SPOLEK PRO CHEMICKOU A HUTNÍ VÝROBU, AKCIOVÁ SPOLEČNOST

ANNUAL REPORT 2024

SPOLCHEMIE

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ANNUAL REPORT

SPOLEK PRO CHEMICKOU A HUTNÍ VÝROBU,
AKCIOVÁ SPOLEČNOST

2024

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

SPOLCHEMIE

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DEAR SHAREHOLDER, BUSINESS PARTNERS, AND EMPLOYEES,

Let me present to you Spolchemie's annual report for 2024, which was a year of significant challenges and turning points for us. On the following pages, you will find a summary of our business and financial results, strategic projects, and important milestones we achieved in the past year.

2024, like the previous year, was negatively affected by the severe recession in Europe and the ongoing war in Ukraine. For the chemical industry, it was, above all, a period of difficult challenges following the previous turbulent years. Despite persistent challenges, particularly in the form of high energy prices and unfair Asian competition, we managed to maintain high production and sales volumes without losing our position in key markets.

The retention of our market share came at the cost of a significant reduction in margins and overall profitability. However, we consider maintaining our long-standing customer relationships - built over decades – to be a key pillar of the continued success of our business.

The consolidated turnover of the Company for 2024 amounted to CZK 8,401 billion, which represents a year-on-year decrease of approximately 8 percent. The consolidated operating result before depreciation and amortisation (EBITDA) for 2024 totalled CZK 602 million, representing a year-on-year decline in profitability of approximately 46 percent.

In early 2024, as part of a coalition of three European epoxy resin producers, we filed a complaint with the European Commission, which on 1 July launched an anti-dumping investigation into imports of epoxy resins from China, Taiwan, Korea, and Thailand into the European market. Before the end of the year, customs registration of imports from these countries into the European Union was introduced, and in February 2025 the European Commission finally decided to impose 40% anti-dumping customs duties, primarily on Chinese producers. We hope that this will bring greater protection to the European market from unfair imports from China and potentially enable the return to long-term sustainable margins in the epoxy business.

At the end of 2024, we successfully completed and commissioned the strategic production of special precursors for the production of fourth-generation F-gases (the "ZEBRA" project). This unique, in-house developed technology is a prime example of a successfully managed and completed research and development process, where a new, experimentally developed chemical molecule has successfully gone all the way from laboratory tests, through a pilot test unit to large-scale industrial production, all in cooperation with a strategic foreign partner.

The ZEBRA unit was successfully put into operation in the autumn of 2024. The manufactured product meets all the necessary quality specifications. I would like to take this opportunity to express my appreciation and sincere thanks to our R&D and investment teams, and of course the entire ZEBRA team. The operation presents yet another way to use chlorine independent of the cyclical epoxy resin business and will play the role of a key stabilising pillar to the sustainability of Spolchemie's business.

Occupational health and safety has always been our priority. In 2024, we saw a further decrease in the number of work-related incidents and accidents. Investments in safety systems and ongoing employee training are delivering tangible results.

The outlook for 2025 remains moderately optimistic, although we continue to expect increased volatility and turbulence, particularly in the geopolitical area. At the end of February 2025 and initiated by us, anti-dumping duties on imports into the EU on selected Chinese epoxy producers entered into force. These duties should protect the European market from cheap Asian imports. On the other hand, in April 2025, US President Trump announced an overly aggressive tariff policy towards the outside world. It is impossible to predict what changes this will cause in the European and global markets.

Our Company only carries out minimal trade with the United States, in terms of both sales and purchases. Therefore, a direct impact of US customs and tariff policies on our operations is relatively low. Nevertheless, we are aware of the risk that may arise due to the impact on our trading partners, and of the possibility of imports of Asian production into Europe – despite the anti-dumping duties already imposed. We are therefore closely monitoring and assessing the situation to be able to take timely measures to minimise any negative impact.

I would like to take this opportunity to thank all our employees for their commitment, professionalism and loyalty. It is thanks to their efforts and expertise that we have been able to successfully face challenging and adverse market conditions and meet our strategic objectives. Thanks also go to our business partners for their trust and cooperation.

I believe that the information contained in this annual report will provide a comprehensive picture of our Company's performance and direction. Despite the turbulent environment, Spolchemie remains a stable and reliable partner for its customers, employees, and shareholders, and I am confident that together we will continue to successfully fulfil our vision of a modern and responsible chemical company.

Sincerely,

Jan Křička
Chief Executive Officer
Spolchemie

SPOLCHEMIE

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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 revolution is also the Group´s key 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 the chemical industry in Bohemia. Thanks to innovation, quality, knowledge, and customer care, the Group has been a key player on the market for over 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 its proprietary R&D centres in Ústí nad Labem and Pardubice.

Since 2004, investments on the premises have exceeded CZK 11 billion to ensure the Company's position at the top of the European chemical industry. Currently, we produce 90% of our output 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.

A total of 969 employees work to fulfil 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 in the fiercely competitive and demanding European market.

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

SPOLCHEMIE

PRODUCT PORTFOLIO

The production programme of the Group is presently divided into two fundamental areas, i.e., inorganic chemicals 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 railway is generated as a by-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 purity for use in the pharmaceutical and food industries.

Our portfolio was also expanded by inorganic specialities 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, enabling 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 unit, 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 glycerine, 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 the sustainability of our production.

SPECIAL EPOXY SYSTEMS

Apart from solution and solid epoxy resins, the Group offers special epoxy systems offering high added value to customers, both in terms of product quality and customised 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 specialised areas with high added value and where demands for the development, the understanding of customer needs, and visits to customer premises for testing, sales and consultancy offer a significant competitive advantage. 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 programme and together with epoxy resins cover a substantial portion of the paint and coating manufacturer's portfolio.

Alkyd resins have been 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 our 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.

2024 was a challenging year for our strategic business units (SBUs), especially given the impact of the European Green Deal and associated high energy prices. Despite these challenges, we managed to maintain a stable market position and even increase our market share in some segments. The outlook for 2025 is cautiously optimistic, with expectations of a gradual recovery in demand and positive effects of the European anti-dumping policy.

SBU INORGANICS

In 2024, SBU Inorganics met expectations despite unfavourable market conditions. Despite the gradual decline in demand and the declining performance of the European industry, we managed to maintain the high utilisation of production capacity at 85%. In the last quarter, we faced a drop in margins across the product portfolio yet maintained a stable market share.

Key factors affecting results:

- continued economic recession and high energy prices impacting operating costs
- industry inertia that helped stabilize results in the first half of the year
- strong business relationships with customers that have helped us outperform our competitors

In 2025, we expect a gradual market recovery and an increase in demand for our key products – sodium hydroxide, potassium hydroxide and chlorine derivatives.

SBU EPOXY RESINS

In 2024, the SBU's sales volumes stabilised, but the continued price decline led to a year-on-year decrease in sales of around 8%. The European market was characterised by weak demand, particularly in the automotive, construction and general consumption-related sectors. An important factor was the increasing volume of imports into Europe from China at dumping prices, which led to an anti-dumping investigation against Asian producers, at the initiative of SPOLCHEMIE within a consortium of epoxy producers.

Key factors affecting results:

- competition from Asia and dumping prices
- high interest rates dampening construction and investment activity in Europe
- high energy prices in Europe reducing competitiveness
- strong relationships with long-term customers that helped increase market share among European manufacturers
- geopolitical tensions and their impact on international trade.

In 2025, we expect a gradual market recovery and a return to long-term margins following the imposition of anti-dumping import duties on selected Chinese producers.

SBU SPECIAL SOLUTIONS

In 2024, the Special Solutions SBU stabilised its market position despite the growing influence of Asian imports, changes in reactive solvent classification, and weak demand. We were able to maintain volumes in both specialty epoxy systems and modified epoxies, establish new partnerships with key customers, and begin discussions to collaborate on projects planned for 2025.

Key factors affecting results:

- increased import pressure from Asia with negative impact on prices and demand for modified resins
- new classification of reactive solvents and changes in EU chemical legislation

- successful qualification of new products and growth in the electrical segment
- introduction of UV resistant resins and new types of hardeners and blends.

Interdisciplinary collaboration across departments – from production, development, procurement and sales to logistics and customer service – remains a key success factor.

SBU ALKYD RESINS

SBU Alkyds achieved an all-time high in sales volume in 2024, surpassing the 8-kiloton mark for the first time in a decade, representing record year-on-year growth.

Key factors affecting results:

- significant increase in demand for long alkyds
- stable performance in the anti-corrosion coating segment-successful expansion within Europe, especially in the field of coatings
- effective management of raw material procurement and active pricing policy helping to achieve
- a record contribution margin.

Our business results confirmed the long-term growing strength and stability of SBU Alkyds, not only in terms of volumes but also in terms of profitability.

The main driving force of the Group´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. Monitoring the latest trends in renewable sources, sustainability, environmental protection, and occupational health and safety and general health protection is also an integral part of the innovation process.

RESEARCH AND DEVELOPMENT:

- research and development of new materials and technologies
- applied development and technical service
- innovation and optimisation 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, as well as special epoxy or alkyd resins. Here, the Group develops fields with higher added value that meet the most demanding environmental, quality, and 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 with 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 and for waste reduction.

STRATEGIC FOCUS OF RESEARCH:

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

Our research and development activities focus on the use of renewable resources, recycled or waste materials, and the development of innovative solutions for final product recycling to ensure safer and more environmentally friendly use with minimal impact on the environment, thereby protecting 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. It 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 IN TWO CORE SEGMENTS AND THREE RESEARCH & DEVELOPMENT CENTRES:

- research in inorganic and chlorine chemicals, including usage of hydrogen, in Ústí nad Labem
- research and development and application development in synthetic resins are also conducted in Ústí nad Labem
- research and development and application development in synthetic resins and paints and coatings is carried out at SYNPO, akciová společnost in Pardubice, specialising 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 efforts includes 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. Furthermore , Synpo features accredited laboratories that provide independent certifications and analytical measurements for customers. Synpo also provides independent research and testing activities to third parties along with start-up, low-tonnage, or special production 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.

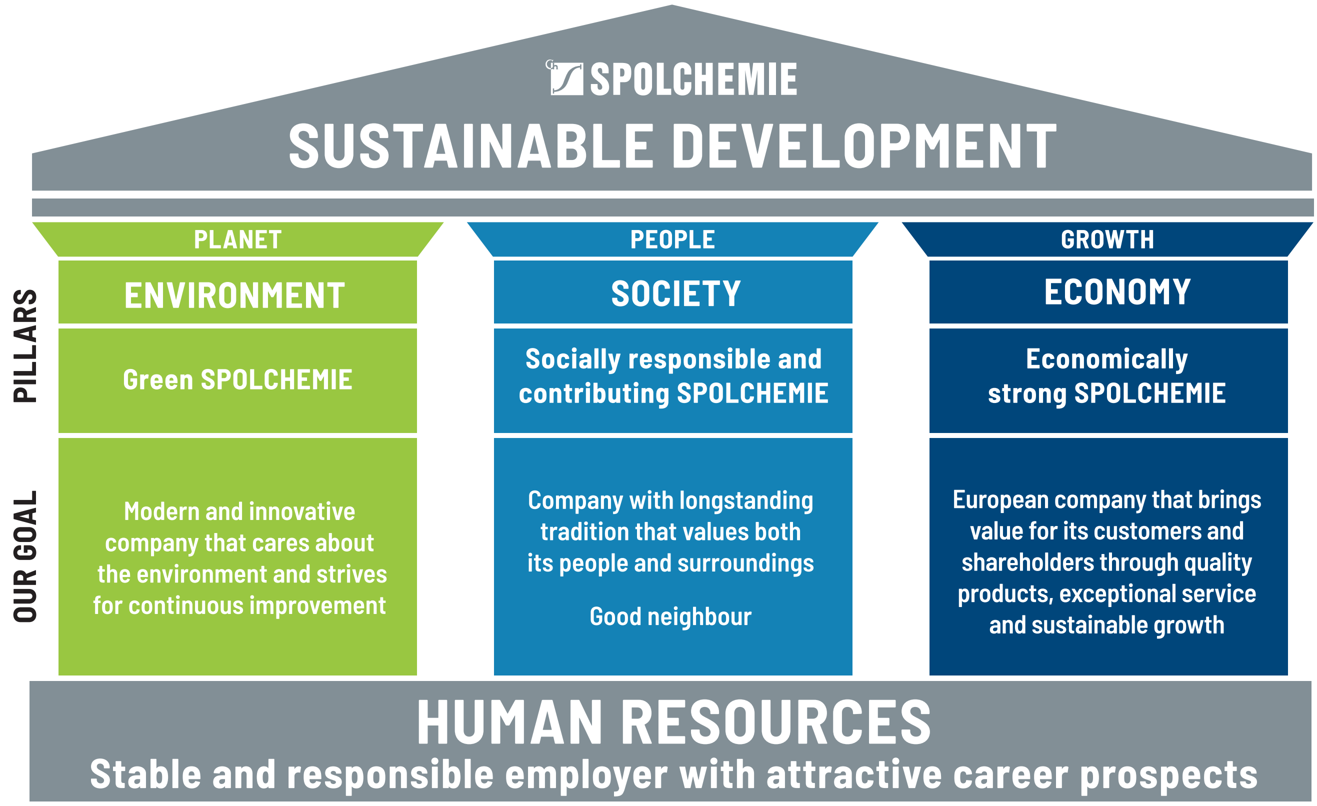
INNOVATION IN THE CENTRE OF EVENTS

The Group's key research and development activities focus on **increasing sustainability and reducing the carbon footprint** and environmental burden of

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

production processes and products. They also focus on the development of products and technologies with the maximum use of environmentally friendly and renewable resources and the lowest impact on the environment. Legislative requirements in the field of labour relations and environmental protection are also monitored, as well as market requirements. In intellectual property protection, the Group (SPOLCHEMIE) was granted two patents, filed three utility model applications, and registered four utility models in 2024. The Group thus holds 125 valid patents, five registered utility models, and 16 active patent applications.

An important milestone in innovations was the completion of the building of the new chlorine derivatives production, which represents one of the strategic pillars of the Group's direction in the years to come. The implementation and subsequent further optimisation of the desalination technology for the treatment of wastewater from the epoxy resin production has significantly advanced the Group in the area of the circular economy. On its basis and with the use of innovative techniques, an in-house advanced technology was developed, and "SPOLCHEMIE WaterTreat" was registered as a Czech national trademark on 18 December 2024. The technology also offers a solution for other production plants within the Group, significantly contributing to the achievement of the set objectives in the circular economy and environmental protection areas. In the years to come, research services and solutions in the form of a SPOLCHEMIE WaterTreat licence will be offered to other commercial entities for the treatment of various types of wastewater. The innovations implemented in 2024 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 being introduces 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, economical, 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 to improve 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 **SPOLCHEMIE´s sustainable development**. The concept is based on human resources, meaning our employees, and three fundamental pillars: Environment, Society, and Economy.

We continue to participate in Responsible Care, an international initiative for responsible business in chemistry. We also continue to participate in the globally recognized EcoVadis sustainability assessment, where we not only defended our gold medal in 2024, but were even ranked among the top five percent of companies worldwide, and among the top two percent in the chemical sector.

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. In 2024 we continued with the Sustainable Procurement project, which aims to evaluate suppliers also in terms of sustainability.

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 includes 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 into which significant investment has been 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 our production, hydrogen is produced as a by-product of electrolysis. The hydrogen can be used as clean fuel for transport. In the future, hydrogen projects can significantly improve the air quality and reduce fossil fuel dependence.

As the market trend continues toward sustainable solutions and our customers and other business partners are increasingly demanding and promoting sustainable and environmentally friendly solutions, we need to conform to these requirements. In 2024, we completed the Life Cycle Analysis (LCA) project, which includes data for the entire company and for its most important products. We use the results of the LCA in our business activity to identify the largest sources of greenhouse gas emissions and to determine the most efficient way to minimise our carbon footprint.

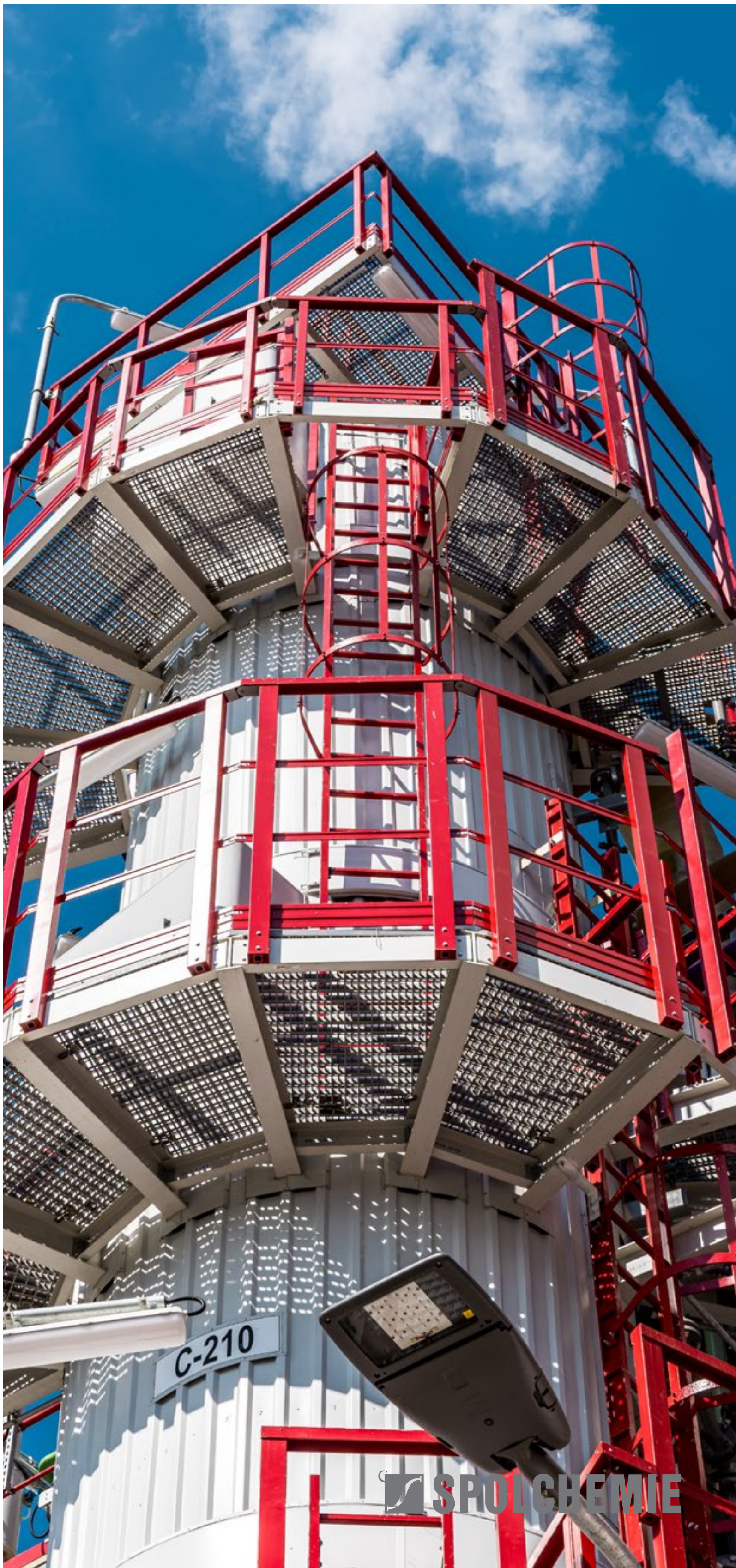
We are continuously implementing many projects to reduce energy consumption and use resources efficiently. One of the major projects is the desalination of wastewater through our unique SPOLCHEMIE WaterTreat® technology. This technology, which we continue to develop and optimize, reduces wastewater pollution, consumes four times less energy than conventional technologies, saves raw materials in production, and, in its final effect, reduces greenhouse gas emissions associated with salt extraction and transport. The recovered salt is reused in the production process, which is not only an important element promoting circularity in production, but also offers significant financial savings. 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 neighbour, despite the proximity of our industrial site to the city centre.

