market prices.

a. Currency risk

Currency risk is the type of risk generated by the changing value of one currency against another currency. Because the Group exports and imports most of its production and material, it is exposed to currency risk, primarily with respect to the euro. The currency risk is significantly eliminated by natural hedging due to the Group´s sales and purchases of raw material and energy denominated in the same currency.

The Group (Company) has a financial market trading framework agreement with PPF banka, a.s. under which the Company enters into partial forward transactions to hedge against negative fluctuations in the EUR/CZK exchange rate. In 2023, the conversions undertaken totalled EUR 36 million at exchange rates ranging from CZK 25.85 to 26.11/EUR. Transactions totalling EUR 6 million at the exchange rate of CZK 24 84/EUR were entered into for 2024.

Similarly, an agreement has been concluded with Česká spořitelna, a.s., under which partial forward transactions totalling EUR 12 million at the exchange rate of CZK 24.87/EUR were entered into for 2024.

The Group seeks to maximise the natural form of currency hedging as the most effective form of currency risk elimination. Purchases of raw materials, as well as energy and services are made in euros, which increases the natural coverage of the risk of exchange rate changes resulting from movements in the EUR/CZK exchange rate. The Group further eliminates the effect of currency risk by arranging part of the loan financing in EUR.

Receivable and payable classification by currency

As at 31 December 2023	CZK	EUR	USD	Other	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Receivables	318 077	746 492	9 774	433	1 074 775
Liabilities	3 304 444	2 453 690	6 217	0	5 764 351

As at 31 December 2022	CZK	EUR	USD	Other	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Receivables	376 647	1 425 040	13 425	2 682	1 817 793
Liabilities	2 064 107	2 483 148	14 642	200	4 562 097

Sensitivity analysis of financial instruments in foreign currency to changes in foreign exchange rates

The appreciation (depreciation) of the Czech crown by CZK 0.25 against EUR and USD, as described below, would result in an increase/decrease of the profit/loss as follows:

TCZK	31 December 2023	31 December 2022
	TCZK	TCZK
Appreciation of EUR – impact on income statement	-19 332	46 038
Appreciation of USD	40	-13
Depreciation of EUR – impact on income statement	24 192	85 977
Depreciation of USD	-40	13

The Group has entered into derivative contracts to hedge the EUR exchange rate against the CZK. The effects of any changes in the fair values of these derivatives are reflected in the above sensitivity analysis of financial instruments.

b. Commodity risk

The Group is exposed to commodity risk arising from changes in the prices of raw materials and energy. The Group manages the commodity risk in a way that includes contractual agreements with customers to adjust the selling price if a change in the purchase price of raw materials and energy occurs.

(b) Interest rate risk

The interest rate risk arises from movements in market interest rates. The Group is exposed to changes in interest rates, particularly in the credit area, depending on the development of the announced interest rates.

The Group reports the following interest-bearing financial instruments as at the date of the financial statements::

Financial instruments with fixed interest rate	31 December 2023	31 December 2022
	TCZK	TCZK
Long-term receivables	0	26 000
Short-term receivables	0	11 671
Non-bank loans	76 353	1 459 869

Financial instruments with a variable interest rate	31 December 2023	31 December 2022
	TCZK	TCZK
Bank loans	1 403 452	0
Non-bank loans	44 080	0

Sensitivity analysis of financial instruments with variable interest rates

A change of 100 basis points in the interest rate would increase or decrease profit as follows:

Financial instruments with a variable interest rate	31 December 2023	31 December 2022
	TCZK	TCZK
Sensitivity to cash flow – increase of interest rate	-14 475	0
Sensitivity to cash flow – decrease of interest rate	14 475	0

Effective interest rate

The table shows the effective interest rates of interest-bearing financial assets and financial liabilities as at the balance sheet date and the periods in which they are revalued.

31 December 2023	Effective interest rate	Receivable / liability amount	Future change in interest rate	Due date
	%	TCZK		
Total interest-bearing receivables		0		
Total non-bank loans CZK	0,45	58 165	*	Do 2031
Total non-bank loans EUR	6,19	62 268	*	Do 2025
Total bank loans EUR	5,62	1 403 452	*	Do 2033
Total financial liabilities		**1 523 885**		

* No change is expected in the contractual interest rates. The current rate depends only on changes in the rates announced by central banks according to individual bank loan agreements. In the case of a bank loan, it is also possible to change the margin set by the bank depending on the assessment of the given covenant.

31 December 2022	Effective interest rate	Receivable / liability amount	Future change in interest rate	Due date
	%	TCZK		
Total interest-bearing receivables		0		
Total non-bank loans CZK	5,11	196 028	*	do 2032
Total non-bank loans EUR	3,06	1 263 842	*	do 2032
Total financial liabilities		**1 459 870**		

Book-keeping and fair values

	Carrying value 2023 TCZK	Fair value 2023 TCZK	Carrying value 2022 TCZK	Fair value 2022 TCZK
Trade receivables, other receivables without tax receivables, advances paid and deferred expenses	898 073	895 336	1 726 821	1 720 211
Long-term receivables	26 000	25 921	26 000	24 830
Cash and cash equivalents	996 561	996 561	1 582 254	1 582 254
Non-bank loans	-1 523 885	-1 469 088	-1 459 870	-1 394 203
Unpaid interest on loans	0		0	0
Trade and other receivables and advances paid	-4 435 047	-4 421 533	-2 529 634	-2 519 951
Total	**-4 038 298**	**-3 972 803**	**-654 428**	**-586 858**

(c) Credit risk

Credit risk is the risk arising from the inability or unwillingness of counterparties to honour their commitments. Counterparty (customer) solvency is the most important criterion that must be reviewed and evaluated periodically.

The Group has, within its internal credit policy, a defined strategy (internal rules and regulations) which ensures that products and services are sold to customers under appropriate terms and conditions. Before the customer is offered standard payment and delivery terms, the customer goes through an individual credit rating. This rating takes into account external ratings and other referrals from specialised companies. The Group also uses the services of a credit insurance firm, and insures the major part of its receivables. This insurance also minimises the negative impact of any expected credit risk. The evaluation and implementation of customer credit limits is carried out by the Finance Department (Credit Manager). The credit policy also includes rules against exceeding the credit limit or the deterioration of payment discipline.

The maximum exposure to credit risk as at the balance sheet date was as follows:

Net book value	31 December 2023 TCZK	31 December 2022 TCZK
Long-term receivables	26 000	26 000
Trade receivables	766 831	1 396 305
Other receivables and advances	131 242	228 930
Cash	996 561	1 582 254
Total	1 920 634	3 233 489

The Group does not have any customer having a more than a 10% share in the value of the trade receivables.

Analysis of maturity of trade receivables (net)

	31 December 2023	Expected credit loss	31 December 2022	Expected credit loss
	TCZK	TCZK	TCZK	TCZK
Due	708 147	-3 407	1 304 100	-6 855
1-90 days overdue	62 294	-203	99 358	-299
91-180 days overdue	139	-139	5	-5
181-360 days overdue	3 226	-3 226	11	-11
More than 360 days overdue	39 709	-39 709	38 608	-38 608
Total	813 515	-46 684	1 442 083	-45 778
Net book value		766 831		1 396 305

Changes in impairment losses related to trade receivables

	2023	2022
	TCZK	TCZK
Balance as at 1 January	-45 778	-46 622
Creation of loss allowance	-7 849	-6 015
Use of loss allowance – receivables write-off	5	4
Release of loss allowance	6 938	6 856
Balance as at 31 December	-46 684	-45 778

(d) Liquidity risk

Liquidity is the ability to meet due financial obligations at any time. Liquidity risk is the risk that the Group will not be able to meet its financial obligations at their maturity dates. Prudent liquidity management requires maintaining sufficient cash on hand and cash equivalents and the availability of funding through an adequate number of committed credit facilities.

To control the cost of their own products and services, the Group uses a method of cost allocation by activity, which allows the monitoring of cash flow requirements and optimises the return on investment.

In order to ensure sufficient liquidity to cover operating costs, the Group has a standardised working capital management system, in particular receivables management and inventory optimisation. The Group also uses the services of factoring companies for portfolios of receivables with longer maturities to minimise tied funds.

The payment of the Group's liabilities according to their maturity including estimated interest payments is stated below:

As at 31 December 2023	Contractual cash flows						
	Due or up to 2 months	2-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Non-bank loans	44 539	14 929	4 740	16 288	21 370	20 932	122 797
Bank loans	17 696	37 955	46 055	127 345	753 572	909 953	1 892 576
Lease liabilities	5 528	11 055	15 943	24 949	37 211	0	94 686
Other liabilities	892 584	2 575 547	99 394	185 338	150 292	264 902	4 168 058
Total	960 347	2 639 486	166 132	353 920	962 445	1 195 787	6 278 117

As at 31 December 2022	Contractual cash flows						
	Due or up to 2 months	2-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Non-bank loans	2 254	17 763	69 097	162 144	510 792	697 819	1 459 870
Lease liabilities	9 698	19 369	28 953	72 950	93 067	0	224 037
Other liabilities	1 441 204	391 986	6 686	67 835	289 399	215 318	2 412 428
Total	1 453 157	429 118	104 736	302 929	893 259	913 137	4 096 335

(e) Operational risk

Operational risk is generally defined as the possibility of loss due to operational deficiencies and errors. In the narrower definition, the operational risk is a risk arising from operating business activities. In a broader sense, it includes all the risks that are not attributed to credit risk, market risk or liquidity risk.

The Group manages its operational and production risks to avoid financial losses and damage. These risks primarily relate to gradual depreciation (wear and tear) of the Group's machinery and equipment, potential shutdowns and insurance.

The effects of everyday use of equipment and machinery continually increase over time. Every year, the Group prepares plans to carry out preventive maintenance and shutdowns to eliminate the risk of unplanned shutdowns. At the same time, regular maintenance is carried out according to pre-approved schedules during the operation of individual devices, which further reduces the risk of shutting down the technology due to a fault.

The Group has insurance coverage for most of its important assets (e.g., insurance for property and equipment and liability insurance) to cover most of the risks and major claims.

36. RESEARCH AND DEVELOPMENT

In 2023, the Group spent TCZK 51 361 (2022: TCZK 49 978) on research and development.

37. AUDIT COSTS AND TAX CONSULTING

The Group uses the services of audit companies and companies providing tax advice. We present an overview of expenditures for these purposes recorded in the monitored periods.

	Accounting audit		Tax consulting		Other auditing services	
	2023	2022	2023	2022	2023	2022
Group total	5 294	4 425	1 632	1 651	829	321

38. CAPITAL COMMITMENTS

Before the end of 2021, the Group concluded a long-term business contract with a strategic foreign partner for the supply of precursors for the production of next generation chemicals. In this context, the Group undertook to build an operating unit for the production of these precursors with a total investment expenditure of EUR 90 million. Investment expenditures are partially funded by a foreign partner, a bank investment loan, and by own funds. The return on this investment has been guaranteed by the aforementioned long-term sales contract. Test operation of the unit will start in March 2024.

As at the reporting date, the Group did not conclude any other significant contracts from which the future result is potential acquisition or repairs of non-current assets or investment property.

39. CONTINGENT LIABILITIES

In 2021, the Group provided a guarantee for the liabilities of Fortischem, a.s. towards creditors MONDI SCP, a.s. and MONDI Štětí, a.s. up to TEUR 1 600, with the value of these liabilities being TEUR 385 as at 31 December 2023 (as at 31 December 2022: TEUR 925). Fortischem, a.s. is a related party of the Group or an entity controlled by the same controlling entity.

At the end of 2021, the Group concluded agreements with a strategic foreign partner, with subjects being the construction of a new production unit for the production of a new precursor and a long-term agreement on precursor supplies to the foreign partner. The Group as the originator of a newly patented technology is fully responsible for the successful completion of the construction of the production unit. As part of the arrangement on long-term precursor supplies, the Group is responsible for the supplies in a minimum agreed binding amount.

Management is not aware of any other significant contingent liabilities as at 31 December 2023.

40. INVESTMENT INCENTIVES

The Group was not the recipient of investment incentives in 2023 or 2022.

41. OTHER MATTERS

The Group has an excess of current liabilities over current receivables as at 31 December 2023. This will be eliminated by a long-term syndicated bank loan from a group of banks led by Česká spořitelna, received in 2024, see Note 42.

42. SUBSEQUENT EVENTS

On 20 March 2024, the Company signed a long-term syndicated bank loan ("Facilities Agreement") with a group of banks led by Česká spořitelna. Financing of up to CZK 2.9 billion can be drawn on, with CZK 2.3 billion being drawn by the end of March. The rest will be drawn down in subsequent years and used for development projects. This loan matures in 2031.

At the end of March, the liability from the payment of dividends of CZK 2.35 billion, which was approved at the end of 2023, was settled.

By decision of the Company's sole shareholder KAPRAIN CHEMICAL LIMITED dated 28 March 2024, Ing. Jiří Medřický and Ing. Vladimír Kubiš were recalled from their positions of members of the Board of Directors, and at the same time, Ing. Jan Kadaník, Ing. Michal Adamovský and Mgr. Jan Křička were appointed as members of the Board of Directors. Based on the decision of the Board of Directors dated 16 April 2024, Ing. Pavel Jiroušek was recalled from the position of chairman of the Board of Directors, and at the same time, Ing. Pavel Jiroušek was appointed vice-chairman of the Board of Directors and Ing. Jan Kadaník chairman of the Board of Directors.

The Group expects that all companies from the consolidated group will become subject to the top-up tax in the following accounting period in accordance with Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups. The Group expects that the impact of this matter on the total tax liability will not be material.

After the balance sheet date there were no events that were not specified in the previous points of these notes to the financial statements and that would have a significant impact on the financial statements as at 31 December 2023.

43. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved for disclosure on 29 April 2024.


113-TK-206B
SOLANKA ULTRA ČISTÍ

5 / AUDITOR'S REPORT ON THE NON-CONSOLIDATED FINANCIAL STATEMENTS

KPMG Česká republika Audit, s.r.o.
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This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report

to the Shareholders of Spolek pro chemickou a hutní výrobu, akciová společnost

Opinion

We have audited the accompanying separate financial statements of Spolek pro chemickou a hutní výrobu, akciová společnost ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the separate financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the statutory body 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 statutory body 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities 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 the above regulations 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 the above regulations, we exercise professional judgment and maintain professional skepticism 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 statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of

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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 fair presentation.

We communicate with those charged with governance 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.

Statutory Auditor Responsible for the Engagement

Karel Charvát is the statutory auditor responsible for the audit of the financial statements of Spolek pro chemickou a hutní výrobu, akciová společnost as at 31 December 2023, based on which this independent auditor’s report has been prepared.

