Bolix S.A GROUP

Consolidated financial statements
as at and for the year ended
31 December 2024
Prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (EU IFRS)

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Contents

Consolidated statement of comprehensive income for the year ended 31 December 2024

in PLN '000	**Note**	**2024**	**2023**
Sales revenue	4A	291.148	224.429
Cost of sales	3B	(133.819)	(127.347)
Gross profit on sales		**157.329**	**97.082**
Other operating income	4B	1.300	463
Selling expenses	3A	(69.409)	(62.777)
Costs of sales construction contracts	3A	(56.570)	-
General and administrative expenses	3A	(16.421)	(14.884)
Other operating expenses	5	(159)	(58)
Operating profit		**16.070**	**19.826**
Finance income	6	1.451	665
Finance costs	7	(4.269)	(4.819)
Net finance loss/(loss)		**(2.818)**	**(4.154)**
Share of other comprehensive income of associates and joint ventures	9	**1.619**	**(923)**
Gain/loss from share revaluation		**6.416**	**-**
Profit before tax		**21.287**	**14.750**
Income tax	10A	(2.355)	(3.351)
Net profit for the financial year		**18.932**	**11.399**
Currency translation differences		**106**	**(878)**
Other comprehensive income		**-**	**-**
Total comprehensive profit for the financial year		**19.038**	**10.521**

Consolidated statement of financial position as at 31 December 2024

in PLN '000	Note	31.12.2024	31.12.2023
Assets			
Property, plant and equipment	11	37.007	43.215
Goodwill	12	115.157	104.431
Intangible assets	12	7.186	859
Investments accounted for with equity method		-	-
Deferred tax assets	10C	3.027	-
Other long-term prepayments and accrued income	14	675	-
Total non-current assets		163.052	148.505
Inventories	13	17.917	14.465
Trade and other receivables	14	90.118	39.989
Income tax receivables		121	1.843
Other current assets	15	1.766	2.495
Loans advanced	16	-	20.396
Cash and cash equivalents	17	2.406	1.016
Total current assets		112.328	80.204
Total assets		**275.380**	**228.709**
Equity			
Share capital	18	10.000	10.000
Supplementary capital	18	131.811	110.486
Currency translation differences		(933)	(1.039)
Retained earnings		16.008	18.401
Total equity		156.889	**137.848**
Liabilities			
Liabilities in respect of credits and loans	19	1.429	2.842
Deferred tax liabilities	10B	16.090	14.998
Employee benefits payable	20	593	365
Lease liabilities	11	3.589	3.521
Total long-term liabilities		21.701	**21.726**
Liabilities in respect of credits and loans	19	37.057	29.481
Recourse factoring liabilities	19	2.571	7.305
Trade and other payables	22A	43.273	21.063
Lease liabilities	11	2.768	2.587
Income tax liabilities		3.809	1.092
Employee benefits payable	22B	6.915	5.647
Provisions	21	400	1.960
Total short-term liabilities		96.793	69.135
Total liabilities		118.494	90.861
Total equity and liabilities		**275.380**	**228.709**

The statement of financial position should be analyzed together with the explanatory notes, which form an integral part of the financial statements

Consolidated statement of cash flows for the year ended 31 December 2024

in PLN '000	Note	2024	2023
Cash flows from operating activities			
Profit before tax		21.287	14.749
Adjustments for:			
Depreciation of property, plant and equipment	11	7.554	7.636
Amortization of intangible assets	12	438	336
Unrealized foreign exchange differences		-	-
Interest expense, net		3.586	4.819
Gains on sale/retirement of fixed assets	4B	(449)	(447)
Gain from investing transactions		(7.890)	-
		24.526	**27.093**
Changes in working capital:			
Increase/decrease in inventories		(1.736)	3.312
Increase/decrease in trade and other receivables		(5.371)	(8.057)
Increase/decrease in other assets		14.255	458
Increase/decrease in provisions		(1.560)	229
Increase in liabilities (including employee benefits)		(12.133)	(144)
		(6.545)	**(4,202)**
Interest paid		(461)	(1.616)
Income tax (paid) / reimbursed		258	(3.850)
Net cash flows from operating activities		**17.778**	**17.425**
Cash flows from investing activities			
Proceeds from the sale of fixed assets		636	562
Acquisition of SMS shares		(3.724)	-
Loans advanced		(3.300)	(18.235)
Purchase of property, plant and equipment		(3.570)	(8.304)
Purchase of intangible assets		(1.588)	(326)
Net cash flows from investing activities		**(11.546)**	**(26.303)**
Cash flows from financing activities			
Proceeds from credit facilities		7.576	8.747
Proceeds from recourse factoring		-	7.305
Repayment of recourse factoring		(4.734)	
Repayment of credit facilities		(1.548)	(1.263)
Repayment of interest on credit facilities		(2.689)	(2.099)
Payment of interest on lease liabilities		(436)	(572)
Payment of lease liabilities		(3.011)	(3.327)
Net cash flows from financing activities		(4.842)	**8.259**
Net change in cash and cash equivalents		1.390	(619)
Cash and cash equivalents as at the beginning of the year		**1.016**	**1.635**
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents as at the end of the year	17	**2.406**	**1.016**

The statement of cash flows should be analyzed together with the explanatory notes, which form an integral part of the financial statements

Consolidated statement of changes in equity

in PLN '000	Share capital	Supplementary capital	Currency translation differences	Retained earnings	Total
As at 1 January 2023	**10.000**	**101.042**	**(161)**	**16.446**	**127.327**
Comprehensive income for the financial year					
Net profit for the period	-	-	-	11.399	11.399
Exchange differences on translating subsidiaries	-	-	(878)	-	(878)
Comprehensive income for the period	**-**	**-**	**(878)**	**11.399**	**10.521**
Allocation of profit for 2022 to the supplementary capital	-	9.444	-	(9.444)	-
Dividend	-	-	-	-	-
Increase (decrease) in equity	**-**	**9.444**	**-**	**(9.444)**	**-**
As at 31 December 2023	**10.000**	**110.486**	**(1.039)**	**18.401**	**137.848**
Comprehensive income for the financial year					
Net profit for the period	-	-	-	18.932	18.932
Exchange differences on translating subsidiaries	-	-	106	-	106
Comprehensive income for the period	**-**	**-**	**106**	**18.932**	**19.038**
Allocation of profit for 2023 to the supplementary capital	-	21.325	-	(21.325)	- -
Increase (decrease) in equity	**-**	**21.325**	**-**	**(21.325)**	**-**
As at 31 December 2024	**10.000**	**131.811**	**(933)**	**16.008**	**156.886**

(in PLN '000, unless stated otherwise)

1. Significant accounting policies

(a) General information

Parent company:
Name: Bolix Spółka Akcyjna
Registered office: 34-300 Żywiec ul. Stolarska 8
Registry Court: KRS No 0000230009, District Court in Bielsko-Biała, 8th Commercial Division.

Subsidiaries consolidated in the financial statements of the Bolix S.A. Group

Subsidiaries	Registered office	Ownership interest
BUILD TRADE sp. z o.o.	34-300 Żywiec ul. Stolarska 8	100%
Bolix UKRAINA Sp. z o.o.	Ul. Promyslowa, 10 m. Wysznewe, Kijewskaja obłast Ukraine 08132	99% BOLIX S.A. 1% BUILD-TRADE Sp. z o.o.
SOLTHERM EXTERNAL INSULATIONS LIMITED	Challenge House Sherwood Drive Bletchley Milton Keynes MK3 6DP UK	100%
SOLTHERM INSOLATIONS THERMIQUE EXTERIEURE SAS	14 rue Charles V 75004 Paris 04 France	100%
SUREFIRE MANAGEMENT SERVICES LIMITED United Kingdom	168 Church Road, BN3 2DL, Hove, East Sussex UK	100%

Bolix S.A. (Parent company) was established on 13 February 2003. The Company's registered office is in Żywiec (Poland). The Group commenced its business activities in September 2003 by acquiring the business of the former Bolix Sp. z o.o.

On 7 March 2005, based on the resolution adopted by the Shareholders' Meeting on 14 February 2005, the Parent Company changed its legal status from that of a limited liability company, Bolix Sp. z o.o., to a joint stock company, Bolix S.A. Since 18 August 2008, Lusako Trading Limited, a Company incorporated under the laws of Cyprus (No HE 195096), a member of the Berger Paints India Limited group, has been the sole controlling shareholder of the Group.

The Bolix S.A. Group (the "Group") comprises Bolix S.A. and its subsidiaries. The BOLIX S.A. Group's core activities comprise the manufacture and sale of exterior insulation and finish systems (EIFS), including acrylic, silicate and mineral plasters, tile and thermal insulation adhesives, mortars and a variety of paints under the Bolix brand. The Company sales its products in Poland and abroad. A significant portion of the Group's operations consists of building thermal modernisation projects carried out by the subsidiary Surefire Management Services Limited. Export sales include sales to customers located in the United Kingdom, Ireland, France, Ukraine, Lithuania, Slovakia, Germany, Belgium, and other countries.

Build-Trade spółka z ograniczoną odpowiedzialnością was established in 2010 and registered in the National Court Register (KRS) on 20 October 2010 under number 0000368408. The company commenced its operating activities in May 2011.

(in PLN '000, unless stated otherwise)

Bolix Ukraina spółka z ograniczoną odpowiedzialnością, operating in Ukraine under the name ТОВ «Болікс Україна» and registered at вул. Промислова, буд. 10, м. Вишневе, Київська обл., Україна 08132, was established in 2011 and registered in Ukraine under Identification Number 37716684.
The company commenced its operating activities in 2012.

Soltherm External Insulation Limited, operating in the United Kingdom, was incorporated and began operations on 22 January 2016.
Soltherm Isolations Thermiques Extérieures, operating in France, commenced business activities on 11 July 2016 following the acquisition of its shares by Bolix S.A.
Surefire Management Services Limited, operating in the United Kingdom, was incorporated and began its operations on 13 April 2017.

The core business activities of the entities comprising the Group

Group	Principal activity
Bolix Spółka Akcyjna	**Manufacture and sale of construction materials – PKD 23.64.Z** **Wholesale of wood, construction materials and sanitary equipment – PKD 46.73.Z** **Rental and leasing of other machinery and equipment – PKD 77.39.Z**
BUILD-TRADE sp. z o.o.	**Agents involved in the sale of fuels, ores, metals and industrial chemicals – PKD 46.13 Z**
Bolix UKRAINA sp. z o.o.	**Trading activities – wholesale of construction materials** **Manufacture of dry construction mixes**
SOLTHERM EXTERNAL INSULATIONS LIMITED United Kingdom	**Distribution, marketing, advisory and sales support services**
SOLTHERM INSOLATIONS THERMIQUE EXTERIEURE France	**Distribution, marketing, advisory and sales support services**
SUREFIRE MANAGEMENT SERVICES LIMITED United Kingdom	**Thermal modernisation of buildings**

On 26 February 2024, the Group obtained Supervisory Board approval to acquire a 25% interest in its subsidiary, Surefire Management Services Ltd., from Green Dynamo Ltd. for a consideration of GBP 837.5 thousand. The acquisition process commenced in March 2024. The transaction was completed, with the shares transferred, on 23 April 2024. Following the transaction, the Group holds a 100% ownership interest in the subsidiary. Prior to the acquisition, the Group held a 75% interest in Surefire Management Services Ltd., but control was shared, as Bolix S.A. only had the right to appoint 2 out of 4 executive directors. Until the date full control was obtained, Surefire Management Services Ltd. was accounted for using the equity method.
The principal activity of the subsidiary, Surefire Management Services Ltd., is the thermal modernisation of buildings. The purpose of the transaction was to expand the Group's operations. The transaction was accounted for as a business combination in accordance with IFRS 3.