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

> 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.



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

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 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 across all business areas.

HUMAN RESOURCES

In human resources, the protection of employee health and safety is an absolute priority. In 2024, the "**... because health matters**" health and safety programme entered its fourth year, aiming to enhance the safety culture and promote 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 enhancement of qualifications.

SUSTAINABILITY OBJECTIVES

The 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 – a 20% reduction in specific waste generation and a 15% reduction in specific wastewater pollution by 2030.
In social responsibility and safety, our main goals are to reduce incidents (major accidents and hazardous conditions) in production by 50% by 2030, and, in human resources to reduce the accident rate (incidents resulting in absences longer than 3 days) by 60%.

SUSTAINABLE GOALS – EVALUATION 2024

AIR AND CLIMATE PROTECTION
As climate protection is very important to us, we decided in 2021 to conduct an extensive Life Cycle Assessment (LCA) of our company and our key products for 2020. This effort was follow by a full-scale LCA in 2023–24 based on 2022 data. The LCA outputs provide us with necessary details on our carbon footprint, suggestions for reduction and baselines for further evaluation. Already the initial comparison of 2020 and 2022 data showed a significant 58% reduction of GHG emissions in Scope 1 and 2, mainly due to our transition to zero-emission electricity and other decarbonization levers. We are planning the next LCA based on 2025 data.

WASTE PRODUCTION
Compared to 2020, the specific waste production increased by 7% in 2024. As in the previous year, the increase is mainly related to energy and price developments and a significant changes in the production of products with different specific waste production. The innovation of both biological wastewater treatment plants (in 2022) which are key for efficient wastewater treatment, also had an impact. In the last two years, the projected slight reduction compared to 2022 has already taken effect. We expect further decrease in the following years after launching the new SPOLCHEMIE Zebra plant.

WASTEWATER POLLUTION
Clean water is one of our priorities. In 2024, the specific wastewater pollution decreased by 21% compared to 2020 (to 124 kg/t of 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). One incident occurred in 2024. This represents a reduction of approximately 67% 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). In this indicator, we achieved in 2024 the same as in 2023 - 31% reduction compared to 2020, i.e. four occupational injuries during the year. We continue our "…because health matters" safety programme and 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 and we have performed well in this area in the last years. We also achieved very good economic results in 2024, with gross revenues increasing by 25% compared to 2020.

Note: Values related to companies within SPOLCHEMIE in Ústí nad Labem.

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

SUMMARY OF 2024

The year 2024 differed significantly from the previous one, mainly due to the commissioning of the new plant for the production of raw materials for fourth-generation refrigerants and foaming agents (ZEBRA), and a substantial increase in production volumes, both overall and for certain products, which had a significant impact on the Group's environmental performance indicators.

Despite adverse market circumstances, and other external challenges , in 2024, the Group continued the established trend of reducing any negative effects on the environment through the modernisation of its production facilities and the introduction of new technologies. A total of CZK 64 million was invested in environmental protection, including climate protection and energy savings, with a total of 30 projects implemented, initiated or continued in 2024.

Major investment projects in 2024 included the launch of the third and final stage of the modernisation of the wastewater treatment plant for resin production (over CZK 105 million has already been invested in this demanding project, which is carried out while the production plant is in full operation), projects related to the optimisation and development of wastewater desalination technology (in 2024, a total of 4 sub-projects costing almost CZK 6 million), and the reconstruction of a key section of the water intake costing over CZK 16 million (under the Water Saving project, total project costs are estimated at approximately CZK 70 million). In climate protection, the Group implemented or continued another 15 projects and invested approximately CZK 24.5 million.

In water management, which is key in terms of environmental impact, the Group built on the activities of previous years. The operation of the desalination unit for epoxy resin production wastewater (a technology developed within the Group) ran smoothly and work continued on its further optimisation, with a focus on the potential for intensification .

The year 2024 marked the third consecutive year in which the Group used exclusively emission-free electricity 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 2024, the Group reduced its indirect emissions by more than 800 000 tonnes of carbon dioxide (compared to the emission factor of the Czech electricity fuel mix for 2024 as published by the Ministry of Industry and Trade of the Czech Republic).

In 2024, the building of a new production plant for fourth-generation refrigerants and foaming agents (ZEBRA) was completed, allowing for production with significantly lower global warming potential (compared to currently used agents). This represents both a major step toward long-term sustainability and the environmental protection of our planet for future generations and a significant improvement in the Group's environmental profile, as demonstrated by the performance indicators below. The new production has already affected the Group's environmental performance indicators in 2024.

ENVIRONMENTAL PROFILE OF THE GROUP – PROGRESS

The Group has long been monitoring its environmental performance through several indicators most relevant to its production in terms of both direct and indirect environmental impact. For this monitoring, specific values were chosen, relative to the volume of production of key products in the integrated production chain, which allows the burden of production to be quantified or its volume for the environment, which provides more meaningful insight into sustainability than absolute figures. Year-on-year changes and long-term trends can also be monitored. With the start of production at the ZEBRA plant, internal material flows changed significantly , and the methodology for calculating environmental performance indicators has been adjusted, with only the volume of hydrochloric acid sold now included in the calculation (i.e. excluding its production for internal consumption). The data for the previous reporting periods have been recalculated accordingly and the data for 2023 also supplemented with the values before the change in methodology (data in brackets).

The information and charts below show that the Group continues to improve in most aspects. In a year-on-year comparison, most monitored parameters showed improvement , mainly due to the increase in production volume (despite the unfavourable market situation) and the implementation of optimisation or saving measures, which affected individual indicators differently (more detailed comments below).

Wastewater: in 2024, specific pollution was significantly reduced, reaching the lowest value since the beginning of the monitoring of this indicator in 2011.

The reduction in wastewater pollution corresponds to the changes in the production volumes of individual products, with different production and pollution levels, including the new product from the newly commissioned plant. The Group has consistently reduced this indicator, likely the most important from an environmental perspective.

<u>Wastewater pollution</u>

2024 103.5 kg/t of production (-12%)
2023 117.4 kg/t of production (103 kg/t of production)

Utility water consumption (from the Elbe River): This indicator monitors the demand for a resource which is essential to the chemical industry and to. long-term sustainability and relevant to the protection of natural resources and landscape. Changes in this indicator result both from changes in the production volumes of individual products (with varying water consumption), and from ongoing efforts to manage water efficiently, i.e. from water-saving and loss prevention measures. Since 2018, the Group has been steadily reducing this indicator thanks to the introduction of new technologies and the optimisation of production or consumption. In 2024, the lowest value of this indicator since the beginning of the monitoring, i.e. since 2015, was reached.

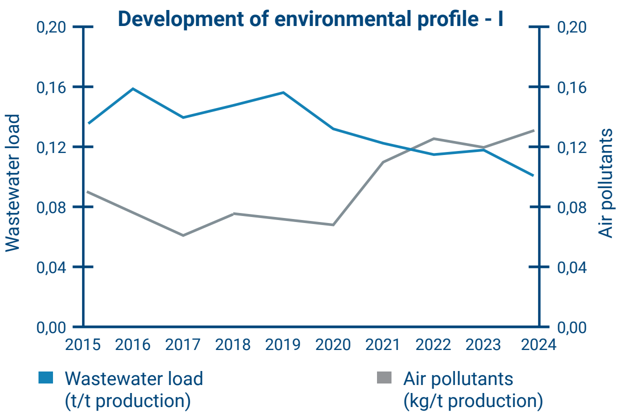
<u>Specific service water consumption</u>

2024 10.04 m^3/t of production (-9%)
2023 11.07 m^3/t of production (9.71 m^3/t of production)

Air: Compared to 2023, the Group's specific air emissions increased by approximately 7% I specific terms and by 24% in absolute terms , i.e., 7.5 tonnes. This development is mainly due to the overall increase in production volumes (mainly for solvent-based production) and increased use of combustion sources. In terms of emissions, the Group was thus at a similar level in 2024 as in 2022.

<u>Emissions to air</u>

2024 39.3 t (+24%)
2023 31.8 t
2024 129 g/t of production (+7%)
2023 120 g/t of production (106 g/t of production)



Hazardous waste generation: Compared to 2023, there was a reduction of approximately 2% in specific production. The Group thus continued the 2023 trend and continued to reduce this indicator steadily, which is mainly associated with indirect environmental impacts, by introducing new production, optimising operations, and maximising capacity utilisation. In absolute terms , this represents an increase of 13%, i.e. 785 tonnes. The increase in the absolute production of hazardous waste corresponds to the increase in production volumes, with a substantial part of the hazardous waste being disposed of at the Group's own incineration plant.

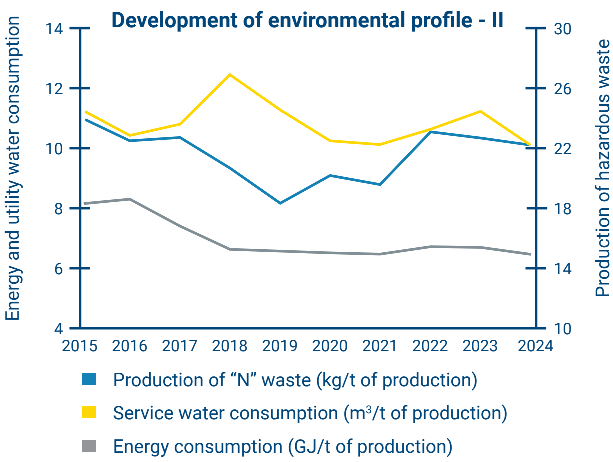
Production of hazardous waste

2024	6 774 t (+13 %)
2023	5 989 t
2024	22.2 kg/t of production (-2%)
2023	22.7 kg/t of production (19.9 kg/t of production)

Energy consumption: This indicator is indirectly related to air protection and long-term sustainability (i.e. climate protection). For the Group, it is mainly the consumption of electricity and heat. As with water consumption, energy consumption fluctuates based on production volumes of individual products with varying energy intensities, while there is also a clear positive impact of the introduction of new technologies and the ongoing implementation of energy-saving measures. This was also the case in 2024, when the effect of previously implemented measures became evident and the Group reduced its specific energy consumption by 2%, thus approaching the historical low of 2021. In the following years, stable progress is expected, with a possible positive effect of energy-saving measures. The Group has long been improving in this area, not only through new technologies but also through ongoing energy-saving initiatives

Specific energy consumption

2024	6 480 MJ/t of production (-2%)
2023	6 630 MJ/t of production (5 817 MJ/t of production)



IN 2024, THE GROUP CONTINUED WITH LARGE INVESTMENTS IN ENVIRONMENTAL AND CLIMATE PROTECTION, WITH WATER MANAGEMENT PROJECTS BEING THE MOST SIGNIFICANT

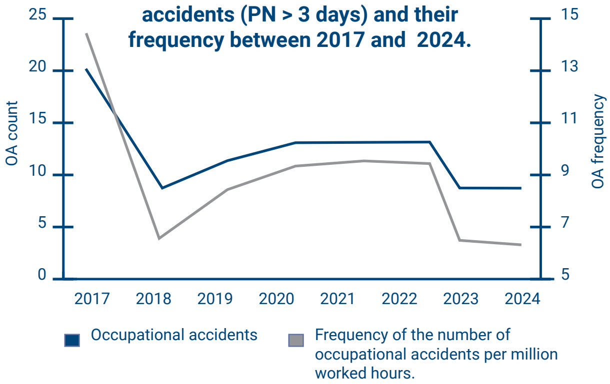
THE GROUP HAS BEEN REDUCING ITS SIGNIFICANT ENVIRONMENTAL IMPACT OVER THE LONG TERM AND HAS SUCCEEDED IN MAINTAINING ESTABLISHED TRENDS, PRIMARILY THROUGH THE INTRODUCTION OF NEW TECHNOLOGIES AND THE IMPLEMENTATION OF OPTIMISATION MEASURES.

REGARDING BOTH DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS, 2024 WAS PARTICULARLY NOTABLE FOR ACHIEVEMENTS IN WATER MANAGEMENT, REACHING THE LOWEST RECORDED LEVELS OF SPECIFIC WASTEWATER POLLUTION AND WATER CONSUMPTION.

SAFETY AT WORK

In 2024, the Group maintained the positive results achieved in the previous year, namely a significant reduction in the number of work-related injuries (WRIs) resulting in sick leave (SL) of more than three days. There were nine such cases – a 31% decreasecompared to 2020 – 2022 average - and none required hospitalisation for more than five days. In 2024, the average duration of work incapacity (days per WRI) was reduced by approximately 50%.. Compared to 2023, the Group also improved its WRIs per million hours worked by 2%.

Development of the number of occupational accidents (PN > 3 days) and their frequency between 2017 and 2024.



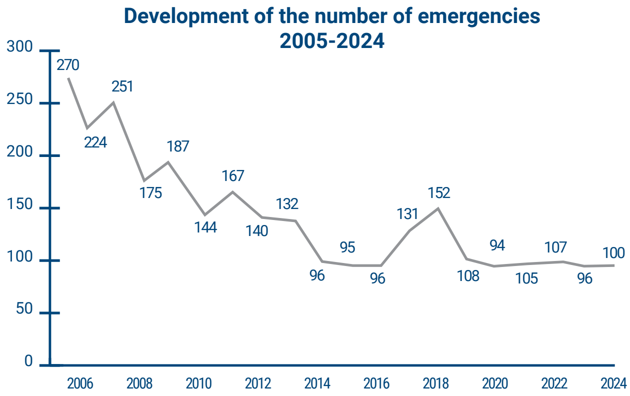
In terms of accidents at work, 2024 was a milestone year for the Group, as it once again recorded its longest-ever period without a work-related injury resulting in sick leave of more than three days – a total of 160 days, surpassing the previous record of 150 days in 2023

These improvements in workplace safety, a top priority for the Group's management, can be attributed to the introduction of the long-term „...because health matters" programme launched in 2021 and continuously developed and supplemented with elements that motivate employees to become more involved in creating a safe working environment.

ACCIDENT PREVENTION

Over the long term, the Group has consistently shown positive trends in this area, and 2024 was no exception, despite the launch of trial operations at the new ZEBRA production plant and the associated major expansion of the hazardous substances monitoring system.

Regarding on-site leaks of hazardous substances, 100 incidents were recorded, which corresponds to the typical range observed over the past six years (100 incidents ±10%), nine of which involved the Group's business partners.



This has also been made possible by an effective system of precautionary repairs and the implementation of several investment measures aimed at improving operational safety. The Group has been systematically planning these investments, also based on situations that arose or risks that were identified, with the aim to strengthen safety both on the Group's premises and with regard to the inhabitants of Ústí nad Labem.

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

The most significant operational safety-related investments implemented or commenced in 2024 include the continued modernisation of control systems at key operations and the modernisation of the energy and water infrastructure (increasing production stability and strengthening fire protection), the extensive modernisation of electricity distribution and regulation systems at one of the key pipeline bridges and finally the acquisition of a new technical vehicle for the Group's fire brigade.

As part of the long-term strengthening of cooperation with the Integrated Rescue Service, in particular the Fire Rescue Service of the Czech Republic, the traditional cooperation exercises of the Group's fire brigade with external units took place in the autumn of 2024. The topic of the exercise this time was a fire at the ethylene bottling site, including the rescue of persons at the newly built ZEBRA plant and an ethylene leak followed by a fire. The exercise was evaluated as positive by all involved.

IN TERMS OF WORK-RELATED INJURIES, THE GROUP DID BETTER IN 2024 THAN IN 2023. ONCE AGAIN, IT RECORDED ITS LONGEST PERIOD WITHOUT A WORK-RELATED INJURY RESULTING IN SICK LEAVE OF MORE THAN THREE DAYS - 160 DAYS.

IN TERMS OF ACCIDENT PREVENTION, 2024 WAS CONSISTENT WITH PREVIOUS YEARS, DESPITE THE COMMISSIONING OF THE NEW PRODUCTION PLANT AND THE ASSOCIATED EXPANSION OF THE HAZARDOUS SUBSTANCES MONITORING SYSTEM. THE GROUP MAINTAINED ITS LONG-TERM POSITIVE TREND IN THE NUMBER OF HAZARDOUS SUBSTANCE LEAKS.

IN 2024, THE GROUP CONTINUED IMPLEMENTING NUMEROUS INVESTMENT PROJECTS AIMED AT ACCIDENT PREVENTION, PREPAREDNESS, AND THE STRENGTHENING OF OPERATIONAL SAFETY."

