

Appendix 1

Consolidated financial statements as at 31 March 2024 and group management report (translation)

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HIL International GmbH, Düsseldorf

Consolidated balance sheet as at 31 March 2024

Assets

| | 31 Mar. 2024 | | 31 Mar. 2023 | |
|---|--------------|--------|--------------|---------|
| | KEUR | KEUR | KEUR | KEUR |
| A. Fixed assets | | | | |
| I. Intangible assets | | | | |
| 1. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration | 3,910 | | 5,123 | |
| 2. Goodwill | 7,021 | 10,931 | 8,611 | 13,734 |
| II. Property, plant and equipment | | | | |
| 1. Land, leasehold rights and buildings, including buildings on third-party land | 22,321 | | 23,154 | |
| 2. Technical equipment and machinery | 9,557 | | 11,293 | |
| 3. Other equipment, operating and office equipment | 1,192 | | 1,288 | |
| 4. Advance payments and construction in progress | 879 | 33,949 | 242 | 35,977 |
| III. Financial assets | | | | |
| 1. Shares in affiliated companies | 100 | | 100 | |
| 2. Other loans | 3,000 | 3,100 | 3,000 | 3,100 |
| | | 47,980 | | 52,811 |
| B. Current assets | | | | |
| I. Inventories | | | | |
| 1. Raw materials and supplies | 15,097 | | 16,904 | |
| 2. Work in progress | 4,987 | | 5,214 | |
| 3. Finished goods and merchandise | 12,663 | 32,747 | 12,697 | 34,815 |
| II. Receivables and other assets | | | | |
| 1. Trade receivables | 1,234 | | 1,627 | |
| 2. Receivables from other long-term investees and investors | 872 | | 408 | |
| 3. Other assets | 4,694 | 6,800 | 9,858 | 11,893 |
| III. Cash and cash equivalents | | 7,356 | | 5,861 |
| | | 46,903 | | 52,569 |
| C. Prepaid expenses | | 363 | | 462 |
| | | 95,246 | | 105,842 |

C. B. J.

Arshad Sami

R. Ullrich

Equity and liabilities

| | 31 Mar. 2024 | 31 Mar. 2023 |
|---|---------------|----------------|
| | KEUR | KEUR |
| A. Equity | | |
| I. Subscribed capital | 34,025 | 34,025 |
| II. Profit carried forward | 1,146 | 6,894 |
| III. Group net loss for the year | -10,292 | -5,748 |
| | <u>24,879</u> | <u>35,171</u> |
| B. Provisions | | |
| 1. Provisions for pensions and similar obligations after offsetting against plan assets | 3,102 | 2,876 |
| 2. Tax provisions | 16 | 481 |
| 3. Other provisions | 8,125 | 8,450 |
| | <u>11,243</u> | <u>11,807</u> |
| C. Liabilities | | |
| 1. Liabilities to banks | 26,100 | 24,900 |
| 2. Trade payables | 11,837 | 7,070 |
| 3. Liabilities to affiliated companies | 15,856 | 10,830 |
| 4. Other liabilities | 3,193 | 10,364 |
| | <u>56,986</u> | <u>53,164</u> |
| D. Deferred tax liabilities | <u>2,138</u> | <u>5,700</u> |
| | <u>95,246</u> | <u>105,842</u> |

C. B. J. S.

Ashat Sen

R. Chatterjee

HIL International GmbH, Düsseldorf

Consolidated income statement for the period
from 1 April 2023 to 31 March 2024

| | 1 Apr. 2023 - 31 Mar. 2024 | | 1 Apr. 2022 - 31 Mar. 2023 | |
|--|----------------------------|---------|----------------------------|---------|
| | KEUR | KEUR | KEUR | KEUR |
| 1. Revenue | | 125,664 | | 156,955 |
| 2. Decrease in finished goods and work in process | | -1,279 | | -3,402 |
| 3. Other own work capitalised | | 42 | | 5 |
| 4. Other operating income | | 1,378 | | 1,090 |
| 5. Cost of materials - Cost of raw materials, supplies purchased goods | | 71,356 | | 96,989 |
| 6. Personnel expenses | | | | |
| a) Wages and salaries | 24,785 | | 24,014 | |
| b) Social security, pension and other benefits | 5,866 | 30,651 | 5,984 | 29,996 |
| 7. Amortisation of intangible assets and depreciation of property, plant and equipment | | 7,017 | | 7,408 |
| 8. Other operating expenses | | 25,901 | | 25,348 |
| 9. Other interest and similar income | | 143 | | 18 |
| 10. Interest and similar expenses | | 4,935 | | 2,411 |
| 11. Income taxes | | -3,552 | | -1,787 |
| 12. Consolidated result after taxes | | -10,360 | | -5,701 |
| 13. Other taxes | | -68 | | 46 |
| 14. Consolidated net loss for the year | | -10,292 | | -5,748 |