Prague
29 March 2024

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Karel Charvát
Partner
Registration number 2032

6 / NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated financial statements prepared in accordance with IFRS accounting standards as adopted by the EU

as at 31 December 2023 and for the year ended 31 December 2023

by the business corporation

(translated from the Czech original)

Spolek pro chemickou a hutní výrobu, akciová společnost

In Ústí nad Labem, on 29 April 2024

Ing. Pavel Jiroušek
Vice-chairman of the Board of Directors

Ing. Daniel Tamchyna, MBA
Vice-chairman of the Board of Directors

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2023	31 December 2022
		TCZK	TCZK
ASSETS			
Property, plant and equipment	5	1 808 644	1 405 731
Investment property	6	210 144	219 060
Intangible assets	7	18 605	19 485
Rights of use	8	14 891	29 260
Investment in subsidiaries	9	841 092	839 651
Shares in associates		1 981	1 981
Provided loans and other long-term receivables	10	485 249	331 406
Deferred expenses	23	0	45 475
Deferred tax receivable	30	39 090	36 685
Total non-current assets		**3 419 696**	**2 928 734**
Inventories	11	740 575	1 100 394
Trade receivables	12	892 223	1 375 512
Loans granted	10	386 792	318 710
Income tax receivables	13	106 065	0
Other short-term receivables	12	88 771	119 701
Advances paid		33 596	54 584
Deferred expenses	23	0	9 594
Cash and cash equivalents	14	724 199	1 423 523
Total current assets		**2 972 221**	**4 402 018**
Total assets		**6 391 917**	**7 330 752**

	Note	31 December 2023 TCZK	31 December 2022 TCZK
EQUITY			
Share capital	15	717 581	717 581
Reserve fund	15	1 524	1 524
Retained earnings/accumulated losses		1 490 520	3 449 727
Total equity		**2 209 625**	**4 168 832**
ZÁVAZKY			
Non-current liabilities			
Bank loans	19	197 800	0
Non-bank loans	20	0	650 737
Provisions	16	272 740	385 653
Lease liabilities	8	9 760	15 996
Investment suspensions		2 191	0
Total non-current liabilities		**482 491**	**1 052 386**
Short-term liabilities			
Trade and other payables	17	1 136 452	1 520 912
Liabilities from payment of dividends	18	2 350 000	0
Non-bank loans	20	2 527	21 245
Factoring and other liabilities	22	57 146	134 588
Lease liabilities	8	6 467	14 515
Liabilities from the auction of own shares	21	18 904	19 198
Income tax liabilities	13	0	330 218
Provisions	16	128 305	68 858
Total current liabilities		**3 699 801**	**2 109 534**
Total liabilities		**4 182 292**	**3 161 920**
Total equity and liabilities		**6 391 917**	**7 330 752**

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023	Year ended 31 December 2022
		TCZK	TCZK
Revenues	24	7 747 222	12 062 116
Change in inventories		-316 776	219 110
Capitalisation of own production		4 028	4 689
Consumption of material and energy	25	-5 860 354	-8 245 809
Logistics, leases and other services	26	-574 920	-598 560
Personnel expenses		-433 647	-418 805
Depreciation of non-current assets	5,6,7,8	-111 523	-102 897
Other operating income	28	137 891	21 576
Other operating expenses	28	-76 954	-125 034
Operating profit		**514 967**	**2 816 386**
Financial income	29	101 786	40 202
Income from financial derivatives	29	20 185	33 282
Financial expenses	29	-174 888	-146 399
Profit before income tax		462 050	2 743 471
Income tax	30	-71 258	-509 626
NET PROFIT/LOSS		**390 792**	**2 233 845**
OTHER COMPREHENSIVE INCOME		**0**	**0**
TOTAL COMPREHENSIVE INCOME		**390 792**	**2 233 845**

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve fund	Retained earnings	Total
	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	**717 581**	**1 524**	**1 615 882**	**2 334 987**
Payment of dividends	0	0	-400 000	-400 000
Profit for the year	0	0	2 233 845	2 233 845
Balance as at 31 December 2022	**717 581**	**1 524**	**3 449 727**	**4 168 832**
Declared dividends	0	0	-2 350 000	-2 350 000
Profit for the year	0	0	390 792	390 792
Balance as at 31 December 2023	**717 581**	**1 524**	**1 490 520**	**2 209 625**

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2023 TCZK	Year ended 31 December 2022 TCZK
Cash flows from operating activities			
Profit/loss for the year		**390 792**	**2 233 845**
Adjustment for non-cash transactions:		**105 244**	**784 504**
Income tax	30	71 258	509 626
Depreciation and amortisation of non-current assets	5,6,7,8	110 738	104 411
Change in expected credit losses and provisions	5,7,9,11,12,13,16	-44 334	5 810
Gain/loss on disposal of non-current assets	28	-778	67 941
Net interest income and expenses accounted for	29	-10 226	105 827
Other non-cash transactions		-21 414	-9 111
Changes in non-cash components of working capital:		**259 877**	**-196 604**
Change in trade and other receivables	10,12	261 165	-317 687
Change in trade and other payables	17	-353 171	244 825
Change in inventories	11	351 883	-123 742
Cash flow from operating activities before interest and taxes		**755 913**	**2 821 745**
Interest paid	29	-17 123	-117 415
Interest received	29	42 109	12 202
Income tax paid	30	-510 501	-526 647
Net cash flows from operating activities		**270 398**	**2 189 885**

	Note	Year ended 31 December 2023 TCZK	Year ended 31 December 2022 TCZK
Cash flows from investing activities			
Expenses connected with acquisition of non-current assets	5,7	-497 838	-256 053
Proceeds from sale of non-current assets	28	6 246	2 241
Expenses connected with acquisition of financial investments	9	-1 441	0
Income from dividends		0	0
Cash flows from investing activities		**-493 033**	**-253 812**
Cash flows from financing activities			
Dividends paid	18	0	-400 000
Income from loans, borrowings and long-term liabilities	20	197 800	0
Payment from loans, borrowings and long-term liabilities	20	-616 008	-613 096
Payments of leases	8	-65 540	-25 598
Cash flows from financing activities		**-483 748**	**-1 038 694**
Net increase/decrease in cash and cash equivalents		**-706 383**	**897 379**
Cash and cash equivalents at the beginning of the year		**1 423 523**	**512 885**
Effect of exchange rate fluctuations		7 059	13 259
Cash and cash equivalents at the end of the year		**724 199**	**1 423 523**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Spolek pro chemickou a hutní výrobu, akciová společnost (the "Company") was incorporated on 31 December 1990. The address of its registered office is Ústí nad Labem, Revoluční 1930/86, Company ID: 000 11 789. The Company is registered in the Commercial Register kept by the Regional Court in Ústí nad Labem, under file number 47, section B.

The Company's decisive subject of activities is the research, development, production and processing of chemical substances and chemical preparations.

As at 31 December 2023, KAPRAIN CHEMICAL LIMITED is the sole shareholder of the Company.

The controlling entity of KAPRAIN CHEMICAL LIMITED is Ing. Karel Pražák.

Changes in the Company's bodies

On 30 June 2023, the sole shareholder exercising the powers of the general meeting decided to recall Ing. Romana Benešová from her position of member of the Company's Board of Directors.

Composition of the Board of Directors as at 31 December 2023

Name	Function
Ing. Pavel Jiroušek	Chairman
Ing. Jiří Medřický	Vice-Chairman
Ing. Daniel Tamchyna, MBA	Vice-Chairman
Ing. Vladimír Kubiš, CSc.	Member

Declaration of the Company's Board of Directors
The Board of Directors of Spolek pro chemickou a hutní výrobu, akciová společnost hereby declares that in its opinion, the following non-consolidated (also "individual") financial statements and comparative information were prepared in accordance with valid accounting principles applied in the Company (described in Note 3) and faithfully depicts the Company's financial position and financial result, including the basic risks and exposures.

2. ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

<u>New and amended IFRS accounting standards adopted by the Company</u>
The following new and amended standards are effective for annual periods beginning on or after 1 January 2023, and earlier application is permitted. In preparing these financial statements, the Company has not applied the new or amended standards early and does not expect them to have a material impact on the Company's financial statements upon adoption.

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023):
- The new standard introduces principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.
- The Company analysed cases that by their nature could be relevant to the new IFRS 17.
- The identified cases (e.g., employee benefits, guarantees) were found to be exceptions to IFRS 17. The Company did not identify any material impact of IFRS 17 on its financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and Statement of Compliance – Materiality Judgements – Disclosure of Accounting Policies (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023):
  The Company revised its accounting policies in accordance with the new amendments to IAS 1.
- Amendments to IAS 8 Definition of Accounting Estimates (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023). The Company has assessed the impact of these amendments, particularly in respect of IFRS 16.
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2023). According to an analysis, the amendments have no impact on the Company.

<u>New and amended IFRS accounting standards issued but not yet effective and applied by the Company</u>
As at the date of approval of these financial statements, the following new and amended IFRSs were issued

but were not effective at the beginning of the current accounting period (1 January 2023) and not used by the Company in preparing these financial statements for the year ending 31 December 2023:

- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024).

New and amended IFRS accounting standards issued by the IASB, but not yet adopted by the EU

As at the date of approval of these financial statements, the following standards, amendments and interpretations, previously issued by the IASB, have not yet been approved by the European Commission for use in the EU:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no effective date has been set yet), not yet endorsed by the EU
- Amendments to IAS 7 Statement of Cash Flows and IFRS Financial Instruments: Disclosures (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2024), not yet endorsed by the EU
- Amendments to IAS 21 IFRS The Effects of Changes in Foreign Exchange Rates (effective for annual financial statements prepared in accordance with IFRS for annual periods beginning on or after 1 January 2025), not yet endorsed by the EU.

The Company estimates that compliance with these new standards, amendments to existing standards, and interpretations will not have a material impact on the Company's financial statements in the period in which they are first applied.

3. BASIS OF PREPARATION

a) Statement of compliance

These non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved for use in the European Union (EU).

The non-consolidated financial statements were prepared to meet the requirements of Czech accounting regulations. The Company does not prepare a non-consolidated annual report because the relevant information is included in the consolidated annual report, which contains the Company's consolidated financial statements, also prepared in accordance with IFRS and approved for use within the European Union (EU) and it is available at the Company's registered office.

b) Policies for the preparation of the financial statements

The financial statements, providing a faithful and honest depiction of the Company's financial position as at 31 December 2023 and the results of its management and cash flows for the year ended 31 December 2023, are prepared on the historical cost basis, with the exception of financial instruments, which are valued at fair value. Employee benefits are accounted for at the present value of the liability.

The amounts specified in these financial statements are reported in Czech crowns, which is also simultaneously the Company's functional currency. All financial information presented in CZK has been rounded to the nearest thousand (TCZK) (unless stated otherwise).

Accounting reports, with the exception of the report on cash flows, are prepared on accrual-based accounting.

c) Foreign currency translation

Transactions denominated in foreign currencies are translated into Czech crowns, which is the Company's functional currency, on the basis of the exchange rate valid on the date of the transaction.

At the end of the accounting period:

- cash items (i.e. cash denominated in foreign currencies held by the Company as well as receivables and payables payable in foreign currencies) are translated at the closing rate, i.e. the spot rate at the end of the accounting period
- non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the transactions and
- non-monetary items that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Gains and losses arising from the settlement of such transactions and from transactions in monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

d) Use of estimates

The preparation of the financial statements requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses as at the reporting date. These estimates and assumptions are described in Note 4.

e) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are identifiable when they are separable, i.e., they can be separated from the group of the Company's assets and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, by an identifiable asset or liability regardless of whether the Company intends to do so or it arises from contractual or other legal rights regardless of whether those rights are transferable or separable from the Company or from other rights and obligations.

Intangible assets are measured at acquisition cost less accumulated depreciation and any accumulated impairment losses. Internally generated intangible assets are measured at direct costs and overheads or replacement costs, if lower.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, usually for up to five years. Amortisation begins when the intangible asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner, over its estimated useful life.

The depreciation method and useful life is verified once a year at the end of the accounting period and if a change is identified, the depreciations for the upcoming period are adjusted.

f) Property, plant and equipment

Property, plant and equipment are initially measured at acquisition cost after the deduction of related grants and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of these assets includes all expenditures that are directly attributable to bringing the assets to a working condition for their intended use. Self-constructed assets are measured at internal production costs. The acquisition costs of these assets include the estimated cost of dismantling and removing the items and restoring the original condition of the place where the assets are located, if such an obligation is associated with the acquisition and construction of these assets.

The Company capitalises borrowing costs that are directly attributable to the construction or production of a qualifying asset as part of the acquisition cost of the asset. Borrowing costs are those borrowing costs that would not arise if expenses on a qualifying asset were not incurred. The Company begins to capitalise borrowing costs as part of the acquisition cost of the qualifying asset on the commencement date and terminates the capitalisation of borrowing costs when all essential activities necessary to prepare a qualifying asset for its intended use or sale are completed.

The depreciation of plant and equipment items begins when they are available for use, i.e., from the month that they are in the location and condition necessary for them to be capable of operating in the manner intended by the Company management.

Depreciation is recognised in order to depreciate the cost of assets, except for land, to their residual value on a straight- line basis over their estimated useful lives:

Buildings	10-50 years
Machinery and equipment	4-20 years
Fixtures and fittings	4-25 years
Vehicles	4-25 years

The depreciation method, useful life and residual value are verified once a year and if a change is identified, the depreciations for the upcoming period are adjusted. Property, plant and equipment (components) that are significant with regard to the overall assets are depreciated separately in accordance with their useful lives.

The costs of technical improvements of non-current assets are recognised as property, plant and equipment and are depreciated in accordance with their useful lives. The costs of the day-to-day servicing and repairs of the property, plant and equipment are recognised as incurred in the profit or loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net selling price of the property and the carrying amount of the asset. The difference is recognised in the profit or loss and in other comprehensive income.

g) Investment property

Investment property is land or buildings held either to earn rental income or for capital appreciation or for both, not for the Company's own use.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. The purchase costs of real estate investments include the purchase price and all directly attributable costs, i.e., professional fees for legal services, property transfer taxes and other transaction costs. The cost of the investment property by the Company is its cost at the date when the construction is completed and ready for rent.

Investment property is depreciated on a straight-line basis over its estimated useful life, i.e., 10-50 years, from the date of acquisition. Every year there is a revision of the estimates used in the depreciation.

The income from investment property is recognised when the rental service is rendered, and is classified as revenues from services.

Investment property is derecognised when it is retired or when the investment property is permanently withdrawn from use and no future economic benefits are expected.

The Company leases part of the manufacturing and office space to third parties in its registered office in Ústí nad Labem. Items of property, plant and equipment are reviewed annually to see whether they fulfil the conditions of recognition as an investment property. Annual transfers between classifications of land, constructions and equipment and investment property are presented separately under "Transfer of property, plant and equipment". In light of the valuation model used in the acquisition expenses for investments in real estate, i.e. the same valuation as for property, land and equipment, there is no change to the valuation due to a transfer. The only thing that differs is the presentation of the reported item.

h) Impairment of non-financial assets
At each reporting date, the Company reviews each asset individually to determine whether there is any indication of impairment, i.e. the carrying amount of the asset exceeding its recoverable amount. Whether there is any impairment of property, plant and equipment and other assets is reviewed at the level of the identified cash-generating units (depending on production segments). An impairment loss is recognised to the extent that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less selling costs.

i) Leases
The Company uses a unified accounting approach to leases. As a result of this application, the Company, as a lessee, recognised the right to use its underlying (identified) assets and lease liabilities representing an obligation to meet lease payments. The right of use and the lease liability are recognised on the date of commencement of the lease.

The Company distinguishes between leasing and service contracts based on whether the contract transfers the right to control the use of the identified asset. The Company must assess whether the customer (lessee) has both of the following rights during the period of use:

- the right to obtain substantially all economic benefits from the use of the identified asset and
- the right to manage the use of the identified asset.

At the commencement date, the lessee will measure the asset from the right to use it at cost. The subsequent measurement uses the cost model less accumulated depreciation, impairment losses and any revaluation of the lease liability. The lessee depreciates the asset from the right of use on a straight-line basis from the date of commencement of the lease, either until the end of the useful life of the asset from the right of use or until the end of the lease term, whichever occurs first.

A lease liability is initially measured at the present value of the lease payments outstanding at the date of commencement of the payment. Lease payments must be discounted using the implicit lease interest rate if this rate can be readily determined. If this rate cannot be easily determined, the Company uses the lessee's incremental borrowing rate. After the date of commencement of the lease, the Company measures the lease liabilities by increasing the carrying amount by interest on the lease liabilities and decreasing the carrying amount by the lease payments made. Furthermore, the carrying amount of the lease liability is remeasured by any revaluation or modification of the lease. These changes may occur when the value of future lease payments changes due to a change in the implicit interest rate, a change in an estimate over the expected lease term, or when there is a change in expectations of using a lease extension option or an option to purchase the underlying asset.

The Company has decided to use the exceptions from the aforementioned rules for short-term leases, i.e., leases with a non-cancellable duration of at most 12 months and for leases of low-value assets.

The Company has also decided to take advantage of a practical simplification where it will not separate non-leasing components from leasing components and will instead account for each leasing component and any related non-leasing components as a single leasing component.

j) Investment in subsidiaries and investments in associated companies
A company with a decisive influence (subsidiary) is an enterprise controlled by the Company, whose financial and operating processes can be controlled by the Company with the goal of acquiring benefits from its activities.

Investments in subsidiaries are stated in these non-consolidated financial statements at acquisition costs decreased by any loss from the decrease in the value of the asset.

k) Inventories
Inventories are assets held for sale in the ordinary business, in the process of production for sale or as material including raw materials for consumption or supplies that are consumed in the production process or in the provisioning of services.

The cost of materials and goods for resale includes expenditures associated with acquiring the inventories and bringing them to their present location and condition, e.g., freight costs, custom duties and insurance costs. Finished products, semi-finished goods and works-in-progress are initially measured at the cost of production. The costs of finished products and semi-finished goods include raw materials, direct wages, other direct costs and related production overheads. The cost is determined using the first-in first-out method.