The full purchase price allocation is presented below

Fair value of consideration transferred in connection with the acquisition (PLN ‘000)	Fair value
Cash paid on the acquisition date (base consideration)	4.208
Total consideration	**4.208**

Fair values of the identifiable major classes of assets acquired and liabilities assumed as at the acquisition date (PLN ‘000)	Fair value
Assets acquired	**61.160**
Non-current assets	**-**
Current assets	**61.160**
Inventories	1.716
Trade and other receivables	12.377
Assets arising from forward contracts	46.449
Other current assets	134
Cash and cash equivalents	484
Liabilities assumed	**59.788**
Long-term liabilities	**83**
Liabilities on account of credit facilities	83
Short-term liabilities	**59.705**
Liabilities on account of loans from related entities	23.696
Liabilities on account of credit facilities	52
Trade and other payables to related entities	7.130
Trade and other payables to other entities	12.307
Prepayments and accruals relating to forward contracts	16.475
Prepayments and accruals	45
Net asset value	**1.372**
Non-controlling interests measured at the proportionate share of net assets	**1.474**
Goodwill as at the acquisition date	**10.726**

Net cash flows related to the transaction (PLN ‘000)	Fair value
Net cash acquired with the subsidiary	484
Cash payment on the acquisition date	(4.208)
Net cash outflow	**(3.724)**

On the acquisition date, the payment for the shares amounted to PLN 4,208 thousand and consisted of cash paid. The agreement does not allow for any change in the total amount of the payment for the shares. The goodwill identified at acquisition was PLN 10,726 thousand, arising as the result of profit increased by the amount paid for the shares, adjusted for the net asset value. The gain from the revaluation of shares was PLN 6,416 thousand. This gain resulted from the revaluation of 75% of the shares held before the acquisition at the payment price for the remaining 25% shares on the acquisition date, less the control premium. The Group did not identify any intangible assets eligible for separate valuation and recognition apart from goodwill under IFRS. The goodwill comprises synergies with the Group's existing operations, growth prospects in the building thermal modernization sector, as well as human capital. The goodwill was allocated to the building thermal modernization segment.

Surefire Management Services Ltd.'s share in the consolidated sales revenues generated by the Group in 2024 amounted to PLN 45,524 thousand, while in the net result, it amounted to PLN (14,820) thousand. The revenue of Surefire Management Services Ltd. for the period from January 1, 2024, to December 31, 2024, amounts to PLN 91,362 thousand.
The costs associated with acquiring control over Surefire Management Services Ltd. amounted to PLN 74 thousand and were recorded as General Administrative Expenses in the consolidated statement of comprehensive income for the year 2024, as well as an element of operating activities in the cash flow statement.

Duration of the Bolix S.A. Group companies

The companies comprising the Bolix S.A. Group have been established for an indefinite period.

Reporting period covered by the consolidated financial statements

The consolidated financial statements of the Bolix S.A. Group cover the reporting period from 1 January 2024 to 31 December 2024. Comparative data relate to the period from 1 January 2023 to 31 December 2023.
These consolidated financial statements for the financial year ended 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU IFRSs).

(b) Statement on compliance of the financial statements with International Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (the "EU IFRSs").

Pursuant to Resolution No 1 of the Extraordinary General Meeting of Bolix S.A. of 24 January 2008 adopted on the basis of Article 45(1)(c) of the Accounting Act of 29 September 1994 (the "Accounting Act"), starting from 1 January 2007 the Group has been preparing its financial statements in accordance with the EU IFRSs in order to meet the statutory requirements.

These consolidated financial statements were authorised by the Management Board on April 15, 2025.

(c) Principles for the preparation of the financial statements

The consolidated financial statements have been prepared on the assumption that the Company would continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, that there are no circumstances indicating a threat to the Group's ability to continue as a going concern.

As at 31 December 2024, current assets exceeded short-term liabilities by PLN 28,457 thousand. The Management Board believes that the Group's liquidity risk is limited owing to the higher level of receivables.

The Management Board also believes that the Group is capable of timely repayment of its short-term liabilities, which largely consist of payments on account of bank credit facilities, owing to net cash inflows from operating activities.

The Management Board's assessment is based on the results of measures taken to finance lease agreements through various financial institutions, as well as on the credit facilities granted.

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities which are measured at fair value through profit or loss.

The preparation of consolidated financial statements in accordance with the EU IFRSs requires the Management Board to make judgments, estimates and assumptions that affect the application of the adopted accounting policies and the presented values of assets, equity and liabilities, revenue and expenses whose actual values may differ from estimates.

(d) Material estimates

Estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized prospectively starting from the period in which an estimate was changed.

In particular, the significant areas of uncertainty regarding the judgments made by applying the accounting policies that have had the most significant effect on the values recognized in the consolidated financial statements are presented in Notes 8, 10, 11, 13, 21 i 22 B.

The accounting policies adopted by the Group were applied consistently in the periods covered by these consolidated financial statements.

New standards, amendments to standards and interpretations:

The following new standards and amendments to applicable standards that become effective in 2024 have been applied for the first time in these consolidated financial statements:

a) **Amendment to IFRS 16 "Leases"**

The amendment to IFRS 16 "Leases" clarifies the requirements for the subsequent measurement of lease liabilities arising from sale and leaseback transactions, in cases where the criteria in IFRS 15 are met and the transaction qualifies as a sale.
Under the amendment, the seller-lessee is required to subsequently measure the lease liability in a manner that ensures no gain or loss is recognised in respect of the retained right-of-use asset. This requirement is particularly relevant where the sale and leaseback arrangement includes variable lease payments that are not based on an index or a rate, as such payments are excluded from the definition of "lease payments" under IFRS 16.

b) **Amendments to IAS 1 "Presentation of Financial Statements"**

The amendments to IAS 1 clarify the criteria for classifying liabilities as either current or non-current, and address how such classification should be made when an entity is subject to specific contractual terms, commonly referred to as covenants. As a result, the revised standard specifies that the classification of liabilities depends solely on the rights that exist at the end of the reporting period. The entity's expectations and events occurring after the reporting date – such as covenants that must only be complied with after the reporting date – do not impact the classification.

c) **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – Disclosure of supplier finance arrangements**

The amendments to IAS 7 and IFRS 7 introduce new disclosure requirements relating to supplier finance arrangements (also referred to as reverse factoring). These amendments require entities to provide specific information about such arrangements to enable users of the financial statements to assess their effects on the entity's liabilities, cash flows and exposure to liquidity risk. The objective

of the amendments is to enhance the transparency of disclosures regarding payables financing arrangements.
The amendments do not affect the recognition or measurement of such arrangements.

Published standards and interpretations which are not yet effective and which the Group has not elected to apply early

In these consolidated financial statements, the Group did not elect to early adopt the following standards, interpretations or amendments to existing standards which have been issued but are not yet effective:

a) Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”

In August 2023, the Board issued amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”. The amendments are designed to help entities determine whether a currency is exchangeable into another currency, and to estimate the spot exchange rate when it is not. In addition, the revised standard introduces enhanced disclosure requirements in situations where a currency is not exchangeable, including information on how an alternative exchange rate has been determined.
The amendments published are effective for financial statements for periods beginning on or after 1 January 2025.

b) Amendments to the classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 aimed at:

a) clarifying the recognition and derecognition requirements for certain financial assets and liabilities, including an exemption for specific financial liabilities settled via electronic payment systems;
b) providing further clarification and additional guidance on assessing whether a financial asset meets the “solely payments of principal and interest” (SPPI) criteria;
c) introducing new disclosure requirements for financial instruments whose contractual terms may give rise to changes in cash flows; and
d) updating the disclosure requirements for equity instruments measured at fair value through other comprehensive income (FVOCI).

The amendments published are effective for financial statements for periods beginning on or after 1 January 2026. As at the date of these consolidated financial statements, the amendments had not been endorsed by the European Union.

c) Annual Improvements to IFRSs

“Annual Improvements to IFRSs” amend the following standards: IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 9 “Financial Instruments”, IFRS 10 “Consolidated Financial Statements”, and IAS 7 “Statement of Cash Flows”.
The amendments explain and clarify the guidance on recognition and measurement provided in the standards.
As at the date of these consolidated financial statements, the amendments had not been endorsed by the European Union.

d)) Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued amendments aimed at helping entities more accurately reflect the financial effects of contracts referencing nature-dependent electricity, which frequently take the form of power purchase agreements (PPAs). Existing guidance may not fully capture the impact of such contracts on an entity's financial performance. To enable better representation of these arrangements in the financial statements, the Board introduced amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments include:

a) clarification of the application of the 'own use' exemption;

b) permitting the application of hedge accounting where such contracts are used as hedging instruments; and

c) introducing new disclosure requirements to help stakeholders understand the impact of these contracts on financial performance and cash flows.

As at the date of these consolidated financial statements, the amendments have not yet been endorsed by the European Union.

e) IFRS 19 "Subsidiaries without public accountability: disclosures"

In May 2024, the IASB issued a new accounting standard, IFRS 19 Subsidiaries without Public Accountability: Disclosures, which eligible subsidiaries applying IFRS Standards may adopt to improve the efficiency of financial reporting disclosures. The new standard introduces simplified and reduced disclosure requirements. As a result, an eligible subsidiary applies the recognition, measurement and presentation requirements of other IFRS Standards, but replaces their disclosure requirements with those specified in IFRS 19.

Eligible subsidiaries are those that do not have public accountability, as defined in the new standard.
Eligible subsidiaries are those that do not have public accountability, as defined in the new standard.
In addition, IFRS 19 requires that the ultimate or intermediate parent of the subsidiary prepares publicly available consolidated financial statements in accordance with IFRS Standards.

Entities that meet the eligibility criteria may choose to apply IFRS 19 for annual reporting periods beginning on or after 1 January 2027.

As at the date of these consolidated financial statements, the amendments had not been endorsed by the European Union.

f) IFRS 14 "Regulatory deferral accounts"

The standard permits an entity which is a first-time adopter of the IFRSs (on or after 1 January 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRSs and do not account for such activities, in accordance with the issued IFRS 14 amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income.

Under the European Union's decision, IFRS 14 will not be endorsed.

g) Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture

The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business.

Full gain or loss is recognized by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognizes a gain or loss only in the part corresponding to other investors' interests.

The amendments were published on 11 September 2014. As at the date of these consolidated financial statements, endorsement of the amendment has been postponed by the European Union.