R. Ullrich

C. B. J.

Archer Lee

HIL International GmbH, Düsseldorf

Consolidated statement of cash flows for the financial year from 1 April 2023 to 31 March 2024

| | 1 Apr. 2023 - 31 Mar. 2024 | 1 Apr. 2022 - 31 Mar. 2023 |
|---|-------------------------------|-------------------------------|
| | KEUR | KEUR |
| Consolidated net loss for the year | -10,292 | -5,748 |
| Amortisation and depreciation of fixed assets (+) | 7,017 | 7,408 |
| Loss from disposal of fixed assets (+) | 65 | 0 |
| Decrease (-) in provisions | -564 | -859 |
| Decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities | 7,260 | 4,605 |
| Increase (+)/ Decrease (-) in trade payables and other liabilities not related to investing or financing activities | 6,275 | -5,594 |
| Interest expense (+) | 4,792 | 2,393 |
| Income tax gain (-) | -3,552 | -1,787 |
| Income taxes paid (-)/ Income taxes refund (+) | -10 | 746 |
| Cash flows from operating activities | 10,991 | 1,164 |
| Payments (-) for investments in property, plant and equipment | -2,248 | -1,547 |
| Payments (-) for investments in financial assets | 0 | -3,000 |
| Acquisition (-) of intangible assets | -3 | -104 |
| Interest received (+) | 143 | 18 |
| Cash flows from investing activities | -2,108 | -4,633 |
| Proceeds (+) from borrowings | 30,100 | 7,653 |
| Repayment (-) of borrowings | -32,553 | -1,590 |
| Interest paid (-) | -4,935 | -2,411 |
| Cash flows from financing activities | -7,388 | 3,652 |
| Net increase in cash and cash equivalents | 1,495 | 183 |
| Cash and cash equivalents at beginning of period | 5,861 | 5,678 |
| Cash and cash equivalents at the end of the period | 7,356 | 5,861 |

R. Ullrich

C. B. J.

Akshat Aew

HIL International GmbH, Düsseldorf

Consolidated statement of changes in equity for the financial year from 1 April 2022 to 31 March 2023

| | Subscribed capital | Capital reserve of parent company | Profit carried forward / Consolidated group net loss | Consolidated equity |
|------------------------------------|--------------------|-----------------------------------|--|---------------------|
| | KEUR | KEUR | KEUR | KEUR |
| Balance at 1 April 2022 | 34,025 | 0 | 6,893 | 40,919 |
| Consolidated net loss for the year | 0 | 0 | -5,748 | -5,748 |
| Capital increase/decrease | 0 | 0 | 0 | 0 |
| Balance at 31 March 2023 | 34,025 | 0 | 1,146 | 35,171 |

Consolidated statement of changes in equity for the financial year from 1 April 2023 to 31 March 2024

| | Subscribed capital | Capital reserve of parent company | Profit carried forward / Consolidated group net loss | Consolidated equity |
|------------------------------------|--------------------|-----------------------------------|--|---------------------|
| | KEUR | KEUR | KEUR | KEUR |
| Balance at 1 April 2023 | 34,025 | 0 | 1,146 | 35,171 |
| Consolidated net loss for the year | 0 | 0 | -10,292 | -10,292 |
| Capital increase/decrease | 0 | 0 | 0 | 0 |
| Balance at 31 March 2024 | 34,025 | 0 | -9,146 | 24,879 |

A. K. Schat

R. Ullrich

C. B. Schat

HIL International GmbH, Düsseldorf

Notes to the consolidated financial statements for the financial year from 1 April 2023 to 31 March 2024

A. General Information

The Group's parent company is HIL International GmbH, Düsseldorf, which is registered with the Commercial Register of the Düsseldorf District Court under commercial register file number HRB 83991.

The consolidated financial statements were prepared in accordance with Sections 290 et seqq. HGB.

The accounting policies upon which the consolidated financial statements as at 31 March 2024 are based comply with the provisions of the German Commercial Code.

The consolidated income statement was prepared using the nature of expense method pursuant to Section 275 (2) HGB.

Parador GmbH and Parador Holding GmbH, which as subsidiaries are included in these consolidated financial statements, make use of the exemption provisions provided under Section 264 (3) HGB, under which they waive the audit and publication of their separate financial statements.

B. General accounting and consolidation policies

Scope of consolidation

Besides the parent company, the following subsidiaries are included in the consolidated financial statements within the scope of full consolidation:

| Name | Registered office | Equity interest |
|---------------------------|---------------------------|-----------------|
| Parador Holding GmbH | Coesfeld, Germany | 100 % |
| Parador GmbH | Coesfeld, Germany | 100 % |
| Parador Parkettwerke GmbH | Güssing, Austria | 100 % |
| Parador UK Ltd. | Birmingham, Great Britain | 100 % |

Besides the aforementioned entities, Parador GmbH has a 50 % investment in Parador (Shanghai) Trading Co. Ltd., which has its registered office in Shanghai, China. Since this company is only of minor importance in relation to the Group's assets, liabilities, financial position and financial performance, it is not included in the consolidated financial statements pursuant to Section 296 (2) HGB.

Consolidation policies

Full consolidation was carried out pursuant to Sections 300 to 307 HGB.

Capital consolidation as at 27 August 2018 was performed in accordance with Section 301 HGB in that the cost of the shares in the subsidiaries included in the consolidated financial statements were offset by the amount of equity attributable to these shares as well as the "special item from investment subsidies". Pursuant to Section 301 (1) sentence 2 HGB, equity is recognised at the amount of the fair value of assets, liabilities and deferred items to be included in the consolidated financial statements on 1 September 2018. Provisions were measured pursuant to Section 253 (1) sentence 2 and 3 (2) HGB and deferred tax pursuant to Section 274 (2) HGB.

Hidden reserves and charges were identified in fixed assets in the course of first-time consolidation as at 27 August 2018. After offsetting the remaining difference between the resulting proportionate equity and the investment book value, goodwill was disclosed in accordance with Section 301 (1) HGB and is subject to scheduled depreciation over ten years in accordance with § 253 (3) sentence 3 HGB.