EXTERNAL INSPECTIONS

During inspections carried out in 2024, including the annual integrated inspection under the Act on Prevention of Major Accidents (inspectors: Czech Environmental Inspectorate, Regional Authority, Labour Inspectorate, Fire Rescue Service of Ústí nad Labem Region, and Regional Hygiene Station), no serious violations of the applicable legislation in occupational safety and accident prevention were identified by the administrative authorities. To rectify the identified minor deficiencies, measures have been implemented within the established occupational health and safety management and major accident prevention system. The inspection authorities were informed about the fulfilment of these measures.

At the end of 2024, the surveillance audit for ISO management systems, including the sub-system for occupational health and safety, accident prevention and fire protection according to the ČSN ISO 45001 standard, was successfully completed. The Group not only confirmed the validity of the certificate, but also successfully resolved a non-conformity (deficiency) identified during the 2023 audit, which related to cooperation with external contractors. The Group focused on this safety aspect in 2024 as well and will continue to do so in the coming period.

Our employees - their skills, competence, and initiative as well as their positive relationship with the Company - are the Group´s most valuable assets.

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, whether they are university graduates or experiences professionals with a strong career background.

At SPOLCHEMIE, sustainable development is based, among other things, on human capital , our employees. That is why, in 2024, we invested time, energy and money to ensure that we are a transparent, stable, attractive, and forward looking employer for our employees as well as for qualified job seekers.

The Group employed an average of 968.5 people in 2024.

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. In the second half of the year, we conducted a HR audit which identified ten redundant positions, which were eliminated by the end of the year . Employment contracts were terminated in accordance with applicable legislation and the collective bargaining agreement.

In human resource management, the Group focused on the following in 2024:

- The average wage in the Group increased by 6.2% in 2024 compared to 2023. In the last two years, average wages in the Company grew by 10.2%.
- We have started to work on changing the conditions of cooperation with universities (Czech Technical University in Prague and University of Pardubice) to present ourselves more effectively to students from the institutes and departments that best match the nature and needs of our business.
- To permanently improve our corporate culture, we organized our first employee opinion survey in 2024, which provided insight into job satisfaction, development opportunities, relationship with superiors, company culture, teamwork, and communication. A total of 321 respondents, or approximately 38% of employees, participated in the survey. The survey results were more positive than expected and provided us with important information about improvement opportunities, especially in communication towards the blue-collar workers or greater focus on the needs of the incoming Generation Z.
- Considering the above, and in cooperation with the marketing and IT departments, we launched a new corporate mobile app during the year. Through the app, we are now able to deliver important information primarily to blue-collar employees who do not normally have access to computers or e Company's intranet.

Since 2017, we have proudly supported public benefit projects and civic initiatives in the Ústí nad Labem region. Through our successful **MINI-GRANTS** programme, we provided support where it is most needed, across three key areas:

- **Healthy Body** – support for children's and amateur sports, health/spa stays, senior activities, tourism, etc.
- **Bright Mind** – support for educational and cultural activities
- **Pure Nature** – protection and improvement of the environment.

In 2024, we supported a total of 51 projects, slightly fewer than in the previous year, but still a diverse range of meaningful and high-quality activities that make a real difference.

Selected supported projects include:

Healthy Body
- Seventh year of the Charity Run for Foster Families (Centrum pro náhradní rodinnou péči, o.p.s.)
- Contribution for a customized wig made of real hair for a girl with cancer (Nové háro, z.s.)
- Telnicky Kecky 2024 (Pavel Dlask)
- Children's Day 2024 (SH ČMS - Křešice Volunteer Fire Brigade)
- Buřtosmeč 2024 and Prosincové pinkání (Volejbal Ústí nad Labem, z.s.)
- Winter indoor football tournaments for youth 2024 (Association of Sports Clubs Lovosice, z.s.)
- Milada Run (Zuzana Kotěšovcová)

Bright Mind
- Looking for the best young chemist (Technical and Horticultural Secondary Vocational School, Lovosice)
- Theatre for All/ Festival Nádhera 2024 (Michaela Valášková)
- International Chess Tournament TEPLICE OPEN (Chess Club Teplice)
- Beřkovice Spring/Autumn 2024 (Psychiatric Hospital Horní Beřkovice)
- 14^{th} charity performance of amateur ensembles (Centrum pro náhradní rodinnou péči, o.p.s.)
- Digital bridge between generations (Retirement Home Bystřany).

Pure Nature
- Biodiversity in the surroundings of Jateční Gymnasium, or without insects there would be no life (Gymnázium Jateční)
- Creation of a system for rainwater harvesting and reuse (Green Horse, z. s.)
- Bee Day with Žížala (Žížala na Terase, z.s.)
- 24^{th} St. Wenceslas Festival in Bílka pod Milešovkou (Spolek přátel Českého středohoří v Bílce pod Milešovkou).

Partnership with the City and Local Community
Apart from providing **MINI-GRANTS**, we are long-term partners of important events in Ústí nad Labem and its surroundings.

Ústí nad Labem Running Festival
We have supported this Running Festival since its inception, thereby proudly supporting one of the region's biggest sporting events. The Ústí nad Labem Running Festival (formerly the Ústí nad Labem Half Marathon), nicknamed „**the Ferrari of Running**", brings thousands of participants and fans to the city and is regularly attended by our employees and their families. Each year we also help organise and secure part of the route that runs right through our chemical complex – a unique experience not only for runners but also for spectators. For many years, we have been the **proud general partner of the Czech Para-Cycling Cup** for athletes with disabilities, which is an integral part of the Ústí nad Labem Running Festival.

Ústecké Vánoce
In 2024, we once again became the main partner of **St. Nicholas with SPOLCHEMIE, and Ústí nad Labem Christmas**, the main holiday events organized by the Ústí nad Labem City Council. Together we bring joy, traditions, and new experiences for whole families.

SUPPLY CHAIN MANAGEMENT

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

The core and long-term objective of the procurement department to secure the most favourable conditions for the acquisition and subsequent contracting of purchased materials, goods and services to ensure and strengthen the competitiveness of the Group's products.

A key tool in achieving this goal is the cultivation of close relationships with key suppliers—reflected in long-term, mutually beneficial, and fair contracts.. More recently, consistent planning and cost control, as well as credibility and its perception by key suppliers, have become increasingly important.

In the summer of 2024, this credibility was independently confirmed once again, when the Group retained the highest possible AAA rating – Highest trustworthiness – from Dun & Bradstreet Czech Republic, a company with more than 180 years of experience of 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.

IN 2024, WE ONCE AGAIN DEFENDED THE HIGHEST POSSIBLE AND VERY PRESTIGIOUS AAA RATING – HIGHEST CREDITWORTHINESS – FROM DUN & BRADSTREET CZECH REPUBLIC

Compared to previous periods, 2024 was characterised by continued consolidation of the entire supply chain, which in 2022 was very intensely and negatively affected by the war in Ukraine and the extreme development in energy prices, and the after-effects of the COVID-19 pandemic

As in the second half of 2023, throughout calendar year 2024, the Group faced pressure on the selling prices of its products. The priority of the procurement department was therefore to offset this effect on the sourcing side. 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. As for the key commodity, electricity, we have secured the full annual volume from emission-free nuclear sources In non-chemical purchasing, we continue to conclude framework contracts with key suppliers.

Framework contracts were used to support the new production plant of precursors for the production of F-gases of the fourth generation 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 continues to be a guiding principle for the Group, reflected by the procurement department through supply chain management and through joint discussion with our strategic customers and suppliers. In the previous period, we introduced a new Supplier Code of Conduct, which is a prerequisite for cooperation with Group companies and which has been integrated into our business contracts. In the first half of 2024, we successfully launched a new supplier evaluation methodology . In addition to the standard evaluation of routine supplier performance and reliability, this tool also places greater emphasis on ethical conduct, human rights, and environmental aspects of doing business with our partners, including the safety of work and our operations, which is key for us.

The Group´s consolidated net profit for 2024 amounted to **CZK 40 million** (2023: CZK 465 million). Operating performance measured by consolidated **EBITDA reached CZK 602 million*** (2023: CZK 1 108 million). Further details on bank financing and its development are provided in Notes 19 (Bank Loans) and 40 (Subsequent Events) to the financial statements.

*EBITDA = operating results + amortisation and depreciation of fixed assets

> CONSOLIDATED EBITDA FOR 2024 REACHED CZK 602 MILLION

OUTLOOK FOR 2025

The main priority of the Group in 2025 will be to maximise the utilisation of its production capacities to meet strong demand fromEuropean epoxy resin and hydroxide customers. Ensuring the stable and reliable operation of the ZEBRA plant will also be a key focus .

2025 will be characterised by significant geopolitical uncertainties, the impact of tariffs on a global scale, and the final decision of the European Commission on any anti-dumping duties on epoxy resins. For all SBUs, the following priorities will be essential :

- intensive customer collaboration and qualification of new projects
- monitoring the development of demand in response to the imposition of provisional anti-dumping duties
- rapid response to market requirements in the context of changing chemicals legislation and customs policy
- emphasis on innovation, development and qualification of new customer solutions
- efficient and responsible management
- synergistic collaboration of teams across the Company.

According to the approved consolidated plan for 2025,, the Group expects margins to return to long-term average levels with the ZEBRA unit now operating at a stable capacit**y. The consolidated plan projects EBITDA of CZK 974 million for 2025**

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

- General Meeting
- Management Board
- Chief Executive Officer
- Finance Director
- Operations director
- Technical Director
- HR Director
- SBU Director (Inorganics)
- SBU Director (Epoxy Resins)
- SBU Director (Specialty Solutions)
- SBU Director (Alkdy Resins)
- SBU Director (Energy)

Jan Kadaník

Daniel Tamchyna

Pavel Jiroušek

Jan Křička

Michal Adamovský

MEMBERS OF THE MANAGEMENT BOARD AS AT 31 DECEMBER 2024

Name	Date of birth	Position
Jan Kadaník	2 November 1965	Chairman of the management board
Daniel Tamchyna	9 December 1970	Vice-chairman of the management board
Pavel Jiroušek	10 August 1970	Vice-chairman of the management board
Jan Křička	26 May 1963	Member of the management board
Michal Adamovský	15 June 1978	Member of the management board


Jan Křička


Jaromír Florián


Jan Dlouhý


Jan Chudoba


Lukáš Bartek


Zdeněk Moravec


Pavel Žák


Lukáš Srsen

COMPANY MANAGEMENT AS AT 31 DECEMBER 2024

Name	Date of birth	Position
Jan Křička	26 May 1963	Chief Executive Officer
Jaromír Florián	16 June 1975	Financial Director
Jan Dlouhý	17 March 1965	Operations Director
Jan Chudoba	6 December 1968	Human Resources Director
Jan Křička	26 May 1963	Director of SBU Inorganics - by mandate
Lukáš Bartek	4 October 1977	Director of SBU Specialty Solutions
Zdeněk Moravec	17 March 1976	Director of SBU Epoxy Resins
Pavel Žák	29 November 1976	Technical Director
Lukáš Bartek	4 October 1977	Director of SBU Alkyd Resins - by mandate
Lukáš Srsen	25 September 1985	Director of SBU Energy

The Company does not have an organisational unit abroad.

SPOLCHEMIE

3 / AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS


D-F1

KPMG

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

Independent Auditor's Report

to the Shareholder 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 2024, 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 2024, 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 separate and 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 separate and consolidated financial statements is, in all material respects, consistent with the separate and 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

KPMG

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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 2024, based on which this independent auditor's report has been prepared.

Prague
27 May 2025

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

Karel Charvát
Partner
Registration number 2032

4 / CONSOLIDATED FINANCIAL STATEMENTS


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

as at 31 December 2024 and for the year ended 31 December 2024
by the business corporation
(translated from the Czech original)

Spolek pro chemickou a hutní výrobu, akciová společnost

In Ústí nad Labem, on 27 May 2025

Pavel Jiroušek
Vice-chairman of the board of directors

Daniel Tamchyna
Vice-chairman of the board of directors

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024 TCZK	31 December 2023 TCZK
ASSETS			
Property, plant and equipment	5	5 987 652	5 734 867
Investment property	6	28 516	43 591
Intangible assets	7	35 907	38 148
Rights of use	8	235 505	206 293
Shares in associates	9,10	805	1 000
Provided loans and other receivables	11	26 000	26 000
Deferred tax receivable	32	62 370	42 805
Total non-current assets		**6 376 755**	**6 092 704**
Inventories	13	1 244 672	858 437
Trade receivables	14	904 384	766 831
Other short-term receivables	14	95 474	96 904
Income tax receivables	15	40 879	107 897
Loans granted	22	182 639	0
Advances paid		20 957	34 338
Cash and deposits	16	409 800	996 561
Total current assets		**2 898 805**	**2 860 968**
TOTAL ASSETS		**9 275 560**	**8 953 672**

	Note	31 December 2024 TCZK	31 December 2023 TCZK
EQUITY			
Share capital	17	717 581	717 581
Reserve fund		1 524	1 524
Other comprehensive income	18	0	-3 793
Retained earnings		2 098 242	2 057 805
Equity attributable to the shareholders of the Company		**2 817 347**	**2 773 117**
Non-controlling interests		**0**	**0**
TOTAL EQUITY		**2 817 347**	**2 773 117**
LIABILITIES			
Non-bank loans	20	41 729	57 337
Bank loans	19	0	1 403 452
Lease liabilities	8	89 672	58 721
Deferred tax payable	32	220 818	221 623
Provisions	25	329 518	275 000
Long-term contractual liabilities	12	301 414	267 752
Investment suspensions	21	82 263	123 775
Total non-current liabilities		**1 065 414**	**2 407 660**
Non-bank loans	20	16 218	63 096
Bank loans	19	3 896 482	0
Trade and other payables	22	1 202 663	1 046 918
Liabilities from payment of dividends	23	0	2 350 000
Lease liabilities	8	39 854	28 571
Liabilities from the auction of own shares		18 761	18 904
Income tax liabilities	15	18 121	3 698
Received trade and factoring advances	24	95 146	110 962
Provisions	25	99 354	141 212
Investment suspensions	21	6 200	9 534
Total current liabilities		**5 392 799**	**3 772 895**
Total liabilities		**6 458 213**	**6 180 555**
TOTAL EQUITY AND LIABILITIES		**9 275 560**	**8 953 672**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Year ended 31 Decemberm 2024 TCZK	Year ended 31 Decemberm 2023 TCZK
Revenues	26	8 400 526	9 230 801
Change in inventories		200 962	-327 224
Capitalisation of own production		4 725	4 175
Consumption of material and energy	27	-6 640 643	-6 355 052
Logistics, leases and other services	28	-890 655	-937 849
Personnel expenses	9	-732 587	-715 350
Depreciation and allowances for non-current assets	5, 6, 7, 8	-399 424	-347 563
Other operating income	30	378 390	299 797
Other operating expenses	30	-118 852	-90 834
Operating profit		**202 442**	**760 901**
Financial income	31	35 069	39 918
Income from financial derivatives	31	3 300	20 185
Financial expenses	31	**-190 653**	**-232 848**
Financial result		-152 284	-172 745
Shares in losses of associates		-195	-182
Profit before income tax		**49 963**	**587 974**
Income tax	32	-9 526	-122 872
NET PROFIT		**40 437**	**465 102**

	Note	Year ended 31 Decemberm 2024 TCZK	Year ended 31 Decemberm 2023 TCZK
NET PROFIT		**40 437**	**465 102**
Items that are subsequently reclassified to profit or loss			
Foreign exchange diff. on foreign subsidiary companies		-52	23
Total other comprehensive income		**-52**	**23**
TOTAL COMPREHENSIVE INCOME		**40 385**	**465 125**
Net profit attributable to shareholders		40 437	465 102
Net profit attributable to non-controlling interests		0	0
Total net profit		**40 437**	**465 102**
Total comprehensive income attributable to shareholders		40 385	465 125
Comprehensive income attributable to non-controlling interests		0	0
Total comprehensive income		**40 385**	**465 125**
Basic and diluted profit per share (CZK)		**10,43**	**119,91**

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 2023	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
Payment of 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
Profit for the year	0	0	3 844	40 437	44 281
Other comprehensive income	0	0	-52	0	-52
Balance as at 31 December 2024	717 581	1 524	0	2 098 242	2 817 347

CONSOLIDATED STATEMENT OF CASH FLOWS

	Příloha	Year ended 31 December 2024 TCZK	Year ended 31 December 2023 TCZK
NET PROFIT		**40 437**	**465 102**
Adjustment for non-cash transactions:		**522 532**	**702 266**
Income tax	32	-9 526	122 872
Depreciation and amortisation of non-current assets	5,6,7,8	399 226	347 563
Change in loss allowances and provisions	5,7,13,25,31	6 195	-32 849
Gain/loss on disposal of non-current assets	30	-370	-805
Proceeds from sale of financial investments		-4 938	0
Net interest income and expenses accounted for	31	104 027	172 090
Other non-cash transactions		27 918	93 397
Changes in non-cash components of working capital:		**-572 531**	**983 167**
Change in trade and other receivables	14,15	-266 121	742 111
Change in trade and other payables	22,23	65 369	-115 416
Change in inventories	13	-371 779	356 471
Cash flows from operating activities before interest and taxes		**-9 562**	**2 150 534**
Interest paid	31	-111 377	-106 258
Interest received	31	24 569	-33 672
Payment of income tax / adjustment to the income tax payable for ordinary activities	32	49 930	-550 477
Net cash flows from operating activities		**-46 440**	**1 460 127**
Cash flows from investing activities			
Expenses connected with acquisition of non-current assets	5,7	-598 625	-1 940 902
Proceeds from sale of non-current assets	30	1 045	900
Proceeds from sale of financial investments		21 841	0
Expenses connected with acquisition of financial invest-ments	9	195	-118
Net cash flows from investing activities		**-575 544**	**-1 940 120**
Cash flows from financing activities			
Proceeds from long-term liabilities and loans	12	2 440 207	1 401 790
Expenses from long-term liabilities and loans	20	- 18 406	-1 383 516
Payments of leases		-39 355	-136 745
Payment of dividends	23	- 2 350 000	0
Net cash flows from financing activities		**32 446**	**-118 472**
Net increase/decrease in cash and cash equivalents		**-589 538**	**-598 464**
Cash and cash equivalents at the beginning of the year		**996 561**	**1 582 254**
Effect of exchange rate fluctuations		2 777	12 771
Cash and cash equivalents at the end of the year		**409 800**	**996 561**

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 maintained 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 2024, KAPRAIN CHEMICAL LIMITED is the sole shareholder of the Company.
The controlling entity of KAPRAIN CHEMICAL LIMITED is Karel Pražák.

2. ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

New and amended IFRS accounting standards adopted by the Group
For the financial statements for the year ended 31 December 2024, the Group has adopted the new or amended standards and interpretations listed below:
Amendments to IAS 1, IAS 7, and IFRS 16
As part of the adoption of the amendment to IAS 1, the Group reviewed and adjusted the disclosures relating to non-current liabilities. However, the amendment did not affect the presentation of non-current liabilities in the balance sheet.
The other amendments do not have a material impact on the Group.

New and amended IFRS accounting standards issued but not yet effective and applied by the Group
As at the balance sheet date, the following standards have been issued that are relevant to the Group and whose adoption was not mandatory at that date. The Group will adopt these standards on their effective date.

Standard and changes		Effective date
Amendment to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and measurement o financial instruments	1 January 2026
Volume 11 of Annual Improvements to IFRS Standards	Amendments to standards to correct inconsistencies and ambiguities in IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

The Group is currently assessing the impact of adopting the above new standards, interpretations and amendments.

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

As at 31 December 2024, the following standards and amendments issued by the IASB have not yet been endorsed by the European Commission for application in the European Union.

- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture. The effective date of these amendments has been deferred indefinitely and they have not been endorsed by the EU at that date. Amendments to IAS 7:
- Amendments to IAS 7: Statement of cash flows and IFRS 7: Financial instruments: Disclosures. These amendments are effective for annual periods beginning on 1 January 2024 but have not been endorsed by the EU as at 31 December 2024. Amendments to IAS 7:
- Amendments to IAS 21: The effects of changes in foreign exchange rates. These amendments are effective for annual periods beginning on 1 January 2025 but have not been endorsed by the EU at that date. Amendments to IAS 7:

The Group estimates that the adoption of these new standards and amendments will not have a material impact on its financial statements in the period in which they are initially 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 acquisition of control 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 amortisation 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 amortisation method and useful life is verified once a year at the end of the accounting period and if a change is identified, the amortisation for the upcoming period is 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 sale or disposal 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.

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 on disposal 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 long-term 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. Top-up tax is not reflected in calculating deferred tax.

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.

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. Sales contracts do not contain a significant financing component.

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 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 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 consolidated financial statements provide users with useful information for their decision-making.

In 2024, 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) Daně ze zisku
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, 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.

5. PROPERTY, PLANT AND EQUIPMENT

Acquisition cost

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2024	3 315 629	5 375 069	1 028	2 626 621	11 318 347
Additions	64 348	324 179	0	198 401	586 928
Disposals	-3 236	-28 405	0	-4 889	-36 530
Transfers	510 800	1 826 654	0	-2 337 454	0
Transfers from/to investment property	26 333	0	0	0	26 333
As at 31 December 2024	3 913 874	7 497 497	1 028	482 679	11 895 078

Accumulated depreciation

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2024	-1 669 739	-3 869 734	-832	0	-5 540 305
Depreciation	-71 727	-269 265	0	-115	-341 107
Disposals	3 239	26 611	0	0	29 850
Transfers from/to investment property	-12 891	0	0	0	-12 891
As at 31 December 2024	-1 751 118	-4 112 388	-832	-115	-5 864 453

Allowances

	Property, plant and structures	Machinery, equipment and motor vehicles	Other tangible assets	Under construction and advances	Total
Balance as at 1 January 2024	-34 316	-8 858	0	0	-43 176
Additions to allowances	0	0	0	0	0
Release of allowances	0	201	0	0	201
As at 31 December 2024	-34 316	-8 657	0	0	-42 974

Net book value

As at 1 January 2024	1 611 573	1 496 477	196	2 626 620	5 734 867
As at 31 December 2024	2 128 440	3 376 452	196	482 564	5 987 652

Pledged non-current assets are described in Note 19 in the part Pledged assets.

In 2024, interest on an investment loan of TCZK 96 810 (2023: TCZK 64 283) was capitalised in the value of the acquired non-current assets.

Comparative period information:

Acquisition cost

	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 the financing bank.

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 Company concluded that the fair value of its investment property cannot be reliably determined. This is due to there being no comparable market transactions.

	Acquisition cost	Accumulated depreciation	Carrying amount
Balance as at 1 January 2024	122 504	-78 914	43 591
Depreciation	0	-1 632	-1 632
Transfer to Property, plant and equipment	-26 333	12 890	-13 443
As at 31 December 2024	96 171	-67 656	28 516

Comparative period information:

	Acquisition cost	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

Attributable items to the statement of comprehensive income

	31 December 2024 TCZK	31 December 2023 TCZK
Rental income	6 060	6 095
Depreciation	-1 632	-1 706
Direct operating costs (maintenance)	-924	-935
Operating profit associated with investment property	3 504	3 454

7. INTANGIBLE ASSETS

Acquisition cost	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2024	187 016	25 028	5 456	9 192	226 692
Transfers	218	0	0	-218	0
Additions	784	0	0	1 493	2 277
Disposals	-5 408	0	0	-87	-5 495
Balance as at 31 December 2024	182 610	25 028	5 456	10 380	223 474

Accumulated amortisation	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2024	-158 814	-24 274	0	0	-183 088
Amortisation	-3 810	-621	0	0	-4 431
Disposals	5 408	0	0	0	5 408
Balance as at 31 December 2024	-157 216	-24 895	0	0	-182 111

Allowances	Licenses and patents	Software	Other	Under construction	Total
Balance as at 1 January 2024	0	0	-5 456	0	-5 456
Additions/Disposals	0	0	0	0	0
Balance as at 31 December 2024	0	0	-5 456	0	-5 456

Net book value					
As at 1 January 2024	28 202	754	0	9 192	38 148
As at 31 December 2024	25 394	133	0	10 380	35 907

Comparative period information:

Acquisition cost	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	Licenses and patents	Software	Other	Under construction	Total
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

8. RIGHTS OF USE OF ASSETS

Net book value

	Buildings and structures	Railway cars	Other	Total
Balance as at 1 January 2024	191 399	14 894	0	206 293
Depreciation of the right of use	-39 499	-5 635	-7 244	-52 378
Additions	49 864	0	31 726	81 590
Balance as at 31 December 2024	201 764	9 259	24 482	235 505

Comparative period

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

Attributable items to the statement of comprehensive income:

	31 December 2024 TCZK	31 December 2023 TCZK
Depreciation of the right of use	-52 378	-49 869
Interest on the lease liability	-5 889	-7 815
Short-term lease costs	-23 220	-29 559
Total	- 81 487	-87 243

As at 31 December 2024, the Group records the following related lease liabilities:

	31 December 2024 TCZK	31 December 2023 TCZK
Lease liabilities	129 526	87 291
of which:		
Short-term balance of lease liability	39 854	28 572
Long-term balance of lease liability	89 672	58 719

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. CHANGE IN THE GROUP STRUCTURE

As at 31 December 2024, SPOLCHEMIE SK is no longer a member of the Group due to the sale of its entire ownership interest. The sale took place on 13 November 2024. The impact of this transaction on the Group's profit or loss is immaterial.

KAPRAIN CHEMICAL LIMITED bought 90% of the ownership interest.
Kaprain Chemical Slovakia, s.r.o. bought 10% of the ownership interest.

As the new owner of this company is controlled by the same controlling person that controls the Group, the Group's relationship with this company will not change significantly.

The Group's income statement for 2024 includes the income, expenses and income tax of SPOLCHEMIE SK, s.r.o. in the amounts shown below for the period up to the date of sale of this company. Amounts are net of intra-group transactions.

	TCZK
Income	1 784 286
Expenses	1 772 612
Profit before income tax	11 674
Income tax	119

The functional currency of companies based in the Slovak Republic is EUR.

11. PROVIDED LOANS AND OTHER RECEIVABLES

The Group does not record any provided loans. As at 31 December 2024, the Group recognised other long-term receivables of TCZK 26 000 (as at 31 December 2023: 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 2023: TCZK 20 000).

In 2021, the Group provided two loans totalling TCZK 6 000 to SPOLCHEMIE SK, s. r. o. The Group reported this receivable of TCZK 182 639 as short-term; the due date of the loans, including accessories, is agreed for 31 December 2025. 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 purchase the receivables from these loans for consideration equal to their nominal value.

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

12. LONG-TERM CONTRACTUAL LIABILITIES

In this line, the Group primarily records a balance of long-term advances received of TCZK 259 009 as at 31 December 2024 (as at 31 December 2023: TCZK 267 752), 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.

The remaining TCZK 42 405 (as at 31 December 2023: 0) are a long-term portion of the price settlement with one supplier of main raw materials.

13. INVENTORIES

	31 December 2024 TCZK	31 December 2023 TCZK
Raw materials	707 298	454 231
Work-in-progress	853	12 053
Finished products	536 017	391 825
Goods for resale	504	328
Carrying amount	1 244 672	858 437

The gross amount of inventories as at 31 December 2024 was TCZK 1 272 945 (2023: TCZK 901 166) and the recoverable amount of inventories less cost to sell is TCZK 1 244 672 (2023: TCZK 858 437).

The amount of inventories charged to cost in 2024 is TCZK 6 439 681 (2023: 6 469 695).

14. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

	31 December 2024 TCZK	31 December 2023 TCZK
Gross value of short-term trade receivables	952 286	813 515
Expected credit loss	-47 902	-46 684
Total	904 384	766 831

Other short-term receivables

	31 December 2024 TCZK	31 December 2023 TCZK
VAT	96 315	101 343
Other short-term receivables	26 885	23 287
Expected credit loss	-27 726	-27 726
Total	95 474	96 904

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

15. TAX RECEIVABLES AND LIABILITIES

The balance of tax receivables as at 31 December 2024 of TCZK 40 879 (as at 31 December 2023: TCZK 107 897) relates to overpaid corporate income tax.

The balance of tax liabilities as at 31 December 2024 of TCZK 18 121 (as at 31 December 2023: TCZK 3 698) comprises corporate income tax liabilities.

16. CASH AND CASH EQUIVALENTS

	31 December 2024 TCZK	31 December 2023 TCZK
Bank accounts	407 405	994 129
Cash in hand	2 395	2 432
Total	409 800	996 561

17. SHARE CAPITAL AND RESERVES

Authorised and issued shares:

	Number units	31 December 2024 TCZK	Number units	31 December 2023 TCZK
Ordinary shares with a nominal value of CZK 185, fully paid up	3 878 816	717 581	3 878 816	717 581

As at 31 December 2024, the total amount of the Company's share capital was TCZK 717 581.

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 2024 or 31 December 2023 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 ownership interests own any shares of the Company.

Shareholders

As at 31 December 2024 and 31 December 2023, the sole shareholder of the Company was KAPRAIN CHEMICAL LIMITED.

18. ACCUMULATED OTHER COMPREHENSIVE INCOME

The accumulated other comprehensive income as at 31 December 2023 consisted exclusively of exchange rate differences from the transfer of a subsidiary, which represented the Company's foreign investments. No deferred tax was calculated on the exchange rate differences, as no tax impact was expected in the future, in the event of the realisation of this foreign investment. During 2024, this subsidiary was sold and the related exchange rate differences were transferred in profit or loss.

19. BANK LOANS

At the beginning of 2024, the Group drew down a bank loan provided by Česká spořitelna to finance capital expenditures related to the construction of an operating for the production of precursors to manufacture next generation chemicals (the Zebra Projects), and by the end of 2024, a total of TCZK 1 662 210 was drawn down (as at 31 December 2023: the balance was TCZK 1 403 452). In accordance with the repayment schedule the first instalment is set for 27 March 2026 and the final due date is on 27 December 2033.

At the beginning of 2024, the Company entered into a loan agreement with a syndicate of banks, where Česká spořitelna, a.s. is the main financing bank with a 40% share and the other bank lenders are Československá obchodní banka, a.s. and Raiffeisenbank, a.s. with 30% shares each. Under this agreement, an instalment loan of TEUR 69 228 was drawn, which has been duly repaid on a quarterly basis since 31 July 2024 and had a balance of TCZK 1 653 103 as at 31 December 2024. In addition, a revolving bank loan of TEUR 23 076 was drawn under this agreement with monthly renewal against a pledge on receivables and inventories (the balance as at 31 December was TCZK 581 169).

Bank loans:

	31 December 2024 TCZK	31 December 2023 TCZK
Long-term	0	1 403 452
Short-term	3 896 482	0
Total	3 896 482	1 403 452

Due to a breach of bank covenants (specifically the net debt / EBITDA ratio), the financing bank had the contractual option to request immediate repayment of the investment and instalment loan. For this reason, both loans are reported as short-term, although the applicable repayment schedule is being adhered to. The Group assumes that due to the ongoing negotiations with the financing bank, part of the loans amounting to TCZK 3 896 482 are of a long-term nature. See also Subsequent events.

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

Pledged assets

The Group has a bank investment loan for the ZEBRA project, which is secured by the shares of SPOLCHEMIE Zebra, a.s., its movable assets and its set of patents. The bank creditor has established a first priority pledge up to the amount of the financing provided, including future accessories. A second pledge was created on the same assets in favour of a strategic unrelated partner under the ZEBRA project. This partner provided the Company with a long-term advance on future deliveries.

The Group or the Company has secured these liabilities to bank creditors by pledging movable and immovable property, trade receivables, receivables from insurance contracts and shares of subsidiaries (CSS, a.s., CHS EPI, a.s. and SPOLCHEMIE Electrolysis, a.s.). as part of the provided syndicated financing.

20. NON-BANK LOANS

	31 December 2024 TCZK	31 December 2023 TCZK
State Environmental Fund loan– long-term part	41 729	48 683
State Environmental Fund loan– short-term part	6 955	6 955
Non-bank loan 2 – long-term part	0	8 654
Non-bank loan 2 – short-term part	9 263	9 534
Factoring of receivables	0	44 080
Non-bank loan 3 – short-term part	0	2 527
Total	57 947	120 433
of which long-term	41 729	57 337
of which short-term	16 218	63 096

State Environmental Fund loan: 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 project “Desalination of EPISPOL waste water.” The quarterly instalments are set in accordance with the repayment schedule, and the final maturity of the loan is on 31 December 2031. In view of this, as at 31 December 2024, the loan is split into a short-term part (repayments due in 2025) and a long-term part.

Non-bank loan 2: 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. The final maturity date is 30 June 2025. In view of this, the loan is reported as short-term as at 31 December 2024.

Non-bank loan 3: The supplier loan was duly repaid in 2024.

21. INVESTMENT SUSPENSIONS

In connection with the implemented investment projects, the Company recognises suspensions of TCZK 88 463 (as at 31 December 2023: TCZK 133 309). The retention is not subject to interest.

Suspension of investments by maturity

Maturity date	31 December 2024 TCZK	31 December 2023 TCZK
2024	0	9 534
2025	6 200	97 615
2026	65 533	21 561
2027	919	0
2028	1 878	1 183
2029	13 180	3 416
2030	753	0
Total	88 463	133 309
of which long-term	82 263	123 775
of which short-term	6 200	9 534

22. CURRENT TRADE AND OTHER PAYABLES

	31 December 2024 TCZK	31 December 2023 TCZK
Trade payables	884 013	907 924
Accruals (deferred expenses)	16 164	11 917
Estimated payables	226 283	46 982
Total trade payables	*1 126 460*	*966 823*
Liabilities to employees	36 687	46 087
Social security liabilities	12 926	13 744
Health insurance liabilities	7 088	7 536
Tax liabilities	5 747	8 267
Other liabilities	13 755	4 461
Total other payables	*76 203*	*80 095*
Total	1 202 663	1 046 918

Trade payables according to maturity

	31 December 2024 TCZK	31 December 2023 TCZK
Within due date	873 826	906 782
0-90 days overdue	10 182	985
90-180 days overdue	5	157
180-360 days overdue	0	0
More than 360 days overdue	0	0
Total	884 013	907 924

23. LIABILITIES FROM PAYMENT OF DIVIDENDS

As at 31 December 2023, the Company reported a liability from dividend payment of TCZK 2 350 000 thousand, due on 30 June 2024. The sole shareholder decided on the dividend payment at the end of 2023. This liability was settled in full in 2024. As at 31 December 2024, the Company has no outstanding dividend liabilities.

24. RECEIVED TRADE AND FACTORING ADVANCES

As at 31 December 2024, the Group records a balance of current liabilities from factoring and other liabilities of TCZK 95 146 (as at 31 December 2023: TCZK 110 962), of which the entire amount (2023: TCZK 59 555) comprises regular trade advances for future performance. Payments received from the factoring of receivables as at that date amounted to TCZK 0 (as at 31 December 2023: TCZK 51 407).

25. PROVISIONS

	Environmental burdens	Litigations	Other	Employee benefits	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
Balance as at 1 January 2024	277 553	87 068	0	51 591	416 212
Additions	12 067	0	20 000	56 586	76 586
Utilisation	0	-22 000	0	-44 153	-66 153
Release	0	0	0	0	0
Interest	- 12 067	2 407	0	0	2 407
Balance as at 31 December 2024	277 553	67 475	20 000	64 024	429 052
of which long-term provisions	252 553	67 475	0	9 490	329 518
of which short-term provisions	25 000	0	20 000	54 534	99 534

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 2 811 811 (as at 31 December 2023 – TCZK 2 809 466) was spent for these purposes, of which TCZK 1 021 348 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 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 (2023: CZK 277.5 million). Remediation works should be done from 2025 to 2030.

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 67 475 (as at 31 December 2023: TCZK 65 068). 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.

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 2025, the Group recognised the provision as long-term.

The Group management is not aware of any other significant contingent liabilities of the Group as at 31 December 2024.

Employee benefits

Short-term provisions primarily relate to employee bonuses for bonuses for 2024, which are expected to be paid during the course of 2025. These mainly include annual bonuses and employee benefits in accordance with internal remuneration policies and collective agreements. At the end of 2024, the provision totalled TCZK 54 534 (2023: TCZK 43 080).