In the opinion of the Management Board, the above amendments will have no material effect on these or future financial statements.

a) IFRS 18 "Presentation and Disclosures in Financial Statements"

In April 2024, the Board published the new standard, IFRS 18 “Presentation and Disclosure in Financial Statements”. The standard will replace IAS 1 - Presentation of Financial Statements and will be effective from 1 January 2027. The changes in relation to the replaced standard mainly relate to three issues: the statement of profit or loss, the required disclosures on performance measures and issues related to the aggregation and disaggregation of information contained in the financial statements.
The published standard will apply to financial statements for the periods beginning on or after 1 January 2027. As at the date of these consolidated financial statements, the amendments had not been endorsed by the European Union.
At the date of preparation of these financial statements, the impact of this standard on future financial statements is not yet known.

Functional and presentation currency

The consolidated financial statements are presented in Polish zlotys, rounded off to the nearest thousand.

The Group presents its financial reporting in the currency which reflects the nature of the events and the circumstances relating to the Group’s operations (the “functional currency”). The Polish zloty (PLN) is the Group’s functional currency.

Leased fixed assets

Payments relating to all short-term leases and certain leases of low-value assets are recognized on a straight line basis as an expense in profit or loss. For low-value assets, the Group elects a method of recognition for each agreement – the Group has assumed that a right-of-use asset is recognized along with the corresponding lease liability if such asset is subleased, whereas for all other leases of low-value assets the payments relating to such leases are recognized as an expense on a straight line basis over the lease term.
Short-term leases are leases with a term of 12 months or less.
Low-value assets include computers, tablets, mobile phones and small office furniture.

The Group decided to use the following practical simplifications:
● it applied a single discount rate for a portfolio of leases with substantially similar characteristics;
● it did not use the new lease accounting model for leases for which the term of the lease ends within 12 months from the date of the first adoption of the standard. Instead, the Group recognized such lease agreements as short-term ones.

Subsequent expenditure

Subsequent expenditure is capitalised only when it can be measured reliably and it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of the removed parts of an item of property, plant and equipment is derecognized. The expenditure incurred in connection with day-to-day servicing of property, plant and equipment is recognized in profit or loss for the current period, when incurred.

Depreciation

Property, plant and equipment, including their significant components, are depreciated on a straight line basis over the estimated useful lives, taking into consideration the net realizable value of the remains of a fixed asset (the residual value) expected at the time of scrapping. Freehold land is not depreciated.

The expected economic useful lives of these assets are as follows:

buildings from 19 to 40 years, plant and machinery: 2-10 years, vehicles: 4-8 years.

The correctness of the adopted useful lives, depreciation methods and the residual values of fixed assets (if they are insignificant) is verified by the Group annually.

Intangible assets

Goodwill

Goodwill originates from an acquisition which took place before 1 January 2010. Goodwill includes the excess of the cost of the combination over the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities of the acquiree. If the said difference is negative, a gain on the purchase transaction is recognized immediately in profit or loss.

Transaction costs other than those relating to debt incurred or the issue of bonds, incurred in connection with a business combination, increase the cost of the combination.

Goodwill is an element of intangible assets and is stated at cost of purchase less impairment losses. Goodwill is allocated to groups of cash-generating assets and is tested annually for impairment (see point (m) of the accounting policies below). Goodwill is not amortized.

Inventories

Inventories are measured at the lower of the cost of purchase or manufacture and the net realisable value. The costs of inventories is determined based on the first-in first-out principle. The cost of purchase of inventories includes the costs directly attributable to the purchase of inventories, incurred in bringing them to their current location and preparing them for sale. In the case of finished goods and work in progress, the cost includes a share of overheads determined on the basis of normal production capacity. The net realizable value is an estimated selling price in the ordinary course of business, less the costs of preparing inventories for sale and the costs necessary to effect a sale.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank accounts as well as cash in transit, available on demand and measured at nominal value.
The valuation and outflow of cash in foreign currencies are determined using the FIFO method (First In, First Out). Restricted cash comprises funds held in VAT accounts (split payment mechanism).
The statement of cash flows includes all cash inflows and outflows from the Group's operating, investing and financing activities.
The Group holds no cash equivalents.

Impairment losses on assets

Impairment of financial assets measured at amortized cost

The Group estimates expected credit losses on debt instruments measured at amortized cost and at fair value through other comprehensive income, whether or not there has been any evidence of impairment.
For short-term trade receivables without significant financing component, the Group applies the simplified approach set out in IFRS 9 and measures impairment losses in the amount of lifetime expected credit losses on receivables. The Group applies an impairment matrix in which impairment losses are calculated for trade receivables included in different age brackets or overdue periods.
For the purpose of determining expected credit losses, trade receivables were grouped based on similarity of credit risk characteristics. In order to determine the overall default ratio, an uncollectibility analysis for the last 3 years is carried out. Default ratios are calculated for the following brackets: (1) up to 30 days; (2) from 31 to 90 days; (3) from 91 to 180 days; (4) from 181 to 360 days and (5) more than 360 days.

In order to determine the default ratio for a given ageing bracket, the balance of receivables written off is compared with the balance of outstanding receivables. The effect of future factors on the amount of credit losses was also taken into account.
An impairment loss is calculated, taking into account the default ratios adjusted for the effect of future factors and the balance of outstanding receivables as at the balance sheet date for each age bracket.

The Group applies a three-stage impairment model with respect to financial assets, except for trade receivables:
- Stage 1 – balances for which credit risk has not increased significantly since initial recognition. Expected credit losses are determined based on the probability of default within 12 months (i.e. the total expected credit loss is multiplied by the probability that the loss will occur over the next 12 months);
- Stage 2 – balances for which there has been a significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment. Expected credit losses are determined based on the probability of default on a given asset occurring over its contractual life;
- Stage 3 – balances for which there is objective evidence of impairment.

Trade receivables are classified into Stage 1, 2 or Stage 3:
- Stage 1 – balances for which credit risk has not increased significantly since initial recognition. Expected credit losses are determined based on the probability of default within 12 months (i.e. the total expected credit loss is multiplied by the probability that the loss will occur over the next 12 months);
- Stage 2 – includes trade receivables for which a simplified approach to the measurement of expected credit losses over the entire life of a receivable is used, except for certain trade receivables classified into Stage 3;
- Stage 3 – includes trade receivables overdue by more than 90 days or identified individually as non-performing.

To the extent to which, under the above model, it is necessary to assess whether credit risk has increased significantly, in making the assessment the Group takes into account the following indications:
- a loan is overdue by at least 30 days;
- there have been legislative, technological or macroeconomic changes which have a significant negative effect on the debtor;
- information has been obtained, regarding a significant unfavourable event relating to a loan or another loan of the same debtor from another lender, e.g. termination of the loan agreement, breach of its terms and conditions or renegotiation of the terms and conditions due to financial difficulties, etc.;
- the debtor has lost a major customer or supplier or has experienced other unfavourable changes on its market.

Financial assets are written off, in whole or in part, when the Group has exhausted practically all collection activities and considers that recovery of receivables can no longer be reasonably expected. This usually occurs when an asset is past due for 120 days or more.

Non-financial assets

The Group assesses the impairment of goodwill by grouping cash-generating units in such a manner as to ensure that the level of the organization, no higher than the identified operating segment which is being assessed, reflects the lowest level of the organization at which the Company monitors goodwill for internal purposes.

For the purposes of impairment testing, the goodwill acquired in a business combination is allocated to those cash-generating units which are expected to benefit from the synergies of the business combination.

The Group's shared (corporate) assets do not generate any separate cash inflows and are used by one CGU.

An impairment loss on goodwill is not reversed. As regards other assets, the impairment losses recognized in the prior periods are assessed at the end of each reporting period for any indications that the impairment has decreased or has been reversed in full. An impairment loss is reversed if there has been a change in the estimates used to estimate the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized

Provisions

Warranties

Provisions for warranties are recognized in respect of finished goods or services sold. The provisions are recognized on the basis of historical data concerning warranty claims and the anticipated outcome of warranty proceedings, taking into account the probability of their occurrence.

Employee benefits

Long-term employee benefits

The provision reflects the Group's estimate of the future benefits which the employees have earned in the current and prior periods, discounted at the risk-free interest rate, which was 5.80% in 2024.

Revenue

Under one contract, for both finished goods as well as services and goods for resale, there is generally one performance obligation. In contracts with one performance obligation, there is no need to allocate a consideration.

a) Sales of finished goods (construction chemicals for thermal insulation systems, paints)

The Group manufactures and sells construction chemicals and paints. Its goods are not specifically tailored to the requirements of a concrete customer but are products which may be used for processing orders for various customers.

Sales of products are recognized on a one-time basis at the time control over the goods is transferred, which occurs when products are delivered by the Group to a customer, and the customer accepts them.
Revenue is presented net of value added tax.
Sales are made mainly with payment terms of up to 30 days, which is in line with market practice and is not considered an element of financing. Once accepted, finished goods sold may not be returned. Therefore, the Group does not accrue any liabilities in respect of returns.
The Group also transports finished goods to a customer; transport does not constitute a separate performance obligation, because it is performed in respect of goods before the control over them is transferred to a customer.

The Group grants its customers rebates which are dependent on the volume of sales made within a calendar year. Such rebates constitute a variable component of a consideration and are recognized as a reduction in revenue. An obligation to repay a consideration is recognized for the anticipated rebates allowed to customers on the sales made by the end of a reporting period and is presented in "Trade receivables" (Note 14). As at the end of a financial year, there is no need to estimate the amount of a rebate, because the actual amount of the rebate earned is known (based on the sales for a given calendar year).

As regards the manufactured products, the Group grants a warranty to the extent provided for in the legal regulations (i.e. a 12-month warranty) and an extended warranty for a period of up to 10 years. The warranties granted are provided for in accordance with the accounting policies presented in point (m) Provisions. An extended guarantee constitutes a separate performance obligation, but the amount of the consideration allocated to this separate performance obligation is immaterial.

b) Revenue from sales of services
The Group resells transport services. Sales of services are recognized in the period in which the services were provided and the price was agreed. Transport services are short-term services (the average time for completion is two days). The Group does not provide any long-term services. The revenue from transport services is accounted for on a straight line basis, over the duration of transport.
Sales are made mainly with payment terms of up to 14 days, which is in line with market practice and is not considered an element of financing.

c) Revenue from sales of goods and materials
The Group recognizes sales of goods for resale and materials at the time the control over the inventories is transferred to a customer, which takes place when the inventories have been accepted by the customer. The Group sells goods for resale and materials relating to thermal insulation systems for facades, among other things, foamed polystyrene, mesh, grit and construction chemicals which supplement the sales mix.
Sales of goods for resale and materials are mainly made with payment terms of 30 days, which is in line with market practice and is not considered an element of financing.

According to the Act, a customer is entitled to a warranty for a period of two years against manufacturing defects. The liability is transferred to the seller of the goods for resale/materials, therefore, the Group does not recognize a provision in this respect, because it does not have a legal or constructive obligation to repair defects. No additional warranty is granted.