Inventories are measured at the end of the financial year in production costs or net realisable value, if lower. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

l) Financial assets
Financial assets representing a share in other companies, such as shares and investments, are valued at fair value with revaluation to the profit or loss.

Financial assets for which the SPPI conditions, such as provided loans, trade receivables, purchased bonds, etc., are fulfilled (i.e. the future contractual cash flows exclusively represent payments of the principal and payments of interest) are valued at amortised cost using the effective interest method.

m) Receivables
Trade receivables are non-derivative financial assets with fixed or pre-determined payments that are not quoted in an active market. Receivables are initially recognised at fair value, which is usually equal to the nominal value in the case of short-term receivables and subsequently carried at the initial measurement value, net of impairment loss.

Loans and long-term receivables are financial assets that are measured at fair value, adjusted for transaction costs. Fair value corresponds to the present value of future cash flows using the internal interest rate at the time of the borrowing taking into account the credit risk of the borrower. For the period of time until maturity, long-term receivables (loans) are measured and carried at amortised cost using the effective interest method.

Loans granted are classified as short-term receivables if they are due within 12 months of the balance sheet date.

As at the date of the financial statements, the Company reviews any impairment loss according to the model of expected credit loss (ECL). For trade receivables the assessment is on the basis of life-long losses using a receivables ageing matrix, while for long-term payable loans the estimate of the expected interest losses is set with the consideration of month losses and is based on a ratio of the credit exposure, the size of the potential loss and the probability of default.

The Company recognises the following groups of receivables:
- Receivables from related parties
- Receivables arising on assignment
- Insured receivables
- All other trade receivables.

n) Cash and cash equivalents/statement of cash flows
Cash and cash equivalents are comprised of cash, bank deposits, and investments into monetary market instruments with the original maturity shorter than 3 months.

The cash flow statement is processed using the indirect method in cash flow from operating activities.

Received dividends are reported in cash flows from investment activities. Paid dividends are reported in cash flows from financial activities. Interest paid on bank loans, cash pools, issued debt securities and interest paid on leases are reported in cash flows from operating activities. Received interest is part of the cash flow from operating activities.

o) Financial liabilities
Financial liabilities are financial instruments that are initially measured at fair value adjusted for transaction costs. Subsequently they are carried at amortised cost using the effective interest method. The Company reports received bank loans and other loans, trade liabilities, and liabilities from retentions as financial liabilities.

Financial liabilities are classified as current liabilities if they are due within 12 months from the balance sheet date. Other financial liabilities are classified as long-term in the consolidated statement of the financial position.

p) Derivatives
Derivatives are initially measured by the fair value and in the statement of financial position, any derivatives are

recognised as part of other short-term receivables or liabilities, as the case may be.

Derivatives are classified as trading derivatives and hedging derivatives. Hedging derivatives are contracted for the hedging of fair value or the hedging of cash flow. For a derivative to be classified as hedging, changes in fair value or changes in cash flows arising from hedging derivatives must fully or partially offset changes in the fair value of the hedged item or changes in cash flows from the hedged item, and the Company must document and demonstrate the existence of the hedging relationship and hedge effectiveness. In other cases, they are derivatives held for trading.

Derivatives are remeasured at fair value at the balance sheet date. Changes in the fair values of derivatives held for trading are recognised in the profit or loss as part of financial expenses or income.

q) Provisions

A provision is recognised when, as a result of a past event, the Company has a legal or contractual obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. At the same time, there must be a reasonable estimate of the amount that can achieve the commitment.

If the Company expects a reimbursement of some or all of the cost of creation of provisions by another party, the reimbursement is recognised as a separate asset, but only when it is virtually certain that the Company will fulfil its commitment. The reimbursement amount shall not exceed the amount of the provision. In the comprehensive income statement, the expense relating to the provisions recognised together with revenue from reimbursements.

If the effect of the time value of money is significant, the amount of the provision is recognised at the present value of the estimated cost of meeting the obligation.

r) Income tax

The income tax expense comprises current and deferred taxes. Current and deferred taxes are recognised in the profit and loss statement,except amounts related to items charged to other comprehensive income (e.g., cash flow hedges).

The current tax is the expected liability or receivable from the taxable base calculated using tax rates enacted as at the balance sheet date. The tax base is derived from the profit adjustments on non-deductible income and expenses. If the amount of the income tax that was paid by advances during the period exceeds the amount due, the difference is recognised as a receivable.

Deferred tax is calculated using the liability method of the balance sheet, i.e., on all temporary differences between the tax bases of assets and liabilities and their carrying amounts. The deferred tax is calculated using the tax rates and legal provisions that are expected to be enacted or substantively enacted when the asset is realised or liability settled.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are recognised and presented as long-term assets or long-term liabilities.

s) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled under the contract with the customer and excludes amounts collected on behalf of third parties (including VAT). The Company recognises revenue when it transfers control of the product or service to the customer.

The Company recognises revenue from the following principal sources:

- sales of chemical products, mainly epoxy and alkyd resins and hydroxides – revenue is recognised when delivered and accepted by the customer
- the rendering of services, in particular the rental of real estate and related services – revenue is recognised at the time the service is rendered; for services of a continuous delivery nature, such as in particular rental and related services, at the end of the contractually defined period
- the sale of goods, which are mainly chemical products similar or identical to those manufactured by the Group – revenue is recognised at the time of delivery and acceptance by the customer.

Revenues are recognised net of VAT, at the values already deducted for any discounts.

Invoices are payable on average around 45 days and are issued at the time of delivery or based on contractual arrangements.

t) Other operating income and expenses

Other operating income and expenses particularly include the net result from the liquidation and disposal of non-financial assets, surplus of assets, court fees or their return, property acquired/granted free of charge, the receipt of compensation and gain or loss on sales of investment properties and amortisation of construction in progress which have not produced the desired economic effect.

u) Financial income and financial expenses
Financial income includes income from the sale of shares and other securities, dividends received, interest earned from cash in bank accounts, term deposits and loans, increasing the value of financial assets and net foreign exchange gains. Dividend income from investments is recognised when the shareholders are entitled to receive payment.

Financial expenses include losses from sales of securities and investments and costs associated with this sale, impairment losses relating to financial assets such as stocks, bonds and interest receivables, net foreign exchange losses, interest on own bonds and other securities issued, interest on leases, fees for bank credit, loans, guarantees.

v) Employee benefits
The Company recognises and observes the following categories of employee benefits:

Short-term employee benefits
The short-term employee benefits include monthly wages and salaries, health and social insurance (adjusted for the amount of pension contributions) paid by the Company for employees, annual incentive bonuses, contributions towards in-house catering, preferential phone and internet packages and recreational packages for employees. A provision is established for incentive bonuses based on the probability of their payment. Most short-term employee benefits are governed by a collective agreement.

Employee benefits after termination of employment (defined contribution pension plans)
The Company pays pension contributions to the state pension plan each month for employees. The Czech government is responsible for providing pensions. The Company pays monthly contributions for its employees in the pension fund plans. In both cases, the scheme is a defined contribution pension plan and these contributions are charged to the profit and loss in the period when the employee is entitled to these benefits.

Other long-term employee benefits
A provision discounted to present value is established for retirement benefits. The provision is calculated using reasonable statistical estimates.

Employee benefits – early termination of employment
These benefits are governed by a collective agreement. Statutory severance pay is due to employees who terminate their employment for organisational reasons during the year. Severance pay increases depending on the length of employment. The cost associated with the provision of such employee benefits is recognised in the profit or loss at the time of the decision to terminate the employment prematurely.

w) Grants
Government grants are support from the state, state agencies and similar local, national or international institutions in the form of the transfers of funds in favour of the Company in exchange for the past or future compliance of certain conditions relating to the operating activities of the entity.

Grants related to expenses are recognised as compensation of the expenses in the period in which they are incurred. A surplus of the received grants over the expenses recognised in the same period is presented in “Other operating income”.

A grant related to the acquisition of an asset is recognised by subtracting the amount of the grant from the cost of the asset and ultimately leads to the lower depreciation of related assets.

x) Research and development
Expenditures on research and development are recognised in the profit or loss, except for expenditures on development projects accounted for as intangible assets where future measurable benefits are expected and the related costs are measurable. Development expenditures previously recognised in the profit or loss shall not be considered non-current assets in any subsequent period.

Development expenditures that are recognised as intangible assets are amortised from the start of production of the product to which they relate on a straight-line basis over the estimated useful life of the intangible asset, which shall not exceed five years.

4.CRITICAL JUDGEMENTS FOR THE APPLICATION OF ACCOUNTING RULES AND KEY RESOURCES OF UNCERTAINTY IN ESTIMATES

Critical judgements when applying accounting policies

In applying the accounting policies set out in the previous section, management is required to make judgements, assess the content of economic transactions and events, and decide to apply accounting policies in such a way that the financial statements provide users with useful information for their decision-making.

In the year 2023, no specific considerations or decisions regarding the use of appropriate IFRS accounting policies were made in connection with the preparation of these non-consolidated financial statements.

Key sources of uncertainty in estimates

The Company makes some estimates and assumptions about the future. Estimates are continuously reassessed based on historical developments and experience. In the future, the reality may differ from the currently made and recognised estimates and judgements.

Estimates are reviewed on an ongoing basis and any change (if no error is detected) is recognised in the period in which the estimates are revised and in any affected future periods.

Estimates and assumptions that are associated with a significant risk that the Company will be forced to accrue significant changes in the carrying amounts of the presented assets and liabilities in the next financial year are as follows:

a) Depreciation period of buildings and equipment and intangible assets

Non-current assets in the land, buildings and equipment category and intangible assets are measured over their useful life using the cost model, i.e., the acquisition cost less depreciation and any impairment. The Company makes relevant estimates of the useful life of the assets used and the depreciation is calculated on an equal basis over its useful life. In the following years, a reassessment of the useful life may occur, which may result in adjustments in the calculation of future depreciation, as well as the premature disposal of the asset, resulting in a loss in the amount of the unrecognised carrying amount of the asset. The Company annually performs a revision of the accounting estimates associated with the depreciation of assets.

b) Rights of use and lease liabilities

The valuations of rights of use assets and related lease liabilities are based on the estimated lease term, which for many leases (particularly those for an indefinite period) represents estimates that may be subject to future correction (lengthening, shortening). The valuation of the lease liability and the rights to use the assets is based on the present value of the expected lease payments and the borrowing interest rate is used for the calculation. In the event of any modification to the lease, the conversion will be subject to revision using the current borrowing rate.

c) Expected credit loss to receivables

Before the customer is offered standard payment and delivery terms, the customer goes through an individual credit rating. This rating takes into account external ratings and other referrals from specialised companies. Trade receivables are reviewed on an ongoing basis for any impairment loss using the expected loss model (ECL). The loss ratio is calculated using the roll rate method based on the probability that the receivable goes through successive stages of default until it is written off. Roll rates are calculated separately for exposures in different sectors based on the following common credit risk characteristics – geographic region, age of the customer relationship, and type of product purchased.

d) Income taxes

Deferred tax is measured using tax rates that arise from the applicable tax legislation, which may be amended in the future without the Company's influence and may result in a change in the amount of deferred tax. The actual tax impact may in the future be different from current estimates caused either by a change in the tax law or by a change in the Company's business conduct.

e) Litigation and other legal disputes

The Company, in the context of its business activities, is part of court and other legal disputes for which it evaluates their recognition and/or disclosure in the consolidated financial statements. In most cases, it acts as a plaintiff, and in the successful conclusion of the dispute, the Company may incur cash payments. In these cases, the Company only charges the dispute when the dispute is terminated.

If the Company is in the position of the defendant, it captures a provision if there is a present obligation arising from a past event, its settlement is probable and the amount of the settlement is reliably measurable. If these conditions are not met, the Company considers disclosure of a contingent liability in the notes to the consolidated financial statements if its potential impact on the Company would be material. Liabilities that result from published contingent liabilities or even those not recognised and disclosed in the consolidated financial statements may have a material impact on the Company's financial position, therefore the Company continuously evaluates on-going and unresolved court and other legal disputes. The Company´s management cooperates with legal counsel and results in a decision to capture a provision or to disclose a contingent liability or conditional asset, if the Company is a party to the claimant's claim.

f) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or contractual obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. At the same time, there must be a reasonable estimate of the amount that can achieve the commitment.

If the Company expects a reimbursement of some or all of the cost of creation of provisions by another party, the reimbursement is recognised as a separate asset, but only when it is virtually certain that the Company will fulfil its commitment. The reimbursement amount shall not exceed the amount of the provision.

5. PROPERTY, PLANT, AND EQUIPMENT

Acquisition price

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	1 907 317	2 484 774	196	328 238	4 720 525
Additions	63 714	17 826	0	413 374	494 914
Disposals	-34 384	-24 033	0	-5 468	-63 885
Transfers from/to investment property	3 446	0	0	0	3 446
Transfers	42 146	88 961	0	-131 107	0
As at 31 December 2023	1 982 239	2 567 528	196	605 037	5 155 000

Accumulated depreciation

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	-1 083 018	-2 190 374	0	0	-3 273 392
Depreciation	-26 456	-59 189	0	0	-85 645
Disposals	33 725	23 581	0	0	57 306
Transfers from/to investment property	-3 446	0	0	0	-3 446
As at 31 December 2023	-1 079 195	-2 225 982	0	0	-3 305 177

Allowances

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	-34 542	-6 863	0	0	-41 405
Additions to allowances	0	0	0	0	0
Utilisation of allowances	226	0	0	0	226
As at 31 December 2023	-34 316	-6 863	0	0	-41 179

Net book value

	TCZK	TCZK	TCZK	TCZK	TCZK
As at 1 January 2023	789 757	287 540	196	328 238	1 405 731
As at 31 December 2023	868 728	334 683	196	605 037	1 808 644

As at 31 December 2023, no non-current assets were subject to any pledges.
In 2023, interest on an investment loan of TCZK 6 585 (2022: TCZK 0) was capitalised into the value of the acquired non-current assets.

Comparative period information:

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	1 973 785	2 584 804	196	252 261	4 811 046
Additions	3 428	43 416	0	346 625	393 469
Disposals	-87 546	-197 668	0	-181 103	-466 317
Transfers to investment property	-17 670	0	0	0	-17 670
Transfers	35 320	54 225	0	-89 545	0
As at 31 December 2022	1 907 317	2 484 774	196	328 238	4 720 525

Accumulated depreciation

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	-1 128 089	-2 322 276	0	0	-3 450 365
Depreciation	-24 428	-40 800	0	0	-65 228
Disposals	75 013	172 702	0	0	247 715
Transfers to investment property	-5 514	0	0	0	-5 514
As at 31 December 2022	-1 083 018	-2 190 374	0	0	-3 273 392

Allowances

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	-40 806	-12 797	0	-20 542	-74 145
Additions to allowances	0	0	0	0	0
Utilisation of allowances	6 264	5 934	0	20 542	32 740
As at 31 December 2022	-34 542	-6 863	0	0	-41 405

Net book value

	TCZK	TCZK	TCZK	TCZK	TCZK
As at 1 January 2022	804 890	249 731	196	231 719	1 286 536
As at 31 December 2022	789 757	287 540	196	328 238	1 405 731

As at 31 December 2022, all non-current assets were subject to a pledge established on a company.

6. INVESTMENT PROPERTY

Leased assets primarily comprise land, which are separated from freely accessible areas as it is located inside guarded premises. The land is developed with strictly purpose-built chemical technologies and is part of, or adjacent to, areas that are affected by chemical production. The Company primarily leases real estate to subsidiaries, especially for specific properties within the production complex in Ústí nad Labem. Due to the nature and especially the location inside the production site, alternative market use is limited.

	Acquisition price	Accumulated depreciation	Net book value
	TCZK	TCZK	TCZK
Balance as at 1 January 2023	477 869	-258 809	219 060
Depreciation	0	-8 916	-8 916
Transfer from/to Property, plant and equipment	-3 446	3 446	0
As at 31 December 2023	474 423	-264 279	210 144

Comparative period information:

	Acquisition price	Accumulated depreciation	Net book value
	TCZK	TCZK	TCZK
Balance as at 1 January 2022	460 199	-254 195	206 004
Depreciation	0	-10 128	-10 128
Transfer from/to Property, plant and equipment	17 670	5 514	23 184
As at 31 December 2022	477 869	-258 809	219 060

Attributable items to the statement of comprehensive income:

	31 December 2023	31 December 2022
	TCZK	TCZK
Rental income	66 809	66 530
Depreciation	-8 916	-10 128
Direct operating costs (maintenance)	-8 185	-8 175
Operating profit associated with investment property	49 708	48 227

At the time of the adoption of IAS 40, the Company concluded that the fair value of its investment property cannot be reliably determined. This is due to there being no comparable market transactions. Investment property is therefore stated at cost or amortised cost.