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 2024, the provision totalled TCZK 9 878 (2023: TCZK 8 987). The portion of the one-off bonus that is expected to be paid during the course of 2025 is reported as a short-term provision amounting to TCZK 388 (2023: TCZK 455).

26. REVENUES FROM PRODUCTS, GOODS AND SERVICES

	31 December 2024	31 December 2023
Revenues from goods	45 243	10 880
Revenues from services	200 432	179 855
Revenues from products	8 154 851	9 040 066
Total revenues	8 400 526	9 230 801

Revenues from products

2024	Domestic	Zahraničí	Total
Inorganics	TCZK	Export	4 038 961
Epoxy resins	TCZK	Total	3 019 584
Special epoxy resins	TCZK	388 041	557 715
Alkyds	69 559	307 203	376 762
Other products	89 366	72 463	161 829
Total revenues from products	1 343 617	6 811 234	8 154 851

2023	Domestic	Zahraničí	Total
Inorganics	TCZK	Export	4 918 896
Epoxy resins	TCZK	Total	3 008 420
Special epoxy resins	TCZK	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

Revenues from products – export in 2024

Country	Percentage of revenues – export	Revenues – export TCZK
Germany	27,5	1 869 689
Slovakia	18,9	1 284 989
Italy	5,9	403 423
Poland	5,6	379 057
Switzerland	5,4	366 018
Austria	4,8	329 457
Spain	3,7	252 601
Belgium	3,4	232 984
France	3,3	222 831
Sweden	3,1	212 829
Other	18,4	1 257 356
Total	**100**	**6 811 234**

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	**100,0**	**7 403 882**

27. CONSUMPTION OF MATERIAL AND ENERGY

	2024 TCZK	2023 TCZK
Material consumption	5 037 911	5 050 873
Costs of processing raw materials	231 594	353 926
Energy consumption	1 371 138	950 253
Total	6 640 643	6 355 052
Change in stocks of finished products and work-in-progress	200 962	-327 442

28. LOGISTICS, LEASES AND OTHER SERVICES

	31 December 2024 TCZK	31 December 2023 TCZK
Logistics services	306 795	289 654
Maintenance services	182 379	194 019
Waste disposal	162 851	136 958
Purchase and sale mediation services	92 178	105 827
Costs of short-term leases	67 478	29 559
Other services	78 974	181 832
Total	890 655	937 849

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 2024 TCZK	31 December 2023 TCZK
Short-term employee benefits		
Wages and salaries	519 875	498 372
Bonuses to members of statutory and supervisory bodies	14 695	19 088
Social security and health insurance expenses	43 864	65 741
Other social expenses	7 408	19 582
Pension plans	145 452	112 415
Employee benefits for early termination of employment		
Severance pay	1 293	152
Total personnel expenses	732 587	715 350

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

Average number of employees, personnel expenses

	2024	2023
Total average number of employees	969	964
Total personnel expenses	732 587	715 350

The structure of personnel expenses of managers

	31 December 2024 TCZK	31 December 2023 TCZK
Wages and salaries	28 003	32 025
Health insurance premiums	5 106	4 976
Pension plans	4 719	5 194
Total	37 828	42 195

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 2024, these contributions amounted to TCZK 8 011 (2023: TCZK 9 467).

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	2024 TCZK	2023 TCZK
Operating grants and compensation received	244 347	205 078
Contractual penalties received	122 522	0
Profit from sale of non-current assets	370	806
Release of provisions and allowances	267	73 753
Profit from sale of purchased inventories	2 625	2 589
Damages	663	6 450
Received indemnity	370	5 962
Other operating income	7 204	5 159
Total other operating income	378 368	299 797

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

The amounts of contractual penalties received comprise contractual penalties received in connection with delays in the performance of contractor obligations, particularly in the execution of construction projects, and were paid or offset by contractors in 2024 or early 2025.

Other operating expenses	2024 TCZK	2023 TCZK
Insurance premiums	62 592	59 002
Creation of provisions and allowances	36 323	8 755
Taxes and fees	12 508	8 014
Contributions and gifts	3 387	4 205
Shortages and damage	39	5 441
Write-off of receivables	0	31
Other operating expenses	3 981	5 386
Total other operating expenses	118 830	90 834

31. FINANCIAL INCOME AND EXPENSES

Financial income	2024 TCZK	2023 TCZK
Interest income from bank accounts	3 916	33 673
Other interest income	1 663	1 806
Use of provisions	22 000	0
Other financial income	7 490	4 439
Total financial income	**35 069**	**39 918**

Financial expenses	2024 TCZK	2023 TCZK
Interest expense		
- on loans and borrowings	102 180	5 661
- interest expense from lease liabilities	5 889	9 156
- provisions in the financial area	0	24 407
- other interest	1 536	1 824
- non-interest expense on loans	2 424	120 054
Net foreign exchange loss	13 346	50 448
Factoring expenses	1 730	11 136
Other financial expenses	63 548	10 162
Total financial expenses	**190 653**	**232 848**

From the net foreign exchange loss reported in 2024, the unrealised foreign exchange loss from the translation of foreign currency loans and borrowings amounts to TCZK 20 392 (in 2023: TCZK 62 788).

Other financial expenses in 2024 comprise the settlement of a disputed receivable (in the amount of the provision made), which has been released in the corresponding amount (see financial income), as well as fees associated with the new financing by a syndicate of bank.

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 2024 was TCZK 3 300 (2023: TCZK 20 185).

As at 31 December 2024, the Company had thus hedged the future conversion in 2025 of MEUR 34.8 million at exchange rates 25.401 CZK/1 EUR and 25.47 CZK/1 EUR. As at 31 December 2023, this amount was EUR 18 million at exchange rates ranging from 24.84 to 24.87 CZK/1 EUR.

32. INCOME TAX

	2024 TCZK	2023 TCZK
Current tax		
Current tax – previous periods	4 899	-1 623
Current tax – current year	-37 889	-94 127
Total current tax	-32 990	-95 750
Deferred tax		
Impact of changes in temporary differences	23 464	-27 121
Total income tax	-9 526	-122 872

Reconciliation of effective tax rate	2024 TCZK	2023 TCZK
Profit before income tax	49 963	587 974
Income tax rate	21%	19%
Income tax calculated	-10 492	-111 715
Deferred tax	4 899	0
Impact of tax non-deductible expenses	-34 922	-46 270
Impact of tax-exempt income	30 989	32 546
Impact of rate change to 21%	0	2 583
Total calculated income tax	**-9 526**	**-122 872**
Effective income tax rate	19,07%	20,89%

Deferred tax

	Receivables		Liabilities		
	2024	2023	2024	2023	Changes
Difference between accounting and tax depreciation of non-current assets	14 041	15 829	-404 135	-297 013	-108 910
Inventories	5 937	14 098	0	0	-8 161
Receivables	6 262	1 018	0	0	5 244
Provisions	89 470	86 794	0	0	2 676
Tax losses carried forward	129 978	457	0	0	129 521
Gross deferred tax assets/liabilities	245 688	118 196	-404 135	-297 013	20 370
Deferred tax liability/asset after mutual offset	62 370	42 805	220 818	-221 623	

In accordance with the accounting policy, a tax rate of 21% was used to calculate deferred tax.

The Company expects to become a top-up taxpayer in the following accounting period in accordance with Act No. 416/2023 Coll., On Top-up Taxes for Large Multinational and National Groups. The multinational group, in the meaning of Act No. 416/2023 Coll On Top-up Taxes for Large Multinational and National Groups, to which the Company belongs, is completing an analysis as at the date of approval of these financial statements to determine whether it meets the definition of a large multinational group. Based on available information, the Group's management believes that even if the Group became a top-up taxpayer , the potential impact on the Company would be immaterial.

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	
	2024	2023	2024	2023
Shareholders				
KAPRAIN CHEMICAL LIMITED (100%)	0	0	0	2 350 000
Other related parties				
AB – CREDIT a.s.	20 000	20 000	0	0
FORTISCHEM, a.s.	791	28 800	6 991	1 369
Kaprain, a.s.	0	0	142	0
Total	20 791	48 800	7 133	1 369

The liability to KAPRAIN CHEMICAL LIMITED for 2023 related to the payment of the Company's dividend.

	Purchases		Sales	
	2024	2023	2024	2023
Other related parties				
FORTISCHEM, a.s.	1 429 757	1 544 517	1 131 965	1 465 243
Kaprain, a.s.	661	0	0	0
Kaprain Industrial Holding Ltd	3 850	0	0	0
KAPRAIN CHEMICAL LIMITED *	0	0	19 657	0
Kaprain Chemical Slovakia **	0	0	2 184	0
Total	1 434 268	1 544 517	1 153 806	1 465 243

* purchase price of 90% of the ownership interest in SPOLCHEMIE SK, s.r.o.
** purchase price of 10% of the ownership interest in SPOLCHEMIE SK, s.r.o.

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 2024, the Group paid TCZK 926 in liability insurance (2023: TCZK 790). In 2024 and 2023, 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 27 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, 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 the Kingdom of the Netherlands it is EUR.

SPOLCHEMIE SK, s.r.o., which was included in the consolidation unit until October 2024, was excluded from the consolidation due to the sale. For more information see Note 10 Change in the Group structure

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 Company has financial market trading framework agreements with banks, under which the Company enters into partial forward transactions to hedge against negative fluctuations in the EUR/CZK exchange rate. In 2024, the conversions undertaken totalled EUR 27 million at exchange rates ranging from CZK 24.84 to 25.53/EUR. Transactions totalling EUR 34.8 million at exchange rates ranging from CZK 25.401 to 25.47/EUR were entered into for 2025.

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 2024	CZK TCZK	EUR TCZK	USD TCZK	Other TCZK	Total TCZK
Receivables	292 550	1 011 044	19 958	9 151	1 332 703
Liabilities	- 1 134 150	- 4 891 026	- 514	- 3 651	- 6 029 341

As at 31 December 2023	CZK TCZK	EUR TCZK	USD TCZK	ostatní TCZK	Total 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

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 2024 TCZK	31 December 2023 TCZK
Appreciation of EUR – impact on income statement	-38 455	-19 332
Appreciation of USD	201	40
Depreciation of EUR – impact on income statement	55 975	24 192
Depreciation of USD	-201	-40

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 2024 TCZK	31 December 2023 TCZK
Non-bank loans	57 947	76 353

Financial instruments with a variable interest rate	31 December 2024 TCZK	31 December 2023 TCZK
Bank loans	3 896 482	1 403 452
Non-bank loans	0	44 080

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 2024 TCZK	31 December 2023 TCZK
Sensitivity to cash flow – increase of interest rate	-38 965	-14 475
Sensitivity to cash flow – decrease of interest rate	38 965	14 475

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 2024	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	48 684	*	Do 2031
Total non-bank loans EUR	5,50	9 263	*	Do 2025
Total bank loans EUR	5,02	3 896 482	*	Do 2033
Total financial liabilities		**3 954 429**		

* The current rate depends 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 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**		

Book-keeping and fair values

	Carrying value 2024 TCZK	Fair value 2024 TCZK	Carrying value 2023 TCZK	Fair value 2023 TCZK
Long-term receivables	26 000	25 921	26 000	25 921
Non-bank loans and bank loans	-3 954 428	-3 812 232	-1 523 885	-1 469 088
Unpaid interest on loans	-13 825	-13 328	0	0
Trade and other payables, tax prepayments and liabilities	-2 282 966	-2 276 010	-4 435 047	-4 421 533

The carrying amount of receivables and cash is reasonably approximate to their fair value, mainly due to their short-term nature.

(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 2024 TCZK	31 December 2023 TCZK
Long-term receivables	26 000	26 000
Trade receivables	904 384	766 831
Other receivables and advances	299 070	131 242
Cash	409 800	996 561
Total	1 639 254	1 920 634

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 2024 TCZK	Expected credit loss TCZK	31 December 2023 TCZK	Expected credit loss TCZK
Within due date	843 076	-3 482	708 147	-3 407
1-90 days overdue	65 054	-264	62 294	-203
91-180 days overdue	0	0	139	-139
181-360 days overdue	1	-1	3 226	-3 226
More than 360 days overdue	44 156	-44 155	39 709	-39 709
Total	952 286	-47 902	813 515	-46 684
Net book value		904 384		766 831

Changes in impairment losses related to trade receivables

	2024 TCZK	2023 TCZK
Balance as at 1 January	-46 684	-45 778
Creation of loss allowance	-2 744	-7 849
Use of loss allowance – receivables write-off	0	5
Release of loss allowance	**1 526**	**6 938**
Balance as at 31 December	-47 902	-46 684

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

As at 31 December 2024	Contractual cash flows						
	Due up to 2 months TCZK	2–6 months TCZK	6–12 months TCZK	1–2 years TCZK	2–5 years TCZK	Over 5 years TCZK	Total TCZK
Non-bank loans	0	13 297	3 577	7 131	21 205	13 980	59 189
Bank loans	70 718	109 374	3 893 301	165 797	364 271	293 871	4 897 353
Lease liabilities	6 701	13 326	19 827	38 795	50 877	0	129 526
Other liabilities	1 001 399	225 522	120 970	201 335	256 589	139 571	1 945 386
Total	1 078 818	361 519	4 037 676	413 058	692 942	447 442	7 031 454

As at 31 December 2023	Contractual cash flows						
	Due up to 2 months TCZK	2–6 months TCZK	6–12 months TCZK	1–2 years TCZK	2–5 years TCZK	Over 5 years TCZK	Total 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

(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 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 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 2024, the Group spent TCZK 56 843 (2023: TCZK 51 361).

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	
	2024 TCZK	2023 TCZK	2024 TCZK	2023 TCZK	2024 TCZK	2023 TCZK
Group total	5 685	5 294	1 355	1 632	591	829

38. CONTINGENT LIABILITIES

Provided guarantees

At the end of 2021, the Group entered into contracts with a strategic foreign partner relating to the construction of a new production unit for the production of a newly developed precursor and a long-term agreement on supplying this precursor to the foreign partner. The Group, as the originator of the patented technology, assumed full responsibility for the successful completion of the construction of this unit and its subsequent operation. The trial operation was launched in March 2024 and the final product has been supplied to foreign partner since summer 2024.

As part of the long-term supply agreement, the Group has assumed the liability for the implementation of the deliveries and any payment obligations associated with the failure to meet the minimum committed delivery quantity, up to an amount of EUR 16 million per year. In addition, the Group’s total potential liability is contractually limited to EUR 30 million.

As at 31 December 2024, no liability had arisen for non-compliance with the minimum quantity as this minimum volume was not contractually set for 2024.

Since November 2025, the minimum supply quantity has been contracted. As the current capacity utilisation of the production unit meets the required quantities, the Group does not anticipate that the terms of the contract will not be met in the future.

Management is not aware of any other significant contingent liabilities of the Company as at 31 December 2024.

39. INVESTMENT INCENTIVES

The Group was not the recipient of investment incentives in 2024 or 2023.

40. SUBSEQUENT EVENTS

On 22 May 2025, the Company signed Amendment No.1 with the bank lenders to the syndicated loan agreement of 20 March 2024, which waived the breach of covenants in respect of the breached covenants as of 30 September 2024, 31 December 2024 and 31 March 2025. By signing this amendment, the bank lenders waived their rights arising from the breach of these covenants, including, for example, the possibility of requesting immediate repayment of these loans.

At a hearing held on 27 January 2025, the Regional Court in Ústí nad Labem again dismissed the action brought by the insolvency administrator of VIAMONT, a.s. against the Company for payment of TCZK 40 116 with accessories (exchange order). The Regional Court in Ústí nad Labem in its decision again sided with the Company's argumentation that the promissory note in question was a secured promissory note and that the secured obligation had expired many years ago. On 5 March 2025, the insolvency administrator of VIAMONT, a.s. filed an appeal against the judgement of the Regional Court in Ústí nad Labem to the High Court in Prague.

In 2025, substantial new tariffs were announced by the United States of America. The Group has only minimal trade with the United States, both in sales and purchases. Therefore, the direct impact of customs and tariff policies on our operations will be relatively low. Nevertheless, the Group is aware of the potential secondary impacts that may arise as a result of impacting our trading partners. Therefore, it carefully monitors and evaluates the situation to be able to take timely measures to minimise any negative impacts.

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 2024.

41. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved for disclosure on 27 May 2025.

SPOLCHEMIE

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


C-210

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

Independent Auditor's Report

to the Shareholder 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 2024, 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 2024, 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.

As stated in Note 3 to the financial statements, Spolek pro chemickou a hutní výrobu, akciová společnost does not prepare an annual report as of 31 December 2024, as the relevant information is intended to be included in the consolidated annual report. Therefore, our opinion on other information is not included in this auditor's report.

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 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.

KPMG

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 2024, based on which this independent auditor's report has been prepared.