Goods for resale and materials sold may not be returned.

c) Revenue from sales of long-term contracts
The Group recognises and records revenue from sales of long-term contracts based on the following categories:

Direct delivery projects
For projects with a defined contract value and clearly specified scope of work, the Group estimates the total project profit at inception and subsequently reviews the project's progress on a monthly basis throughout its duration. All previously recognised assumptions are also reviewed for completeness and accuracy. Based on the stage of completion, measured by the percentage of costs incurred (or, where applicable, by the number of completed units), the Group determines the project completion percentage. This percentage is used to calculate and recognise revenue, resulting in cumulative revenue and the right to margin recognition.

Eco Brokerage projects
Project profitability is documented at inception and subsequently reviewed on a monthly basis throughout the duration of the project, based on market Eco rates and agreements negotiated with customers and subcontractors. Where applicable, estimated costs — such as IBG costs, accommodation costs, and SMS personnel costs — are included in margin calculations. These projects are divided into the following categories:
Brokerage for work performed by SMS
The project is divided into stages, each of which includes a value assessment. Revenue is recognised at each stage in proportion to the degree of completion.
Brokerage for external customers (projects not performed by SMS)
Revenue is recognised based on settlements with customers. Costs are recognised based on the expected margin.
Pass-through projects are classified as follows:
SMS bears full contractual responsibility
Project profitability is documented at inception and reviewed monthly throughout the duration of the project. Revenue is recognised based on the purchase price or cost, and on work completed, for example as confirmed by a payment certificate. Where the approved payment certificate is not available by the end of the month, an unapproved payment application submitted by the contractor may be used for revenue accrual purposes. In such cases, the decision to recognise the full or partial amount should be based on the contractor's historical performance in submitting accurate applications. This assessment is carried out by the QS.
SMS acts as an agent
The revenue recognised by SMS corresponds solely to the margin retained by SMS. Customer settlements and contractor invoices are recorded through a clearing account. Revenue recognition is based on the cost-to-cost method.

Loss-making projects
Loss-making projects are assessed on a monthly basis in the same manner as described above, in order to confirm the expected final margin position. If the review indicates a final loss position that cannot be mitigated, the full amount of the loss is recognised in the month in which it is identified.

2. Applied exchange rates and translation principles for foreign subsidiaries

Individual items of the income statements of foreign subsidiaries included in the consolidated statement of comprehensive income were translated using the monthly weighted average exchange rates of UAH, EUR and GBP to the Polish złoty for each month of the year, based on the rates published by the National Bank of Poland (NBP). In 2024, these rates ranged between PLN 0.0922 and PLN 0.1075 per 1 UAH, between PLN 4.9651 and PLN 5.2579 per 1 GBP, and between PLN 4.2499 and PLN 4.4016 per 1 EUR. In 2023, the respective ranges were between PLN 0.1027 and PLN 0.1258 per 1 UAH, between PLN 4.9834 and PLN 5.4495 per 1 GBP, and between PLN 4.3053 and PLN 4.7895 per 1 EUR.

(in PLN '000, unless stated otherwise)

Individual items of assets and liabilities were translated using the average exchange rates as at 31 December 2023 and 31 December 2024, as published by the National Bank of Poland (tables 251/A/NBP/2023 and 252/A/NBP/2024, respectively).

3. Expenses

3A. Selling expenses, general and administrative expenses

	2024	2023
Costs of wages and salaries, and other benefits	35.816	29.709
Marketing services	6.762	6.947
Depreciation and amortization	5.649	5.724
Transport costs	17.931	16.969
Fuel, gas and electricity	2.507	2.575
Taxes and other charges	2.507	2.091
Repairs and spare parts	3.352	3.255
IT and telecommunications costs	1.217	1.016
Rent expense	878	616
Business travel	2.907	2.212
Insurance	1.315	845
Consultancy services	2.935	2.501
Costs of sales of forward contracts	56.570	-
Other	2.053	3.201
	142.400	**77.661**

3B. Cost of sales

	2024	2023
Cost of direct materials	76.232	77.009
Costs of wages and salaries, and other benefits	13.503	11.490
Depreciation and amortization	2.343	2.247
Transport costs	35	37
Fuel, gas and electricity	1.160	1.239
Repairs and spare parts	2.704	1.714
Other	161	177
Cost of purchase of goods for resale	31.452	26.237
Cost of services sold	6.230	7.197
	133.820	**127.347**

(in PLN '000, unless stated otherwise)

4. Revenue

4A. Sales revenue

	2024	**2023**
Business-to-Business (B2B) channel	189.719	172.035
Revenue from sale of contracts	45.524	-
Do It Yourself (DIY) channel	13.354	13.747
Export sales*	26.096	23.415
Indoor paints (Retail)	9.848	9,415
Other	6.607	5.817
	291.148	**224.429**

**Export refers to broadly understood sales to countries other than those in which the Group has subsidiaries*

The Group has customers that are significantly dispersed, and it is not dependent on any of them. In the presented periods, none of its counterparties exceeded 7.8% of the Group's total sales.
The Group recognizes all revenue at a point in time, except for Sales revenue "Other" and revenue from sales of contracts which represents revenue from the provision of services that recognized over time.

The revenue from sales of contracts is as follows:

Direct delivery projects	38.713
Eco Brokerage projects	6.811
	45.524

Revenue from contract sales is generated by the subsidiary Surefire Management Services Ltd., which operates in the United Kingdom. Revenue from contract sales for the period from the acquisition date in 2024 to 31 December 2024 amounted to PLN 45,524 thousand, representing 15.6% of total revenue (in the period from 1 January 2023 to 31 December 2023: PLN 0, representing 8%).
As at 31 December 2024, contract assets amounted to PLN 32,382 thousand (31 December 2023: PLN 0), while contract liabilities amounted to PLN 10,930 thousand (31 December 2023: PLN 0).

The loss-making projects amounted to -£2,617 as of December 31, 2024 (this amount refers to the period from January 1, 2024, to December 31, 2024). Seventy-two percent of this amount constitutes a loss on a single contract that began before the COVID-19 pandemic. Pandemic-related factors had a significant impact on its course. The disruptions recorded were unforeseeable by the management of Surefire Management Services Ltd. at the time of entering the agreement. Nevertheless, the contract brought the subsidiary recognition in the industry and significantly boosted its credibility in the UK market. The thermal modernization of buildings under the contract received the prestigious Multi-Task Project of the Year 2023 award in the National Energy Efficiency Awards. This is considered an "Oscar" among energy conservation and thermal insulation system industry awards. This fact has a significant positive impact on the Group's further activities in the UK.

(in PLN '000, unless stated otherwise)

The Group has entered into agreements from which it will generate additional revenue of £20,574 thousand by the first half of 2026. According to IFRS 15 paragraph 120, subject to paragraph 121 of IFRS 15, no revenue has been recognized.

Information on revenue from sales to related parties is disclosed in Note 26 "Related-party transactions".

4B. Other operating income

	2024	2023
Revaluation of provisions	716	56
Gain on disposal of non-financial non-current assets	449	275
Other	135	132
	1.300	**463**

5. Other operating expenses

	2024	2023
Donations	102	41
Other	57	16
	159	**57**

6. Finance income

	2024	2023
Interest income	287	665
Net foreign exchange differences	922	-
Other	242	-
	1.451	**665**

7. Finance costs

	2024	2023
Interest expense	3.586	3.696
Net foreign exchange differences	-	736
Other	683	387
	4.269	**4.819**

8. Employee benefit expenses

	2024	2023
Wages and salaries (under employment and other contracts)	40.835	32.920
Social security contributions and contribution to the Company Social Benefits Fund	9.067	7.063
External training	198	175
Compensation under the non-competition clause	45	127
Increase in liabilities in respect of the provision for old age and disability pensions and unused holiday entitlements	13	279
	50.158	**40.564**

(in PLN ‘000, unless stated otherwise)

9. Share of other comprehensive income of associates and joint ventures

	2024	2023
Share of profit/loss in associates	1.619	(923)
Gain/loss from share revaluation	6.416	-
	8.035	**(923)**

10. Income tax

10A Income tax recognized as a profit or loss for the current period

The Group is subject to the tax regulations applicable in Poland. The structure of the income tax recognized in the statement of comprehensive income is as follows:

	2024	2023
Current income tax	**(4.409)**	**(3.429)**
Income tax for the period	**(4.409)**	**(3.429)**
Deferred income tax	**1.936**	**78**
Current deferred tax	2.181	347
Provision for decision in tax proceedings	(245)	(269)
Total income tax expense recognized in the statement of comprehensive income	**(2.473)**	**(3.351)**

The reconciliation of the income tax at the applicable tax rate to the actual income tax expense recognized in the statement of comprehensive income is presented below.

	2024	2023
Profit before tax	21.287	14.749
Income tax at the applicable tax rate (19%)*	(4.045)	(2.802)
Effect of share of other comprehensive income of associates and joint ventures	308	-
Effect of gain/loss from share revaluation	1.219	
Effect of tax rates in other countries in which the Group operates, combined with the impact of the utilisation of a tax loss in a subsidiary	358	(159)
Effect of expenses permanently non-deductible for tax purposes	(450)	(529)

(in PLN '000, unless stated otherwise)

Reduction in tax on IP BOX	31	7
Utilization of a research and development allowance	393	400
Other effects	76	-
Income tax from previous years	(245)	(268)
Income tax expense recognized in the statement of comprehensive income	**(2.355)**	**(3.351)**

**Calculations based on the Polish tax rate. The Group also operates in other jurisdictions where the effective tax rates are as follows: United Kingdom – 22%, France – effectively 26%, and Ukraine – 18%.*

The tax authorities may inspect tax settlements for five years from the end of the year in which the tax returns were submitted and charge the Group with additional tax along with penalties and interest.

The findings of a penal fiscal audit concerning the income tax for 2014 and 2015 include an income tax calculation excluding the trademark amortization expense, as a result of which a decision should be expected which will assess a new amount of income tax and a resultant overdue tax liability of PLN 1,293 thousand for 2014 and PLN 1,186 thousand for 2015. The amounts include interest at the date of the tax decision.

The Group's Management Board, using tax advisors and in consultation with the Supervisory Board, is of the opinion that attempts at excluding tax amortization/depreciation from tax-deductible expenses are not supported by the applicable laws, and the Group does not intend to adjust the income tax for the above periods. The Group has filed a complaint with the Supreme Administrative Court against these tax assessment decisions and is awaiting their resolution.

The total amount of the disputed tax has been covered by a provision.

Deferred tax liabilities and assets are expected by the Group to be recovered in the short and long term:

10B.Deferred tax liabilities and assets

As at 31 December 2024 and 31 December 2023, the deferred tax liabilities and assets result from the following items:

	Assets		**Liabilities**		**Net**	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Property, plant and equipment	(939)	(903)	804	782	(135)	(121)
Goodwill	-	-	14.468	14.468	14.468	14.468
Trade and other receivables	(63)	(161)	-	-	(63)	(161)
Inventories	(62)	(66)	-	-	(62)	(66)
Bank credit facilities	-	-	4	69	4	69
Loans from shareholder and related party	-	(197)	519	145	519	(52)
Provisions, trade and other payables	(211)	(256)	-	-	(211)	(256)
Other (lease liabilities)	(1.703)	(1.911)	-	-	(1.703)	(1.911)

(in PLN '000, unless stated otherwise)

Income tax from previous years	-	-	3.273	3.028	3,273	3.028
Deferred tax (assets)/ liabilities after a valuation adjustment	(2.978)	(3.494)	19.068	18.492	16.090	14.998
Net deferred income tax (assets)/ liabilities	**-**	**-**	**-**	**-**	**16.090**	**14.998**

As at 31 December 2024, the Group has tax loss carryforwards.