As at 31 December 2023, as for properties leased to subsidiaries, investment property comprises real estate with an acquisition cost of TCZK 351 918 (2022: TCZK 337 170), in a amortised price of TCZK 166 553 (2022: TCZK 159 014) included in the overall balance specified above. The most important is the contract with CHS Epi, a.s., in which real estate is leased in an amortised value of TCZK 150 738 (2022: TCZK 143 199).

7. INTANGIBLE ASSETS

Acquisition price	Licenses and patents	Software	Under construction	Total
	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	59 803	3 904	5 652	69 360
Additions	0	32	898	930
Disposals	-93	0	0	-93
Transfers	2 942	0	-2 942	0
Balance as at 31 December 2023	62 652	3 936	3 608	70 196

Accumulated amortisation	Licenses and patents	Software	Under construction	Total
	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	-45 971	-3 904	0	-49 875
Amortisation	-1 788	-21	0	-1 809
Disposals	93	0	0	93
Balance as at 31 December 2023	-47 666	-3 925	0	-51 591

Net book value	TCZK	TCZK	TCZK	TCZK
As at 1 January 2023	13 833	0	5 652	19 485
As at 31 December 2023	14 987	10	3 608	18 605

Comparative period information:

Acquisition price	Licenses and patents	Software	Under construction	Total
	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	63 072	4 686	16 390	84 148
Additions	0	0	152	152
Disposals	-6 847	-782	-7 311	-14 940
Transfers	3 579	0	-3 579	0
Balance as at 31 December 2022	59 803	3 904	5 652	69 360

Accumulated amortisation	Licenses and patents	Software	Under construction	Total
	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	-43 608	-4 618	0	-48 226
Amortisation	-2 964	-37	0	-3 001
Disposals	601	751	0	1 352
Balance as at 31 December 2022	-45 971	-3 904	0	-49 875

Net book value	TCZK	TCZK	TCZK	TCZK
As at 1 January 2022	19 464	68	16 390	35 922
As at 31 December 2022	13 833	0	5 652	19 485

8. RIGHT OF USE

Net book value

	Buildings and structures	Railway cars	Cars	Other	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	778	21 715	0	6 767	29 260
Depreciation	-778	-6 824	0	-6 767	-14 369
Balance as at 31 December 2023	0	14 891	0	0	14 891

Comparative period information:

Net book value

	Buildings and structures	Railway cars	Cars	Other	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2022	2 180	27 350	0	14 683	44 213
Depreciation	-1 402	-5 635	0	-7 916	-14 953
Balance as at 31 December 2022	778	21 715	0	6 767	29 260

Attributable items to the statement of comprehensive income::

	31 December 2023	31 December 2022
	TCZK	TCZK
Depreciation	-14 368	-14 953
Interest on the lease liability	-1 116	-1 817
Short-term lease costs	-45 072	-43 660
Total	-60 556	-60 430

The Company records the following related lease liabilities:

	31 December 2023	31 December 2022
	TCZK	TCZK
Short-term balance of lease liability	6 467	14 515
Long-term balance of lease liability	9 759	15 996
Total	16 226	30 511

In 2023, lease liabilities of TCZK 65 673 were paid (2022: TCZK 29 195).

9. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2023	Share in share capital	Acquisition cost	Impairment losses	Carrying amount of share	Equity
	%	TCZK	TCZK	TCZK	TCZK
EPISPOL, a.s.	100	347 131	0	347 131	600 138
CHS Epi, a.s.	100	180 447	0	180 447	110 653
SYNPO, akciová společnost	100	43 921	0	43 921	55 716
SPOLCHEMIE N.V.	100	1 185	0	1 185	1 141
SPOLCHEMIE Electrolysis, a.s.	100	252 000	0	252 000	848 317
SPOLCHEMIE Green Energy, a.s.	100	2 000	0	2 000	1 946
SPOLCHEMIE Hydrogen, a.s.	100	2 000	0	2 000	1 874
CSS, a.s.	100	17 657	-6 689	10 968	12 103
SPOLCHEMIE Distribution, a.s.	100	1 440	0	1 440	885
Total	x	847 781	-6 689	841 092	x

Changes in the structure of investments into subsidiaries
In 2023, the Company purchased 100% shares in SPOLCHEMIE Distribution from SPOLCHEMIE N.V.
In 2022, SPOLCHEMIE Precursors, a.s. changed its name to SPOLCHEMIE Green Energy, a.s.
In 2022, SPOLCHEMIE Precursors 2, a.s. changed its name to SPOLCHEMIE Hydrogen, a.s.

Registered offices of companies included in ownership interests:

EPISPOL, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 01
CHS Epi, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 32
SYNPO, akciová společnost	Pardubice - Zelené Předměstí, S. K. Neumanna 1316, postal code 532 07
SPOLCHEMIE N.V.	Radarweg 29, 1043 NX, Amsterdam, Kingdom of the Netherlands
SPOLCHEMIE Electrolysis, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 32
SPOLCHEMIE Green Energy, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 01
SPOLCHEMIE Hydrogen, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 01
CSS, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 01
SPOLCHEMIE Distribution, a.s.	Ústí nad Labem, Revoluční 1930/86, postal code 400 01

As at 31 December 2022	Share in share capital	Acquisition cost	Impairment losses	Carrying amount of share	Equity
	%	TCZK	TCZK	TCZK	TCZK
EPISPOL, a.s.	100	347 131	0	347 131	592 764
CHS Epi, a.s.	100	180 447	0	180 447	107 135
SYNPO, akciová společnost	100	43 921	0	43 921	54 705
SPOLCHEMIE N.V.	100	1 185	0	1 185	2 361
SPOLCHEMIE Electrolysis, a.s.	100	252 000	0	252 000	807 932
SPOLCHEMIE Precursors, a.s.	100	2 000	0	2 000	1 958
SPOLCHEMIE Precursors 2, a.s.	100	2 000	0	2 000	1 884
CSS, a.s.	100	17 656	-6 689	10 967	9 716
Total	x	846 340	-6 689	839 651	x

10. PROVIDED LOANS AND OTHER LONG-TERM RECEIVABLES

	31 December 2023	31 December 2022
	TCZK	TCZK
SPOLCHEMIE Zebra, a.s.	485 249	331 406
SPOLCHEMIE SK, s.r.o.	168 701	154 521
EPISPOL, a.s.	71 954	67 379
CHS Epi, a.s.	96 734	70 184
SPOLCHEMIE Electrolysis, a.s.	33 052	0
ISTROKAPITAL, a.s.	0	11 671
SPOLCHEMIE Distribution, a.s.	16 351	14 955
Total	872 041	650 116
of which long-term	485 249	331 406
of which short-term	386 792	318 710

In 2022, the Company concluded a loan agreement with SPOLCHEMIE Zebra, a.s. under which funds have been gradually provided to pay investment expenditures on the Zebra project. The receivables from this loan are subordinate to the liabilities from the Zebra project to Česká spořitelna, a.s., and therefore the receivables up to this amount are classified as non-current as at 31 December 2023.

In 2021, the Company concluded two loan agreements with SPOLCHEMIE SK, s. r. o., under which loans totalling EUR 6 million were provided. The maturity of the loans, including accessories, is agreed for 31 December 2024. In the event of the risk that the Debtor would not pay its liabilities in a due and timely manner, KAPRAIN CHEMICALS LIMITED is prepared to conclude contracts to transfer the debt with the Company under standard conditions and for payment in the amount of the nominal value of the debt.

In December 2022, the Company concluded a loan agreement with its subsidiary EPISPOL, a.s. In 2023, an amendment was signed to extend the maturity until 31 December 2024. Considering the maturity date of this receivable, it is recognised as short-term.

In December 2022, the Company concluded a loan agreement with its subsidiary CHS EPI, a.s. In 2023, an amendment was signed to increase the loan and extend its maturity until 31 December 2024. Considering the maturity date of this receivable, it is recognised as short-term.

In November 2023, the Company concluded a loan agreement with its subsidiary SPOLCHEMIE Electrolysis, a.s., under which a loan was provided. As the maturity date of this receivable is 31 December 2024, this receivable is recognised as short-term.

In December 2021, the Company concluded a loan agreement with SPOLCHEMIE Distribution, a.s., under which a loan was provided. The maturity of the loans, including accessories, is agreed for 31 December 2024. As the maturity date of this receivable is 31 December 2024, this receivable is recognised as short-term.

11. INVENTORIES

	31 December 2023 TCZK	31 December 2022 TCZK
Material	393 304	432 439
Finished goods	347 092	667 909
Goods for resale	179	46
Carrying amount	740 575	1 100 394

The gross amount of inventories as at 31 December 2023 was TCZK 768 390 (2022: TCZK 1 120 273).
The amount of inventories charged to cost in 2023 is TCZK 6 173 598 (2022: TCZK 8 026 699).

12. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

	31 December 2023 TCZK	31 December 2022 TCZK
Trade receivables (gross)	934 680	1 416 847
Expected credit loss	-42 457	-41 335
Total	892 223	1 375 512

Other short-term receivables (net)

	31 December 2023 TCZK	31 December 2022 TCZK
Tax receivables	87 705	70 099
Other	1 066	49 602
Total	88 771	119 701

Tax receivables primarily represent excessive VAT deductions by the Czech tax authorities. The Company is convinced of the recoverability of the aforementioned receivables.

The credit risk analysis is described in the section on Financial Risk Management section.

13. INCOME TAX RECEIVABLES

In 2023, the Company reports a corporate income tax receivable of TCZK 106 065 (2022: TCZK 0). This receivable resulted from the difference between the prepayments of the 2023 tax liability of TCZK 178 353 and the projected 2023 tax liability of TCZK 72 288.

In 2022, the Company recognised a corporate income tax liability amounting to the difference between the projected tax liability and the prepayments made in respect of this tax liability, i.e. TCZK 330 218.

14. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
	TCZK	TCZK
Bank accounts	723 857	1 423 078
Cash in hand	342	445
Total	724 199	1 423 523

15. SHARE CAPITAL AND RESERVES

Authorised and issued shares:

	Number units	31 December 2023 TCZK	Number units	31 December 2022 TCZK
Ordinary shares with a nominal value of CZK 185, fully paid	3 878 816	717 581	3 878 816	717 581

Issued shares
As at 31 December 2023, the total amount of the Company's share capital was CZK 717 580 960.

The share capital comprised 3 878 816 certificated registered shares at a nominal value of CZK 185 per share.

The Company recorded no receivables as at 31 December 2023 or 31 December 2022 for the subscribed share capital; the share issue was fully paid. None of the entities controlled by the Company or companies in which the Company has property participation own any shares of the Company.

Shareholders
As at 31 December 2023 and 31 December 2022, the sole shareholder of the Company was KAPRAIN CHEMICAL LIMITED.

16. PROVISIONS

	Environmental burdens	Litigations	Other	Employee benefits	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2023	300 000	62 661	56 365	35 485	454 511
Additions	0	24 407	0	29 831	54 328
Utilisation	-4 530	0	0	-28 358	-32 888
Interest	-2 420	0	0	0	-2 420
Release	-15 497	0	-56 365	-534	-72 396
Balance as at 31 December 2023	277 553	87 068	0	36 424	401 045
- of which short-term provisions	76 132	22 000	0	30 173	128 305
- of which long-term provisions	201 421	65 068	0	6 251	272 740

Provision for the removal of historical environmental burdens

The Company has a contract with the National Property Fund (since 2006 the Ministry of Finance of the Czech Republic, referred to as the "MF"), in which the MF has undertaken to cover the cost of removing old environmental burdens identified as at the date of privatisation of up to TCZK 2 900 000. So far, a total of TCZK 2 809 466 (as at 31 December 2022 – TCZK 2 792 696) was spent for these purposes, of which TCZK 1 024 348 was spent to complete the landfill remediation in Chabařovice. Soil remediation of the Company's manufacturing facility is currently being carried out.

In view of various factors (including the rising inflation rate in the Czech Republic), the Company concluded that the existing amount of the environmental guarantee may not be sufficient for the remediation of the environmental burdens, and therefore, after unsuccessful negotiations with the Ministry of Finance, it filed a declaratory action against the Ministry of Finance before the District Court for Prague 1, primarily seeking a determination that the VAT paid or to be paid to the remediation contractors, which is also a revenue of the state budget, cannot be counted towards the use of the environmental guarantee. Spolek therefore seeks a declaration that the remaining unspent amount of the state guarantee is in fact higher than that recorded by the Ministry of Finance. The District Court for Prague 1 dismissed the Company's action in August 2022. An appeal was lodged against the decision of the court of the first instance by the Company, which was dismissed by the Municipal Court in Prague in March 2023. The Company has filed an appeal against the decisions to the Supreme Court, which has not yet been decided on.

In the event that the expenditure on the remediation of old environmental burdens exceeds the level of the state guarantee, the Company would be obliged to cover such an expense from its own resources. The quantification of such a potential liability is very complex in the current situation as it depends on a large number of variable factors (the outcome of the litigation initiated by the Company, the method and extent of the remediation of the remaining environmental burdens, the timing of the commencement and implementation of the remediation work).

Therefore, the Company works with regularly updated estimates of the cost of such construction works, which it compares to the remaining amount of the environmental guarantee as deemed by the MF. The Company now estimates this difference to be approximately CZK 277.5 million (2022: CZK 300 million). Remediation works should be done from 2024 to 2029.

Litigations

Part of the long-term provisions comprises the provision for the payment estimated from the legal dispute over the payment of the submitted promissory note in the amount of the bill of exchange increased by the interest and estimated costs of court proceedings totalling TCZK 65 068 (as at 31 December 2022: TCZK 62 661). In 2017, the Company was informed of the issuance of an exchange order in connection with the bill issued by the Company for TCZK 40 116.

In its judgements of 2021 and 2023, the Regional Court in Ústí nad Labem sided with the Company's argumentation that the promissory note in question was a secured promissory note and that the secured obligation had lapsed many years ago. The plaintiff lodged appeals against the decisions on each occasion and the court of appeal set aside the judgements of the court of first instance repeatedly and remitted the case back to the court of first instance for further proceedings, due to gross formal errors of the court of first instance. In its latest decision, the court of appeal also ordered that the case be decided by a different judge in the future. The Regional Court in Ústí nad Labem has not yet ruled on the case again.

Back in 2017, the Company created a provision for potential risk arising from a legal dispute over the payment of the submitted bill of exchange, in full, including accessories.

As the dispute is not likely to be closed before the end of 2024, the Company recognised the provision as long-term.

A lawsuit was filed against the Company in the past by which the insolvency administrator of the debtor STZ a.s., Company ID No: 27294099, demanded payment of a receivable of TCZK 200 000 with accessories. This was a receivable originally recorded by the Company as a liability to its former shareholder, Via Chem Group, a.s. on the grounds of a loan agreement dated 5 October 2009, the creditor of which later became KAPRAIN CHEMICAL LIMITED. In 2021 and 2022, the Company paid off all of this debt to KAPRAIN CHEMICAL LIMITED. An out-of-court settlement of this dispute was reached in early 2024, bringing the dispute to an end. At the end of 2023, a provision was created and was sufficient to achieve this settlement.

Management is not aware of any other significant contingent liabilities of the Company as at 31 December 2023.

Employee benefits

The Company creates long-term provisions for employee benefits, to which the Company has committed itself in a collective agreement. These are the one-off bonuses paid to employees on retirement, that are expected to be paid more than 12 months after the balance sheet date. At the end of 2023, the long-term portion of the provision amounted to TCZK 6 251 (2022: TCZK 7 040).

Short-term provisions for employee benefits represent provisions for remuneration for 2023 and part of the one-off remuneration paid to employees upon retirement, which is expected to be paid during 2024.

17. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	31 December 2023 TCZK	31 December 2022 TCZK
Trade		
Trade payables	869 443	1 009 225
Accrued expenses	3 545	2 439
Accrued revenues	48 716	46 248
Estimated payables	176 920	429 176
Total trade	*1 098 624*	*1 487 088*
Other		
Liabilities to employees	23 279	20 228
Social security liabilities	7 651	6 915
Health insurance liabilities	4 230	3 823
Tax liabilities	2 668	2 858
Total other	*37 828*	*33 824*
Total	1 136 452	1 520 912

Trade payables breakdown according to their maturity

	31 December 2023 TCZK	31 December 2022 TCZK
Due	868 301	1 009 191
1-90 days overdue	985	35
90-180 days overdue	157	0
180-360 days overdue	0	0
More than 360 days overdue	0	0
Total	869 443	1 009 225

The Company practically reports no overdue payables and maintains an excellent payment behaviour towards its suppliers. The exceptions are usually invoices sent late that are still due in 2023.

18. LIABILITIES FROM PAYMENT OF DIVIDENDS

At the end of 2023, the sole shareholder decided to pay a dividend of TCZK 2 350 000 with maturity until 30 June 2024. In 2022, a dividend of TCZK 400 000 was paid.

19. LIABILITIES FROM BANK LOANS

In 2023, the Company drew down a new bank loan from Česká spořitelna, a.s. totalling TCZK 197 800 (TEUR 8 000) to finance capital expenditures related to the Zebra project.

20. LIABILITIES FROM NON-BANK LOANS

In 2023, the Company repaid its liabilities from the original bank loans early. The original bank loans had already been assumed by non-bank creditors AB-CREDIT a.s. and ISTROKAPITAL, a.s. At the same time, due to its stable financial position, the Company repaid Non-bank loan 1 early. This loan had been provided to the Company by a non-banking entity in 2016.

The repayment of the Company's liabilities resulting from loans and borrowings that were secured by a pledge extinguished the associated pledges, including the pledge on a company.

As at 31 December 2023, the Company recognised short-term and long-term non-bank loans of TCZK 2 527 (2022: TCZK 671 982) from the following companies:

	31 December 2023 TCZK	31 December 2022 TCZK
AB - CREDIT a.s.	0	32 570
ISTROKAPITAL, a.s.	0	583 408
Non-bank loan 1	0	51 256
Non-bank loan 2	2 527	4 362
Other liabilities	0	386
Total	2 527	671 982
of which short-term balance	2 527	21 245
of which long-term balance	0	650 737

Non-bank loan 2: In 2019, the Company concluded a work contract with supplier to implement the Company's emergency connection from Tovární Street of TCZK 12 109. The investment is financed by a supplier loan due in July 2024. In accordance with the repayment schedules, the unpaid balance as at 31 December 2023 amounts to TCZK 2 527.

An analysis of currency and interest rate risks is presented in the section on financial risk management.

21. LIABILITIES FROM THE AUCTION OF OWN SHARES

The Company records a liability from the payment of proceeds from auctions of the Company's shares of TCZK 18 904 (as at 31 December 2022: TCZK 19 198). These involuntary public auctions were held in 2019 and 2021. The auctions concerned the shares of shareholders who did not provide the Company with the legally required cooperation. The shareholders concerned are entitled to receive the auction proceeds (after offsetting the receivables created by the Company in connection with the auction) of which the individual shareholders have been notified.

22. FACTORING AND OTHER LIABILITIES

As at 31 December 2023, the Company records a balance of current liabilities from factoring and other liabilities of TCZK 57 146 (2022: TCZK 134 588), of which TCZK 51 407 (2022: TCZK 122 303) comprise payments received from the factoring of receivables.

23. DEFERRED EXPENSES

The Company recognised prepaid borrowing costs of the loan relationships incurred in prior periods, which were accrued/deferred over the term of the loan agreement in the form of an effective interest rate. In the comparative period, they were recognised as both non-current and current deferred expenses. In 2023, they were charged to current period expenses due to the full repayment of non-bank loans.

24. REVENUES FROM PRODUCTS, GOODS AND SERVICES

Revenues from services mainly include revenues from the reinvoicing of energy and other services.

	31 December 2023 TCZK	31 December 2022 TCZK
Revenues from goods	6 949	5 415
Revenues from services	644 898	904 173
- of which revenues from reinvoicing of energy	*412 466*	*681 712*
Revenues from products	7 095 375	11 152 528
Total revenues	7 747 222	12 062 116

Revenues from products

2023	Domestic TCZK	Export TCZK	Total TCZK
Inorganics	942 161	2 274 770	3 216 931
Epoxy resins	94 370	2 855 711	2 950 081
Special epoxy resins	179 190	427 061	606 252
Alkyds	66 642	255 469	322 111
Total revenues from products	1 282 364	5 813 011	7 095 375

2022	Domestic TCZK	Export TCZK	Total TCZK
Inorganics	1 470 770	3 013 236	4 484 006
Epoxy resins	274 082	5 431 990	5 706 072
Special epoxy resins	197 149	454 670	651 819
Alkyds	77 463	233 167	310 630
Total revenues from products	2 019 465	9 133 063	11 152 528

Revenues from products – export in 2023

Country	Percentage of revenues – export	Revenues – export TCZK
Germany	40,6	2 362 624
Poland	6,4	371 477
Italy	6,4	370 957
Austria	5,8	338 378
Sweden	4,8	277 847
Spain	4,7	273 911
France	4,0	231 620
Belgium	4,0	231 355
Other	23,3	1 354 842
Total	100,0	5 813 011

Revenues from products – export in 2022

Country	Percentage of revenues – export	Revenues – export TCZK
Germany	41,9	3 825 756
Italy	7,1	645 394
Poland	6,8	621 026
France	6,7	608 206
Austria	5,8	528 051
Spain	5,0	456 912
Belgium	2,8	259 380
Netherlands	2,8	253 271
Other	21,3	1 935 066
Total	100,0	9 133 063

25. CONSUMPTION OF MATERIAL AND ENERGY

	31 December 2023 TCZK	31 December 2022 TCZK
Material consumption	3 234 073	4 958 378
Energy consumption	943 649	1 268 002
Costs of reprocessing raw materials	1 682 632	2 019 429
Total	5 860 354	8 245 809

26. LOGISTICS, LEASES AND OTHER SERVICES

	31 December 2023 TCZK	31 December 2022 TCZK
Costs of short-term leases	45 133	43 660
Logistics services	264 393	269 491
Other services	265 394	285 409
Total	574 920	598 560

Costs of short-term leases mainly relate to railway wagons. These are short-term leases for which the Company used the exemption from the capitalisation of the right-of-use leased asset.

27. PERSONNEL EXPENSES

Structure of personnel expenses

	31 December 2023	31 December 2022
	TCZK	TCZK
Short-term employee benefits		
Wages and salaries	318 639	308 794
Bonuses to members of statutory and supervisory bodies	2 400	3 333
Social security and health insurance expenses	28 973	28 003
Other social expenses	1 434	1 037
Pension plans	82 201	77 340
Employee benefits for an early termination of employment		
Severance pay	0	298
Total	433 647	418 805

Average number of employees, personnel expenses

	2023	2022
Total average number of employees	592	585
Total personnel expenses (TCZK)	433 647	418 805

The structure of personnel expenses of managers

	31 December 2023	31 December 2022
	TCZK	TCZK
Wages and salaries	23 754	27 740
Health insurance premiums	2 263	2 580
Pension plans	4 756	4 347
Total	30 773	34 667

The Company only provides benefits to the members of the bodies in accordance with the concluded contracts of office.

Supplementary pension scheme

Since 2000, the Company has made contributions to the employees' supplementary pension plans with state insurance contributions. Since January 2014, the monthly individual contribution is TCZK 1. In 2023, these contributions amounted to TCZK 4 599 (2022: TCZK 4 455).

The Company does not record any incurred or contracted pension liabilities to former members of statutory and supervisory bodies.

Employee benefits – early termination of an employment

The Company pays out severance payments to employees whose employment was terminated for organisational reasons. In 2023, the Company paid out TCZK 0 (2022: TCZK 298) in severance pay.

28. OTHER OPERATING INCOME AND EXPENSES

Other operating income	31 December 2023 TCZK	31 December 2022 TCZK
Change in provisions	77 873	0
Grants received and compensation of expenses	46 702	0
Damages	6 134	4 641
Profit from sale of purchased inventories	2 548	5 578
Proceeds from the sale of property, plant and equipment	778	0
Change in allowances for receivables and inventories	0	633
Other operating income	3 856	10 724
Total	137 891	21 576

Other operating expenses	31 December 2023 TCZK	31 December 2022 TCZK
Insurance premiums	33 732	32 060
Additions to allowances	8 832	2 625
Taxes and fees	6 771	6 756
Contributions and gifts	3 994	4 262
Write-off of receivables	30	0
Losses from disposal of non-current assets	0	36 722
Creation of provisions	0	36 408
Other operating expenses	23 595	6 201
Total	76 954	125 034

29. FINANCIAL INCOME AND EXPENSES

Financial income

	2023 TCZK	2022 TCZK
Interest income		
- bank accounts	33 673	12 202
- other interest	49 857	11 560
Net foreign exchange gains on foreign currency transactions	17 455	15 414
Other financial income	801	1 026
Total	101 786	40 202

Other interest income mainly consists of an interest arising from loan receivables provided to the controlled entities, mainly a loan to SPOLCHEMIE SK, a.s. of TCZK 9 969 in 2023 (2022: TCZK 5 884) and a loan to SPOLCHEMIE Zebra, a.s. of TCZK 24 819 in 2023 (2022: TCZK 4 454).

Financial expenses

	2023 TCZK	2022 TCZK
Interest expense		
- on loans and borrowings	70 847	124 664
- other interest	1 116	1 817
- interest expense from lease liabilities	1 340	3 108
Provisions in the financial area	24 407	0
Factoring expenses	9 174	10 071
Other financial expenses	68 004	6 739
Total financial expenses	174 888	146 399

Other financial expenses in 2023 are mostly made up of financial expenses for the ZEBRA project reinvoiced from SPOLCHEMIE Zebra, a.s.

Interest expense includes the release of accrued/deferred interest expense of TCZK 55 064 as a result of early repayment of non-bank loan commitments.

Income from financial derivatives
As the Company is a majority exporter, it has regular surplusses of euros which it needs to convert to Czech crowns. With respect to euro developments, it regularly concludes term forward transactions to hedge these conversions against exchange rate changes.

Apart from the impact of the differences between the current exchange rate and the exchange rate of the conversions on gains, which is recorded in current foreign exchange differences, the Company translates the closed tranches to fair value. The total impact on profit or loss from financial derivatives in 2023 was TCZK 20 185 (2022: TCZK 33 282).

As at 31 December 2023, the Company had thus hedged the future conversion in 2024 of EUR 18 million at exchange rates 24.84 CZK/1 EUR and 24.87 CZK/1 EUR. As at 31 December 2022, this amount was EUR 36 million at exchange rates ranging from 25.85 to 26.11 CZK/1 EUR.

30. INCOME TAX

	31 December 2023	31 December 2022
	TCZK	TCZK
Current tax		
Previous periods	-1 375	4 010
Current year	-72 288	-509 127
Deferred tax		
Impact of changes in temporary differences	2 405	-4 509
Total income tax	-71 258	-509 626

Reconciliation of effective tax rate	31 December 2023	31 December 2022
	TCZK	TCZK
Profit/loss before tax	**462 050**	**2 743 471**
Income tax rate	19%	19%
Income tax calculated	**-87 790**	**-521 259**
Impact of tax non-deductible expenses	-16 008	-7 070
Impact of tax-exempt income	28 817	18 703
Impact of rate change to 21%	3 723	--
Total calculated income tax	-71 258	-509 626
Effective income tax rate	15,42%	18,58%

The Company does not record any tax arrears with the locally competent tax authority.

Deferred tax

	Pohledávky		**Závazky**		**Změna stavu**	
	2023	2022	2023	2022	2023/2022	2022/2021
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Difference between the book and tax value of non-current assets	15 758	15 696	-71 853	-57 240	-14 551	-16 611
Inventories and receivables	10 966	3 777	0	0	7 189	499
Provisions	84 219	74 452	0	0	9 767	11 603
Deferred tax asset/liability	110 943	93 925	-71 853	-57 240	2 405	-4 509
Deferred tax balance recorded	39 090	36 685	x	x	x	x

As at 31 December 2023 and 2022, the Company does not record any usable tax losses from previous years.

In accordance with the accounting policy, a tax rate of 21% was used to calculate deferred tax (2022 – 19%). The rate change comprises an amount of CZK 3.7 million.

31. RELATED PARTY TRANSACTIONS

The Company is involved in the following transactions with related parties:

Receivables and payables with related parties

	Receivables as at 31 December		Payables as at 31 December	
	2023	2022	2023	2022
	TCZK	TCZK	TCZK	TCZK
Subsidiaries				
EPISPOL, a. s.	11 717	22 397	96 201	58 136
SPOLCHEMIE N.V.	359	170	0	0
SYNPO, akciová společnost	0	2 453	2 300	3 441
CHS Epi, a.s.	7 792	36 243	31 477	48 837
SPOLCHEMIE Electrolysis, a.s.	213 516	3 183	45	258 523
SPOLCHEMIE Zebra, a.s.	8 606	417	150 982	36 753
CSS, a.s.	265	5	5 892	5 071
Spolchemie, a.s.	261	231	0	0
Other related parties				
Fortischem, a.s.	2 048	1 367	0	20
Total	244 564	66 466	286 897	410 781

The Company's payables are generated mainly from the purchase of services under the toll fee regime and other overhead services. The presented amounts include estimated payables. Trade receivables are not secured.

Loans provided to and received from related entities

	Provided loans as at 31 December		Received loans as at 31 December	
	2023	2022	2023	2022
	TCZK	TCZK	TCZK	TCZK
AB – CREDIT a.s.	0	0	0	32 570
SPOLCHEMIE Zebra, a.s.	485 249	376 181	0	0
SPOLCHEMIE SK, s.r.o.	168 700	154 521	0	0
CHS Epi, a.s.	96 734	70 184	0	0
EPISPOL, a.s.	71 954	67 379	0	0
SPOLCHEMIE Electrolysis, a.s.	33 052	0	0	0
SPOLCHEMIE Distribution, a.s.	16 351	14 955	0	0
Total	872 040	683 220	0	32 570

Purchase, sales and reinvoicing volumes with related parties

	Purchases		Sales and reinvoicing	
	2023	2022	2023	2022
	TCZK	TCZK	TCZK	TCZK
Subsidiaries				
SYNPO, akciová společnost	27 314	30 074	10 500	17 254
EPISPOL, a.s.	281 518	233 378	158 880	140 237
SPOLCHEMIE Electrolysis, a.s.	733 277	1 150 610	533 671	724 861
CHS Epi, a.s.	411 621	428 041	247 903	87 965
SPOLCHEMIE SK, s.r.o.	0	0	0	5 884
SPOLCHEMIE Distribution, a.s.	0	0	2	584
SPOLCHEMIE Zebra, a.s.	305 667	30 113	31 942	120 093
CSS, a.s.	44 276	39 620	2 727	2 582
Total of consolidated companies	1 803 673	1 911 836	985 625	1 099 460
Fortischem, a.s.	567	1 181	9 973	17 697
Kaprain, a.s.	356	0	0	0
Total of other related parties	923	1 181	9 973	17 697
Total	1 804 596	1 913 017	995 598	1 117 157

** The overview of purchase and sales transactions do not include recorded interest income from loans to subsidiaries of TCZK 49 817 (2022 – TCZK 11 561).*

The most significant volume is comprised of the mutual purchases and sales with three subsidiaries, i.e., EPISPOL, a.s., which produces low molecular weight epoxy resins for the Company, CHS Epi, a.s., which manufactures products for the Company in the field of chlorine chemistry and SPOLCHEMIE Electrolysis, a.s., which produces sodium and potassium lye. These companies operate in toll fee mode. The Company provides these companies with all the necessary infrastructure and administrative services.

Members of statutory and supervisory bodies, and members of management

In addition to bonuses, the Company also covers the liability insurance of members of statutory and supervisory bodies and management. In 2023, the Company paid TCZK 473 in liability insurance (2022: TCZK 322).