Receivables and liabilities between the Company and the consolidated group were offset against each other pursuant to Section 303 HGB (elimination of IC payables and receivables).

Intercompany revenue as well as expenses and income between the companies of the consolidated entities were offset against each other pursuant to Section 305 HGB (consolidation of income and expenses).

Interim profits were eliminated pursuant to Section 304 (1) HGB.

Deferred tax assets have been recognised through profit or loss pursuant to Section 306 (1) HGB at the average Group's tax rate of 31,6 %, to the extent that these differences presumably offset each other in later financial years. The temporary differences in accordance to § 274 HGB relate mainly to inventories and pension provisions.

Deferred tax liabilities were recognised for the difference between the book values of the single entities and the group value (fair values) as at 31 March 2024 on consolidation measures affecting income pursuant to Section 306 (1) HGB. These were recognised using the average tax rate of 31.6 % on the difference for Parador GmbH, Germany, and 23.0 % on the difference for Parador Parkettwerke, Austria.

Deferred tax assets and liabilities are shown net.

Accounting policies

The financial statements of the aforementioned companies included in the consolidated financial statements as at 31 March 2024 were prepared using uniform accounting policies under German commercial law in accordance with § 308 HGB. The cost of fixed assets with a limited life are depreciated or amortised using the straight-line method. The depreciation/amortisation amounts are determined according to the estimated useful life of the respective asset in orientation to the tax depreciation tables and are within the following ranges:

| | |
|---|---------------|
| Buildings | 10 – 25 years |
| Technical equipment and machinery | 3 – 15 years |
| Other equipment, operating and office equipment | 3 – 10 years |

Assets are depreciated pro rata temporis in the year of their acquisition. Moveable assets purchased second hand are subject to accelerated depreciation.

The intangible assets mainly include goodwill, the brand and patents. Pursuant to Section 253 (3) HGB, goodwill and the brand are amortised over 10 years; patents are written down over their actual useful lives.

Inventories are stated at the lower of cost or fair value at the balance sheet date. The fair value is determined on the basis of a range analysis. In addition to directly attributable costs, production costs also include production and material overheads, including depreciation. Interest on borrowed capital is not included in the cost of conversion. Permissible simplified valuation methods are used for raw materials and supplies.

Receivables and other assets are measured at their nominal value taking into account the lower of cost or market principle. All discernible individual risks and the general credit risk were taken into account by recognising appropriate impairment losses.

Cash and cash equivalents include both cash on hand and bank balances and are carried at nominal value.

Prepaid expenses are expenses prior to the balance sheet date if they represent expenses for a specific period after this date.

Subscribed capital is recognised at the nominal amount.

Pension provisions include both pension provisions for Parador GmbH, Germany and provisions for Parador Parkettwerke GmbH, Austria, and are determined according to the projected unit credit method (PUCM) using Klaus Heubeck's 2018 G mortality tables. Pursuant to the German Ordinance on the Discounting of Provisions [RückAbzinsV] and using the simplification rule found in Section 253 (2) sentence 2 HGB, as well as assuming a remaining period of 15 years,

the discount rate for Parador GmbH equalled 1.82 % p.a. as at 31 March 2024 (PY: 1.79 %). Where indicated, expected pension growth of 1.75 % (PY: 1.75 %) was used as a basis for the calculation. The provisions of Parador Parkettwerke GmbH were calculated on the basis of an interest rate of 1.62 % (PY: 1.56 %) (10-year average interest rate based on market interest rates of companies with a high credit rating and a 15-year term, according to the publication of the German Federal Bank), taking into account an average reference increase of 3.82 % (PY: 3.56 %) and the statutory retirement age.

The tax provisions are recognised in the anticipated settlement amount.

Other provisions take account of all identifiable risks from pending transactions and contingent liabilities and are stated at the settlement amount deemed necessary according to prudent commercial judgement.

The general warranty provisions are calculated as a percentage of the revenue generated from sales covered by warranties. The percentage rate used here is based on past operating experience.

Other provisions take into account all identifiable risks from pending transactions and contingent liabilities. Provisions with a term of less than one year are not discounted.

Liabilities are recognised at their settlement amounts.

C. Notes on the consolidated financial statements

Fixed assets

The breakdown of the amount of and movement in fixed assets is presented in the consolidated statement of movements in fixed assets (appendix to the notes).

Receivables and other assets

Both trade receivables and other assets only include items with a remaining term of up to one year.

Receivables from the shareholder amount to KEUR 0 (previous year: KEUR 0).

Receivables from companies in which investments are held amount to KEUR 872 (previous year: KEUR 408) and result from trade receivables.

Real and disclosed factoring of customer accounts receivable is carried out for the purpose of working capital financing. As of balance sheet date KEUR 15,769 (PY: KEUR 16,910) were sold to a factoring company that are financed in the amount of KEUR 12,920. Factoring leads to an early inflow of liquidity. Without factoring, the Group would have increased short-term financial requirements.

Subscribed capital

The statutory capital of HIL International GmbH remains unchanged at KEUR 34,025 with a nominal value of EUR 1 each.

Pension provisions

Please refer to the comments in Section B for information on the accounting and valuation principles.

As at the reporting date, there were pension obligations totalling KEUR 1,941. Interest expenses include expenses from the compounding of pension obligations (PY: KEUR 36; PY: KEUR 40). The difference in accordance with section 253 (6) sentence 1 HGB totalled KEUR 8 (PY: KEUR 74) as at the balance sheet date.