10C Deferred tax in another jurisdiction recognised in accordance with IAS 12, paragraph 74

As at 31 December 2024 and 31 December 2023, the deferred tax liabilities and assets result from the following items:

	Assets		**Liabilities**		**Net**	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Forward contracts	3.027	-	-	-	3.027	-
Net deferred income tax (assets)/ liabilities	**3.027**	**-**	**-**	**-**	**3.027**	**-**

Deferred tax liabilities and assets are expected by the Group to be recovered in the short and long term:

	31 December 2024	**31 December 2023**
Short-term asset	2.039	2.591
Long-term assets	939	903
Total deferred tax asset	**2.978**	**3.494**
Short-term liabilities	(3.796)	(3.242)
Long-term liabilities	(15.272)	((15.250)
Total deferred tax liabilities	**(19.068)**	**(18.492)**
Deferred tax liabilities	**(16.090)**	**(14.998)**
Long-term asset recognised in another jurisdiction	**3.027**	**-**

(in PLN '000, unless stated otherwise)

11. Property, plant and equipment

Movements in property, plant and equipment for the period from 1 January 2024 to 31 December 2024 and for the period from 1 January 2023 to 31 December 2023 are presented in the tables below:

2024	Land and buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets under construction	Total
Gross carrying amount					
As at 1 January 2024	34.576	56.616	8.760	6.754	106.706
Increases	-	-	-	7.920	7.920
Reclassifications	1.102	5.958	853	(7.913)	-
Decreases	(784)	(4.142)	(63)	(5.164)	(10.153)
Revaluation adjustment	98	62	17	-	177
As at 31 December 2024	34.992	58.494	9.567	1.597	104.650
Accumulated depreciation					
As at 1 January 2024	16.108	40.568	6,815	-	63.491
Increases	1.900	4.824	830	-	7.554
Decreases	(784)	(2.683)	(63)	-	(3.530)
Revaluation adjustment	42	65	21		128
As at 31 December 2024	17.266	42.774	7.603	-	67.643
Net carrying amount as at 1 January 2024	**18.468**	**16.048**	**1.945**	**6.754**	**43.215**
Net carrying amount as at 31 December 2024	**17.726**	**15.720**	**1.964**	**1.597**	**37.007**

(in PLN '000, unless stated otherwise)

2023	**Land and buildings**	**Machinery and equipment**	**Other property, plant and equipment**	**Fixed assets under construction**	**Total**
Gross carrying amount					
As at 1 January 2023	34.960	54.284	8.292	7.635	105.171
Increases	-	-	-	4.985	4.985
Reclassifications	20	5.214	632	(5.866)	-
Decreases	-	(2.433)	(138)	-	(2.571)
Revaluation adjustment	(404)	(449)	(26)		(879)
As at 31 December 2023	34.576	56.616	8.760	6.754	106.706
Accumulated depreciation					
As at 1 January 20223	14.531	38.195	6.162	-	58.888
Increases	1.677	5.166	793	-	7.636
Decreases	-	(2.358)	(131)	-	(2.489)
Revaluation adjustment	(100)	(435)	(9)		(544)
As at 31 December 2023	16.108	40.568	6.815	-	63.491
Net carrying amount as at 1 January 2023	**20.429**	**16.089**	**2.130**	**7.635**	**46.283**
Net carrying amount as at 31 December 2023	**18.468**	**16.048**	**1.945**	**6.754**	**43.215**

Depreciation

The depreciation expense relating to property, plant and equipment is recorded in the following line items of the statement of comprehensive income:

	2024	**2023**
Selling expenses	4.433	4.682
General and administrative expenses	778	706
Cost of sales	2,343	2.247
	7.554	**7.635**

(in PLN '000, unless stated otherwise)

Fixed assets used under finance lease agreements

In 2024, the Group entered into lease agreements for 30 vehicles and dispensing and mixing equipment (DME). The net carrying amount of four leased warehouses as at 31 December 2024 was PLN 1,724 thousand. Three of the leased warehouses are located in the United Kingdom and one in Poland. As at 31 December 2024, the net carrying amount of all 73 leased vehicles was PLN 2,149 thousand; tractors with trailers – PLN 351 thousand; electric pallet trucks – PLN 147 thousand; forklifts – PLN 51 thousand; warehouse racks – PLN 252 thousand; and 523 DME units – PLN 897 thousand (total: PLN 3,847 thousand).
In 2023, the Group entered into a lease agreement for a warehouse and also concluded lease agreements for 12 vehicles, 2 electric pallet trucks, 2 forklifts, and DME. As at 31 December 2023, the net carrying amount of four leased warehouses was PLN 2,280 thousand. Three of the leased warehouses are located in the United Kingdom and one in Poland. Three of the warehouses are located in the United Kingdom and one in Poland. 1.417The net carrying amount of 70 leased vehicles as at 31 December 2023 was PLN 1,417 thousand; tractors with trailers – PLN 496 thousand; electric pallet trucks – PLN 194 thousand; forklifts – PLN 68 thousand; warehouse racks – PLN 357 thousand; and 512 DME units – PLN 1,263 thousand (total: PLN 3,725 thousand).
Most of the agreements with lessors concluded up until 2024 provide for the option of purchasing the vehicles, dispensing and mixing equipment, and warehouse racks, and the Group intends to exercise that option. The depreciation rates used reflect the economic useful life of the fixed assets and take into account the option of purchasing the cars.

Right-of-use assets

	Premises/ warehouses	DME	Cars	**Other**	**Total**
Balance as at 31 December 2023	**2.318**	**1.263**	**2.175**	**357**	**6.113**
Increases – changes and new lease agreements	351	136	2.406	-	2.893
Decreases	-	-	-	-	-
Depreciation and amortization	(1.038)	(501)	(1.142)	(105)	(2.786)
Balance as at 31 December 2024	**1.631**	**898**	**3.439**	**252**	**6.220**

		IFRS 16
Lease-related amounts recognized in the reporting period		
Depreciation of right-of-use assets by class		
	Premises / warehouses	1.038
	DME	501
	Cars	1.142
	Other	105
Total depreciation expense		**2.786**

(in PLN ‘000, unless stated otherwise)

Interest on lease liabilities (recognized in finance costs)	436
Cost of lease of low-value assets, which is not a short-term lease (recognized in General and administrative expenses and Selling expenses)	878
Total costs relating to lease agreements	**4.100**

Minimum lease payments for all cars and mixing and dispensing equipment, and other assets used under finance lease agreements and the rent for a retail store are as follows:

	2024	**2023**
up to 1 year	3.204	3.159
1 to 5 years	3.589	3.521
	6.793	**6.680**

The total minimum lease payments, net of finance costs (interest), reconcile to the amount of the liabilities in respect of the lease agreements.

	2024	**2023**
Minimum lease payments	6.794	6.680
Finance costs (interest)	(436)	(572)
Lease liabilities	**6.357**	**6 .108**

Assets pledged as collateral

As at 31 December 2024, the Group's assets are encumbered with contractual capped mortgages in the amount of PLN 87.75 million and assignment of rights under insurance policies securing repayment of liability under bank credit facilities (see Note 19).

Future contractual commitments in respect of the purchase of non-current assets

During the year, no agreements on the implementation or construction of new fixed assets or intangible assets were signed, which will be performed in the future.

Changes in estimates

Based on the analysis carried out, in 2024 the Group did not make any changes in estimates in relation to the useful lives of property, plant and equipment.

(in PLN '000, unless stated otherwise)

12. Intangible assets

Movements in intangible assets for the period from 1 January 2024 to 31 December 2024 and for the period from 1 January 2023 to 31 December 2023 are presented in the tables below:

2024	**Goodwill**	**Other**
Gross carrying amount		
As at 1 January 2024	104.431	4.342
Increases	10.726	470
Reclassifications from internally rated	-	6.295
Decreases	-	-
As at 31 December 2024	115.157	11.107
Accumulated amortization		
As at 1 January 2024	-	3. 483
Increases	-	438
Decreases	-	-
As at 31 December 2024	-	3.921
Net carrying amount as at 1 January	**104.431**	**859**
Net carrying amount as at 31 :mber 2024	**115,157**	**7,186**

2023	**Goodwill**	**Other**
Gross carrying amount		
As at 1 January 2023	104.431	4.016
Increases	-	326
Decreases	-	-
As at 31 December 2023	104.431	4.342
Accumulated amortization		
As at 1 January 2023	-	3.147
Increases	-	336
Decreases	-	-
As at 31 December 2023	-	3.483
Net carrying amount as at 1 January	**104.431**	**869**
Net carrying amount as at 31 :mber 2023	**104.431**	**859**

Depreciation

The amortization expense relating to other intangible assets is recorded in the following item lines of the statement of comprehensive income:

	2024	2023
General and administrative expenses	438	336
	438	**336**

(in PLN '000, unless stated otherwise)

Goodwill – impairment test

The Group is assessing the enterprise value for two business segments
The first segment consists of two main lines of insulation products: wet products (acrylic plasters, sold ready-to-use) and dry products (mineral plasters, ready-to-use after adding water) as well as paints. Each product is manufactured using separate machinery. However, all product types are targeted at the same customer groups (wholesalers), the end-users of the products are the same, and products are distributed by the same sales teams and distribution network. Consequently, the cash flows related to the production and distribution activities are treated by the Group as a single cash-generating asset group. The enterprise value for this segment is PLN 104,432 thousand.
The next cash flow stream is the service activity from futures contracts, which constitutes the building thermal modernization segment. The enterprise value for this segment is PLN 10,726 thousand.
The recoverable amount of the cash-generating assets for the product segment is calculated based on a value-in-use calculation. This calculation utilizes cash flow forecasts based on a five-year financial projection. The average annual cash flow growth rate during the forecast period is 17%. In estimating cash flows for periods not covered by the projection, a constant growth rate of cash flows was assumed. A discount rate of 7.3% before tax was applied for discounting future cash flows. For the building thermal modernization segment, the average annual cash flow growth rate during the forecast period is 30%. In estimating cash flows for periods not covered by the projection, a constant growth rate of cash flows was assumed. A discount rate of 7.9% before tax was applied for discounting future cash flows for this segment.
The adopted forecasts of future cash flows are based on a number of assumptions, even slight changes to which can have a significant impact on the results of financial projections and the outcomes of the test. The most important ones include the economic growth trend, government policy regarding thermal modernization grants, and demand from the Group's key customers.
The net discount rate at which the enterprise's value-in-use for the product segment equals the net book value of the fixed assets included in it is 49% before income tax. For the building thermal modernization segment, the net discount rate at which the enterprise's value-in-use equals the net book value of the fixed assets included in it is 167% before income tax.