In 2023 and 2022, the Company's executives were not provided with any non-monetary benefits, with the exception of benefits included in contracts for the performance of functions. For more information, see the comments in Note 27. PERSONNEL EXPENSES

32. FINANCIAL RISK MANAGEMENT

Financial risk factors
The overall risk management strategy seeks to minimise potential adverse effects on the Company's financial performance. In its activities, the Company faces the following financial risks:

- a) Market risk
  - a. Currency risk
  - b. Commodity risk
- b) Interest rate risk
- c) Credit risk
- d) Liquidity risk
- e) Operating risk

a) Market risk
The market risk for the Company is derived primarily from changes in market prices, interest rates, share prices or commodity prices and their impact on the firm's profits. The total exposure to market risk depends on the structure of profit and loss and the sensitivity of individual assets and liabilities to any changes in market prices.

a. Currency risk
Currency risk is the type of risk generated by the changing value of one currency against another currency. Because the Company exports and imports most of its production and material, it is exposed to currency risk, primarily with respect to the euro. The currency risk is significantly eliminated by natural hedging due to the Company´s sales and purchases of raw material and energy denominated in the same currency.

The Company has a financial market trading framework agreement with PPF banka, under which the Company enters into partial forward transactions to hedge against negative fluctuations in the EUR/CZK exchange rate. In 2023, the conversions undertaken totalled EUR 36 million at exchange rates ranging from CZK 25.85 to 26.11/EUR. Transactions totalling EUR 6 million at the exchange rate of CZK 24.84/EUR were entered into for 2024.

Similarly, the Company concluded an agreement with Česká spořitelna, a.s., under which partial forward transactions totalling EUR 12 million at the exchange rate of CZK 24.87/EUR were entered into for 2024.

The Company seeks to maximise the natural form of currency hedging as the most effective form of currency risk elimination. Purchases of raw materials, as well as energy and services are made in euros, which increases the natural coverage of the risk of exchange rate changes resulting from movements in the EUR/CZK exchange rate. The volume of purchases in EUR for 2023 represented 59% of the volume of sales in EUR (2022: 57%).

The Company further eliminates the effect of currency risk by arranging part of the loan financing in EUR.

Receivable and payable classification by currency

As at 31 December 2023	CZK	EUR	USD	ostatní	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Receivables	930 020	1 084 662	3 049	0	2 017 731
Liabilities	-3 439 640	-736 435	-6 217	0	-4 182 292

As at 31 December 2022	CZK	EUR	USD	ostatní	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Receivables	548 815	1 733 182	6 987	2 683	2 291 667
Liabilities	-1 555 384	-1 591 694	-14 642	200	-3 161 920

As mentioned above, the Company's management seeks the natural hedging of the currency risk, including the actual settlement of receivables and payables.

Sensitivity analysis of financial instruments in foreign currency to changes in foreign exchange rates

The appreciation (depreciation) of the Czech crown by CZK 0.25 against EUR and USD, as described below, would result in an increase/decrease of the profit/loss as follows: The eventual strengthening of the EUR exchange rate, which has a negative impact on the economic result, is significantly neutralised by the neutral monetary hedging through forward trading (see above).

TCZK	31 December 2023 TCZK	31 December 2022 TCZK
Appreciation of EUR	1 451	58 474
Appreciation of USD	- 35	-85
Depreciation of EUR	3 409	73 541
Depreciation of USD	35	85

b. Commodity risk

The Company is exposed to commodity risk arising from changes in the prices of raw materials and energy. The Company manages the commodity risk in a way that includes contractual agreements with customers to adjust the selling price if a change in the purchase price of raw materials and energy occurs.

b) Interest rate risk

The interest rate risk arises from movements in market interest rates. The Company is exposed to changes in interest rates, particularly in the credit area, depending on the development of the announced interest rates.

The Company reports the following interest-bearing financial instruments as at the date of the financial statements:

Financial instruments with fixed interest rate	31 December 2023 TCZK	31 December 2022 TCZK
Non-bank loans	2 527	671 982
Long-term receivables	84 333	0
Short-term receivables	0	0

Financial instruments with a variable interest rate	31 December 2023 TCZK	31 December 2022 TCZK
Long-term bank loans	197 800	0
Long-term receivables	400 916	250 462
Short-term receivables	386 792	307 039

Sensitivity analysis of financial instruments with variable interest rates

A change of 100 basis points in the interest rate would increase or decrease profit as follows:

Financial instruments with a variable interest rate	31 December 2023	31 December 2022
	TCZK	TCZK
Sensitivity to cash flow – increase of interest rate	5 889	5 575
Sensitivity to cash flow – decrease of interest rate	-5 889	-5 575

Effective interest rate and revaluation analysis

The table shows the effective interest rates of interest-bearing financial assets and financial liabilities as at the balance sheet date and the periods in which they are revalued.

31 December 2023	Effective interest rate in %	Receivable/liability amount in TCZK	Future change in interest rate	Due date
Total receivables CZK	10,80	174 544	*	Do 2032
Total receivables EUR	7,60	613 164	*	Do 2032
Total interest-bearing receivables		787 708		
Total non-bank loans CZK		0		
Total non-bank loans EUR		0		
Total bank loans EUR	5,62	197 800	*	Do 2032
Total interest-bearing liabilities		**197 800**		

* No change is expected in the contractual interest rates. The current rate depends only on changes in the rates announced by central banks according to individual bank loan agreements. In the case of a bank loan, it is also possible to change the margin set by the bank depending on the assessment of the given covenant.

31 December 2022	Effective interest rate in %	Receivable/liability amount in TCZK	Future change in interest rate	Due date
Total receivables CZK	11,14	138 493	*	Do 2032
Total receivables EUR	5,52	419 008	*	Do 2032
Total interest-bearing receivables		557 501	*	Do 2032
Total non-bank loans CZK	5,31	119 058	*	Do 2032
Total non-bank loans EUR	2,99	548 562	*	Do 2032
Total interest-bearing liabilities		**667 620**	*	Do 2032

TCZK	Carrying value 2023 TCZK	Fair value 2023 TCZK	Carrying value 2022 TCZK	Fair value 2022 TCZK
Trade receivables, other receivables without tax receivables, advances paid and accruals	1 493 392	1 487 676	1 878 101	1 870 912
Long-term receivables and accruals	524 339	500 753	413 566	394 963
Cash and cash equivalents	724 199	724 199	1 423 523	1 423 523
Bank loans	-197 800	-188 903	0	0
Non-bank loans	-2 527	-2 527	-671 982	-641 755
Unpaid interest on non-bank loans	0	0	0	0
Trade and other payables and advances	-3 580 920	-3 567 213	-1 689 213	-1 682 747
Total	-1 039 317	-1 046 015	1 353 995	1 364 896

c) Credit risk

Credit risk is the risk arising from the inability or unwillingness of counterparties to honour their commitments. Counterparty (customer) solvency is the most important criterion that must be reviewed and evaluated periodically.

The Company has, within its internal credit policy, a defined strategy (internal rules and regulations) which ensures that products and services are sold to customers under appropriate terms and conditions. Before the customer is offered standard payment and delivery terms, the customer goes through a credit rating. This rating takes into account external ratings and other referrals from specialised companies. The Company also uses the services of a credit insurance firm, and insures the major part of its receivables. This insurance also minimises the negative impact of any expected credit risk. The evaluation and implementation of customer credit limits is carried out by the Finance Department (Credit Manager). The credit policy also includes rules against exceeding the credit limit or the deterioration of payment discipline.

The maximum exposure to credit risk as at the balance sheet date was as follows:

Net book value	31 December 2023 TCZK	31 December 2022 TCZK
Long-term receivables	485 249	376 881
Trade receivables	881 360	1 375 512
Other receivables and advances	520 022	502 589
Cash	724 199	1 423 523
Total	2 610 830	3 678 505

The Company does not have any customer having more than a 10% share in the total balance of trade receivables.

Analysis of maturity of short-term trade receivables

	31 December 2023	Expected credit loss	31 December 2022	Expected credit loss
	TCZK	TCZK	TCZK	TCZK
Due	837 159	-3 407	1 287 543	-6 854
1-90 days overdue	58 869	-398	95 216	-393
91-180 days overdue	144	-144	92	-92
181-360 days overdue	3 227	-3 227	22	-22
More than 360 days overdue	35 281	-35 281	33 974	-33 974
Total	934 680	-42 457	1 416 847	-41 335
Net book value		892 223		1 375 512

Changes in impairment losses related to trade receivables

	31 December 2023	31 December 2022
	TCZK	TCZK
Balance as at 1 January	-41 335	-41 968
Creation of loss allowance	-8 049	-6 204
Release of loss allowance	6 923	6 833
Use of loss allowance – receivables write-off	5	4
Balance as at 31 December	-42 457	-41 335

The development and balance of accumulated impairment losses on loans granted is evident from the information provided in Note 10.

d) Liquidity risk

Liquidity is the firm's ability to meet due financial obligations at any time. Liquidity risk is the potential possibility that the Company will not be able to meet its financial obligations at their maturity dates. Prudent liquidity management requires maintaining sufficient cash on hand and cash equivalents and the availability of funding through an adequate number of committed credit facilities.

To control the cost of their own products and services, the Company uses a method of cost allocation by activity, which allows the monitoring of cash flow requirements and optimises the return on investment.

In order to ensure sufficient liquidity to cover operating costs, the Company uses a standardised working capital management system, in particular receivables management and inventory optimisation. The Company also uses the services of factoring companies for portfolios of receivables with longer maturities to minimise tied funds.

The payment of the Company's liabilities according to their maturity is stated below:

As at 31 December 2023	Contractual cash flows						
	Due or up to 2 months	2-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Loans	2 821	4 713	5 582	34 325	96 536	112 973	256 950
Lease liabilities	1 078	2 156	3 232	9 760	0	0	16 226
Other liabilities	772 242	2 710 426	168 877	225 459	55 700	35 562	3 968 266
Total	776 141	2 717 295	177 691	269 544	152 236	148 535	4 241 442

As at 31 December 2022	Contractual cash flows						
	Due or up to 2 months	2-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Loans	2 254	4 558	14 434	76 733	254 084	319 920	671 982
Lease liabilities	2 820	5 608	8 288	6 272	7 523	0	30 511
Other liabilities	1 217 924	772 357	9 656	216 458	222 723	20 309	2 459 427
Total	1 222 998	782 523	32 378	299 463	484 330	340 228	3 161 920

e) Operational risk

Operational risk is generally defined as the possibility of loss due to operational deficiencies and errors. In the narrower definition, operational risk is a risk arising from operating the firm's business activities. In a broader sense, operational risk includes all the risks that are not attributed to credit risk, market risk or liquidity risk.

The Company manages its operational and production risks to avoid financial losses and damage. These risks primarily relate to monitored depreciation (wear and tear) of the Company's machinery and equipment, the risks connected with shutdowns and insurance.

The effects of everyday use of the equipment and machinery continually increase over time. Nevertheless, the Company prepares plans every year to carry out preventive maintenance and shutdowns to eliminate the risk of unplanned shutdowns. At the same time, regular maintenance is carried out according to pre-approved schedules during the operation of individual devices, which further reduces the risk of shutting down the technology due to a fault.

The Company continuously modernises and optimises individual operations both as part of routine maintenance and as part of the technical evaluation of existing technologies. This leads to more efficient and, last but not least, more environmentally-friendly production.

The Company has insurance coverage for most of its important assets (e.g., insurance for property and equipment and liability insurance) to cover most of the risks and major claims.

33. RESEARCH AND DEVELOPMENT

In 2023, the Company spent TCZK 51 361 (2022: TCZK 49 978) on research and development. Of this, in-house expenses on research and development activities amounted to TCZK 28 244 (2022: TCZK 29 429).

34. CAPITAL COMMITMENTS

In 2021, the Company and its controlled company SPOLCHEMIE Zebra, a.s. concluded a long-term business contract with a strategic foreign partner for the supply of precursors for the production of next generation chemicals. In this context, the Company and SPOLCHEMIE Zebra undertook to build an operating unit for the production of these precursors with a total investment expenditure of EUR 90 million. Total investment costs are partially funded by a foreign partner, a bank investment loan, and a loan granted by the Company to SPOLCHEMIE Zebra, a.s. The return on this investment has been guaranteed by the aforementioned long-term sales contract. The Company has contractually assumed responsibility for the successful construction of this operating unit. Test operation will start in March 2024.

35. CONTINGENT LIABILITIES

Provided guarantees
In 2021, the Company provided a guarantee for the liabilities of Fortischem, a.s. towards creditors MONDI SCP, a.s. and MONDI Štětí, a.s. up to TEUR 1 600, with the value of these liabilities being TEUR 385 as at 31 December 2023 (as at 31 December 2022: TEUR 925). Fortischem, a.s. is a related party of the Company or an entity controlled by the same controlling entity.

SPOLCHEMIE Zebra, a.s.
At the end of 2021, and with the participation of the Company, SPOLCHEMIE Zebra, a.s. concluded agreements with a strategic foreign partner, with subjects being the construction of a new production unit for the production of a new precursor and a long-term agreement on precursor supplies to the foreign partner. The Company as the originator of a newly patented technology assumed full responsibility to successfully complete the construction of the production unit. Test operation will start in March 2024.

As part of the arrangement on long-term precursor supplies, the Company assumed the guarantee for the supplies and potential payments associated with the breach of the obligation to supply a minimum binding amount of up to EUR 16 million a year. In addition, the potential liability of the Company is limited to EUR 30 million.

On 27 September 2022, SPOLCHEMIE Zebra and the Company concluded a loan agreement with Česká spořitelna, a.s., under which a loan is drawn to fund the construction of the production unit concerned. In an amendment to the subject loan agreement from the end of 2023, the maximum loan amount was increased to EUR 66 million. The Company is a co-borrower of this loan together with SPOLCHEMIE Zebra, a.s.

Management is not aware of any other significant contingent liabilities of the Company as at 31 December 2023.

36. OTHER MATTERS

The Company has an excess of current liabilities over current receivables as at 31 December 2023. This will be eliminated by a long-term syndicated bank loan from a group of banks led by Česká spořitelna, received in 2024, see Note 37.

37. SUBSEQUENT EVENTS

At the end of March, the liability from the declared dividend of CZK 2.35 billion, which was approved at the end of 2023, was settled.

By decision of the Company's sole shareholder KAPRAIN CHEMICAL LIMITED dated 28 March 2024, Ing. Jiří Medřický and Ing. Vladimír Kubiš were recalled from their positions of members of the Board of Directors, and at the same time, Ing. Jan Kadaník, Ing. Michal Adamovský and Mgr. Jan Křička were appointed as members of the Board of Directors. Based on the decision of the Board of Directors dated 16 April 2024, Ing. Pavel Jiroušek was recalled from the position of chairman of the Board of Directors, and at the same time, Ing. Pavel Jiroušek was appointed vice-chairman of the Board of Directors and Ing. Jan Kadaník chairman of the Board of Directors.

On 20 March 2024, the Company signed a long-term syndicated bank loan ("Facilities Agreement") with a group of banks led by Česká spořitelna. Financing of up to CZK 2.9 billion can be drawn on, with CZK 2.3 billion being drawn by the end of March. The rest will be drawn down in subsequent years and used for development projects. This loan matures in 2031.

The Group expects that all companies from the consolidated group will become subject to the top-up tax in the following accounting period in accordance with Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups. The Group expects that the impact of this matter on the total tax liability will not be material.

After the balance sheet date there were no other events that were not specified in the previous points of these notes to the financial statements and that would have a significant impact on the financial statements as at 31 December 2023.

7 / REPORT ON RELATIONS

Report of the Board of Directors of Spolek pro chemickou a hutní výrobu, akciová společnost,
on relations between the controlling entity and the controlled entity and between the controlled entity and the entities controlled by the same controlling entity for the accounting period of 2023
("Report on Relations")
processed pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Business Companies and Cooperatives (Act on Business Corporations), as amended (hereinafter referred to as the "**ABC**")

The Board of Directors of **Spolek pro chemickou a hutní výrobu, akciová společnost**, with its registered office in Ústí nad Labem, Revoluční 1930/86, postal code 40032, ID number: 000 11 789, entered in the Commercial Register kept by the Regional Court in Ústí nad Labem, section B, insert 47, as a controlled company, prepared the following Report on Relations for the past accounting period from 1 January 2023 to 31 December 2023 (hereinafter referred to as the "**Decisive Period**").

1 Controlled entity

1.1 Controlled entity

The controlled entity is **Spolek pro chemickou a hutní výrobu, akciová společnost**, with its registered office in Ústí nad Labem, Revoluční 1930/86, postal code 40032, ID number: 000 11 789, entered in the Commercial Register kept by the Regional Court in Ústí nad Labem, section B, insert 47 (hereinafter referred to as the "**Controlled Entity**").