Provisions

Other provisions as at 31 March 2024 amounts KEUR 8,125 (PY: KEUR 8,450) included in particular provisions for warranty claims of KEUR 544 (PY: KEUR 1,100), provisions for bonuses and target-achievement awards of KEUR 813 (PY: KEUR 465), provisions to suppliers and customers of KEUR 3,996 (PY: KEUR 3,790) as well as provisions for other employee benefits of KEUR 2,172 (PY: KEUR 2,544).

Liabilities

Liabilities in the balance sheet as at 31 March 2024 can be broken down as follows in regard to their remaining terms pursuant to Section 268 (5) HGB and Section 314 (1) HGB:

| Liabilities | | | | Total KEUR |
|-------------------------------|----------------------|---------------------------|------------------------------|---------------|
| | Up to 1 year KEUR | > 1 to 5 years KEUR | More than 5 years KEUR | |
| To banks | 3,000 | 23,100 | 0 | 26,100 |
| From trade payables | 11,837 | 0 | 0 | 11,837 |
| Affiliated companies | 2,356 | 10,000 | 3,500 | 15,856 |
| - thereof to shareholders | 2,356 | 10,000 | 3,500 | 15,856 |
| - thereof other liabilities | 2,356 | 10,000 | 3,500 | 15,856 |
| Other liabilities | 3,193 | 0 | 0 | 3,193 |
| - thereof for taxes | 672 | 0 | 0 | 672 |
| - thereof for social security | 134 | 0 | 0 | 134 |
| Total | 20,386 | 33,100 | 3,500 | 56,986 |

Liabilities in the balance sheet as at 31 March 2023 can be broken down as follows in regards to their remaining terms pursuant to Section 268 (5) HGB and Section 314 (1) HGB:

| Liabilities | Up to 1 year KEUR | > 1 to 5 years KEUR | More than 5 years KEUR | Total KEUR |
|-------------------------------|------------------------------|---------------------------------------|---------------------------------------|-----------------------|
| To banks | 10,990 | 13,910 | 0 | 24,900 |
| From trade payables | 7,070 | 0 | 0 | 7,070 |
| Affiliated companies | 1,330 | 9,500 | 0 | 10,830 |
| – thereof to shareholders | 1,330 | 9,500 | 0 | 10,830 |
| – thereof other liabilities | 1,330 | 9,500 | 0 | 10,830 |
| Other liabilities | 2,712 | 7,653 | 0 | 10,364 |
| – thereof for taxes | 1,220 | 0 | 0 | 1,220 |
| – thereof for social security | 163 | 0 | 0 | 163 |
| Total | 22,102 | 31,063 | 0 | 53,164 |

Liabilities to banks are collateralised with a guarantee from the shareholder HIL Ltd. amounting to 105% of the total amount.

D. Explanatory notes to the income statement

Revenue

Revenue solely consists of the sale of floor products and is broken down as follows for the financial year 2024

| | KEUR |
|---------------|---------|
| Germany | 64,206 |
| International | 61,459 |
| Total | 125,664 |

Other operating income

Other operating income in the reporting year did not include any significant income relating to prior periods. This item includes KEUR 305 (PY: KEUR 468) in foreign currency translation gains.

Other operating expenses

Other operating expenses in the reporting year did not include any significant expenses from prior periods. This item includes foreign currency translation expenses of KEUR 402 (PY: KEUR 697). Interest and similar expenses amount to KEUR 4,935 (PY: KEUR 2,411), thereof KEUR 1,043 (PY: KEUR 786) to affiliated companies/shareholders.

Deferred taxes

Deferred tax liabilities as of 31 March 2024 were offset against deferred tax assets and equal KEUR 2,138 (PY: KEUR 5,700).

| | As of 01.04.2023 KEUR | Changes KEUR | As of 31.03.2024 KEUR |
|--|--------------------------|-----------------|--------------------------|
| Deferred tax assets | 1,221 | 3,077 | 4,298 |
| - thereof for pension provisions | 411 | -39 | 372 |
| Deferred tax liabilities | -6,921 | 484 | -6,437 |
| - thereof for the difference in the book values of the fixed assets of the individual companies and the market values of the group | -6,921 | 484 | -6,437 |

Deferred tax liabilities are fully due to the difference between the book values of fixed assets of the single entities and the fair values of the recognised group values. These were recognised using the average tax rate of 31.6 % on the difference for Parador GmbH, Germany, and 23.0 % on the difference for Parador Parkettwerke, Austria.

Deferred tax assets are attributable especially to the difference between the figures for commercial and tax purposes reported by the single entities Parador GmbH, Parador Parkettwerke GmbH and Parador Holding GmbH, capitalization of tax losses carried forward and to consolidation measures as part of drawing up the consolidated financial statements.

E. Explanatory notes on the statement of cash flows

Cash and cash equivalents consist of cash on hand and bank balances and amount to KEUR 7,356 (PY: KEUR 5,861).