Based on the results of the test, the impairment of goodwill has not been recognized.

Work-in-progress (CWIP) by period

As at 31 December 2024

	Value of CWIP in the period				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Project in progress	1.102	91	109	295	1.597
Total	**1.102**	**91**	**109**	**295**	**1.597**

As at 31 December 2023

Value of CWIP in the period

(in PLN '000, unless stated otherwise)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress	700	6.040	14	-	6.754
Total	**700**	**6.040**	**14**	**-**	**6.754**

13.Inventories

The balance of inventories as at 31 December 2024 and 31 December 2023 is presented in the table below:

	31 December 2024	31 December 2023
Materials	8.010	6.190
Semi-finished goods and work in progress	2.425	2.150
Finished goods	4.256	3.264
Goods for resale	3.226	2.861
	17.917	**14.465**

Inventories are stated at the net value. As at 31 December 2024, the inventory write-down stood at PLN 260 thousand (as at 31 December 2023, the write-down amounted to PLN 236 thousand).

14. Trade and other receivables

Trade and other receivables as at 31 December 2024 and 31 December 2023 are presented in the table below:

	31 December 2024	31 December 2023
Trade receivables from third parties and associates	55.196	37.769
Assets arising from forward contracts	32.382	-
Other receivables	2.279	1.104
VAT receivables	261	1.116
	90.118	**39.989**

(in PLN '000, unless stated otherwise)

Ageing table for trade receivables

As at 31 December 2024

	Before due date	**Past due for subsequent periods from the due date**					**Total**
		Less than 6 months	*6 months - 1 year*	*1-2 years*	*2-3 years*	*More than 3 years*	
Undisputed trade receivables – considered to be of good credit quality	43,731	11,406	-	-	-	-	55,137
Undisputed trade receivables – significant increase in credit risk	-	-	153	143	27	-	323
Disputed trade receivables – significant increase in credit risk	-	-	-	-	521	-	521
Impairment losses on receivables							(785)
Total	**43,731**	**11,406**	**153**	**143**	**548**	**-**	**55,196**

As at 31 December 2023

	Before due date	**Past due for subsequent periods from the due date**					**Total**
		Less than 6 months	*6 months - 1 year*	*1-2 years*	*2-3 years*	*More than 3 years*	
Undisputed trade receivables – considered to be of good credit quality	24.933	12.570	-	-	-	-	37.503
Undisputed trade receivables – significant increase in credit risk	-	-	663	300	1.068	-	2.031
Disputed trade receivables – significant increase in credit risk	-	-	-	-	656	-	656
Impairment losses on receivables							(2.421)

(in PLN '000, unless stated otherwise)

Total	**24.933**	**12.570**	**663**	**300**	**1.724**	**-**	**37.769**

Trade and other receivables are presented net of impairment losses of PLN 785 thousand and PLN 2,421 thousand as at 31 December 2024 and 31 December 2023, respectively, recognized by the Group in the amount of credit losses expected over the life of the receivable from its initial recognition. The Group applies an impairment matrix in which impairment losses are calculated for trade receivables included in different overdue periods. (1) up to 30 days (an impairment loss of 0.02%); (2) from 31 to 90 days (an impairment loss of 0.53%); (3) from 91 to 180 days (an impairment loss of 2.28%); (4) from 181 to 360 days (an impairment loss of 4.830%). (5) more than 360 days (an impairment loss of 6.03%).According to the matrix applied, the impairment loss amounts to 216 thousand and the remaining individual impairment loss of 569 thousand was recognized under selling expenses in the statement of comprehensive income.

15. Other current assets

Other current assets as at 31 December 2024 and 31 December 2023 are presented in the table below:

Total other current assets

	31 December 2024	**31 December 2023**
Certificates	**1.009**	**1.482**
Prepaid non-life insurance expenses	973	475
Leases relating to future periods	29	33
Other	430	505
	2.441	**2.495**

Long-term	**31 December 2024**	**31 December 2023**
Certificates	529	
Other	146	**-**
Long-term current assets	**675**	**-**

Short-term	**31 December 2024**	**31 December 2023**
Certificates	480	1.482
Prepaid non-life insurance expenses	973	475
Leases relating to future periods	29	33
Other	284	505
Short-term current assets	**1.766**	**2.495**

(in PLN ‘000, unless stated otherwise)

16. Loans advanced

Loans advanced as at 31 December 2024 and 31 December 2023 are presented in the table below:

	31 December 2024	31 December 2023
Loans advanced	-	20.3961
	-	**20.3961**

17. Cash and cash equivalents

	31 December 2024	31 December 2023
Cash at bank	2.209	955
Cash in hand	23	56
Bank deposits	174	5
	2.406	**1.016**

18. Equity

Share capital and supplementary capital

Share capital and supplementary capital as at 31 December 2024 and 31 December 2023 are presented in the table below:

	31 December 2024	31 December 2023
Share capital	10.000	10.000
Supplementary capital	131.811	110.486
	141.811	**120.486**

(in PLN ‘000, unless stated otherwise)

Shareholding structure by shareholder

	As at 31 December 2024				
Shareholder Name LUSAKO TRADING LIMITED	**Number of shares at beginning of the year**	**Change during the year**	**Number of shares at the end of the year**	**% of all shares**	**Change in % during the year**
Shares paid up in full	10,000,000	-	10,000,000	100	-

	As at 31 December 2023				
Shareholder Name LUSAKO TRADING LIMITED	**Number of shares at beginning of the year**	**Change during the year**	**Number of shares at the end of the year**	**% of all shares**	**Change in % during the year**
Shares paid up in full	10,000,000	-	10,000,000	100	-

As at 31 December 2024, the share capital comprised 10,000,000 issued and paid up ordinary shares with a nominal value of PLN 1 each. All the shares issued have been fully paid-up.

The supplementary capital as at 31 December 2024 represents additional capital contributions made in the previous years increased by the appropriation of profits for the years 2007-2023.
No dividend was paid in 2024.

One ordinary share carries one vote at the General Shareholders’ Meeting of the Group.

19. Liabilities in respect of credits and loans

Debt reconciliation

	Credits and loans	Lease liabilities	Total
As at 1 January 2024	**39.628**	**6.108**	**45.736**
Proceeds from debt incurred	7.348	3.259	10.607
financing received	7.348		7.348
conclusion of new lease agreements	-	3.259	3.259
Accrued interest and commissions	2.689	436	3.125
Debt repayments	(8.608)	(3.447)	(12.055)
repayment of the liability (principal)	(1.185)	(3.011)	(4.196)
repayment of recourse factoring	(4.734)		(4.734)
interest and commissions paid	(2.689)	(436)	(3.125)
As at 31 December 2024	**41.057**	**6.356**	**47.413**

(in PLN '000, unless stated otherwise)

The table below presents the maturity dates of liabilities in respect of credits and loans as at 31 December 2024 and as at 31 December 2023:

	31 December 2024	31 December 2023
Long-term	**2.928**	**4,105**
Current	38.129	35.523
Total credits and loans	**41.057**	**39.628**

Long-term	**Currency**	**Interest**	**31 December 2024**	**31 December 2023**
non-revolving facility	PLN	Floating interest rate	-	4.105
BNP PARIBAS S.A		3M WIBOR + margin		
SANTANDER BANK POLSKA S.A.		1M WIBOR + margin	2 .825	
BARCLAYS BANK UK PLC		2.5%	103	
			2.928	4.105
less short-term portion of long-term credits and loans				
		Floating interest rate		
BNP PARIBAS S.A	.	3M WIBOR + margin	-	2.842
SANTANDER BANK POLSKA S.A.		1M WIBOR + margin	1.377	-
BARCLAYS BANK UK PLC		2.5%	52	-
Long-term liabilities in respect of credits and loans			**1.429**	**2.842**

(in PLN '000, unless stated otherwise)

Short-term	Currency	Interest	Limit as per agreement	31 December 2024	31 December 2023
Short-term portion of long-term credits and loans BGŻBNP PARIBAS S.A. credit facility				-	1.263
SANTANDER BANK POLSKA				1.448	-
BARCLAYS BANK UK PLC				52	-
BNP Paribas Faktoring Sp. z o.o. recourse factoring	PLN	Variable interest rate 1M WIBOR + margin	Limit: 6.000	-	3.779
COMMERCIAL FINANCE LIMITED	GBP		Limit translated into PLN 9.999	2.571	3.526
S.A. working capital facility BGŻBNP PARIBAS S.A	PLN	Variable interest rate 1M WIBOR + margin	Maximum sublimit utilisation amount in total for PLN and GBP: 44.000	-	22.608
SANTANDER BANK POLSKA		1M WIBOR + margin	Maximum sublimit utilisation amount for PLN, EUR and GBP combined: 55.000	3.843	-
. working capital facility BGŻBNP PARIBAS S.A	EUR	Floating interest rate			-
SANTANDER BANK POLSKA		1M EURIBOR + margin		21.691	-
working capital facility BGŻBNP PARIBAS S.A.	GBP	Variable interest rate SONIA + margin		-	5.610
SANTANDER BANK POLSKA		SONIA + margin		10.023	
				39.628	**36.786**

On 25 October 2024, the Group terminated the non-recourse factoring agreement No 4382/05/2023 and the recourse factoring agreement No 4381/05/2023 with BNP Paribas Faktoring Sp. z o.o. As at the termination date, the outstanding balance under both factoring arrangements was zero.

On 1 August 2023, the subsidiary Soltherm External Insulations entered into a factoring agreement with BNP Paribas Commercial Finance Limited. The financing limit under the facility amounts to GBP 2 million. The facility was secured by a corporate guarantee and a pledge over assets.

On 10 December 2020, the subsidiary Surefire Management Services Ltd. entered into a non-revolving credit facility with Barclays Bank UK PLC. As at 31 December 2024, the outstanding balance under the facility was GBP 20 thousand.

On 25 October 2024, the Group also terminated the multi-product facility agreement No WAR/2321/16/166/CB dated 28 June 2023, previously concluded with BNP Paribas S.A.

This facility was refinanced under a new multi-line facility agreement No K01504/2024 concluded on 21 October 2024 with Santander Bank Polska S.A., with a principal facility limit of PLN 55 million.

Facility currencies: PLN, GBP, EUR.

The maximum facility limits available under the agreement are as follows: GBP 10 million, EUR 12 million, and a guarantee facility of up to PLN 4 million.

On 25 October 2025, the Group terminated a non-revolving credit facility agreement with BNP Paribas S.A. This facility was refinanced under an investment credit facility agreement No K01505/2024 concluded on 21 October 2024 with Santander Bank Polska S.A., with a refinancing amount of PLN 3 million.

The credit facilities are secured by a mortgage of up to PLN 87.75 million on the ownership title to real estate located in Żywiec, a registered pledge over all inventories located in Żywiec with a minimum value of PLN 10 million, an assignment of receivables under the insurance policy covering the pledged inventory, an assignment of rights under the property insurance policy, an assignment of rights under the trade receivables insurance agreement, a promissory note guarantee provided by SOLTHERM EXTERNAL INSULATIONS LTD, and a promissory note guarantee provided by SUREFIRE MANAGEMENT SERVICES LTD.