1.2 Controlling entity

According to the information available to the Board of Directors of the Controlled Entity acting with due diligence, the controlling entity of the Controlled Entity in the Decisive Period was **Ing. Karel Pražák**, with his residence at Otradovická 730/9, Kamýk, 142 00 Prague 4, date of birth 3 April 1969 (hereinafter referred to as the "**Controlling Entity**"), who, according to the information available to the Board of Directors of the Controlled Entity, controlled the Controlled Entity indirectly through **KAPRAIN CHEMICAL LIMITED**, with its registered office at Giannou Kranidioti 9, 2nd floor, Flat/Office 210, 1065 Nicosia, Cyprus, registration number: HE 381813 (hereinafter referred to as "**KAPRAIN CHEMICAL**"), which in the Decisive Period exercised the voting rights with shares representing a 100% share in the voting rights of the Controlled Entity.

KAPRAIN CHEMICAL was controlled by the Controlling Entity indirectly through **KAPRAIN INDUSTRIAL HOLDING LIMITED**, with its registered office at Giannou Kranidioti 9, 2nd floor, Flat/Office 210, 1065 Nicosia, Cyprus, registration number: HE 338896 (hereinafter referred to as "**KIHL**"), which in the Decisive Period exercised the voting rights with shares representing a 100% share in the voting rights in KAPRAIN CHEMICAL.

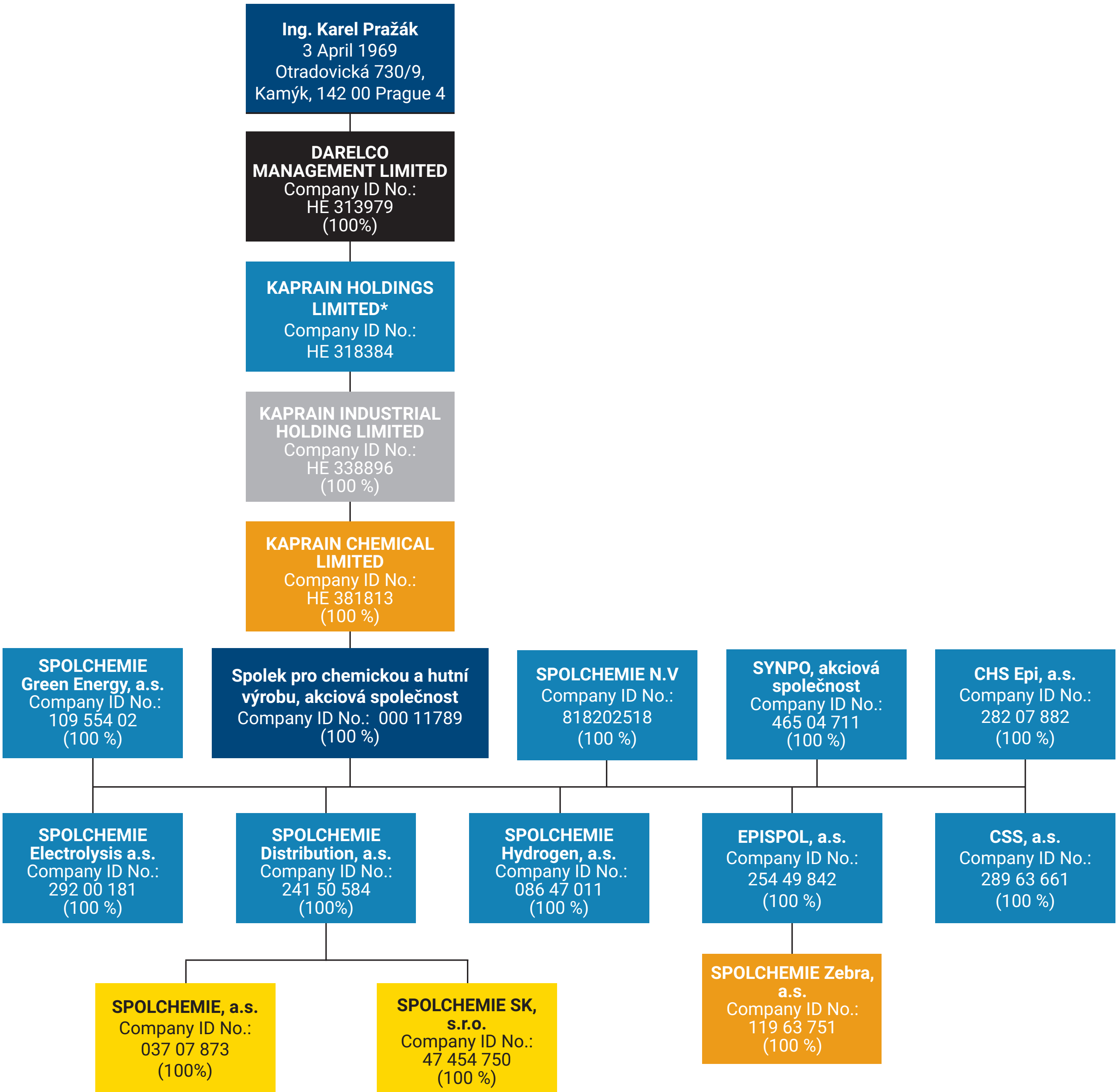
In the Decisive Period, KIHL was controlled by the Controlling Entity indirectly through **KAPRAIN HOLDINGS LIMITED**, with its registered office at Giannou Kranidioti 9, 2nd floor, Flat/Office 210, 1065 Nicosia, Cyprus, registration number: HE 318384 (hereinafter referred to as "**KAPRAIN HOLDINGS**"), which in the Decisive Period exercised the voting rights with shares representing a 100% share in the voting rights in KIHL.

In the Decisive Period, KAPRAIN HOLDINGS was controlled by the Controlling Entity indirectly through **DARELCO MANAGEMENT LIMITED**, with its registered office at Giannou Kranidioti 9, 2nd floor, Flat/Office 210, 1065 Nicosia, Cyprus, registration number: HE 313979 (hereinafter referred to as "**DARELCO**"), which was the sole shareholder of KAPRAIN HOLDINGS with voting rights in the Decisive Period.

In the Decisive Period, DARELCO was controlled by the Controlling Entity directly as the sole shareholder exercising the voting rights connected to its 100% share in DARELCO.

1.3 <u>Graphic depiction of relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and entities controlled by the same Controlling Entity</u>

In the diagram below, the relations between the individual entities in the structure of controlled relations are presented from the Controlling Entity to the Controlled Entity with the shares in the voting rights for the individual entities/companies as at 31 December 2023.



* DARELCO MANAGEMENT LIMITED is the sole member of KAPRAIN HOLDINGS LIMITED with voting rights.

All the entities that were controlled by the same Controlling Entity during the Decisive Period are presented in Appendix no. 1 to this Report on Relations.

2 **Method and means of control in the Decisive Period**

According to the information available to the Controlled Entity's Board of Directors, the Controlling Entity controlled the Controlled Entity indirectly through KAPRAIN CHEMICAL. KAPRAIN CHEMICAL was controlled by KIHL. KIHL was controlled by KAPRAIN HOLDINGS, which was controlled by DARELCO.

According to the information available to the Controlled Entity's Board of Directors, DARELCO was controlled directly by the Controlling Entity as the sole shareholder of DARELCO in the Decisive Period.

According to the information available to the Controlled Entity's Board of Directors, DARELCO was the sole shareholder of KAPRAIN HOLDINGS with voting rights in the Decisive Period.

During the Decisive Period, KAPRAIN HOLDINGS executed voting rights with shares representing a 100% share in the voting rights of KIHL.

During the Decisive Period, KIHL executed voting rights with shares representing a 100% share in the voting rights of KAPRAIN CHEMICAL.

During the Decisive Period, KAPRAIN CHEMICAL executed voting rights with shares representing a 100% share in the voting rights of Spolek pro chemickou a hutní výrobu.

During the Decisive Period, Spolek pro chemickou a hutní výrobu executed voting rights with shares representing a 100% share in the voting rights of the Controlled Entities. Moreover, the Controlled Entity was part of a group where KAPRAIN CHEMICAL was the managing entity in the Decisive Period.

3 **The group of Spolek pro chemickou a hutní výrobu in the Decisive Period**

The Controlled Entity is a managing entity of the group pursuant to Section 79 of the ABC, which included the following companies as managed entities during the Decisive Period.

Legal entity	Company ID No. (IČO):	from – to
SYNPO, akciová společnost Pardubice - Zelené Předměstí, S.K. Neumanna 1316, postal code 532 07	46504711	1/1/2023 – 31/12/2023
EPISPOL, a.s. Revoluční 1930/86, Ústí nad Labem – centrum, 400 01 Ústí nad Labem	25449842	1/1/2023 – 31/12/2023
SPOLCHEMIE Electrolysis a.s. Ústí nad Labem, Revoluční 1930/86, postal code 400 32	29200181	1/1/2023 – 31/12/2023
SPOLCHEMIE Hydrogen, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	08647011	1/1/2023 – 31/12/2023
SPOLCHEMIE N.V. Radarweg 29, 1043 NX, Amsterdam, Kingdom of the Netherlands	818202518	1/1/2023 – 31/12/2023
SPOLCHEMIE Distribution, a.s. Revoluční 1930/86, Ústí nad Labem – centrum, 400 01 Ústí nad Labem	24150584	1/1/2023 – 31/12/2023
CHS Epi, a.s. Ústí nad Labem, Revoluční 1930/86, postal code 400 32	28207882	1/1/2023 – 31/12/2023
SPOLCHEMIE, a.s. Prokopova 148/15, Žižkov, 130 00 Prague 3	03707873	1/1/2023 – 31/12/2023
CSS, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	28963661	1/1/2023 – 31/12/2023
SPOLCHEMIE SK, s.r.o. Gagarinova 7/ABratislava - Ružinov city district 821 03, Slovakia	47454750	1.1.2023 – 31.12.2023
SPOLCHEMIE Zebra, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	11963751	1.1.2023 – 31.12.2023
SPOLCHEMIE Green Energy, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	10955402	1.1.2023 – 31.12.2023

4 Role of the Controlled Entity in the structure of controlling relations in the Decisive Period

The Controlled Entity stands as a managing entity in the head of a group containing the companies specified in Article 3 of this Report of Relations. The top management of the Controlled Entity contributes to the management in other group companies and in the assertion of the group's interests through mandate and other contracts. The Controlled Entity is a manufacturer of synthetic resins and a wide range of chemical products from inorganic chemistry, using the other companies from the group for their production and processing.

5 Overview of actions taken at the initiative or in the interest of the Controlling Entity or entities controlled by the Controlling Entity showing the characteristics pursuant to Section 82 (2) (d) of the ABC

In the Decisive Period, the Controlling Entity approved to pay a dividend of CZK 2,350,000 thousand to KAPRAIN CHEMICAL.

With the exception of the above, during the Decisive Period the Controlled Entity did not take any legal actions or other measures at the initiative of the Controlling Entity or entities controlled by the Controlling Entity that concern assets exceeding 10% of the Controlled Entity's equity ascertained according to the financial statements for the accounting period immediately preceding the accounting period for which the Report on Relations was prepared.

6 Overview of mutual contracts between the Controlled Entity and the Controlling Entity and between the Controlled Entity and entities controlled by the Controlling Entity

6.1 Contracts concluded between the Controlled Entity and the Controlling Entity that were valid in the Decisive Period:

No agreements were concluded between the Controlled Entity and the Controlling Entity that would be valid in the Decisive Period.

6.2 Contracts concluded between the Controlled Entity and the entities controlled by the Controlling Entity that were valid in the Decisive Period:

CSS, a.s.

- Contract for the provision of services dated 1 January 2011, as amended
- Contract for the lease of non-residential premises dated 2 January 2015
- Contract for the provision of IT services dated 1 June 2010
- Framework agreement on the regulation of mutual relations in contracting a leased vehicle dated 1 June 2010
- Contract for the provision of telecommunication services dated 23 June 2010
- Framework agreement on the regulation of mutual relations, rights, obligations and services dated 23 June 2010
- Mandate contract dated 1 November 2016
- Contract for the processing of personal data dated 25 May 2018

CHS Epi, a.s.

- Contract for the provision of services dated 25 September 2013
- Framework agreement on the regulation of mutual relations, rights, obligations and services dated 25 September 2013
- Service contract dated 30 September 2013
- Contract for the provision of maintenance services, inspection, planning and analytical activities and technical support of information systems for maintenance dated 30 September 2013
- Lease agreement dated 1 October 2013, as amended

- Lease agreement dated 1 October 2013
- Cooperation agreement dated 1 October 2013, as amended
- Framework contract for work dated 1 October 2013, as amended
- Intercreditor agreement dated 24 November 2014, as amended
- Contract for the accession to debt dated 24 November 2014
- Contract on the right to complete a note dated 24 November 2014
- Contract for the establishment of a pledge on receivables from insurance contracts dated 24 November 2014 (NZ 1019/2014)
- Contract for the establishment of a pledge on movables (inventories) dated 24 November 2014 (NZ 1021/2014)
- Mandate contract dated 1 November 2016, as amended
- Framework purchase agreement dated 21 November 2016
- Contract on mutual relations dated 1 August 2017
- Debt assumption and compensation agreement dated 15 September 2017
- Contract for the processing of personal data dated 25 May 2018
- Debt recognition and repayment agreement dated 30 October 2023
- Contract for the provision of services dated 20 December 2021, as amended
- Agreement on the terms of early payment of loan repayments dated 22 August 2022
- Cooperation agreement dated 12 December 2022, as amended

<u>SPOLCHEMIE Distribution, a.s.</u>

- Loan agreement dated 7 December 2021

<u>SPOLCHEMIE Electrolysis, a.s.</u>

- Lease agreement dated 1 December 2013, as amended
- Framework contract for work dated 8 April 2014, as amended
- Cooperation agreement dated 4 August 2014, as amended
- Intercreditor agreement dated 24 November 2014, as amended
- Framework agreement on the regulation of mutual relations, rights, obligations and services dated 9 November 2015
- Contract for the establishment of a pledge on receivables from insurance contracts dated 24 November 2014 (NZ 1018/2014)
- Contract for the establishment of a pledge on movables (inventories) dated 24 November 2014 (NZ 1020/2014)
- Mandate contract dated 1 November 2016, as amended
- Compensation agreement dated 15 September 2017
- Recognition of a debt (obligation), Agreement with permission to enforce this record dated 29 September 2017 (NZ 812/2017)
- Contract for the processing of personal data dated 25 May 2018
- Contract for the establishment of the right of construction dated 30 October 2019
- Energy supply agreement dated 20 December 2019
- Debt recognition and repayment agreement dated 31 December 2021
- Contract for the provision of services dated 20 December 2021, as amended
- Loan agreement dated 13 November 2023

SYNPO, akciová společnost

- Contract for work dated 6 January 2023
- Contract for the protection of confidential information dated 30 August 2021
- Contract for the participation in a project solution dated 29 March 2021
- Licence agreement dated 11 January 2022
- Contract for production transfer and compensation dated 1 December 2022
- Purchase agreement No.BRO-58_23 dated 6 September 2023

EPISPOL, a.s.

- Guarantee agreement dated 15 September 2006
- Framework agreement on the regulation of mutual relations, rights, obligations, provision of services and adoption of the management system dated 1 October 2004
- Framework contract for work dated 7 December 2015
- Cooperation agreement dated 7 December 2015, as amended
- Mandate contract dated 1 November 2016, as amended
- Contract for the processing of personal data dated 25 May 2018
- Debt assumption and compensation agreement dated 15 September 2017
- Contract for the establishment of the right of construction dated 4 June 2020
- Contract for the protection of confidential information dated 20 June 2020
- Contract for the provision of services dated 20 December 2021, as amended
- Cooperation agreement dated 12 December 2022, as amended
- Intercreditor agreement dated 15 December 2022
- Contract for the protection of confidential information dated 30 January 2023

AB - CREDIT, a.s.