F. Other disclosures

Other financial obligations

Other financial commitments from rental and leasing contracts are as follows:

| Commitments | Up to 1 year | > 1 to 5 years | More than 5 years | Total |
|------------------|--------------|----------------|----------------------|--------|
| | KEUR | KEUR | KEUR | |
| Rent and Leasing | 2,716 | 6,642 | 36,909 | 46,267 |

Managing Directors

The following persons were appointed as Managing Directors of the company:

- Akshat Seth (Chemical Engineer)
- Dr Arvind Sahay (University Lecturer)
- Dr. Rudolf Mikus (from 9 April 2024, Lawyer)
- Dr. Christian Bitsch (from 9 April 2024, Lawyer)
- Dr. Stephan Degmair (until 22 February 2024, Lawyer)
- Dr. Bettina Wawretschek (until 22 February 2024, Lawyer)

The managing directors did not receive any remuneration for their management activities from the corporation.

Personnel

The average number of employees in the Group equalled 505 (PY: 511), of which 224 were salaried staff (PY: 218) and 281 wage earners (PY: 293).

Group affiliation

HIL International GmbH is a wholly owned subsidiary of HIL Ltd., Hyderabad, India, listed on the "BSE Limited" and "National Stock Exchange of India". The company is included in the consolidated financial statements of HIL Ltd. Hyderabad/India, which prepares consolidated financial statements for the largest group of companies. The consolidated financial statements are published on <https://hil.in/>.

Audit fee

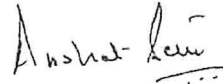
The auditor's fee pursuant to Section 314 (1) No. 9 HGB for the financial year 2024 amounts to KEUR 195 and relates to auditing services (KEUR 142) and other services (KEUR 53).

Others

The net result of the parent company for the fiscal year 2023/24 will be carried forward at the proposal of the shareholder.

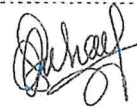
Düsseldorf, *Nov 28, 2024*

HIL International GmbH



Akshat Seth
Managing Director

Dr. Arvind Sahay
Managing Director



Dr. Rudolf Mikus
Managing Director



Dr. Christian Bitsch
Managing Director



HIL International GmbH, Düsseldorf

Development of consolidated fixed assets

in the financial year from 1 April 2023 to 31 March 2024

| | Acquisition costs | | | | 31 Mar. 2024 |
|---|-------------------|--------------|--------------|------------------------|---------------|
| | 1 Apr. 2023 | Additions | Disposals | Reclassi- fications | |
| | KEUR | KEUR | KEUR | KEUR | KEUR |
| I. Intangible assets | | | | | |
| 1. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration | 10,973 | 3 | 0 | 83 | 11,059 |
| 2. Goodwill | 15,897 | 0 | 0 | 0 | 15,897 |
| | 26,870 | 3 | 0 | 83 | 26,956 |
| II. Property, plant and equipment | | | | | |
| 1. Land, leasehold rights and buildings, including buildings on third-party land | 26,814 | 55 | 35 | 0 | 26,834 |
| 2. Technical equipment and machinery | 24,876 | 528 | 272 | 110 | 25,242 |
| 3. Other equipment, operating and office equipment | 5,373 | 796 | 1,549 | 0 | 4,620 |
| 4. Advance payments and construction in progress | 242 | 869 | 39 | -193 | 879 |
| | 57,305 | 2,248 | 1,895 | -83 | 57,575 |
| III. Financial assets | | | | | |
| 1. Shares in affiliated companies | 100 | 0 | 0 | 0 | 100 |
| 2. Other loans | 3,000 | 0 | 0 | 0 | 3,000 |
| | 3,100 | 0 | 0 | 0 | 3,100 |
| | 87,275 | 2,251 | 1,895 | 0 | 87,631 |

| Accumulated depreciation | | | | Net book values | |
|--------------------------|-----------|-----------|--------------|-----------------|--------------|
| 1 Apr. 2023 | Additions | Disposals | 31 Mar. 2024 | 31 Mar. 2024 | 31 Mar. 2023 |
| KEUR | KEUR | KEUR | KEUR | KEUR | KEUR |
| 5,850 | 1,299 | 0 | 7,149 | 3,910 | 5,123 |
| 7,286 | 1,590 | 0 | 8,876 | 7,021 | 8,611 |
| 13,136 | 2,889 | 0 | 16,025 | 10,931 | 13,734 |
| | | | | | |
| 3,660 | 862 | 9 | 4,513 | 22,321 | 23,154 |
| 13,583 | 2,374 | 272 | 15,685 | 9,557 | 11,293 |
| 4,085 | 892 | 1,549 | 3,428 | 1,192 | 1,288 |
| 0 | 0 | 0 | 0 | 879 | 242 |
| 21,328 | 4,128 | 1,830 | 23,626 | 33,949 | 35,977 |
| | | | | | |
| 0 | 0 | 0 | 0 | 100 | 100 |
| 0 | 0 | 0 | 0 | 3,000 | 3,000 |
| 0 | 0 | 0 | 0 | 3,100 | 3,100 |
| 34,464 | 7,017 | 1,830 | 39,651 | 47,980 | 52,811 |

HIL International GmbH, Düsseldorf

Group Management Report for the Financial Year from 1 April 2023 to 31 March 2024

I. Principles of the Group

HIL International GmbH is a large German corporation that forms a group of companies (hereinafter also referred to as “Parador”) with its subsidiaries and consists of five companies (Parador GmbH, Parador Parkettwerke GmbH, Parador Holding GmbH, Parador UK Ltd. newly founded in 2022 and Parador (Shanghai) Trading Co. Ltd.). HIL International GmbH is a wholly owned subsidiary of HIL Ltd. based in Hyderabad/India.