Prague
27 May 2025

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

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 2024 and for the year ended 31 December 2024

by the business corporation

Spolek pro chemickou a hutní výrobu, akciová společnost

(translated from the Czech original)

In Ústí nad Labem, on 27 May 2025

Pavel Jiroušek
Vice-chairman of the management board

Daniel Tamchyna
Vice-chairman of the management board

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024 TCZK	31 December 2023 TCZK
ASSETS			
Property, plant and equipment	5	1 914 319	1 808 644
Investment property	6	192 508	210 144
Intangible assets	7	18 129	18 605
Rights of use	8	45 611	14 891
Investment in subsidiaries	9	844 757	841 092
Shares in associates	9	1 981	1 981
Provided loans and other long-term receivables	10	524 703	485 249
Deferred tax receivable	30	60 834	39 090
Total non-current assets		**3 602 842**	**3 419 696**
Inventories	11	1 148 376	740 575
Trade receivables	12	1 222 763	892 223
Loans granted	10	206 292	386 792
Income tax receivables	13	39 405	106 065
Other short-term receivables	12	79 163	88 771
Advances paid		20 250	33 596
Cash and cash equivalents	14	293 352	724 199
Total current assets		**3 009 601**	**2 972 221**
Total assets		**6 612 443**	**6 391 917**

	Note	31 December 2024 TCZK	31 December 2023 TCZK
EQUITY			
Share capital	15	717 581	717 581
Reserve fund	15	1 524	1 524
Retained earnings/accumulated losses		1 393 207	1 490 520
Total equity		**2 112 312**	**2 209 625**
LIABILITIES			
Non-current liabilities			
Bank loans	20	0	197 800
Provisions	16	326 996	272 740
Non-current liabilities	17	42 405	0
Lease liabilities	8	30 638	9 760
Investment suspensions		2 944	2 191
Total non-current liabilities		**402 983**	**482 491**
Current liabilities			
Bank loans	20	2 435 752	0
Trade and other payables	18	1 517 686	1 136 452
Liabilities from payment of dividends	19	0	2 350 000
Non-bank loans	21	0	2 527
Received trade and factoring advances	23	26 371	57 146
Lease liabilities	8	16 393	6 467
Liabilities from the auction of own shares	22	18 761	18 904
Provisions	16	82 185	128 305
Total current liabilities		**4 097 148**	**3 699 801**
Total liabilities		**4 500 131**	**4 182 292**
Total equity and liabilities		**6 612 443**	**6 391 917**

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Bod	Year ended 31 December 2024 TCZK	Year ended 31 December 2023 TCZK
Revenues	24	7 398 212	7 747 222
Change in inventories		170 343	-316 776
Capitalisation of own production		4 545	4 028
Consumption of material and energy	25	-6 388 447	-5 860 354
Logistics, leases and other services	26	-601 968	-574 920
Personnel expenses		-444 529	-433 647
Depreciation of non-current assets	5,6,7,8	-126 505	-111 523
Other operating income	28	16 296	137 891
Other operating expenses	28	-94 742	-76 954
Operating profit		**-66 795**	**514 967**
Financial income	29	96 757	101 786
Income from financial derivatives	29	3 300	20 185
Financial expenses	29	-156 985	-174 888
Financial result		**-56 928**	**-52 917**
Profit before income tax		-123 723	462 050
Income tax	30	26 411	-71 258
NET PROFIT/LOSS		**-97 312**	**390 792**
OTHER COMPREHENSIVE INCOME		**0**	**0**
TOTAL COMPREHENSIVE INCOME		**-97 312**	**390 792**

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital TCZK	Reserve fund TCZK	Retained earnings TCZK	Total TCZK
Balance as at 1 January 2023	**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**
Loss for the year	0	0	-97 312	-97 312
Rounding	0	0	-1	-1
Balance as at 31 December 2024	**717 581**	**1 524**	**1 393 207**	**2 112 312**

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024 TCZK	Year ended 31 December 2023 TCZK
Cash flows from operating activities			
Profit/loss for the year		**-97 312**	**390 792**
Adjustment for non-cash transactions:		**138 547**	**105 244**
Income tax	30	-26 411	71 258
Depreciation and amortisation of non-current assets	5,6,7,8	126 399	110 738
Change in expected credit losses and provisions	5,7,9,11, 12,13,16	5 107	-44 334
Gain/loss on disposal of non-current assets	28	-186	-778
Net interest income and expenses accounted for	29	60 106	-10 226
Other non-cash transactions		-26 468	-21 414
Changes in non-cash components of working capital:		**-20 859**	**259 877**
Change in trade and other receivables	10,12	-100 762	261 165
Change in trade and other payables	17,18	487 458	-353 171
Change in inventories	11	-407 555	351 883
Cash flow from operating activities before interest and taxes		**20 376**	**755 913**
Interest paid	29	-94 779	-17 123
Interest received	29	8 459	42 109
Income tax paid	30	-110 731	-510 501
Net cash flows from operating activities		**-176 675**	**270 398**

	Note	Year ended 31 December 2024 TCZK	Year ended 31 December 2023 TCZK
Cash flows from investing activities			
Expenses connected with acquisition of non-current assets	5,7	-215 760	-497 838
Proceeds from sale of non-current assets	28	15 081	6 246
Expenses connected with acquisition of financial investments	9	0	-1 441
Income from dividends		0	0
Cash flows from investing activities		**-200 679**	**-493 033**
Cash flows from financing activities			
Dividends paid	18	-2 350 000	0
Income from loans, borrowings and non-current liabilities	20	2 297 630	197 800
Payment from loans, borrowings and non-current liabilities	20	-2 527	-616 008
Payments of leases	8	0	-65 540
Cash flows from financing activities		-54 897	-483 748
Net increase/decrease in cash and cash equivalents		**-432 251**	**-706 383**
Cash and cash equivalents at the beginning of the year		**724 199**	**1 423 523**
Effect of exchange rate fluctuations		**1 404**	**7 059**
Cash and cash equivalents at the end of the year		**293 352**	**724 199**

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 maintained 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 2024, KAPRAIN CHEMICAL LIMITED is the sole shareholder of the Company.

The controlling entity of KAPRAIN CHEMICAL LIMITED is Karel Pražák.

Changes in the Company's bodies

On 28 March 2024, the sole shareholder exercising the powers of the general meeting decided (i) to remove Jiří Medřický and Vladimír Kubiš from their positions as members of the Company's management board (ii) and to elect Jan Kadaník, Michal Adamovský and Jan Křička as members of the Company's management board. At the meeting of the Company's management board held on 16 April 2024, Pavel Jiroušek was removed from the position of chairman of the management board and was elected vice-chairman of the management board. Jan Kadaník was elected chairman of the Company's management board.

Composition of the management board as at 31 December 2024

Name	Position
Jan Kadaník	Chairman
Pavel Jiroušek	Vice-chairman
Daniel Tamchyna, MBA	Vice-Chairman
Michal Adamovský	Member
Jan Křička	Member

Declaration of the Company's management board

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

2. 2. ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

a) New and amended IFRS accounting standards adopted by the Company

For the financial statements for the year ended 31 December 2024, the Company has adopted the new or amended standards and interpretations listed below::

- Amendments to IAS 1, IAS 7, and IFRS 16

As part of the adoption of the amendment to IAS 1, the Company reviewed and adjusted the disclosures relating to non-current liabilities. However, the amendment did not affect the presentation of non-current liabilities in the balance sheet.
The other amendments do not have a material impact on the Company.

b) New and amended IFRS accounting standards issued but not yet effective and applied by the Company

As at the balance sheet date, the following standards have been issued that are relevant to the Company and whose adoption was not mandatory at that date. The Company will adopt these standards on their effective date.

Standard and changes		Effective date
Amendment to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	1 1 2026
Volume 11 of Annual Improvements to IFRS Standards	Amendments to standards to correct inconsistencies and ambiguities in IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

The Company is currently assessing the impact of adopting the above new standards, interpretations and amendments.

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

As at 31 December 2024, the following standards and amendments issued by the IASB have not yet been endorsed by the European Commission for application in the European Union.

- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture. The effective date of these amendments has been deferred indefinitely and they have not been endorsed by the EU at that date.
- Amendments to IAS 7: Statement of cash flows and IFRS 7: Financial instruments: Disclosures. These amendments are effective for annual periods beginning on 1 January 2024 but have not been endorsed by the EU as at 31 December 2024.
- Amendments to IAS 21: The effects of changes in foreign exchange rates. These amendments are effective for annual periods beginning on 1 January 2025 but have not been endorsed by the EU at that date.

The Company estimates that the adoption of these new standards and amendments will not have a material impact on its financial statements in the period in which they are initially 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 in 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 true and fair view of the Company’s financial position as at 31 December 2024, its profit or loss, and cash flows for the year ended 31 December 2024, are prepared on the historical cost basis, with the exception of financial instruments, which are stated 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 the Company’s functional currency. All financial information presented in CZK has been rounded to the nearest thousand (TCZK) (unless stated otherwise).

Financial statements, except for the cash flow statement, 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 amortisation 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 amortisation method and useful life is verified once a year at the end of the accounting period and if a change is identified, the amortisation for the upcoming period 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 sale or disposal 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.

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 on disposal 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. Top-up tax is not reflected in calculating deferred tax.

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. Sales contracts do not contain a significant financing component.

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 2024, 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 cost	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 2024	1 982 239	2 567 528	196	605 037	5 155 000
Additions	24 402	45 931	0	146 628	216 961
Disposals	-3 239	-17 249	0	-19 372	-39 860
Transfers from /to investment property	23 748	0	0	0	23 748
Transfers	149 458	225 552	0	-375 010	0
As at 31 December 2024	2 176 608	2 821 762	196	357 283	5 355 849

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 2024	-1 079 195	-2 225 982	0	0	-3 305 177
Depreciation	-30 956	-67 889	0	0	-98 845
Disposals	3 239	15 465	0	0	18 704
Transfers from /to investment property	-15 033	0	0	0	-15 033
As at 31 December 2024	-1 121 945	-2 278 406	0	0	-3 400 351

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 2024	-34 316	-6 863	0	0	-41 179
Additions to allowances	0	0	0	0	0
Utilisation of allowances	0	0	0	0	0
As at 31 December 2024	-34 316	-6 863	0	0	-41 179

Net book value					
	TCZK	TCZK	TCZK	TCZK	TCZK
As at 1 January 2024	868 728	334 683	196	605 037	1 808 644
As at 31 December 2024	1 020 347	536 493	196	357 283	1 914 319

As at 31 December 2024, selected assets were pledged in favour of the pledgee to secure the financing provided by a bank syndicate.

In 2024, interest on an investment loan of TCZK 9 187 (2023: TCZK 6 585) was capitalised in the value of the acquired non-current assets.

Údaje za srovnatelné období:

Acquisition cost	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.

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 cost TCZK	Accumulated TCZK	Net book value TCZK
Balance as at 1 January 2024	474 423	-264 279	210 144
Depreciation	0	-8 921	-8 921
Transfer from/to Property, plant and equipment	-23 748	15 033	-8 715
As at 31 December 2024	450 675	-258 167	192 508

Comparative period information?

	Acquisition cost TCZK	Accumulated TCZK	Net book value 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

Attributable items to the statement of comprehensive income:

	31 December 2024 TCZK	31 December 2023 TCZK
Rental income	66 776	66 809
Depreciation	-8 921	-8 916
Direct operating costs (maintenance)	-8 174	-8 185
Operating profit associated with investment property	49 681	49 708

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 2024, as for properties leased to subsidiaries, investment property comprises real estate with an acquisition cost of TCZK 354 504 (2023: TCZK 351 918), an amortised cost of TCZK 163 993 (2023: TCZK 166 553) included in the overall balance specified above. The most important is the contract with CHS Epi, a.s., in which real estate is leased at an amortised cost of TCZK 148 177 (2023: TCZK 150 738).

7. INTANGIBLE ASSETS

Acquisition cost	Licenses and patents TCZK	Software TCZK	Under construction TCZK	Total TCZK
Balance as at 1 January 2024	62 652	3 936	3 608	70 196
Additions	542	0	783	1 325
Disposals	-5 408	0	0	-5 408
Transfers	0	0	0	0
Balance as at 31 December 2024	57 786	3 936	4 391	66 113

Accumulated amortisation	Licenses and patents TCZK	Software TCZK	Under construction TCZK	Total TCZK
Balance as at 1 January 2024	-47 666	-3 925	0	-51 591
Amortisation	-1 790	-11	0	-1 801
Disposals	5 408	0	0	5 408
Balance as at 31 December 2024	-44 048	-3 936	0	-47 984

Net book value	TCZK	TCZK	TCZK	TCZK
As at 1 January 2024	14 987	10	3 608	18 605
As at 31 December 2024	13 738	0	4 391	18 129

Comparative period information:

Acquisition cost	Licenses and patents TCZK	Software TCZK	Under construction TCZK	Total 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 TCZK	Software TCZK	Under construction TCZK	Total 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

8. RIGHTS OF USE

Net book value	Buildings and structures TCZK	Railway cars TCZK	Other TCZK	Total TCZK
Balance as at 1 January 2024	0	14 891	0	14 891
Additions	15 831	0	31 725	47 556
Amortisation	-3 958	-5 635	-7 243	-16 836
Balance as at 31 December 2024	11 873	9 256	24 482	45 611

Údaje za srovnatelné období:

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

Attributable items to the statement of comprehensive income:

	31 December 2024 TCZK	31 December 2023 TCZK
Amortisation	-16 837	-14 368
Interest on the lease liability	-2 817	-1 116
Short-term lease costs	-32 071	-45 072
Total	-51 725	-60 556

The Company records the following related lease liabilities:

	31 December 2024 TCZK	31 December 2023 TCZK
Short-term balance of lease liability	16 393	6 467
Long-term balance of lease liability	30 638	9 759
Total	47 031	16 226

In 2024, lease liabilities of TCZK 31 688 were paid (2023: TCZK 65 673).

9. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2024	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	613 100
CHS Epi, a.s.	100	180 447	0	180 447	124 774
SYNPO, akciová společnost	100	43 921	0	43 921	47 561
SPOLCHEMIE N.V.	100	1 185	0	1 185	1 055
SPOLCHEMIE Electrolysis, a.s.	100	252 000	0	252 000	936 114
SPOLCHEMIE Green Energy, a.s.	100	2 000	0	2 000	1 924
SPOLCHEMIE Hydrogen, a.s.	100	2 000	0	2 000	1 855
CSS, a.s.	100	17 657	-3 024	14 633	14 076
SPOLCHEMIE Distribution, a.s.	100	1 440	0	1 440	4 195
Total	x	847 781	-3 024	844 757	x

Changes in the structure of investments in subsidiaries

No changes were made in the structure of subsidiaries in 2024.
In 2024, the subsidiary SPOLCHEMIE Distribution, a.s. sold its share in SPOLCHEMIE SK, s.r.o.
The subsidiary SYNPO, a.s. purchased a 100% business share in Rubio Monocat CZ/SK s.r.o.

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 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

10. PROVIDED LOANS AND OTHER LONG-TERM RECEIVABLES

	31 December 2024 TCZK	31 December 2023 TCZK
SPOLCHEMIE Zebra, a.s.	524 703	485 249
SPOLCHEMIE SK, s.r.o.	182 639	168 701
EPISPOL, a.s.	0	71 954
CHS Epi, a.s.	23 653	96 734
SPOLCHEMIE Electrolysis, a.s.	0	33 052
SPOLCHEMIE Distribution, a.s.	0	16 351
Total	730 995	872 041
of which long-term	524 703	485 249
of which short-term	206 292	386 792

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 subordinated 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 2024.

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 2025. 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 2024, the loan was repaid in full.

In December 2022, the Company concluded a loan agreement with its subsidiary CHS EPI, a.s. In 2024, an amendment was signed to extend its maturity until 31 December 2025. 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. In 2024, the loan was repaid in full.

In December 2021, the Company concluded a loan agreement with SPOLCHEMIE Distribution, a.s., under which a loan was provided. This loan, including accessories, was repaid in 2024.

11. INVENTORIES

	31 December 2024 TCZK	31 December 2023 TCZK
Material	630 957	393 304
Finished goods	517 075	347 092
Goods for resale	344	179
Carrying amount	1 148 376	740 575

The gross amount of inventories as at 31 December 2024 was TCZK 1 175 944 (2023: TCZK 768 390).

The amount of inventories charged to cost in 2024 is TCZK 6 213 559 (2023: TCZK 6 173 598).

12. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables	31 December 2024 TCZK	31 December 2023 TCZK
Trade receivables (gross)	1 266 102	934 680
Expected credit loss	-43 339	-42 457
Total	1 222 763	892 223

Other short-term receivables (net)	31 December 2024 TCZK	31 December 2023 TCZK
Tax receivables	73 986	87 705
Other	5 177	1 066
Total	79 163	88 771

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.

13. INCOME TAX RECEIVABLES

In 2024, the Company reports a corporate income tax receivable of TCZK 39 405 (2023: TCZK 106 065). This receivable arose as the difference between tax prepayments of TCZK 39 405 (2023: TCZK 178 353) and the projected tax liability of TCZK 0 (2023: TCZK 72 288).

14. CASH AND CASH EQUIVALENTS

	31 December 2024 TCZK	31 December 2023 TCZK
Bank accounts	293 037	723 857
Cash in hand	315	342
Total	293 352	724 199

15. SHARE CAPITAL AND RESERVES

Authorised and issued shares	Počet ks	31 December 2024 TCZK	Počet ks	31 December 2023 TCZK
Ordinary shares with a nominal value of CZK 185, fully paid up	3 878 816	717 581	3 878 816	717 581

Issued shares

As at 31 December 2024, 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 2024 or 31 December 2023 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 ownership interests own any shares of the Company.

Shareholders

As at 31 December 2024 and 31 December 2023, the sole shareholder of the Company was KAPRAIN CHEMICAL LIMITED.

16. PROVISIONS

	Environmental burdens TCZK	Litigations TCZK	Other TCZK	Employee benefits TCZK	Total TCZK
Balance as at 1 January 2024	277 553	87 068	0	36 424	401 045
Additions	12 067	2 407	20 000	37 902	60 309
Utilisation	0	-22 000	0	-30 173	-52 173
Interest	- 12 067	0	0	0	0
Release	0	0	0	0	0
Balance as at 31 December 2024	277 553	67 475	20 000	44 153	409 181
- of which short-term provisions	25 000	0	20 000	37 185	82 185
- of which long-term provisions	252 553	67 475	0	6 968	326 996

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 2 811 811 (as at 31 December 2023 – TCZK 2 809 466) was spent for these purposes, of which TCZK 1 021 348 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. 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 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 (2023: CZK 277 5 million). Remediation works should be done from 2025 to 2030.

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 67 475 (as at 31 December 2023: TCZK 65 068). 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.

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 2025, the Company recognised the provision as long-term.

Management is not aware of any other significant contingent liabilities of the Company as at 31 December 2024.

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 2024, the long-term portion of the provision amounted to TCZK 6 968 (2023: TCZK 6 251).

Short-term provisions for employee benefits represent provisions for remuneration for 2024 and part of the one-off remuneration paid to employees upon retirement, which is expected to be paid during 2025.

17. NON-CURRENT TRADE PAYABLES

As at 31 December 2024, the Company recorded a non-current trade payable of TCZK 42 405 (as at 31 December 2023: TCZK 0), comprising a long-term portion of a liability arising from the settlement of the purchase price with a long-standing supplier of one of the main raw materials.

18. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	31 December 2024 TCZK	31 December 2023 TCZK
Trade paybles		
Trade payables	1 103 711	869 443
Accrued expenses	15 199	3 545
Accrued revenues	52 969	48 716
Estimated payables	310 374	176 920
Total trade payables	*1 482 253*	*1 098 624*
Other		
Liabilities to employees	21 572	23 279
Social security liabilities	7 531	7 651
Health insurance liabilities	4 164	4 230
Tax liabilities	2 166	2 668
Total other liabilities	*35 433*	*37 828*
Total	1 517 686	1 136 452

Trade payables breakdown according to their maturity

	31 December 2024 TCZK	31 December 2023 TCZK
Within due date	1 093 788	868 301
1-90 days overdue	9 825	985
90-180 days overdue	5	157
180-360 days overdue	93	0
More than 360 days overdue	0	0
Total	1 103 711	869 443

19. LIABILITIES FROM PAYMENT OF DIVIDENDS

As at 31 December 2023, the Company reported a liability from dividend payment of TCZK 2 350 000 thousand, due on 30 June 2024. The sole shareholder decided on the dividend payment at the end of 2023. This liability was duly settled in 2024. As at 31 December 2024, the Company has no outstanding dividend liabilities.

20. LIABILITIES FROM BANK LOANS

In 2024, the Company drew down a bank loan from Česká spořitelna, a.s. totalling TEUR 8 000 to finance capital expenditures related to the Zebra project (as at 31 December 2024, the balance amounted to TCZK 201 480).

At the beginning of 2024, the Company entered into a loan agreement with a syndicate of banks, where Česká spořitelna, a.s. is the main financing bank with a 40% share and the other bank lenders are Československá obchodní banka, a.s. and Raiffeisenbank, a.s. with 30% shares each.

Under this agreement, an instalment loan totalling TEUR 69 228 was drawn down, which has been duly repaid quarterly since 31 July 2024 and its balance as at 31 December 2024 was TCZK 1 653 103.

In addition, a revolving bank loan of TEUR 23 076 was drawn under this agreement with monthly renewal against a pledge on receivables and inventories (the balance as at 31 December was TCZK 581 169).

	31 December 2024 TCZK	31 December 2023 TCZK
Investiční úvěr ČS, a.s. (project Zebra)	201 480	197 800
Revolvingový úvěr ČS, a.s.	581 169	0
Splátkový úvěr ČS, a.s.	1 653 103	0
Total	2 435 752	197 800
of which short-term balance	2 435 752	0
of which long-term balance	0	197 800

Due to a breach of bank covenants (specifically the net debt / EBITDA ratio), the financing bank had the contractual option to request immediate repayment of the investment and instalment loan. For this reason, both loans are reported as short-term, although the applicable repayment schedule is being adhered to. The Company assumes that due to the ongoing negotiations with the financing bank, part of the loans amounting to TCZK 1 673 775 are of a long-term nature. See also Subsequent events.

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

21. LIABILITIES FROM NON-BANK LOANS

As at 31 December 2024, the Company did not report any received short-term or long-term non-bank loans (2023: TCZK 2 527):

	31 December 2024 TCZK	31 December 2023 TCZK
Non-bank loan 2	0	2 527
Total	0	2 527
of which short-term balance	0	2 527
of which long-term balance	0	0

Non-bank loan 2: In 2019, the Company concluded a contract for work with a supplier for the implementation of the Company's emergency connection from Tovární Street of TCZK 12 109. The investment was financed by a supplier loan, which was fully repaid in 2024..

22. 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 18 761 (as at 31 December 2023: TCZK 18 904). Three of 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.

23. RECEIVED TRADE AND FACTORING ADVANCES

As at 31 December 2024, the Company records a balance of current liabilities from factoring and other liabilities of TCZK 26 371 (2023: TCZK 57 146), of which the entire amount (2023: TCZK 5 739) comprises regular trade advances for future performance. Payments received from the factoring of receivables as at that date amounted to TCZK 0 (2023: TCZK 51 407).

24. REVENUES FROM PRODUCTS, GOODS AND SERVICES

	31 December 2024 TCZK	31 December 2023 TCZK
Revenues from goods	41 843	6 949
Revenues from services	894 389	644 898
- of which revenues from reinvoicing of energy	*497 229*	*412 466*
Revenues from products	6 461 980	7 095 375
Total revenues	7 398 212	7 747 222

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

Revenues from products

2024	Domestic TCZK	Export TCZK	Total TCZK
Inorganics	817 243	1 989 965	2 807 208
Epoxy resins	114 041	2 606 255	2 720 296
Special epoxy resins	169 674	388 041	557 715
Alkyds	69 560	307 201	376 761
Total revenues from products	1 170 518	5 291 462	6 461 980

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

Revenues from products – export in 2024

Country	Percentage of revenues – export	Revenues – export TCZK
Germany	35,2	1 863 119
Italy	6,9	366 018
Austria	6,5	344 939
Poland	6,2	326 201
Spain	5,4	285 137
Belgium	4,8	251 987
France	4,4	232 984
Sweden	4,2	222 831
Slovakia	4,0	212 829
Other	22,4	1 185 417
Total	**100,0**	**5 291 462**

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**

25. CONSUMPTION OF MATERIAL AND ENERGY

	31 December 2024 TCZK	31 December 2023 TCZK
Material consumption	3 485 610	3 234 073
Energy consumption	1 275 404	943 649
Costs of reprocessing raw materials	1 627 433	1 682 632
Total	6 388 447	5 860 354

26. LOGISTICS, LEASES AND OTHER SERVICES

	31 December 2024 TCZK	31 December 2023 TCZK
Costs of short-term leases	40 052	45 133
Logistics services	305 678	264 393
Other services	256 238	265 394
Total	601 968	574 920

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 2024 TCZK	31 December 2023 TCZK
Short-term employee benefits		
Wages and salaries	325 432	318 639
Bonuses to members of statutory and supervisory bodies	1 416	2 400
Social security and health insurance expenses	29 659	28 973
Other social expenses	1 334	1 434
Pension plans	85 395	82 201
Employee benefits for early termination of employment		
Severance pay	1 293	0
Total	444 529	433 647

Average number of employees, personnel expenses

	2024	2023
Total average number of employees	593	592
Total personnel expenses (TCZK)	444 529	433 647

The structure of personnel expenses of managers

	31 December 2024 TCZK	31 December 2023 TCZK
Wages and salaries	18 151	23 754
Health insurance premiums	1 776	2 263
Pension plans	4 343	4 756
Total	24 270	30 773

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 2024, these contributions amounted to TCZK 4 653 (2023: TCZK 4 599).

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

Employee benefits – early termination of employment

The Company pays out severance payments to employees whose employment was terminated for organisational reasons. In 2024, the Company paid out TCZK 1 293 (2023: TCZK 0) in severance pay.

28. OTHER OPERATING INCOME AND EXPENSES

Other operating income

	31 December 2024 TCZK	31 December 2023 TCZK
Change in provisions	0	77 873
Grants received and compensation of expenses	6 722	46 702
Damages	569	6 134
Profit from sale of purchased inventories	2 575	2 548
Proceeds from the sale of property, plant and equipment	187	778
Change in allowances for receivables and inventories	246	0
Other operating income	5 997	3 856
Total	16 296	137 891

Other operating expenses

	31 December 2024 TCZK	31 December 2023 TCZK
Insurance premiums	30 905	33 732
Additions to allowances	881	8 832
Taxes and fees	10 807	6 771
Contributions and gifts	3 128	3 994
Write-off of receivables	0	30
Change in provisions	30 135	0
Other operating expenses	18 886	23 595
Total	94 742	76 954

29. FINANCIAL INCOME AND EXPENSES

Financial income

	2024 TCZK	2023 TCZK
Interest income		
- bank accounts	3 290	33 673
- other interest	42 988	49 857
Net foreign exchange gains on foreign currency transactions	24 814	17 455
Change in provisions	25 665	0
Other financial income	0	801
Total	96 757	101 786

Other interest income mainly consists of interest arising from loan receivables provided to the controlled entities, mainly a loan to SPOLCHEMIE SK, a.s. of TCZK 10 800 in 2024 (2023: TCZK 9 969) and a loan to SPOLCHEMIE Zebra, a.s. of TCZK 27 067 in 2024 (2023: TCZK 24 819).

Financial expenses

	2024 TCZK	2023 TCZK
Interest expense		
- on loans and borrowings	106 351	70 847
- other interest	2 252	1 116
- interest expense from lease liabilities	2 817	1 340
Provisions in the financial area	0	24 407
Factoring expenses	1 730	9 174
Other financial expenses	43 835	68 004
Total financial expenses	156 985	174 888

Other financial expenses in 2024 are mostly made up of bank expenses in connection with new loans. Other financial expenses in 2023 are mostly made up of financial expenses for the ZEBRA project reinvoiced from SPOLCHEMIE Zebra, a.s.

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 2024 was TCZK 3 300 (2023: TCZK 20 185).

As at 31 December 2024, the Company had thus hedged the future conversion in 2025 of MEUR 34.8 million at exchange rates 25.401 CZK/1 EUR and 25.47 CZK/1 EUR. As at 31 December 2023, this amount was EUR 18 million at exchange rates ranging from 24.84 to 24.87 CZK/1 EUR.

30. INCOME TAX

	31 December 2024 TCZK	31 December 2023 TCZK
Current tax		
Previous periods	4 667	-1 375
Current year	0	-72 288
Deferred tax		
Impact of changes in temporary differences	21 744	2 405
Total income tax	26 411	-71 258

Reconciliation of effective tax rate	31 December 2024 TCZK	31 December 2023 TCZK
Profit/loss before tax	**-123 723**	**462 050**
Income tax rate	21%	19%
Income tax calculated	25 982	-87 790
Deferred tax	4 667	0
Impact of tax non-deductible expenses	- 18 470	-16 008
Impact of tax-exempt income	13 374	28 817
Impact of rate change to 21%	0	3 723
Total calculated income tax	26 411	-71 258
Effective income tax rate	21,35%	15,42%

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

Deferred tax

	Assets		Liabilities		Changes	
	2024	2023	2024	2023	2024/2023	2023/2022
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Difference between the book and tax value of non-current assets	14 012	15 758	-81 882	-71 853	-11 775	-14 551
Tax losses	31 866	0	0	0	31 866	0
Inventories and receivables	10 910	10 966	0	0	-56	7 189
Provisions	85 928	84 219	0	0	1 709	9 767
Deferred tax asset/liability	142 716	110 943	-81 882	-71 853	21 744	2 405
Deferred tax balance recorded	60 834	39 090	x	x	x	x

As at 31 December 2024, the Company recorded usable tax losses from previous years of TCZK 31 866. As at 31 December 2023, the Company did not record any tax losses.

In accordance with the accounting policy, a tax rate of 21% was used to calculate deferred tax.

The Company expects to become a top-up taxpayer in the following accounting period in accordance with Act No. 416/2023 Coll., On Top-up Taxes for Large Multinational and National Groups. The multinational group, in the meaning of Act No. 416/2023 Coll On Top-up Taxes for Large Multinational and National Groups, to which the Company belongs, is completing an analysis as at the date of approval of these financial statements to determine whether it meets the definition of a large multinational group. Based on available information, the Company's management believes that even if the Company became a top-up taxpayer , the potential impact on the Company would be immaterial.

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	
	2024	2023	2024	2023
	TCZK	TCZK	TCZK	TCZK
Subsidiaries				
EPISPOL, a. s.	4 796	11 717	66 712	96 201
SPOLCHEMIE N.V.	0	359	0	0
SYNPO, akciová společnost	1 982	0	2 926	2 300
CHS Epi, a.s.	63 546	7 792	0	31 477
SPOLCHEMIE Electrolysis, a.s.	208 853	213 516	152 419	45
SPOLCHEMIE Zebra, a.s.	138 107	8 606	163 430	150 982
CSS, a.s.	252	265	6 061	5 892
Spolchemie, a.s.	291	261	0	0
Other related parties				
Fortischem, a.s.	791	2 048	0	0
Total	418 618	244 564	391 548	286 897

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 from related entities

	Provided loans as at 31 December	
	2024	2023
	TCZK	TCZK
SPOLCHEMIE Zebra, a.s.	524 703	485 249
SPOLCHEMIE SK, s.r.o.	182 639	168 700
CHS Epi, a.s.	23 653	96 734
EPISPOL, a.s.	0	71 954
SPOLCHEMIE Electrolysis, a.s.	0	33 052
SPOLCHEMIE Distribution, a.s.	0	16 351
Total	730 995	872 040

Purchase, sales and reinvoicing volumes with related parties

	Purchases		Sales and reinvoicing	
	2024	2023	2024	2023
	TCZK	TCZK	TCZK	TCZK
Subsidiaries				
SYNPO, akciová společnost	29 071	27 314	16 889	10 500
EPISPOL, a.s.	288 941	281 518	165 505	158 880
SPOLCHEMIE Electrolysis, a.s.	745 260	733 277	653 969	533 671
CHS Epi, a.s.	364 374	411 621	237 424	247 903
SPOLCHEMIE Distribution, a.s.	0	0	0	2
SPOLCHEMIE Zebra, a.s.	236 269	305 667	338 191	31 942
CSS, a.s.	44 895	44 276	3 026	2 727
Total of consolidated companies	1 709 710	1 803 673	1 415 004	985 625
Fortischem, a.s.	42 222	567	4 178	9 973
Kaprain, a.s.	1 017	356	0	0
Total of other related parties	43 239	923	7 221	9 973
Total	1 752 949	1 804 596	1 422 225	995 598

The overview of purchase and sales transactions do not include recorded interest income from loans to subsidiaries of TCZK 40 326 (2023 – TCZK 49 817).

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 2024, the Company paid TCZK 675 in liability insurance (2023: TCZK 473).

In 2024 and 2023, 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 financial market trading framework agreements with banks, under which the Company enters into partial forward transactions to hedge against negative fluctuations in the EUR/CZK exchange rate. In 2024, the conversions undertaken totalled EUR 27 million at exchange rates ranging from CZK 24.84 to 25.53/EUR.

Transactions totalling EUR 34.8 million at exchange rates ranging from CZK 25.401 to 25.47/EUR were entered into for 2025.

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 2024 represented 71% of the volume of sales in EUR (2023: 59%).

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 2024	CZK TCZK	EUR TCZK	USD TCZK	Other TCZK	Total TCZK
Assets	680 153	1 394 770	13 298	4 355	2 092 576
Liabilities	- 836 781	-3 250 004	-514	-3 651	-4 090 950

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

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).

V TCZK.	31 December 2024 TCZK	31 December 2023 TCZK
Appreciation of EUR	-18 356	1 451
Appreciation of USD	132	- 35
Depreciation of EUR	35 876	3 409
Depreciation of USD	- 132	35

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 2024 TCZK	31 December 2023 TCZK
Non-bank loans	0	2 527
Long-term receivables	89 371	84 333
Short-term receivables	23 653	0

Financial instruments with a variable interest rate	31 December 2024 TCZK	31 December 2023 TCZK
Long-term bank loans	201 480	197 800
Long-term bank loans	2 234 272	0
Long-term receivables	435 332	400 916
Short-term receivables	182 639	386 792

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 2024 TCZK	31 December 2023 TCZK
Citlivost na peněžní tok - zvýšení sazby	-18 178	5 889
Citlivost na peněžní tok - snížení sazby	18 178	-5 889

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 2024	Effective interest rate in %	Receivable /liability amount in TCZK	Future change in interest rate	Due date
Total receivables CZK	7,70	6 280	*	Do 2033
Total receivables EUR	6,53	611 691	*	Do 2033
Total interest-bearing receivables		617 971		Do 2033
Total bank loans EUR	5,34	2 435 752		Do 2033
Total interest-bearing liabilities		2 435 752		

* 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 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		

TCZK	Carrying value 2024 TCZK	Fair value 2024 TCZK	Carrying value 2023 TCZK	Fair value 2023 TCZK
Long-term receivables	524 703	498 364	485 249	461 663
Bank loans	-2 421 927	-2 312 989	-197 800	-188 903
Non-bank loans	-42 405	-42 405	-2 527	-2 527
Unpaid interest on non-bank loans	-13 825	-13 825	0	0
Trade and other payables and advances	-1 612 793	-1 606 620	-3 580 920	-3 567 213

The carrying amount of receivables and cash is reasonably approximate to their fair value, mainly due to their short-term nature.

(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 2024 TCZK	31 December 2023 TCZK
Long-term receivables	524 703	485 249
Trade receivables	1 222 763	881 360
Other receivables and advances	345 110	520 022
Cash	293 352	724 199
Total	2 385 928	2 610 830

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 2024 TCZK	Expected credit loss TCZK	31 December 2023 TCZK	Expected credit loss TCZK
Within due date	1 165 206	-3 481	837 159	-3 407
1-90 days overdue	61 312	-274	58 869	-398
91-180 days overdue	10	-10	144	-144
181-360 days overdue	10	-10	3 227	-3 227
More than 360 days overdue	39 564	-39 564	35 281	-35 281
Total	1 266 102	-43 339	934 680	-42 457
Net book value		1 222 763		892 223

Changes in impairment losses related to trade receivables

	31 December 2024 TCZK	31 December 2023 TCZK
Balance as at 1 January	-42 457	-41 335
Creation of loss allowance	-3 138	-8 049
Release of loss allowance	2 257	6 923
Use of loss allowance – receivables write-off	0	5
Balance as at 31 December	-43 338	-42 457

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

As at 31 December 2024	Contractual cash flows						
	Due up to 2 months TCZK	2 - 6 months TCZK	6 – 12 months TCZK	1 - 2 years TCZK	2 - 5 years TCZK	Over 5 years TCZK	Total TCZK
Loans	70 718	77 791	2 400 988	103 109	176 883	50 838	2 880 327
Lease liabilities	2 820	5 530	8 043	12 218	18 420	0	47 031
Other liabilities	1 308 060	185 654	105 482	192 170	184 445	41 537	2 017 348
Total	1 381 598	268 975	2 514 513	307 497	379 748	92 375	4 944 706

As at 31 December 2023	Contractual cash flows						
	Due up to 2 months TCZK	2 - 6 months TCZK	6 – 12 months TCZK	1 - 2 years TCZK	2 - 5 years TCZK	Over 5 years TCZK	Total 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

(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 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 2024, the Company spent TCZK 56 843 (2023: TCZK 51 361) on research and development. Of this, in-house expenses on research and development activities amounted to TCZK 33 216 (2023: TCZK 28 244).