- Framework lease agreement dated 14 June 2004, as amended
- Lease agreement dated 11 May 2007, as amended
- Lease agreement dated 28 January 2008, as amended
- Lease agreement dated 1 July 2008, as amended
- Lease agreement dated 13 June 2008, as amended
- Debt recognition and repayment agreement dated 20 January 2021 (NZ 11/2021)
- Contract for the establishment of a pledge dated 31 July 2009 (NZ 313/2009)
- Pledge agreement dated 7 October 2008 (NZ 284/2008)
- Contract for the establishment of a mortgage on property dated 7 January 2008
- Contract for the establishment of a mortgage on property dated 5 March 2008
- Contract for the establishment of a pledge on receivables dated 14 June 2004
- Pledge agreement dated 20 June 2008 (NZ 173/2008)
- Pledge agreement dated 24 March 2009 (NZ 71/2009)
- Pledge agreement dated 20 October 2006 (NZ 283/2006)
- Contract for the establishment of a mortgage on property dated 13 June 2008
- Contract for the establishment of a mortgage on property dated 20 October 2006
- Contract for the establishment of a pledge on receivables dated 8 February 2005
- Property pledge agreement dated 11 August 2009
- Contract for the pledge of the rights to items of industrial property dated 31 July 2009
- Property mortgage agreement dated 31 July 2009
- Contract for the establishment of a pledge dated 30 September 2009 (NZ 376/2009)
- Agreement for exercising the right to complete a note dated 7 March 2008

SPOLCHEMIE SK, s.r.o

- Loan agreement dated 1 March 2021, as amended
- Loan agreement dated 23 April 2021, as amended

7 Evaluation of advantages, disadvantages and risks and any settlement of damage incurred by the Controlled Entity

The Controlled Entity mainly derives benefits from participation in the structure of the control relations. The main advantages lie in the strong financial background of the Group with more favourable access to financing, from which the Controlled Entity benefits mainly in concluding transactions with its suppliers, as well as in negotiations with banks and other lenders, thus reducing costs.

The Controlled Entity did not incur any disadvantages or risks from the relations that are the subject of this Report on Relations during the Decisive Period, nor has it suffered any damage from these relations.

Thus the settlement of damages pursuant to Sections 71 and 72 of the ABC is not taken into account.

8 Generalisation of information that comprises the subject of business secrets

The Board of Directors of the Controlled Entity states that any information that comprises the subject of the business secrets of the Controlling Entity, Controlled Entity, or other entities controlled by the Controlling Entity are generalised in the Report on Relations to an adequate extent corresponding to the purpose of the Report on Relations.

This report was prepared by the Board of Directors, as the statutory body of the Controlled Entity, on the basis of information that was known to the members of the Board of Directors, as persons acting with due professional care.

Ústí nad Labem, 31 March 2024

Spolek pro chemickou a hutní výrobu, akciová společnost

Ing. Pavel Jiroušek
Vice-Chairman of the Board of Directors

Ing. Daniel Tamchyna, MBA
Vice-Chairman of the Board of Directors

Appendix no. 1: List of companies directly or indirectly controlled by the same Controlling Entity during the Decisive Period

Company name	Identification/ registration number	Country of registration	Method and means of control	Note	Controlled through
Darelco Management Limited	313979	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		Karel Pražák
KAPRAIN Holdings Limited	318384	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		Darelco Management Limited
KAPRAIN Financial Holding Limited	179241	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Holdings Limited
KAPRAIN Real Estate Holding Limited	338897	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Holdings Limited
KAPRAIN Industrial Holding Limited	338896	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Holdings Limited
Fayvex Limited	451965	Republic of Cyprus	Entity controlled by the same controlling entity through property shares	Transfer of registration from British Virgin Islands as at 3 October 2023	KAPRAIN Holdings Limited
Jejomar Capital Limited	318224	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		Fayvex Limited
KAPRAIN SPORT & ENTERTAINMENT HOLDING LIMITED	443644	Republic of Cyprus	Entity controlled by the same controlling entity through property shares	from 31/5/2023	KAPRAIN Holdings Limited
KAPRAIN Services a.s.	289 50 216	Czech Republic	Entity controlled by the same controlling entity through property shares	from 1 January 2024 new name: KAPRAIN a.s.	Jejomar Capital Limited
Kaprain Ice s.r.o.	108 24 723	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Services a.s.
Kaprain Ice Letňany s.r.o.	117 39 983	Czech Republic	Entity controlled by the same controlling entity through property shares		Kaprain Ice s.r.o.
Flowing Ice Compay s.r.o.	091 24 756	Czech Republic	Entity controlled by the same controlling entity through property shares	until 28 December 2023 (ceased to exist due to the merger by acquisition with ICE CZECH LETŇANY	Kaprain Ice s.r.o.
ICE CZECH LETŇANY a.s.	257 98 715	Czech Republic	Entity controlled by the same controlling entity through property shares		Kaprain Ice s.r.o.

ALS Investors, a.s.	079 05 149	Czech Republic	Entity controlled by the same controlling entity through property shares (75 %)		Kaprain Ice s.r.o.
AR DELTA, a.s.	284 30 824	Czech Republic	Entity controlled by the same controlling entity through property shares (75 %)		ALS Investors, a.s.
AB – CREDIT a. s.	405 22 610	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Financial Holding Limited
CAVALET TRADE, s.r.o.	050 60 575	Czech Republic	Entity controlled by the same controlling entity through property shares		AB – CREDIT a. s.
CM – CREDIT a.s.	250 95 048	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Financial Holding Limited
CP Inkaso s.r.o.	290 27 241	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Financial Holding Limited
Alcathous Limited	264875	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Financial Holding Limited
FEELSIDE LIMITED	403362	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		Alcathous Limited
ViaChem Group, a.s.	26694590	Czech Republic	Entity controlled by the same controlling entity through property shares		FEELSIDE LIMITED
Tritiaco Limited	360704	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Financial Holding Limited
PUBLICOLA s.r.o.	053 06 159	Czech Republic	Entity controlled by the same controlling entity through property shares		AB – CREDIT a. s.
EDEN Jižní roh s.r.o.	017 55 706	Czech Republic	Entity controlled by the same controlling entity through property shares	until 29/12/2023	AB – CREDIT a. s.
EDEN SPORT APARTMENTS s.r.o.	176 14 741	Czech Republic	Entity controlled by the same controlling entity through property shares	until 29/12/2023	EDEN Jižní roh s.r.o.
Nej.cz s.r.o.	032 13 595	Czech Republic	Entity controlled by the same controlling entity through property shares	until 30/11/2023	KAPRAIN Industrial Holding Limited
Nej Kanál s.r.o.	027 38 252	Czech Republic	Entity controlled by the same controlling entity through property shares	until 30/11/2023	Nej.cz s.r.o.
kbNet s.r.o.	049 51 727	Czech Republic	Entity controlled by the same controlling entity through property shares	until 30/11/2023	Nej.cz s.r.o.

incrate s.r.o.	097 79 965	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Industrial Holding Limited
Kaprain Rubber a.s.	109 21 371	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Industrial Holding Limited
Rubena, s.r.o.	097 25 351	Czech Republic	Entity controlled by the same controlling entity through property shares		Kaprain Rubber a.s.
Rubena UK LTD	138 14 834	United Kingdom	Entity controlled by the same controlling entity through property shares		Rubena, s.r.o.
Kaprain Rubber 2 s.r.o.	179 32 092	Czech Republic	Entity controlled by the same controlling entity through property shares	from 13/1/2023	KAPRAIN Industrial Holding Limited
Gumokov, a.s.	000 12 131	Czech Republic	Entity controlled by the same controlling entity through property shares	from 29/12/2023	Kaprain Rubber 2 s.r.o.
Kaprain SK a.s.	283 61 881	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Industrial Holding Limited
KAPRAIN CHEMICAL LIMITED	381813	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Industrial Holding Limited
Kaprain Chemical Slovakia	199 21 268	Czech Republic	Entity controlled by the same controlling entity through property shares	from 14/11/2023	KAPRAIN CHEMICAL LIMITED
FORTISCHEM a.s.	46 693 874	Slovakia	Entity controlled by the same controlling entity through property shares	controlling entity till 29 December 2023: CM – CREDIT a.s.	Kaprain Chemical Slovakia s.r.o.
HC Sparta Praha a.s.	618 60 875	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Holešovice Services s.r.o.	091 70 065	Czech Republic	Entity controlled by the same controlling entity through property shares		HC Sparta Praha a.s.
Derlea Holdings Limited	349253	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Tenacity Limited	180866	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
WAIPA ENTERPRISES LIMITED	213047	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Vítězné náměstí s.r.o.	285 11 441	Czech Republic	Entity controlled by the same controlling entity through property shares (50%)		Derlea Holdings Limited

Office Star Two, spol. s r.o.	276 39 169	Czech Republic	Entity controlled by the same controlling entity through property shares		Tenacity Limited
Office Star Five, spol. s r.o.	276 39 185	Czech Republic	Entity controlled by the same controlling entity through property shares		Tenacity Limited
AXATAU a.s.	273 80 041	Czech Republic	Entity controlled by the same controlling entity through property shares		WAIPA ENTERPRISES LIMITED
ARANCIATA a.s.	276 21 707	Czech Republic	Entity controlled by the same controlling entity through property shares		WAIPA ENTERPRISES LIMITED
LONGORIA a.s.	276 30 188	Czech Republic	Entity controlled by the same controlling entity through property shares		WAIPA ENTERPRISES LIMITED
MIDATANER a.s.	290 55 768	Czech Republic	Entity controlled by the same controlling entity through property shares		WAIPA ENTERPRISES LIMITED
C & R Office Center One s.r.o.	282 29 045	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
C & R Office Center Three s.r.o.	282 28 944	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
DOMUS SENES, s.r.o.	604 70 771	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
DOMUS SENES Property s.r.o.	096 66 389	Czech Republic	Entity controlled by the same controlling entity through property shares		DOMUS SENES s.r.o.
King´s Bridge Apartment s.r.o.	142 81 562	Czech Republic	Entity controlled by the same controlling entity through property shares		DOMUS SENES s.r.o.
ZEFFIRO s.r.o.	279 13 571	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
ZEFFIRO Property s.r.o.	175 57 658	Czech Republic	Entity controlled by the same controlling entity through property shares		ZEFFIRO s.r.o.
KAPRAIN DEVELOPMENT s.r.o.	274 50 732	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
KAPRAIN FACILITY s.r.o.	070 54 033	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
FLUMINE ENERGY s.r.o.	261 81 568	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Flumine Energy Trading s.r.o.	067 19 741	Czech Republic	Entity controlled by the same controlling entity through property shares		FLUMINE ENERGY s.r.o.

Troja Hills a.s.	061 16 221	Czech Republic	Entity controlled by the same controlling entity through property shares	from 22/5/2023	KAPRAIN Real Estate Holding Limited
DOC Mercury, a.s.	057 10 031	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
FINERGIS REAL, a.s.	267 06 199	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Family Living Říčany s.r.o.	046 33 768	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Family Living Horoměřice s.r.o.	052 48 809	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Andego Real 1 s.r.o.	071 77 551	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Andego Real 2 s.r.o.	071 78 093	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Andego Real 3 s.r.o.	071 78 131	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Andego Real 4 s.r.o.	071 78 212	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Andego Real 5 s.r.o.	071 78 387	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Andego Real 6 s.r.o.	175 07 782	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
KAPRAIN Realty Trade a.s.	072 75 005	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Regal Properties s.r.o.	171 10 165	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Realty Trade a.s.
REVOL 13 s.r.o.	199 30 623	Czech Republic	Entity controlled by the same controlling entity through property shares	from 15/11/2023	KAPRAIN Realty Trade a.s.
EUROCAPITAL SE	087 99 181	Czech Republic	Entity controlled by the same controlling entity through property shares (70%)		KAPRAIN Realty Trade a.s.
Lormont Limited	241449	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		EUROCAPITAL SE
Arendon Hospitality, s.r.o.	071 83 127	Czech Republic	Entity controlled by the same controlling entity through property shares		Lormont Limited

Arendon Development Company a.s.	282 46 268	Czech Republic	Entity controlled by the same controlling entity through property shares		Lormont Limited
ARENDON a.s.	274 11 800	Czech Republic	Entity controlled by the same controlling entity through property shares		Lormont Limited
Arendon Infrastructure, s.r.o.	071 82 929	Czech Republic	Entity controlled by the same controlling entity through property shares		Lormont Limited
Arendon Hospitality F&B s.r.o.	140 51 729	Czech Republic	Entity controlled by the same controlling entity through property shares		Arendon Hospitality, s.r.o.
DeVe Invest Two s.r.o.	072 71 344	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
DeVe Fashion Store s.r.o.	086 82 089	Czech Republic	Entity controlled by the same controlling entity through property shares (80%)		DeVe Invest Two s.r.o.
DeVe Invest Three s.r.o.	072 72 863	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
POP Family resort a.s.	142 57 505	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Paleoinvest s.r.o.	086 28 424	Czech Republic	Entity controlled by the same controlling entity through property shares		POP Family resort a.s
Paleoinvest 2 s.r.o.	108 24 235	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
POP Airport s.r.o.	062 63 615	Czech Republic	Entity controlled by the same controlling entity through property shares	Under the name The Prague Outlet One s.r.o. until 22 May 2023	POP Family resort a.s
DREITONEL Three a.s.	241 88 107	Czech Republic	Entity controlled by the same controlling entity through property shares	Under the name The Prague Outlet One a.s. until 22 May 2023	POP Family resort a.s
POP Outlet Services a.s.	052 71 894	Czech Republic	Entity controlled by the same controlling entity through property shares		POP Family resort a.s
DREITONEL One s.r.o.	039 39 863	Czech Republic	Entity controlled by the same controlling entity through property shares		POP Family resort a.s
DREITONEL Two s.r.o.	039 39 880	Czech Republic	Entity controlled by the same controlling entity through property shares		POP Family resort a.s

Majaland Praha s.r.o.	039 39 898	Czech Republic	Entity controlled by the same controlling entity through property shares		POP Family resort a.s
POP Entertainment Services s.r.o.	064 94 536	Czech Republic	Entity controlled by the same controlling entity through property shares		POP Family resort a.s
POP retail s.r.o.	107 25 008	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Tera Properties a.s.	095 68 981	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Kovářská 939 s.r.o.	077 01 144	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Harfa BC C s.r.o.	140 84 775	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
Harfa District a.s.	170 58 414	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
DeVe Invest Letňany s.r.o.	172 41 421	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Real Estate Holding Limited
KAPRAIN SPORT, ENTERTAINMENT & SHOPPING HOLDING a.s.	195 32 326	Czech Republic	Entity controlled by the same controlling entity through property shares	from 17/7/2023	KAPRAIN SPORT & ENTERTAINMENT HOLDING LIMITED
SPOLCHEMIE Hydrogen, a.s.	086 47 011	Czech Republic	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
SPOLCHEMIE N.V.	818202518	The Nether-lands	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
SYNPO, akciová společnost	465 04 711	Czech Republic	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
CSS, a.s.	289 63 661	Czech Republic	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
EPISPOL, a.s.	254 49 842	Czech Republic	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
SPOLCHEMIE Distribution, a.s.	241 50 584	Czech Republic	Entity controlled by the same controlling entity through property shares	controlling entity until 30 November 2023: SPOLCHEMIE N.V.	Spolek pro chemickou a hutní výrobu, akciová společnost
CHS Epi, a.s.	282 07 882	Czech Republic	Entity controlled by the same controlling entity through property shares	.	Spolek pro chemickou a hutní výrobu, akciová společnost

SPOLCHEMIE, a.s.	037 07 873	Czech Republic	Entity controlled by the same controlling entity through property shares		SPOLCHEMIE Distribution, a.s.
SPOLCHEMIE Green Energy, a.s.	109 55 402	Czech Republic	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
SPOLCHEMIE Zebra, a.s.	119 63 751	Czech Republic	Entity controlled by the same controlling entity through property shares		EPISPOL, a.s.
SPOLCHEMIE SK, s.r.o.	47 454 750	Slovakia	Entity controlled by the same controlling entity through property shares		SPOLCHEMIE Distribution, a.s.
SPOLCHEMIE Electrolysis, a.s.	292 00 181	Czech Republic	Entity controlled by the same controlling entity through property shares		Spolek pro chemickou a hutní výrobu, akciová společnost
Spolek pro chemickou a hutní výrobu, akciová společnost	000 11 789	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN CHEMICAL LIMITED

SPOLCHEMIE

SPOLEK PRO CHEMICKOU A HUTNÍ VÝROBU, AKCIOVÁ SPOLEČNOST

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