Parador is a globally renowned interiors brand. The Company develops, designs, produces and distributes high-quality floor, wall and ceiling products targeted at both the residential and commercial markets. Manufacturing occurs at multiple locations across Europe, with wholly owned locations in Coesfeld Germany and Guessing Austria. All other locations are sourced to service local geographical markets and offer flexibility for speed to market and relevant product supply. The largest of the wholly owned locations is located in Germany (Coesfeld) and focuses in particular on laminate flooring, vinyl flooring and modular polypropylene-based flooring as well as skirting boards, wall and ceiling panels. The second, and smaller location, is in Austria (Guessing) with the plant for the production of engineered wood flooring.

Parador (Shanghai) Trading Co. Ltd. is a joint venture founded in August 2018 for the strategic development of the Chinese market, based in Shanghai/China. Parador UK Ltd. was founded in 2022 to drive forward the strategic development of the market in the UK after Brexit and in particular to simplify logistical processes.

The revenues route to market in the Residential channels are through specialist retailers, large-scale suppliers (DIY stores) and specialist retail chains and online trade, while the Commercial segment route occurs through specifications from Architects and Designers, End-Users and Flooring Contractors. Since June 2020, the company has added its own Parador Online Brand Store in Germany, which enables end customers in Germany to buy directly online. An expansion of this revenue channel has already taken place in Austria and is planned for other European countries as well as entry into the United Kingdom and United States in the coming year(s).

A majority of the back-office administration and the Parador exhibition (Trend Centre) are located in Coesfeld. The current Parador brand collection is continuously presented here on an exhibition area of 3,000m² of exhibition space. The Trend Centre extensively displays the new assortments, the modern point-of-sale concept for stationary trade and the additional e-commerce support offered to Parador trade partners. The product exhibition and the Point of Sale concepts are continuously updated along the product and concept launches of the stores during the year.

Additional exhibition locations are found through the “Mono-Branded” PARADOR retailers in over 80 countries worldwide and owned showroom locations in Madrid Spain, Lyon France and an upcoming location in London England.

II. Economic report

1. Macroeconomic environment and business performance

The financial years 2023 and 2024 were strongly influenced by the effects of the war in Ukraine as well as recent economic pressures across the European Union with volatile interest rates and uncertain market conditions across the European Union and the United Kingdom. As a result, the construction industry in Europe was not able to rebound as anticipated and consumer demand for residential, industrial and commercial buildings declined. These headwinds across our major markets limited results and Parador was not able to realise the significant increase in revenues and EBITDA that were forecasted in the financial year budgeting process.

In our core markets of the DACH (Germany, Switzerland and Austria) Region, and Benelux we experienced a decline of revenues of (-16.5 %) in comparison to the previous year, with the remaining Central European economies of Spain, France, the Northern Europe and Eastern Europe down (-28.4 %). Primary contributing factors for all regions included a retraction in the residential channel and the consistent delay of project starts within the Commercial channels.

The overseas markets of the Americas (North and South America) increased by +37.7 %, Asia showed a slight gain over the previous year on a year over year basis (+0.8 %).

Along with the generally weakened demand from business customers and end consumers as well as the postponement of large construction projects in the commercial sector, a downward trend was observed in almost all product groups in FY 2023/2024. In particular was the sharp decline of the engineered wood flooring which fell significantly (-38.1 %) compared to previous years due to its high price points within the residential channel and the decline of project business across the EU.

From a channel perspective, PARADOR continued to execute along its strategic plans to operate as a premium brand within all of the applicable residential and commercial channel routes to market. Our own online brand stores in Germany and Austria, showed improvement with an increase of +42.7 %. Despite what we considered to be share gains within its defined customer base, the DIY/multiples segment, which includes DIY stores and larger retail chains, was down -16.4 % for the financial year. The project business also showed a decline of (-31.0 %) as a result of interest rate uncertainties across the major market and project delays. The revenues channel of specialist dealers experienced a significant decline of -17.5 %, which is also due to the declining purchasing power of end consumers.

The key financial performance indicators by which we manage our company are revenues and earnings before interest, taxes, depreciation and amortisation (EBITDA).

We would like to point out that the following non-financial performance indicators are important to us, but they are not currently used for the direct management of our company.

- Occupational safety
- Sustainability (EMAS validation, FSC certified products)
- Process stability (ISO 9001, 14001)
- Brand awareness, supported and unsupported

2. Company's position

2.1 Assets and liabilities

The main intangible assets include the goodwill of EUR 7.0 million resulting from the initial consolidation and the "Parador" brand of EUR 3.3 million. Depreciation and amortisation on intangible assets and property, plant and equipment totalled around EUR 7.0 million in the reporting period. The depreciation and amortisation was offset by investments of EUR 2.3 million made in the 2024 financial year. The logistics center was occupied at the end of the financial year. The investment is disclosed in the notes as an other financial obligation based to the assessment as an operational leasing.

Inventories amounted to approximately EUR 32.7 million as of 31 March 2024. Compared to 31 March 2023, there was a reduction of approximately EUR 2.1 million. This is mainly due to the decline in procurement prices as well as measures to reduce inventories.

The assets of HIL International GmbH as at 31 March 2024 amount to approximately EUR 95.2 million (previous year: EUR 105.8 million). Approximately 44.1 % (previous year: 32.5 %) of the assets are

financed by bank loans and shareholder loans. The balance sheet equity ratio is 26.1 % (previous year: 33.2 %). Including the subordinated shareholder loan of EUR 13.5 million (previous year: EUR 9.5 million), which we consider to be equity-like, the economic equity ratio is 40.3 % (previous year: 42.2 %)¹.