Under these facility agreements, the Group is also required to maintain the financial ratios defined in these agreements at specified levels:

The Group is obliged to:

– ensure Monthly Inflows into the Settlement Account of no less than the equivalent of PLN 14 million;

– conduct foreign exchange transactions with the Bank at a level proportional to the Bank's share in financing the Client's operations by banks or credit institutions, but not less than EUR 100 thousand;

– maintain a debt service coverage ratio of not less than 1.5, verified based on the Client's stand-alone financial data;

– maintain a capital ratio of not less than 25% in 2024 and 30% from 2025 onwards, verified annually based on consolidated financial data;

– maintain a gross debt to EBITDA ratio of no more than 4, verified quarterly based on the Client's stand-alone financial data.

According to the credit agreements, breach of financial covenants entitles the Lender to increase the loan interest margin by 0.2 percentage points for each individual breach, provided that the total increase shall not exceed 0.6 percentage points.

The Bank is also entitled to increase the guarantee fee by 0.2 percentage points for each individual breach, with the total increase not exceeding 0.6 percentage points.

Any increase in the margin takes effect from the first day of the Interest Period commencing after the date the Bank sends a registered notification letter.

(in PLN '000, unless stated otherwise)

20. Employee benefits

Employee benefits consist of provisions for other long-term liabilities in respect of employee benefits relating to retirement severance pays and disability severance pays.

According to the calculation performed by the actuary based on current estimates, the Group's liabilities in respect of retirement severance pays amounted to PLN 593 thousand and PLN 409 thousand as at 31 December 2024 and 31 December 2023, respectively.

The discount rate was 5.80%. The nominal growth rates of the benefit bases in subsequent periods were 4.1% in 2025, 2.5% in the following two years and 3.0% from 2028.

The sensitivity of the actuarial provisions to changes in the assumptions is as follows:

	Retirement severance payments	**Disability severance payments**	**Total**
Initial provision amounts	**569**	**23**	**592**
Turnover rate – 1%	582	24	606
Turnover rate + 1%	557	23	580
Discount rate -0.50%	590	24	614
Discount rate +0.50%	550	23	573
base increases			
Wage growth -1%	530	22	552
Wage growth +1%	614	24	638

21 Provisions

Movements in provisions are presented in the table below:

	Incentive Fund provision	**Provision for complaints**	**Total**
As at 1 January 20243	**280**	**1.680**	**1.960**
Increase	-	-	-
Increase /utilization 2024	(280)	(1.280)	(1.560)
As at 31 December 2024	**-**	**400**	**400**

22. Liabilities

22A. Trade and other payables include the following items:

	31 December 2024	**31 December 2023**
Trade payables	24.841	14.346
Accruals	4.225	4.709
Prepayments and accruals relating to forward contracts	10.930	-
Other liabilities	278	238
VAT liabilities	2.741	1.499

(in PLN '000, unless stated otherwise)

Deferred income (a grant)	258	271
	43,273	**21.063**

Ageing table for trade payables

	As at 31 December 2024				
	Value of liabilities for subsequent periods from the due date				**Total**
	Less than 1 year	*1-2 years*	*2-3 years*	*More than 3 years*	
Liabilities to micro and small enterprises	24.841	-	-	-	24.841

	As at 31 December 2022				
	Value of liabilities for subsequent periods from the due date				**Total**
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Liabilities to micro and small enterprises	14.346	-	-	-	14.346

23B. Employee benefit obligations

	31 December 2024	**31 December 2023**
Liabilities to employees	614	771
Tax and social security liabilities	3.485	2.654
Wages and salaries payable	2.625	2.151
Social funds	191	71
	6.915	**5.647**

(in PLN '000, unless stated otherwise)

24 Financial instruments

24A. Classification of financial instruments

	IFRS 9	IFRS 9
	31 December 2024	**31 December 2023**
Financial assets measured at amortized cost:		
Loans and trade receivables	58.407	21.351
Assets arising from forward contracts	32.382	
Loans advanced	-	20.396
Cash and cash equivalents	2,406	1.016
Financial liabilities measured at amortized cost		
Other financial liabilities.	(62.175)	(44.065)
	31.020	**(1.302)**

(in PLN ‘000, unless stated otherwise)

22B. Financial risk management

Credit risk, liquidity risk and market risk (which include mainly interest rate risk and currency risk) occur in the normal course of the Group’s activities. The aim of the Company’s financial risk management is to minimize the impact of market factors such as foreign exchange rates and interest rates on the basic financial parameters approved in the Group’s budget for a given year (profit/loss, cash flow levels).

Credit risk

Credit risk is the risk that the Group will incur financial losses as a result of a customer or a counterparty which is a party to a financial instrument failing to meet its contractual obligations. Credit risk is mainly related to the Group’s receivables from its customers and to financial investments.

The Group operates in an industry which is characterized by an increased level of credit risk. This is due to the fact that, in the Group’s main markets, the payment terms which are obligatory in customer relationships are between 30 and 120 days. As at 31 December 2024, the Group's total trade receivables from third parties amounted to PLN 55,196 thousand. and PLN 31,113 thousand from related parties.
The Group assesses the creditworthiness of its customers on an ongoing basis and, in justified cases, requests appropriate collateral. In order to mitigate customer default risk, the Group has entered into a receivables insurance contract which covers receivables representing approximately 78% of its total trade receivables from third parties. Moreover, in many cases, the Group has additional collateral for its receivables in the form of promissory notes.

The counterparties for whom the Group does not have a cooperation record or to whom sales are made sporadically make purchases in cash. Whereas trade credit is granted to customers who have a positive cooperation record and creditworthiness assessed on the basis of both internal and external sources. The exposure to credit risk is defined as total outstanding receivables which are monitored on an ongoing basis, individually for each customer.

The Group monitors the financial standing of its customers and the level of credit risk on an ongoing basis.
Financial assets in respect of receivables that are past due amount to PLN 12,251 thousand as at 31 December 2024 and PLN 11,204 thousand as at 31 December 2023.
Past due receivables for which no impairment loss has been recognized amount to 11,465 thousand at 31 December 2024 and 8,783 thousand at 31 December 2023. In most cases, these receivables are insured. In addition, nearly 80% of them are not more than 30 days past due. As the Group does not depend on sales to one or more large customers, the Group currently believes that receivables are recoverable.

The following table presents the Group's maximum exposure to credit risk:

	31 December 2024	**31 December 2023**
Receivables	58.407	41.747
Assets arising from forward contracts	32,382	-
Loans advanced	-	20.396
Cash, cash equivalents and other financial assets	2.406	1.016
	93.195	**63.159**

(in PLN '000, unless stated otherwise)

Increases and decreases in impairment losses on receivables were as follows:

	31 December 2024	31 December 2023	3
Impairment losses on receivables as at the beginning of the period	2.421	1.708	
Recognition of impairment losses on receivables	1.316	979	
Reversal of impairment losses on receivables	(1.870)	(266)	
Utilization impairment losses on receivables	(1.082)	-	
Impairment losses on receivables as at the end of the period	**785**	**2.421**	

Cash and deposits

Cash and cash equivalents are deposited with Santander Bank Polska S.A (foreign currencies), and in Pekao S.A. and BNP Paribas S.A. which are financial institutions with a high financial credibility confirmed by the high ratings assigned by rating agencies, whereas the low credit risk as at the reporting date and the potential impairment loss have no effect on the cash disclosed.

Liquidity risk

Financial liquidity risk is the risk that the Group will not be able to repay its financial liabilities when they fall due. The measures aimed at mitigating this risk include appropriate liquidity management implemented by a correct assessment of the level of cash resources based on cash flow projections in different time horizons.

31 December 2024

	Carrying amount	Contracted cash flow value	up to 1 year	1–5 years
Liabilities				
Trade payables and other non-financial liabilities	(25.119)	(25.119)	(25.119)	-
Working capital facility PLN	(3.843)	(4.106)	(4.106)	-
Working capital facility EUR	(21.691)	(22.525)	(22.525)	-
Working capital facility GBP	(10.023)	(10.595)	(10.595)	-
Non-revolving facility	(2.928)	(4.571)	(1.609)	(2.962)
Recourse factoring	(2.571)	(2.718)	(2.718)	-
Lease liability	(6.356)	(5.125)	(2.364)	(2.761)
	(72.531)	**(74.759)**	**(69.036)**	**(5.723)**

(in PLN ‘000, unless stated otherwise)

31 December 2023

	Carrying amount	Contracted cash flow value	up to 1 year	1–5 years
Liabilities				
Trade payables and other non-financial liabilities	(14.584)	(14.584)	(14.584)	-
Working capital facility PLN	(22.608)	(24.152)	(24.152)	-
Working capital facility GBP	(5.610)	(5.957)	(5.957)	-
Non-revolving facility	(4.105)	(4.414)	(1.358)	(3.056)
Recourse factoring	(7.305)	(7.833)	(7.833)	-
Lease liability	(6.108)	(6.680)	(3.159)	(3.521)
	(60.320)	**(63.620)**	**(57.043)**	**(6.577)**

The Group operates in an industry that is significantly capital-intensive as regards the needs to finance working capital. This is due to the fact that, in the Group’s main markets, the payment terms which are obligatory in customer relationships are between 30 and 120 days. Furthermore, the payment terms imposed by the suppliers of the main raw materials are shorter. In this situation, apart from trade payables, the equity and liabilities in the Group’s statement of financial position also show significant liabilities in respect of credit facilities contracted.

Market risk

Interest rate risk

The Group’s exposure to changes in interest rates relates primarily to cash and cash equivalents, as well as loans and credit facilities bearing interest at variable rates based on WIBOR + a margin, EURIBOR + a margin, and SONIA + a margin (for facilities denominated in EUR and GBP, respectively).

In order to finance its investments and current activities, the Group has contracted the credit facilities as described in Note 19. The interest rate on the credit facility is variable, therefore, each increase in interest rates causes a simultaneous increase in the Group's finance costs in respect of interest on the credit facilities.

The table below presents the profile of the Group's sensitivity (maximum exposure) to interest rate risk:

(in PLN '000, unless stated otherwise)

	Carrying amount 31 December 2024	**Carrying amount 31 December 2023**
Financial assets	2.406	21.412
Financial liabilities	(45.984)	(42.893)
	(43.578)	**(21.481)**

Activities aimed at mitigating interest rate risk consist in the on-going monitoring of the situation on the financial market.

The Group does not hold any financial instruments bearing interest at fixed rates, measured at fair value through profit or loss. Moreover, the Group does not hold any instruments bearing interest at fixed rates, recognized directly in equity, either.

The Group analysed the sensitivity of its variable-rate financial instruments to changes in market interest rates. The table below presents the effect which an increase and decrease in interest rates of 200 bp would have on the profit/loss and on equity. The analysis was performed on the assumption that all other variables such as foreign exchange rates, remain unchanged.