34. CONTINGENT LIABILITIES

Provided guarantees

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. The trial operation was launched in March 2024 and the final product has been supplied to foreign partner since summer 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 was 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 2024.

35. SUBSEQUENT EVENTS

On 22 May 2025, the Company (Group) signed Amendment No.1 with the bank lenders to the syndicated loan agreement of 20 March 2024, which waived the breach of covenants in respect of the breached covenants as of 30 September 2024, 31 December 2024 and 31 March 2025. By signing this amendment, the bank lenders waived their rights arising from the breach of these covenants, including, for example, the possibility of requesting immediate repayment of these loans.

At a hearing held on 27 January 2025, the Regional Court in Ústí nad Labem again dismissed the action brought by the insolvency administrator of VIAMONT, a.s. against the Company for payment of TCZK 40 116 with accessories (exchange order). The Regional Court in Ústí nad Labem in its decision again sided with the Company's argumentation that the promissory note in question was a secured promissory note and that the secured obligation had expired many years ago.

On 5 March 2025, the insolvency administrator of VIAMONT, a.s. filed an appeal against the judgement of the Regional Court in Ústí nad Labem to the High Court in Prague.

The Company has only minimal trade with the United States, both in sales and purchases. Therefore, the direct impact of customs and tariff policies on our operations is relatively low. Nevertheless, the Company is aware of the potential secondary impacts that may arise as a result of impacting trading partners. Therefore, it carefully monitors and evaluates the situation to be able to take timely measures to minimise any negative impacts. Given the dynamic developments in the area of tariffs and customs duties, it focuses on continuous monitoring of the situation and awaits further developments to react in a timely and effective manner.

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 2024.

7 / REPORT ON RELATIONS


C-221
C-310
C-320

Report of the Management Board 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 2024 ("Report on Relations")

prepared in accordance with 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 Management Board 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 2024 to 31 December 2024 (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 Management Board 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, born on 3 April 1969 (hereinafter referred to as the "**Controlling Entity**"), who, according to the information available to the Management Board of the Controlled Entity, controlled the Controlled Entity indirectly through **KAPRAIN CHEMICAL LIMITED**, with its registered office at Archiepiskopou Makariou III, 88, 1077 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.

In the Decisive Period, KAPRAIN CHEMICAL was controlled by the Controlling Entity indirectly through **KAPRAIN INDUSTRIAL HOLDING LIMITED**, with its registered office at Archiepiskopou Makariou III, 88, 1077 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.

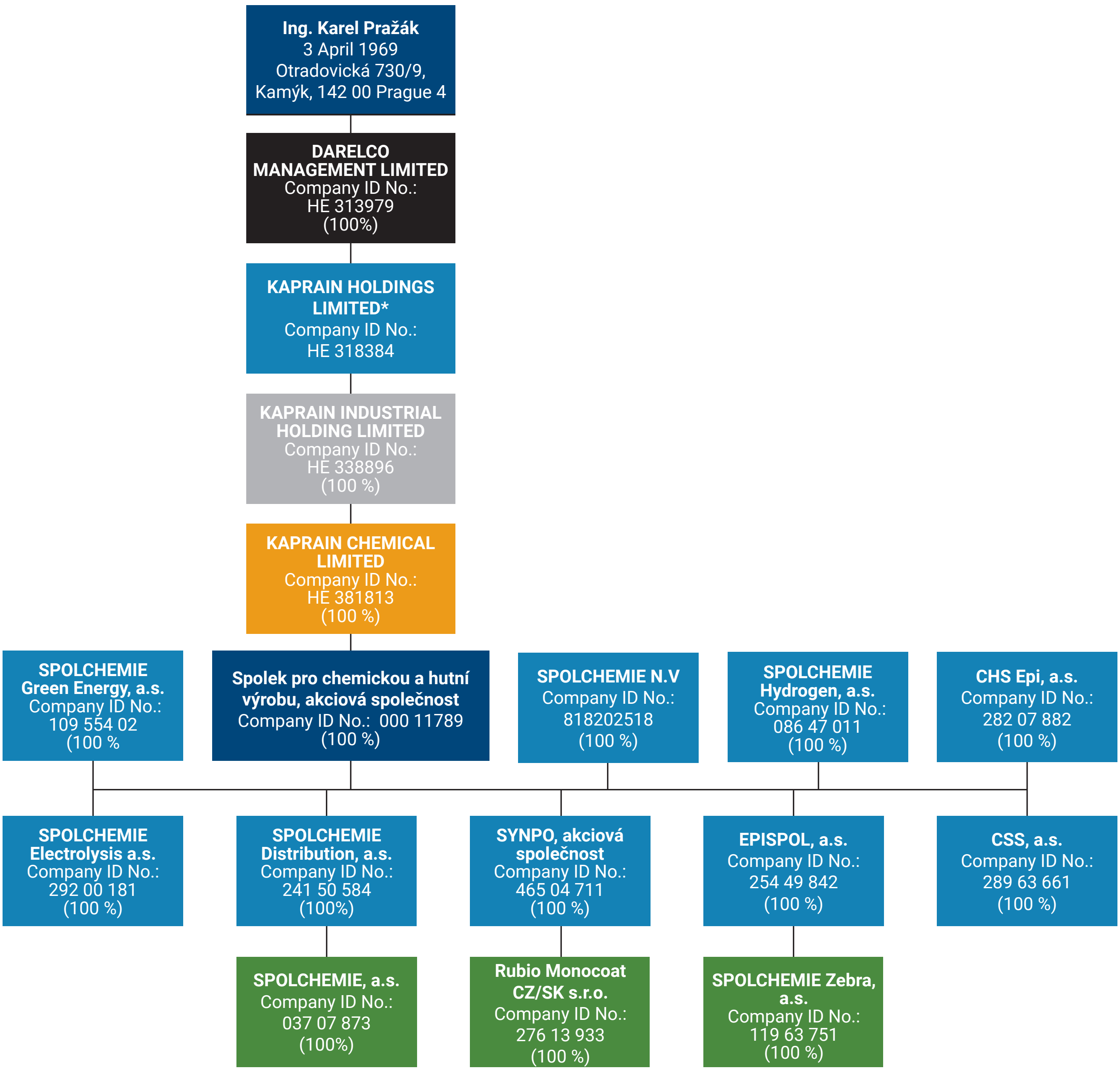
In the Decisive Period, KIHL was controlled by the Controlling Entity indirectly through **KAPRAIN HOLDINGS LIMITED**, with its registered office at Archiepiskopou Makariou III, 88, 1077 Nicosia, Cyprus, registration number: HE 318384 (hereinafter referred to as "**KAPRAIN HOLDINGS**"), which in the Decisive Period exercised the voting rights with a share 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 Archiepiskopou Makariou III, 88, 1077 Nicosia, Cyprus, registration number: HE 313979 (hereinafter referred to as "**DARELCO**"), which was the sole member 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 member exercising the voting rights connected to its 100% ownership interest in DARELCO.

1.3 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

In the diagram on the following page, the relations between the individual entities in the structure of controlling 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 2024.



* 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 Management Board, 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 Management Board, DARELCO was controlled directly by the Controlling Entity as the sole member of DARELCO in the Decisive Period.

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

In the Decisive Period, KAPRAIN HOLDINGS exercised the voting rights with a share representing a 100% share in the voting rights of KIHL.

In the Decisive Period, KIHL exercised the voting rights with a share representing a 100% share in the voting rights of KAPRAIN CHEMICAL.

In the Decisive Period, KAPRAIN CHEMICAL exercised the voting rights with shares representing a 100% share in the voting rights of the Controlled Entity.

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	1/1/2024 – 31/12/2024
EPISPOL, a.s. Revoluční 1930/86, Ústí nad Labem – centrum, 400 01 Ústí nad Labem	25449842	1/1/2024 – 31/12/2024
SPOLCHEMIE Electrolysis a.s. Ústí nad Labem, Revoluční 1930/86, postal code 400 32	29200181	1/1/2024 – 31/12/2024
SPOLCHEMIE Hydrogen, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	08647011	1/1/2024 – 31/12/2024
SPOLCHEMIE N.V. Radarweg 29, 1043 NX, Amsterdam, Kingdom of the Netherlands	818202518	1/1/2024 – 31/12/2024
SPOLCHEMIE Distribution, a.s. Revoluční 1930/86, Ústí nad Labem – centrum, 400 01 Ústí nad Labem	24150584	1/1/2024 – 31/12/2024
CHS Epi, a.s. Ústí nad Labem, Revoluční 1930/86, postal code 400 32	28207882	1/1/2024 – 31/12/2024
SPOLCHEMIE, a.s. Prokopova 148/15, Žižkov, 130 00 Prague 3	03707873	1/1/2024 – 31/12/2024
CSS, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	28963661	1/1/2024 – 31/12/2024
SPOLCHEMIE SK, s.r.o. Gagarinova 7/A, Bratislava - Ružinov city district 821 03, Slovakia	47454750	1/1/2024 – 13/11/2024
SPOLCHEMIE Zebra, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	11963751	1/1/2024 – 31/12/2024
SPOLCHEMIE Green Energy, a.s. Revoluční 1930/86, Ústí nad Labem-centrum, 400 01 Ústí nad Labem	10955402	1/1/2024 – 31/12/2024
Rubio Monocoat CZ/SK s.r.o. S. K. Neumanna 1316, Zelené Předměstí, 530 02 Pardubice	27613933	29/2/2024 – 31/12/2024

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 Controlled Entity paid a dividend of TCZK 2 350 000 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
- Agreement on the processing of personal data dated 25.5.2018

CHS Epi, a.s.

- Framework agreement on the regulation of mutual relations, rights, obligations and services dated 25 September 2013
- Service contract 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
- Mandate contract dated 1 November 2016, as amended
- Framework purchase agreement dated 21 November 2016
- Contract on mutual relations dated 1 August 2017
- Contract for the processing of personal data dated 25 May 2018
- Contract for the provision of services dated 20 December 2021, as amended
- Cooperation agreement dated 12 December 2022, as amended

SPOLCHEMIE Distribution, a.s.

- Loan agreement dated 7 December 2021

SPOLCHEMIE Electrolysis, a.s.

- 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
- Framework agreement on the regulation of mutual relations, rights, obligations and services dated 9 November 2015
- Mandate contract dated 1 November 2016, as amended
- 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
- Contract for the provision of services dated 20 December 2021, as amended
- Loan agreement dated 13 November 2023
- Debt Recognition and Repayment Agreement dated 30 June 2024

SYNPO, akciová společnost

- Contract for work dated 15 January 2024
- Contract for the protection of confidential information dated 30 August 2021
- Confidentiality agreement dated 8 September 2021
- Contract for the participation in a project solution dated 6 May 2021
- Licence agreement dated 11 January 2022
- Settlement agreement for invention rights and patent applications dated 15 April 2024

EPISPOL, a.s.

- 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
- 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

KAPRAIN, a.s.

- Mandate contract for provision of services dated 22 August 2024
-

KAPRAIN INDUSTRIAL HOLDING LIMITED

- Contract for consideration for a loan guarantee dated 23 July 2024

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 h) Generalisation of information that comprises the subject of business secrets

The Management Board 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 Management Board, as the statutory body of the Controlled Entity, on the basis of information that was known to the members of the Management Board, as persons acting with due managerial care.

Ústí nad Labem, 31 March 2025

Spolek pro chemickou a hutní výrobu, akciová společnost

Pavel Jiroušek
Vice-Chairman of the Management Board

Daniel Tamchyna
Vice-Chairman of the Management Board

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		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		KAPRAIN Holdings Limited
KAPRAIN a.s.	289 50 216	Czech Republic	Entity controlled by the same controlling entity through property shares	.	Jejomar Capital Limited
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.
Travel Investment s.r.o.	258 76 881	Czech Republic	Entity controlled by the same controlling entity through property shares (50%)		AB – CREDIT a. s.
TRAVEL FAMILY s.r.o.170 49 415	170 49 415	Czech Republic	Entity controlled by the same controlling entity through property shares		Travel Investment s.r.o.
KOVOTOUR PLUS s.r.o.	623 01 055	Czech Republic	Entity controlled by the same controlling entity through property shares		Travel Investment s.r.o.
TRAVEL FAIMILY AIR s.r.o.	258 77 178	Czech Republic	Entity controlled by the same controlling entity through property shares		KOVOTOUR PLUS s.r.o.
FELLSIDE LIMITED	403362	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		Alcathous Limited

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ViaChem Group, a.s.	26694590	Czech Republic	Entity controlled by the same controlling entity through property shares		FELLSIDE 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.
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 14834	United Kingdom	Entity controlled by the same controlling entity through property shares		Rubena, s.r.o.
Kaprain Rubber 2 s.r.o.	179 32092	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Industrial Holding Limited
Gumokov, a.s.	000 12131	Czech Republic	Entity controlled by the same controlling entity through property shares		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
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
Sport Living Letňany s.r.o.	067 19 741	Czech Republic	Entity controlled by the same controlling entity through property shares	until 28 March 2024 operating under the name Flumine Energy Trading s.r.o. until 2 May 2024 its controlling entity was FLUMINE ENERGY s.r.o.	KAPRAIN Real Estate Holding Limited
Troja Hills a.s.	061 16221	Czech Republic	Entity controlled by the same controlling entity through property shares		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 30623	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN Realty Trade a.s.
ČESKOMORAVSKÁ INVEST s.r.o.	241 42751	Czech Republic	Entity controlled by the same controlling entity through property shares	from 06/8/2024	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		POP Family resort a.s
DREITONEL Three a.s.	241 88 107	Czech Republic	Entity controlled by the same controlling entity through property shares		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 (60%)		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 32326	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN SPORT & ENTERTAINMENT HOLDING LIMITED
Kaprain Ice s.r.o.	108 24 723	Czech Republic	Entity controlled by the same controlling entity through property shares	controlling entity until 15 April 2024: KAPRAIN a.s.	KAPRAIN SPORT & ENTERTAINMENT HOLDING LIMITED
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.
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.
HC Sparta Praha a.s.	618 60 875	Czech Republic	Entity controlled by the same controlling entity through property shares	controlling entity until 15 April 2024: KAPRAIN REAL ESTATE HOLDING LIMITED	KAPRAIN SPORT & ENTERTAINMENT 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.
KAPRAIN CHEMICAL LIMITED	381813	Republic of Cyprus	Entity controlled by the same controlling entity through property shares		KAPRAIN Industrial Holding Limited
Kaprain Chemical Slovakia s.r.o.	199 21268	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN CHEMICAL LIMITED
FORTISCHEM a.s.	46 693 874	Slovakia	Entity controlled by the same controlling entity through property shares		Kaprain Chemical Slovakia s.r.o.

Spolek pro chemickou a hutní výrobu, akciová společnost	000 11789	Czech Republic	Entity controlled by the same controlling entity through property shares		KAPRAIN CHEMICAL 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 Netherlands	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
Rubio Monocoat CZ/SK s.r.o.	276 13 933	Czech Republic	Entity controlled by the same controlling entity through property shares	from 29/2/2024	SYNPO, 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		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	10% ownership interest held by Kaprain Chemical Slovakia s.r.o. controlling entity until 13 November 2024: SPOLCHEMIE Distribution, a.s.	KAPRAIN CHEMICAL LIMITED (90%)

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
Kovoprojekta Brno a.s.	463 47011	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/3/2024	KAPRAIN CHEMICAL LIMITED
Synthesia a.s.	601 08916	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	KAPRAIN CHEMICAL LIMITED
SYNTHESIA POLSKA Sp. z.o.o. in liquidation	471196449	Poland	Entity controlled by the same controlling entity through property shares	from 01/2/2024	Synthesia a.s.
Výzkumný ústav organických syntéz a.s.	601 08975	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	Synthesia a.s.
Centrum organické chemie s.r.o.	287 78759	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	Výzkumný ústav organických syntéz a.s.
INVAZ s.r.o.	259 89308	Czech Republic	Entity controlled by the same controlling entity through property shares (51%)	from 01/2/2024	Synthesia a.s.
Synthesia Nitrocellulose, a.s.	223 44071	Czech Republic	Entity controlled by the same controlling entity through property shares	from 11/12/2024	Synthesia a.s.
MAFRA a.s.	453 13351	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	KAPRAIN CHEMICAL LIMITED
LONDA spol. s r.o.	492 41931	Czech Republic	Entity controlled by the same controlling entity through property shares	controlling entity in the period from 1 February 2024 to 20 December 2024: KAPRAIN CHEMICAL LIMITED	MAFRA a.s.
LIN a.s.	257 20767	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	LONDA spol s r.o.
ACOMWARE s.r.o.	250 47965	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	MAFRA a.s.
MAFRA Slovakia, a.s.	31333524	Slovakia	Entity controlled by the same controlling entity through property shares	from 01/2/2024	MAFRA a.s.
Stanice O, a.s.	265 09911	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	MAFRA a.s.
IRS Network a.s.	274 16046	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	MAFRA a.s.

Ticketportal HU KA		Hungary	Entity controlled by the same controlling entity through property shares	from 01/2/2024	IRS Network a.s.
Tickertportal SK, s.r.o.	358 50698	Slovakia	Entity controlled by the same controlling entity through property shares	from 01/2/2024	IRS Network a.s.
IRSnet CZ s.r.o.	267 31122	Czech Republic	Entity controlled by the same controlling entity through property shares (90%)	from 01/2/2024	IRS Network a.s.
OLISADEIS s.r.o.	176 99363	Czech Republic	Entity controlled by the same controlling entity through property shares	from 01/2/2024	MAFRA a.s.
goticket.sk, s.r.o. v likvidácii	504 72003	Slovakia	Entity controlled by the same controlling entity through property shares	from 1 February 2024 to 11 April 2024 (ceased to exist by being deleted from the Commercial Register)	IRS Network a.s.
TICKETMEDIA s.r.o.	502 01425	Slovakia	Slovakia	from 1 February 2024 to 1 January 2025 (ceased to exist as a result of a merger)	Tickertportal SK, s.r.o.

SPOLEK PRO CHEMICKOU A HUTNÍ VÝROBU, AKCIOVÁ SPOLEČNOST

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