2.2 Financial position

Revenues are financed mainly through open/genuine factoring. As of the reporting date, receivables of EUR 15.8 million were sold to the factor, which were financed in the amount of EUR 12.9 million.

Liabilities to banks amount to EUR 26.1 million (previous year: EUR 24.9 million). The current liabilities to banks of EUR 3.0 million include scheduled repayments and a working capital loan of EUR 1.0 million. There is an additional working capital line of EUR 6 million which is not utilized. In financial year 2023/2024 the existing bank loans were refinanced with a new bank loan and were fixed for the next 5 years.

Cash and cash equivalents increased by EUR 1.5 million to EUR 7.4 million in the 2023/24 financial year.

Solvency was guaranteed at all times.

2.3 Financial performance

Gross revenues (revenues before rebates and discounts), which amounted to EUR 138.2 million in the business year, was EUR 33.4 million lower than in the previous year (EUR 171.6 million), which means a decline of 19.5 %. Net revenues of EUR 125.7 million were 20.0 % lower than in the previous year (EUR 157.0 million).

The revenue of Parador products in the financial year took place with the following regional shares: 51.1 % in Germany, 43.1 % in the rest of Europe and 5.8 % in overseas markets.

Europe recorded a decline of 20.5 % compared to the previous year. Lower losses were recorded in our second largest market Spain (-4.3 %) and the Netherlands (-7.5 %). Germany suffered a decline of -13.5 %. Sweden declined by -43.9 % due to an excellent performance in year 2022/2023. Compared to financial year 2021/2022 Sweden increased by +18.5 %. The overall poor situation of the flooring industry, triggered by the current Europe-wide inflation and the restrained consumer behaviour, are

¹ Calculation of economic equity: ((balance sheet equity EUR 24.879 million + shareholder loan EUR 13.5 million) / balance sheet total EUR 95.246 million) x 100 = 40.3 %.

to be mentioned as the main reasons for this development. In the non-European environment, the picture is ambivalent:

Asia increased in total by 0.8 %, particular China recorded a growth of +55.5 % due to a bigger project. On the other side Israel declined by -64.5 % due to the unrest in the region. North America, particularly USA showed a positive growth in revenues (+58,4 %) due to gain of several projects. Sub-Saharan Africa also increased by +60.3 %. Main driver is a new partner with whom stable, steady business is expected in future.

The overall downward trend is evident in all revenue channels and product groups. This trend reflects the overall economic environment in the construction sector.

The most significant decline in the product groups was suffered in the engineered wood flooring with an decrease of -38.1 % compared to the previous year. In the other product areas, declines were recorded compared to the previous year: Vinyl (-14.2 %), Laminate (-9.5 %) and Modular ONE (-7.8 %).

In the 2023/24 business year, EBIT (item 12 less item 9 plus items 10 and 11 of the income statement) of EUR -9.1 million and EBITDA (item 12 less item 9 plus items 10, 11 and 7 of the income statement) of EUR -2.1 million were achieved.

Although the revenue has decreased in financial year 2023/2024, the order book of the previous financial year has increased at financial year end. The personnel cost ratio increased due to the decline in revenues compared to the previous year and anticyclical invest in sales staff. The cost of materials ratio, on the other hand, decreased significantly because raw material prices fell in the last year.

3. Personnel

In the human resources area, the focus in the 2023/2024 business year was to balance the need to grow while also manage capacities in the plant while volumes decreased. The business added revenues and product management capacity within key geographies and channels over the year, and it is anticipated that the returns will show as the FY 2024/2025 campaign unfolds.

Due to decreasing and uncertain volumes, Parador was forced to implement short-time work at both our Coesfeld and Guessing sites to right size demand. This was done in particular to be able to retain our well-trained skilled workers over a period of several months. On average, 505 employees (including apprentices) were employed in the Group (previous year: 521 employees), 392 of whom worked at the Coesfeld site and 113 at the Guessing site.

In order to counteract the effects of demographic change and to meet the future demand for skilled workers, career and training fairs were attended and cooperation with local and regional schools was initiated. Early engagement and the presentation of the world of careers and training are important building blocks in the competition for young talent. Accompanying this, is the continued investment in our Parador Academy, where we are focusing on enabling and facilitating structured and self-organised learning to both the customer and employees. Also implemented was a program focused on health management, with regional sports offers and a bike lease program implemented during the performance year.

4. Sustainability

For many years, the idea of sustainability has been shaping production and products at Parador in equal measure. We are committed to the responsible use of natural resources. Social and ecological commitment are fixed components of our corporate strategy. Parador is a producer of floor coverings in Germany to be EMAS-validated and is committed to the constant optimisation of environmental management. The sustainable corporate strategy also includes environmentally friendly processing technology and logistics systems, packaging made of recycled paper, a long product life and the reduction of non-sustainable raw materials.

In November 2023, Parador published its annual sustainability report. In the approximately 70-page report, which is available in German and English on the website, we present our sustainability measures and our strategic orientation transparently and openly: Divided into the three focus areas of ecology, economy and society, the Parador Sustainability Report provides a deep insight into our progress along our commitment to becoming a more sustainable enterprise.

The report was prepared according to GRI standards and is additionally based on the criteria of the German Sustainability Code (DNK). The aim of these standards is to ensure comprehensive and targeted sustainability management and to communicate reliable data and content transparently and comprehensively.