	Profit or loss		**Income tax**	**Equity, including profit or loss**	
	increases 200bp	decreases 200bp	Increases/decreases 200bp	increases by 200 bp	decreases 200bp
2024	(911)	911	(173)	(738)	738
2023	(846)	846	(161)	(686)	686

Currency risk

Due to the fact that some of the Group's sales and purchases are made and accounted for in euros, the Group is exposed to the risk of changes in the EUR/PLN exchange rate.

Export sales represent approximately 9% of the Group's total sales. Purchases in foreign currencies account for approximately 41.2% of total purchases. Therefore, exchange rate fluctuations affect the value of sales revenue and the costs of purchase of raw materials and goods for resale. A significant fluctuation in the domestic currency has a negative effect on the profitability of export sales and on domestic sales. However, any changes in revenue from export sales and from domestic sales valued on the basis of quotations, caused by exchange rate fluctuations, are balanced by changes in the costs of imports of raw materials (or those valued on the basis of foreign currency quotations), thus largely mitigating the Group's exposure to currency risk.

Currency risk management includes the following processes: risk identification and measurement, monitoring the situation on the financial markets, and adjusting – where possible – the amounts of liabilities and receivables in each currency.

In order to mitigate currency risk, credit facilities contracted were denominated in PLN and GBP. In order to reduce the average interest rate on credit facilities, part of the GBP overdraft was converted into a EUR overdraft. The interest rate is based on SONIA and EURIBOR respectively.

The tables below show the foreign exchange balance as at 31 December (in PLN '000):

31 December 2024	Total in PLN	Position in PLN	Position in EUR	Position in USD	Position in HRK	Position in KS and other	Position in GBP
Total assets	275.362	208.030	5.089	-	626	20	62.243
Equity and liabilities	(275.382)	(240.607)	(28.617)	(10)	(29)	-	(16.139)
Foreign exchange exposure in PLN '000 (an equivalent in EUR)	-	-	(23.528)	-	-	-	-
Foreign exchange exposure in PLN '000 (an equivalent in USD)	-	-	-	(10)	-	-	-
Foreign exchange exposure in PLN '000 (an equivalent in HRK)	-	-	-	-	597	-	-
Foreign exchange exposure in PLN '000 (an equivalent in KS and other)	-	-	-	-	-	20	-
Foreign exchange exposure in PLN '000 (an equivalent in GBP)	-	-	-	-	-	-	46.104
The Group's loss when the EUR exchange rate increases by 10%, in PLN '000	-	-	(2.353)	-	-	-	-
The Group's loss when the USD exchange rate increases by 10%, in PLN '000	-	-	-	(1)	-	-	-
The Group's gain when the HRK exchange rate increases by 10%, in PLN '000	-	-	-	-	60	-	-
The Group's gain when the KS exchange rate increases by 10%, in PLN '000	-	-	-	-	-	2	-
The Group's gain when the GBP exchange rate increases by 10%, in PLN '000	-	-	-	-	-	-	461

31 December 2023	Total in PLN	Position in PLN	Position in EUR	Position in USD	Position in SEK	Position in GBP
Total assets	228.710	189.641	4.577	32	33	34.427
Equity and liabilities	(228.710)	(224.230)	(4.420)	(60)	-	(5.610)
Foreign exchange exposure in PLN '000 (an equivalent in EUR)	-	-	157	-	-	-
Foreign exchange exposure in PLN '000 (an equivalent in USD)	-	-	-	(28)	-	-
Foreign exchange exposure in PLN '000 (an equivalent in KS and other)	-	-	-	-	33	-
Foreign exchange exposure in PLN '000 (an equivalent in GBP)	-	-	-	-	-	288
The Group's gain when the EUR exchange rate increases by 10%, in PLN '000	-	-	16	-	-	-
The Group's loss when the USD exchange rate increases by 10%, in PLN '000	-	-	-	(3)	-	-
The Group's gain when the KS exchange rate increases by 10%, in PLN '000	-	-	-	-	3	-
The Group's gain when the GBP exchange rate increases by 10%, in PLN '000	-	-	-	-	-	2.882

Risk of changes in raw material prices

The Group's activities are characterized by the relative volatility of raw material prices in relation to goods for resale and finished goods sold. The effect of these fluctuations is the volatility of the margins earned on the sale and production of individual types of goods. In particular, the prices of products such as polymer dispersions and dyeing agents are highly sensitive to the level of petroleum prices on the international markets, which is very difficult to forecast.

The Group's procurement policy assumes the diversification of the suppliers of all raw materials necessary for the manufacture of the Group's products so as to have a number of alternative contractors within each group of raw materials. The value of purchase in the case of any of the suppliers does not exceed 9.5% of the total raw material costs.

In trade agreements, there are no mechanisms of the automatic transfer of a cost price to a selling price, which requires the Group to monitor market price levels on an ongoing basis and to determine them appropriately through a discount system in place and to update the basic price lists. For this reason, it may be assumed that some of the stocks of finished goods maintained by the Group as at the balance sheet date carried the risk that the cost prices of raw materials did not match the selling prices of finished goods. It is estimated that in case of such discrepancy of 3%, the Group is exposed to a gain or loss of approximately PLN 240 thousand.

22C. Fair value of financial instruments

Detailed information on the fair value of financial instruments whose fair values can be estimated is presented below:

- Cash and cash equivalents, short-term bank deposits and short-term credits and loans: the carrying amounts of the aforesaid instruments approximate their fair value due to the short maturities of these instruments;
- Trade receivables, other receivables, trade payables, other liabilities: the carrying amount of the aforesaid instruments approximates their fair value due to their short-term nature;
- Long-term credit facilities, lease liabilities: the carrying amounts of these instruments approximate their fair value as they bear interest at variable rates.

22D. Capital management

The Group’s policy is to maintain a strong capital base, so as to maintain investor, creditor and market environment confidence and to sustain future development of the business. The Group monitors changes in its shareholding structure, the return on equity and the equity/liabilities ratios.
The Group’s objective is to achieve a return on equity whose level is satisfactory to its shareholder.
There were no changes in the Group’s capital management policy during the financial year.

(in PLN ‘000, unless stated otherwise)

23. Contingent liabilities

The Group has provided the following guarantees for its subsidiary Soltherm External Insulations Ltd:

Date of Issuance	Guarantee Beneficiary	Purpose	Limit
July 25, 2023	BNP PARIBAS COMMERCIAL FINANCE LIMITED	Security for factoring agreement	£2 million factoring limit and all related costs
February 4, 2023	Mat Clad	Payment guarantee	£25 thousand
January 13, 2023	Styrene Packaging Ltd	Security against non-payment for deliveries of goods	£80 thousand
July 25, 2022	RENFREWSHIRE COUNCIL	Performance guarantee for MP Group Ltd, a recipient of SEI, to cover obligations arising from the contract for thermal modernization works	No limit

The Group has provided the following guarantees for its subsidiary Surefire Management Services Ltd:

Date of Issuance	Guarantee Beneficiary	Purpose	Limit
2020	Watmos Community Homes	Performance of a contract for building energy efficiency improvement works	£16.953 thousand
April 13, 2023	RENFREWSHIRE COUNCIL	Contract performance	£360 thousand annually, for a period of three years
May 19, 2023	PROCUREMENT FOR HOUSING Ltd.	Promised provision of a guarantee	No limit
April 26, 2024	QUALITYMARK PROTECTION LTD	Fulfillment of obligations by SMS, exposing the guarantee beneficiary to potential losses	Open-ended, without monetary or time limitation

24. Other significant information affecting the Group’s position

Impact of Russia’s invasion of Ukraine
Current situation
The Group does not operate energy-intensive production facilities. Increases in fuel, gas, and electricity prices have not had a material impact on its operations. Prior to the invasion, the Russian market accounted for less than 1% of the Group’s sales, and its loss has not affected the Group’s economic position. In 2024, a significant slowdown was recorded in the Ukrainian market, mainly due to the temporary closure of the Polish-Ukrainian border and a shortage of labour in Ukraine. As a result, the share of revenue from Ukraine decreased from 2.5% in 2023 to 2.0% in 2024. However, this share is not large enough for a potential collapse in sales to have a material impact on the Group’s financial position. Moreover, the assets of the subsidiary Bolix Ukraina — comprising inventories and trade receivables of approximately PLN 1 million — are not considered significantly at risk. The subsidiary continues to operate, and its employees remain safe.

Outlook
The Management Board is prepared for the development of the local market in line with GDP growth forecasts. Therefore, the Group’s financial projections remain cautious, anticipating revenue growth driven by several factors, most notably export performance and support for local demand resulting from rising heating costs. The first two months of the year have outperformed budget expectations.

Thanks to cost-saving measures and strengthened spending discipline, the Management Board does not identify any material factors that could significantly threaten the Group’s going concern, either in terms of revenue or profitability. The Group is not dependent on any single source of supply for key raw materials and has the ability to substitute alternative materials. In the opinion of the Management Board, the current situation does not give rise to material uncertainty regarding the Group’s ability to continue as a going concern. EU climate policy and regulations concerning the energy efficiency of buildings have a favourable impact on the outlook for the Company and the Group.

Political risk does not currently appear to be excessive.

25. Events subsequent to the balance sheet date

On 11 March 2025, the Group’s Supervisory Board approved an increase in the share capital of the subsidiary Surefire Management Services Ltd. in the amount of GBP 3.5 million, along with the conversion of loan receivables in the same amount. The shares were subscribed on 31 March 2025.
Apart from the above, to the best of the Company's knowledge, there have been no other significant events after 31 December 2024, i.e. after the end of the reporting period, that could significantly affect the assessment of the Company's assets, financial position and results of operations that have not been disclosed in the financial statements for the financial year ended 31 December 2024.

26. Related party transactions

As presented in Note 1(a), the Group is owned and controlled by Lusako Trading Limited. Lusako is an entity wholly owned by the Berger Paints India Limited Group (“Berger”) based in India.

Related party transaction were conducted on terms equivalent to those that apply to transactions carried out on an arm’s length basis.

In 2024, the composition of the Management Board was as follows:
- Mr Maciej Korbasiewicz
- Mr Ryszard Czech
- Mr Piotr Michalski

The members of the Management Board were employed on the basis of employment contracts and were entitled to short-term benefits only.

Due to the fact that the Management Board is composed of three members, the Group does not disclose the expenses resulting therefrom**.**

(in PLN ‘000, unless stated otherwise)

27. Auditor’s remuneration

	2024	**2023**
Bolix S.A and Bolix S.A. Group	140	125
SOLTHERM EXTERNAL INSULATIONS LTD United Kingdom	46	44
SOLTHERM INSOLATIONS THERMIQUE EXTERIEURE France	28	19
Surefire Management Services Ltd. (associate)	46	44
Quarterly reviews of the Bolix Group carried out by PwC	60	75
Other auditor tasks	-	-
Total	**320**	**307**

The unaudited companies are Build-Trade Sp. z o.o. and Bolix Ukraina Sp. z o.o.

Signatures of Members of the Management Board

President of the Management Board
Maciej Korbasiewicz

Member of the Management Board
Ryszard Czech

Member of the Management Board
Piotr Michalski

Signature of the person responsible for maintaining the books of account
Chief Accountant
Ewelina Politańska

Żywiec, April 15 2025