Parador has its various sustainability measures checked by EcoVadis, a global provider of sustainability ratings. The evaluation is across 21 criteria from the subject areas of environment, labour and human rights, ethics and sustainable procurement. EcoVadis' sustainability scorecards provide detailed insights into ecological, social and ethical risks.

5. Overall statement

Due to the negative external influences such as high inflation and weak economic performance across our highest influencing geographies, the net revenues fell by 20.0 % from EUR 157.0 million in the

previous year to EUR 125.7 million. The EBITDA (EUR -2.1 million) also fell compared to the previous year (EUR 2.3 million). The earnings situation can thus be described as unsatisfactory.

Nevertheless, from the management's point of view, the company's net assets and financial position are satisfactory, and the outlook for the upcoming financial year is positive.

III. Forecast, opportunity and risk report

1. Opportunities and risk report

The opportunities and risks are explained in decreasing importance.

Opportunities

Floors from Parador set standards as an expression of high quality and creativity. Committed to not only sensing trends but also setting them, we are constantly developing new floors that push the boundaries of design. Parador relies on an experienced and award-winning team of in-house designers. This is how floors are created time and again that are second to none. For this, Parador has already been crowned several times with international design awards such as the red dot Award, the German Design Award, the European Design Award, the Good Design Award, the Iconic Award or the iF Award.

Parador is using this potential of the strong and well-known brand to open up new attractive revenue channels and geographies. This creates additional opportunities in existing structures to provide scale and should contribute to overall growth.

Furthermore, we are expanding our position in regions and countries with which we already have customer contacts. We will use this potential for additional marketing opportunities, especially in the focus countries of the United Kingdom, France, Spain, North America, United Arab Emirates and Southeast Asia support this with suitable marketing measures and products.

Thanks to a broader supplier portfolio in the most important product groups, secured in part by long-term contracts, we achieve good availability and competitive advantages. In addition, the high raw material costs have been gradually reduced since summer 2022 and are improving our earnings situation. We also expect purchasing prices to remain stable in the near future.

Our products are regularly tested by independent institutes for their quality characteristics and environmental compatibility. In spring 2020, we introduced the internationally recognised quality management standard DIN EN ISO 9001, which was successfully recertified in spring 2024.

ISO 9001 is a quality management standard designed to ensure that a company does everything it can to produce good products or provide a good service. The standard also shows that a company follows internationally recognised quality management principles and makes its actions measurable and comparable.

Risks

The economic environment across Central Europe, is leading to declining consumer behaviour, especially in the capital goods segment. The real estate sector has also suffered from increased construction interest rates, which is leading to lower demand for residential property. This is reflected in a loss of purchasing power in the renovation sector or in a shift to lower-priced product ranges. Accordingly, Parador has taken measures to expand its product portfolio in the entry-level price ranges in particular and to further ensure its competitiveness.

Appropriate insurance policies have been taken out to cover possible damage and liability risks, which ensure that the possible consequences of risks occurring are limited or completely excluded. The scope of these policies is reviewed on an ongoing basis and adjusted as necessary. In order to take into account the risk of rising interest rates, interest rate hedges have been concluded in some cases.

In order to counter possible risks arising from tax, competition, patent, antitrust and environmental regulations and laws, decisions as well as the design of business processes are based on legal advice and external consultants.

2. Forecast report

The 2024/2025 business year will continue to be influenced by the headwinds of stagnant economies within our major geographies. The interiors industry remains difficult and expectations are for limited market growth over the next months. That said, the retraction that was experienced over the course of the 2023/2024 financial year seems to have stabilized and the markets are showing slight signs of improvement within the Commercial channels. Forecasts assume that the bottom of the Europe-wide market recession has been passed. However, the situation remains volatile, so that the industry must react agilely.

Despite a challenging economy, we expect a significant increase in sales compared to the previous year. This assessment is supported by the measures introduced and the increasing market shares in the European core markets and overseas at the time of preparing the annual financial statements.

With the introduction of a range of new product categories in the Spring of calendar year 2024 and revenue focus on geographical expansion and the Commercial segment, we feel there is strong growth potential forthcoming in the 2024/2025 financial year. Thanks to high brand awareness, attractive products and a broad portfolio, Parador is flexibly positioned to exploit opportunities for accretive growth despite limited market growth.

There are currently projects in the eight-figure range in the sales pipeline, some of which are already close to being ordered by the customer. In addition, we expect the market environment to pick up in first quarter of calendar year 2025.

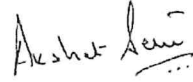
Despite the rising sales expectations, the EBITDA is expected to be negative, as in the previous year. The reasons for this lie in further investments in markets and products, in order to benefit disproportionately from these when demand picks up in subsequent years. Also taken into account are structural adjustments in the personnel area, which will impact the EBITDA of the 2025 financial year. Parador expects raw material prices to remain constant for the 2025 financial year. With the construction of a new logistics centre at the Coesfeld site, which became operational in April of 2024, Parador is also realigning its logistics processes and will be able to make significant cost savings in the medium term as well as a further contribution to sustainable business. The installation of a 4,000 kWp photovoltaic system on the roof of the logistics center will offer lower electricity costs from the 2025 calendar year.

All measures taken and decided are geared towards securing earnings and liquidity.

Düsseldorf,

Nov 28, 2024

HIL International GmbH
Management



Akshat Seth
Managing Director

Dr. Arvind Sahay
Managing Director



Dr. Rudolf Mikus
Managing Director



Dr. Christian Bitsch
Managing Director